

THIS AGREEMENT is made the

18<sup>th</sup>

day

January

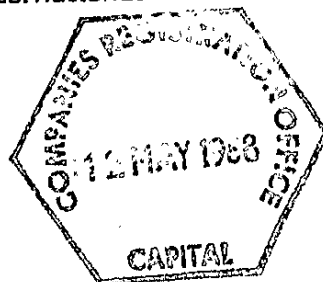
1988

BETWEEN:

- (1) EURANGLO TRADING COMPANY LIMITED of Vaduz, Liechtenstein and whose office in the United Kingdom is at Poplar Farm, Heron's Ghyll, Uckfield, East Sussex, a company incorporated under the laws of Liechtenstein ("the Vendor" or "Euranglo").
- (2) BENSON GROUP plc (No. 13273) the registered office of which is at Ludlow Road, Knighton, Powys LD7 1LP ("the Purchaser").
- (3) BAMFORDS OVERSEAS LIMITED (No. 1591831) the registered office of which is at Gilbert House, River Walk, Tonbridge, Kent ("the Company").
- (4) MOHAMED AREF JUMAA ZABADNE of Poplar Farm, Heron's Ghyll, Uckfield, East Sussex ("Mr. Zabadne")
- (5) BAMFORDS INTERNATIONAL LIMITED (No. 1516209) the registered office of which is at River Walk, Tonbridge, Kent TN9 1DT ("International").

WHEREAS

- (A) Between November 1981 and 2nd October 1987, International carried on the business of the design, manufacture and sale of agricultural machinery from Uttoxeter, Staffordshire.
- (B) With effect from 2nd October 1987 International sold the Business and the Assets (as hereinafter defined) to the Company for a consideration of £340,000 which sum was left outstanding as a debt due from the Company to International.
- (C) On 2nd December 1987 the debt due from the Company was transferred from International to the Vendor.



1

CERTIFIED A TRUE COPY

Dated 14<sup>th</sup> April 1988  
Pinsent & Co.

(PINSENT & Co.) Solicitors  
POST & MAIL HOUSE,  
26, COLMORE CIRCUS,  
BIRMINGHAM, B1 6NL.

- (D) The Vendor has subscribed the sum of £340,000 for shares in the Company and the Company applied the subscription monies in repaying the debt due to the Vendor.
- (E) The Vendor has agreed to sell and the Purchaser has agreed to purchase the whole of the issued share capital of the Company on the terms and for the consideration set out in this Agreement

IT IS AGREED as follows :

DEFINITIONS

1. In this Agreement and the Schedules hereto unless the context shall otherwise require :-

1.1 the following words and expressions shall have the following meanings:

the Accounts	the audited Balance Sheet and Profit and Loss Account of International as at and for the financial period ended on the Last Accounting Date together with the notes thereon and the Report of the Directors annexed thereto
--------------	---

Last Accounting Date	31st December 1986
----------------------	--------------------

the Balance Sheet	the audited balance sheet of the Company as at 2nd October 1987 together with the notes thereon a copy of which is annexed hereto marked "A"
-------------------	--

the International Balance Sheet	the audited balance sheet of International at 2nd October 1987 together with the notes thereon a copy of which is annexed hereto marked "B"
---------------------------------	---

pany e to	the Assets Sale Agreement	the Agreement between International and the Company dated 2nd December 1987, a true copy of which is annexed hereto marked "C"
the the	the Inventory	the schedule (prepared by Colliers) of the plant and machinery of the Company as at 2nd October 1987 a copy of which is annexed hereto marked "D"
er-	the Stock Sheets	the stock sheets marked "X" annexed hereto and the list of finished goods annexed hereto marked "Y"
ing	the Assets	all the assets owned or used by International in connection with the Business prior to 2nd October 1987
ssa he ng he	the Business	the business referred to in Recital (A)
	the Shares	the 340,000 issued Ordinary Shares of £1 each in the Company referred to in clause 2.2
	Completion	completion of the sale and purchase of the Shares in accordance with clause [6]
is is to	the Turnover Consideration	the further consideration for the Shares calculated in accordance with clause [4.3]
	the Profit Consideration	the further consideration for the Shares calculated in accordance with clause [4.6]
	the Completion Date	the date upon which Completion takes place
r s	the Consideration Shares	750,000 Ordinary Shares of 10p each of the Purchaser

the Disclosure Letter the letter of even date herewith from the Vendor's Solicitors to the Purchaser's Solicitors

the Purchaser's Solicitors Pinsent & Co of Post & Mail House,  
26 Colmore Circus, Birmingham B4 6BH

the Vendor's Solicitors Evershed & Tomkinson of 10, Newhall Street,  
Birmingham B3 3LX

the Property the land and buildings details of which are set out in Schedule III

taxation the meaning given in Part 2 of Schedule II

the Act the Income and Corporation Taxes Act 1970;

- 1.2 the singular shall include the plural and the masculine shall include the feminine and vice versa;
- 1.3 any reference to persons shall include bodies corporate or unincorporate, associations and partnerships;
- 1.4 any reference to any statute or any section or part thereof shall include any enactment replacing or amending the same or any instrument, order or regulation made thereunder for the time being in force and shall also include any past statutory provisions (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- 1.5 any headings are for reference purposes only and shall not affect the construction of anything herein contained; and
- 1.6 the Schedules to this Agreement shall be treated as being an integral part of the Agreement.

## PRELIMINARY

2. The Vendor has represented to the Purchaser that :-

2.1 the Company is a private company limited by shares and was incorporated in England on 16th October 1981 under the Companies Acts 1948 to 1980;

2.2 at the date hereof the Company has an authorised share capital of £340,000 divided into 340,000 Ordinary Shares of £1 each all of which have been issued and are fully paid or credited as fully paid and are beneficially owned by the Vendor and registered in the names set out in Schedule I;

*Braham Vincent Lott*

*For*  
*12/10/88*  
2.3 the only directors of the Company are Mr. Zabadne and Aida Elsibai Zabadne and the secretary is Mr. Zabadne.

## SALE AND PURCHASE AND CONDITIONS PRECEDENT

3. 3.1 Subject to clause 3.2, the Vendor shall sell and the Purchaser shall purchase the Shares free from all liens, charges and encumbrances and together with all rights attaching thereto and all dividends and distributions declared made or paid thereon on or after the Last Accounting Date.

3.2 This Agreement is conditional upon the Consideration Shares being admitted to the Official List of The Stock Exchange (subject only to allotment)

3.3 If the condition set out in clause 3.2 shall not be fulfilled on or before 29th February 1988, this Agreement shall lapse and be of no effect.

3.4 The Purchaser agrees that it will use all reasonable endeavours to procure that the condition set out in clause 3.2 is satisfied.

## CONSIDERATION

4. 4.1 The consideration for the purchase of the Shares shall be the aggregate of:-
- 4.1.1 the initial consideration specified in clause 4.2;
  - 4.1.2 in respect of each of the years ending on 31st May in 1988, 1989 and 1990 the greater of either the Turnover Consideration and the Profit Consideration; and
  - 4.1.3 in respect of the years ending on 31st May in 1991, 1992 and 1993 the Turnover Consideration.
- 4.2 The initial consideration shall be the issue to the Vendor of the Consideration Shares.
- 4.3 4.3.1 Subject as provided below, the Turnover Consideration shall be calculated on the Net Sales Value of goods sold by International in the Business in the period from 1st June 1987 to 2nd October 1987 and by the Company in the period from 3rd October 1987 to 31st May 1988 and in each of the five years from 1st June 1988 to 31st May 1993 as follows:

Net Sales Value per year to 31st May (£)	Turnover Consideration
Between 0-3 million	Nil
Between 3-4 million	2% of excess over £3 million up to £4 million
Over 4 million	7% of excess over £4 million

4.3.2 Net Sales Value shall be the ex-works invoiced price of goods excluding any taxes or duties or delivery, insurance or other costs associated with the sale of the goods.

4.3.3 Goods shall be deemed to have been sold by International or the Company on the date on which International or the Company issues its invoice in respect of those goods.

4.3.4 For the purposes of calculating the Turnover Consideration payable in the year to 31st May 1988, the Net Sales Value of goods sold in that year shall be deemed to be two-thirds of the actual Net Sales Value.

4.4. 4.4.1 The Purchaser shall within six weeks after the 31st May in each year in respect of which Turnover Consideration is payable, produce and deliver to the Vendor a statement showing the Net Sales Value of goods sold by the Company in the relevant period, together with a statement of the amount of Turnover Consideration payable (such statements being referred to as "the Turnover Consideration Statements").

