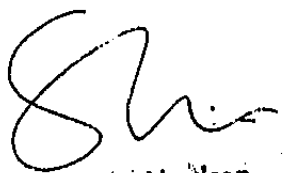
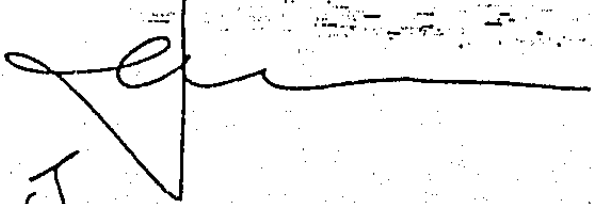


We certify this to be a true and complete copy of the original.


Shoosmiths & Harrison
8 Clarendon Street,
Nottingham. NG1 5HQ

406925
This is the document
marked "A" referred to in
the notice of EGM

DATED


27th June 1990 passed for filing
B

Mr. A. G. HURN AND OTHERS

-and-

HICKING PENTECOST PLC

-and-

FORGEMASTERS (HOLDINGS) LIMITED

A G R E E M E N T

RCC (HICKING PENTECOST 2)

25.5.90

14/8/90

THIS AGREEMENT dated the

27th June 1990 is made

BETWEEN:

1. "the Vendors": the several persons whose names and addresses are set out in the first column of the First Schedule below;
2. "the Purchaser": HICKING PENTECOST PLC whose registered office is at Queen's Road, Nottingham; and
3. "the Company": FORGEMASTERS (HOLDINGS) LIMITED whose registered office is at Garth Works, Taffs Well, Cardiff;

W H E R E A S the Company was incorporated on the 15th December 1989 under the Companies Acts 1985 and 1989 as a company limited by shares with registered number 2453142 and has an authorised share capital of £500,000 divided into 100,000 Cumulative Redeemable Preference Shares of £1 each and 400,000 Ordinary Shares of £1 each of which 91,666 Preference Shares of £1 each and 373,046 Ordinary Shares of £1 each have been issued and are fully paid or credited or fully paid.

NOW IT IS HEREBY AGREED as follows:-

Interpretation

1. In this agreement and in the Schedules below:-

1.1 "Shares" means the 373,046 Ordinary Shares of £1 each in the Company or any of them.

"Consideration Shares" means shares of 50p in the capital of the Purchaser to be issued to the Vendors by the Purchaser (credited as fully paid) in satisfaction of the consideration to be paid hereunder but so that if the first resolution to be proposed to members of the Purchaser at the Meeting referred to in clause 3.1.2 below is not duly

[Handwritten signatures]

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carried then the reference shall be to stock units of 50p each in the capital of the Purchaser.

"the "A" Loan Notes" means the loan notes in the agreed form to be guaranteed by National Westminster Bank plc and to be issued by the Purchaser as provided by clause 4.1.

"the "B" Loan Notes" means the loan notes in the agreed form to be issued by the Purchaser as provided by clause 4.1.

"Initial Consideration" means the consideration to be satisfied at Completion in accordance with clause 4.1.1.

"Deferred Consideration" means the consideration (if any) to be satisfied pursuant to clause 4.1.2.

"the Purchaser's Brokers" means C L Alexanders Laing & Cruickshank of Broadwalk House, 5 Appold Street, London EC2A 2DA.

"Forgemasters" means Forgemasters PLC, one of the Subsidiaries.

"BCS" means BCS (Engineers and Contractors) Limited one of the Subsidiaries.

"Garth Estates" means Garth Estates Limited one of the Subsidiaries

"Completion" means completion of the sale and purchase of the Shares in accordance with Clause 3 below.

"the Properties" means the properties vested in Garth Estates described in the First Part of the Second Schedule BCS set out in the Second Part of the Second Schedule and Forgemasters set out in the Third Part of the Second Schedule

15 June 1990
"the Disclosure Letter" means the letter of ~~even date~~ from the Vendors to the Purchaser.

"the Directors" means the persons listed in the Third Schedule below and "the Continuing Directors" means the persons named in Part II of that Schedule.

"the Deed of Indemnity" means a Deed in the form set out in the Fourth Schedule below.

"the Subsidiaries" means the companies details of which are shown in the Fifth Schedule below.

"the Group" means the Company and the Subsidiaries.

"the Warranties" means the warranties and representations set out in the Sixth Schedule.

"the Accounting Date" means the 31st December 1989 in the case of Forgemasters and BCS and 14th February 1990 in the case of Garth Estates.

"the Audited Accounts" means the audited accounts of Forgemasters BCS and Garth Estates prepared as at the Accounting Date.

