

W+J BURNESS WS

EDINBURGH 16/10/97

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ASBTS

AGREEMENT

among

SEET PLC

and

(1) RICHARD RUSSELL, STUART TURNHEIM, PETER BROWNE,
ANTHONY WOOLLEY and PATRICK McCOURT

and

(2) THE NORTH OF ENGLAND VENTURE FUND LIMITED

and

(3) WOOD HARRIS LIMITED

for the sale and purchase of the entire issued and
allotted Share Capital of Ballyclare Special Products
Limited with the exception of 60,000 cumulative redeemable
Preference Shares of £1 each

BURNESS WS
s o l i c i t o r s

Edinburgh

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UNITED STATES
DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

MEMO

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This SHARE PURCHASE AGREEMENT is made on the 12th
day of August 1997 between and among

SEET PLC incorporated in Scotland under the Companies Acts
(registered number 46267) and having its registered office
at 16 Hope Street, Charlotte Square, Edinburgh EH2 4DD
("the Purchaser")

and

The persons whose names and addresses are set out in Part 1
of the Schedule ("the Shareholders")

W H E R E A S:-

The Shareholders wish to sell and the Purchaser wishes to
purchase the entire issued share capital of the Company (as
defined in Sub-clause 1.1) with the exception of the 60,000
cumulative redeemable preference shares of £1 each
registered in the name of The Department of Economic
Development for Northern Ireland.

1. DEFINITIONS

In this Agreement:

1.1 the following expressions shall have the meanings
respectively ascribed to them:

"A Shares" means the A ordinary shares of
£1 each in the capital of the
Company;

"the Accounts" means the audited balance sheet
of the Company made up as at 31
December 1996 and the audited
profit and loss account of the
Company for the year ending on
31 December 1996;

"Accounts
Date" means 31 December 1996;

"B Shares" means the B ordinary redeemable
shares of £1 each in the capital
of the Company;

"the Bank
Guarantee" means a guarantee in the Agreed

Form from Barclays Bank plc in respect of the Notes;

- "Business" means the business carried on by the Company as at the date hereof;
- "Business Day" means any day (other than a Saturday or Sunday or Bank Holidays) when clearing banks are open for the transaction of normal banking business in London;
- "C Shares" means the C ordinary shares of £1 each in the capital of the Company;
- "the Circular" means the circular letter (incorporating a notice of extraordinary general meeting of the Purchaser) to be dated not later than the date referred to in Clause 2.2 from the Chairman of the Purchaser to the Purchaser's shareholders;
- "the Company" Ballyclare Special Products Limited, a private company incorporated in England and Wales with limited liability under the Companies Act 1985 (registered number 2990953) and having its registered office at Fernbank House, Tytherington Business Park, Springwood Way, Tytherington, Macclesfield, SK10 2XA;
- "Completion" means completion of the sale and purchase hereby agreed in accordance with the terms and conditions of this agreement;
- "Completion Date" means 5 September 1997 or if the Escrow Condition has not been satisfied by such date the next Business Day following the day on which the Escrow Condition has been satisfied being not later than 15 September 1997 or such other date as shall be agreed in writing by the parties;
- "Consideration" the consideration for the Shares set out in Clause 3;

"the Consideration
Shares"

means the 785,807 New Ordinary Shares of 20p each in the capital of the Purchaser to be issued at a price of 30p per share to certain of the Shareholders as part of the Consideration;

"Cumulative
Shares"

means the redeemable cumulative preference shares of £1 each in the capital of the Company;

"the Directors"

means the persons whose names and addresses are set out in Part 2 of the Schedule;

"Escrow
Completion"

means the performance of all the obligations of the parties hereto set out in Clause 4;

"Escrow Completion
Date"

means 4 September 1997 or if the condition contained in Sub-Clause 2.1.1 has not been fulfilled by such date the next Business Day following the day on which the last of such conditions to be satisfied shall have been fulfilled being not later than 15 September 1997 or such other date as shall be agreed in writing by the parties;

"Escrow
Condition"

means the admission of the Consideration Shares to the Official List of the Stock Exchange and such admission becoming effective in accordance with Paragraph 7.1 of Chapter 7 of the Listing Rules of the Stock Exchange;

"the General
Warranties"

means the warranties set out under heading B of Part 3 of the Schedule;

"Intellectual
Property"

means any patent, trademark, registered design and applications for registration of the same; any copyright, moral right, design right or related right; any invention, trade secret, confidential information

- or knowhow; any trade name, business name, get up, trading style or unregistered trademark; and any other or analogous industrial, intellectual or commercial right capable of protection within or outside the United Kingdom;

"in the Agreed Form"

means a document agreed between the Purchaser's Solicitors and the Shareholders' Solicitors and initialled by each of such Solicitors;

"Letter of Disclosure"

means the letter of even date herewith written by the Shareholders to the Purchaser and endorsed as received by the Purchaser;

"IHTA"

means the Inheritance Tax Act 1984;

"the Freehold Property"

means the freehold property shortly described in Part 4A of the Schedule;

"the Leasehold Property"

means the leasehold property shortly described in Part 4B of the Schedule;

"the Management Shareholders"

means each of Richard Russell, Stuart Turnheim, Peter Browne, Anthony Woolley and Patrick McCourt;

"the Notes"

means the loan notes to be issued by the Purchaser in accordance with Clause 5 in the form of the note which appears in Part 6 of the Schedule and supported by the Bank Guarantee;

"PBT"

means the profit before tax of the Company as calculated in accordance with Clauses 6 and 7;

"the Properties" means the Freehold and Leasehold Properties together;

"Purchaser's Accountants"

means Neville Russell, Chartered

Accountants, 24 Bevis Marks,
London, EC3A 7NR;

"Purchaser's
Group"

means the Purchaser and its
subsidiaries from time to time;

"Purchaser's
Solicitors"

means W & J Burness, W.S., 16
Hope Street, Charlotte Square,
Edinburgh, EH2 4DD;

"Redeemable
Preference
Shares"

means the redeemable preference
shares of 50p each in the
capital of the Company;

"Relevant
Shareholders"

means the Shareholders other
than The North of England
Venture Fund Limited;

"the Resolutions" means the resolutions of the
Purchaser numbered 1 and 4 in
the notice of extraordinary
general meeting of the Purchaser
contained in the Circular
relating inter alia to the
Purchaser's proposed acquisition
of the Shares;

"Shares"

means the issued and allotted
"A" Ordinary Shares of £1 each,
the issued and allotted "B"
Ordinary Shares of £1 each, the
issued and allotted Redeemable
Preference Shares of £0.50 each
and the issued and allotted "C"
Ordinary Shares of £1 each
comprising the whole of the
issued share capital of the
Company with the exception of
the 60,000 Cumulative Redeemable
Preference Shares of £1 each
registered in the name of the
Department of Economic
Development for Northern Ireland;

"Shareholder's
Accountants"

means Kidsons Impey of
Devonshire House, 36 George
Street, Manchester M1 4HA;

"Shareholders'
Solicitors"

means Dibb Lupton Alsop, Carlton
House, 18 Albert Square,
Manchester M2 5PE;

"Shareholder Warranties"	means the warranties set out under heading A of Part 3 of the Schedule;
"the Stock Exchange"	means the London Stock Exchange Limited;
"Tax" and "Taxation"	have the same meanings as in the Tax Covenant;
"Tax Covenant"	means the Tax Covenant in the Agreed Form;
"the Taxes Act" or "ICTA"	means the Income and Corporation Taxes Act 1988;
"TCGA"	means the Taxation of Chargeable Gains Act 1992;
"VATA"	means the Value Added Tax Act 1994;
"Underwriting Agreement"	the underwriting agreement between SEET plc, Ellis & Partners Limited and others in the approved form and marked "I";
"Warranties"	means the Shareholder Warranties, the General Warranties and the other warranties and representations set out in Part 3 of the Schedule;
"Year One"	means the financial year ending 31 December 1997;

1.2 words importing the singular number shall include the plural and vice versa and words importing any gender shall include all other genders;

1.3 references herein to Clauses, Sub-Clauses and the Schedule are, unless otherwise stated to Clauses and Sub-Clauses in, and the Schedule to this Agreement;

- 1.4 any headings in this Agreement are for convenience only and shall not affect the construction or interpretation hereof;
- 1.5 words and expressions defined in the Companies Act 1985 shall unless the context otherwise admits bear the same meanings in this Agreement;
- 1.6 references in this Agreement to any statute or statutory provision shall be construed as references to such statute or provision as respectively amended or re-enacted or as its application is modified by other provisions before the date hereof and shall include references to any statute or provision which has been amended, extended, consolidated or replaced by the same and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute before the date hereof, provided that no such amendments, modifications or re-enactments made after the date hereof shall impose any additional liability or obligation on the parties to this Agreement; and
- 1.7 the eiusdem generis rule of construction or any rule of law analogous thereto shall not apply to the construction of this Agreement and the Tax Covenant and accordingly general words introduced by the word "other" or such like expression shall not be given a restrictive meaning by reason of the fact that they are preceded by words

indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

2. CONDITIONS PRECEDENT

2.1 Without prejudice to Clause 8 of this Agreement the sale and purchase of the Shares is conditional on:-

2.1.1 the passing of the Resolutions on or before 12 September 1997 at a duly convened extraordinary general meeting of the Purchaser;

2.1.2 the Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms;

2.1.3 the Escrow Condition having been fulfilled; and

2.1.4 the delivery to the Purchaser on the Escrow Completion Date of the following the documents:-

2.1.4.1 a copy signed by the chairman of the meeting of a minute of the board of directors of the Company in the Agreed Form relating to banking facilities proposed to be made available by Barclays

Bank plc to the Purchaser and its subsidiaries ("the banking minute");

2.1.4.2 the documents referred to therein which fall to be executed by the Company, namely the Accession Agreement, the Guarantee, the Debenture, the Legal Charge (in respect of the Freehold Property), the CAS Agreement and certain of the Condition Precedent Documents, and the Board Memorandum in each case in a form agreed between Barclays Bank plc and the Purchaser, all duly executed;

2.1.4.3 a statutory declaration signed by all of the directors of the Company in accordance with Section 155 and Section 156 of the Companies Act 1985;

2.1.4.4 A report by the Shareholders' Accountants in the form required by Section 156(4) of the Companies Act 1985 and the Auditors' Report, in each

case in the form referred to
in the bank minute;

2.1.4.5 A non-statutory auditor's
report addressed to the Bank,
in the form referred to in
the bank minute;

2.1.4.6 A special resolution of the
Company (either in the form
of a written resolution
approving the giving of
financial assistance signed
by each of the members of the
Company or accompanied by an
agreement of all the members
of the Company to short
notice of an extraordinary
general meeting of the
Company in respect of that
special resolution) approving
the giving of financial
assistance as contemplated in
the bank minute.

2.2 The Purchaser shall issue the Circular to the
Purchaser's shareholders not later than 13 August
1997 containing a recommendation by the directors
of the Purchaser to vote in favour of the
Resolutions.

2.3 The Purchaser hereby undertakes to the
Shareholders that it will use all reasonable

endeavours to procure that each of the conditions set out in Sub-clause 2.1 above is fulfilled on or prior to 5 September 1997.

2.4 If the conditions specified in Clause 2.1 have not all been fulfilled by 15 September 1997 or such later date-as may be agreed in writing by the parties, neither the Shareholders nor the Purchaser shall be obliged to complete the sale and purchase of the Shares hereunder and none of the parties shall have any further rights or obligations under this Agreement.

2.5 The Shareholders hereby undertake to the Purchaser that they will use all reasonable endeavours to procure that the condition set out in Sub-clause 2.1.4 above is fulfilled by 4 September 1997.