4.4.2 The Vendor shall be entitled to instruct a chartered accountant reasonably acceptable to the Purchaser to inspect the books and records of the Company in order to satisfy the Vendor as to the accuracy of the Turnover Consideration Statement. The said chartered accountant shall be obliged to enter into a form of confidentiality undertaking reasonably acceptable to the Purchaser and he shall not be entitled to disclose to the Vendor or to any other person any information designated by the Purchaser as confidential.

4.4.3 The Vendor shall within four weeks after delivery to it of the Turnover Consideration Statement give notice to the Purchaser indicating whether or not the Turnover Consideration Statement is agreed. If no such notice is given,

the Turnover Consideration Statement shall be deemed to be agreed.

4.4.4 If the Turnover Consideration Statement is not agreed, the matter shall be referred to an independent chartered accountant ("the Expert") to be agreed by the parties or, in default of agreement, to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales who shall be instructed to certify the amount of Turnover Consideration payable. The decision of the Expert (who shall act as expert, not as arbitrator) shall be final and binding on the parties. The costs of the Expert shall be borne in such manner as the Expert may direct.

4.5 4.5.1 Subject to clause 4.5.2 and 11 each instalment of the Turnover Consideration shall be satisfied in accordance with clause 4.7

for  
Pelo.

4.5.2 If any customer of the Company shall fail to pay for any goods sold by the Company for any reason then the Net Sales Value of the goods in question shall for the purpose of calculating the Turnover Consideration be reduced by the amount unpaid. If the Purchaser satisfied any amount of further consideration on the basis that such goods would be paid for, the relevant amount of the Turnover Consideration shall be paid to the Purchaser in cash within 14 days of demand being made on the Vendor, together with interest at the rate of 3% above National Westminster Bank's base rate from time to time in force in default of payment of the due date.

4.6 4.6.1 The Profit Consideration shall be payable in the following circumstances:-

4.6.1.1 if the Net Profit of the Company in its accounting period ending on 31st May 1988 is £200,000 or more then 25% of the Profit Consideration shall be payable;  
or



4.6.1.2 if the aggregate Net Profit of the Company in its accounting periods ending on 31st May 1988 and 31st May 1989 is £500,000 or more then 50% of the Profit Consideration shall be payable (after taking account of any payment of Profit Consideration pursuant to clause 4.6.1.1); and

4.6.1.3 if the aggregate Net Profit of the Company in its accounting periods ending on 31st May 1988, 1989 and 1990 is £900,000 or more then the whole of the Profit Consideration shall be payable (after taking account of any payments of Profit Consideration pursuant to clauses 4.6.1.1 and 4.6.1.2).

4.6.2 Net Profit shall be the figure shown as profit (or loss) on ordinary activities before taxation and dividends in the audited accounts of the Company for each of the relevant periods which accounts shall be prepared on a basis consistent with that used in preparing the accounts of the Purchaser but after adding back management charges or other payments made to the Purchaser or subsidiaries of the Purchaser except for those made for goods and services supplied to the Company on arm's length commercial terms. For the avoidance of doubt any sales of plant and machinery to Strojna Industrija Sempeler Yugoslavia shall be counted as being an ordinary activity. *Costs of removal and profits on the sale of plant and machinery shall be excluded.*

4.6.3 The Profit Consideration shall be £941,534.

4.6.4 The Purchaser shall within 4 months after 31st May in 1988, 1989 and 1990 produce and deliver to the Vendor a draft profit and loss account of the Company for the relevant period together with a statement of the Profit Consideration payable (such statement being referred to as "the Profit Consideration Statements").

*Save as provided  
above,*

*F&S  
P&Co.*

- 4.6.5 The Vendor shall be entitled to instruct a chartered accountant reasonably acceptable to the Purchaser to inspect the books and records of the Company in order to satisfy the Vendor as to the accuracy of the Profit Consideration Statements. The said chartered accountant shall be obliged to enter into a form of confidentiality undertaking reasonably acceptable to the Purchaser and he shall not be entitled to disclose to the Vendor or to any other person any information designated by the Purchaser as confidential.
- 4.6.6 The Vendor shall within four weeks after delivery to it of each Profit Consideration Statement give notice to the Purchaser indicating whether or not such Profit Consideration Statement is agreed. If no such notice is given, the Profit Consideration Statement shall be deemed to be agreed.
- 4.6.7 If the Profit Consideration Statement is not agreed, the matter shall be referred to an independent chartered accountant ("the Expert") to be agreed by the parties or, in default of agreement, to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales who shall be instructed to certify the amount of the Net Profit and (in 1990) the amount of Profit Consideration payable. The decision of the Expert (who shall act as expert, not as arbitrator) shall be final and binding on the parties. The costs of the Expert shall be borne in such manner as the Expert may direct.
- 4.7 Subject to clauses 4.9 and 11, the Turnover Consideration or Profit Consideration payable in respect of each of the years ending on 31st May 1988 to 1993 shall be satisfied by the issue to the Vendor by the Purchaser within 10 days of the date upon which the Profit Consideration Statement (if any) and the Turnover Consideration Statement for each year shall have been agreed (or deemed to be agreed) by the Vendor or, if later, within 10 days of the date upon

which the Vendor shall be notified of the Expert's certification of the Turnover Consideration or (if any) the Profit Consideration payable of such number of Ordinary Shares of 10p each in the Purchaser as shall have the value nearest to but not less than the Turnover Consideration or (if any) the Profit Consideration as the case may be, valuing an Ordinary Share at 75p. Such Ordinary Shares shall rank *pari passu* with the existing Ordinary Shares of 10p in the Purchaser at the date of issue.

4.8 Subject to Clause 5.3 (Rent) the total amount of Turnover Consideration and Profit Consideration payable by the Purchaser shall not in any event exceed £941,534 and for the purposes of this Clause 4.8 the amount of Turnover Consideration and Profit Consideration shall be deemed not to be reduced by any reduction or retention made by the Purchaser pursuant to clause 11.

4.9 If at any time in the period between the date hereof and the date on which any consideration due hereunder is to be satisfied the share capital of the Purchaser is altered by reason of an issue of additional Ordinary Shares by way of rights or capitalisation of profits or reserves or any sub-division reduction or consolidation of such capital the number of shares to be issued pursuant to clause 4.7 shall be adjusted accordingly. In the event of dispute as to the manner of the adjustment the matter shall be referred to the auditors for the time being of the Purchaser whose decision shall be conclusive in the absence of manifest error.

#### RENT REDUCTION

5.1 If the Net Profit of the Company (as defined in Clause 4.6) in any of the periods specified in Column 1 below is less than the figure in Column 2, then the Vendor shall be liable to pay to the Purchaser the sums specified in Column 3:

<u>1</u> Periods	<u>2</u> Net Profit (£)	<u>3</u> Repayment (£)
2nd October 1987 to 31st May 1988	115,862	20,000
Year to 31st May 1989	173,793	30,000
Year to 31st May 1990	173,793	30,000
Year to 31st May 1991	173,793	17,500

5.2 Any repayment shall be due from the Vendor within 7 days of the date upon which the relevant Profit Consideration Statement (as defined in clause 4.6) shall have been agreed or deemed to have been agreed or certified in accordance with clause 4.6 and shall bear interest from that date at the rate of 3% above the base rate of National Westminster Bank plc's base rate from time to time in force.

5.3 If any payment is made, the maximum amount of consideration capable of being paid for the Shares (as provided by clause 4.7) shall be increased by the amount of such payment.

#### COMPLETION

6. Completion of the sale and purchase of the Shares shall take place at the offices of the Vendor's Solicitors within two days after notice has been given to the Vendor's Solicitors of the satisfaction of the condition set out in clause 3.2 or at such other time and place as may be agreed. At Completion:

6.1 The Vendor will deliver to the Purchaser:


6.1.1 transfers of the Shares duly executed in favour of the Purchaser (or as it in writing directs) accompanied by the relative share certificates;

6.1.2 any waivers, consents or other documents which may be necessary to enable the Purchaser or its nominees to be registered as the holders of the Shares;

6.1.3 the Common Seal, Certificate of Incorporation, Statutory Books (made up to date) and Share Certificate Books of the Company;

6.1.4 the written resignations of all the directors and secretaries of the Company (other than Mr. Zabudne) from their offices as director and/or secretary of, and any employment by, or consultancy to the Company. Such resignations will be under seal and contain confirmation that the officer, employee or consultant resigning has no claim against the Company for compensation for loss of office or termination of employment or consultancy or otherwise whether statutory or otherwise or for unpaid remuneration, fees or expenses;

6.1.5 the written resignation of the auditors of the Company containing a statement that there are no circumstances connected with their resignation which they consider should be brought to the notice of the members or creditors of the Company;

6.1.6 certified copies of special resolutions changing the name of the Company to "Bamfords International Limited" and changing the name of International to Bamfords <sup>Overseas</sup> ~~International~~ Limited together with confirmation from the Vendor's  Solicitors that application has been made to the Registrar of Companies to effect such changes.

