

STAMP DUTY PAID ON
STOCK TRANSFER FORMS

DATED 3rd July 2001

DANIELLE NAY AND ORS

-and-

OSPREY COMMUNICATIONS PLC

75133

SHARE SALE AGREEMENT

**relating to the whole of the issued share
capital of Instant Party Limited**



Evans Dodd
5 Balfour Place
Mount Street
London W1Y 5RG
Tel: 020-7491-4729
Ref: MHA/GCT/O049-41

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THIS AGREEMENT is made the 3rd day of July 2001

B E T W E E N :

- 1 "The Vendors": the persons whose names and addresses are set out in column 1 of Schedule 1.
- 2 "The Purchaser": **OSPREY COMMUNICATIONS PLC** (registered no SC75133) whose registered office is at 100 Union Street, Aberdeen, AB10 1QR

Operative provisions:

1 Interpretation

1.1 In this agreement, including the Schedules other than Schedule 4:

1.1.1 the following words and expressions have the following meanings, unless they are inconsistent with the context:

'Admission'	the grant of permission by the Stock Exchange for the entire ordinary issued share capital of the Purchaser and the Consideration Shares to be traded on AIM, and such permission becoming effective in accordance with the AIM Rules
'Agreed Form'	the form agreed between the parties on or prior to the date of this agreement and initialled for the purpose of identification by their respective solicitors
'AIM'	the Alternative Investment Market of the Stock Exchange
'AIM Rules'	the rules relating to AIM published by the Stock Exchange
'Business'	the business of organising and providing prestige heavily branded parties and marketing events
"Business Day"	a day (other than a Saturday or Sunday) on which clearing banks in the City of London are open for the transaction of normal sterling banking business

'CA'	Companies Act 1985
'CAA'	Capital Allowances Act 1990
'Companies Acts'	CA, the former Companies Acts (within the meaning of CA s 735(1)) and the Companies Act 1989
'Company'	Instant Party Limited a company incorporated in England and Wales (registered number 3842099) whose registered office is at Chichester House, 278/282 High Holborn, London, WC1V 7HA
'Completion'	completion of the purchase of the Shares in accordance with Clause 6
'Consideration'	the total consideration payable for the Shares
'Consideration Shares'	the 1,821,058 Ordinary Shares of 2p each, credited as fully paid, in the capital of the Purchaser to be issued to the Vendors pursuant to Clause 3.1
'Disclosure Letter'	the disclosure letter (together with all the documents attached to it) in relation to the Warranties and the Tax Deed of the same date as this agreement from the Vendors' Solicitors to the Purchaser's Solicitors
'FA'	Finance Act
'Group Companies'	the Company and its Subsidiaries as at the date hereof
'ICTA'	Income and Corporation Taxes Act 1988
'Intellectual Property Rights'	patents, patent applications, know-how, trade marks, trade mark applications, trade names, registered designs, copyright or other similar intellectual or commercial right
'ITA'	Inheritance Tax Act 1984
'Last Accounts Date'	31st March 2001 (being the date to which the Principal Accounts have been prepared)

“Management Vendors”	Alexander Michael Connock and Danielle Nay
“Non-Management Vendors”	the Vendors other than Alexander Michael Connock and Danielle Nay
‘Planning Acts’	as defined in the Town and Country Planning Act 1990, s 336
‘Principal Accounts’	the audited balance sheet as at the Last Accounts Date and audited profit and loss account for the year ended on the Last Accounts Date of each Group Company, including in the case of the Company the audited consolidated balance sheet as at that date and the audited consolidated profit and loss account for that year and the directors’ report and notes
‘Properties’	the properties of the Group Companies shortly described in Schedule 5
‘Purchaser’s Accountants’	Bright Grahame Murray of 124-130 Seymour Place, London, W1H 6AA
‘Purchaser’s Solicitors’	Evans Dodd of 5 Balfour Place, Mount Street, London, W1Y 5RG
‘Relevant Claim’	a claim by the Purchaser involving or relating to a breach of a Warranty, or any other provision of this agreement or under the Tax Deed
‘Shares’	the 1163 Ordinary Shares of £1 each in the capital of the Company comprising the whole of its issued and allotted share capital
‘Stock Exchange’	London Stock Exchange plc
‘Subsidiary’	a subsidiary as defined in CA, s 736
‘Taxation’	the same meaning as in the Tax Deed
‘Tax Deed’	a deed in the form set out in Schedule 4
‘TCGA’	Taxation of Chargeable Gains Act 1992
‘TMA’	Taxes Management Act 1970
‘VATA’	Value Added Tax Act 1994

'Vendors' Accountants'	Saffery Champness of Fairfax House, Fulwood Place, Gray's Inn, London, WC1V 6UB
'Vendors' Solicitors'	Reynolds Porter Chamberlain, Chichester House, 278-282 High Holborn, London, WC1V 7HA
'Warranties'	the warranties and undertakings of the Vendors contained in Clause 6 and in the case of the Management Vendors Schedule 3

1.1.2 all references to a statutory provision shall be construed as including references to:

- (a) any statutory modification, consolidation or re-enactment for the time being in force before the date of this agreement;
- (b) all statutory instruments or orders made pursuant to a statutory provision before the date of this agreement;
- (c) any statutory provisions of which a statutory provision is a modification, consolidation or re-enactment before the date of this agreement;

1.1.3 any reference to the Vendors includes, where appropriate, their personal representatives;

1.1.4 a reference to an FRS is a reference to a statement of standard accounting practice adopted by The Accounting Standards Board Limited.

1.1.5 unless otherwise stated, a reference to a clause or sub-clause or a Schedule is a reference to a clause or a sub-clause of or a Schedule to this agreement.

1.2 Clause headings in this agreement and in the Schedules are for ease of reference only and do not affect the construction of any provision.

2 Agreement for sale

2.1 Subject to the terms and conditions of this agreement, the Vendors shall sell the Shares with full title guarantee and the Purchaser shall purchase the Shares with all rights attaching to them at or after the date of this Agreement.

2.2 Each of the Vendors hereby waives any pre-emption rights he may have in relation to any of the Shares under the articles of association of the Company or otherwise and the Vendors hereby agree with each other that, as between the Vendors, the shareholders' agreement between them dated 4th January 2000 shall terminate with effect from Completion and shall be of no further effect.

3 Purchase consideration

- 3.1 The purchase consideration for the Shares shall be the issue at Completion of the Consideration Shares credited as fully paid.
- 3.2 In the event of any variation of the share capital of the Purchaser (whether pursuant to any issue of shares, capitalisation, rights issue open offer, consolidation, sub-division, reduction of capital or otherwise) following the date of this agreement and prior to the date of issue of the Consideration Shares, the number of Consideration Shares to be issued shall be adjusted by the Purchaser in such manner as the auditors of the Purchaser from time to time confirm in writing to be, in their opinion, fair and reasonable. For the avoidance of doubt, the 20:1 share consolidation to take place simultaneous with Completion shall not result in any adjustment pursuant to this clause 3.2, the number of Consideration Shares having been calculated to take account of such consolidation.
- 3.3 The Vendors shall be entitled to the purchase Consideration in the proportions set out in Schedule 1.
- 3.4 The Consideration Shares shall be issued on terms that they will rank pari passu in all respects with, subject to Clause 3.2, the Ordinary Shares of the Purchaser in issue at the date of allotment save as regards any dividend declared or paid by reference to a record date which is prior to the date of their issue.
- 3.5 Subject to Clause 3.6, each of the Management Vendors undertakes that he will not for a period of twelve months after the date of allotment to him of the Consideration Shares dispose of any of his allocation of Consideration Shares (other than after obtaining the written consent of the Board of the Purchaser, not to be unreasonably withheld or delayed, and then only through the Purchaser's stockbroker for the time being), or dispose of or create, or agree to dispose of or create, any interest in the Consideration Shares to or in favour of any other person. For the purpose of this Clause, any of the Management Vendors shall be deemed to dispose of a share if he ceases in any circumstances whatsoever other than death to be the absolute beneficial owner of it and on his death this Clause shall continue to apply in relation to his personal representatives.
- 3.6 The provisions of Clause 3.5 shall not apply to:
- 3.6.1 a transfer of such shares by any Management Vendor to any member of his immediate family (being his spouse or lineal descendent or adopted children) or to trustees for such Management Vendor or for such a member, provided always in each case that the transferee agrees by deed in a form acceptable to the Purchaser to be bound by the provisions of Clause 3.5 and this Clause 3.6;
- 3.6.2 a disposal of any shares to the extent reasonably necessary for the purposes of

realising funds to satisfy any claim under the terms of a Placing Agreement dated with the same date as this Agreement between the Purchaser, Alex Connock and others, Canaccord Capital (Europe) Limited and Seymour Pierce Limited;

- 3.6.3 a disposal of any shares to the extent reasonably necessary for the purposes of realising funds to satisfy any Relevant Claim; or
- 3.6.4 an acceptance of an offer for the entire issued share capital of the Purchaser which has either been recommended for acceptance by the then directors of the Purchaser or has become unconditional as to acceptances.

4 Conditions and rescission

4.1 The purchase of the Shares is conditional upon:

- 4.1.1 a resolution in the Agreed Form being passed at a general meeting of the Purchaser;
- 4.1.2 a minimum of £2,500,000 is raised by the Purchaser pursuant to a placing of ordinary shares in the capital of the Purchaser for cash, to be effected contemporaneously with Admission (subject only to completion of the acquisition agreement referred to in Clause 4.1.3, Completion and Admission);
- 4.1.3 a binding agreement is entered into between the Purchaser, Alexander Michael Connock and others for the purchase by the Purchaser of the entire issued share capital of 10 Alps Broadcasting Limited, and such agreement becomes unconditional save as to (a) any inter-conditionality with any other agreements and (b) Admission;
- 4.1.4 the Purchaser receives confirmation from the Panel on Take-overs and Mergers that, despite being allotted the Consideration Shares on Completion, the shareholders of the Company, either along or in concert with other parties, will not have to make an offer for the entire issued share capital of the Purchaser;
- 4.1.5 Admission is obtained (although is not yet effective);
- 4.1.6 clearances or exemptions being obtained under or in respect of:
 - ICTA s 707 (Cancellation of tax advantages from certain transactions in securities);
 - TCGA s 138 (Company reconstructions and amalgamations);
- 4.1.7 Keyman insurance being available to the Purchaser at a price satisfactory to it on the life of Alexander Michael Connock for cover of £1m; and

- 4.1.8 a settlement agreement in the Agreed Form being entered into between the Purchaser and R Alexander Hammond-Chambers and others.
- 4.2 If any of the conditions set out in Clause 4.1 is not fulfilled by 5.30pm on 31st August 2001 then on that date:
- 4.2.1 the Purchaser and Vendors may (but without prejudice to any other right to remedy either party may have) agree in writing to postpone the date for Completion subject to satisfaction by such date of the conditions, to a date falling not more than 30 Business Days after the date specified in this Clause 4.2; or
- 4.2.2 failing such agreement, any of the parties may terminate this Agreement by notice in writing to the other parties, whereupon all rights and obligations of the parties shall cease to have effect immediately upon termination except that termination does not affect the accrued rights and obligations of the parties at the date of termination.
- 4.3 The Vendors and the Purchaser shall use their respective reasonable endeavours to ensure that this agreement becomes unconditional by the date specified in Clause 4.2. The obligation of the Purchaser in relation to Clause 4.1.1 shall be satisfied by its sending a circular to its shareholders containing a recommendation to vote in favour of the appropriate resolutions and by the Directors of the Purchaser undertaking to vote in favour of those resolutions.
- 4.4 Pending Completion, the Vendors shall procure that the business of each Group Company is carried on in the same manner as prior to the date of this agreement, and the Purchaser shall procure that the business of each of the Purchaser and its Subsidiaries is carried on in the same manner as prior to the date of this agreement.
- 4.5 Pending Completion, the Vendors shall procure that no Group Company shall, and the Purchaser shall procure that the none of the Purchaser nor its subsidiaries shall:
- 4.5.1 create or issue, share or loan capital or grant an option in respect of any share or loan capital or otherwise vary the share capital in any way save as contemplated by the resolution mentioned in Clause 4.1.1;
- 4.5.2 create, extend, grant or issue any mortgage, charge, debenture or other security;
- 4.5.3 declare, make or pay a dividend or other distribution;
- 4.5.4 engage in a transaction which is not made on a bona fide arms' length basis in the normal course of its trading business;
- 4.5.4 enter into a long term or abnormal contract;

- 4.5.6 acquire any leasehold or freehold property or any interest in land;
- 4.5.7 increase the remuneration or benefits of an officer or employee (other than pursuant to a normal year end review and otherwise than as disclosed in the Disclosure Letter), vary the terms of appointment or employment or dismiss any officer or employee, or appoint or engage a new officer or employee.
- 4.6 If at any time prior to Completion, the Purchaser becomes aware of any matter or fact which constitutes a material breach of the Warranties and which cannot be remedied or (if capable of remedy) is not remedied prior to Completion, the Purchaser shall be entitled to rescind this agreement by notice in writing to the other parties.
- 5 Completion**
- 5.1 Provided that it has not been postponed, terminated or rescinded in accordance with Clause 4 Completion shall take place at the offices of the Vendors' Solicitors on the next Business Day following the satisfaction or waiver of the last of the conditions set out in Clause 4.1 when, subject to Clause 5.6, all the transactions mentioned in the following sub-clauses shall take place.
- 5.2 The Vendors shall deliver to the Purchaser:
- 5.2.1 duly completed and signed transfers in favour of the Purchaser or as it may direct in respect of the Shares together with the relative share certificates;
- 5.2.2 duly completed and signed transfers in favour of the Purchaser or as it may direct of all shares of the Subsidiaries of the Company which are not registered in the name of a Group Company together with the relative share certificates;
- 5.2.3 the Tax Deed duly executed by the Management Vendors and the Company;
- 5.2.4 the statutory books of each Group Company complete and up-to-date and their certificates of incorporation and common seals;
- 5.2.5 the appropriate forms to amend the mandates given by each Group Company to its bankers;
- 5.2.6 written confirmation from the Vendors that there are no subsisting guarantees given by any Group Company in their favour and that after compliance with Clause 5.3 none of the Vendors will be indebted to any Group Company or vice versa.
- 5.3 The Vendors shall repay all monies then owing by them to any Group Company whether due for payment or not.
- 5.4 Board meetings of each Group Company shall be held at which:

5.4.1 Alistair Brian Walden shall be appointed a non-executive director and Chairman of the board of directors; and

5.4.2 the transfers referred to in Clauses 5.2.1 and 5.2.2 (as the case may be) shall be approved (subject to stamping).

5.5 Upon completion of the matters referred to in Clauses 5.2 to 5.4:

5.5.1 the Purchaser shall deliver to the Vendors' Solicitors definitive share certificates in respect of the Consideration Shares

5.5.2 A Board Meeting of the Purchaser shall be held at which:

(a) the following changes will be made to the Board of Directors of the Purchaser and the parties hereto shall procure that terms of appointment (for non-executive appointments) and service agreements (for executive appointments) and severance agreements (for all resignations) shall be entered into between the respective parties in the Agreed Forms:

(i) Alistair Brian Walden shall be appointed a non-executive director and Chairman;

(ii) Jack Rubins shall resign as Chairman and remain as an executive director;

(iii) Robert Frederick Zenon Geldof shall be appointed a non-executive director and a consultant to the Purchaser;

(iv) Alexander Michael Connock shall be appointed an executive director and the Chief Executive;

(v) Munir Samji shall resign as a non-executive director and company secretary;

(vi) Phillip Caldwell shall be appointed a non-executive director;

(vii) Nitil Patel shall be appointed an executive director with responsibility for finance;

(viii) Stephen Barclay shall resign as a non-executive director; and

(ix) Nitil Patel shall be appointed as company secretary;

5.6 The Purchaser may in its absolute discretion waive any requirement contained in Clauses 5.2 to 5.4, and shall not be obliged to complete the purchase of any of the Shares unless the purchase of all the Shares is completed in accordance with this

agreement, but may instead rescind this agreement without prejudice to any other remedy it may have. If the Purchaser rescinds this agreement pursuant to this Clause 5.6 each party's further rights and obligations cease immediately on rescission, but rescission does not affect a party's accrued rights and obligations at the date of rescission.

6 Warranties and undertakings by the vendors

6.1 Each Vendor severally warrants to the Purchaser that :

- 6.1.1 he has and will have full power and authority to enter into and perform this agreement and in the case of the Management Vendors the Tax Deed which constitute or when executed will constitute binding obligations on him in accordance with their respective terms;
- 6.1.2 there is and at Completion will be no pledge, lien or other encumbrance on, over or affecting his Shares and there is and at Completion will be no agreement or arrangement to give or create any such encumbrance and no claim has been or will be made by any person to be entitled to any of the foregoing;
- 6.1.3 he will be entitled to transfer the full legal and beneficial ownership of his Shares to the Purchaser on the terms of this agreement without the consent of any third party.

6.2 The Management Vendors (but, for the avoidance of doubt, not including for these purposes the Non-Management Vendors) jointly and severally warrant that:

- 6.2.1 the Shares constitute the whole of the issued and allotted share capital of the Company;
- 6.2.2 the Subsidiaries listed in Schedule 2 are all the present Subsidiaries of the Company;
- 6.2.3 the information in Schedule 2 relating to the Group Companies is true and accurate as at the date of this Agreement;
- 6.2.4 unless otherwise specifically stated herein or in the Disclosure Letter the Company or (where specified) a Subsidiary of the Company is the sole beneficial owner of the shares in the Subsidiaries of the Company listed in the last column of Part 2 of Schedule 2 free from any encumbrance; and
- 6.2.5 subject to the provisions of Schedule 6 and to those matters set out in the Disclosure Letter or provided for by this agreement, the Warranties in Schedule 3 are true and accurate and not misleading in any material respect as at the date of this agreement.

- 6.3 Each of the Management Vendors undertakes, in relation to any Warranty which refers to the knowledge, information or belief of the Management Vendors, that he has made all usual and reasonable enquiries into the subject matter of that Warranty.
- 6.4 Each of the Warranties is without prejudice to any other Warranty and each warranty shall be construed independently and separately.
- 6.5 Each of the Vendors shall promptly disclose in writing to the Purchaser any event or circumstance which becomes known to him prior to Completion and is inconsistent with any of the Warranties or the contents of the Disclosure Letter.
- 6.6 The rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by Completion, by any investigation made by it or on its behalf into the affairs of any Group Company, by its rescinding or failing to rescind this agreement or, subject to Schedule 6, to exercise or delaying the exercise of any right or remedy, or by any other event or matter, except a specific and duly authorised written waiver or release, and no single or partial exercise of any right or remedy shall preclude any further or other exercise.
- 6.7 None of the information supplied by any Group Company or its professional advisers to any of the Vendors or their agents, representatives or advisers in connection with the Warranties and the contents of the Disclosure Letter, or otherwise in relation to the business or affairs of any Group Company, shall be deemed a representation, warranty or guarantee of its accuracy by the Group Company to the Vendors, and the Vendors waive any claims against the Group Company which they might otherwise have in respect of it.
- 6.8 The Management Vendors shall procure that, except so far as may be necessary to give effect to this agreement, no Group Company shall before Completion without the prior written consent of the Purchaser knowingly do, procure or allow anything which may cause, constitute or result in a breach of the Warranties.
- 6.9 The Management Vendors shall procure that until Completion the Purchaser, its agents, representatives and professional advisers are given promptly on request whatever facilities and information regarding the business, assets, liabilities, contracts and affairs of each Group Company, and of the documents of title and other evidence of ownership of its assets, that the Purchaser may reasonably require.
- 6.10 Notwithstanding any rule of law or equity to the contrary, any release, waiver or compromise or any other arrangement of any kind whatever which the Purchaser may agree to or effect in relation to one of the Vendors in connection with this agreement, and in particular the Warranties, shall not affect the rights and remedies of the Purchaser in relation to the other Vendors.
- 6.11 The Purchaser acknowledges that it has not been induced to enter into this agreement by any representation or warranty other than the Warranties. All implied warranties are excluded.

- 6.12 The Purchaser and the Vendors acknowledge that nothing in this agreement shall in any way limit or restrict the general obligation of the Purchaser to mitigate any loss or damage it may suffer in consequence of any matter which may give rise to a Relevant Claim. Any payment made by the Vendors in respect of a Relevant Claim shall be treated by the Purchaser and the Vendors as a reduction in the purchase price of the Shares to the extent of the payment.

7 Restrictive agreement

- 7.1 For the purpose of assuring to the Purchaser the full benefit of the businesses and goodwill of the Group Companies, Alex Connock undertakes by way of further consideration for the obligations of the Purchaser under this agreement as separate and independent agreements that he will not save in the proper discharge of his duties under contract to the Purchaser or any of the Group Companies:

7.1.1 for two years after Completion either on his own account or for any other person directly or indirectly in competition with the Business solicit, interfere with or endeavour to entice away from any Group Company any person who to his knowledge is, or has during the past twelve months been, a client, customer or employee of, or in the habit of dealing with, any Group Company;

7.1.2 for two years after Completion, either alone or jointly with or as manager, agent for or employee of any person, directly or indirectly carry on or be engaged concerned or interested anywhere in the European Union, the United States and Canada in the Business.