3. SALE AND PURCHASE AND CONSIDERATION

3.1 Each Shareholder agrees to sell (or to procure the sale of those shares held by them on trust for their spouse) with full title guarantee and the Purchaser, relying inter alia on the Warranties and on the undertakings granted pursuant to Clauses 8, 9 and 10, agrees to purchase the numbers of Shares set opposite the name of that Shareholder in Part 1 of the Schedule and each of the Shareholders shall procure that the Purchaser acquires those of the Shares transferred by him free from all liens, charges, encumbrances, equities and claims

whatsoever and -with the benefit of all rights, privileges and advantages attached thereto including all dividends declared or paid thereon in relation to all Shares, on or after Completion.

3.2 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.

3.3 The aggregate consideration for the Shares shall be:-

3.3.1 the sum of NINE HUNDRED AND SIXTY FOUR THOUSAND TWO HUNDRED AND FIFTY EIGHT POUNDS (£964,258) Sterling (payable at Completion in accordance with Clause 4.7) to be apportioned amongst the Shareholders in the amounts set out opposite the names of the Shareholders in column 5 of Part 1 of the Schedule;

3.3.2 the sum of TWO HUNDRED AND THIRTY FIVE THOUSAND SEVEN HUNDRED AND FORTY TWO POUNDS (£235,742) Sterling to be satisfied by the allotment and issue, credited as fully paid, of the Consideration Shares apportioned amongst the Shareholders in the numbers specified in column 4 of Part 1 of the Schedule in accordance with Clause 3.4; and

3.3.3 the issue of any Notes required to be issued by the Purchaser in accordance with Clause 5 in the proportions specified in column 6 of Part 1 of the Schedule.

3.4 The Consideration Shares shall be allotted at Escrow Completion, such allotment being conditional upon the Escrow Condition being fulfilled.

3.5 The Purchaser shall procure that the Consideration Shares:-

3.5.1 shall be admitted to the Official List of the Stock Exchange within two Business Days after the Completion Date; and

3.5.2 are allotted on terms that they rank pari passu in all respects with the ordinary shares of 20p each in issue in the capital of the Purchaser on the date of allotment of the Consideration Shares, including, without limitation, the right to receive any dividend declared or paid in respect of such ordinary shares by reference to a record date occurring on or after the date of Completion.

3.6 Each of the Shareholders waives and undertakes to procure that any other person having such rights shall waive any pre-emption rights that he may

have relating to the Shares and any rights of redemption arising in connection with the purchase and sale of the Shares whether conferred by the Articles of Association of the Company or otherwise.

4. COMPLETION

4.1 Escrow Completion shall take place at the offices of the Purchaser's Solicitors on the Escrow Completion Date. At Escrow Completion the matters specified in sub-clauses 4.2 to 4.7 shall take place.

4.2 The Shareholders or the Shareholders' Solicitors shall deliver to the Purchaser or the Purchaser's Solicitors:-

4.2.1 transfers in favour of the Purchaser or its nominees of the Shares duly executed by the registered holders thereof together with the relative share certificates and any other documents which may be required to give a good title thereto (including any relative power of attorney or other authority under which such transfers have been executed) and to enable the Purchaser to procure the registration of the same in the name of the Purchaser or its nominees;

- 4.2.2 two copies of the Tax Covenant, each duly executed by each of the Management Shareholders;
- 4.2.3 the certificate of incorporation, common seals, statutory and all minute books, books of account and other record books and share certificate books of the Company made up to the Completion Date, with all unissued share certificate forms and all cheque books and credit cards of the Company in current use;
- 4.2.4 all the insurance policies and the title and other deeds of the Properties in the possession of the Company and so far as the Company is not in possession of such policies and deeds, so far as the Company can procure the same, statements by the persons holding them setting out the items they hold and the terms on which they do so;
- 4.2.5 declarations of trust and powers of attorney in the Agreed Form by each of the Shareholders in favour of the Purchaser relating to the Shares and the exercise of all rights in respect of them in the period between Completion and the date on which the Purchaser or its nominee is registered

in the Register of Members of the Company in respect of the Shares; and

4.2.6 discharge by The Royal Bank of Scotland plc and Royal Bank Invoice Finance Limited of all securities granted to them by the Company.

4.3 All sums due other than ordinary remuneration for the month then current by the Company to any of the Shareholders or by any of the Shareholders to the Company shall be settled in full and validly discharged.

4.4 The Shareholders shall procure that the Articles of Association of the Company are validly altered in such manner as may be required by the Purchaser, or that new Articles of Association are adopted.

4.5 The Shareholders shall procure that a board meeting of the Company shall be held at which (subject to the fulfilment of the Escrow Condition):

4.5.1 dividends of £40,250 in aggregate shall be declared on the Redeemable Preference Shares representing their accrued preferential dividend to the date of Completion and on the "B" Ordinary Shares of £1 each representing their accrued participating dividend shall be paid in respect of the period from 31 December 1996 to Completion;

- 4.5.2 the said transfers in respect of the Shares shall be passed for registration subject only to their being stamped;
- 4.5.3 the persons nominated by the Purchaser shall be appointed additional directors of the Company;
- 4.5.4 resolutions revoking all authorities to the bankers of the Company and giving authority to such persons as the Purchaser may nominate to operate the accounts in question shall be passed;
- 4.5.5 Russell Meadowcroft shall resign office as a director of the Company and all executive appointments with the Company by letter of resignation in the Agreed Form taking effect on the Completion Date;
- 4.5.6 a service agreement in the Agreed Form between the Purchaser and Richard Russell shall be approved for execution by the Purchaser.
- 4.6 Richard Russell shall enter into the service agreement referred to in sub-clause 4.5.6.
- 4.7 Conditionally and forthwith upon implementation of each of the foregoing sub-clauses 4.2 to 4.6 the Purchaser or the Purchaser's Solicitors shall:-

4.7.1 deliver to the Shareholders' Solicitors (who are authorised to receive the same):-

4.7.1.1 a certified copy of the Resolutions;

4.7.1.2 the sum of £964,258 by telegraphic transfer to their account with the Royal Bank of Scotland plc, Mosley Street, Manchester, Sort Code 16 00 01, Account Number 14089842; and

4.7.1.3 a copy of the Tax Covenant duly executed by the Purchaser;

against an undertaking by the Shareholders' Solicitors to hold such funds and documents to the order of the Purchaser pending Completion and upon Completion to release the Shareholders' Solicitors from their undertaking;

4.7.2 issue and allot the Consideration Shares in accordance with Clause 3.4 and shall procure that certificates in respect thereof are despatched to the relevant Shareholders as soon as practicable after Completion;

4.7.3 deliver to the Shareholders' Solicitors a copy of the service agreement

referred to in sub-clause 4.5.6 duly executed on behalf of the Purchaser.

The delivery and release of the Consideration monies and share certificates referred to in this clause 4.7 shall be a complete discharge of the Purchaser in respect of that part of the consideration payable under sub-clauses 3.3.1 and 3.3.2 and the Purchaser shall not be concerned to see that any Shareholder actually receives the same.

4.8 Completion is conditional upon Escrow Completion taking place in accordance with this Clause 4 and upon the Escrow Condition being fulfilled and shall take place on the Completion Date. Pending the Escrow Condition being fulfilled all monies and documents delivered pursuant to the Escrow Completion will be held by the relevant parties' solicitors pending Completion taking place.

4.9 On Completion, all monies and documents delivered pursuant to the Escrow Completion shall be released from Escrow and delivered to the party entitled thereto.

4.10 If the Purchaser shall fail to pay in full any amount payable under this Clause 4 or to make the payment or issue the Loan Notes under the provisions of Clause 5, interest at the rate of 2% per annum above the base rate for the time being of The Royal Bank of Scotland plc shall accrue on the amount outstanding from the due

date for payment to the date of actual payment (both dates inclusive) such interest to accrue after as well as before a judgment for the same.

- 4.11 If for any reason the provisions of sub-clauses 4.2 to 4.7 hereof are not fully complied with, the non-defaulting party shall be entitled (in addition and without prejudice to all other rights or remedies available to it) to elect to rescind this Agreement or to fix a new date for Completion.

5. EARN OUT

- 5.1 As additional consideration for sale of the Shares held by them to the Purchaser, the Purchaser hereby undertakes to the Relevant Shareholders to issue to them Notes or, at the option of the Relevant Shareholders, cash in the amount of the sums, if any, which fall to be paid in accordance with the provisions of this Clause 5 free of any deduction, counterclaim, set-off or other withholding, other than any such deduction, counterclaim, set-off or other withholding:-

5.1.1 which is quantified; or

5.1.2 which, if not quantified, is reasonably likely to be in excess of £2,000 (provided that the Purchaser shall use its reasonable endeavours to quantify the amount thereof within six months of due date for payment of the sum in question. Should the Purchaser fail to

do so then such sum shall be paid free of any deduction, counterclaim, set-off or other withholding whatsoever).

- 5.2 Subject to sub-clause 5.3, if PBT for Year One is greater than £175,000 then the Purchaser will make a payment to the Relevant Shareholders of the positive sum (if any) ("the Earn Out Payment") which is equal to:-

$$((A - £175,000) \times 4)$$

where A is the lower of PBT for Year One and £250,000. The Earn Out Payment shall, subject to Clause 5.1 and 5.3 be paid to the Relevant Shareholders within seven days following the date of the final judgement referred to in Clause 6 and the date of the final determination of the PBT for Year One in terms of Clause 6 (but not before 1 May 1998).

- 5.3 If any Relevant Shareholder who is an employee of the Company ceases to be employed by the Company (for a reason other than redundancy or dismissal in the circumstances described in Clause 5.5 or death or disability):-

5.3.1 during Year One he shall not be entitled to receive any part of the Earn Out Payment;

5.3.2 after the end of Year One, but prior to the date of the final determination of the PBT for Year One in terms of Clause 6 or payment, he shall be entitled to

receive the appropriate proportion of the Earn Out Payment in terms of column 6 of Part 1 of the Schedule.

- 5.4 For the avoidance of doubt, should any Relevant Shareholder who is an employee (the "Former Employee") cease to be employed by the Company during Year One, the terms of Clause 5.3.1 shall not result in a pro-rata reduction in the Earn Out Payment and the proportion of such Earn Out Payment which would, in the absence of a cessation of employment, have been paid to the Former Employee, shall be distributed amongst the remaining Relevant Shareholders on a pro rata basis.
- 5.5 The circumstances referred to in Clause 5.3 are where following his dismissal any of the Relevant Shareholders raises proceedings against the Company within three months of that dismissal for either or both of wrongful dismissal or unfair dismissal and the final judgement made in respect of those proceedings (which shall include any appeal or appeals to courts or tribunals of appropriate jurisdiction) shall uphold his claim that he was wrongfully or unfairly dismissed.
- 5.6 5.6.1 The Management Shareholders and the Purchaser hereby acknowledge, undertake and declare that, having regard to the interests of the Relevant Shareholders throughout the period commencing on

Completion and ending on 31 December 1997 ("the said period") the objective of the Company is to maximise the profitability of the Company consistent with sound commercial and financial management and to promote the orderly and profitable development of its business. To assist in this objective, the Purchaser undertakes to the Relevant Shareholders in the terms set out in Part 7 of the Schedule.

5.6.2 Nothing in this sub-Clause 5.6 will restrict or relieve the Management Shareholders or any other director of the Company from time to time of his or their fiduciary duties as directors of the Company and further, in relation to Richard Russell, nothing in this sub-Clause 5.6 will restrict or relieve him of his fiduciary duties as a director of the Purchaser.

5.7 The Relevant Shareholders other than Wood Harris undertake that they shall indemnify the Purchaser for all fees, costs and expenses incurred by it in providing the Notes and the Bank Guarantee other than sums becoming due by the Purchaser by way of interest in terms of the Notes.