6.1.7 confirmation in a form to be approved by the Purchaser from anyone holding mortgages, charges or other security over the Shares or any assets owned by the Company or which are the subject of the Assets Sale Agreement or included in the Balance Sheet that they will execute Deeds of Release in respect of such Shares or assets against payment by the Purchaser of the overdrawn balance at National Westminster

*KAT*  
*ldo* . *and against payment by the*  
*Purchaser of the past year's balance of*  
*the bank Bank of note* *£188,282*  
Bank PLC not exceeding £821,553 together with accrued  
interest from 2nd October 1987 to Completion.

- 6.1.8 a letter from the Vendor's auditors to the Purchaser, confirming that the Company had not traded nor incurred any liabilities before 2nd October 1987, such letter to be in a form approved by the Purchaser.
- 6.1.9 statements of the balances on each of the Company's bank accounts as at a day not more than 3 working days before Completion together with bank reconciliation statements.
- 6.2 The Vendor will procure the passing of resolutions of the Board of Directors of the Company:-
- 6.2.1 appointing such persons as the Purchaser may nominate as directors and secretaries of the Company;
- 6.2.2 approving the registration of the share transfers referred to in clause 6.1.1 above (subject to the same being duly stamped);
- 6.2.3 revoking all mandates to bankers and giving authority to the persons appointed under clause 6.2.1 above or such other persons as the Purchaser may nominate to operate the bank accounts of the Company; and
- 6.2.4 changing the registered office of the Company to such address as may be nominated by the Purchaser.
- 6.2.5 changing the accounting reference date of the Company to 31st May.
- KAT*  
*ldo* , 6.3 *Ewangle* International and the Company will enter into a licence agreement in the form annexed hereto marked "E".
- 6.4 Mr Zabadne and the Company will enter into a Service Agreement in the form annexed hereto marked "F".

6.5 International as beneficial owner will sell and transfer to the Purchaser for the sum of £1 the whole of the issued share capital of Jones Balers Limited and deliver to the Purchaser in respect of such company all documents specified in relation to the Company in clause 6.1.

6.6 the parties specified therein will enter into a Trading Agreement in the form annexed hereto marked "G" *and into a Supply Agreement*

*KAT* ~~the parties~~ *in the form annexed hereto marked "H".*

*PeCo.* 6.7 The Purchaser shall issue to the Vendor the Consideration Shares credited as fully paid, to rank pari passu in all respects with the ordinary shares of 10p each of the Purchaser in issue at the date of Completion.

*KAT 6.8 RIDE*

*PeCo.* 6.9 If any person shall not comply in all respects with their obligations in relation to the matters to be carried out by them at Completion the Purchaser shall (provided it has complied with its obligations hereunder) be entitled by notice in writing to the defaulting party either to rescind this Agreement or to defer Completion by not more than 28 days or to complete the transaction so far as practicable, in each case without prejudice to all other rights available to it.

#### PRE-COMPLETION POSITION

7. 7.1 Between the date hereof and Completion, the Vendor shall procure that the Company carries on business in the normal course and does not take or omit to take any action which would render any of the Warranties inaccurate at Completion.

7.2 Pending Completion, the Vendor shall procure that the Purchaser, its agents and representatives are given full access to the Property and to the books and records of the Company and the Vendor shall upon request furnish such information regarding the Business or the Assets as the Purchaser may require.

7.3 Without prejudice to the Purchaser's rights of rescission under the common law the Purchaser shall be entitled to rescind this Agreement by notice in writing to the Vendor or the Vendor's Solicitors given prior to Completion in the event that prior thereto the

Company shall sustain loss or damage on account of fire flood explosion accident or strike (regardless of whether or not such loss shall have been insured) which in the reasonable opinion of the Purchaser may materially and adversely affect the business of the Company.

KAT  
PACO.  
WARRANTIES AND INDEMNITIES

8. 8.1 The Vendor represents, warrants and undertakes to the Purchaser (acting for this purpose on its own behalf and as trustee for the Company) that, save for the matters fully and fairly disclosed in the Disclosure Letter, the representations, warranties and undertakings contained in Part 1 of Schedule II (referred to in this Agreement as "Warranties") are at the date hereof and will at Completion be true and accurate in all respects.
- 8.2 Each of the Warranties shall be construed as a separate and independent Warranty so that the Purchaser shall have a separate claim and right of action in respect of every breach of each Warranty.
- 8.3 Any liability for breach of any of the Warranties shall not be confined to breaches discovered before Completion and shall be enforceable by the Purchaser notwithstanding Completion.
- 8.4 The Vendor hereby covenants and agrees with the Purchaser for itself and as trustee for the Company that it will pay discharge reimburse or make good or cause to be paid discharged reimbursed or made good and will hold the Purchaser and the Company indemnified against
- 8.4.1 all liabilities and claims specified in Part 2 of Schedule II;
- 8.4.2 all claims, proceedings and demands made or brought against the Company by any Director arising out of his employment by or consultancy to the Company prior to Completion, the termination thereof at Completion, changes to the terms thereof at Completion or his resignation as a Director at Completion (as the case may be), and all costs and expenses incurred in connection therewith,



the indemnities contained in this clause being referred to below as "the Indemnities".

8.5 No failure to exercise and no delay in exercising on the part of the Purchaser any right or remedy in respect of any Warranty or Indemnity shall operate as a waiver of any such right or remedy nor shall any single or partial exercise of any right or remedy preclude any other or further exercise of such right or remedy or the exercise of any other right or remedy.

8.6 The Vendor hereby undertakes to the Purchaser that it will forthwith notify the Purchaser in writing of any matter or thing which may become known to it after the date hereof and prior to Completion which constitutes (or would after the lapse of time constitute) a breach of any of the Warranties or other provisions contained in this Agreement.

8.7 The Vendor acknowledges that the Purchaser has entered into this Agreement in reliance on the Warranties. No information relating to the Company of which the Purchaser has knowledge (actual or constructive), except only information fairly disclosed in the Disclosure Letter, shall prejudice or prevent any claim being made by the Purchaser under any of the Warranties nor shall it affect the amount recoverable under any such claim.

8.8 The Purchaser acknowledges that it has not relied on any representations Warranties or covenants other than those herein contained.

#### QUALIFICATIONS TO WARRANTIES AND INDEMNITIES

9. 9.1 The Warranties and Indemnities shall take effect subject to any matter or thing hereafter done or omitted to be done at the request in writing or with the approval in writing of the Purchaser and no claim shall be made to the extent that the matter giving rise thereto is covered by insurance.

9.2 Liability under the Warranties and Indemnities shall be limited as follows:

- 9.2.1 no claim in respect of any breach of any of the Warranties or Indemnities shall be made until the aggregate liability of the Vendor under all claims in respect of such breaches shall equal or exceed £5,000 but in the event of the amount of any such claim or the aggregate of the amounts of any such claims exceeding the said sum of £5,000 the whole amount of such claim or claims shall be capable of being claimed;
- 9.2.2 the total liability of the Vendor in respect of breaches of any of the Warranties or Indemnities or both shall be limited to the total of the initial consideration and further consideration payable in respect of the Shares;
- 9.2.3 no claim in respect of any breach of any of the Warranties shall be made unless the same has been notified to the Vendor or the Vendor's Solicitors before 31st July 1990;
- 9.2.4 no claim under the Indemnities shall be made unless the same has been notified to the Vendor by the Purchaser before the expiration of 6 years from Completion;
- 9.3 The Vendor shall not be liable where taxation or a claim for taxation has arisen wholly as a result of acts performed or transactions entered into by the Company or events or omissions occurring after Completion not in the ordinary course of business;
- 9.4 Any amount paid by the Vendor under the Warranties or Indemnities shall be treated primarily as a reduction in the consideration payable to the Vendor hereunder.

#### FURTHER PROVISIONS REGARDING WARRANTIES AND INDEMNITIES

10. 10.1 In the case of any claim relevant for the purpose of the Warranties, the Purchaser agrees (if the Vendor indemnifies and secures the Purchaser to its reasonable satisfaction against any liability, costs, damages or expenses which may

thereby be incurred) to take and procure that the Company shall take such action and give such information and assistance as the Vendor may reasonably request to avoid, resist or compromise the claim.