- 7.2 For the purpose of assuring to the Purchaser the full benefit of the businesses and goodwill of the Group Companies, Danielle Nay undertakes by way of further consideration for the obligations of the Purchaser under this agreement as separate and independent agreements that she will not save in the proper discharge of her duties under contract to the Purchaser or any of the Group Companies:

7.2.1 for the Restricted Period either on her own account or for any other person directly or indirectly in competition with the Business solicit, interfere with or endeavour to entice away from any Group Company any person who to her knowledge is, or has during the past twelve months been, a client, customer or employee of, or in the habit of dealing with, any Group Company;

7.2.2 for the Restricted Period, either alone or jointly with or as manager, agent for or employee of any person, directly or indirectly carry on or be engaged concerned or interested anywhere in the Restricted Area in the Business

provided that, for the avoidance of doubt, nothing in this clause 7.2 shall, following termination of the Service Contract (howsoever caused) becoming effective, prevent or otherwise restrict Danielle Nay in any way being engaged as an employee by any entity in a role which involves the organisation or provision, otherwise than by way of

a business, of parties and/or other events for the sole internal benefit of that entity or any entity within the same group of companies as that entity. For the purposes of this clause 7.2, the following phrases shall have the following meanings:

'Appropriate Termination of Employment'

termination of the Service Contract by the Company pursuant to clause 11.1 of the Service Contract or by Danielle Nay otherwise than pursuant to clause 11.4 of the Service Contract and otherwise than by reason of constructive dismissal;

'Inappropriate Termination of Employment'

termination of the Service Contract otherwise than in circumstances constituting Appropriate Termination of Employment;

'Restricted Area'

London and its environs bounded by the M25 motorway;

'Restricted Period'

the period commencing on the date of Completion and ending on the earlier of (i) the date which is 2 years following the date of Completion; (ii) the date which is 6 months following the date of Appropriate Termination of Employment becoming effective, and (iii) the date of Inappropriate Termination of Employment becoming effective;

'Service Contract'

the executive service agreement in the Agreed Form between Danielle Nay and the Company to be entered into on the date of this Agreement.

7.3 Each and every obligation hereunder shall be treated as a separate obligation and shall be severally enforceable as such.

7.4 While the restrictions in this Clause above are considered by the Management Vendors to be reasonable in all the circumstances it is recognised that restrictions of the nature in question may fail for technical reasons unforeseen and accordingly it is hereby agreed and declared that if any of such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the Purchaser but would be valid if part of the wording thereof were deleted and/or the period or scope thereof reduced the said restriction shall apply with such modifications as may be necessary to make it valid and effective

8 Vendors' protection

8.1 The provisions of Schedule 6 shall apply.

9 General

- 9.1 No announcement shall be made in respect of the subject matter of this agreement unless specifically agreed between the parties or it is an announcement required by law or the Stock Exchange issued after prior consultation with the Vendors.
- 9.2 If this agreement ceases to have effect the Purchaser will release and return to each Group Company all documents concerning it provided to the Purchaser or its advisers in connection with this agreement and will not use or make available to any other person any information which it or its advisers have been given in respect of any Group Company and which is not in the public domain.
- 9.3 This agreement shall be binding upon each party's successors and assigns and personal representatives (as the case may be) but, except as expressly provided, none of the rights of the parties under this agreement or the Warranties may be assigned or transferred.
- 9.4 All expenses incurred by or on behalf of the parties, including all fees of agents, representatives, solicitors, accountants and actuaries employed by any of them in connection with the negotiation, preparation or execution of this agreement, shall be borne solely by the Purchaser.
- 9.5 Any notice to be served hereunder shall be deemed to have been properly served if sent by prepaid letter post or facsimile or by courier to the address or facsimile number of the addressee last known to the addressor or to such other address or facsimile number details of which have been notified in writing by the addressee to the addressor prior to service of such notice and such notice shall be deemed to have been received immediately in the case of a facsimile or courier and 72 hours after posting in the case of a letter.
- 9.6 This Agreement does not create any right enforceable by a person not party to it and a person who is not a party to this Agreement except a permitted successor in title to a party or assignee of their rights in respect of the Assets or any part of them shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.
- 9.7 This Agreement and the Tax Deed are governed by English law and the parties hereby submit to the non-exclusive jurisdiction of the English Courts in connection therewith.
- 9.8 This Agreement and the Tax Deed constitute the entire agreement and supersede any previous agreements between the parties relating to the subject matter of this Agreement.

SCHEDULE 1

Vendors' holdings

Vendors' Names and Addresses	Holding of Shares	Number of Consideration Shares
Danielle Nay Flat 2, 36 Maida Vale London W9 1RS	355	579,356
Alexander Michael Connock 97 Regents Park Rod London NW1 8UR	355	501,065
H R H Mohammad K.A. Al Faisal P O Box 16460 Riyadh Saudi Arabia	250	407,115
Marzouk Al Bader 8 Lowndes Close London SW1 8BZ	25	40,712
Mishari Al Bader 8 Lowndes Close London SW1 8BZ	5	9,395
Simon Richards 21 St Elmo's Road, London, W12 9EA	10	15,658

Steven McLaren 23 Minstrel Court Teesdale Close London E2 6PQ	5	7,829
Tareq Al Mudhaf 16 Park St James Prince Albert Road London NW8 7LE	100	164,412
Internet Business Group 146-152 Bishopsgate 3rd Floor Devonshire House Devonshire Row London EC2M 4JX	58	95,516
TOTAL	1163	1,821,058

SCHEDULE 2

Details of group companies

Part 1: The company

Company number: 3842099

Date of incorporation: 23rd September 1999

Share capital:

authorised: 1163 Ordinary Shares of £1 each

issued: 1163 Ordinary Shares of £1 each

Registered office: Chichester House, 278/282 High Holborn,
London, WC1V 7HA

Directors: Alexander Michael Connock
Danielle Eleni Francoise Nay

Secretary: Reynolds Porter Chamberlain

Part 2: The subsidiaries of the company

Name of subsidiary and date of incorporation	Registered number	Share capital	Registered office	Directors	
		authd	Issued		
Dan Creative Services Limited	03604818	10,000 ordinary shares of £1 each	2 ordinary shares of £1 each	Chichester House, 278-282 High Holborn, London WC1V 7HA	Alexander Michael Connock Danielle Nay

SCHEDULE 3

Warranties

1 Accounts

1.1 The Principal Accounts

1.1.1 The Principal Accounts were prepared in accordance with the historical cost convention; and the bases and policies of accounting adopted in preparing the Principal Accounts are, except as stated in the Principal Accounts the same as those adopted in preparing the audited accounts of each Group Company in respect of the three last preceding accounting periods.

1.1.2 The Principal Accounts:

- (a) give a true and fair view of the assets and liabilities of each Group Company at the Last Accounts Date and its profits for the financial period ended on that date;
- (b) comply with the requirements of the Companies Acts and other relevant statutes;
- (c) except as stated in the Principal Accounts, comply with all FRSs applicable to a United Kingdom company;
- (d) except as stated in the Principal Accounts, are not affected by any extraordinary, exceptional or non-recurring item;
- (e) except as stated in the Principal Accounts, make full provision or reserve for all liabilities and capital commitments of each Group Company outstanding at the Last Accounts Date, including contingent, unquantified or disputed liabilities;
- (f) make provision or reserve, in accordance with the principles set out in the notes included in the Principal Accounts, for all Taxation liable to be assessed on each Group Company or for which it may be accountable in respect of the period ended on the Last Accounts Date.

1.2 Accounting Reference Date

1.2.1 The accounting reference date of each Group Company (other than Dan Creative Services Limited) for the purposes of CA s 224 is 31st March and there has not at any time been any other date. Dan Creative Services Limited

has an accounting reference date of 31st July.

1.3 Book debts

- 1.3.1 No part of the amounts included in the Principal Accounts, or subsequently recorded in the books of any Group Company, as owing by any debtors is overdue by more than twelve weeks, or has been released on terms that any debtor pays less than the full book value of his debt or has been written off or has proved to any extent to be irrecoverable or is now regarded by the relevant Group Company as irrecoverable in whole or in part.

1.4 Books and records

- 1.4.1 All the accounts, books, ledgers and other financial records, of each Group Company:
- (a) are in its possession or held to its order;
 - (b) have been properly and accurately kept and completed in all material respects; and
 - (c) as far as the Management Vendors are aware, do not contain any material inaccuracies or discrepancies.

2 Corporate matters

2.1 Directors and shadow directors

- 2.1.1 The only directors of the Group Companies are the persons whose names are listed in relation to each Group Company in Schedule [2].
- 2.1.2 To the best of the Management Vendors' knowledge, information and belief, no person is or may be considered to be a shadow director (within the meaning of CA s 741) of a Group Company but is not treated as one of its directors for all the purposes of that Act.

2.2 Subsidiaries, associations and branches

2.2.1 No Group Company:

- (a) is the holder or beneficial owner of or has agreed to acquire any share or loan capital of any company (whether incorporated in the United Kingdom or elsewhere) other than the Subsidiaries listed in Schedule 2;
- (b) has outside the United Kingdom any branch, agency or place of business, or any permanent establishment (as that expression is defined in the relevant double taxation relief order current at the date of this

agreement).

2.3 Options over group companies' capital

- 2.3.1 Except as required by this agreement, there are no agreements or arrangements in force which provide for the present or future issue, allotment or transfer of or grant to any person the right (whether conditional or otherwise) to call for the issue, allotment or transfer of any share or loan capital of any Group Company (including any option or right of pre-emption or conversion).

2.4 New issues of capital

- 2.4.1 No share or loan capital has been issued or allotted, or agreed to be issued or allotted, by any Group Company since the Last Accounts Date.

2.5 Commissions

- 2.5.1 No one is entitled to receive from any Group Company any finder's fee, brokerage or other commission in connection with the sale and purchase of the Shares under this agreement.

2.6 Memoranda and articles of association, statutory books and resolutions

- 2.6.1 The copy of the memorandum and articles of association of each Group Company attached to the Disclosure Letter is accurate and complete in all respects and has embodied in it or annexed to it a copy of every such resolution as is referred to in CA s 380.
- 2.6.2 The register of members and other statutory books of each Group Company have been properly kept and contain an accurate and complete record of the matters with which they should deal.
- 2.6.3 No notice or allegation that any of the foregoing is incorrect or should be rectified has been received.
- 2.6.4 Since the Last Accounts Date no alteration has been made to the memorandum or articles of association of any Group Company and no resolution of any kind of the shareholders of any Group Company has been passed (other than resolutions relating to routine business at annual general meetings).

2.7 Documents filed

- 2.7.1 All returns, particulars, resolutions and documents required by the Companies Acts or any other legislation to be filed with the Registrar of Companies, or any other authority, in respect of each Group Company have been duly filed and were correct; and due compliance has been made with all the provisions of the Companies Acts and other legal requirements in connection with the

formation of each Group Company, the allotment or issue of shares, debentures and other securities, and the payment of dividends.

- 2.7.2 All charges in favour of any Group Company have (if appropriate) been registered in accordance with the provisions of CA ss 395, 409, 410 and 424.

2.8 Possession of documents

- 2.8.1 All title deeds relating to the assets of each Group Company, and an executed copy of all agreements to which any Group Company is a party, and the original copies of all other documents which are owned by or which ought to be in the possession of any Group Company are in its possession.

2.9 Investigations

- 2.9.1 So far as the Management Vendors are aware, no investigations or enquiries by, or on behalf of, any governmental or other body in respect of the affairs of any Group Company are pending or taking place.

3 Taxation

3.1 Administration

- 3.1.1 All returns, notifications, computations and payments which should have been made or given by any Group Company for any Taxation purpose were made or given within the requisite periods and are up-to-date, correct and on a proper basis and, so far as the Management Vendors are aware, none of them is or is likely to be the subject of any material dispute with the Inland Revenue or other Taxation authorities.
- 3.1.2 All particulars furnished to the Inland Revenue or other Taxation authorities, in connection with the application for any consent or clearance on behalf of any Group Company, or affecting any Group Company, made since the Last Accounts Date, fully and accurately disclosed all facts and circumstances material for the decision of those authorities; any consent or clearance is valid and effective; and any transaction, for which consent or clearance has previously been obtained, has been carried into effect (if at all) only in accordance with the terms of the relative application and consent or clearance.
- 3.1.3 No Group Company has, since the Last Accounts Date, paid or become liable to pay any penalty or interest charged under TMA or any other Taxation statute.
- 3.1.4 Each Group Company has properly operated the PAYE system, by deducting tax, as required by law, from all payments made or treated as made to its

employees or former employees, and accounting to the Inland Revenue for all tax deducted by it and for all tax chargeable on benefits provided for its employees or former employees.

3.1.5 Each Group Company has complied in all respects with the following sections, and all regulations made under them, and has made and accounted for all deductions and retentions which they specify or require:

- (a) ICTA s 43 (Non-residents);
- (b) ICTA s 349 (Payments not out of profits or gains brought into charge to income tax and annual interest);
- (c) ICTA Pt XIII Chapter III (Entertainers and sportsmen);

3.2 Taxation claims, liabilities and reliefs

3.2.1 The Disclosure Letter contains full details of all matters relating to Taxation in respect of which any Group Company (either alone or jointly with any other person) has:

- (a) made a claim (including a supplementary claim) for, disclaimer of or election for relief under any Taxation statute;
- (b) appealed against an assessment to or a determination affecting Taxation;
- (c) applied for the postponement of Taxation;
- (d) required the postponement or reduction of any allowance.

3.2.2 No relief (whether by way of deduction, reduction, set-off exemption, repayment or allowance, or otherwise) from, against or in respect of any Taxation has been claimed and/or given to any Group Company which could or might be effectively withdrawn, postponed, restricted or otherwise lost as a result of any act, omission, event or circumstance arising or occurring in the ordinary course of business of any Group Company as carried on at Completion at any time after Completion.

3.3 Distributions and deductibility of payments

3.3.1 No Group Company has repaid, or agreed to repay or redeemed or agreed to redeem its share capital or capitalised or agreed to capitalise in the form of redeemable shares or debentures any profits or reserves of any class or description.

3.3.2 No security (within the meaning of ICTA s 254(1) (Company distributions, tax

credits etc: Interpretation)) issued by any Group Company and outstanding at the date of this agreement was issued in such circumstances that the interest payable on it, or any other payment in respect of it, falls to be treated as a distribution under ICTA s 209 (Meaning of 'distribution').

- 3.3.3 No rents, interest, annual payments or other sums of an income nature paid or payable since the Last Accounts Date by any Group Company or which any Group Company is under an obligation to pay in the future are or may be wholly or partially disallowable as deductions in computing profits or as charges against profits, for the purposes of corporation tax.

3.4 Carry forward of losses and ACT

- 3.4.1 Nothing has been done, and no event or series of events has occurred, which might cause in relation to any Group Company the disallowance of the carry forward or back of losses, excess management expenses or advance corporation tax under ICTA s 393 (Losses other than terminal losses), s 768 (Change in ownership of company: disallowance of trading losses), s 768A (Change in ownership: disallowance of carry back of trading losses), s 768B (Change in ownership of investment company: deductions generally), s 245 (Calculation etc of ACT on change of ownership of company) or s 245A (Restriction on application of section 240 in certain circumstances).

3.5 Close companies

- 3.5.1 No Group Company is, or was at any time during the six years ended on the Last Accounts Date, a close company as defined in ICTA 1988, s 414 (Close companies).

3.6 Group relief and group surrenders

- 3.6.1 The Group Companies comprise a group for the purposes of ICTA Pt X Ch IV (Group relief), and there is nothing in ICTA s 410 (Arrangements for transfer of company to another group or consortium) which precludes any Group Company from being regarded as a member of the group.
- 3.6.2 No Group Company has since the Last Accounts Date made or agreed to make, otherwise than to or from another Group Company:
- (a) a surrender of, or claim for, group relief under ICTA Pt X Ch IV (Group relief);
 - (b) a surrender of surplus advance corporation tax under ICTA s 240 (Set-off of company's surplus ACT against subsidiary's liability to corporation tax); or
 - (c) a surrender of a right to receive a refund of tax under FA 1989 s 102

(Surrender of company tax refund etc within group).

- 3.6.3 No Group Company is liable to make or entitled to receive a payment for group relief or for the surrender of advance corporation tax, otherwise than to or from another Group Company.
- 3.6.4 No Group Company has made or received a payment for group relief or for the surrender of advance corporation tax (otherwise than to or from another Group Company), which may be liable to be refunded in whole or in part.
- 3.6.5 All claims for group relief made by each Group Company were valid and have been or will be allowed by way of relief from corporation tax.

3.7 Capital allowances

- 3.7.1 All expenditure which any Group Company has incurred or may incur 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 relevant Group Company) for writing-down allowances under CAA s 24 (Writing-down allowances and balancing adjustments).
- 3.7.2 No election has been made by any Group Company under CAA s 53 (Expenditure incurred by equipment lessor) or s 55 (Expenditure incurred by incoming lessee: transfer of allowances) in relation to any fixtures.
- 3.7.3 No Group Company has made an election to treat any machinery or plant as a short-life asset within the provisions of CAA s 37 (Election for certain machinery or plant to be treated as short-life assets).

3.8 Transactions not at arm's length

- 3.8.1 No Group Company has carried out or been engaged in any transaction or arrangement to which ICTA s 770 (Sale etc at an undervalue or overvalue) has been or may be applied.
- 3.8.2 No Group Company has disposed of or acquired any asset in such circumstances that TCGA s 17 (Disposals and acquisitions treated as made at market value) could apply.

3.9 Tax avoidance

- 3.9.1 No Group Company has since the Last 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 a liability to Taxation;

3.10 Value added tax

3.10.1 Each Group Company:

- (a) has duly registered and is a taxable person for the purposes of value added tax;
- (b) has complied in all material respects with all statutory requirements, orders, provisions, directions or conditions relating to value added tax;
- (c) maintains complete, correct and up-to-date records for the purposes of the relevant legislation;
- (d) has not applied for treatment nor is it treated as a member of a group which includes any company which is not one of the Group Companies;
- (e) no Group Company is, or has agreed to become, an agent (for the purposes of VATA 1994, s 47 (Agents etc)) for the supply of goods for a person who is not a taxable person.

3.10.2 No Group Company:

- (a) is in arrears with any payment or returns, or is liable to any abnormal or non-routine payment, or any forfeiture or penalty, or to the operation of any penal provision; or
- (b) has been required by the Commissioners of Customs and Excise to give security;

3.10.3 The Disclosure Letter contains full particulars of any claim for bad debt relief made or which may be made by any Group Company under VATA s 36 (Bad debts).

3.10.4 No Group Company has within the past twelve or twenty four months respectively, received a surcharge liability notice under VATA s 59 (The default surcharge) or a penalty liability notice under VATA s 64 (Repeated misdeclarations) or may be liable to a penalty under s 63 (Penalty for misdeclaration or neglect resulting in VAT loss for one accounting period equalling or exceeding certain amounts).

3.10.5 No election to waive exemption from value added tax in relation to any of the Properties has been made by a Group Company or a predecessor in title under VATA Sched 10, para 2 (Election to waive exemption).

3.10.6 No direction has been given, and there are no grounds under which one may be given, by Customs and Excise under VATA Sched 9A (Anti-avoidance provisions: Groups) as a result of which a Group Company would be treated

for the purposes of value added tax as a member of a group which includes a company which is not a Group Company or as not being a member of the group with the other Group Companies.

3.11 Inheritance tax

- 3.11.1 No Group Company has at any time made a transfer of value (as defined in ITA s 3 (Transfers of Value)).
- 3.11.2 No Inland Revenue charge for unpaid inheritance tax (as provided by ITA ss 237 and 238 (Inland Revenue charge for unpaid tax)) over any asset of any Group Company, or in relation to any shares in the capital of any Group Company is outstanding.
- 3.11.3 No circumstances exist whereby any power mentioned in ITA s 212 (Powers to raise tax) could be exercised in relation to any shares, securities or other assets of any Group Company, or could be exercised but for ITA s 204(6) (Limitation of liability).

3.12 Stamp duty

- 3.12.1 Within the past two years, no Group Company has claimed relief or exemption under FA 1930 s 42 (Relief from transfer stamp duty in case of transfer of property as between associated companies).

4 Finance

4.1 Capital commitments

- 4.1.1 Except as set out in the Principal Accounts, there were no commitments on capital account outstanding at the Last Accounts Date and since the Last Accounts Date no Group Company has made or agreed to make any material capital expenditure, or incurred or agreed to incur any material capital commitments or disposed of or realised any material capital assets or any interest in material capital assets.

4.2 Dividends and distributions

- 4.2.1 Since the Last Accounts Date no Group Company has, or is treated as having, declared or paid any dividend or other distribution (as defined in ICTA Part VI Ch II as extended by ICTA s 418).
- 4.2.2 All dividends or distributions declared, made or paid by each Group Company have been declared, made or paid in accordance with its articles of association and the applicable provisions of the Companies Acts.

4.3 Bank and other borrowings

- 4.3.1 Details of all limits on each Group Company's bank overdraft facilities are accurately set out in the Disclosure Letter.
- 4.3.2 The total amount borrowed by each Group Company as at the date of this Agreement from each of its bankers does not exceed its respective overdraft facilities.
- 4.3.3 The total amount borrowed by each Group Company (as determined under the relevant instrument) does not exceed any limitation on its borrowing powers contained in its articles of association, or in any debenture or other relevant document.
- 4.3.4 No Group Company has outstanding, or has agreed to create or issue, any loan capital; or has factored any of its debts, or engaged in financing of a type which would not require to be shown or reflected in the Principal Accounts, or borrowed any money which it has not repaid, save for borrowings not exceeding the amounts shown in the Last Accounts.
- 4.3.5 No Group Company has since the Last Accounts Date repaid or become liable to repay any loan or indebtedness in advance of its stated maturity.
- 4.3.6 No Group Company has received notice (whether formal or informal) from any lenders of money, requiring repayment or intimating the enforcement of any security; and so far as the Management Vendors are aware there are no circumstances likely to give rise to any such notice.

4.4 Loans by and debts due to group companies

- 4.4.1 No Group Company has lent any money which has not been repaid to it, or owns the benefit of any debt (whether or not due for payment), other than debts which have arisen in the ordinary course of its business.
- 4.4.2 No Group Company has made any loan or quasi-loan contrary to the Companies Acts.

4.5 Liabilities

- 4.5.1 There are no liabilities (including contingent liabilities) of any Group Company which are outstanding other than those liabilities disclosed in the Principal Accounts or incurred in the normal course of trading since the Last Accounts Date.
- 4.5.2 So far as the Management Vendors are aware, there has been no exercise, purported exercise or claim for any charge, lien, encumbrance or equity over any of the fixed assets of any Group Company; and so far as the Management Vendors are aware there is no dispute directly or indirectly relating to any of

its material fixed assets.

- 4.5.3 No Group Company has been the tenant of, or a guarantor in respect of, any leasehold property other than the Properties.

4.6 Bank accounts

- 4.6.1 An accurate and complete statement of the bank accounts of each Group Company at the date which is 2 Business Days prior to the date of this Agreement has been supplied to the Purchaser.