6. SUBMISSION OF PBT CERTIFICATE

- 6.1 The Purchaser shall procure that the audited accounts of the Company for Year One are prepared and audited (and the auditors certificate in respect of them signed) within twelve weeks of the end of that year and are submitted in the manner provided in Clause 6.3 to the Shareholders together with the PBT Certificate specified below.
- 6.2 The Purchaser shall procure that the Purchaser's Accountants issue a draft certificate (the "PBT Certificate") in respect of Year One stating the PBT for that year and any adjustments made by them to the profit before tax of the Company as shown in the audited accounts of the Company for that year in determining the PBT and having attached to it a copy of the relevant audited accounts. The Purchaser's Accountants will prepare the PBT Certificate in respect of Year One in the manner set out in Clause 7.
- 6.3 Upon the finalisation of the PBT Certificate, the Purchaser's Accountants will cause it to be submitted to Richard Russell or such other person as all of the Relevant Shareholders shall specify in writing to the Purchaser (the "Shareholders' Representative") for approval;
- 6.4 If the Shareholders' Representative approves the PBT Certificate within twenty one days of its being submitted to them then the profit before tax in pounds sterling of the Company for the

Year in question shown in the PBT Certificate will be the PBT for that year.

6.5 If the Shareholders' Representative fails so to approve the PBT Certificate or makes no reply within the twenty one day period then the PBT Certificate will be submitted to the Shareholders' Accountants for review and the Purchaser's Accountants and the Shareholders' Accountants shall endeavour to agree any matters relating to the PBT Certificate not agreed between them. If agreement is not reached between the Purchaser's Accountants and the Shareholders' Accountants in relation to the approval of the PBT Certificate within one month of it being submitted to them then any matters still in dispute will be submitted to such single chartered accountant or other expert as may be appointed by agreement between the Purchaser and the Shareholders' Representative (as appropriate), or, in default of such agreement within fourteen days of proposal of an appointee, as may be appointed on the application of any party by the President for the time being of the Institute of Chartered Accountants in Scotland. Such chartered accountant or other expert will be instructed either:-

- (i) to confirm that the PBT Certificate has been prepared in accordance with the

provisions of this Clause 6 and Clause 7; or

- (ii) (if that is not the case) to make such amendments to the PBT Certificate as he or she considers necessary to render it in compliance with the provisions of this Clause 6 and Clause 7.

6.6 The decision of the independent accountant and any matter referred to him shall (except in the case of manifest error) be final and binding on the Purchaser's Accountants and the Shareholders' Accountants and the parties to this Agreement. Such chartered accountant or other expert shall act as an expert and not as an arbitrator and shall have full power to consider such information in relation to the Company as he or she shall consider to be necessary or expedient. All parties to this Agreement will procure that all necessary facilities are afforded to such chartered accountant or other expert in connection with obtaining any such information necessary for approval or determination of any dispute in connection with the PBT Certificate. The costs of the chartered accountant or other expert shall be borne by such of the Purchaser and the Shareholders or the Relevant Shareholders and as such chartered accountant or other expert may direct.

- 6.7 Upon the agreement of (or the determination by the independent accountant of any matter disputed) the PBT, the parties shall procure that the Purchaser's Accountants and the Shareholder's Accountants jointly sign and deliver to the Shareholders and the Purchaser a report confirming the amount of the PBT for Year One.

7. CALCULATION OF PBT

- 7.1 The PBT for Year One is (to the nearest £1) the net pre-tax profit of the Company arising from its ordinary activities as shown in the audited Accounts for that year adjusted as follows:
- 7.1.1 by adding back to profit any sums which would not have been deducted had those accounts been prepared on the accounting principles bases policies and methods used in preparing the Accounts;
 - 7.1.2 by adding back any payment or provision for Tax distributions;
 - 7.1.3 adding back any provision for or payment of any dividend or other distribution by the Company;
 - 7.1.4 adding back any sum specified as or proposed to be transferred to reserves;
 - 7.1.5 by ignoring the effect of any extraordinary or exceptional items;
 - 7.1.6 adding back any sum deducted from gross profit in respect of the emoluments

- paid or payable to or for the benefit of any nominees of the Purchaser appointed to the board of the Company;
- 7.1.7 adding back a charge by way of interest on any sums lent by the Purchaser to the Company in excess of that rate of one per cent above the base rate of The Royal Bank of Scotland plc;
- 7.1.8 adding a sum by way of interest on any sums lent by the Company to the Purchaser at the rate of one per cent above the base rate of The Royal Bank of Scotland plc;
- 7.1.9 adding in relation to any transactions entered into by the Company at the instigation of the Purchaser on less than arms-length terms (in terms of reward to the Company) a reasonable sum as profit which might reasonably have been expected to accrue to the Company had the transaction been on arms-length terms;
- 7.1.10 by excluding any additional costs attributable to the early repayment redemption or cancellation of loans or other financing arrangements at the instigation of the Purchaser (including without limitation, leasing, hire, hire

- purchase or other conditional purchase or deferred payment agreements);
- 7.1.11 treating all sums owing by the Purchaser to the Company as presently due and payable;
- 7.1.12 by adding back any amount written off in respect of goodwill or other intangible assets;
- 7.1.13 by adding back any cost to the Company resulting from the creation of security over the assets of the Company.
- 7.1.14 by adding back invoices totalling £20,000 plus VAT charged to the Company for corporate finance advice.
- 7.1.15 by adding back costs incurred in relation to any acquisitions or proposed acquisitions undertaken or proposed to be undertaken by the Company;
- 7.1.16 by adding back the total employment costs of the proposed new Sales Administrator and Salesperson;
- 7.1.17 by adding back an amount equal to 35% of the total salary costs of Mr. Richard Russell for the period from 1 June 1997 to 31 December 1997;
- 7.1.18 by adding back any management charges levied from any other member of the Purchaser's Group following Completion.

7.1.19 by including the £10,000 management fee to be charged by the Company to the Purchaser following Completion.

7.2 In calculating the PBT the parties agree that SSAP's shall be applied in respect of:

- Turnover;
- Depreciation;
- Stock and work in progress;
- Research and Development;
- Tax;
- Deferred Tax;
- Finance Leases;
- Valuation of finished goods;
- Production Overheads;
- Intra-Group transactions;
- Capital Expenditure.

8. WARRANTIES AND INDEMNITIES

8.1 The Shareholders hereby severally warrant in respect of their own shareholdings to the Purchaser and its successors as owners of the Shares or any of them that the Shareholder Warranties are now and will on the Completion Date be true and accurate in relation to those of the Shares shown opposite each of their respective names in Column 3 of Part 1 of the Schedule.

8.2 The Management Shareholders hereby jointly and severally warrant to the Purchaser and its successors as owners of the Shares or any of them

that except as disclosed in the Letter of Disclosure and subject to the limitations on liability set out in Part 5 of the Schedule but otherwise subject to no qualification whatever the General Warranties are now true and accurate in relation to the Company. -

8.3 If before the Completion Date the Purchaser shall have reason to believe that there is a material breach of the Shareholder Warranties on the part of the Shareholders provided for herein, the Purchaser shall be entitled to rescind this Agreement by written notice to that effect. Each of the Shareholders undertakes to the Purchaser promptly to notify the Purchaser of any matter or thing which occurs or of which he becomes aware after the date of execution of this Agreement which constitutes or would after the lapse of time constitute a misrepresentation or breach of any of such Shareholder Warranties or undertakings or other provisions contained in this Agreement.

8.4 If before the Completion Date the Purchaser shall have reason to believe that there would be a material breach of the General Warranties on the part of the Management Shareholders provided for herein were the Warranties to be repeated on Completion, the Purchaser shall be entitled to rescind this Agreement by written notice to that effect. Each of the Management Shareholders

undertakes to the Purchaser promptly to notify the Purchaser of any matter or thing which occurs or of which he becomes aware after the date of execution of this Agreement which constitutes or would after the lapse of time constitute a misrepresentation or breach of any of such Warranties or undertakings or other provisions contained in this Agreement were the Warranties to be repeated at Completion.

- 8.5 The Shareholders undertake that (save only as may be necessary to give effect to this Agreement or as requested by or with the consent of the Purchaser) neither they nor the Company shall knowingly do, allow or procure any act or omission before Completion which would constitute a breach of or render inaccurate or misleading any of the Shareholder Warranties upon their being repeated immediately prior to Completion. The Management Shareholders undertake that (save only as may be necessary to give effect to this Agreement or as requested by or except with the consent of the Purchaser) neither they nor the Company shall knowingly do, allow or procure any act or omission before Completion which would constitute a breach of or render inaccurate or misleading any of the General Warranties were they to be repeated immediately prior to Completion.

- 8.6 No information other than that set out in the Letter of Disclosure relating to the Company of which the Purchaser has knowledge (actual or constructive) shall prejudice any claim made by the Purchaser under the Warranties nor operate to reduce any amount recoverable.
- 8.7 The Management Shareholders acknowledge that they shall have no right of counterclaim or set-off or other claim or right of recovery against the Company or any of its officers or employees in relation to any claim which may be made in respect of the Warranties or under the Tax Covenant.
- 8.8 Any statement in the Warranties qualified by the expression "to the best of the knowledge, information and belief of the Management Shareholders" or "so far as the Management Shareholders are aware" or "the Management Shareholders believe", or any similar expression shall unless stated to the contrary be deemed to include an additional statement that it has been made after due and careful enquiry by each of the Management Shareholders.
- 8.9 Notwithstanding any rule of law to the contrary, the Purchaser shall be entitled to recover damages for breach of this Agreement and shall not be required to resile from this Agreement in order to do so.

- 8.10 No liability shall attach to the Shareholders in respect of claims under the Warranties or the Tax Covenant if and to the extent that the limitations referred to in Part 5 of the Schedule apply (in the absence of any fraud on the part of the Shareholders).

9. POSITION PENDING COMPLETION

- 9.1 The Management Shareholders undertake to procure that the Business shall be carried on in the normal manner between the date of execution of this Agreement and the Completion Date so as to preserve the same as a going concern and shall procure that the Company in particular exercises the same degree of control and the same care in the selection of customers as heretofore.

- 9.2 Pending Completion the Management Shareholders shall procure that the Company shall not without prior consultation with and the consent of the Purchaser:-

- 9.2.1 make any material change in the nature of the Business or the method of carrying on the same;
- 9.2.2 enter into any transaction or incur any liability of a material nature which is unusual or outside the ordinary course of the Business;
- 9.2.3 borrow any money (other than trade credit or temporary borrowing, all in the ordinary course of the Business);

- 9.2.4 undertake- any work, provide any services or acquire or dispose of any assets other than in the ordinary course of the Business on arm's length terms;
- 9.2.5 make any change in emoluments or benefits, including pension benefits of any of the Directors or any employee or consultant of the Company, or engage, or renew the contract of employment of any employee or other than in the best interests of the Company dismiss any employee;
- 9.2.6 save as anticipated by Clause 4, declare, make or pay any dividend or other distribution or do or suffer anything whereby its financial position shall be rendered less favourable than at the date hereof;
- 9.2.7 grant or issue or agree to grant or issue any mortgages, charges, debentures or other securities for money or redeem or agree to redeem any such securities or give or agree to give any guarantees or indemnities;
- 9.2.8 permit any of its insurances to lapse or knowingly do anything which would make any policy of insurance void or voidable;

9.2.9 create, issue or grant any option in respect of any class of share or loan capital of the Company or agree so to do;

9.2.10 grant to any third party any rights in respect of any of the Properties; or

9.2.11 make or agree to make any payment to any Shareholder or any person connected with any Shareholder (as defined in section 839 of the Taxes Act) other than normal remuneration of Shareholders employed by the Company in accordance with their terms of employment which have been disclosed to the Purchaser.