10.2 In the event that prior to Completion there shall be a breach of the Warranties or there shall arise a matter which entitles the Purchaser to make a claim under the Indemnities or if the Purchaser shall find between the date of this Agreement and Completion that any of the Warranties on the part of the Vendor is materially incorrect then if the Vendor shall not have remedied any such breach before Completion and provided the Purchaser with evidence satisfactory to the Purchaser of such remedy the Purchaser shall be entitled by notice to the Vendor to rescind this Agreement without prejudice to any claim for damages that the Purchaser might have and to claim from the Vendor all costs and expenses incurred by it in relation to this Agreement and the intended acquisition of the Shares.

10.3 If the Purchaser does not rescind this Agreement pursuant to sub-clause 10.2 above it shall nevertheless have a right to claim damages from the Vendor in respect of any such breach and it shall not be deemed to have waived its right to do so by proceeding to complete this Agreement.

#### DEDUCTIONS

11. 11.1 If before any part of the Turnover Consideration or Profit Consideration is due to be satisfied the Purchaser gives to the Vendor notice of a claim against the Vendor under the Representations, Warranties or Indemnities in this Agreement and such notice contains full details of such claim and a reasonable estimate of the value thereof then the Purchaser shall be entitled to deduct the amount so specified ("the Allowable Deduction") from the amount of the Turnover Consideration or Profit Consideration otherwise to be satisfied and to defer satisfaction of the Allowable Deduction unless and until the Vendor deposits the Allowable Deduction

in accordance with clause 11.2 or the Purchaser withdraws the claim.

11.2 The Purchaser shall deposit the Allowable Deduction to the credit of a deposit account entitled "Retention Account" with Barclays Bank plc, Colmore Row, Birmingham Branch and appropriate bank mandates and other forms shall be signed by the Vendor and the Purchaser so as to provide that such monies are capable of being drawn only upon the joint signatures of the Vendor and the Purchaser which drawing shall be made in accordance with the following provisions of this clause 11.

11.3 The Allowable Deduction shall be repaid to the Vendor not later than 12 months after the date of deposit of the Allowable Deduction unless by that date proceedings in respect of the claim in respect of which the Allowable Deduction was made have been commenced.

11.4 In the event that proceedings are commenced in accordance with the provisions of clause 11.3 hereof the amount of such Allowable Deduction shall remain in the said account until either:-

11.4.1 The Vendor shall have agreed in writing to the Purchaser that the Allowable Deduction (or part thereof) is a proper deduction from the balance of the consideration or the Purchaser has abandoned its claim; or

11.4.2 The Purchaser shall have obtained a formal judgment against the Vendor in respect of a claim under the Warranties or the Indemnities in this Agreement for an amount equal to the Allowable Deduction (or part thereof) or such action has failed.

11.5 In the event of the occurrence of either or both of the events mentioned in clauses 11.4.1 and 11.4.2 hereof then the amount of the Allowable Deduction so agreed to be a proper deduction

from the balance of consideration and/or the amount for which formal judgment shall have been obtained shall be paid forthwith out of the said account to the Purchaser and any amount remaining in the said account shall forthwith be paid to the Vendor.

11.6 For the avoidance of doubt it is hereby declared that:-

11.6.1 The sums referred to in this clause 11 shall be limited to sums in respect of claims made by the Purchaser pursuant to the Warranties and to the Indemnities;

11.6.2 The provisions of this clause 11 are without prejudice to any other rights of the Purchaser in respect of any claim against the Vendors under the Warranties and Indemnities including the rights to recover any sums due to the Purchaser in excess of the Allowable Deduction; and

11.6.3 The deduction of an Allowable Deduction shall be without prejudice to the Vendor's defence of any such claim.

## COMPETITION

12. 12.1 Mr. Zabadne is interested in the share capital of the Vendor. Accordingly, Mr. Zabadne has agreed to enter into the covenants contained in this clause 12 and to guarantee the obligations of the Vendor as provided in Clause 20.

12.2 The Vendor and Mr. Zabadne hereby covenant with the Purchaser that without the written consent of the Purchaser:-

12.2.1 they will not at any time make use of or publish or disclose to any person any information concerning the business or affairs of the Company or of any customer or supplier of the Company and they will take all reasonable steps to prevent such publication or disclosure;

- 12.2.2 for a period of 6 years from the date hereof they will not whether as principal partner shareholder director manager consultant agent or employee or in any other capacity whatsoever directly or indirectly carry on or be interested in the business of designing, manufacturing, factoring, leasing, selling or otherwise dealing in agricultural machinery or parts for agricultural machinery of any kind anywhere in the world;
- 12.2.3 for a period of 6 years from the date hereof they will not at any time canvass solicit or endeavour to entice away from the Company any person who shall during the period of 2 years prior to the date hereof have been a supplier or customer of or otherwise in the habit of dealing with the Company or have been employed by the Company at the date hereof; and
- 12.2.4 they will not at any time use any of the following names or words in connection with any business at any time carried on by them, namely Bamfords or Jones Baler or any words or names similar to or likely to be confused with such names or words.
- 12.3 Nothing contained in clause 12.2 shall prevent the Vendor and Mr Zabadne from together owning not more than 5% in total of the issued share capital of a public listed company or any company the shares of which are dealt in on any regulated securities market and which are competitive with the Company.
- 12.4 Mr. Zabadne and the Vendor each acknowledges that it considers the covenants contained in clause 12.2 above reasonable for the proper protection of the business of the Company.
- 12.5 Each of the covenants contained in clause 12.2 above is separate and severable and shall be construed on that basis. In the event that any of such covenants is found to be void but would be valid if some part thereof were deleted or the period or extent thereof reduced such covenant shall apply with such modification as may be necessary to make it valid and effective.

12.6 The Purchaser hereby consents to International (trading as Bamfords Overseas) Bamfords International (Nigeria) ~~Limited~~ and Bamfords International (Maroc) ~~Limited~~ carrying on trade in the countries or territories specified in Schedule IV.

and using the name "Bamfords"

SARL

For  
Pdo.

#### PENSIONS

13. The Vendor and Mr Zabadne shall procure that within six months of Completion the rules of the Bamfords International Limited Pension and Life Assurance Scheme are amended to substitute the Company for International as Principal Employer and that such persons as are nominated by the Purchaser shall be appointed as trustees or administrators of such scheme and the present trustees or administrators of the scheme should resign.

The Purchaser will give such assistance as may be required to enable the Vendor to perform its obligations under this Clause.

#### STOCK

14. 14.1 The Vendor represents and warrants to the Purchaser that the Stock and finished goods listed in the Stock Sheets (in each case revaluing overheads and direct labour at £11.50 per hour) which are valued at an aggregate value of £1,183,000 (which does not take account of work in progress included in the Balance Sheet at a value of £107,000) will be sold by the Company in the ordinary course of business before 2nd October 1989.

2,110,562

an aggregate value of £1,183,000 using the same values as are attributed to such stock and finished goods in annexures "X" and "Y" respectively

14.2 If ~~the~~ such stock and finished goods are not sold as provided in clause 14.1 the Vendor shall be liable to repay to the Purchaser the value of the unsold Stock and finished goods using the same values as are attributed to such Stock and finished goods the values set out in annexures "X" and "Y" respectively.

~~14.3 The Vendor shall be credited with the original cost price of all Stock owned by the Company at 2nd October 1987 which is not valued in annexures "X" and "Y" which is sold by the Company in the two year period to 2nd October 1989.~~

- 14.4 The Vendor shall pay the amount due under this clause within 7 days of notice being given of the amount repayable, which shall be accompanied by a detailed analysis of sales of the Stock during the period in question. Interest shall accrue on the amount due at the rate of 3% above the base rate of National Westminster Bank plc from time to time from the due date for payment.
- 14.5 The Vendor shall be entitled by notice in writing to the Purchaser to require that a stock take is made at the Company on or about 30th September 1989 (on a day reasonably convenient to the Company) provided the Vendor agrees to pay the costs of such stock take and gives the Purchaser notice of its desire before 30th August 1989. The Vendor shall be entitled to appoint a representative to attend any such stock take.
- 14.6 The Purchaser agrees that it will use the Stock before similar Stock purchased by it after Completion.

#### GENERAL

15. 15.1 This Agreement together with the documents referred to herein sets forth the entire agreement between the Vendor and the Purchaser in connection with the sale and purchase of the Shares and shall not be capable of being varied except in writing signed by or on behalf of the Vendor and the Purchaser.
- 15.2 Completion shall not in any way prejudice or affect the operation of any of those provisions of this Agreement which contemplate or are capable of operation after Completion and accordingly all such provisions shall continue in full force and effect after Completion.
- 15.3 If the Shares or any of them or any interest therein shall be sold or transferred the benefit of each or any of the Warranties and Indemnities may be assigned to the purchaser or transferee provided that the liability of the Vendor shall not exceed in aggregate its liability to the Purchaser had all the Shares remained in the beneficial ownership of the Purchaser.