4.7 Continuation of facilities

- 4.7.1 In relation to all debentures, acceptance credits, overdrafts, loans or other financial facilities outstanding or available to any Group Company (referred to in this clause as 'facilities'):

- (a) the Disclosure Letter sets out full details of, and there are attached to it, accurate copies of all documents relating to, the facilities;
- (b) so far as the Management Vendors are aware, there has been no material contravention of or material non-compliance with any provision of any of those documents;
- (c) so far as the Management Vendors are aware, no steps for the early repayment of any indebtedness have been taken or threatened;
- (d) none of the facilities is dependent on the guarantee or indemnity of or any security provided by a third party other than a Group Company;

4.8 Government grants

- 4.8.1 Full details of all grants, subsidies or financial assistance applied for or received by the Group Companies from any governmental department or agency or any local or other authority are set out in the Disclosure Letter.
- 4.8.2 So far as the Management Vendors are aware, no Group Company has done or omitted to do any act or thing which could result in any investment grant, employment subsidy or other similar payment made, or due to be made, to it becoming repayable or being forfeited or withheld in whole or in part.

5 Trading

5.1 Changes since Last Accounts Date

- 5.1.1 Since the Last Accounts Date:

- (a) the business of each Group Company has been continued in the normal course;
- (b) so far as the Management Vendors are aware, there has been no material adverse change in the financial or trading position or prospects of any Group Company;
- (c) each Group Company has paid its creditors in accordance with their respective credit terms; and there are no amounts owing by any Group Company which have been due for more than six weeks.

5.2 Vendors' liabilities to group companies

5.2.1 The Management Vendors do not have any rights or interests, directly or indirectly, in any business other than those now carried on by the Group Companies which are or are likely to be or become competitive with the businesses of the Group Companies, save as registered holder or beneficial owner of any class of securities of any company which is listed, dealt in or traded on the Stock Exchange and in respect of which a Management Vendor holds and is beneficially interested in less than 5 per cent of any single class of the securities in that company.

5.2.2 There is no outstanding indebtedness of any Vendor to a Group Company.

5.3 Effect of sale of shares

5.3.1 The Management Vendors have no knowledge, information or belief that after Completion (whether by reason of an existing agreement or arrangement or otherwise) or as a result of the proposed acquisition of the Company by the Purchaser:

- (a) any material supplier of any Group Company will cease or be entitled to cease supplying it or may substantially reduce its supplies to it;
- (b) any material customer of any Group Company will cease or be entitled to cease to deal with it or may substantially reduce its existing level of business with it;
- (c) any Group Company will lose the benefit of any right or privilege which it enjoys and which is material to the conduct of its business;
- (d) any officer or senior employee of a Group Company is likely to leave.

5.3.2 Compliance by the Vendors with the terms of this agreement does not and will not:

- (a) conflict with, or result in the breach of, or constitute a default under any material agreement or document to which any Group Company is a party, or any provision of the memorandum or articles of association of any Group Company or any material encumbrance, lease, contract, order, judgment, award, injunction, regulation or other restriction or obligation of any kind by which or to which any material asset of any Group Company is bound or subject;
- (b) relieve any person from any material obligation to any Group Company (whether contractual or otherwise), or enable any person to determine any such material obligation or any material right or benefit enjoyed by any Group Company, or to exercise any right, whether under an agreement with or otherwise in respect of any Group Company;
- (c) result in the creation, imposition, crystallisation or enforcement of any encumbrance on any of the material assets of any Group Company;
- (d) result in any present or future indebtedness of any Group Company becoming due and payable or capable of being declared due and payable prior to its stated maturity.

5.4 Conduct of businesses in accordance with memoranda and articles of association

- 5.4.1 So far as the Management Vendors are aware, each Group Company has at all times carried on business and conducted its affairs in all material aspects in accordance with its memorandum and articles of association for the time being in force.
- 5.4.2 Each Group Company is empowered and duly qualified to carry on business in all jurisdictions in which it carries on business.

5.5 Joint ventures and partnership

- 5.5.1 No Group Company is or has agreed to become a member of any joint venture, consortium, partnership or other unincorporated association; and no Group Company is or has agreed to become a party to any agreement or arrangement for sharing commissions or other income.

5.6 Agreements relating to the management and business

- 5.6.1 So far as the Management Vendors are aware there are no agreements, arrangements or understandings between a Group Company and any person who is a shareholder or the beneficial owner of any interest in it, or in any company in which any Group Company is interested, or any Associate of any

such person, relating to the management of any Group Company's business, or the appointment or removal of directors of any Group Company, or the ownership or transfer of ownership or the letting of any of the assets of any Group Company, or the provision, supply or purchase of finance, goods, services or other facilities to, by or from any Group Company, or in any other respect relating to its affairs.

5.7 Agency agreements and agreements restricting business

- 5.7.1 No Group Company is a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement, or any restrictive trading or other agreement or arrangement pursuant to which any part of its business is carried on, or which in any way restricts its freedom to carry on the whole or any part of its business in the United Kingdom or elsewhere in such manner as it thinks fit.
- 5.7.2 No Group Company is bound by any undertaking or assurances given to any court or governmental agency.

5.8 Litigation, disputes and winding up

- 5.8.1 No Group Company is engaged in any litigation or arbitration proceedings as plaintiff or defendant so far as the Management Vendors are aware there are no proceedings pending or threatened either by or against any Group Company; and so far as the Management Vendors are aware there are no circumstances which are likely to give rise to any material litigation or arbitration.
- 5.8.2 There is no dispute with any revenue or other official, department in the United Kingdom or elsewhere, in relation to the affairs of any Group Company, and so far as the Management Vendors are aware there are no facts which are likely to give rise to any material dispute.
- 5.8.3 So far as the Management Vendors are aware there are no claims pending or threatened or likely to arise against any Group Company by an employee or workman or third party, in respect of any accident or injury, which are not fully covered by insurance.
- 5.8.4 So far as the Management Vendors are aware, no order has been made or petition presented or resolution passed for the winding up of any Group Company; no distress, execution or other process has been levied in respect of any Group Company which remains undischarged and there is no unfulfilled or unsatisfied judgment or court order outstanding against any Group Company.

5.9 Compliance with statutes

- 5.9.1 So far as the Management Vendors are aware no Group Company and none of

its officers, agents or employees (during the course of their duties in relation to it) has committed or omitted to do any act or thing the commission or omission of which is or could be in material contravention of any act, order, regulation or the like (whether of the United Kingdom or elsewhere) giving rise to any material fine, penalty, default proceedings or other liability on its part.

5.9.2 So far as the Management Vendors are aware, each Group Company has conducted and is conducting its business in all material respects in accordance with all applicable laws and regulations whether of the United Kingdom or elsewhere.

5.9.3 No Group Company carries on (or has, at any time when not an authorised person under Chapter III, Financial Services Act 1986, carried on) investment business in the United Kingdom within the meaning of the Financial Services Act 1986, s 1.

5.10 Data protection

5.10.1 Each Group Company has duly complied with all relevant requirements of the Data Protection Act 1984 and of the Data Protection Act 1998 including:

- (a) the data protection principles established in that Act;
- (b) requests from data subjects for access to data held by it;
- (c) the requirements relating to the registration of data users.

5.10.2 No Group Company has received a notice or allegation from either the data protection registrar or a data subject alleging non-compliance with the data protection principles or prohibiting the transfer of data to a place outside the United Kingdom.

5.10.3 So far as the Management Vendors are aware, no individual has claimed or will have the right to claim compensation from any Group Company under that Act for loss or unauthorised disclosure of data.

5.11 Documents stamped

5.11.1 So far as the Management Vendors are aware, all documents which affect the right, title or interest of any Group Company in or to any of its property, undertaking or assets, or to which a Group Company is a party, and which attract stamp duty have been duly stamped within the requisite period for stamping.

5.12 Business names

5.12.1 No Group Company uses a name for any purpose other than its full corporate name.

5.13 Transactions involving directors

5.13.1 No Group Company has been a party to any transaction to which any of the provisions of CA s 320 or s 330 may apply.

5.14 Powers of attorney and authority

5.14.1 No power of attorney given by any Group Company is in force.

5.14.2 No authorities (express or implied) by which any person may enter into any contract or commitment to do anything on behalf of a Group Company are outstanding.

5.15 Licences and consents

5.15.1 So far as the Management Vendors are aware, each Group Company has obtained all material licences and consents for the proper carrying on of its business and all such licences and consents are valid and subsisting.

5.16 Subsisting contracts

5.16.1 No Group Company is a party to any contract, transaction, arrangement or liability which:

- (a) is of an unusual or abnormal nature or outside the normal course of business;
- (b) is of a long-term nature (that is, unlikely to have been fully performed in accordance with its terms more than six months after the date on which it was entered into or undertaken);
- (c) is incapable of termination by it in accordance with its terms on sixty days' notice or less;
- (d) is of a loss-making nature (that is, known to be likely to result in a loss to it on completion of performance);
- (e) cannot readily be fulfilled or performed by it on time without undue or unusual expenditure or commitment of money, effort or personnel;
- (f) involves or is likely to involve the supply of goods the aggregate sales value of which will represent in excess of 10 per cent of its turnover for the preceding financial year;

- (g) is a contract for hire or rent, hire purchase or purchase by way of credit sale or periodical payment.

5.17 Other party's defaults

- 5.17.1 So far as the Management Vendors are aware, no party to any material agreement or arrangement with or under an obligation to any Group Company is in material default under it, being a default which would be material in the context of the Group Company's financial or trading position.

5.18 Purchases and sales from or to one party

- 5.18.1 Neither more than 25 per cent of the aggregate amount of all the purchases, nor more than 25 per cent of the aggregate amount of all the sales, of any Group Company are obtained or made from or to the same supplier or customer (including any person in any way connected with such supplier or customer) nor so far as the Management Vendors are aware is any material source of supply to any Group Company, or any material outlet for the sales of any Group Company likely to cease to be available in all material respects during the period of 12 months following Completion.

5.19 Guarantees and indemnities

- 5.19.1 No guarantee, or agreement for indemnity or for suretyship, given by or for the accommodation of, a Group Company is outstanding.

5.20 Insider contracts

- 5.20.1 So far as the Management Vendors are aware, no contract or arrangement to which any Group Company is a party and in which any Vendor or any director of any Group Company is or has been interested, whether directly or indirectly, is outstanding or was outstanding during the past three years.
- 5.20.2 So far as the Management Vendors are aware, no Group Company is a party to, and its profits or financial position during the past three years have not been affected by, any contract or arrangement which is not of an entirely arm's length nature.

6 Employment

6.1 Employees and terms of employment

- 6.1.1 Full particulars of the identities, dates of commencement of employment, or appointment to office, and terms and conditions of employment of all the employees and officers of each Group Company, including without limitation

profit sharing, commission or discretionary bonus arrangements, are fully and accurately set out in the Disclosure Letter.

6.1.2 There are no agreements or arrangements (whether or not legally binding) between any Group Company and any trade union or other body representing employees.

6.1.3 No contract of service exists between any Group Company and a director or employee in relation to which any relevant requirements of CA s 319 have not been fulfilled.

6.2 Bonus schemes

6.2.1 There are no schemes in operation under which any employee of any Group Company is entitled to a commission or remuneration, calculated by reference to the whole or part of the turnover, profits or sales of any Group Company.

6.2.2 No Group Company has registered a profit-related pay scheme under ICTA Part V Chapter III.

6.3 Changes in remuneration

6.3.1 During the period to which the Principal Accounts relate and since the Last Accounts Date or (where employment or holding of office commenced after the beginning of such period) since the commencing date of the employment or holding of office:

(a) no change has been made in the rate of remuneration, emoluments or pension benefits, of any officer, ex-officer or senior executive of any Group Company (a senior executive being a person in receipt of remuneration in excess of £25,000 per annum);

(b) no change has been made in any other terms of employment of any officer or senior executive.

6.3.2 No Group Company is bound or accustomed to pay any moneys other than in respect of remuneration or pension benefits to or for the benefit of any officer or employee of any Group Company.

6.3.3 No negotiations for any increase in the remuneration or benefits of any officer or employee of any Group Company are current or likely to take place within six months after the date of Completion.

6.4 Termination of contracts of employment

6.4.1 Save as set out in the Disclosure Letter all subsisting contracts of service to which any Group Company is a party are determinable at any time on three

months' notice or less without compensation (other than compensation in accordance with the Employment Rights Act 1996).

- 6.4.2 No executive of any Group Company, who is in receipt of remuneration in excess of £25,000 per annum, and no officer of any Group Company has given or received notice terminating his employment, except as expressly contemplated in this agreement, and no such executive or officer will be entitled to give such notice as a result of this agreement.

6.5 Industrial disputes and negotiationsD1-154

- 6.5.1 So far as the Management Vendors are aware, none of the Group Companies or their respective employees is involved in any industrial dispute, and there are no facts known or which would on reasonable enquiry be known to any Group Company or its directors or to the Management Vendors which might suggest that any industrial dispute involving a Group Company is likely or that this agreement is likely to lead to any such industrial dispute.

6.6 Industrial agreements

- 6.6.1 No Group Company has entered into any recognition agreement with a trade union nor has it done any act which might be construed as recognition.

6.7 Redundancies

- 6.7.1 No employee will become redundant and be entitled to a redundancy payment as a result of this agreement.

6.8 Pensions

- 6.8.1 No Group Company is under any legal or moral liability or obligation or a party to any ex-gratia arrangement or promise to pay pensions, gratuities, super-annuation allowances or the like, or otherwise to relevant benefits' within the meaning of ICTA s 612 to or for any of its past or present officers or employees or their dependants; and there are no retirement benefit, or pension or death benefit, or similar schemes or arrangements in relation to or binding on any Group Company or to which any Group Company contributes.

7 Assets

7.1 Ownership of assets

- 7.1.1 The Group Companies owned at the Last Accounts Date and had legal and beneficial ownerships of all the assets included in the Principal Accounts and (except for current assets subsequently sold or realised in the normal course of business) still own and have legal and beneficial ownership of all assets

included in the Principal Accounts (excluding the Properties) and to all assets acquired since the Last Accounts Date.

7.1.2 No Group Company has created or granted or agreed to create or grant any security interest or other encumbrance in respect of any of the fixed assets included in the Principal Accounts (excluding the Properties) or acquired or agreed to be acquired since the Last Accounts Date, otherwise than in the normal course of its business.

7.1.3 Except as disclosed in the Principal Accounts, none of the property, assets, undertaking, goodwill or uncalled capital of any Group Company (excluding the Properties) is subject to, and no Group Company has agreed to grant, any option, charge, lien or encumbrance, or right of pre-emption.

7.2 Insurance

7.2.1 Each Group Company is now and has at all material times been adequately covered against accident, damage, injury, third party loss (including product liability), loss of profits and other risks normally insured against by persons carrying on the same business.

7.2.2 All of the insurance policies referred to in the Disclosure Letter are currently in full force and effect, and nothing has been done or omitted to be done which could make any such policy of insurance void or voidable or which is likely to result in an increase in premium.

7.2.3 None of the aforesaid policies is subject to any special or unusual terms or restrictions or to the payment of any premium in excess of the normal rate.

7.2.4 No claim is outstanding or may be made under any of the aforesaid policies and so far as the Management Vendors are aware no circumstances exist which are likely to give rise to such a claim.

7.3 Intellectual property

7.3.1 The Group Companies are the sole beneficial owners of the Intellectual Property Rights listed in the Disclosure Letter and (where registration is possible) a Group Company has been and is registered as proprietor, and each of those Rights is valid and enforceable, and none of them is being used, claimed, opposed or attached by any other person.

7.3.2 No right or licence has been granted to any person by any Group Company to use in any manner or to do anything which would or might otherwise infringe any of the Intellectual Property Rights referred to above.

7.3.3 To the best of the Management Vendors' knowledge, the business of each Group Company (and of any licensee under a licence granted by any Group

- (b) the term and any rights to break or renew the term;
- (c) the obligations of the landlord and tenant in respect of outgoings, repairs, insurance services and service charge;
- (d) any options, pre-emption or first refusal rights;
- (e) the user required or permitted under the terms of the tenancies;
- (f) any entitlement of a tenant of the whole or any part of the Properties to compensation on quitting the premises let to him in respect of disturbance and improvements or otherwise; and
- (g) any unusual provisions.

8.5.3 The Management Vendors are not aware of any material or persistent breaches of covenant by a tenant of any of the Properties including the covenants to pay rent.

(which expressions in this paragraph 8.4 includes underleases) under which the Properties are held, and the last demand (or receipts for rent if issued) were unqualified, and, so far as the Management Vendors are aware, all the leases are valid and in full force.

- 8.4.2 All licences, consents and approvals required from the landlords and any superior landlords under any leases of the Properties have been obtained and the covenants on the part of the tenant contained in the licences, consents and approvals have been duly performed and observed.
- 8.4.3 There are no rent reviews under the leases of the Properties held by the Group Companies in progress.
- 8.4.4 No obligation necessary to comply with any notice or other requirement given by the landlord under any leases of the Properties is outstanding and unobserved or unperformed.
- 8.4.5 There is no obligation to reinstate any of the Properties by removing or dismantling any alteration made to it by Group Companies or any predecessor in title to the Group Companies.
- 8.4.6 No Group Company has entered into an authorised guarantee agreement under the Landlord and Tenant (Covenants) Act 1995, s 16 in respect of any property.
- 8.4.7 So far as the Management Vendors are aware, no Group Company has the right to call for an overriding lease of any property under the Landlord and Tenant (Covenants) Act 1995, s 19.
- 8.4.8 No Group Company has entered into an agreement with the lessor of any of the Properties specifying circumstances in which it would be reasonable for the lessor to withhold its consent to an assignment in accordance with the Landlord and Tenant Act 1927, s 19(1A).

8.5 Tenancies

- 8.5.1 The Properties are held subject to and with the benefit of the tenancies (which expression in this paragraph 8.5 includes subtenancies) as set out in Schedule 5 and no others.
- 8.5.2 With respect to the tenancies there are accurately disclosed in the Disclosure Letter particulars of:
 - (a) the rent and any rent reviews and, with respect to rent reviews, the date for giving notice of exercise of the reviews and the operative review date;

deed shall apply to each Group Company as if it were the Company, and the covenants given by the Covenantors are expressly given to each Group Company and may be enforced against the Covenantors by each and every Group Company acting jointly or severally.

1.4 'Relief' includes any relief, allowance, exemption, set-off or deduction in computing or against profits, income or gains of any description or from any source, or credit against Taxation.

1.5 'Liability to Taxation' means any liability to make a payment in respect of Taxation but does not include:

1.5.1 the loss, counteracting or clawing back of any Relief which would otherwise have been available to the Company;

1.5.2 the nullifying, cancellation or set-off of a right to repayment of Taxation which would otherwise have been available to the Company;

provided however that if such loss, counteracting or clawing back of any such Relief as is referred to in Clause 1.5.1 or the nullifying, cancellation or set-off of that right to repayment as is referred to in Clause 1.5.2 results in the Company thereby suffering a liability to make a payment in respect of Taxation, that liability shall itself be a 'Liability to Taxation' for the purposes of this deed.

1.6 'Claim for Taxation' includes any notice, demand, assessment, letter or other document issued, or action taken, by or on behalf of the Inland Revenue or Customs and Excise authorities or any other statutory or governmental authority or body whatsoever in any part of the world, whereby it appears that the Company is or may be subject to a liability to Taxation (whether or not it is primarily payable by the Company and whether or not the Company has or may have any right of reimbursement).

1.7 'Final Determination' means in relation to a Claim for Taxation where there is an appeal against that assessment:

1.7.1 an agreement under TMA s 54 or any legislative provision corresponding to that section; or

1.7.2 a decision of a court or tribunal from which either no appeal lies, or in respect of which no appeal is made within the prescribed time limit.

2 Covenant to Pay

2.1 Subject as provided below, the Covenantors jointly and severally covenant with the Purchaser in respect of each Group Company to pay to the Purchaser an amount equal to:

SCHEDULE 4
Tax Deed

Date: 2001

Parties:

- 1 'The Covenantors': the persons whose names and addresses are set out in the Schedule.
- 2 'The Company': Instant Party Limited (registered no 3842099) whose registered office is at Chichester House, 278/282 High Holborn, London, WC1V 7HA, on behalf of itself and each Group Company.
- 3 'The Purchaser' : Osprey Communications Plc (registered no SC75133) whose registered office is at 100 Union Street, Aberdeen, AB10 1QR

Recital:

This deed is entered into pursuant to an agreement made between the Covenantors (1) and the Purchaser (2) relating to the sale of all the ordinary share capital of the Company ('the Agreement') and the obligations of the Covenantors hereunder are given in consideration for the purchase by the Purchaser of the whole of the issued share capital of the Company.

Operative provisions:

1 Definitions

In this deed:

- 1.1 Words and expressions defined in the Agreement shall, except where otherwise provided or expressly defined below, have the same meaning in this deed
- 1.2 'Taxation' means all forms of taxation, duties, imposts and levies whatsoever and whenever imposed and whether of the United Kingdom or elsewhere, and without prejudice to the generality of that expression includes:
 - 1.2.1 income tax, corporation tax, capital gains tax, inheritance tax, stamp duty, stamp duty reserve tax, value added tax, and national insurance contributions, any payment whatsoever which the Company may be or become bound to make to any person as a result of any enactment relating to taxation and any other taxes, duties or levies supplementing or replacing any of the above;
 - 1.2.2 all costs, charges, interest, fines, penalties relating, to any Taxation.
- 1.3 Where the context admits, 'Company' includes each Group Company, so that this

Agreement;

- 3.2.4 which would not have arisen but for a voluntary act or transaction carried out by the Company after the date of this deed otherwise than in the normal course of business;
- 3.2.5 to the extent that liability is excluded or limited under the provisions of Schedule 6 to the Agreement;
- 3.2.6 to the extent it arises only as a result of any change after the Completion Date in the accounting policies of any Group Company; and
- 3.2.7 to the extent that it arises as a result of any fact or matter disclosed in the Disclosure Letter.