9.3 Pending Completion, none of the Shareholders shall:

9.3.1 dispose of any interest in the Shares or any of them or grant any option over, or charge or otherwise encumber the Shares or any of them; or

9.3.2 permit the Company to pass any resolution in general meeting.

9.4 Pending Completion, the Management Shareholders shall procure that the Purchaser, its agents and representatives are given full access to the Properties and to the books and records of the Company and the Management Shareholders shall upon request furnish such information regarding

the business and affairs of the Company as the Purchaser may require.

10. UNDERTAKING

10.1 Each of the Management Shareholders acknowledges that substantial goodwill attaches to the Company and that the Purchaser would not wish to purchase the Company unless it were satisfied that such goodwill would continue to belong to and be available to the Company exclusively in order to protect the legitimate business interests of the Company. It is accordingly acknowledged by the Management Shareholders that it is reasonable for the Purchaser to request the Management Shareholders to grant certain undertakings in order to preserve the value of that goodwill and the legitimate business interests of the Company for the benefit of the Purchaser. For that purpose and in order to induce the Purchaser to enter into this Agreement, each of the Management Shareholders, having obtained appropriate professional advice, hereby severally undertakes and agrees that:

10.1.1 subject to clause 10.2 (except as an employee of the Company) for a period of one year from the Completion Date he will not directly or indirectly be interested or concerned in any capacity in any business located and carried on within the United Kingdom and which

- competes or is reasonably likely to compete with the Company in the Business (other than as a holder of securities listed on a recognised stock exchange (as defined in Section 841 of the Taxes Act) provided such holding does not exceed 5% of the class of securities of which that holding is part);

10.1.2 subject to clause 10.2, for a period of one year from the Completion Date he will not either on his own account or for any other person directly or indirectly solicit or endeavour to entice away from the Company (or assist any other person to do so) any person who is now a customer of or in the habit of dealing with the Company;

10.1.3 subject to clause 10.2, for a period of one year from the Completion Date he will not either on his own or for any other person directly or indirectly solicit or endeavour to entice away from the Company (or assist any other person to do so) any person who, as an employee or consultant of the Company is engaged on behalf of the Company in any managerial supervisory, sales or development function; and

10.1.4 he will not at any time disclose to any other person or himself use any confidential or secret information concerning the affairs of the Company or any of their suppliers or customers or any techniques or methods used in the Business unless: (i) requested in writing by the Purchaser or the Company; or (ii) requested by any competent authority in the exercise of any legal power; or (iii) the information relating thereto shall then be in the public domain otherwise than by breach of this Agreement.

PROVIDED THAT each of the undertakings contained in sub-clauses 10.1.1, 10.1.2, 10.1.3 and 10.1.4 above ("the Undertakings") shall be read and construed independently of each of the other Undertakings to the intent that if any of the Undertakings is held to be invalid for any reason then the remaining Undertakings shall to the extent that they are not held to be invalid, remain in full force and effect.

10.2 If any provision of this Agreement or of any other arrangement or agreement of which this agreement forms part is subject to registration pursuant to the Restrictive Trade Practices Act 1976 such provision shall come into force on the day after particulars thereof are furnished to

the Director General of Fair Trading pursuant to section 24 of the said Act.

11. MISCELLANEOUS

- 11.1 The parties hereto shall co-operate in announcing the sale and purchase to be effected hereby to customers, suppliers, employees and others at such time and in such manner as the Purchaser may approve and no intimation of the sale and purchase other than required by law or the regulations of the Stock Exchange shall be made without the consent of the Purchaser.
- 11.2 Each party hereto shall pay its own costs and expenses in connection with the negotiation, preparation, execution and implementation of this Agreement and no such expenses shall be borne by the Company, provided that if the Purchaser shall exercise any right to rescind this Agreement.
- 11.3 Notwithstanding Completion of the sale and purchase to be effected in terms hereof this Agreement shall except in so far as then implemented remain in full force and effect and the Warranties, covenants, indemnities and undertakings provided for herein shall be enforceable at the instance of the Purchaser, the Company and their respective assignees and at the instance of any of the Shareholders and shall be binding on the executors or personal representatives of the Shareholders.

- 11.4 - No failure or delay by the Purchaser to exercise any right or power hereunder shall operate as a waiver thereof nor shall any partial exercise preclude any other or further exercise or the exercise of any other right.
- 11.5 Where the liability of the Management Shareholders under this Agreement is expressed to be joint and several, each of the Management Shareholders shall be liable to the Purchaser and/or the Company notwithstanding the failure by the Purchaser and/or the Company to proceed against any others of the Management Shareholders and the Purchaser and/or the Company may compound with, relieve or otherwise deal with any of the Management Shareholders without in any manner of way affecting the liability of the others of them.
- 11.6 Time shall be of the essence as regards any date or period contained in this Agreement save only to the extent that any date or period may be altered by agreement whereupon time shall be of the essence as regards such altered date.
- 11.7 This Agreement, together with any documents referred to herein, constitutes the entire agreement made between the parties and supersedes all previous documents, letters or other correspondence, and no variation hereof shall be effective unless made in writing.
- 11.8 This Agreement may be executed in two or more counterparts and each counterpart shall be deemed

to be an original and which counterparts together shall constitute one and the same agreement of the parties hereto.

12. NOTICES

12.1 Any notice or other document to be served under this Agreement may be delivered or sent by prepaid first class post or facsimile process to the party to be served at its address appearing in this Agreement as follows:-

- (a) to the Purchaser at:
SEET plc
16 Maddox Street,
London,
W1R 1PL
Fax: 0171 499 1711
marked for the attention of David
Meddings
- (b) to the Management Shareholders at their
addresses as specified in Part 1 of the
Schedule;
- (c) to The North of England Venture Fund
Limited at its address specified in
Part 1 of the Schedule;
Fax: 0161 236 6650
marked for the attention of Mr T.
Smallbone;
- (d) to Wood Harris Limited at its address
specified in Part 1 of the Schedule;

or at such other address as may have been notified to the other party in accordance with this Clause.

12.2 Any such notice or other communication shall be deemed to have been given or served:

- (a) if delivered, at the time of delivery;
- (b) if posted, at 10.00 a.m. on the second business day after it was put into the post; and
- (c) if sent by facsimile transmission, upon the receipt of the appropriate answerback at the end of the transmission.

12.3 In proving service of a notice or document it shall be sufficient to prove that delivery was made or that the envelope containing the notice or document was properly addressed and posted as a prepaid first class letter or that the facsimile message was properly addressed and despatched as the case may be.

13.

GOVERNING LAW

This Agreement and the Schedule shall be governed by and interpreted in accordance with English law and the parties hereby submit to the jurisdiction of the English Courts: IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed on the date shown on the first page.

SCHEDULEPART 1 - SHAREHOLDERS

(1) <u>NAME</u>	(2) <u>ADDRESS</u>	(3) <u>NUMBER OF</u> <u>SHARES</u> <u>HELD</u>	(4) <u>CONSIDERATION</u> <u>SHARES</u> <u>VALUE NO</u> <u>£</u>	(5) <u>AMOUNT OF</u> <u>CASH</u> <u>£</u>	(6) <u>PROPORTION OF</u> <u>EARN OUT</u> <u>PAYMENT</u> <u>(Clause 5)</u>
The North of England Venture Fund Limited	Cheshire House, 18-20 Booth Street, Manchester M2 4AN	433333 Redeemable Preference Shares	Nil	433,333	Nil
Richard Russell	12 Beechfield Drive Middlewich, Cheshire	20000 'A' Shares	30,000	54,160	23.52%
Stuart Turnheim	33 Breeze Mount, Prestwich, Manchester	20000 'A' Shares	28,696	55,464	18.62%
Peter Browne	11 Ravenhill Park Gardens, Belfast Northern Ireland	20000 'A' Shares	30,000	54,160	18.62%
Anthony Woolley	22 Cross Street, Derby	20000 'A' Shares	24,696	59,464	18.62%
Patrick McCourt	Mon Rose, 13 Edward Avenue, Larne, County Antrim	20000 'A' Shares	24,696	59,464	18.62%
The North of England Venture Fund Limited	Cheshire House, 18-20 Booth Street, Manchester M2 4AN	66667 'B' Shares	82,320	248,213	
Wood Harris Limited	Cleeve Court, Cleeve Road, Leatherhead Surrey KT22 7NN	3401 'C' Shares	15,334	Nil	2%
			<u>£235,742</u>	<u>£964,258</u>	<u>100%</u>

SCHEDULEPART 2 - DIRECTORSNAMEADDRESS

Richard Russell	12 Beechfield Drive Middlewich, Cheshire
Stuart Turnheim	33 Breeze Mount, Prestwich, Manchester
Peter Browne	11 Ravenhill Park Gardens, Belfast Northern Ireland
Anthony Woolley	22 Cross Street, Derby
Russell Meadowcroft	3 Barley Drive, Bramhall, Stockport, Cheshire, SK7 2QB.

S C H E D U L EPART 3 - WARRANTIESA. SHAREHOLDER WARRANTIES

1. The Shareholder is the registered owner of the Shares shown opposite his name in Column 3 of Part 1 of the Schedule and has the right, power and authority to sell and transfer the Shares shown opposite his name in Column 3 of Part 1 of the Schedule, free from all liens, charges, encumbrances, equities or claims and with full title guarantee and to enter into and perform this Agreement.
2. There is no option, right to acquire, mortgage, charge, lien, encumbrance or other form of security or any stop notice on, over or affecting the Shares shown opposite his name in Column 3 of Part 1 of the Schedule or any of them and there is no agreement or undertaking to give or create any of the foregoing.

B. GENERAL WARRANTIESThe Company

1. The authorised share capital of the Company is £446,734.50 divided into 100,000 'A' Shares of which 100,000 are issued and are fully paid, 66,667 'B' Shares of which 66,667 are issued and fully paid, 3,401 'C' Shares of which 3,401 are issued and fully paid, 433,333 Redeemable Preference Shares of which 433,333 are issued and fully paid and 60,000

Cumulative Shares of which 60,000 are issued and fully paid.

2. The Company does not have any subsidiaries and has no interest in the share capital of any other company.
3. The current directors of the Company are the persons named in Part 2 of the Schedule and no others and there are in relation to the Company no shadow directors.
4. The particulars relating to the Company and the Properties set out in this Schedule are true and accurate.
5. The Shares constitute all shares at present issued or allotted or intended to be issued in the capital of the Company (other than the Cumulative Shares) and are registered in the names of the persons shown in Part 1 of the Schedule and there is no agreement in force which calls either at the date hereof or in the future for the issue of or accords to any person or company the right to call for the issue of any share or debenture of the Company.
6. There has never been a reduction in the capital of the Company.

C. ACCOUNTS AND FINANCIAL MATTERS

1. The Accounts have been prepared in accordance with the historic cost convention and generally accepted accounting principles and practices and with the Companies Act 1985 and other applicable statutes and regulations and:-

1.1 set out correctly and accurately the assets and liabilities of the Company and the amounts thereof and show a true and fair view of the state of affairs as at and the profit or loss of the Company for the financial period ended on the Accounts Date and are not affected by any extraordinary, exceptional or non-recurring items; and

1.2 contain either provisions therein adequate to cover or full particulars in notes thereto of all taxation including without limitation deferred taxation and other liabilities (whether quantified, contingent or otherwise) and capital commitments of the Company as at the Accounts Date.