15.4 The Vendor and the Purchaser shall bear their own legal and accountancy costs and other expenses incurred in connection with this Agreement and the sale and purchase of the Shares hereunder save as otherwise expressly provided and accordingly no costs relating thereto shall be payable by the Company.

16. In the event that during the period of twelve months after Completion the Vendor wishes to sell any of the Consideration Shares it shall first give notice of such intention to the Purchaser stating the number of Consideration Shares which it wishes to sell ("the sale shares"). The Purchaser shall within five business days of such notification notify the Vendor of the number of the sale shares (if any) in respect of which the Purchaser's stockbroker is prepared to obtain purchasers and the price at which such purchasers can be obtained ("the notice"). The Vendor shall then have the right either to sell such shares through the Purchaser's stockbroker or to seek a higher price elsewhere. In the event that the Vendor can within three business days of the date of the notice ("the sale period") obtain a higher price elsewhere for such shares then he shall be free to sell such shares other than through the Purchaser's stockbroker at such higher price during the sale period. To the extent that the Purchaser's stockbroker has been unable to find purchasers for any of the sale shares ("the unsold shares") then provided that the Vendor sells during the sale period that number of the sale shares for which the Purchaser's stockbroker has been unable to find purchasers whether through the Purchaser's stockbroker or at such higher price as is referred to above, the Vendor shall be free to sell the unsold shares at any price within the sale period. Save as set out above the Vendor undertakes to the Purchaser not to transfer or otherwise dispose of the Consideration Shares at any time otherwise than through the Purchaser's stockbroker.

17. 17.1 The Purchaser agrees to procure that until 31st May 1993 or (if earlier) the date upon which the maximum amount of Consideration is paid the Company shall conduct its business in the ordinary course and will use all reasonable endeavours to promote the sale of the products of the Company.

17.2 In particular, and without prejudice to the generality of the foregoing, the Purchaser will procure that without the previous written agreement of the Vendor the Company will not before 31st

May 1993 or (if earlier) the date upon which the maximum amount of consideration is paid:-

17.2.1 dispose of any assets of the Company or acquire any assets to or from the Purchaser or any subsidiary of the Purchaser;

17.2.2 enter into any guarantee or contract of indemnity, mortgage or charge except a mortgage or charge to support its own borrowings;

17.2.3 incur any charges or indebtedness to any member of the Purchaser's group other than for goods or services supplied on commercial terms;

17.2.4 enter into any contract other than on arm's length terms in the ordinary course of business;

17.2.5 alter the nature of the Company's business or dispose of its undertaking or cease to produce market or sell a range of agricultural machinery broadly comparable with the Company's present range;

17.2.6 pass any resolution for the winding-up of the Company;

17.2.7 sell the Shares;

17.2.8 will procure that no member of the Purchaser's group does any act or thing with the intention of unfairly distorting or reasonably likely to result in the unfair distortion of the turnover or results of the Company in the operation of its business;

17.2.9 acquire any business or undertaking;

17.2.10 and shall procure that no member of the Purchaser's group shall knowingly interfere with or do anything the sole or main purpose of which shall impair or materially and adversely affect the relationship of the Company or the Vendors with

the customers or suppliers of the Company or any persons who ordinarily do business with the Company.

- 17.3 The Company may discontinue of the production of any range of products if that range is not making an overall gross profit of 20% of ex works invoice value excluding carriage.

#### NOTICES

18. Any notice to be given under this Agreement shall be in writing and shall be deemed duly served if delivered at or posted by first class post to the address of the party concerned which is set out in this Agreement or notified to the other party in accordance with the provisions of this clause. Any such notice shall if delivered personally be deemed to be served on the day on which it is delivered or, if posted, 48 hours after the time of posting. Evidence that the notice was properly addressed stamped and put into the post shall be conclusive evidence of posting.

#### ANNOUNCEMENTS

19. No public announcement concerning the sale and purchase of the Shares or the other matters contemplated by this Agreement shall be made by either party unless the form and text of such announcement shall first have been approved by the other except that in the event that the Purchaser is required by law or by the regulations of The Stock Exchange or other securities market on which any shares or other securities of the Purchaser are listed or dealt in or by the Panel on Take-overs and Mergers to make any announcement or issue any circular the Purchaser may do so after first consulting the Vendor as to the contents thereof if such consultation is practicable.

#### GUARANTEE

20. 20.1 Mr. Zabadne unconditionally and irrevocably guarantees to the Purchaser the due and punctual performance by the Vendor of all its obligations under clauses 5,8,12 and 14 of this Agreement and undertakes to indemnify and keep indemnified the Purchaser against all losses damages costs and expenses of whatsoever nature which

may be suffered or incurred by it by reason of any default or delay on the part of the Vendor in the performance of the said obligations.

- 20.2 Mr. Zabadne shall not be discharged or released from his undertaking hereunder by any arrangement made between the other parties or by any alteration in the obligations on the part of the Vendor under this Agreement or by any other act, event or omission which but for this provision might operate to impair or discharge Mr Zabadne's liability hereunder or by any time or other indulgence granted by the Vendor to the Purchaser.

#### LAW

21. The proper law applicable to this Agreement is English law. Mr. Zabadne and the Vendor irrevocably appoint the Vendor's Solicitors as their agent for the service of process in England.

IN WITNESS whereof this Agreement has been entered into the day and year first before written.

SCHEDULE I

Details of Shareholdings

Euroanglo  
its nominee

389,999

~~299,999~~

1

EX

PeCo.

## SCHEDULE II

### PART 1

#### REPRESENTATIONS WARRANTIES AND UNDERTAKINGS BY THE VENDOR

##### The Assets Sale Agreement

1. The Assets Sale Agreement is complete, valid and subsisting, has not been altered or varied and all obligations of International to be performed thereunder have been performed.
2. All assets of International owned or used by it in connection with the Business since the Last Accounting Date and all the stock work in progress contracts orders and enquiries as owned, held or received by it as at 2nd October 1987 were transferred to the Company pursuant to the Assets Sale Agreement.

##### The Balance Sheet

3. The Balance Sheet accurately sets out the position of the Company as at 2nd October 1987 and, in particular:
  - (1) the Balance Sheet provides in full for all liabilities of the Company at that date (whether actual or contingent);
  - (2) all assets of the Company which are included in the Balance Sheet are valued on a basis and applying methods which are fair and reasonable and consistent with those employed for the preparation of the Accounts and the balance sheets of International for each of the five accounting periods immediately preceding the Last Accounting Date such bases and methods being specified in the notes to the Balance Sheet;
  - (3) the rate of depreciation applied in respect of each fixed asset is adequate to write down the value of the asset to its net

*Kat*  
*PCB*  
~~overall gross profit of 20% of ex works invoice value excluding carriage, realisable value at the end of its useful life;~~  
The Business and the Company

4. (1) since the Last Accounting Date until 2nd October 1987, International has carried on the Business in the normal course and since 2nd October 1987 the Business has been carried on by the Company in the normal course, in each case so as to maintain the same as a going concern;
- (2) before 2nd October 1987, the Company had not traded and had no assets or liabilities.
- (3) since 2nd October 1987, the Company has not engaged in any business other than the Business;
- (4) the Company has not entered into any capital commitments;
- (5) since the Last Accounting Date, neither the turnover nor the financial position of the Business has materially deteriorated nor has there been any adverse change in the trading position or prospects of the Business;
- (6) since the Last Accounting Date, no assets used or capable of use in the Business have been acquired or disposed of by the Company or the Vendor except as set out in the Disclosure Letter;
- (7) The Inventory is complete and accurately lists all the plant and machinery of the Company as at 2nd October 1987;
- ~~(8) The Stock Sheets are complete and accurately list all the stock and finished goods of the Company as at 2nd October 1987;~~

*Kat*  
*PCB*  
*parts*

- (9) In the case of assets of the Company not held at the Property, the Company will have unrestricted access at all reasonable hours to the premises where such assets are held for the purposes of inspecting and removing such assets;
- (10) the net asset value of the Company as at Completion, valuing assets on the basis employed in the preparation of the Balance Sheet, will be not less than £340,000.
- (11) all debtors of the Company outstanding at Completion will realise their full value within 9 months of Completion.