4 Mitigation

- 4.1 Except as provided in Clause 4.2, the Covenantors shall be liable under the indemnity in Clause 2.1 notwithstanding any Reliefs, rights of repayment or other rights or claims of a similar nature ("Mitigation Reliefs"), which may be available to any person entitled to the benefit of the indemnity to set against or otherwise mitigate any Liability to Taxation, so that the indemnity in Clause 2.1 shall take effect as though no such Mitigation Reliefs were available.
- 4.2 The provisions of Clause 4.1 shall not apply if and to the extent that the Mitigation Reliefs arose:
 - 4.2.1 wholly or mainly by reason of any act, omission or transaction of any Group Company before the Last Accounts Date;
 - 4.2.2 wholly or mainly by reason of any act, omission or transaction of the Covenantors which does not cause the Company to incur any liabilities, costs or expenses (unless the Company receives a satisfactory indemnity against them) and,without prejudice to the generality of this Clause, the Company shall at the cost of the Covenantors make all claims and elections required for Mitigation Reliefs and use the same to reduce or eliminate the Covenantors' liability under this deed.
- 4.3 Where and to the extent that Clause 4.2 applies, credit shall be given to the Covenantors against any liability under this deed for any Mitigation Reliefs.
- 4.4 When the Covenantors have satisfied an obligation under this deed to the Purchaser against a Liability to Taxation and the Company has (whether by operation of law, contract or otherwise) a right of reimbursement (including by way of indemnity) against any other person or persons in respect of the Liability to Taxation, the Company shall (at the expense of the Covenantors) take all reasonable steps to enforce

- 2.1.1 any Liability to Taxation;
 - 2.1.2 any settlement of a Claim for Taxation; and
 - 2.1.3 the reasonable costs incurred by the Company in relation to any demands, actions, proceedings and claims in respect of Liabilities to Taxation or Claims for Taxation.
- 2.2 The Covenant in Clause 2.1 shall apply only where the Liability to Taxation or the Claim for Taxation:
- 2.2.1 is made wholly or partly in consequence of any acts, omissions or transactions of the Company or of the Covenantors occurring or entered into on or before the date of this deed; or
 - 2.2.2 results from or is calculated by reference to any actual or deemed income, profits or gains earned, received or accrued, or deemed to have been earned, received or accrued, on or before that date; or
 - 2.2.3 results from or is made by reference to any dividend or distribution paid or made, or deemed to have been paid or made, before that date.
- 2.3 In respect of any payment due from the Covenantors under Clause 2.1, the Purchaser may if it is satisfied that it will be or has been subject to a Liability to Taxation calculate and demand in writing from the Covenantors from time to time such amount as will ensure that the net receipt to the Purchaser (after Taxation) in respect of the payment is the same as it would have been were the payment not subject to Taxation in the hands of the Purchaser.

3 Exclusions

- 3.1 The liability of the Covenantors under this Deed shall cease on the sixth anniversary of the date of this Deed save as regards any Claim for Taxation in respect of which notice shall have been served on the Covenantors prior to such date.
- 3.2 Clause 2.1 shall not apply to any Liability to Taxation or Claim for Taxation:
- 3.2.1 to the extent that a provision or reserve was made in the Principal Accounts or was specifically referred to in the notes to those Accounts;
 - 3.2.2 for which the Company is or may become liable wholly or primarily as a result of transactions in the normal course of its business after the Last Accounts Date;
 - 3.2.3 to the extent that the Liability or Claim arises as a result only of the appropriate provision or reserve in the Principal Accounts being insufficient by reason of any increase in rates of Taxation made after the date of the

of them, may nominate to act on behalf of the Covenantors or the Company, to the intent that the conduct, and costs and expenses, of the dispute shall be delegated entirely to and be borne solely by the Covenantors.

5.5 In connection with the conduct of any dispute relating to a Claim for Taxation to which this deed applies:

5.5.1 the Covenantors shall keep the Purchaser fully informed of all relevant matters and the Covenantors shall promptly forward or procure to be forwarded to the secretary of the Purchaser copies of all correspondence and other written communications pertaining thereto;

5.5.2 the appointment of solicitors or other professional advisers shall be subject to the approval of the Company, such approval not to be unreasonably withheld or delayed;

5.5.3 the Covenantors shall make no settlement or compromise of the dispute, nor agree any matter in the conduct of the dispute which is likely to materially affect the amount involved or the future Liability to Taxation of the Company without the prior approval of the Purchaser, such approval not to be unreasonably withheld or delayed;

5.6 The Covenantors shall at the request of the Purchaser provide, to the reasonable satisfaction of the Purchaser, security or indemnities, or both, in respect of all the costs and expenses of disputing any Claim for Taxation to which this deed applies.

5.7 Neither the Purchaser nor the Company shall be subject to any claim by or liability to, any of the Covenantors on the ground that it has not complied with the foregoing provisions, if they have bona fide acted in accordance with the instructions or approval of the Covenantors.

6 Dates for and quantum of payments

6.1 This Clause shall apply solely for determining the date on which any payments or repayments shall be made by or to the Covenantors pursuant to this deed and (where expressly provided) the amounts of the payments or repayments.

6.2 The Covenantors shall make payment to the Purchaser to the extent that and on the date on which the Company discharges or is deemed to discharge a Liability to Taxation in respect of which the Purchaser is entitled to payment under this deed.

6.3 The Purchaser shall make a repayment to the Covenantors to the extent that and on the date on which the Company receives any repayment of any amount paid in respect of any Liability to Taxation pursuant to Clause 6.2. Any repayment to the Covenantors pursuant to this Clause 6.3 shall not prejudice the right of the Purchaser to recover from the Covenantors under this deed in the event that a further Liability to Taxation

the right, giving credit to the Covenantors for any sum recovered by the Company by reason of the right, or shall at the request and expense of the Covenantors assign the right to the Covenantors, in such form as they shall reasonably require.

4.5 If:

4.5.1 any provision for Taxation contained in the Principal Accounts is or has been at the date that any payment is due to be made by the Covenantors under Clause 2 certified by the Company's auditors at the Covenantors' request and expense to be an over-provision; or

4.5.2 the tax liability which has resulted in the payment by the Covenantors gives rise to a corresponding saving for any Group Company

the value (as certified by the Company's auditors) of the over-provision or corresponding provision shall be set off first against the payment then due from the Covenantors, secondly (to the extent there is any excess) against any further such payment(s) in chronological order until exhausted.

4.5.3 If it is subsequently found that the over-provision or corresponding saving as certified was not in fact an over-provision or corresponding saving or that the certified amount or value was excessive any amount which has been set off under this Clause in respect of the purported over-provision or corresponding saving shall on demand be repaid forthwith by the Covenantors to the Purchaser or (as the case may be) to the appropriate Group Company, [the obligations of the Covenantors to make the repayment being joint and several].

5 Conduct of claims

5.1 The Purchaser shall notify the Covenantors in writing of any Claim for Taxation which comes to its notice (as soon as reasonably possible thereafter) whereby it appears that the Covenantors are or may become liable under this deed.

5.2 The Company shall ensure that a Claim for Taxation to which this deed applies, is, so far as reasonably practicable, dealt with separately from claims to which it does not apply and is not paid prematurely; and for this purpose any payment made by the Company to avoid incurring interest or any penalty in respect of unpaid taxation shall be deemed not to be paid prematurely.

5.3 Subject to Clause 5.6, the Purchaser shall ensure at the request in writing of the Covenantors that the Covenantors are placed in a position to dispute on behalf of the Company any Claim for Taxation to which this deed applies and shall render, or cause to be rendered, to the Covenantors at their expense all such assistance as the Covenantors, may reasonably require in disputing any Claim for Taxation.

5.4 Subject to Clause 5.5, the Covenantors shall be entitled on behalf of the Company to instruct such solicitors or other professional advisers as the Covenantors, or a majority

SCHEDULE 5

Short particulars of the properties

The Company occupies the property known as Unit 4, 319-323 Battersea Park Road, London under an informal licence arrangement with 10 Alps Broadcasting Limited. 10 Alps Broadcasting occupies such premises and units 1-3 at the same address under the terms of a lease between Alan Robert Gillam and Adrienne Newcombe Gillam trading as Newcombe Construction Services and 10 Alps Broadcasting Limited. The term of the lease is for 3 years, commencing on 22nd May 2001 and rent is £28,444 plus VAT payable quarterly in advance (a rent deposit of £7,111 has been paid). There are no rent review provisions and the lease is contracted out of the Landlord and Tenant Act 1954 Part II. The lease has not yet been dated as, as at the date of this agreement, completion formalities have yet to be completed. However, the Company has been allowed into occupation. The terms of the Company's licence are that it is terminable by either side on 3 months' notice in writing at any time and the monthly licence fee payable is one quarter of the aggregate of the monthly rental and service charge paid by the Company under the terms of its lease. The licence granted to the Company is in breach of the lease, landlord's consent being required to underlet any part of the premises. 10 Alps Broadcasting Limited plans to seek such landlord's following Completion.

is imposed upon the Company, whether in respect of matters to which the repayment relates or otherwise.

6.4 For the purposes of Clause 6.2, the Company shall be deemed to discharge a Liability to Taxation:

6.4.1 on the date on which the Company pays any amount of Taxation;

6.4.2 on the date on which any Liability to Taxation would have fallen due but for Reliefs, rights of repayment or other rights or claims of a similar nature to which Clause 4.1 applies.

6.5 For the purpose of Clause 6.3, the Company shall be deemed to receive a repayment:

6.5.1 on the date on which the Company receives a repayment of Taxation to which Clause 6.2 applies;

6.5.2 if and when the Company would have received a repayment but for a Liability to Taxation in respect of which the Company is not entitled to be indemnified under this deed;

6.5.3 if and when the Company would have received a repayment had the Liability to Taxation been discharged by a payment of Taxation; or

6.5.4 if and when the Company is able to obtain the benefit of a reduction in its Liability to Taxation as a result of the right to repayment.

6.6 Upon Final Determination of a relevant Claim for Taxation the Covenantors shall promptly pay to the Purchaser such amount or further amount in addition to any sums already paid under this deed as is required to cover the full liability of the Covenantors under this deed.

6.7 Any dispute in relation to the provisions of Clauses 6.4, 6.5 or 6.6 may be referred, by the Purchaser or the Covenantors, to the auditors for the time being of the Company, acting as experts and not as arbitrators, whose certificate shall be final and binding upon the parties in the absence of manifest error.

7 The Purchaser's Obligations

7.1 The Purchaser shall pay to the Covenantors an amount equal to the amount of any Tax payable by the Covenantors or any company (other than the Company) of which the Covenantors have control (as defined for the purposes of any relevant legislation) under section 767A, 767AA and 767B ICTA by reason of Taxation assessed on the Group Company for an accounting period beginning before Completion being unpaid except to the extent that:

7.1.1 either the Purchaser could claim payment in respect of such Taxation under

this Deed or the Agreement or the Purchaser has made such a claim in respect of such Taxation which has been satisfied; or .

- 7.1.2 such Tax has been recovered under section 767B(2) ICTA or any other relevant provision.
- 7.2 The Purchaser shall pay to the Covenantors any reasonable costs and expenses reasonably incurred by the Covenantors in connection with any such Taxation or claim under Clause 7.1.
- 7.3 Clauses 5 ("Conduct of Claims") and 6 ("Date for and quantum of payments") shall apply to claims made under Clause 7.1 as they apply to claims made under Clause 2, replacing references to the Covenantors by the Purchaser (and vice versa) and making any other necessary modifications.
- 8 General**
- 8.1 The Company shall procure that each other Group Company performs its obligations under this deed.
- 8.2 This deed shall be binding on the Covenantors and their respective successors and personal representatives.
- 8.3 The benefit of this deed may not be assigned in whole or in part.
- 8.4 The provisions of the Agreement relating to notices shall apply to any notice to be given under, or in connection with, this deed.
- 8.5 The construction, validity and performance of this deed shall be governed by the laws of England.

INSTANT PARTY LIMITED

"Agreed Form" documents by reference to Share Sale Agreement

Clause	Document
4.1.1.	Purchase of Shares conditional upon "a Resolution in the Agreed Form being passed at a general meeting of the Purchaser"
4.1.8	a Settlement Agreement being entered into between Osprey and R Alexander Hammond-Chambers and others
5.5.2	Terms of Appointment (for non-executive appointments) Service Agreements (for executive appointments) Severance Agreements (for all resignations)

SCHEDULE 6

Vendors' protection provisions

- (1) The Vendors are not liable in respect of a Relevant Claim unless the Purchaser has given the Vendors written notice of the Relevant Claim (stating in reasonable detail the nature of the Relevant Claim and, if practicable, the amount claimed) on or before the date which is 6 years from the date of Completion (in the case of a Relevant Claim under the Tax Deed or a Relevant Claim under paragraph 3 (Taxation) of Schedule 3) or 24 months from the date of Completion (in the case of any other Relevant Claim). A Relevant Claim so notified and not satisfied, settled or withdrawn is unenforceable against the Vendors on the expiry of a period of 6 months starting on the date of notification of the Relevant Claim unless proceedings in respect of the Relevant Claim have been issued and served on the Vendors prior to that date.
- (2) The Vendors are not liable in respect of a Relevant Claim unless the amount that would otherwise be recoverable from the Vendors in respect of that Relevant Claim exceeds £1,000.
- (3) The Vendors are not liable in respect of a Relevant Claim unless and until the amount that would otherwise be recoverable from the Vendors in respect of that Relevant Claim, when aggregated with any other amount or amounts recoverable or recovered in respect of other Relevant Claims (excluding any amounts in respect of a Relevant Claim for which the Vendors have no liability because of paragraph (2) above) exceeds £25,000 in which case the Vendors shall be liable for the entire sum and not merely for the excess.
- (3) The maximum individual aggregate liability of each of the Management Vendors respect of all Relevant Claims which may be made shall not exceed the amount set opposite his name below:

Alex Connock	£57,623
Danielle Nay	£66,626
- (4) In the event of any Warranty Claim being established, the Vendors shall be entitled to set off against the amount of any depletion in or reduction in the value of the assets of the Group Companies giving rise to the Claim the amount by which (after adjustment where appropriate for Taxation in respect of revenue items) the position of the Group Companies (taken as a whole) in respect of any other matter is established to be better than as so warranted (after adjustments where appropriate for Taxation).
- (5) If the Purchaser and the Group Companies, or any of them, are entitled to make a claim in respect of any act, event or default both under the Warranties and under the Tax Deed, the claim shall be made first under the Warranties and any amount payable to the Purchaser or any Group Company under the Tax Deed shall be reduced to the extent of any payment made under the Relevant Claim under the Warranties.

(6) If the Vendors make any payment to the Purchaser in relation to any Relevant Claim and the Purchaser subsequently receives from a third party any amount referable to, or any benefit which would not have been received but for the circumstances giving rise to the subject matter of that claim, the Purchaser shall once it has received such amount or benefit, immediately repay or procure the repayment to the Vendors of either :

(i) the amount of such receipt after deducting an amount equal to the reasonable costs of the Purchaser incurred in recovering such receipt and any Taxation payable on it; or if lesser

(ii) the amount paid by the Vendors;

together with any interest or repayment supplement paid to the Purchaser or the Company in respect of it.

(7) The Seller is not liable in respect of a Relevant Claim to the extent that the matter giving rise to the Relevant Claim would not have arisen but for:

(i) an event after Completion by or involving the Purchaser or any of its subsidiaries or a director, employee or agent of any of the foregoing;

(ii) the passing of, or a change in, after the date of this Agreement a law, rule, regulation, interpretation of the law or administrative practice of a government, governmental department, agency or regulatory body or an increase in the tax rates or an imposition of tax, in each case not actually or prospectively in force at the date of this Agreement.

EXECUTED AND DELIVERED as a Deed by)
the said DANIELLE NAY in the presence of:-)

M. G. Finley
278/282 High Holborn
London WC1V 7AA

EXECUTED AND DELIVERED as a Deed)
by the said ALEXANDER MICHAEL)
CONNOCK in the presence of:-)

MARLANTHE BROTHERS
c/o 278-282 High Holborn
London

~~Alex Connock is Attorney for~~

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EXECUTED AND DELIVERED)
as a deed by the said H R H MOHAMMAD)
K.A. AL FAISAL in the presence of:-)

M. BROTHERTON

As above

EXECUTED AND DELIVERED as a Deed)
by the said MARZOUK AL BADER)
in the presence of:-)

M. BROTHERTON

As above

EXECUTED AND DELIVERED)
as a deed by the said MISHARI)
AL BADER in the presence of:-)
M. BROTHERTON

As above

EXECUTED AND DELIVERED)
as a deed by the said SIMON)
RICHARDS in the presence of:-)

MC (as above)

EXECUTED AND DELIVERED)
as a deed by the said STEVEN)
McLAREN in the presence of:-)

M. BROTHERTON

As above

EXECUTED AND DELIVERED)
as a deed by the said TAREQ)
AL MUDHAF in the presence of:-)

M. BROTHERTON

As above

ALL

ALEX CONNOLLY AS ATTORNEY FOR
HRH MOHAMMAD K.A. AL FAISAL

M. Brotherton

ALL

ALEX CONNOLLY AS ATTORNEY FOR
MARZOUK AL BADER

M. Brotherton

ALL

ALEX CONNOLLY AS ATTORNEY FOR
MISHARI AL BADER

M. Brotherton

ALL

ALL

ALEX CONNOLLY AS ATTORNEY FOR
STEVEN McLAREN

M. Brotherton

ALL

ALEX CONNOLLY AS ATTORNEY FOR
TAREQ AL MUDHAF

M. Brotherton

by their authorised attorney
EXECUTED AND DELIVERED)
~~as a deed~~ for and on behalf of **INTERNET**)
BUSINESS GROUP LIMITED)
in the presence of:)

M. G. King
(as above)

~~Director~~

~~Director/Secretary~~

Paul Douglas

EXECUTED AND DELIVERED)
as a deed for and on behalf of **OSPREY**)
COMMUNICATIONS PLC)
in the presence of:-)

Director:

M. W. W. W.

Director/Secretary

M A King

AGREED FORM RECONCILIATION OF COST OF SALES
agreement

	£	£
Studio costs	77,113	77,113
Equipment	20,885	
Taxis, bikes and couriers	37,052	9,347 Does not include £11538 in Production Equip Repairs
Wages and salaries	207,440	
Employers' NI	19,983	
Subcontract costs	578,637	550,247 Does not include Sch D costs
Accommodation	2,973	
Subsistence	2,353	
Hospitality	3,806	
Research materials	64,305	
Legal fees	34,701	
Finance costs	9,650	
Other direct project costs	111,199	111,199
	<u>1,170,097</u>	<u>747,906</u>

DATED

3rd July

2001

**ALEXANDER MICHAEL CONNOCK
ROBERT FREDERICK ZENON GELDORF
DESMOND ALEXANDER SHAW**

-and-

OSPREY COMMUNICATIONS PLC

SHARE SALE AGREEMENT

**relating to the whole of the issued share
capital of 10 Alps Broadcasting Limited**

**Evans Dodd
5 Balfour Place
Mount Street
London W1Y 5RG
Tel: 020-7491-4729
Ref: MHA/GCT/0049-41**

INDEX TO CLAUSES

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Schedule 3	Warranties
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THIS AGREEMENT is made the 3rd day of July 2001

BETWEEN:

- 1 "The Vendors": the persons whose names and addresses are set out in column 1 of Schedule 1.
- 2 "The Purchaser": **OSPREY COMMUNICATIONS PLC** (registered no SC75133) whose registered office is at 100 Union Street, Aberdeen, AB10 1QR

Operative provisions:

1 Interpretation

1.1 In this agreement, including the Schedules other than Schedule 4:

1.1.1 the following words and expressions have the following meanings, unless they are inconsistent with the context:

'Additional Consideration
Shares'

the Ordinary Shares in the capital of the Purchaser, credited as fully paid, to be issued to the Vendors pursuant to Clause 3.1.2

'Admission'

the grant of permission by the Stock Exchange for the entire ordinary issued share capital of the Purchaser and the Initial Consideration Shares to be traded on AIM, and such permission becoming effective in accordance with the AIM Rules

'Agreed Form'

the form agreed between the parties on or prior to the date of this agreement and initialled for the purpose of identification by their respective solicitors

'AIM'

the Alternative Investment Market of the Stock Exchange

'AIM Rules'

the rules relating to AIM published by the Stock Exchange

'Business'

the business of production as an independent production company of (a) radio programmes including (without limiting the generality hereof)

	political radio programmes and radio comedy archive shows; (b) television archive clip shows in the field of tasteless television and cookery; and (c) sponsor financed fireworks displays and corporate parties
"Business Day"	a day (other than a Saturday or Sunday) on which clearing banks in the City of London are open for the transaction of normal sterling banking business
'CA'	Companies Act 1985
'CAA'	Capital Allowances Act 1990
'Certification'	the certification of the Completion Accounts by the Purchaser's Accountants and the Vendors' Accountants pursuant to Clause 7 hereof
'Companies Acts'	CA, the former Companies Acts (within the meaning of CA s 735(1)) and the Companies Act 1989
'Company'	10 Alps Broadcasting Limited a company incorporated in England and Wales (registered number 2888301) whose registered office is at 20 Skylines Village, Limeharbour, London E14 9TS
'Completion'	completion of the purchase of the Shares in accordance with Clause 6
'Completion Accounts'	the consolidated balance sheet as at 31st March 2002 and the consolidated profit and loss account of the Group Companies (and for this purpose only Instant Party Limited (company number 3842099) shall be treated as a subsidiary of the Company) for the year from 1st April 2001 to 31st March 2002 prepared in accordance with Clause 7 hereof
'Consideration'	the total consideration payable for the Shares being the aggregate of the Initial Consideration Shares and the Additional Consideration Shares