2. In the Accounts:-

2.1 stocks have been valued at the lower of:-

(a) cost (excluding the cost of warehousing, selling, distribution and administration); and

(b) market value (which shall itself be taken as the lower of net realisable value and replacement cost)

with adequate provision for redundant, obsolete, unsaleable, deteriorated or slow moving stocks;

2.2 the value attributed to each fixed asset of the Company does not exceed the current

market value thereof as at the Accounts Date; and

- 2.3 the rate of depreciation applied in respect of each fixed asset has been consistently applied over previous accounting periods of the Company and is adequate to write down the value of such fixed asset to its net realisable value as at the end of its useful working life.
3. All the other accounts, ledgers and financial records of the Company have been kept in the manner required by Section 221 of the Companies Act 1985.
4. The management accounts of the Company for the period to 23 May 1997/fairly present the state of affairs of the Company as at and the profit or loss of the Company for the period ended on 23rd May 1997.
5. No person has given any guarantee of or security for any overdraft, loan or loan facility granted to the Company.
6. The Management Shareholders have no reason to believe that any debt outstanding at the date of this Agreement will not realise the nominal amount thereof within 120 days of the date upon which it became or becomes due and payable save only to the extent (if any) covered by the bad debts reserve or any provision therefor.
7. No book debt in excess of £1,000 of the Company outstanding at the date hereof is the subject of any

dispute, retention or claim of set-off or compensation.

8. Since the Accounts Date:-

- 8.1 the business of the Company has been continued in a normal and proper manner without any alteration in its nature or scope and no new class of business has been undertaken;
- 8.2 neither the turnover nor the margin of profitability of the Company show any material deterioration from those figures for the comparable period in the financial period ended on the Accounts Date;
- 8.3 no debt owed by the Company has been outstanding for more than 120 days from the date of invoice;
- 8.4 no dividends or other distributions of profits have been declared, made or paid;
- 8.5 no loan (other than bank borrowings on normal overdraft terms) or loan capital of the Company has been repaid in whole or in part or has become liable to be repaid;
- 8.6 there has been no material reduction in the net realisable assets of the Company;
- 8.7 there have been no abnormal changes in levels of stock or work in progress;
- 8.8 the Company has not parted with or agreed to part with or granted any option over or agreed to grant any option over or had

seized or taken away any of its assets except for assets sold or disposed of on arm's length terms or at full market value in the ordinary course of business.

8.9 the Company has not incurred any known liabilities nor made any payments otherwise than in the normal and proper course of carrying on its business.

9. All dividends or other distributions of profits declared, made or paid since the date of incorporation of the Company have been declared, made and paid lawfully in accordance with its Articles of Association.

D. ASSETS

1. Except for assets disposed of by the Company in the ordinary course of business the Company is the owner of all assets included in the Accounts and all assets which have been acquired by it since the Accounts Date.
2. There is not outstanding any standard security, mortgage, debenture, legal charge, floating charge, lien or other charge or encumbrance on the whole or any part of the assets or uncalled capital of the Company, nor is there in existence any agreement or undertaking to create any such charge or encumbrance.
3. All the assets of the Company of an insurable nature are insured for the full reinstatement value thereof against the risks of which details have been made available to the Purchaser and the Management

Shareholders believe the Company to be adequately covered against all risks whether or not relating to the assets of the Company normally or prudently covered by insurance; no claim made under any policy of insurance held by the Company is in dispute and so far as the Management Shareholders are aware, nothing has been done or omitted to be done which would make any such policy of insurance held by the Company void or voidable.

E. PROPERTIES

1. General

- 1.1 The written replies given by or on behalf of the Shareholders and the Company to written enquiries before contract raised by or on behalf of the Purchaser relating to the Properties are true and accurate in all respects.
- 1.2 The Company is not actually or contingently liable or as a guarantor or an original contracting party to any lease of property other than the lease of the Leasehold Property or of any freehold property other than the Freehold Property.
- 1.3 The Properties comprise all the land and premises currently owned, leased or used by the Company.
- 1.4 The rateable value of the Freehold Property can be ascertained from the rates collection agency in Northern Ireland.

- 1.5 So far as the Management Shareholders are aware having made no searches or enquiries the Company has received no notice of breach of any applicable statutes (including without prejudice to the foregoing generality the Town and Country Planning Act 1990, the Offices, Shops and Railway Premises Act 1963, the Health and Safety at Work Act 1974, the Fire Precautions Act 1971 and the Factories Acts, or in the case of Properties situated in Northern Ireland, the equivalent legislation in that jurisdiction) relating to the buildings, structures and other erections and all fixtures, fittings, plant, machinery and equipment included in the Freehold Property, all additions and extensions thereto and all alterations and modifications thereof and the layout and current use of the Freehold Property.
- 1.6 Each of the Properties (other than the Freehold Property in Northern Ireland which does not have a direct gas supply) has gas and electricity supplies and a public water supply;
- 1.7 So far as the Management Shareholders are aware having made no searches or enquiries, the Company has received no notice of breach of laws, regulations and the like concerning the protection of human health or the

protection of the environment for the generation, transportation, storage, treatment or disposal of any substance capable of causing harm to man or any other living organisms supported by the environment to enable the Company to carry on its business;

2. Freehold Property

- 2.1 Save as disclosed in Part 4A of the Schedule, none of the Freehold Property is subject to any fixed or floating charge, agreement for sale, lease or agreement for lease, tenancy, licence, right of occupation, agreement to grant any mortgage or charge or any other encumbrance.
- 2.2 The Company is in actual occupation and has exclusive possession of the Freehold Property listed against its name in Part 4A of the Schedule and, save as disclosed in Part 4A of the Schedule, no part of the Freehold Property is subject to any lease, licence or any other agreement giving any right of occupancy to any third party.
- 2.3 All restrictions, covenants and conditions contained in the title deeds of the Freehold Property have been fully observed and performed and no notice of any breach of any of the same has been received or is to the

Shareholder's knowledge likely to be received.

3. Leasehold Properties

- 3.1 The particulars of the lease for the Leasehold Property ("the Lease") is correctly summarised in the particulars thereof set out in Part 4B of the Schedule.
- 3.2 Save as disclosed in Part 4B of the Schedule, the Leasehold Property is not subject to any fixed or floating charge, agreement for assignment or surrender, sub-lease, agreement for sub-lease, licence, overriding interest or any other encumbrance.
- 3.3 The Company is in actual occupation and has exclusive possession of the Leasehold Property and, save as disclosed in Part 4B of the Schedule, no part of the Leasehold Property is subject to any sub-lease, licence or any other agreement giving any right of occupancy to any third party.
- 3.4 The Lease is not subject to any amendment or variation, whether formal or informal.
- 3.5 The Company has not received notice of breach of its obligations under the Lease and there are no outstanding notices issued by the landlord under the Lease requiring any work to be carried out to the Leasehold Property.

- 3.6 The Company has not applied for any consent or approval from the landlord under the Lease to any alteration, improvement, change of use, assignment or sub-lease or for any other purpose and, in particular, no such application is outstanding.
- 3.7 The Company is not in dispute with the landlord under the Lease and the Shareholders are not aware of any grounds which might give rise to any dispute.
- 3.8 So far as the Management Shareholders are aware, none of the landlords under the Lease is or has during the Lease term been in material breach of its obligations in terms of the Lease.
- 3.9 The Company has not received any notice of proposed rent review due under the Lease.
- 3.10 No Improvement Notice has been served by any tenant under the Business Tenancies Act (Northern Ireland) 1964 in respect of any of the Properties.

F. INTELLECTUAL PROPERTY

- 1.1 All copyrights used by the Company in connection with its business are vested in it alone and not subject to any reversion by operation of law in favour of the heirs, successors, representatives or executors of the author of the work bearing such copyright.

- 1.2 All information technology, including all hardware and software, utilised in the Business is now and, subject to wear and tear, will on 1st January 2000 and on 1st January 2001 be able to function in the same way and produce information of the same quality and utility with respect to dates in the 21st century as to dates in the 20th Century.
- 1.3 The Company has not granted to any person any right to use any Intellectual Property vested in the Company or in a third person, nor made any assignation of any Intellectual Property on the basis that such Intellectual Property may be re-assigned to the Company.
- 1.4 None of the Management Shareholders is aware of any infringement of any Intellectual Property vested in the Company or used by the Company in the course of its business and the Company has taken all reasonable steps to prevent such infringement.
- 1.5 There are no outstanding claims against the Company for infringement of Intellectual Property in any jurisdiction and no such claim has been settled on the basis that the Company will make any payment to or receive any licence from any person.
- 1.6 The processes, products or activities of the Company do not so far as the Management

Shareholders are aware, infringe the rights of any third party and, so far as the Management Shareholders are aware, such processes, products or activities do not involve the use of information confidential to any third party.

- 1.7 All Intellectual Property used by the Company in connection with its business is the property of the Company and any patents, trademarks and registered designs (and analogous property outside the United Kingdom) so used are duly registered in the name of the Company as sole proprietor and all fees and expenses in connection with making and maintaining such registrations have been timeously paid.
- 1.8 All Intellectual Property owned or used by the Company in connection with its business capable of registration in the name of the Company has been so registered.
- 1.9 No licences or registered user or business format, franchises or other rights have been granted or agreed to be granted to any other person, firm or corporation in respect of any Intellectual Property of the Company; the Company is not the licensee under or permitted user of any Intellectual Property belonging to another person or obliged to make any payment relative to any

Intellectual Property to any person and no undertaking has been given by or in favour of the Company in respect of any Intellectual Property.

- 1.10 No work which is the subject of copyright used by the Company was created by an employee otherwise than in the course and within the scope of his employment.
 - 1.11 The Company has not commissioned any party to create any logo, mark, work or design for it.
 - 1.12 No person has any moral rights in relation to any works owned or used by the Company in the course of its business.
 - 1.13 All computer programs and processors used now and during the period of six years prior to the Completion Date are and have been lawfully used.
2. All secret processes and methods used by the Company are kept securely confidential by specific procedures which have been fully complied with at all times and have not been disclosed to any person other than an employee of the Company and the Shareholders have no reason to suspect that such confidentiality has been breached or that any competitor has knowledge of any such secret process or method.

G. CONTRACTS, COMMITMENTS AND LIABILITIES

- 1. No person is entitled to any payment by way of

commission, bonus, fee or otherwise in relation to the sale and purchase of the Shares in terms of this Agreement.

2. The Company has not granted or incurred or agreed to grant or incur any guarantee, indemnity or obligation of like effect otherwise than in the ordinary course of business which is outstanding and the Company has no outstanding capital commitments.
3. There is not outstanding and there has not at any time since incorporation been outstanding any contract or arrangement to which the Company is a party and in which any of the Shareholders is or has been interested, whether directly or indirectly and the Company is not a party to, nor have its profits or financial position during such period been affected by any contract or arrangement which is not of an entirely arm's length nature.
4. There are no agreements and understandings (whether legally enforceable or not) between the Company and any person who is a shareholder or the beneficial owner of any interest in the Company or any company in which it is interested relating to the management of the business of the Company, the appointment or removal of its directors or the ownership or transfer of ownership or the letting of any of its assets or the provision of finance, goods, services or other facilities to or by the Company or otherwise howsoever relating to the Company or its affairs.

5. None of the Company's assets (including for this purpose the benefit of any licences or agreements) has been acquired for a consideration in excess of its market value at the date of such acquisition.
6. The Company is not:
 - 6.1 a party to any hire, leasing or hire purchase or similar agreement or any agreement for payment on deferred terms;
 - 6.2 a party to any contract for the purchase of corporeal moveable property on terms that ownership of such property shall pass to the Company later than the occasion of its delivery to the Company;
 - 6.3 a party to any long term contract (that is any contract which is not terminable by the Company without payment of compensation or damages by twelve months' notice or less) or any onerous contract (that is any contract under which the Company is required to supply goods or services at prices significantly below current market prices) or to pay for goods or services at prices significantly above current market prices;
 - 6.4 a party to any agreement restricting the freedom of the Company to manufacture, process, purchase, supply or sell its materials and services or products by such means and to such persons as it may from time to time think fit;

- 6.5 a party to any joint venture, consortium, partnership or agency contract, arrangement or agreement; nor
 - 6.6 a party to any contract outwith the normal course of its business or which is not on entirely arm's length terms.
 - 6.7 a party to any agreement with a self-employed intermediary having continuing authority to negotiate the sale, purchase or hire of goods on its behalf or to negotiate or conclude such transactions on its behalf or to effect introductions for any of the foregoing purposes (hereinafter referred to as a "commercial agent").
7. The Management Shareholders are not aware of the Company having breached any contract to which it is a party or of the Company being party to a contract which is invalid or in respect of which there are grounds for determination, rescission, avoidance or repudiation.
8. The Company is not engaged in any litigation or arbitration proceedings as pursuer or plaintiff or defender or defendant (other than as pursuer or plaintiff in the collection of debts arising in the normal course of business) and has not been so engaged since the Accounts Date; there are no civil or criminal proceedings pending or threatened by the Company or threatened or pending against the Company or any of its directors and there are no facts known

to or which ought to be known to the Management Shareholders which are likely to give rise to any such litigation or arbitration.