#### The Accounts

- 5. (1) the position of International as at the Last Accounting Date was as shown by the Accounts a copy of which is annexed hereto which give a true and fair view of the state of affairs of International as at the Last Accounting Date and of its results for the period ended on that date and have been prepared in accordance with the modified historic cost convention and generally accepted accounting principles and practices;
- (2) the said results were not affected by any unusual or non-recurring items;

#### Debtors and Creditors

6. Since 2nd October 1987:

- (1) all debtors and creditors of the Company have arisen in the normal course of the Business;
- (2) no sums have been paid nor have any debts been incurred to the Vendor or Mr. Zabadne or any company under the control of either or both of them;



- (3) the Vendor has no reason to think that any debts owed to the Company at Completion will not be paid on the due date for payment;
- (4) no debtor has been released by the Company on terms that he pays less than the book value of his debt and no debt has been subordinated, written off or proved to any extent irrecoverable.

#### Bank Accounts

7. the Company has no bank or deposit accounts (whether in credit or overdrawn) other than

- (1) its current account at National Westminster Bank PLC, Market Place, Uttometer;

and at Completion the account will not be overdrawn by more than £821,000, taking into account uncleared cheques.

#### Assets and Share Capital

8. (1) the Company now is the beneficial owner of and has good title to all the assets appearing in the Balance Sheet or the Inventory and all of its assets and undertaking (whether or not appearing in the Balance Sheet or the Inventory) are held free from all liens mortgages debentures charges claims and encumbrances nor is the Company bound by any agreement to create any form of security over all or any part thereof and there now is no outstanding balance of purchase price or hire purchase instalment or other sum due or payable in respect of any such assets (whether under an Agreement for hire, lease, credit sale or otherwise) nor is there now any agreement or arrangement restricting

the freedom of the Company to use or dispose of the same as it thinks fit nor has there been any exercise or purported exercise or claim of any charge, lien, encumbrance or equity over any issued or unissued share or loan capital of the Company;

(2) neither International nor the Company makes use of any building premises land plant machinery or other tangible asset in the nature of a capital asset which is not included in the Balance Sheet and the Inventory and all motor vehicles owned or used by the Company are registered in the name of the Company;

(3) the assets of the Company include sufficient plant and machinery and tooling for manufacturing all parts manufactured by International or the Company or their sub-contractors since the Last Accounting Date and all parts or spares for products made by International or its predecessor in the business during the five years ended on 1st October 1987.

#### Insurances

9. full particulars of all insurances maintained by the Company have been disclosed in writing to the Purchaser and all premiums on all such policies of insurance have been duly and punctually paid; all assets of the Company capable of being insured are insured in amounts representing the full replacement or reinstatement value thereof against all such risks as are normally insured by businesses similar to that of the Company and no claims have been made by the Company or International on their insurers which would have the effect of causing future premiums to be higher than would otherwise be the case nor has any circumstance occurred which has caused any such insurances to be rescinded or vitiated;

## Employees

10. (1) there are no Service Agreements between Directors and others and the Company; no employees of the Company are engaged on terms providing expressly or at common law for notice of termination in excess of three months nor is the Company making or bound to make (whether legally enforceable or not) any present or future payment to or for the benefit of any employee or ex-employee or any dependants of any such person as a contribution to or by way of salary bonus pension gratuity or otherwise other than under pension schemes as disclosed to the Purchaser in writing and the Company has at all times complied with the provisions of the Employment Protection Act 1975 and the Employment Protection (Consolidation) Act 1978;
- (2) all pension schemes of the Company are fully funded on a continuing basis and are approved by the Inland Revenue and no reason exists why any such pension scheme of the Company should cease to be approved by the Inland Revenue; all contributions and premiums payable in respect of such schemes prior to the date hereof have been duly paid, such contributions and premiums not being at higher rates than corresponding payments made in the year ended on the Last Accounting Date; each of the pension schemes has been administered in accordance with all statutory requirements applicable thereto and in accordance with the trusts, powers and provisions pertaining to the scheme; all members of the schemes are employees of the Company; since 1st July 1986:-
- (i) no power has been exercised to augment benefits;

- (ii) no discretion has been exercised to admit to membership a director or employee who would not otherwise be eligible for admission to membership thereof or to provide benefits to members which would not be provided but for the exercise of the discretion;

and all information provided to the Purchaser by the Vendor or the Company or their respective advisers relating to the pension schemes was when provided and now remains true, complete and accurate in all material respects;

- (3) full and accurate particulars of the terms and conditions of service of each of the employees (together with details of all benefits in kind including the use of motor vehicles) have been given to the Purchaser and those particulars have not been altered in any material respect;
- (4) no person is engaged by the Company as a consultant;
- (5) there are not at the date hereof any collective agreements (within the meaning attributed to those words for the purposes of The Transfer of Undertakings (Protection of Employment) Regulations 1981 S I 1794 ("the Regulations")) made by or on behalf of the Company with a Trades Union recognised by the Company in respect of any of the employees;
- (6) the Company does not at the date hereof recognise (within the meaning given to that expression by paragraph 2(1) of the Regulations) any Trades Union and there are no agreements in existence with Trades Unions capable of affecting the rights of employees of the Company;

- (7) no dispute is subsisting between the Company or International and any of its employees whether or not arising out of the transfer of the Business to the Company and there are no present circumstances which are likely to give rise to any such dispute; there have been no strikes or work-to-rule (official or unofficial) by any of the employees of the Company or International during their employment with the Company or International for the period of six years immediately preceding the Last Accounting Date;
- (8) there is no share incentive scheme, share option scheme or profit sharing scheme in existence or proposed for employees of the Company;
- (9) the Company has no liability (whether arising under the Regulations or otherwise) to make any payment to any employee or former employee of International;

#### Litigation

- 11. there is no litigation arbitration or prosecution pending or threatened by or against the Company or International or to which the Company or International is or may become a party or in respect of which the Company is or may become vicariously liable or liable to indemnify any party concerned; there is no material dispute with the appropriate Authorities in regard to taxation (including value added tax and P.A.Y.E.) or with the Department of Health and Social Security in connection with the National Insurance Contributions of the Company's or International's past or present employees nor any circumstances which might indicate the possibility of such a dispute; no litigation is in existence or is threatened relating to the ownership of the Shares;

Liquidation etc.

12. no order has been made or petition presented or resolution passed for the winding up of the Company nor has any person threatened to present such a petition or convened or threatened to convene a meeting of the Company to consider a resolution to wind up the Company or any other resolution; no distress execution or other process has been levied on any asset of the Company nor has any person threatened any such distress execution or other process; no person has appointed or threatened to appoint an administrative receiver of the Company's business or assets or any part thereof; there is no unfulfilled or unsatisfied judgment or Court Order outstanding against the Company; no circumstances have arisen which could now entitle a lender of finance to the Company (other than on normal overdraft facility) to call in the whole or any part of the monies advanced or enforce his security; no provider of funds to the Company on overdraft facility has indicated that the existing facility will be withdrawn or reduced;

VAT

13. in relation to value added tax:-

- (i) the Company is a registered person pursuant to Schedule I of the Value Added Tax Act 1983 (in this sub-clause hereinafter referred to as "the 1983 Act") and has kept proper and accurate accounts and rendered tax invoices in the prescribed manner and has kept such records as have been prescribed by the Commissioners pursuant to paragraph 7 of Schedule 7 to the 1983 Act. The Commissioners have imposed no conditions pursuant to paragraph 7 of Schedule 7 to the 1983 Act and the Company has complied with all the provisions of paragraph 8 of Schedule 7 to the 1983 Act;

- (ii) the supply (including anything treated by the 1983 Act as a supply) of all goods and services supplied by the Company in the course of its business in the United Kingdom is a taxable supply and save for goods which are zero rated in accordance with Section 16(6) of the 1983 Act none of such goods or services are zero rated or are an exempt supply;
- (iii) the Company is not in arrears with any payment or returns or liable to any abnormal or non-routine payment or any forfeiture or penalty or to the operation of any penal provisions;

#### Options over share or loan capital

- 14. no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option nor are there any agreements restrictions or obligations entered into by or binding on the Company as to its unissued share or loan capital;

#### Contractual arrangements

- 15. the Company is not a party to nor does the Company have any obligation to perform under:-
  - (1) any contract (whether executed or executory) not in the ordinary course of business or of an unusual or onerous nature;
  - (2) any guarantee or contract of indemnity (whether within or outside the ordinary course of business) by virtue of which it is under an actual or contingent liability;
  - (3) any power of attorney;