'Disclosure Letter'	the disclosure letter (together with all the documents attached to it) in relation to the Warranties and the Tax Deed of the same date as this agreement from the Vendors' Solicitors to the Purchaser's Solicitors
'FA'	Finance Act
'Group Companies'	the Company and its Subsidiaries as at the date hereof
'ICTA'	Income and Corporation Taxes Act 1988
'Initial Consideration Shares'	the 9,105,291 Ordinary Shares of 2p each, credited as fully paid, in the capital of the Purchaser to be issued to the Vendors pursuant to Clause 3.1.1
'Intellectual Property Rights'	patents, patent applications, know-how, trade marks, trade mark applications, trade names, registered designs, copyright or other similar intellectual or commercial right
'ITA'	Inheritance Tax Act 1984
'Last Accounts Date'	31st March 2001 (being the date to which the Principal Accounts have been prepared)
'Planning Acts'	as defined in the Town and Country Planning Act 1990, s 336
'Principal Accounts'	the audited balance sheet as at the Last Accounts Date and audited profit and loss account for the year ended on the Last Accounts Date of each Group Company, including in the case of the Company the audited consolidated balance sheet as at that date and the audited consolidated profit and loss account for that year and the directors' report and notes
'Properties'	the properties of the Group Companies shortly described in Schedule 5
'Purchaser's Accountants'	Bright Grahame Murray of 124-130 Seymour

	Place, London, W1H 6AA
'Purchaser's Solicitors'	Evans Dodd of 5 Balfour Place, Mount Street, London, W1Y 5RG
'Relevant Claim'	a claim by the Purchaser involving or relating to a breach of a Warranty, or any other provision of this agreement or under the Tax Deed
'Shares'	the 1875 Ordinary Shares of £1 each in the capital of the Company comprising the whole of its issued and allotted share capital
'Stock Exchange'	London Stock Exchange plc
'Subsidiary'	a subsidiary as defined in CA, s 736
'Taxation'	the same meaning as in the Tax Deed
'Tax Deed '	a deed in the form set out in Schedule 4
'TCGA'	Taxation of Chargeable Gains Act 1992
'TMA'	Taxes Management Act 1970
'VATA'	Value Added Tax Act 1994
'Vendors' Accountants'	Saffery Champness of Fairfax House, Fulwood Place, Gray's Inn, London, WC1V 6UB
'Vendors' Solicitors'	Reynolds Porter Chamberlain, Chichester House, 278-282 High Holborn, London, WC1V 7HA
'Warranties'	the warranties and undertakings of the Vendors contained in Clause 8 and Schedule 3
'2002 Profits'	in relation to the twelve months ending on 31st March 2002 means the consolidated gross profits of the Group Companies (and for this purpose Instant Party Limited shall be treated as a subsidiary of the Company) as shown by the Completion Accounts calculated by deducting from all normal trading sales turnover the direct cost of sales which shall include (but without limiting the generality hereof):
	(a) presenter fees for radio or television

productions whether through agencies or as individuals or otherwise;

- (b) all third party invoices relating to studio and/or editing costs;
- (c) stock costs for programmes;
- (d) project related equipment costs
- (e) consortium and sub-contractors' fees for all events including event related insurance and health and safety costs;

without taking into account revenue or expenses of a capital nature arising on a disposal of fixed assets, investments, plant or any other assets of any Group company; and after making such adjustments as are appropriate, in particular to cause the relevant accounts to accord with the calculation of gross profit for the 12 months ending on 31st March and to assist for the purposes of such calculation in identifying those costs of sales which shall not be taken into account for the purposes of calculating such gross profit there is annexed hereto in the Agreed Form a reconciliation between the cost of sales included for the purposes of the Principal Accounts and the cost of sales included for the purposes of such calculation of gross profit for the 12 months ending on 31st March 2001

1.1.2 all references to a statutory provision shall be construed as including references to:

- (a) any statutory modification, consolidation or re-enactment for the time being in force before the date of this agreement;
- (b) all statutory instruments or orders made pursuant to a statutory provision before the date of this agreement;
- (c) any statutory provisions of which a statutory provision is a modification, consolidation or re-enactment before the date of this agreement;

1.1.3 any reference to the Vendors includes, where appropriate, their personal representatives;

1.1.4 a reference to an FRS is a reference to a statement of standard accounting practice adopted by The Accounting Standards Board Limited.

1.1.5 unless otherwise stated, a reference to a clause or sub-clause or a Schedule is a reference to a clause or a sub-clause of or a Schedule to this agreement.

1.2 Clause headings in this agreement and in the Schedules are for ease of reference only and do not affect the construction of any provision.

2 Agreement for sale

2.1 Subject to the terms and conditions of this agreement, the Vendors shall sell the Shares with full title guarantee and the Purchaser shall purchase the Shares with all rights attaching to them at or after the date of this Agreement.

2.2 Each of the Vendors hereby waives any pre-emption rights he may have in relation to any of the Shares under the articles of association of the Company or otherwise and the Vendors hereby agree with each other that, as between the Vendors, the shareholders agreement between them and the Company dated 12th April 2001 shall terminate with effect from Completion and shall be of no further effect.

3 Purchase consideration

3.1 The purchase consideration for the Shares shall be the aggregate of:

3.1.1 the issue at Completion of the Initial Consideration Shares credited as fully paid; and

3.1.2 (a) in the event that Clause 4.2.1 or Clause 7.7 applies, the issue on the date specified in Clause 4.2.1 or Clause 7.7 (as applicable) of the Additional Consideration Shares being for these purposes but subject always to Clause 3.2, 2,428,077 Ordinary Shares of 2p each in the capital of the Purchaser;

(b) in the event that Clause 4.2.2 applies, the issue on the date specified in Clause 4.2.2 of the Additional Consideration Shares being for these purposes but subject always to Clause 3.2, 485,615 Ordinary Shares of 2p each in the capital of the Purchaser credited as fully paid up if the 2002 Profits are not less than £1,700,000 and an additional 485,615 Ordinary Shares of 2p each in the capital of the Purchaser credited as fully paid up for every complete sum of £50,000 by which the 2002 Profits exceed £1,700,000 subject to a maximum total number of additional Ordinary Shares of 2p each in the capital of the Purchaser under this Clause 3.1.2(b) of 2,428,077

and the Purchaser hereby undertakes to the Vendors to use its reasonable endeavours to procure that permission shall be granted by the Stock Exchange for the Additional Consideration Shares to be traded on AIM and such permission becomes effective as soon as reasonably practicable following issue of such shares.

- 3.2 In the event of any variation of the share capital of the Purchaser (whether pursuant to any issue of shares, capitalisation, rights issue open offer, consolidation, sub-division, reduction of capital or otherwise) following the date of this agreement and prior to the date of issue of the Initial Consideration Shares or the Additional Consideration Shares (if any), the number of Initial Consideration Shares and Additional Consideration Shares to be issued shall be adjusted by the Purchaser in such manner as the auditors of the Purchaser from time to time confirm in writing to be, in their opinion, fair and reasonable. For the avoidance of doubt, the 20:1 share consolidation to take place at Completion shall not result in any adjustment pursuant to this clause 3.2, the number of Initial Consideration Shares and Additional Consideration Shares having been calculated to take account of such consolidation.
- 3.3 The Vendors shall be entitled to the purchase Consideration as nearly as may be in proportion to their holdings of the Shares.
- 3.4 The Initial Consideration Shares and the Additional Consideration Shares shall be issued on terms that they will rank *pari passu* in all respects with, subject to Clause 3.2, the Ordinary Shares of the Purchaser in issue at the date of allotment save as regards any dividend declared or paid by reference to a record date which is prior to the date of their issue.
- 3.5 Subject to Clause 3.6, each of the Vendors undertakes that he will not for a period of twelve months after the date of allotment to him of the Initial Consideration Shares dispose of any of his allocation of Initial Consideration Shares or Additional Consideration Shares (other than after obtaining the written consent of the Board of the Purchaser, not to be unreasonably withheld or delayed, and then only through the Purchaser's stockbroker for the time being), or dispose of or create, or agree to dispose of or create, any interest in the Initial Consideration Shares or Additional Consideration Shares to or in favour of any other person. For the purpose of this Clause, any of the Vendors shall be deemed to dispose of a share if he ceases in any circumstances whatsoever other than death to be the absolute beneficial owner of it and on his death this Clause shall continue to apply in relation to his personal representatives.
- 3.6 The provisions of Clause 3.5 shall not apply to:
- 3.6.1 a transfer of such shares by any Vendor to any member of his immediate family (being his spouse or lineal descendent or adopted children) or to trustees for such Vendor or for such a member, provided always in each case that the transferee agrees by deed in a form acceptable to the Purchaser to be

bound by the provisions of Clause 3.5 and this Clause 3.6;

- 3.6.2 a disposal of any shares to the extent reasonably necessary for the purposes of realising funds to satisfy any claim under the terms of a Placing Agreement dated with the same date as this Agreement between the Purchaser, Alex Connock and others, Canaccord Capital (Europe) Limited and Seymour Pierce Limited;
- 3.6.3 a disposal of any shares to the extent reasonably necessary for the purposes of realising funds to satisfy any Relevant Claim; or
- 3.6.4 an acceptance of an offer for the entire issued share capital of the Purchaser which has either been recommended for acceptance by the then directors of the Purchaser or has become unconditional as to acceptances.

4 Adjustments to the Consideration

- 4.1 The parties shall jointly procure the preparation of the Completion Accounts in accordance with Clause 7.
- 4.2 Any Additional Consideration Shares to be allotted pursuant to Clause 3.1.2 shall be allotted on the earlier of:
 - 4.2.1 the date on which any person obtains Control (for the purposes of this Clause 4.2.1, such phrase having the meaning given to it in section 840 of ICTA) of the Purchaser as a result of making:
 - (a) a general offer (which would value each Consideration Share at more than 23p to acquire the whole of the issued share capital of the Purchaser (other than that which is already owned by him) which is unconditional or which is made on a condition that if it is satisfied the person making the offer will have Control of the Purchaser; or
 - (b) a general offer (which would value each Consideration Share at more than 23p to acquire all the shares (other than shares which are already owned by him) in the Purchaser which are of the same class as the Additional Consideration Shares; and
 - 4.2.2 the date which is 7 days following the date of Certification of the 2002 Profits.

5 Conditions and rescission

- 5.1 The purchase of the Shares is conditional upon:
 - 5.1.1 a resolution in the Agreed Form being passed at a general meeting of the Purchaser;

- 5.1.2 a minimum of £2,500,000 is raised by the Purchaser pursuant to a placing of ordinary shares in the capital of the Purchaser for cash, to be effected contemporaneously with Admission (subject only to completion of the acquisition agreement referred to in Clause 5.1.3, Completion and Admission);
- 5.1.3 a binding agreement is entered into between the Purchaser, Danielle Nay, and others for the purchase by the Purchaser of the entire issued share capital of Instant Party Limited, and such agreement becomes unconditional save as to (a) any inter-conditionality with any other agreements and (b) Admission;
- 5.1.4 the Purchaser receives confirmation from the Panel on Take-overs and Mergers that, despite being allotted the Initial Consideration Shares on Completion and potentially being entitled to be allotted the Additional Consideration Shares in due course, the shareholders of the Company, either along or in concert with other parties, will not have to make an offer for the entire issued share capital of the Purchaser;
- 5.1.5 Admission is obtained (although is not yet effective);
- 5.1.6 clearances or exemptions being obtained under or in respect of:
 - ICTA s 707 (Cancellation of tax advantages from certain transactions in securities);
 - TCGA s 138 (Company reconstructions and amalgamations);
- 5.1.7 the Vendors procuring the name of 11 Alps Digital Limited (registered number 3917159) being altered to The Quite BAD Company Limited or such other similar name thereto as is acceptable to the Registrar of Companies;
- 5.1.8 Keyman insurance being available to the Purchaser at a price satisfactory to it on the life of Alexander Michael Connock for cover of £1m; and
- 5.1.9 a settlement agreement in the Agreed Form being entered into between the Purchaser and R. Alexander Hammond-Chambers and others
- 5.2 If any of the conditions set out in Clause 5.1 is not fulfilled by 5.30pm on 31st August 2001 then on that date:
 - 5.2.1 the Purchaser and Vendors may (but without prejudice to any other right to remedy either party may have) agree in writing to postpone the date for Completion subject to satisfaction by such date of the conditions, to a date falling not more than 30 Business Days after the date specified in this Clause 5.2; or
 - 5.2.2 failing such agreement, any of the parties may terminate this Agreement by

notice in writing to the other parties, whereupon all rights and obligations of the parties shall cease to have effect immediately upon termination except that termination does not affect the accrued rights and obligations of the parties at the date of termination.

- 5.3 The Vendors and the Purchaser shall use their respective reasonable endeavours to ensure that this agreement becomes unconditional by the date specified in Clause 5.2. The obligation of the Purchaser in relation to Clause 5.1.1 shall be satisfied by its sending a circular to its shareholders containing a recommendation to vote in favour of the appropriate resolutions and by the Directors of the Purchaser undertaking to vote in favour of those resolutions.
- 5.4 Pending Completion, the Vendors shall procure that the business of each Group Company is carried on in the same manner as prior to the date of this agreement; and the Purchaser shall procure that the business of each of the Purchaser and its Subsidiaries is carried on in the same manner as prior to the date of this agreement.
- 5.5 Pending Completion, the Vendors shall procure that no Group Company shall, and the Purchaser shall procure that the none of the Purchaser nor its subsidiaries shall:
- 5.5.1 create or issue, share or loan capital or grant an option in respect of any share or loan capital or otherwise vary the share capital in any way save as contemplated by the resolution mentioned in Clause 5.1.1;
 - 5.5.2 create, extend, grant or issue any mortgage, charge, debenture or other security;
 - 5.5.3 declare, make or pay a dividend or other distribution;
 - 5.5.4 engage in a transaction which is not made on a bona fide arms' length basis in the normal course of its trading business;
 - 5.5.4 enter into a long term or abnormal contract;
 - 5.5.6 acquire any leasehold or freehold property or any interest in land;
 - 5.5.7 increase the remuneration or benefits of an officer or employee (other than pursuant to a normal year end review) and other than as described in the Disclosure Letter), vary the terms of appointment or employment or dismiss any officer or employee, or appoint or engage a new officer or employee.
- 5.6 If at any time prior to Completion, the Purchaser becomes aware of any matter or fact which constitutes a material breach of the Warranties and which cannot be remedied or (if capable of remedy) is not remedied prior to Completion, the Purchaser shall be entitled to rescind this agreement by notice in writing to the other parties.

6 Completion

- 6.1 Provided that it has not been postponed, terminated or rescinded in accordance with Clause 5 Completion shall take place at the offices of the Vendors' Solicitors on the next Business Day following the satisfaction or waiver of the last of the conditions set out in Clause 5.1 when, subject to Clause 6.6, all the transactions mentioned in the following sub-clauses shall take place.
- 6.2 The Vendors shall deliver to the Purchaser:
- 6.2.1 duly completed and signed transfers in favour of the Purchaser or as it may direct in respect of the Shares together with the relative share certificates;
 - 6.2.2 duly completed and signed transfers in favour of the Purchaser or as it may direct of all shares of the Subsidiaries of the Company which are not registered in the name of a Group Company together with the relative share certificates;
 - 6.2.3 the Tax Deed duly executed by the Vendors and the Company;
 - 6.2.4 the statutory books of each Group Company complete and up-to-date and their certificates of incorporation and common seals;
 - 6.2.5 the appropriate forms to amend the mandates given by each Group Company to its bankers;
 - 6.2.6 written confirmation from the Vendors that there are no subsisting guarantees given by any Group Company in their favour and that after compliance with Clause 6.3 none of the Vendors will be indebted to any Group Company or vice versa.
- 6.3 The Vendors shall repay all monies then owing by them to any Group Company whether due for payment or not.
- 6.4 Board meetings of each Group Company shall be held at which:
- 6.4.1 Alistair Brian Walden shall be appointed a non-executive director and Chairman of the board of directors; and
 - 6.4.2 the transfers referred to in Clauses 6.2.1 and 6.2.2 (as the case may be) shall be approved (subject to stamping).
- 6.5 Upon completion of the matters referred to in Clauses 6.2 to 6.4:
- 6.5.1 the Purchaser shall deliver to the Vendors' Solicitors definitive share certificates in respect of the Initial Consideration Shares
 - 6.5.2 A Board Meeting of the Purchaser shall be held at which:

- (a) the following changes will be made to the Board of Directors of the Purchaser and the parties hereto shall procure that terms of appointment (for non-executive appointments) and service agreements (for executive appointments) and severance agreements (for all resignations) shall be entered into between the respective parties in the Agreed Forms:
 - (i) Alistair Brian Walden shall be appointed a non-executive director and Chairman;
 - (ii) Jack Rubins shall resign as Chairman and remain as an executive director;
 - (iii) Robert Frederick Zenon Geldof shall be appointed a non-executive director and a consultant to the Purchaser;
 - (iv) Alexander Michael Connock shall be appointed an executive director and the Chief Executive;
 - (v) Munir Samji shall resign as a non-executive director and company secretary;
 - (vi) Phillip Caldwell shall be appointed a non-executive director-;
 - (vii) Nitil Patel shall be appointed an executive director with responsibility for finance-;
 - (viii) Stephen Barclay shall resign as a non-executive director; and
 - (ix) Nitil Patel shall be appointed as company secretary;

6.6 The Purchaser may in its absolute discretion waive any requirement contained in Clauses 6.2 to 6.4, and shall not be obliged to complete the purchase of any of the Shares unless the purchase of all the Shares is completed in accordance with this agreement, but may instead rescind this agreement without prejudice to any other remedy it may have. If the Purchaser rescinds this agreement pursuant to this Clause 6.6 each party's further rights and obligations cease immediately on rescission, but rescission does not affect a party's accrued rights and obligations at the date of rescission.

7. Preparation of the Completion Accounts

7.1 The parties hereto shall procure that the Completion Accounts are prepared by the Company to accord with the accounting bases and policies applicable as at the Last Accounts Date and certified jointly as complying with the provisions of this Agreement by the 'Vendors' Accountants and the Purchaser's Accountants within fifteen days after delivery to them of the Completion Accounts or in the event of

disagreement between the Vendors' Accountants and the Purchaser's Accountants within seven days of completion of the dispute procedure hereinafter set out in Clause 7.5.

- 7.2 Certification of the Completion Accounts by the Vendors' Accountants and the Purchaser's Accountants shall be conclusive and binding on the parties hereto save for manifest error and at the same time as certifying the Completion Accounts the Vendors' Accountants and the Purchaser's Accountants shall also produce a joint certificate as to the amount of the Additional Consideration Shares due to the Vendors.
- 7.3 The Purchaser's Accountants and the Vendors' Accountants shall be entitled to the same access and information relating to the Group Companies and to Instant Party Limited as if they were the auditors thereto including the ability to discuss with the directors and review the relevant working papers for the purposes of checking and agreeing the Completion Accounts.
- 7.4 The Company shall be responsible for the costs of the Vendors' Accountants and the Purchaser shall be responsible for the costs of the Purchaser's Accountants in connection with the matters referred to in this Clause.
- 7.5 Any dispute arising under this Clause 7 (which shall include the failure on the part of the Vendors' Accountants and the Purchaser's Accountants to certify the Completion Accounts or to agree any matter relating to the preparation of the same) shall be referred for final settlement to an independent firm of chartered accountants agreed between the Purchaser's Accountants and the Vendors' Accountants or (failing such nomination within 14 days after either such Accountants' request to the other) nominated at the request of either Accountants by the President for the time being of the Institute of Chartered Accountants in England and Wales and such firm shall be deemed to act as experts and not as arbitrators and their decision shall (in the absence of manifest error) be final and binding on the parties hereto and their fees accruing shall be borne and paid by the Vendors and the Purchaser in equal proportions and if either the Vendors or the Purchaser shall pay the whole of such fees they or it (as the case may be) shall be entitled to immediate reimbursement of the appropriate proportion by the other.
- 7.6 From Completion until 31st March 2002 (the "**Interim Period**") the Purchaser shall procure that:
- 7.6.1 for so long as Alex Connock and Nitil Patel remain employed by the Purchaser, both or either of them shall have management control of the Group Companies and Instant Party Limited;
- 7.6.2 if neither Alex Connock nor Nitil Patel remains employed by the Purchaser then the Purchaser shall procure that the business of the Group Companies and of Instant Party Limited will be maintained, operated and managed in good faith and that the Purchaser will assist and provide such support (including financial support as necessary) as may be reasonable and necessary

with a view to achieving the maximum issue of Additional Consideration Shares.

- 7.7 In the event that the Purchaser is in material breach of any of the provisions of Clause 7.6 and such breach is not rectified within 28 days of a notice in writing from the Vendors to do so, then the 2002 Profits shall be thereby deemed to exceed £1,900,000 and, accordingly, the Purchaser shall forthwith issue to the Vendors the Additional Consideration Shares being for these purposes but subject always to Clause 3.2, 2,428,077 Ordinary Shares of 2p each in the capital of the Purchaser.

8 Warranties and undertakings by the Vendors

- 8.1 Each Vendor severally warrants to the Purchaser that :

- 8.1.1 he has and will have full power and authority to enter into and perform this agreement and the Tax Deed which constitute or when executed will constitute binding obligations on him in accordance with their respective terms;
- 8.1.2 there is and at Completion will be no pledge, lien or other encumbrance on, over or affecting his Shares and there is and at Completion will be no agreement or arrangement to give or create any such encumbrance and no claim has been or will be made by any person to be entitled to any of the foregoing;
- 8.1.3 he will be entitled to transfer the full legal and beneficial ownership of his Shares to the Purchaser on the terms of this agreement without the consent of any third party;

- 8.2 The Vendors jointly and severally warrant that:

- 8.2.1 the Shares constitute the whole of the issued and allotted share capital of the Company;
- 8.2.2 the Subsidiaries listed in Schedule 2 are all the present Subsidiaries of the Company;
- 8.2.3 the information in Schedule 2 relating to the Group Companies is true and accurate as at the date of this Agreement;
- 8.2.4 unless otherwise specifically stated herein or in the Disclosure Letter the Company or (where specified) a Subsidiary of the Company is the sole beneficial owner of the shares in the Subsidiaries of the Company listed in the last column of Part 2 of Schedule 2 free from any encumbrance; and
- 8.2.5 subject to the provisions of Schedule 6 and to those matters set out in the Disclosure Letter or provided for by this agreement, the Warranties in

Schedule 3 are true and accurate and not misleading in any material respect as at the date of this agreement.