9. No litigation or arbitration proceedings commenced by or against the Company or which have been threatened to be so commenced have been decided, settled or compromised since incorporation.
10. There have been no investigations, enquiries, disciplinary or other proceedings made against the Company or any of its officers and the Management Shareholders are not aware of any grounds for any such investigations, enquiries or proceedings.
11. The Company has not since the Accounts Date terminated the appointment of any representative, agent, commercial agent or distributor in circumstances which may give rise to or have given rise to any claim for compensation.
12. Compliance with the terms of this Agreement does not and will not:
 - 12.1 conflict with or result in the breach of or constitute a default under any of the terms, conditions or provisions of:
 - 12.1.1 any agreement or instrument to which the Company is now a party; or
 - 12.1.2 the Memorandum or Articles of Association of the Company; or
 - 12.1.3 any loan to or mortgage created by the Company or any lien, lease, order, judgement, award, interdict,

injunction, decree, ordinance or regulation or any other restriction whatsoever to which any property of the Company is subject or by which the Company or any Shareholder is bound; or

- 12.2 result in a variation of the obligations of any other party to a contract with the Company;
 - 12.3 result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on any of the property or assets of the Company; or
 - 12.4 result in the breach of the rules of any professional body or trade association.
- 13. The Company is not liable to lose the right to claim or receive any rebate, discount or similar allowance whether consequent upon the change of control pursuant to the Agreement or otherwise.
 - 14. The Company does not carry on business under any name other than its own corporate name.
 - 15. The Management Shareholders have no reason to believe that any customer or supplier of the Company or any other person in the habit of doing business with the Company will within the period of one year from the date hereof cease to be a supplier or customer of the Company or to deal with the Company or otherwise substantially reduce its purchases from, or supplies to, or dealings with the Company.

H. EMPLOYEES

1. The Company is not a party to any service or consultancy or retainer contract or arrangement which is not determinable at any time on three months' notice or less without compensation (other than any compensation payable by statute) and the Company has no obligation to pay any management fee or like fee or charge to any person whatsoever.
2. The particulars shown in the schedule of employees of the Company annexed to the Letter of Disclosure show all the current employees of the Company and all remuneration payable and other benefits provided or which the Company is bound to provide for such employees and are true and complete.
3. The Company has not dismissed any employee or made any employee redundant during the period of six months prior to the Completion Date and the Company has no employees the length of whose employment for the purposes of calculating redundancy payments or any other form of benefit or payment to which an employee may become entitled at any time would include any employment prior to their employment with the Company.
4. Since the Accounts Date no fees, remuneration, emoluments or benefits have been paid or will become payable to or to the order of any director, any person connected with any director within the meaning of section 839 of the Taxes Act or any employee or consultant of the Company except current

remuneration at the rates disclosed in the schedule attached to the Letter of Disclosure.

5. There are in relation to the Company no share option, share incentive or profit sharing schemes in operation.
6. All appropriate notices have been issued under the Contracts of Employment Acts 1968 to 1972, the Industrial Relations Act 1971, the Trade Union and Labour Relations Act 1974, the Employment Protection Act 1975, the Employment Protection (Consolidation) Act 1978, the Transfer of Undertakings (Protection of Employment) Regulations 1981, the Trade Union Reform and Employment Rights Act 1993 and the Employment Rights Act 1996.
7. The Company has not granted nor has it refused recognition or negotiating rights to any trade union or other group of employees in response to any request or demand by any such trade union or group of employees for such recognition or rights. During the five years preceding the Completion Date, whilst in the employment of the Company no employee of the Company has been engaged in any strike or irregular industrial action short of strike nor has any strike or irregular action short of strike been threatened by any employee or person representing or claiming to represent any employee.
8. The Company has not:-
 - 8.1 made any transfer to which Article 1.1 of Directive 77/187/EEC applies; or

8.2 since incorporation, received any claim from nor made any acknowledgement or admission to any person arising out of any existing or previous alleged employment relationships or the cessation of any such relationship.

I. PENSIONS

The Company is not a party to and does not participate in or contribute to any scheme or arrangement for the provision of any pension, retirement, death, incapacity, sickness, disability, accident or healthcare benefits, or any gratuities, allowances or any other similar benefits to or for the benefit of any of its present or former officers, employees or any of their families or dependants.

J. REGULATORY COMPLIANCE

1. The Company is duly constituted as a private company under the Companies Act 1985 and has complied with such provisions of the Companies Acts as are or have at any time been in force during the existence of the Company and all returns, particulars, resolutions and other documents required under any legislation to be delivered on behalf of the Company to the Registrar of Companies or to any other authority whatsoever have been properly made and delivered.
2. The Company has not committed or omitted to do any act or thing the commission or omission of which is in contravention of any Act of Parliament or

Statutory or Local Order, Regulation, Bye-Law or the like, or which could give rise to any fine, penalty, enforcement order or the like and has at all times conducted its business within its objects and powers and within the powers and authorities of its directors.

3. No agreement or arrangement to which the Company is a party nor practice in which the Company is concerned:-

- 3.1 is or requires to be registered in accordance with the provisions of the Restrictive Trade Practices Acts 1956 to 1968, the Fair Trading Act 1973 or the Restrictive Trade Practices Acts 1976 and 1977 or otherwise furnished to the Director of Fair Trading or the Registrar of Restrictive Trade Practices;
- 3.2 has been the subject of any assurance or undertaking offered or given to, or any request for information by, the Director of Fair Trading;
- 3.3 has been the subject of any undertaking given to any Court;
- 3.4 is a "consumer trade practice" within the meaning of Section 13 of the Fair Trading Act 1973, which is under or is susceptible to, reference to the Consumer Protection Advisory Committee or the subject matter of

a report to the Secretary of State under the provisions of Part II of that Act;

3.5 has been the subject of a notice of proposed investigation, a competition reference, an order by the Secretary of State, under the Competition Act 1980;

3.6 is an agreement, arrangement or practice, whether legally enforceable or not, under which restrictions or disincentives are accepted by any party thereto or information is to be made available by any party thereto to any other party thereto in respect of any of the following:-

3.6.1 the prices to be charged, recommended, quoted, imposed or paid, or the terms or conditions on or subject to which, goods or services are to be made available, supplied, offered, acquired or obtained or any process of manufacture is to be applied to goods;

3.6.2 the quantities or descriptions of goods to be produced, supplied or acquired;

3.6.3 the extent, form or manner in which or the scale on which services are to be made available, supplied or obtained;

- 3.6.4 the processes of manufacture to be applied to any goods or the quantities or descriptions of goods to which any such process is to be applied;
 - 3.6.5 the persons or classes to, for or from whom, or the areas or places in or from which goods or services are to be made available, supplied, offered or obtained or any process of manufacture applied; or
 - 3.6.6 the extent to which any market will be developed or investment undertaken;
- 3.7 being an agreement for the supply of goods or services provides for the calculation of any discount, rebate or other privilege to any purchaser or person acquiring services in respect of any type of goods or services to be supplied other than by reference only to the quantities of goods of that particular type to be supplied to that purchaser or to the scale of services of that particular type to be supplied to such person;
- 3.8 is an agreement, arrangement or practice (whether intended to be legally enforceable or not) to withhold orders or supplies of goods from persons who resell or have resold

goods in breach of any condition or indication as to the price at which such goods may be resold or to discriminate in any way against such persons.

4. No particulars of any agreement or arrangement to which the Company is a party nor practice in which the Company is concerned:

4.1 have been or require to be notified to the Directorate of Competition of the European Union;

4.2 have been the subject of investigation or requests for information by the Commission of the European Union or by competent authorities acting on its behalf under Articles 87 or 89 of the Treaty establishing the European Economic Community or any regulations made pursuant to such Articles;

4.3 have been the subject of investigation or request for information from any competent authority in any country, economic community or free trade area charged with the duty of monitoring or enforcing any laws relating to restrictive trade practices, competition, anti-trust, cartels, monopolies, fair or unfair trading or similar matters.

5. The Company is not a member of any trade association.

6. The Company has not at any time made or agreed to make available or advertised the availability of any loan or acted as a credit broker in breach of or

without compliance with the provisions of the Consumer Credit Act 1974.

7. 7.1 The Company is not prohibited by any safety regulations made under the Consumer Safety Act 1978 ("safety regulations") from supplying or offering or agreeing to supply, and there is not in force any prohibition order, prohibition notice or notice to warn (within the meaning of that Act) in respect of any goods in its possession for that purpose or which are supplied by it in the course of carrying out its business.
- 7.2 The Company carries out all particular tests and uses all particular procedures required to be carried out or used with a view to ascertaining whether goods made or processed by the Company in the course of carrying out its business satisfy requirements of safety regulations.
- 7.3 All goods which are in the possession of the Company for the purpose of supplying the same or which are supplied by it in the course of carrying out its business are where appropriate accompanied by any warnings and instructions required by safety regulations and are not accompanied by inappropriate information prohibited by safety regulations.

8. The Company has obtained all necessary licences, permits, consents and authorities for the proper carrying on of its business in the place and in the manner in which such business is now carried on and all such licences, permits, consents and authorities are valid and subsisting and the Management Shareholders know of no reason why any of them should be suspended, cancelled or revoked.
9. The Company has not been a party to any agreement, practice or arrangement which, in whole or in part, contravened the provisions of the Trade Descriptions Acts 1968 to 1972.
10. The Company has complied in all respects with the Data Protection Act 1984 and all regulations made thereunder and has established procedures to ensure continued compliance therewith.
11. The Company does not and has never carried on investment business within the meaning of Financial Services Act 1986.

K. TAXATION

1. The Company is resident in the United Kingdom for the purposes of United Kingdom Taxation and all necessary tax returns have been properly and duly made up and submitted by the Company to the relevant authorities and all accounts in respect of periods ending on or prior to the Accounts Date have been agreed with the Inland Revenue; the Company is not in dispute with the Inland Revenue, H.M. Customs and Excise, H.M. Treasury, the Bank of England, the

Companies Registry or the Department of Trade, and after due and careful enquiry the Management Shareholders are not aware of any facts which are likely to give rise to any such dispute.

2. The Company has properly operated the Pay As You Earn system of deduction of and accounting to the Inland Revenue for tax chargeable on the emoluments (including benefits in kind) of its employees.
3. The Company has complied with the provisions of VATA and the regulations made thereunder in respect of Value Added Tax, is duly registered thereunder and has duly paid or provided for for all amounts of Value Added Tax for which the Company is liable. The Company is not and has not since incorporation been treated for the purposes of Value Added Tax as a member of a group pursuant to an application in that behalf under section 43 of VATA.
4. The Company has not made any payment to or provided any benefit for any officer or employee of the Company which is not allowable as a deduction in calculating the profits of the Company for Taxation purposes.
5. The book value of each of the capital assets of the Company in or adopted for the purpose of the Accounts does not exceed the base cost thereof for the purpose of calculating liability to corporation tax on chargeable gains on a disposal thereof by the Company.