"the Net Profits" means the profits shown by Forgemasters as disclosed by an annual audited Profit and Loss Account with the following adjustments unless already taken into account in such Profit and Loss Account:

- (i) after deducting all expenses of ^{full time} working and management directors' fees and remuneration and bonuses paid to employees depreciation as charged in the accounts interest on borrowed monies and any revenue expenses charged directly against reserves;
- (ii) before deducting any taxation on profits including corporation tax and any similar or substituted tax

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(iii) after adding thereto or deducting therefrom such amounts in relation to dealings between any company in the Group and the Purchaser or any other subsidiary of the Purchaser as represents the difference between the payment thereunder and such payment therefor as might reasonably be anticipated had such dealings been with a third party;

(iv) excluding the excess over £10,000 in respect of the aggregate profits or losses of a capital nature in any one year and excluding net rental income;

(v) after taking into account exceptional debits or credits but before taking into account extraordinary debits or credits;

(vi) in the event of Forgemasters incurring an increase in the level of borrowing debt factoring or hire purchase or leasing indebtedness or interest forgone ~~from the current at completion hereof~~ as a result of dividends being declared or any other act at the direction of the Purchaser (or the board of directors of Forgemasters as a result of the exercise of voting powers by the Purchasers' representatives thereon) save where in the normal course of business and/or where such events are anticipated to be of benefit to Forgemasters' profitability during the relevant period the cost of such increased interest costs and charges shall be excluded and any interest forgone shall be included (as the case may be);

(vii) after substituting the market value for the price received for any goods sold or services provided to, or for the price paid for any goods purchased from or services provided by, the Purchaser or any entity

③ J. Am. Ltd
③ J. Am. Ltd
M. J. J.
A. J.

Am. Ltd
③ J. Am. Ltd
M. J. J.
A. J.

controlled directly or indirectly by the Purchaser;
and
(viii) after adding back management charges (if any)
which are made by the Purchaser or its other
subsidiaries.

"the Net Losses" means the net losses shown by Forgemasters
as disclosed by an annual audited Profit and Loss Account
adjusted in identical manner to the calculation of Net
Profits.

"The Vendors' Solicitors" means Morgan Bruce of Bradley
Court, Park Place, Cardiff CF1 3DP.

"The Purchaser's Solicitors" means Shoosmiths & Harrison of
8 Clarendon Street, Nottingham NG1 5HQ.

- 1.2 Words and phrases the definition of which is contained or
referred to in the Companies Act, 1985 (as amended by the
Companies Act 1989) shall be construed as having the
meaning thereby attributed to them.
- 1.3 References to statutory provisions shall be construed as
references to those provisions as respectively amended or
re-enacted (whether before or after the date hereof) from
time to time and shall include any provisions of which they
are re-enactments (whether with or without modification).
- 1.4 All warranties indemnities covenants agreements and
obligations given or entered into by more than one person
are given or entered into jointly and severally
- 1.5 The headings are inserted for convenience only and shall
not affect the construction of this document
- 1.6 Reference to any document being in the agreed form shall be
construed as a reference to a document in the form agreed
between the Vendors' Solicitors and the Purchaser's
Solicitors on or before the date of this Agreement.

- 1.7 Where the expression "to the best of the Vendors' knowledge, information and belief" or any expression to the same effect is used herein the Vendors shall be deemed to have made enquiries of all parties who might reasonably be anticipated to have knowledge of the matters in relation to which such statement is made.

Sale of the Shares

- 2.1 Subject to the terms of this Agreement each of the Vendors as beneficial owners shall sell and the Purchaser shall purchase free from all liens charges and encumbrances and together with all rights now or hereafter attaching thereto the number of Shares set opposite ~~to~~ his name in the second column of the First Schedule below.
- 2.2 The Purchaser shall not be obliged to complete the purchase of any of the Shares unless the purchase of all the Shares is completed simultaneously.
- 2.3 Each of the Vendors waives any pre-emption rights he may have in relation to the Shares.

Conditions Precedent

- 3.1 Completion of this Agreement is conditional upon:-

[3.1.1 the grant by British Rail to [Forgemasters][and Garth Estates] of a right of way in perpetuity over the Properties and the coloured red on the plan for the Properties included with the Disclosure Letter in a reasonably acceptable form to the Purchaser];

3.1.2 the passing by the Purchaser in General Meeting by not later than 31st July 1990 or such later date as the parties may agree of resolutions

authorising the acquisition of the Shares pursuant to this Agreement, and the increase in share capital and allotment of Consideration Shares hereunder as the Purchaser shall require and of such other resolutions as the Purchaser shall be required by law or the Stock Exchange to secure to enable the matters herein set out to be completed in accordance with this Agreement; and the admission of the Consideration Shares to be allotted at completion as Initial Consideration to the Official List of The Stock Exchange (subject only to allotment and to the posting of a notice under Rule 520 of The Stock Exchange Rules) by not later than the close of business on the business day next following the fulfilment of the last of the conditions in clause 3.1.1 and clause 3.1.2.

Handwritten notes and signatures: "Lam", "3.1.2", and a signature.