- (4) any contract having more than three months to run and not capable of being terminated by three or less than three months' notice without payment of compensation or damages except those specified in the Disclosure Letter;
- (5) any contract which requires an aggregate consideration payable by the Company in excess of £25,000 or involves the supply of goods or services by the Company with a net sales value in excess of £25,000 unless previously approved by the Purchaser;
- (6) any contract which cannot be fulfilled by the Company on time without undue or unusual expenditure of money or effort;
- (7) any contract or arrangement with any company which Mr. Zabadne or the Vendor has any interest (direct or indirect) relating to the supply of goods or services to or by the Company other than contracts or arrangements specified in the Disclosure Letter;
- (8) any contract which contains currency or commodity re-negotiation or re-determination clauses;
- (9) any contract which by its terms is expressly capable of being terminated by the other party should control of the Company pass out of the hands of International or the Vendor;
- (10) any contract in respect of which the liability or prospective liability of the Company is guaranteed by a Director or by the Vendor or any third party (including the Company's bankers);



nor has it any special arrangement with its principal distributors or customers nor any contract or arrangement registered or registerable pursuant to the Restrictive Trade Practices Act 1976 or any order made thereunder or notified or notifiable under Article 85 of the Treaty of Rome;

nor are any contracts of the Company unenforceable by the Company for any reason not covered by the foregoing;

nor has any event or omission occurred or been permitted to arise which would entitle any third party to terminate prematurely any contract to which the Company is a party or call in any money before the date on which payment thereof would normally be due;

nor is the Company in breach of any of its contractual obligations;

*KM*  
*PCO*  
*and the Company will be able to fulfil its obligations under clause 6.6 of the Trading Agreement referred to in clause 6.6. Grants and Employment Schemes without undue or unusual expenditure of money or effort;*

16. (1) full particulars of all central and local governmental grants subsidies and allowances (including investment grants, regional development grants, building grants, grants under any Local Employment Act and grants under the Industry Act 1975) which have been applied for or received by International or the Company are included in the Disclosure Letter and there are no grounds upon which any such grant, subsidy or allowance or any part thereof could be liable to be repaid or recovered whether by reason of the entering into or completion of the Assets Sale Agreement this Agreement or otherwise;
- (2) neither International nor the Company is not party to any scheme or programme relating to the temporary or permanent engagement of employees whereunder it

receives any subsidy or other financial assistance whether from the EEC or any central or local governmental department or agency;

Plant and machinery

17. the plant and machinery and all vehicles and office equipment shown in the Balance Sheet or the Inventory are in good condition (fair wear and tear excepted) having been regularly maintained where necessary and the vehicles owned or operated by the Company are duly licensed for the purposes for which they are used;

Accounting records

18. all the accounts books ledgers and financial and other material records of whatsoever kind of the Company or International are held or stored in means which are under the exclusive ownership and control of the Company and have at all times up to the date hereof been properly and accurately made up kept and completed in all material respects and record all matters required to be entered therein by the Companies Act 1985 and at the date hereof they give and reflect in all material respects a true and fair view of the financial contractual and trading position of the Company and of its plant and machinery and fixed and current assets and liabilities debtors and creditors stock in trade and work in progress;

Returns and Memorandum and Articles of Association

19. all returns particulars resolutions and other documents required to be filed with or delivered to the Registrar of Companies in respect of the Company have been correctly and properly made up and properly filed or delivered within the periods statutorily prescribed and the print of the Memorandum and Articles of Association of the Company

which has been supplied to the Purchaser's Solicitors is an up to date version thereof and has at all times been complied with in relation to the issue and transfer of shares and the passing of resolutions, and the Company has held its Annual General Meeting for the year 1987;

Records

20. the register of members of the Company contains true and accurate records of the members from time to time of the Company; all shares or other securities in the Company have been allotted or transferred or registered (as the case may be) in accordance with the Articles of Association of the Company in force at the relevant time and the Company has not obtained a lien over any of the shares comprising its capital;

Property

21. the Property comprises all the lands and buildings held by the Company or used or occupied by the Company;

Arms' length transactions

22. (1) no monies will be due at Completion from the Company to any director of the Company or to the Vendor or Mr Zabadne or to any company or partnership in which any of such directors or the Vendor or Mr Zabadne are directly or indirectly interested otherwise than as holders of listed securities;
- (2) the Company has no debts due to it by the Vendor or by its directors or Mr Zabadne or any of them or by any company in which the Vendor or its directors or Mr Zabadne or any of them are interested directly or indirectly (other than as holders of listed securities) nor do the Vendor or the Company's directors or Mr

Zabadne or any of them or any such company as afore-said have any claims against the Company on any account whatsoever;

#### Statutory Requirements

23. both International and the Company and their officers have up to the date hereof complied with all the requirements of the Department of Health and Social Security in connection with the National Insurance Contributions of the past and present employees of the Company and International; and have complied with all applicable provisions of the Consumer Credit Act 1974 and have performed all other obligations required by law to be performed by it or them with respect to or affecting the Business and are not in default under any laws, regulations, orders, contracts, agreements, licences or obligations of whatsoever nature which affect the operations of the Business (including, without prejudice to the generality of the foregoing, the Health and Safety at Work etc. Act 1974 and the Control of Pollution Act 1974) and no complaints have been made to the Office of Fair Trading regarding any activities of the Business; nor is the Company engaged in an anti-competitive practice within the meaning of the Competition Act 1980;

#### Intellectual Property

24. (1) except for the agreements, patents and trade marks specified in the Disclosure Letter neither the Company nor International is at the date hereof a party to any agreement for the manufacture use exercise or sale under licence of any product or process or to any agreement for the acquisition disposal or licensing of technical knowledge confidential information or know-how and neither International nor the Company has any patents trade marks (whether registered or unregis-

tered) or registered designs and nor does either of them at the date hereof carry on business or sell any product under any name other than its corporate name; nor to the best of the Vendor's information knowledge and belief does the Company require any patent, trade mark, registered design or licence in order to use all the processes employed in its business as presently constituted and carried on and to sell the products which result from those processes and to the best of the Vendor's information knowledge and belief none of the activities of the Company infringes any patent or other right of any kind vested in any other party or gives rise to payment by it of any royalty or of any sum in the nature of any royalty;

- (2) International or the Company has paid all registration and/or renewal fees in respect of the patents and trade marks specified in the Disclosure Letter and has not done or omitted to do anything whereby any such patent or trade mark may be revoked or invalidated;
- (3) to the best of the Vendor's information knowledge and belief none of the Company's intellectual property rights is being infringed by a third party;
- (4) all trade secrets of the Company are fully documented;
- (5) the Company has copyright in all drawings and designs relating to all its products and all such drawings and designs are in its possession and the Company has not supplied copies of the same to any third party;
- (6) the Company does not carry on business under a name other than Bamfords International and is not aware of any circumstance which might prevent the Company from continuing to trade under such name;

#### Licences consents and registrations

25. the Company has obtained all licences, consents, permissions and approvals and made all registrations (whether statutory or otherwise and including, where relevant, licences under the Consumer Credit Act 1974 and registrations under the Data Protection Act 1984) required or desirable for the carrying on of its business and the manufacture and sale of its products and full details thereof (including dates upon which they fall due for renewal) are set out in the Disclosure Letter. The Company is not in breach of any of the terms or conditions of any such licences, consents, permissions or approvals or its obligations in relation to any such registrations and no grounds exist (whether connected with the sale of the Shares to the Purchaser or not) upon which either they could be revoked or withdrawn or renewal could be refused nor will the completion of this Agreement constitute a breach thereof or give grounds for premature termination thereof;

#### Major suppliers and customers

26. the loss of any single supplier to or customer of the Business would not have a material effect on its business and during the last accounting period not more than 10% of the goods purchased by International in connection with the Business was derived from the same supplier nor was more than 10% of the goods sold by International purchased by the same customer;

#### Changes in trading relationship

27. the Vendor has not been notified that any supplier of goods purchased by International in connection with the Business during the last accounting period or any purchaser of goods from International during that period intends to cease trading with the Company or to reduce its level of trading with the Company by a material extent;

Defective goods

28. (1) the Company has not agreed to take back after the date hereof any defective goods or effect repairs to the same free of charge or otherwise not at arm's length rates or issue a credit note or write off or reduce indebtedness in respect thereof;
- (2) the Vendor has no reason to believe that any line of products currently in stock or in the course of production is not or will prove not to be of merchantable quality;

Subsidiaries etc

29. the Company has no subsidiaries, is not a member of a partnership or other unincorporated association and does not have any branch or permanent establishment outside the United Kingdom and is not a member of any trade association;

Recitals

30. the facts set out in Clause 2 of this Agreement are true and correct;

#### Brokerage

31. no claim or demand for payment of commission, legal or accountancy fees or other payments will be made against the Company by any person in connection with the negotiations leading to this Agreement;

#### Information

32. (1) the contents of the Disclosure Letter are correct, all information given in writing to the Purchaser or its advisers in the course of the negotiations leading to this Agreement was and remains true in all material respects and is not misleading and the copies of all contracts and other documents made available to the Purchaser are true and complete;

#### Warranties effective at Completion

33. the foregoing undertakings and warranties will remain valid and effective until Completion and the position of the Company at that date will be in conformity therewith.