6. No claim has been made by the Company under Sections 152 and 153 of TCGA.
7. No distribution has been made by the Company since incorporation within the meaning of Sections 209 or 210 of the Taxes Act except dividends and interest shown in its audited accounts; no dividend has been paid by the Company subject to an election under Section 247 of the Taxes Act
8. No claim competent to the Company under Section 402 of the Taxes Act has been rendered ineffective by virtue of Section 410 of the Taxes Act.
9. No transactions have taken place since incorporation which may give rise to any liability under Section 765 of the Taxes Act.
10. The Company has not since the Accounts Date entered into any transaction to which the provisions of Section 780 of the Taxes Act could apply.
11. The Company has no liability for any interest on overdue tax and no liability arises for penalties, interest and costs arising from the settlement of any Taxation liabilities of the Company.
12. The Company is not now and has never been a member of a group of companies as defined in Section 170 TCGA.
13. No property owned by the Company is property to which Section 237 IHTA applies.
14. The Company has not made any distributions, loans or advances within Sections 418, 419 or 422 of the Taxes Act and has not released or written off the

whole or part of the debt in respect of any such loans or advances.

15. The Company has not entered into any transaction as a consequence of which relief from Taxation may be restricted pursuant to Section 779 of the Taxes Act.
16. The Company has not since the Accounts Date engaged in or been a party to any scheme or arrangement of which the main purpose or one of the main purposes was the avoidance of or a reduction in liability to Tax and to which the Furniss v Dawson line of cases might be applied.
17. No assessment in respect of a capital gain or unremittable income has been postponed under the provisions of Section 584 of the Taxes Act or Section 279 of TCGA.
18. There has, in relation to the Company, been no transfer of any trade which could result in a chargeable gain being deemed to arise under Section 140 of the TCGA.
19. The Company has not entered into any artificial transactions in land within the meaning of Section 776 of the Taxes Act.
20. No transaction or series of transactions has been entered into such that any liability will or may arise under Section 189 of TCGA.
21. The Company has complied at all times with the requirements of Section 14 and Schedule 13 of the Taxes Act and no rectification of excessive set-off

of Advance Corporation Tax will or may be made under Section 252 of the Taxes Act.

22. No liability to Inheritance Tax will or may arise under Section 94 IHTA in respect of any disposal or transfer of value by the Company prior to Completion.
23. The Company is not liable to be assessed either to corporation tax on chargeable gains or to inheritance tax as donor or donee of any gift or as transferor or transferee in connection with a transfer of value before Completion.
24. The Company has not been in relation to a transfer of value before Completion a party to associated operations within the meaning of Section 268 IHTA.
25. No asset owned by the Company is subject to any power of sale, mortgage or charge by virtue of Section 212 IHTA.
26. There is no unsatisfied liability to inheritance tax attached or attributable to the Shares and the Shares are not subject to an Inland Revenue charge as mentioned in Section 237 IHTA.
- 27.1 All expenditure which the Company has incurred or may incur under any subsisting commitment on the provision of machinery or plant has qualified or will qualify (if not deductible as a trading expense of a trade carried on by the Company) for writing down allowances under CAA 1990, Section 24.
- 27.2 No event has incurred since the Accounts Date which may be treated as a notional sale by the Company of

any machinery or plant pursuant to CAA 1990, Section 26.

27.3 All capital allowances made or to be made to the Company in respect of capital expenditure already incurred or to be incurred under any subsisting commitment have been made or will be made in taxing its trade.

27.4 Since the Accounts Date the Company has not done and has not omitted to do or agreed to do or permitted to be done any act as a result of which any disposal value may be brought into account under CAA 1990, Section 24.

27.5 The Company is not in dispute with any person as to the entitlement to capital allowances under CAA Section 51.

28. The Company has not obtained a tax advantage in circumstances mentioned in Sections 703 and 704 of the Taxes Act.

29. The Company is not and has never been a member of a group of companies within the meaning of Section 413 (3) of the Taxes Act.

L. INSOLVENCY

1. No receiver or administrative receiver has been appointed of the whole or any part of the assets or undertaking of the Company.

2. No administration order has been made in relation to the Company and no petition for such an order has been presented.

3. No proposal for a voluntary arrangement between the Company and its creditors (or any class of them) has been made to or is in contemplation by the Company.
4. No petition has been presented, no order has been made and no resolution has been passed for the winding-up of the Company.
5. The Company has not stopped payment of, nor is it unable to pay, its debts as and when they fall due within the meaning of the Insolvency Act 1986.

M. MISCELLANEOUS

1. The copy of the Memorandum and Articles of Association of the Company supplied to the Purchaser is complete and accurate and up-to-date in all respects.
2. There are in force no Powers of Attorney or special authorities given by the Company.
3. Full particulars of all arrangements for signature of cheques and other bank documents and authorities are set out in the Letter of Disclosure, there are annexed to the Letter of Disclosure details of the credit and debit balances on all bank accounts of the Company at a date not earlier than seven days prior to the date of this Agreement and at the date of this Agreement the balances on such accounts are not materially different.
4. The Company has not done nor, so far as the Management Shareholders are aware, failed to do any act or thing which could result in all or any part of any investment grant, statutory grant, or other

similar payment or allowance made or due to be made to it becoming repayable or being forfeited by it and particulars of all claims by the Company for any investment grant or other similar payment or allowance which have been made during the last five years have been disclosed in writing to the Purchaser.

5. So far as the Management Shareholders are aware, the Company is not the subject of a boycott by any local, national or international organization and the Shareholders are not aware of any such boycott having been threatened or otherwise being likely.
6. The specified disclosures contained in Part B of the Letter of Disclosure are true and accurate in all respects.

Each foregoing Warranty shall be separate and independent and shall not be limited by reference to any other Warranty.

SCHEDULEPART 4 - PROPERTIESPart A - Freehold Property

Address 44 Ballynure Road, Ballyclare, County
Antrim, held in fee simple under a
Conveyance dated 27th January 1995 made
between the Bedford Manufacturing Company
(Belfast) Limited and Ballyclare Special
Products Limited.

Part B - Leasehold Property

Address Part First Floor, Fernbank House,
Tytherington Business Park, Macclesfield.

Lease Particulars

Lease Deed: Lease

Landlords: Orbit Investments (Properties) Limited

Subjects: Part 1st floor, Fernbank House, Tytherington
Business Park, Macclesfield.

Rent: £11,500 per annum (exc), rising to £14,450
per annum in the 3rd year, rising to

- £18,350.00 per annum in the 4th and 5th
years (subject to review)

Rent Review Dates: 3rd March 2000, 2005, 2010, 2015.

Duration: 25 years

Use: Category B1 TCP (UC) Order 1987

SCHEDULEPART 5 - LIMITATIONS ON LIABILITY1. Interpretation

For the avoidance of doubt references in this schedule to Shareholders shall include all Management Shareholders.

2. Acknowledgement

The Purchaser admits and acknowledges that it has not entered into this Agreement in reliance upon any warranties, representations, covenants, undertakings, indemnities or other statements whatsoever other than those expressly set out in this Agreement and the Tax Covenant and the Purchaser acknowledges that the Shareholders have not given any such warranties, representations, covenants, undertakings, indemnities or other statements.

3. Disclosure Letter

The Warranties are given subject to all matters contained or referred to in the Disclosure Letter so that no claim shall be admissible and the Shareholders shall have no liability under the Warranties in respect of any matter which is fairly and accurately disclosed in the Disclosure Letter.

4. Limitations

No claim shall be admissible and the Shareholders

shall not be liable under any of the Warranties or any other provision of this Agreement or under the Tax Covenant:-

- 4.1 to the extent that provision, reserve or allowance has been made in the Accounts or was specifically referred to in the notes to the Accounts in respect thereof or to the extent that payment or discharge thereof has been taken into account therein; or
- 4.2 to the extent that provision, reserve or allowance made in the Accounts for any Taxation liability proves to be insufficient by reason only of any increase in the rates of Taxation or variation in the method of applying or calculating the rate of Taxation made after the date of the Agreement whether or not with retrospective effect; or
- 4.3 to the extent that such liability arises or is increased as a result of any change or changes in legislation (primary or delegated) (including without limitation any increase in rates of Taxation or the introduction of any changes or new form of Taxation) or in the practice of the Inland Revenue or HM Customs and Excise or any other relevant authority (in the United Kingdom or elsewhere) occurring after Completion or in the case of a Tax Liability after the date of the Agreement or in the case of a Tax Liability

after the date of the Agreement whether or not with retrospective effect; or

- 4.4 to the extent that the liability would not have arisen or would have been reduced but for the fact that the treatment of any assets or liabilities or of the Taxation attributable to timing differences (including capital allowances and stock relief) in future accounts of the Company is different from the treatment in the Accounts; or
- 4.5 to the extent that the liability would not have arisen or would have been reduced or eliminated but for a failure or omission after Completion, on the part of the Company or the Purchaser or either of them to make any claim, election, surrender or disclaimer or to give any notice or consent or to do any other thing under any enactment or regulation relating to Taxation, the making, giving or doing of which was taken into account in computing the provision for Taxation in the Accounts but only where the fact that the making, giving or doing of which was so taken into account was specifically disclosed to the Purchaser or the Company prior to Completion; or
- 4.6 to the extent that such liability occurs or arises as a result of or is otherwise attributable wholly or partly to any voluntary act, transaction or omission of the Company or

the Purchaser or their respective directors, employees or agents after Completion otherwise than in the ordinary and proper course of business and which the Company or the Purchaser knew or ought reasonably to have known would cause such liability so to occur or arise; or

4.7 to the extent that such liability occurs or arises wholly or partly out of or as a result of either the sale and purchase of the Shares pursuant to this Agreement or of any act, transaction or omission whatsoever authorised by or carried out at the written request of the Purchaser; or

4.8 to the extent that such liability would not have arisen but for any claim, disclaimer or election made (including, without limitation, a disclaimer of or a revision to a claim for capital allowances claimed before Completion or assumed to be claimed in preparing the Accounts) where such claim or disclaimer or election or revision is caused or made by the Purchaser or the Company after Completion; or

4.9 to the extent that the liability has arisen as a result of an event occurring after Completion which gives rise to either a disallowance of loss relief of the Company under Section 768 of ICTA or a disallowance of advance corporation tax carried forward under Sections 245, 245A and 245B of ICTA; or

- 4.11 to the extent that any relief arising wholly or partly in respect of any event occurring or any income, profits or gains earned, accrued or received on or before Completion is available to relieve or mitigate any Taxation which is the subject matter of such claim for Taxation; or
- 4.12 to the extent that any claim thereunder by the Purchaser or the subject matter thereof has been or is made good or is otherwise compensated for (otherwise than by the Purchaser or any member of the Purchaser Group); or
- 4.13 to the extent that such liability comprises penalties, charges or interest arising directly or indirectly from any act, transaction or omission of the Purchaser or the Company after Completion; or
- 4.15 to the extent that such liability relates to advance corporation tax in respect of the declaration and/or payment by the Company of all dividends referred to in the Disclosure Letter.

5. Set-Off

- 5.1 If the Shareholders shall be liable in respect of any claim arising under the Warranties or under the Tax Covenant, credit shall be given to the Shareholders against such liability for the following amounts:-

- 5.1.1 the amount by which any Taxation for which the Company is or may be liable

is reduced or extinguished as a result of any such liability and/or claim; or

5.1.2 the amount by which any claim made against the Shareholders thereunder results in the Purchaser or the Company receiving any credit allowance, relief, repayment or other benefit whatsoever.