- 8.3 Each of the Vendors undertakes, in relation to any Warranty which refers to the knowledge, information or belief of the Vendors, that he has made all usual and reasonable enquiries into the subject matter of that Warranty.
- 8.4 Each of the Warranties is without prejudice to any other Warranty and each warranty shall be construed independently and separately.
- 8.5 Each of the Vendors shall promptly disclose in writing to the Purchaser any event or circumstance which becomes known to him prior to Completion and is inconsistent with any of the Warranties or the contents of the Disclosure Letter.
- 8.6 The rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by Completion, by any investigation made by it or on its behalf into the affairs of any Group Company, by its rescinding or failing to rescind this agreement or, subject to Schedule 6, to exercise or delaying the exercise of any right or remedy, or by any other event or matter, except a specific and duly authorised written waiver or release, and no single or partial exercise of any right or remedy shall preclude any further or other exercise.
- 8.7 None of the information supplied by any Group Company or its professional advisers to any of the Vendors or their agents, representatives or advisers in connection with the Warranties and the contents of the Disclosure Letter, or otherwise in relation to the business or affairs of any Group Company, shall be deemed a representation, warranty or guarantee of its accuracy by the Group Company to the Vendors, and the Vendors waive any claims against the Group Company which they might otherwise have in respect of it.
- 8.8 The Vendors shall procure that, except so far as may be necessary to give effect to this agreement, no Group Company shall before Completion without the prior written consent of the Purchaser; knowingly do, procure or allow anything which may cause, constitute or result in a breach of the Warranties.
- 8.9 The Vendors shall procure that until Completion the Purchaser, its agents, representatives and professional advisers are given promptly on request whatever facilities and information regarding the business, assets, liabilities, contracts and affairs of each Group Company, and of the documents of title and other evidence of ownership of its assets, that the Purchaser may reasonably require.
- 8.10 Notwithstanding any rule of law or equity to the contrary, any release, waiver or compromise or any other arrangement of any kind whatever which the Purchaser may agree to or effect in relation to one of the Vendors in connection with this agreement, and in particular the Warranties, shall not affect the rights and remedies of the Purchaser in relation to the other Vendors.

- 8.11 The Purchaser acknowledges that it has not been induced to enter into this agreement by any representation or warranty other than the Warranties. All implied warranties are excluded.
- 8.12 The Purchaser and the Vendors acknowledge that nothing in this agreement shall in any way limit or restrict the general obligation of the Purchaser to mitigate any loss or damage it may suffer in consequence of any matter which may give rise to a Relevant Claim. Any payment made by the Vendors in respect of a Relevant Claim shall be treated by the Purchaser and the Vendors as a reduction in the purchase price of the Shares to the extent of the payment.

9 Restrictive agreement

- 9.1 For the purpose of assuring to the Purchaser the full benefit of the businesses and goodwill of the Group Companies, each of the Vendors severally undertakes by way of further consideration for the obligations of the Purchaser under this agreement as separate and independent agreements that he will not save in the proper discharge of his duties under contract to the Purchaser or any of the Group Companies:
- 9.1.1 for two years after Completion either on his own account or for any other person directly or indirectly in competition with the Business solicit, interfere with or endeavour to entice away from any Group Company any person who to his knowledge is, or has during the past twelve months been, a client, customer or employee of, or in the habit of dealing with, any Group Company;
- 9.1.2 for two years after Completion, either alone or jointly with or as manager, agent for or employee of any person, directly or indirectly carry on or be engaged concerned or interested anywhere in the European Union, the United States and Canada in the Business.
- 9.2 Each and every obligation hereunder shall be treated as a separate obligation and shall be severally enforceable as such.
- 9.3 While the restrictions in this Clause above are considered by the Vendors to be reasonable in all the circumstances it is recognised that restrictions of the nature in question may fail for technical reasons unforeseen and accordingly it is hereby agreed and declared that if any of such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the Purchaser but would be valid if part of the wording thereof were deleted and/or the period or scope thereof reduced the said restriction shall apply with such modifications as may be necessary to make it valid and effective
- 9.4 In the case of R.F.Z. Geldof, Clause 9.1 shall not apply to the following business activities with which he is involved as at the date hereof:

World Travel Holdings / Deckchair.com - online travel booking;
Cyberkard - development and marketing of digital Rom-cards;

Barweb - mobile barcode technology;
Castaway / Survivor - TV format and its exploitation in all media worldwide;
IC-3 - mobile internet, SMS messaging, WAP, GPRS and 3G services and other forms of telephony;
Seebald - private financial management;
Hixdell - private financial management;
Celebrity appearances in whatever medium including, without limitation, speaking, appearances and performances, political and charity work;
Recording, composing and/or performing music.

10 Vendors' protection

10.1 The provisions of Schedule 6 shall apply.

11 General

11.1 No announcement shall be made in respect of the subject matter of this agreement unless specifically agreed between the parties or it is an announcement required by law or the Stock Exchange issued after prior consultation with the Vendors.

11.2 If this agreement ceases to have effect the Purchaser will release and return to each Group Company all documents concerning it provided to the Purchaser or its advisers in connection with this agreement and will not use or make available to any other person any information which it or its advisers have been given in respect of any Group Company and which is not in the public domain.

11.3 This agreement shall be binding upon each party's successors and assigns and personal representatives (as the case may be) but, except as expressly provided, none of the rights of the parties under this agreement or the Warranties may be assigned or transferred.

11.4 All expenses incurred by or on behalf of the parties, including all fees of agents, representatives, solicitors, accountants and actuaries employed by any of them in connection with the negotiation, preparation or execution of this agreement, shall be borne solely by the Purchaser.

11.5 Any notice to be served hereunder shall be deemed to have been properly served if sent by prepaid letter post or facsimile or by courier to the address or facsimile number of the addressee last known to the addressor or to such other address or facsimile number details of which have been notified in writing by the addressee to the addressor prior to service of such notice and such notice shall be deemed to have been received immediately in the case of a facsimile or courier and 72 hours after posting in the case of a letter.

11.6 This Agreement does not create any right enforceable by a person not party to it and a person who is not a party to this Agreement except a permitted successor in title to

a party or assignee of their rights in respect of the Assets or any part of them shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

- 11.7 This Agreement and the Tax Deed are governed by English law and the parties hereby submit to the non-exclusive jurisdiction of the English Courts in connection therewith.
- 11.8 This Agreement and the Tax Deed constitute the entire agreement and supersede any previous agreements between the parties relating to the subject matter of this Agreement.

SCHEDULE 1

Vendors' holdings

Vendors' Names and Addresses	Holding of Shares	Number of Initial Consideration Shares
Alexander Michael Connock 97 Regents Park Road London NW1 8UR	750	3,642,116
Robert Frederick Zenon Geldof 57 Prince of Wales Mansions Prince of Wales Drive London SW11 4BH	750	3,642,116
Desmond Alexander Shaw 7 Grove Court Farm Colonels Lane Boughton under Blean Faversham Kent ME13 9SH	375	1,821,059
TOTAL	1,875	9,105,291

SCHEDULE 2

Details of group companies

Part 1: The company

Company number: 02888301

Date of incorporation: 17th January 1994

Share capital:

authorised: 1875 Ordinary Shares of £1 each

issued: 1875 Ordinary Shares of £1 each

Registered office: 20 Skylines Village, Limeharbour, London, E14 9TS

Directors:

Alexander Michael Connock

Robert Frederick Zenon Geldof

Nitil Patel

Desmond Alexander Shaw

Secretary: Desmond Alexander Shaw

Part 2: The subsidiaries of the company

Name of subsidiary and date of incorporation	Registered number	Share capital		Registered office	Directors
		authd	issued		
Know Comment Limited (incorporated 04/08/2000)	04047293	100 Shares	100 Shares	18 Bentinck Street London W1M 5RL	Nitil Patel
			75 Shares held by the Company		Jo Phillips
			25 Shares held by Jo Phillips		

SCHEDULE 3

Warranties

1 Accounts

1.1 The Principal Accounts

1.1.1 The Principal Accounts were prepared in accordance with the historical cost convention; and the bases and policies of accounting adopted in preparing the Principal Accounts are, except as stated in the Principal Accounts the same as those adopted in preparing the audited accounts of each Group Company in respect of the three last preceding accounting periods.

1.1.2 The Principal Accounts:

- (a) give a true and fair view of the assets and liabilities of each Group Company at the Last Accounts Date and its profits for the financial period ended on that date;
- (b) comply with the requirements of the Companies Acts and other relevant statutes;
- (c) except as stated in the Principal Accounts, comply with all FRSs applicable to a United Kingdom company;
- (d) except as stated in the Principal Accounts, are not affected by any extraordinary, exceptional or non-recurring item;
- (e) except as stated in the Principal Accounts, make full provision or reserve for all liabilities and capital commitments of each Group Company outstanding at the Last Accounts Date, including contingent, unquantified or disputed liabilities;
- (f) make provision or reserve, in accordance with the principles set out in the notes included in the Principal Accounts, for all Taxation liable to be assessed on each Group Company or for which it may be accountable in respect of the period ended on the Last Accounts Date.

1.2 Accounting Reference Date

1.2.1 The accounting reference date of each Group Company for the purposes of CA s 224 is 31st March and there has not at any time been any other date.

1.3 Book debts

- 1.3.1 No part of the amounts included in the Principal Accounts, or subsequently recorded in the books of any Group Company, as owing by any debtors is overdue by more than twelve weeks, or has been released on terms that any debtor pays less than the full book value of his debt or has been written off or has proved to any extent to be irrecoverable or is now regarded by the relevant Group Company as irrecoverable in whole or in part.

1.4 Books and records

- 1.4.1 All the accounts, books, ledgers and other financial records, of each Group Company:
- (a) are in its possession or held to its order;
 - (b) have been properly and accurately kept and completed in all material respects; and
 - (c) as far as the Vendors are aware, do not contain any material inaccuracies or discrepancies.

2 Corporate matters

2.1 Directors and shadow directors

- 2.1.1 The only directors of the Group Companies are the persons whose names are listed in relation to each Group Company in Schedule [2].
- 2.1.2 To the best of the Vendors' knowledge, information and belief, no person is or may be considered to be a shadow director (within the meaning of CA s 741) of a Group Company but is not treated as one of its directors for all the purposes of that Act.

2.2 Subsidiaries, associations and branches

2.2.1 No Group Company:

- (a) is the holder or beneficial owner of or has agreed to acquire any share or loan capital of any company (whether incorporated in the United Kingdom or elsewhere) other than the Subsidiaries listed in Schedule 2;
- (b) has outside the United Kingdom any branch, agency or place of business, or any permanent establishment (as that expression is defined in the relevant double taxation relief order current at the date of this agreement).

2.3 Options over group companies' capital

- 2.3.1 Except as required by this agreement, there are no agreements or arrangements in force which provide for the present or future issue, allotment or transfer of or grant to any person the right (whether conditional or otherwise) to call for the issue, allotment or transfer of any share or loan capital of any Group Company (including any option or right of pre-emption or conversion).

2.4 New issues of capital

- 2.4.1 No share or loan capital has been issued or allotted, or agreed to be issued or allotted, by any Group Company since the Last Accounts Date.

2.5 Commissions

- 2.5.1 No one is entitled to receive from any Group Company any finder's fee, brokerage or other commission in connection with the sale and purchase of the Shares under this agreement.

2.6 Memoranda and articles of association, statutory books and resolutions

- 2.6.1 The copy of the memorandum and articles of association of each Group Company attached to the Disclosure Letter is accurate and complete in all respects and has embodied in it or annexed to it a copy of every such resolution as is referred to in CA s 380.
- 2.6.2 The register of members and other statutory books of each Group Company have been properly kept and contain an accurate and complete record of the matters with which they should deal.
- 2.6.3 No notice or allegation that any of the foregoing is incorrect or should be rectified has been received.
- 2.6.4 Since the Last Accounts Date no alteration has been made to the memorandum or articles of association of any Group Company and no resolution of any kind of the shareholders of any Group Company has been passed (other than resolutions relating to routine business at annual general meetings).

2.7 Documents filed

- 2.7.1 All returns, particulars, resolutions and documents required by the Companies Acts or any other legislation to be filed with the Registrar of Companies, or any other authority, in respect of each Group Company have been duly filed and were correct; and due compliance has been made with all the provisions of the Companies Acts and other legal requirements in connection with the formation of each Group Company, the allotment or issue of shares, debentures and other securities, and the payment of dividends.

2.7.2 All charges in favour of any Group Company have (if appropriate) been registered in accordance with the provisions of CA ss 395, 409, 410 and 424.

2.8 Possession of documents

2.8.1 All title deeds relating to the assets of each Group Company, and an executed copy of all agreements to which any Group Company is a party, and the original copies of all other documents which are owned by or which ought to be in the possession of any Group Company are in its possession.

2.9 Investigations

2.9.1 So far as the Vendors are aware, no investigations or enquiries by, or on behalf of, any governmental or other body in respect of the affairs of any Group Company are pending or taking place.

3 Taxation

3.1 Administration

3.1.1 All returns, notifications, computations and payments which should have been made or given by any Group Company for any Taxation purpose were made or given within the requisite periods and are up-to-date, correct and on a proper basis and, so far as the Vendors are aware, none of them is or is likely to be the subject of any material dispute with the Inland Revenue or other Taxation authorities.

3.1.2 All particulars furnished to the Inland Revenue or other Taxation authorities, in connection with the application for any consent or clearance on behalf of any Group Company, or affecting any Group Company, made since the Last Accounts Date, fully and accurately disclosed all facts and circumstances material for the decision of those authorities; any consent or clearance is valid and effective; and any transaction, for which consent or clearance has previously been obtained, has been carried into effect (if at all) only in accordance with the terms of the relative application and consent or clearance.

3.1.3 No Group Company has, since the Last Accounts Date, paid or become liable to pay any penalty or interest charged under TMA or any other Taxation statute.

3.1.4 Each Group Company has properly operated the PAYE system, by deducting tax, as required by law, from all payments made or treated as made to its employees or former employees, and accounting to the Inland Revenue for all tax deducted by it and for all tax chargeable on benefits provided for its

employees or former employees.

3.1.5 Each Group Company has complied in all respects with the following sections, and all regulations made under them, and has made and accounted for all deductions and retentions which they specify or require:

- (a) ICTA s 43 (Non-residents);
- (b) ICTA s 349 (Payments not out of profits or gains brought into charge to income tax and annual interest);
- (c) ICTA Pt XIII Chapter III (Entertainers and sportsmen);

3.2 Taxation claims, liabilities and reliefs

3.2.1 The Disclosure Letter contains full details of all matters relating to Taxation in respect of which any Group Company (either alone or jointly with any other person) has:

- (a) made a claim (including a supplementary claim) for, disclaimer of or election for relief under any Taxation statute;
- (b) appealed against an assessment to or a determination affecting Taxation;
- (c) applied for the postponement of Taxation;
- (d) required the postponement or reduction of any allowance.

3.2.2 No relief (whether by way of deduction, reduction, set-off exemption, repayment or allowance, or otherwise) from, against or in respect of any Taxation has been claimed and/or given to any Group Company which could or might be effectively withdrawn, postponed, restricted or otherwise lost as a result of any act, omission, event or circumstance arising or occurring in the ordinary course of business of any Group Company as carried on at Completion at any time after Completion.

3.3 Distributions and deductibility of payments

3.3.1 No Group Company has repaid, or agreed to repay or redeemed or agreed to redeem its share capital or capitalised or agreed to capitalise in the form of redeemable shares or debentures any profits or reserves of any class or description.

3.3.2 No security (within the meaning of ICTA s 254(1) (Company distributions, tax credits etc: Interpretation)) issued by any Group Company and outstanding at the date of this agreement was issued in such circumstances that the interest

payable on it, or any other payment in respect of it, falls to be treated as a distribution under ICTA s 209 (Meaning of 'distribution').

- 3.3.3 No rents, interest, annual payments or other sums of an income nature paid or payable since the Last Accounts Date by any Group Company or which any Group Company is under an obligation to pay in the future are or may be wholly or partially disallowable as deductions in computing profits or as charges against profits, for the purposes of corporation tax.

3.4 Carry forward of losses and ACT

- 3.4.1 Nothing has been done, and no event or series of events has occurred, which might cause in relation to any Group Company the disallowance of the carry forward or back of losses, excess management expenses or advance corporation tax under ICTA s 393 (Losses other than terminal losses), s 768 (Change in ownership of company: disallowance of trading losses), s 768A (Change in ownership: disallowance of carry back of trading losses), s 768B (Change in ownership of investment company: deductions generally), s 245 (Calculation etc of ACT on change of ownership of company) or s 245A (Restriction on application of section 240 in certain circumstances).

3.5 Close companies

- 3.5.1 No Group Company is, or was at any time during the six years ended on the Last Accounts Date, a close company as defined in ICTA 1988, s 414 (Close companies).

3.6 Group relief and group surrenders

- 3.6.1 The Group Companies comprise a group for the purposes of ICTA Pt X Ch IV (Group relief), and there is nothing in ICTA s 410 (Arrangements for transfer of company to another group or consortium) which precludes any Group Company from being regarded as a member of the group.
- 3.6.2 No Group Company has since the Last Accounts Date made or agreed to make, otherwise than to or from another Group Company:
- (a) a surrender of, or claim for, group relief under ICTA Pt X Ch IV (Group relief);
 - (b) a surrender of surplus advance corporation tax under ICTA s 240 (Set-off of company's surplus ACT against subsidiary's liability to corporation tax); or
 - (c) a surrender of a right to receive a refund of tax under FA 1989 s 102 (Surrender of company tax refund etc within group).

- 3.6.3 No Group Company is liable to make or entitled to receive a payment for group relief or for the surrender of advance corporation tax, otherwise than to or from another Group Company.
- 3.6.4 No Group Company has made or received a payment for group relief or for the surrender of advance corporation tax (otherwise than to or from another Group Company), which may be liable to be refunded in whole or in part.
- 3.6.5 All claims for group relief made by each Group Company were valid and have been or will be allowed by way of relief from corporation tax.

3.7 Capital allowances

- 3.7.1 All expenditure which any Group Company has incurred or may incur 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 relevant Group Company) for writing-down allowances under CAA s 24 (Writing-down allowances and balancing adjustments).
- 3.7.2 No election has been made by any Group Company under CAA s 53 (Expenditure incurred by equipment lessor) or s 55 (Expenditure incurred by incoming lessee: transfer of allowances) in relation to any fixtures.
- 3.7.3 No Group Company has made an election to treat any machinery or plant as a short-life asset within the provisions of CAA s 37 (Election for certain machinery or plant to be treated as short-life assets).

3.8 Transactions not at arm's length

- 3.8.1 No Group Company has carried out or been engaged in any transaction or arrangement to which ICTA s 770 (Sale etc at an undervalue or overvalue) has been or may be applied.
- 3.8.2 No Group Company has disposed of or acquired any asset in such circumstances that TCGA s 17 (Disposals and acquisitions treated as made at market value) could apply.

3.9 Tax avoidance

- 3.9.1 No Group Company has since the Last 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 a liability to Taxation;

3.10 Value added tax

- 3.10.1 Each Group Company:

- (a) has duly registered and is a taxable person for the purposes of value added tax;
- (b) has complied in all material respects with all statutory requirements, orders, provisions, directions or conditions relating to value added tax;
- (c) maintains complete, correct and up-to-date records for the purposes of the relevant legislation;
- (d) has not applied for treatment nor is it treated as a member of a group which includes any company which is not one of the Group Companies;
- (e) no Group Company is, or has agreed to become, an agent (for the purposes of VATA 1994, s 47 (Agents etc)) for the supply of goods for a person who is not a taxable person.

3.10.2 No Group Company:

- (a) is in arrears with any payment or returns, or is liable to any abnormal or non-routine payment, or any forfeiture or penalty, or to the operation of any penal provision; or
- (b) has been required by the Commissioners of Customs and Excise to give security;

3.10.3 The Disclosure Letter contains full particulars of any claim for bad debt relief made or which may be made by any Group Company under VATA s 36 (Bad debts).

3.10.4 No Group Company has within the past twelve or twenty four months respectively, received a surcharge liability notice under VATA s 59 (The default surcharge) or a penalty liability notice under VATA s 64 (Repeated misdeclarations) or may be liable to a penalty under s 63 (Penalty for misdeclaration or neglect resulting in VAT loss for one accounting period equalling or exceeding certain amounts).

3.10.5 No election to waive exemption from value added tax in relation to any of the Properties has been made by a Group Company or a predecessor in title under VATA Sched 10, para 2 (Election to waive exemption).

3.10.6 No direction has been given, and there are no grounds under which one may be given, by Customs and Excise under VATA Sched 9A (Anti-avoidance provisions: Groups) as a result of which a Group Company would be treated for the purposes of value added tax as a member of a group which includes a company which is not a Group Company or as not being a member of the group with the other Group Companies.

3.11 Inheritance tax

- 3.11.1 No Group Company has at any time made a transfer of value (as defined in ITA s 3 (Transfers of Value)).
- 3.11.2 No Inland Revenue charge for unpaid inheritance tax (as provided by ITA ss 237 and 238 (Inland Revenue charge for unpaid tax)) over any asset of any Group Company, or in relation to any shares in the capital of any Group Company is outstanding.
- 3.11.3 No circumstances exist whereby any power mentioned in ITA s 212 (Powers to raise tax) could be exercised in relation to any shares, securities or other assets of any Group Company, or could be exercised but for ITA s 204(6) (Limitation of liability).

3.12 Stamp duty

- 3.12.1 Within the past two years, no Group Company has claimed relief or exemption under FA 1930 s 42 (Relief from transfer stamp duty in case of transfer of property as between associated companies).

4 Finance

4.1 Capital commitments

- 4.1.1 Except as set out in the Principal Accounts, there were no commitments on capital account outstanding at the Last Accounts Date and since the Last Accounts Date no Group Company has made or agreed to make any material capital expenditure, or incurred or agreed to incur any material capital commitments or disposed of or realised any material capital assets or any interest in material capital assets.

4.2 Dividends and distributions

- 4.2.1 Since the Last Accounts Date no Group Company has, or is treated as having, declared or paid any dividend or other distribution (as defined in ICTA Part VI Ch II as extended by ICTA s 418).
- 4.2.2 All dividends or distributions declared, made or paid by each Group Company have been declared, made or paid in accordance with its articles of association and the applicable provisions of the Companies Acts.