#### Jones Balers Limited

34. Jones Balers Limited has not traded since 2nd October 1987 and has no liabilities (actual or contingent).



PART 2 of SCHEDULE II  
LIABILITIES COVERED BY THE COVENANT FOR INDEMNITY

- 1, (2) Any claim for capital transfer tax under Section 94 Capital Transfer Tax Act 1984 by reason of a transfer of property by the Company prior to Completion or by reason of any transaction prior to Completion being treated as a disposition by Section 98 of that Act.
- (2) Any claim for taxation payable by the Company (including any taxation chargeable on or in connection with any company which has ceased to be a subsidiary) or for which the Company is accountable on or in respect of any transaction, act, omission or event during any period ended on or before 2nd October 1987.
- (3) Any claim for taxation chargeable on the Company in respect of any transactions, acts, omissions or events carried out or occurring or any state of affairs continuing after the 2nd October 1987 but prior to Completion otherwise than in the ordinary course of trading.
- (4) Any claim for taxation on a chargeable gain or the disallowance of relief in respect of a chargeable loss arising on the disposal of any asset included in the Balance Sheet which would not have arisen if the book value of the asset included therein had been the appropriate acquisition cost for the purpose of computing such gain or loss.
- (5) Any claim for taxation arising in consequence of the Company ceasing on Completion to be a member of the same group of companies (as defined for the purposes of any taxation) as International or the Vendor.
- (6) Any penalties interest claims damages costs and expenses paid suffered or incurred by the Company or the Purchaser arising

from or attributable to any such matter referred to in sub-clauses (1) to (5) above.

PROVIDED ALWAYS that if:-

- (a) an assessment to tax in respect of any of the matters comprised in this part of the Schedule is liable to be made upon the Company; and
- (b) the liability under such assessment is set off against capital or other allowances, deductions or available losses or credits brought forward from the Last Accounting Date or carried back from a period ending thereafter

then such set off (so far as it extends) shall be ignored for the purposes of ascertaining the liability (if any) of the Vendor under the indemnities contained in this part of this Schedule and a claim shall be deemed to arise in respect of the liability under such assessment.

- 2. In the event of a claim arising under the indemnities contained herein notice of that fact shall be given as soon as reasonably practicable in writing to the Vendor and the Company shall take such action to avoid resist compromise or contest such claim as aforesaid if so requested by the Vendor in the manner required by but at the Vendor's expense (and with reasonable security for costs if the Purchaser so requires) and the Purchaser shall procure that the Company shall make available to such persons as may be requisite all such information as may be available to it for avoiding resisting compromising or contesting any such claim.

- 3. In this part of this Schedule "taxation" shall mean and include:-

- (a) all income tax (including tax assessable as such and PAYE) capital gains tax, corporation tax, advance corporation tax, capital transfer tax, inheritance tax, national insurance contributions, value added tax, stamp duty, capital duty, stamp duty reserve tax and all other taxes duties and levies (whether United Kingdom or foreign and whether payable on actual or deemed income profits or gains of a capital or

income nature or in respect of any actual or deemed distributions or shortfalls in distributions or apportionment of income including withholding taxes of all kinds) or some or one of them as the context requires;

- (b) "claim" shall include any notice demand assessment letter or other document issued or action taken whereby it appears that the Company is or is to be placed or subject to be placed under a liability to make a payment or be deprived of any relief, allowance, deduction or credit otherwise available in respect of such taxation as aforesaid; and the amount of the relief, allowance or deduction or credit of which the Company is deprived shall be regarded as an amount of taxation for which an actual liability has arisen which is due and payable by the Company on the date on which the payment in respect of taxation is payable (or would have been payable were it not for the existence of any relief, allowance, deduction or credit) or, in the case of a credit, the date on which the payment would have been made or credited to the Company had the claim not been made;
- (c) any reference herein to the provisions of any statute shall be deemed to include a reference to any modification or re-enactment thereof and to any similar previous legislation which has been re-enacted or consolidated and every instrument or regulation for the time being in force thereunder.

### SCHEDULE III

(Clause 1.1)

#### The Property

The property at Pinfold Street and Balance Street, Uttoxeter, Staffordshire as identified on the plan attached to the licence agreement referred to in clause 6.3.

### SCHEDULE IV

#### Non-restricted countries

Morocco  
Libya  
Tunisia  
Algeria  
Egypt  
Syria  
Lebanon  
Jordan  
Cameroun  
Nigeria  
Ghana  
Ivory Coast  
Liberia  
Senegal  
Gambia

SIGNED ON BEHALF OF  
The COMMON SEAL of  
EURANGLO TRADING  
COMPANY LIMITED was  
hereunto affixed in the  
presence of:-

M. N. P. J. C. des  
Soleils

Birmingham B3 3LX

Director

Secretary

The COMMON SEAL of  
BENSON GROUP plc  
was hereunto affixed  
in the presence of:-

M. N. P. J. C. des  
Soleils

Director

J. N. P. J. C. des  
Soleils

Secretary

The COMMON SEAL of  
BAMFORDS OVERSEAS LIMITED  
was hereunto affixed  
in the presence of:-

B. N. P. J. C. des  
Soleils

Director

J. N. P. J. C. des  
Soleils

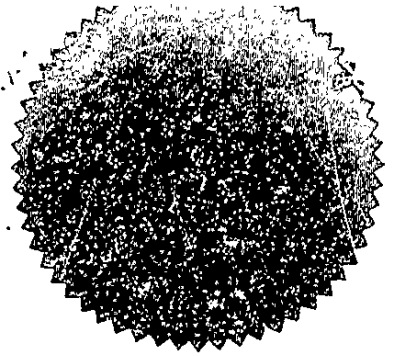
Secretary

The COMMON SEAL of  
BAMFORDS INTERNATIONAL  
LIMITED was hereunto  
affixed in the  
presence of:-

)  
)  
)  
)  
)

*[Signature]*

Director



*M. H. Zabadne*

*Director*  
Secretary

SIGNED SEALED and  
DELIVERED by  
MOHAMED AREF JUMAA  
ZABADNE in the presence of:-

)  
)  
)  
)  
)

*M. N. P. J. J. J.*

*[Signature]*



Rider

- 6.8 6.8.1 Forthwith after the date hereof the Vendor shall prepare and submit to the Purchaser a schedule ("the Outgoings Schedule") showing the creditors, salaries, wages, PAYE, national insurance contributions, pensions contributions and all other normal employment costs, rent, rates, gas, water, electricity and telephone charges and other outgoings borne or paid by the Vendor on behalf of the Company from 2nd October 1987 up to and including the Completion Date together with a schedule ("the Income Schedule") showing income received by the Vendor on behalf of the Company during that period. Outgoings shall if necessary be apportioned between the Vendor and the Company provided that all outgoings specifically referable to the extent of the user shall be apportioned according to the extent of such user.
- 6.8.2 The Purchaser shall be afforded full access at all reasonable hours to the books and accounting records of the Vendor for the purpose of verifying the Outgoings Schedule and the Income Schedule.
- 6.8.3 The net amount (if any) payable by the Company to the Vendor under this clause shall be agreed between the parties hereto following submission of the Outgoings Schedule and the Income Schedule to the Purchaser and if agreed shall be payable by the Company to the Vendor at Completion. Failing agreement by the Completion Date the net amount (if any) payable shall be determined by a chartered accountant to be agreed or appointed and to act in the manner provided in clause 4.4.4. The Purchaser shall procure the payment by the Company to the Vendor of any sums so agreed or determined to be due within fourteen days of such agreement or determination.

KM  
PCC

DATED 18<sup>th</sup> January 1988

BAMFORDS INTERNATIONAL LIMITED

and

BENSON GROUP plc

and

BAMFORDS OVERSEAS LIMITED

and

M.A.J. ZABADNE

and

EUR,ANGLO TRADING COMPANY LIMITED

~~Draft 13th January 1988~~

---

---

AGREEMENT

---

---

Pinsent & Co.,  
Solicitors,  
Post & Mail House,  
26 Colmore Circus,  
Birmingham B4 6BH

AKE