6. Benefit

6.1 If the Shareholders are liable to the Purchaser under the Warranties or the Tax Covenant in respect of an obligation of the Company to pay Taxation and in certain circumstances the payment will be repaid or some other liability to Taxation reduced in consequence of the payment, the liability of the Shareholders shall be reduced and any amount paid to the Purchaser in respect of the liability shall be refunded, when and to the extent that the Company is entitled to a repayment or reduction in liability and the Purchaser shall use its reasonable endeavours to procure that the Company makes all necessary claims to obtain the repayment or reduction as soon as reasonably possible on its becoming entitled to do so.

6.2 If the Shareholders are liable under the Warranties or the Tax Covenant in respect of an obligation of the Company to pay Taxation under the provisions of Section 419 of ICTA, the liability of the Shareholders shall be reduced

and any sum paid by the Shareholders in respect of such liability shall be refunded, when and to the extent that the Company becomes entitled to relief under Section 419(4) of ICTA and the Purchaser shall procure that the Company in question makes all necessary claims under that sub-section as soon as reasonably possible on its becoming entitled to do so.

7. Duration and Extent

7.1 No claim shall be admissible and the Shareholders shall not be liable in respect of any claim under the Warranties or the Tax Covenant unless full details of such claim (such as they are available to the Purchaser) shall have been notified in writing to the Shareholders, which notification shall be effected by notice to the Shareholders' Representative (as defined in Clause 6.3 of this Agreement), within two years of the Completion Date in the case of any claim under the Warranties and within six years from the accounting reference date of the Company following the Completion Date in the case of any claim under the Tax Covenant and unless legal proceedings shall have been served in respect of any such claim within twelve months of the Shareholders being notified of any such claim.

7.2 The aggregate liability of each of the Management Shareholders in respect of all claims

under the Warranties and the Tax Covenant shall in no event exceed the amount of Consideration received by him in terms of this Agreement by the date of the claim (which, in the case of Notes issued in terms of Clause 5 of this Agreement, will include interest paid thereon) and the aggregate liability of the North of England Venture Fund Limited and Wood Harris Limited in respect of all claims under the Shareholder Warranties shall in no event exceed the amount set out opposite its name below:

	Maximum Liability of North of England Venture Fund Limited and Wood Harris Limited under Shareholder Warranties
The North of England Venture Fund Limited	£763,866
Wood Harris Limited	the amount of Consideration received by Wood Harris Limited in terms of this Agreement by the date of the claim

and no amount shall be payable by the Shareholders in respect of any such claim unless and until the aggregate cumulative amount to which the Purchaser is entitled in respect of such claims exceeds £15,000 in which case the Purchaser shall be entitled to receive the whole amount of such claims and not merely the excess.

8. Third Party Claims

8.1 Where the Purchaser and/or the Company are at

any time entitled to recover from some other person (including any tax authority) any sum in respect of any matter giving rise to a claim under the Warranties and/or the Tax Covenant the Purchaser shall and shall procure that the Company shall take all necessary steps to enforce such recovery so far as is practicable prior to taking any action against the Shareholders (other than notifying the Shareholders of the claim) and in the event that the Purchaser or the Company shall recover any amount from such other person the amount of the claim against the Shareholders shall be reduced by the amount recovered (including any repayment supplement) less all costs, charges and expenses incurred by the Purchaser or the Company in recovering that sum from such other person. In the event that the Purchaser or the Company do not recover any amount from such other person, the Shareholders shall indemnify the Purchaser or the Company in respect of all costs, charges and expenses incurred by the Purchaser or the Company in seeking to recover from such person.

- 8.2 If the Shareholders pay at any time to the Purchaser or to the Company an amount pursuant to a claim in respect of the Warranties and/or the Tax Covenant and the Purchaser or the Company subsequently becomes entitled to recover from some other person any sum in respect of any

matter giving rise to such claims, the Purchaser shall and shall procure that the Company shall take all necessary steps to enforce such recovery so far as is practicable and shall forthwith repay to the Shareholders so much of the amount paid by them to the Purchaser or the Company as does not exceed the sum recovered from such other person less all costs, charges and expenses incurred by the Purchaser or the Company in recovering that sum from such other person.

- 8.3 If any amount is repaid to the Shareholders by the Purchaser or the Company pursuant to paragraph 8.2 above an amount equal to the amount so repaid shall be deemed never to have been paid by the Shareholders for the purposes of paragraph 7.2 and accordingly shall not be treated as an amount in respect of which any liability has been incurred.

9. Conduct of Claims

The Purchaser shall inform the Shareholders' Representative in writing of any event which comes to the notice of the Purchaser or the Company whereby it appears that the Shareholders are or are likely to become liable under the Warranties ("a Relevant Event") within sixty days from the day upon which such event comes to the notice of the Purchaser or the Company. For the avoidance of doubt, the Purchaser shall not be prevented from making a claim under the

Warranties if it has not informed the Shareholders' Representative of a Relevant Event within the specified period. The Purchaser shall (and shall take steps to procure that the Company shall) take such action and give such information and assistance in connection with the affairs of the Purchaser or the Company as the Management Shareholders may reasonably request in writing (but only in so far as the taking of such action and the giving of such information and assistance will not adversely affect the goodwill of the Company or the Purchaser) to avoid, dispute, resist, mitigate, compromise, defend or appeal against any claim in respect thereof and any adjudication with respect thereto which shall include (without limitation) the Company applying to postpone (so far as legally possible) the payment of any Taxation. At the request of the Management Shareholders, the conduct of any proceedings of whatsoever nature arising in connection with any such claim shall be delegated entirely to the Management Shareholders and in that connection the Purchaser shall give or cause to be given to the Management Shareholders all such assistance as the Management Shareholders may reasonably require in disputing any such claim and shall instruct such solicitors or other professional advisers as the Management Shareholders may nominate to act on behalf of the Management Shareholders, the Purchaser or the Company but in accordance with the Management Shareholders' instructions. The Management

Shareholders shall indemnify and secure the Purchaser and the Company to their reasonable satisfaction against all losses, damages and expenses including interest on overdue Tax and reimburse to the Purchaser and the Company all out-of-pocket expenses reasonably incurred by them in complying with their obligations under this paragraph.

In relation to this paragraph 9:-

- (i) if the Purchaser shall in writing so require, the Management Shareholders shall procure that the Purchaser is promptly sent copies of all communications (written or otherwise) pertaining thereto and transmitted to the other party thereto;
- (ii) the Management Shareholders shall make no settlement or compromise of the said claim which is likely to affect the future liabilities of the Company or the Purchaser without the prior approval of the Purchaser, such approval not to be unreasonably withheld or delayed.

10. Miscellaneous

10.1 Any payment to the Purchaser or the Company under the Warranties or under the Tax Covenant shall be deemed to be a reduction of the total consideration payable hereunder for the Shares.

10.2 The Shareholders shall not be liable in respect of any breach of the Warranties if and to the extent that the loss incurred is or has been included in a claim under the Tax Covenant which

has been satisfied in full nor shall the Shareholders be liable in respect of a claim under the Tax Covenant if and to the extent that the loss incurred is or has been included in a claim for breach of the Warranties which has been satisfied in full. Accordingly, payment of any claim whether under the Warranties or under the Tax Covenant shall pro tanto satisfy and discharge any other claim which is capable of being made in respect of the same subject matter and the Purchaser shall at all times use its reasonable endeavours to procure that there is no duplication of any claim or claims relating to the same subject matter.

SCHEDULEPART 7 - SHAREHOLDER PROTECTION

The Purchaser acknowledges that (having regard to the manner in which the Consideration for the Shares has been calculated) the Shareholders have a legitimate interest in ensuring that the PBT of the Company for Year One is as high as may fairly and reasonably be achieved by the Company in that year (having due regard to the Purchaser's legitimate interest in establishing a stable and secure business for the Company in the long term). Accordingly the Purchaser undertakes with the Shareholders that during Year One:

1. it will use its reasonable endeavours to promote the business of the Company;
2. it will not do anything with the intention of adversely affecting the business of the Company or the PBT;
3. it will not transfer, divert or direct the custom of any customer or client of the Company elsewhere or seek to do so;
4. it will not seek to transfer or divert or direct elsewhere any orders or enquiries for products or services available from the Company;
5. it will use its reasonable endeavours not to do anything which is designed adversely to affect the ability of the Company to maintain the operations of the Company in terms of fixed assets (including

premises, plant and equipment) and financial facilities being not less suitable for the purposes of the business of the Company than as maintained by the Company prior to Completion;

6. it will provide the Company with access to the financial management and other facilities of the Purchaser Group on a basis no less beneficial to the conduct of the Company's business than that provided to any other members of the Purchaser's Group;
7. it will not part with control of the Company unless the purchaser(s) obtaining such control undertake obligations of like effect to any obligations of the Purchaser remaining outstanding under this Agreement at such date. (For the purpose of this sub-paragraph one company ("Company A") shall be deemed to part with control of another ("Company B") if, as a result of any transaction or series of transactions or arrangement whether or not involving a transfer of shares in the relevant company or the issue of any shares in any company, Company A ceases (either directly or indirectly) to be the holder of shares representing the percentage of the equity share capital of Company B held at Completion or (if later) upon the acquisition of shares in Company B or any greater percentage of shares in Company B held at any subsequent time or by virtue of which Company B ceases to be a subsidiary undertaking of another;
8. it will not sell or take any steps to procure the sale or otherwise dispose of the whole or any substantial

part of the business, undertaking or assets (other than current assets disposed of in the normal course of business) of the Company;

9. it will not take any steps to procure that the Company passes any resolution to go into voluntary liquidation (except if the Company is at that time insolvent and a registered insolvency practitioner advises liquidation by reason of insolvency);
10. it will not take any steps to procure that the Company makes any material adverse alteration in the nature, scope or conduct of its business;
11. it will not permit any of the Company's insurance policies to lapse, become void or voidable or do anything to adversely affect their renewal on the insurers standard (or if different the existing) terms;
12. it will not, except with good cause, terminate the employment of any of the Management Shareholders or alter their involvement in the day to day management of the Company.

Signed by
 duly authorised signatory for
 and on behalf of SEET plc
 in the presence of

DAVID MADDINGS

Alan Smith Witness
 Alan Smith Name
 16 Hox St Address
 (H12 4DD)

Signed by Richard Russell
in the presence of

Richard Russell
..... Witness
..... Name
18 Allwood Way Address
..... Manchester

Signed by Stuart Turnheim
in the presence of

Richard Russell
..... Witness
..... Name
..... Address
.....

Signed by Peter Browne
in the presence of

Richard Russell
..... Witness
..... Name
..... Address
.....

Signed by Anthony Woolley
in the presence of

Richard Russell
..... Witness
..... Name
..... Address
.....

Signed by Patrick McCourt
in the presence of

Richard Russell
..... Witness
..... Name
..... Address
.....

Richard Russell

*Richard Russell as
Attorney for Stuart
Turnheim*

*Richard Russell as
Attorney for Peter Browne*

*Richard Russell as
Attorney for Anthony Woolley*

*Richard Russell as
Attorney for Patrick McCourt*

Signed by
duly authorised signatory for
and on behalf of Wood Harris Limited
in the presence of

..... Witness
..... Name
..... Address
.....

Signed by TIM SMALLBONE.....
duly authorised signatory for
and on behalf of The North of England
Venture Fund Limited
in the presence of

David Appleton..... Witness
David Appleton..... Name
18 Albert Square..... Address
Manchester.....

Tim Smallbone

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Signed by J.R. Robert.....
duly authorised signatory for
and on behalf of Wood Harris Limited
in the presence of

J.R. ROBERT.....

[Signature]..... Witness
..... Name
..... Address
.....
ASHTON ROAD, SURREY, KT11 1NT

Signed by
duly authorised signatory for
and on behalf of The North of England
Venture Fund Limited
in the presence of

..... Witness
..... Name
..... Address
.....