4.3 Bank and other borrowings

- 4.3.1 Details of all limits on each Group Company's bank overdraft facilities are accurately set out in the Disclosure Letter.

- 4.3.2 The total amount borrowed by each Group Company as at the date of this Agreement from each of its bankers does not exceed its respective overdraft facilities.
- 4.3.3 The total amount borrowed by each Group Company (as determined under the relevant instrument) does not exceed any limitation on its borrowing powers contained in its articles of association, or in any debenture or other relevant document.
- 4.3.4 No Group Company has outstanding, or has agreed to create or issue, any loan capital; or has factored any of its debts, or engaged in financing of a type which would not require to be shown or reflected in the Principal Accounts, or borrowed any money which it has not repaid, save for borrowings not exceeding the amounts shown in the Last Accounts.
- 4.3.5 No Group Company has since the Last Accounts Date repaid or become liable to repay any loan or indebtedness in advance of its stated maturity.
- 4.3.6 No Group Company has received notice (whether formal or informal) from any lenders of money, requiring repayment or intimating the enforcement of any security; and so far as the Vendors are aware there are no circumstances likely to give rise to any such notice.

4.4 Loans by and debts due to group companies

- 4.4.1 No Group Company has lent any money which has not been repaid to it, or owns the benefit of any debt (whether or not due for payment), other than debts which have arisen in the ordinary course of its business.
- 4.4.2 No Group Company has made any loan or quasi-loan contrary to the Companies Acts.

4.5 Liabilities

- 4.5.1 There are no liabilities (including contingent liabilities) of any Group Company which are outstanding other than those liabilities disclosed in the Principal Accounts or incurred in the normal course of trading since the Last Accounts Date.
- 4.5.2 So far as the Vendors are aware, there has been no exercise, purported exercise or claim for any charge, lien, encumbrance or equity over any of the fixed assets of any Group Company; and so far as the Vendors are aware there is no dispute directly or indirectly relating to any of its material fixed assets.
- 4.5.3 No Group Company has been the tenant of, or a guarantor in respect of, any leasehold property other than the Properties.

4.6 Bank accounts

- 4.6.1 An accurate and complete statement of the bank accounts of each Group Company at the date which is 2 Business Days prior to the date of this Agreement has been supplied to the Purchaser.

4.7 Continuation of facilities

- 4.7.1 In relation to all debentures, acceptance credits, overdrafts, loans or other financial facilities outstanding or available to any Group Company (referred to in this clause as 'facilities'):

- (a) the Disclosure Letter sets out full details of, and there are attached to it, accurate copies of all documents relating to, the facilities;
- (b) so far as the Vendors are aware, there has been no material contravention of or material non-compliance with any provision of any of those documents;
- (c) so far as the Vendors are aware, no steps for the early repayment of any indebtedness have been taken or threatened;
- (d) none of the facilities is dependent on the guarantee or indemnity of or any security provided by a third party other than a Group Company;

4.8 Government grants

- 4.8.1 Full details of all grants, subsidies or financial assistance applied for or received by the Group Companies from any governmental department or agency or any local or other authority are set out in the Disclosure Letter.
- 4.8.2 So far as the Vendors are aware, no Group Company has done or omitted to do any act or thing which could result in any investment grant, employment subsidy or other similar payment made, or due to be made, to it becoming repayable or being forfeited or withheld in whole or in part.

5 Trading

5.1 Changes since Last Accounts Date

- 5.1.1 Since the Last Accounts Date:

- (a) the business of each Group Company has been continued in the normal course;
- (b) so far as the Vendors are aware, there has been no material adverse

change in the financial or trading position or prospects of any Group Company;

- (c) each Group Company has paid its creditors in accordance with their respective credit terms; and there are no amounts owing by any Group Company which have been due for more than six weeks.

5.2 Vendors' liabilities to group companies

5.2.1 The Vendors do not have any rights or interests, directly or indirectly, in any business other than those now carried on by the Group Companies which are or are likely to be or become competitive with the businesses of the Group Companies, save as registered holder or beneficial owner of any class of securities of any company which is listed, dealt in or traded on the Stock Exchange and in respect of which a Vendor holds and is beneficially interested in less than 5 per cent of any single class of the securities in that company.

5.2.2 There is no outstanding indebtedness of any Vendor to a Group Company.

5.3 Effect of sale of shares

5.3.1 The Vendors have no knowledge, information or belief that after Completion (whether by reason of an existing agreement or arrangement or otherwise) or as a result of the proposed acquisition of the Company by the Purchaser:

- (a) any material supplier of any Group Company will cease or be entitled to cease supplying it or may substantially reduce its supplies to it;
- (b) any material customer of any Group Company will cease or be entitled to cease to deal with it or may substantially reduce its existing level of business with it;
- (c) any Group Company will lose the benefit of any right or privilege which it enjoys and which is material to the conduct of its business;
- (d) any officer or senior employee of a Group Company is likely to leave.

5.3.2 Compliance by the Vendors with the terms of this agreement does not and will not:

- (a) conflict with, or result in the breach of, or constitute a default under any material agreement or document to which any Group Company is a party, or any provision of the memorandum or articles of association of any Group Company or any material encumbrance, lease, contract, order, judgment, award, injunction, regulation or other restriction or

obligation of any kind by which or to which any material asset of any Group Company is bound or subject;

- (b) relieve any person from any material obligation to any Group Company (whether contractual or otherwise), or enable any person to determine any such material obligation or any material right or benefit enjoyed by any Group Company, or to exercise any right, whether under an agreement with or otherwise in respect of any Group Company;
- (c) result in the creation, imposition, crystallisation or enforcement of any encumbrance on any of the material assets of any Group Company;
- (d) result in any present or future indebtedness of any Group Company becoming due and payable or capable of being declared due and payable prior to its stated maturity.

5.4 Conduct of businesses in accordance with memoranda and articles of association

5.4.1 So far as the Vendors are aware, each Group Company has at all times carried on business and conducted its affairs in all material aspects in accordance with its memorandum and articles of association for the time being in force.

5.4.2 Each Group Company is empowered and duly qualified to carry on business in all jurisdictions in which it carries on business.

5.5 Joint ventures and partnership

5.5.1 No Group Company is or has agreed to become a member of any joint venture, consortium, partnership or other unincorporated association; and no Group Company is or has agreed to become a party to any agreement or arrangement for sharing commissions or other income.

5.6 Agreements relating to the management and business

5.6.1 So far as the Vendors are aware there are no agreements, arrangements or understandings between a Group Company and any person who is a shareholder or the beneficial owner of any interest in it, or in any company in which any Group Company is interested, or any Associate of any such person, relating to the management of any Group Company's business, or the appointment or removal of directors of any Group Company, or the ownership or transfer of ownership or the letting of any of the assets of any Group Company, or the provision, supply or purchase of finance, goods, services or other facilities to, by or from any Group Company, or in any other respect relating to its affairs.

5.7 Agency agreements and agreements restricting business

- 5.7.1 No Group Company is a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement, or any restrictive trading or other agreement or arrangement pursuant to which any part of its business is carried on, or which in any way restricts its freedom to carry on the whole or any part of its business in the United Kingdom or elsewhere in such manner as it thinks fit.
- 5.7.2 No Group Company is bound by any undertaking or assurances given to any court or governmental agency.

5.8 Litigation, disputes and winding up

- 5.8.1 No Group Company is engaged in any litigation or arbitration proceedings as plaintiff or defendant; so far as the Vendors are aware there are no proceedings pending or threatened either by or against any Group Company; and so far as the Vendors are aware there are no circumstances which are likely to give rise to any material litigation or arbitration.
- 5.8.2 There is no dispute with any revenue or other official, department in the United Kingdom or elsewhere, in relation to the affairs of any Group Company, and so far as the Vendors are aware there are no facts which are likely to give rise to any material dispute.
- 5.8.3 So far as the Vendors are aware there are no claims pending or threatened or likely to arise against any Group Company by an employee or workman or third party, in respect of any accident or injury, which are not fully covered by insurance.
- 5.8.4 So far as the Vendors are aware, no order has been made or petition presented or resolution passed for the winding up of any Group Company; no distress, execution or other process has been levied in respect of any Group Company which remains undischarged and there is no unfulfilled or unsatisfied judgment or court order outstanding against any Group Company.

5.9 Compliance with statutes

- 5.9.1 So far as the Vendors are aware no Group Company and none of its officers, agents or employees (during the course of their duties in relation to it) has committed or omitted to do any act or thing the commission or omission of which is or could be in material contravention of any act, order, regulation or the like (whether of the United Kingdom or elsewhere) giving rise to any material fine, penalty, default proceedings or other liability on its part.
- 5.9.2 So far as the Vendors are aware, each Group Company has conducted and is conducting its business in all material respects in accordance with all

applicable laws and regulations whether of the United Kingdom or elsewhere.

- 5.9.3 No Group Company carries on (or has, at any time when not an authorised person under Chapter III, Financial Services Act 1986, carried on) investment business in the United Kingdom within the meaning of the Financial Services Act 1986, s 1.

5.10 Data protection

- 5.10.1 Each Group Company has duly complied with all relevant requirements of the Data Protection Act 1984 and of the Data Protection Act 1998 including:

- (a) the data protection principles established in that Act;
- (b) requests from data subjects for access to data held by it;
- (c) the requirements relating to the registration of data users.

- 5.10.2 No Group Company has received a notice or allegation from either the data protection registrar or a data subject alleging non-compliance with the data protection principles or prohibiting the transfer of data to a place outside the United Kingdom.

- 5.10.3 So far as the Vendors are aware, no individual has claimed or will have the right to claim compensation from any Group Company under that Act for loss or unauthorised disclosure of data.

5.11 Documents stamped

- 5.11.1 So far as the Vendors are aware, all documents which affect the right, title or interest of any Group Company in or to any of its property, undertaking or assets, or to which a Group Company is a party, and which attract stamp duty have been duly stamped within the requisite period for stamping.

5.12 Business names

- 5.12.1 No Group Company uses a name for any purpose other than its full corporate name.

5.13 Transactions involving directors

- 5.13.1 No Group Company has been a party to any transaction to which any of the provisions of CA s 320 or s 330 may apply.

5.14 Powers of attorney and authority

5.14.1 No power of attorney given by any Group Company is in force.

5.14.2 No authorities (express or implied) by which any person may enter into any contract or commitment to do anything on behalf of a Group Company are outstanding.

5.15 Licences and consents

5.15.1 So far as the Vendors are aware, each Group Company has obtained all material licences and consents for the proper carrying on of its business and all such licences and consents are valid and subsisting.

5.16 Subsisting contracts

5.16.1 No Group Company is a party to any contract, transaction, arrangement or liability which:

- (a) is of an unusual or abnormal nature or outside the normal course of business;
- (b) is of a long-term nature (that is, unlikely to have been fully performed in accordance with its terms more than six months after the date on which it was entered into or undertaken);
- (c) is incapable of termination by it in accordance with its terms on sixty days' notice or less;
- (d) is of a loss-making nature (that is, known to be likely to result in a loss to it on completion of performance);
- (e) cannot readily be fulfilled or performed by it on time without undue or unusual expenditure or commitment of money, effort or personnel;
- (f) involves or is likely to involve the supply of goods the aggregate sales value of which will represent in excess of 10 per cent of its turnover for the preceding financial year;
- (g) is a contract for hire or rent, hire purchase or purchase by way of credit sale or periodical payment.

5.17 Other party's defaults

5.17.1 So far as the Vendors are aware, no party to any material agreement or arrangement with or under an obligation to any Group Company is in material default under it, being a default which would be material in the context of the Group Company's financial or trading position.

5.18 Purchases and sales from or to one party

5.18.1 Neither more than 25 per cent of the aggregate amount of all the purchases, nor more than 25 per cent of the aggregate amount of all the sales, of any Group Company are obtained or made from or to the same supplier or customer (including any person in any way connected with such supplier or customer) nor so far as the Vendors are aware is any material source of supply to any Group Company, or any material outlet for the sales of any Group Company likely to cease to be available in all material respects during the period of 12 months following Completion.

5.19 Guarantees and indemnities

5.19.1 No guarantee, or agreement for indemnity or for suretyship, given by or for the accommodation of, a Group Company is outstanding.

5.20 Insider contracts

5.20.1 So far as the Vendors are aware, no contract or arrangement to which any Group Company is a party and in which any Vendor or any director of any Group Company is or has been interested, whether directly or indirectly, is outstanding or was outstanding during the past three years.

5.20.2 So far as the Vendors are aware, no Group Company is a party to, and its profits or financial position during the past three years have not been affected by, any contract or arrangement which is not of an entirely arm's length nature.

6 Employment

6.1 Employees and terms of employment

6.1.1 Full particulars of the identities, dates of commencement of employment, or appointment to office, and terms and conditions of employment of all the employees and officers of each Group Company, including without limitation profit sharing, commission or discretionary bonus arrangements, are fully and accurately set out in the *Disclosure Letter*.

6.1.2 There are no agreements or arrangements (whether or not legally binding) between any Group Company and any trade union or other body representing employees.

6.1.3 No contract of service exists between any Group Company and a director or employee in relation to which any relevant requirements of CA s 319 have not been fulfilled.

6.2 Bonus schemes

- 6.2.1 There are no schemes in operation under which any employee of any Group Company is entitled to a commission or remuneration, calculated by reference to the whole or part of the turnover, profits or sales of any Group Company.
- 6.2.2 No Group Company has registered a profit-related pay scheme under ICTA Part V Chapter III.

6.3 Changes in remuneration

- 6.3.1 During the period to which the Principal Accounts relate and since the Last Accounts Date or (where employment or holding of office commenced after the beginning of such period) since the commencing date of the employment or holding of office:
 - (a) no change has been made in the rate of remuneration, emoluments or pension benefits, of any officer, ex-officer or senior executive of any Group Company (a senior executive being a person in receipt of remuneration in excess of £25,000 per annum);
 - (b) no change has been made in any other terms of employment of any officer or senior executive.
- 6.3.2 No Group Company is bound or accustomed to pay any moneys other than in respect of remuneration or pension benefits to or for the benefit of any officer or employee of any Group Company.
- 6.3.3 No negotiations for any increase in the remuneration or benefits of any officer or employee of any Group Company are current or likely to take place within six months after the date of Completion.

6.4 Termination of contracts of employment

- 6.4.1 Save as set out in the Disclosure Letter all subsisting contracts of service to which any Group Company is a party are determinable at any time on three months' notice or less without compensation (other than compensation in accordance with the Employment Rights Act 1996).
- 6.4.2 No executive of any Group Company, who is in receipt of remuneration in excess of £25,000 per annum, and no officer of any Group Company has given or received notice terminating his employment, except as expressly contemplated in this agreement, and no such executive or officer will be entitled to give such notice as a result of this agreement.

6.5 Industrial disputes and negotiationsD1-154

- 6.5.1 So far as the Vendors are aware, none of the Group Companies or their respective employees is involved in any industrial dispute, and there are no facts known or which would on reasonable enquiry be known to any Group Company or its directors or to the Vendors which suggests that any industrial dispute involving a Group Company is likely or that this agreement is likely to lead to any such industrial dispute.

6.6 Industrial agreements

- 6.6.1 No Group Company has entered into any recognition agreement with a trade union nor has it done any act which might be construed as recognition.

6.7 Redundancies

- 6.7.1 No employee will become redundant and be entitled to a redundancy payment as a result of this agreement.

6.8 Pensions

- 6.8.1 No Group Company is under any legal or moral liability or obligation or a party to any ex-gratia arrangement or promise to pay pensions, gratuities, super-annuation allowances or the like, or otherwise to relevant benefits' within the meaning of ICTA s 612 to or for any of its past or present officers or employees or their dependants; and there are no retirement benefit, or pension or death benefit, or similar schemes or arrangements in relation to or binding on any Group Company or to which any Group Company contributes.

7 Assets

7.1 Ownership of assets

- 7.1.1 The Group Companies owned at the Last Accounts Date and had legal and beneficial ownerships of all the assets included in the Principal Accounts and (except for current assets subsequently sold or realised in the normal course of business) still own and have legal and beneficial ownership of all assets included in the Principal Accounts (excluding the Properties) and to all assets acquired since the Last Accounts Date.
- 7.1.2 No Group Company has created or granted or agreed to create or grant any security interest or other encumbrance in respect of any of the fixed assets included in the Principal Accounts (excluding the Properties) or acquired or agreed to be acquired since the Last Accounts Date, otherwise than in the normal course of its business.
- 7.1.3 Except as disclosed in the Principal Accounts, none of the property, assets, undertaking, goodwill or uncalled capital of any Group Company (excluding

the Properties) is subject to, and no Group Company has agreed to grant, any option, charge, lien or encumbrance, or right of pre-emption.

7.2 Insurance

- 7.2.1 Each Group Company is now and has at all material times been adequately covered against accident, damage, injury, third party loss (including product liability), loss of profits and other risks normally insured against by persons carrying on the same business.
- 7.2.2. All of the insurance policies referred to in the Disclosure Letter are currently in full force and effect, and nothing has been done or omitted to be done which could make any such policy of insurance void or voidable or which is likely to result in an increase in premium.
- 7.2.3. None of the aforesaid policies is subject to any special or unusual terms or restrictions or to the payment of any premium in excess of the normal rate.
- 7.2.4 No claim is outstanding or may be made under any of the aforesaid policies and so far as the Vendors are aware no circumstances exist which are likely to give rise to such a claim.

7.3 Intellectual property

- 7.3.1 The Group Companies are the sole beneficial owners of the Intellectual Property Rights listed in the Disclosure Letter and (where registration is possible) a Group Company has been and is registered as proprietor, and each of those Rights is valid and enforceable, and none of them is being used, claimed, opposed or attached by any other person.
- 7.3.2 No right or licence has been granted to any person by any Group Company to use in any manner or to do anything which would or might otherwise infringe any of the Intellectual Property Rights referred to above.
- 7.3.3 To the best of the Vendors knowledge, the business of each Group Company (and of any licensee under a licence granted by any Group Company) as now carried on does not and is not likely to infringe any Intellectual Property Right of any other person (or would not do so if the same were valid) or give rise to a liability to pay compensation pursuant to the Patents Act 1977 ss 40 and 41 and all licences to any Group Company in respect of any such right are in full force and effect.

8 Properties

8.1 Title

- 8.1.1 The Properties comprise all the properties owned, occupied or otherwise used

in connection with their businesses by the Group Companies.

- 8.1.2 Those of the Properties which are occupied or otherwise used by the Group Companies in connection with their businesses are occupied or used by right of ownership or under lease or licence, the terms of which permit the occupation or use.
- 8.1.3 The Group Companies are the legal and beneficial owners of the Properties.
- 8.1.4 The information contained in Schedule 5 as to the Properties is accurate in all respects.

8.2 Encumbrances

- 8.2.1 Save as disclosed in the Disclosure Letter, the Properties are free from any mortgage, debenture, charge, rent-charge, lien or any other encumbrance securing the repayment of monies or other obligation or liability of any of the Group Companies or any other person.
- 8.2.2 Save as disclosed in the Disclosure Letter, the Properties are not subject to any outgoings other than business rates, water rates and insurance premiums and in the case of leasehold properties rent and service charges.
- 8.2.3 The Properties are not subject to any option, right of pre-emption or right of first refusal.

8.3 Planning matters

- 8.3.1 The use of each of the Properties is the permitted use for the purposes of the Planning Acts.

8.4 Leasehold properties

- 8.4.1 The relevant Group Companies have paid the rent and, so far as the Vendors are aware, observed and performed all material covenants on the part of the tenant and the conditions contained in any leases (which expressions in this paragraph 8.4 includes underleases) under which the Properties are held, and the last demand (or receipts for rent if issued) were unqualified, and, so far as the Vendors are aware, all the leases are valid and in full force.
- 8.4.2 All licences, consents and approvals required from the landlords and any superior landlords under any leases of the Properties have been obtained and the covenants on the part of the tenant contained in the licences, consents and approvals have been duly performed and observed.
- 8.4.3 There are no rent reviews under the leases of the Properties held by the Group Companies in progress.

- 8.4.4 No obligation necessary to comply with any notice or other requirement given by the landlord under any leases of the Properties is outstanding and unobserved or unperformed.
- 8.4.5 There is no obligation to reinstate any of the Properties by removing or dismantling any alteration made to it by Group Companies or any predecessor in title to the Group Companies.
- 8.4.6 No Group Company has entered into an authorised guarantee agreement under the Landlord and Tenant (Covenants) Act 1995, s 16 in respect of any property.
- 8.4.7 So far as the Vendors are aware, no Group Company has the right to call for an overriding lease of any property under the Landlord and Tenant (Covenants) Act 1995, s 19.
- 8.4.8 No Group Company has entered into an agreement with the lessor of any of the Properties specifying circumstances in which it would be reasonable for the lessor to withhold its consent to an assignment in accordance with the Landlord and Tenant Act 1927, s 19(1A).

8.5 Tenancies

- 8.5.1 The Properties are held subject to and with the benefit of the tenancies (which expression in this paragraph 8.5 includes subtenancies) as set out in Schedule 5 and no others.
- 8.5.2 With respect to the tenancies there are accurately disclosed in the Disclosure Letter particulars of:
- (a) the rent and any rent reviews and, with respect to rent reviews, the date for giving notice of exercise of the reviews and the operative review date;
 - (b) the term and any rights to break or renew the term;
 - (c) the obligations of the landlord and tenant in respect of outgoings, repairs, insurance services and service charge;
 - (d) any options, pre-emption or first refusal rights;
 - (e) the user required or permitted under the terms of the tenancies;
 - (f) any entitlement of a tenant of the whole or any part of the Properties to compensation on quitting the premises let to him in respect of disturbance and improvements or otherwise; and

(g) any unusual provisions.

8.5.3 The Vendors are not aware of any material or persistent breaches of covenant by a tenant of any of the Properties including the covenants to pay rent.

SCHEDULE 4
Tax Deed

Date: 2001

Parties:

- 1 'The Covenantors': the persons whose names and addresses are set out in [the Schedule].
- 2 'The Company': 10 Alps Broadcasting Limited (registered no 02888301) whose registered office is at 20 Skylines Village, Limeharbour, London, E14 9TS, on behalf of itself and each Group Company.
- 3 'The Purchaser' : Osprey Communications Plc (registered no SC75133) whose registered office is at 100 Union Street, Aberdeen, AB10 1QR

Recital:

This deed is entered into pursuant to an agreement made between the Covenantors (1) and the Purchaser (2) relating to the sale of all the ordinary share capital of the Company ('the Agreement') and the obligations of the Covenantors hereunder are given in consideration for the purchase by the Purchaser of the whole of the issued share capital of the Company.

Operative provisions:

1 Definitions

In this deed:

- 1.1 Words and expressions defined in the Agreement shall, except where otherwise provided or expressly defined below, have the same meaning in this deed
- 1.2 'Taxation' means all forms of taxation, duties, imposts and levies whatsoever and whenever imposed and whether of the United Kingdom or elsewhere, and without prejudice to the generality of that expression includes:
 - 1.2.1 income tax, corporation tax, capital gains tax, inheritance tax, stamp duty, stamp duty reserve tax, value added tax, and national insurance contributions, any payment whatsoever which the Company may be or become bound to make to any person as a result of any enactment relating to taxation and any other taxes, duties or levies supplementing or replacing any of the above;
 - 1.2.2 all costs, charges, interest, fines, penalties relating, to any Taxation.
- 1.3 Where the context admits, 'Company' includes each Group Company, so that this

deed shall apply to each Group Company as if it were the Company, and the covenants given by the Covenantors are expressly given to each Group Company and may be enforced against the Covenantors by each and every Group Company acting jointly or severally.

1.4 'Relief' includes any relief, allowance, exemption, set-off or deduction in computing or against profits, income or gains of any description or from any source, or credit against Taxation.

1.5 'Liability to Taxation' means any liability to make a payment in respect of Taxation but does not include:

1.5.1 the loss, counteracting or clawing back of any Relief which would otherwise have been available to the Company;

1.5.2 the nullifying, cancellation or set-off of a right to repayment of Taxation which would otherwise have been available to the Company;

provided however that if such loss, counteracting or clawing back of any such Relief as is referred to in Clause 1.5.1 or the nullifying, cancellation or set-off of that right to repayment as is referred to in Clause 1.5.2 results in the Company thereby suffering a liability to make a payment in respect of Taxation, that liability shall itself be a 'Liability to Taxation' for the purposes of this deed.

1.6 'Claim for Taxation' includes any notice, demand, assessment, letter or other document issued, or action taken, by or on behalf of the Inland Revenue or Customs and Excise authorities or any other statutory or governmental authority or body whatsoever in any part of the world, whereby it appears that the Company is or may be subject to a liability to Taxation (whether or not it is primarily payable by the Company and whether or not the Company has or may have any right of reimbursement).

1.7 'Final Determination' means in relation to a Claim for Taxation where there is an appeal against that assessment:

1.7.1 an agreement under TMA s 54 or any legislative provision corresponding to that section; or

1.7.2 a decision of a court or tribunal from which either no appeal lies, or in respect of which no appeal is made within the prescribed time limit.

2 Covenant to Pay

2.1 Subject as provided below, the Covenantors jointly and severally covenant with the Purchaser in respect of each Group Company to pay to the Purchaser an amount equal to:

- 2.1.1 any Liability to Taxation;
 - 2.1.2 any settlement of a Claim for Taxation; and
 - 2.1.3 the reasonable costs incurred by the Company in relation to any demands, actions, proceedings and claims in respect of Liabilities to Taxation or Claims for Taxation.
- 2.2 The Covenant in Clause 2.1 shall apply only where the Liability to Taxation or the Claim for Taxation:
- 2.2.1 is made wholly or partly in consequence of any acts, omissions or transactions of the Company or of the Covenantors occurring or entered into on or before the date of this deed; or
 - 2.2.2 results from or is calculated by reference to any actual or deemed income, profits or gains earned, received or accrued, or deemed to have been earned, received or accrued, on or before that date; or
 - 2.2.3 results from or is made by reference to any dividend or distribution paid or made, or deemed to have been paid or made, before that date.
- 2.3 In respect of any payment due from the Covenantors under Clause 2.1, the Purchaser may if it is satisfied that it will be or has been subject to a Liability to Taxation calculate and demand in writing from the Covenantors from time to time such amount as will ensure that the net receipt to the Purchaser (after Taxation) in respect of the payment is the same as it would have been were the payment not subject to Taxation in the hands of the Purchaser.
- 3 Exclusions**
- 3.1 The liability of the Covenantors under this Deed shall cease on the sixth anniversary of the date of this Deed save as regards any Claim for Taxation in respect of which notice shall have been served on the Covenantors prior to such date.
- 3.2 Clause 2.1 shall not apply to any Liability to Taxation or Claim for Taxation:
- 3.2.1 to the extent that a provision or reserve was made in the Principal Accounts or was specifically referred to in the notes to those Accounts;
 - 3.2.2 for which the Company is or may become liable wholly or primarily as a result of transactions in the normal course of its business after the Last Accounts Date;
 - 3.2.3 to the extent that the Liability or Claim arises as a result only of the appropriate provision or reserve in the Principal Accounts being insufficient by reason of any increase in rates of Taxation made after the date of the

Agreement;

- 3.2.4 which would not have arisen but for a voluntary act or transaction carried out by the Company after the date of this deed otherwise than in the normal course of business;
- 3.2.5 to the extent that liability is excluded or limited under the provisions of Schedule 6 to the Agreement;
- 3.2.6 to the extent it arises only as a result of any change after the Completion Date in the accounting policies of any Group Company; and
- 3.2.7 to the extent that it arises as a result of any fact or matter disclosed in the Disclosure Letter.

4 Mitigation

- 4.1 Except as provided in Clause 4.2, the Covenantors shall be liable under the indemnity in Clause 2.1 notwithstanding any Reliefs, rights of repayment or other rights or claims of a similar nature ("Mitigation Reliefs"), which may be available to any person entitled to the benefit of the indemnity to set against or otherwise mitigate any Liability to Taxation, so that the indemnity in Clause 2.1 shall take effect as though no such Mitigation Reliefs were available.
- 4.2 The provisions of Clause 4.1 shall not apply if and to the extent that the Mitigation Reliefs arose:
 - 4.2.1 wholly or mainly by reason of any act, omission or transaction of any Group Company before the Last Accounts Date;
 - 4.2.2 wholly or mainly by reason of any act, omission or transaction of the Covenantors which does not cause the Company to incur any liabilities, costs or expenses (unless the Company receives a satisfactory indemnity against them) and,without prejudice to the generality of this Clause, the Company shall at the cost of the Covenantors make all claims and elections required for Mitigation Reliefs and use the same to reduce or eliminate the Covenantors' liability under this deed.
- 4.3 Where and to the extent that Clause 4.2 applies, credit shall be given to the Covenantors against any liability under this deed for any Mitigation Reliefs.
- 4.4 When the Covenantors have satisfied an obligation under this deed to the Purchaser against a Liability to Taxation and the Company has (whether by operation of law, contract or otherwise) a right of reimbursement (including by way of indemnity) against any other person or persons in respect of the Liability to Taxation, the Company shall (at the expense of the Covenantors) take all reasonable steps to enforce

the right, giving credit to the Covenantors for any sum recovered by the Company by reason of the right, or shall at the request and expense of the Covenantors assign the right to the Covenantors, in such form as they shall reasonably require.

4.5 If:

4.5.1 any provision for Taxation contained in the Principal Accounts is or has been at the date that any payment is due to be made by the Covenantors under Clause 2 certified by the Company's auditors at the Covenantors' request and expense to be an over-provision; or

4.5.2 the tax liability which has resulted in the payment by the Covenantors gives rise to a corresponding saving for any Group Company

the value (as certified by the Company's auditors) of the over-provision or corresponding provision shall be set off first against the payment then due from the Covenantors and, secondly, (to the extent there is any excess) against any further such payment(s) in chronological order until exhausted.

4.5.3 If it is subsequently found that the over-provision or corresponding saving as certified was not in fact an over-provision or corresponding saving or that the certified amount or value was excessive any amount which has been set off under this Clause in respect of the purported over-provision or corresponding saving shall on demand be repaid forthwith by the Covenantors to the Purchaser or (as the case may be) to the appropriate Group Company, [the obligations of the Covenantors to make the repayment being joint and several].

5 Conduct of claims

5.1 The Purchaser shall notify the Covenantors in writing of any Claim for Taxation which comes to its notice (as soon as reasonably possible thereafter) whereby it appears that the Covenantors are or may become liable under this deed.

5.2 The Company shall ensure that a Claim for Taxation to which this deed applies, is, so far as reasonably practicable, dealt with separately from claims to which it does not apply and is not paid prematurely; and for this purpose any payment made by the Company to avoid incurring interest or any penalty in respect of unpaid taxation shall be deemed not to be paid prematurely.

5.3 Subject to Clause 5.6, the Purchaser shall ensure at the request in writing of the Covenantors that the Covenantors are placed in a position to dispute on behalf of the Company any Claim for Taxation to which this deed applies and shall render, or cause to be rendered, to the Covenantors at their expense all such assistance as the Covenantors, may reasonably require in disputing any Claim for Taxation.

5.4 Subject to Clause 5.5, the Covenantors shall be entitled on behalf of the Company to instruct such solicitors or other professional advisers as the Covenantors, or a majority

of them, may nominate to act on behalf of the Covenantors or the Company, to the intent that the conduct, and costs and expenses, of the dispute shall be delegated entirely to and be borne solely by the Covenantors.

5.5 In connection with the conduct of any dispute relating to a Claim for Taxation to which this deed applies:

5.5.1 the Covenantors shall keep the Purchaser fully informed of all relevant matters and the Covenantors shall promptly forward or procure to be forwarded to the secretary of the Purchaser copies of all correspondence and other written communications pertaining thereto;

5.5.2 the appointment of solicitors or other professional advisers shall be subject to the approval of the Company, such approval not to be unreasonably withheld or delayed;

5.5.3 the Covenantors shall make no settlement or compromise of the dispute, nor agree any matter in the conduct of the dispute which is likely to materially affect the amount involved or the future Liability to Taxation of the Company without the prior approval of the Purchaser, such approval not to be unreasonably withheld or delayed;

5.6 The Covenantors shall at the request of the Purchaser provide, to the reasonable satisfaction of the Purchaser, security or indemnities, or both, in respect of all the costs and expenses of disputing any Claim for Taxation to which this deed applies.

5.7 Neither the Purchaser nor the Company shall be subject to any claim by or liability to, any of the Covenantors on the ground that it has not complied with the foregoing provisions, if they have bona fide acted in accordance with the instructions or approval of the Covenantors.

6 Dates for and quantum of payments

6.1 This Clause shall apply solely for determining the date on which any payments or repayments shall be made by or to the Covenantors pursuant to this deed and (where expressly provided) the amounts of the payments or repayments.

6.2 The Covenantors shall make payment to the Purchaser to the extent that and on the date on which the Company discharges or is deemed to discharge a Liability to Taxation in respect of which the Purchaser is entitled to payment under this deed.

6.3 The Purchaser shall make a repayment to the Covenantors to the extent that and on the date on which the Company receives any repayment of any amount paid in respect of any Liability to Taxation pursuant to Clause 6.2. Any repayment to the Covenantors pursuant to this Clause 6.3 shall not prejudice the right of the Purchaser to recover from the Covenantors under this deed in the event that a further Liability to Taxation

is imposed upon the Company, whether in respect of matters to which the repayment relates or otherwise.

6.4 For the purposes of Clause 6.2, the Company shall be deemed to discharge a Liability to Taxation:

6.4.1 on the date on which the Company pays any amount of Taxation;

6.4.2 on the date on which any Liability to Taxation would have fallen due but for *Reliefs, rights of repayment or other rights or claims of a similar nature* to which Clause 4.1 applies.

6.5 For the purpose of Clause 6.3, the Company shall be deemed to receive a repayment:

6.5.1 on the date on which the Company receives a repayment of Taxation to which Clause 6.2 applies;

6.5.2 if and when the Company would have received a repayment but for a Liability to Taxation in respect of which the Company is not entitled to be indemnified under this deed;

6.5.3 if and when the Company would have received a repayment had the Liability to Taxation been discharged by a payment of Taxation; or

6.5.4 if and when the Company is able to obtain the benefit of a reduction in its Liability to Taxation as a result of the right to repayment.

6.6 Upon Final Determination of a relevant Claim for Taxation the Covenantors shall promptly pay to the Purchaser such amount or further amount in addition to any sums already paid under this deed as is required to cover the full liability of the Covenantors under this deed.

6.7 Any dispute in relation to the provisions of Clauses 6.4, 6.5 or 6.6 may be referred, by the Purchaser or the Covenantors, to the auditors for the time being of the Company, acting as experts and not as arbitrators, whose certificate shall be final and binding upon the parties in the absence of manifest error.

7 The Purchaser's Obligations

7.1 The Purchaser shall pay to the Covenantors an amount equal to the amount of any Tax payable by the Covenantors or any company (other than the Company) of which the Covenantors have control (as defined for the purposes of any relevant legislation) under section 767A, 767AA and 767B ICTA by reason of Taxation assessed on the Group Company for an accounting period beginning before Completion being unpaid except to the extent that:

7.1.1 either the Purchaser could claim payment in respect of such Taxation under

this Deed or the Agreement or the Purchaser has made such a claim in respect of such Taxation which has been satisfied; or

7.1.2 such Tax has been recovered under section 767B(2) ICTA or any other relevant provision.

7.2 The Purchaser shall pay to the Covenantors any reasonable costs and expenses reasonably incurred by the Covenantors in connection with any such Taxation or claim under Clause 7.1.

7.3 Clauses 5 ("Conduct of Claims") and 6 ("Date for and quantum of payments") shall apply to claims made under Clause 7.1 as they apply to claims made under Clause 2, replacing references to the Covenantors by the Purchaser (and vice versa) and making any other necessary modifications.

8 General

8.1 The Company shall procure that each other Group Company performs its obligations under this deed.

8.2 This deed shall be binding on the Covenantors and their respective successors and personal representatives.

8.3 The benefit of this deed may not be assigned in whole or in part.

8.4 The provisions of the Agreement relating to notices shall apply to any notice to be given under, or in connection with, this deed.

8.5 The construction, validity and performance of this deed shall be governed by the laws of England.

THE SCHEDULE

Names and addresses of covenantors

Alexander Michael Connock

97 Regents Park Road
London NW1 8UR

Robert Frederick Zenon Geldof

57 Prince of Wales Mansions
Prince of Wales Drive
London SW11 4BH

**Desmond Alexander
Shaw**

7 Grove Court Farm
Colonels Lane
Boughton under Blean
Faversham
Kent ME13 9SH

EXECUTED AND DELIVERED as a)
Deed by the said **ALEXANDER MICHAEL**)
CONNOCK in the presence of:-)

EXECUTED AND DELIVERED as a)
Deed by the said **ROBERT FREDERICK**)
ZENON GELDOF in the presence of:-)

EXECUTED AND DELIVERED as a)
Deed by the said **DESMOND ALEXANDER**)
SHAW in the presence of:-)

EXECUTED AND DELIVERED as a Deed)
for and on behalf of **10 ALPS**)
BROADCASTING LIMITED in the)
presence of:-)

Director

Secretary

EXECUTED AND DELIVERED as a)
Deed for and on behalf of **OSPREY**)
COMMUNICATIONS PLC in the presence of:-)

Director

Secretary

SCHEDULE 5

Short particulars of the properties

Lease between Alan Robert Gillam and Adrienne Newcombe Gillam trading as Newcombe Construction Services and the Company relating to Units 1-3 on the first floor and Unit 4 on the second floor of premises known as 319-323 Battersea Park Road London. Term of the lease is for 3 years, commencing on 22nd May 2001 and rent is £28,444 plus VAT payable quarterly in advance (a rent deposit of £7,111 has been paid). There are no rent review provisions and the lease is contracted out of the Landlord and Tenant Act 1954 Part II. The Lease has not yet been dated as, as at the date of this agreement, completion formalities have yet to be completed. However, the Company has been allowed into occupation. There is currently an informal, unwritten licence arrangement in place between the Company and Instant Party Limited under the terms of which Instant Party occupies unit 4 of the premises the subject of the lease. The terms of such licence are that it is terminable by either side on 3 months' notice in writing at any time and the monthly licence fee payable is one quarter of the aggregate of the monthly rental and service charge paid by the Company under the terms of its lease. Such licence is in breach of the lease, landlord's consent being required to underlet any part of the premises. The Company will seek such landlord's following Completion.

SCHEDULE 6

Vendors' protection provisions

- (1) The Vendors are not liable in respect of a Relevant Claim unless the Purchaser has given the Vendors written notice of the Relevant Claim (stating in reasonable detail the nature of the Relevant Claim and, if practicable, the amount claimed) on or before the date which is 6 years from the date of Completion (in the case of a Relevant Claim under the Tax Deed or a Relevant Claim under paragraph 3 (Taxation) of Schedule 3) or 24 months from the date of Completion (in the case of any other Relevant Claim). A Relevant Claim so notified and not satisfied, settled or withdrawn is unenforceable against the Vendors on the expiry of a period of 6 months starting on the date of notification of the Relevant Claim unless proceedings in respect of the Relevant Claim have been issued and served on the Vendors prior to that date.
- (2) The Vendors are not liable in respect of a Relevant Claim unless the amount that would otherwise be recoverable from the Vendors in respect of that Relevant Claim exceeds £1,000.
- (3) The Vendors are not liable in respect of a Relevant Claim unless and until the amount that would otherwise be recoverable from the Vendors in respect of that Relevant Claim, when aggregated with any other amount or amounts recoverable or recovered in respect of other Relevant Claims (excluding any amounts in respect of a Relevant Claim for which the Vendors have no liability because of paragraph (2) above) exceeds £25,000 in which case the Vendors shall be liable for the entire sum and not merely for the excess.
- (4) The maximum individual aggregate liability of each of the Vendors in respect of all Relevant Claims which may be made shall not exceed the amount set opposite his name below:

A M Connock	£418,844
R F Z Geldof	£418,844
D A Shaw	£209,422
- (5) In the event of any Warranty Claim being established, the Vendors shall be entitled to set off against the amount of any depletion in or reduction in the value of the assets of the Group Companies giving rise to the Claim the amount by which (after adjustment where appropriate for Taxation in respect of revenue items) the position of the Group Companies (taken as a whole) in respect of any other matter is established to be better than as so warranted (after adjustments where appropriate for Taxation).
- ~~(5)~~(6) The Vendors shall not be liable for any Warranty Claim to the extent that the subject matter of the Claim is taken into account in determining an adjustment to the purchase consideration for the Shares in accordance with the provisions of paragraph 5 above.

- (7) If the Purchaser and the Group Companies, or any of them, are entitled to make a claim in respect of any act, event or default both under the Warranties and under the Tax Deed, the claim shall be made first under the Warranties and any amount payable to the Purchaser or any Group Company under the Tax Deed shall be reduced to the extent of any payment made under the Relevant Claim under the Warranties.
- (8) If the Vendors make any payment to the Purchaser in relation to any Relevant Claim and the Purchaser subsequently receives from a third party any amount referable to, or any benefit which would not have been received but for the circumstances giving rise to the subject matter of that claim, the Purchaser shall once it has received such amount or benefit, immediately repay or procure the repayment to the Vendors of either :
- (i) the amount of such receipt after deducting an amount equal to the reasonable costs of the Purchaser incurred in recovering such receipt and any Taxation payable on it; or if lesser
 - (ii) the amount paid by the Vendors;

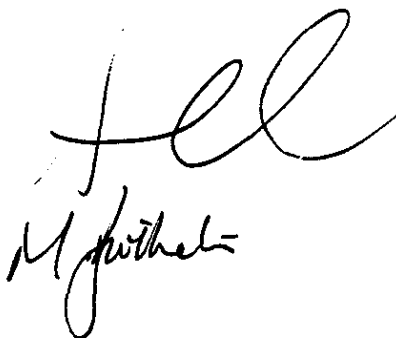
together with any interest or repayment supplement paid to the Purchaser or the Company in respect of it.

- (9) The Seller is not liable in respect of a Relevant Claim to the extent that the matter giving rise to the Relevant Claim would not have arisen but for:
- (i) an event after Completion by or involving the Purchaser or any of its subsidiaries or a director, employee or agent of any of the foregoing;
 - (ii) the passing of, or a change in, after the date of this Agreement a law, rule, regulation, interpretation of the law or administrative practice of a government, governmental department, agency or regulatory body or an increase in the tax rates or an imposition of tax, in each case not actually or prospectively in force at the date of this Agreement.

EXECUTED AND DELIVERED
as a deed by the said **ALEXANDER**
MICHAEL CONNOCK in the
presence of:-

M. BROTHERTON
c/o CHESTER HOUSE
275-282 High Holborn
LONDON

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)
)
)



EXECUTED AND DELIVERED
as a deed by the said **ROBERT**
FREDERICK ZENON GELDOF
in the presence of:-

M. BROTHMAN
as above

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30846
M. Brothman

EXECUTED AND DELIVERED
as a deed by the said **DESMOND**
ALEXANDER SHAW in the presence of:-)

M. BROTHMAN
as above

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)
Desmond
M. Brothman

EXECUTED AND DELIVERED
as a deed for and on behalf of **OSPREY**
COMMUNICATIONS PLC)

Director:

M. Brothman

Director/Secretary

M A Lang

AGREED FORM RECONCILIATION OF COST OF SALES
agreement

	£	£
Studio costs	77,113	77,113
Equipment	20,885	
Taxis, bikes and couriers	37,052	
Wages and salaries	207,440	
Employers' NI	19,983	
Subcontract costs	578,637	
Accommodation	2,973	
Subsistence	2,353	
Hospitality	3,806	
Research materials	64,305	
Legal fees	34,701	
Finance costs	9,650	
Other direct project costs	111,199	111,199
	<u>1,170,097</u>	<u>747,906</u>

9,347 Does not include £11538 in Production Equip Repairs

550,247 Does not include Sch D costs