- 3.2 The Purchaser shall take the necessary steps to convene the General Meeting and shall procure that circulars issued by the Purchaser with the notice convening the General Meeting shall contain a recommendation by the Directors of the Purchaser to its members to vote in favour of the resolutions there proposed.
- 3.3 The Purchaser shall use all reasonable endeavours to secure the admission of the Consideration Shares (whether in respect of the Initial Consideration or otherwise) to the Official List.
- 3.4 The Vendors shall provide such assistance as shall reasonably be required by the Purchaser in terms of the provision of information but not otherwise in connection with the fulfilment of the foregoing conditions.

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3.5 If the conditions set out in clauses 3.1.1, ^{and} 3.1.2 and ~~3.1.3~~ are not satisfied by 2nd August 1990 or such later date as the parties may agree this Agreement shall be cancelled and of no effect and neither party hereto shall have any rights or obligations under it;

Provided always that the Purchaser shall be entitled at any time to waive the condition set out in clause 3.1.1 or clause 3.1.2.

Consideration

4.1 The consideration for the sale and purchase of the Shares will be:-

4.1.1 the payment by the Purchaser to the Vendors of the Initial Consideration of the aggregate sum of ^(one million five hundred and sixty thousand pounds) £1,590,000 (such payment to be allocated amongst the Vendors in the proportions set out in the third column of the First Schedule hereto) which consideration shall be satisfied by the allotment of Consideration Shares at the price of £0.72 per Consideration Share in the numbers set out in the fourth column of the First Schedule or by the issue of "A" Loan Notes and "B" Loan Notes to face value set out in the fifth and sixth columns of the First Schedule; and

4.1.2 the payment by the Purchaser to the Vendors of the Deferred Consideration in the circumstances set out in the Eighth Schedule (but subject to the limitations in paragraph 6 thereof) which shall be satisfied by the allotment of Consideration Shares (at a price equal to the

average middle market price recorded in the Official List of The Stock Exchange for the period of three working days immediately preceding in each case the earlier of:

(a) whichever is relevant of the 30th September in 1991, 1992 and 1993; or

(b) the date of the ^{relevant} announcement in 1991, 1992 and 1993 of the financial results of the Purchaser for the previous financial year

such Consideration Shares to have a market value equal to the Deferred Consideration payable by reference to the relevant year ended prior to such 30th September.

4.2 In respect of the allotment of Consideration Shares the Purchaser shall procure that the Purchaser's Brokers shall give a certificate as to the value thereof which (failing patent error) shall be binding on both parties.

4.3 The Net Profits in each of the years ending 31st March 1991, 1992 and 1993 shall be certified by the auditors of Forgemasters for the time being after consultation with the Vendors and the Purchaser. If the Vendors or the Purchaser shall dispute the calculation of the Net Profits within fourteen days after receipt of the relevant auditors' certificate, the matter in dispute shall be referred at the request of either party to an independent chartered accountant appointed in default of agreement by the President for the time being of the Institute of Chartered Accountants in England and Wales who shall act as an expert and not as an arbitrator and whose decision (including any award as to costs) shall be final and binding on the parties.

4.4 ~~Subject as hereinafter provided~~ Consideration Shares in relation to the Deferred Consideration shall be allotted on 30th September following the end of the relevant year in respect of the years ending 31st March 1991 and 31st March 1993 and on 31st December 1992 in respect of the year ending 31st March 1992 or if later within seven days after the certificate of the auditors or (as the case may be) the decision of the independent chartered accountants as to the Net Profits for any period has been signed and communicated to the parties.

4.5 The Consideration Shares shall not rank for the dividend declared in respect of the period ending 31st March in the ~~year of allotment~~ ^{year of which the Additional Consideration was calculated} but shall otherwise rank pari passu in all respects with ordinary shares of 50p each in the capital of the Purchaser.

4.6 If pursuant to paragraph 4 of the ^{Eight} ~~Fourth~~ Schedule the Net Profits in the year ending 31st March 1991 are adjusted in manner there set out the balance of the Deferred Consideration thus payable by reference to such year shall be satisfied by the allotment of Consideration Shares on the date on which the Deferred Consideration for the year ending 31st March 1992 is satisfied but at a price equal to the price at which the Consideration Shares for the year ending 31st March 1992 are allotted.

4.7 If the management accounts for Forgemasters for the eight months ending 30th November 1992 shall reveal a loss on profit and loss account (without adjustments to calculate Net Profits for that period) the satisfaction of the Deferred Consideration payable in respect of the year ending 31st March 1992 shall be postponed until the day on which the payment of the consideration for the year ending

31st March 1993 is satisfied or would be satisfied were
Deferred Consideration paid by reference to such year.

Protection of the Vendors

- 5.1 It is agreed that in respect of the period ending 31st March 1993 the affairs of Forgemasters will be managed by its board of directors with a view solely to its own commercial interests. The Purchaser undertakes with the Vendors that it will not take any steps which would prevent or hinder Forgemasters from time to time earning and maximising its profits during that period provided that a net dividend of 50% of the aggregate profits after tax of Forgemasters shall be paid to the Company for each of the relevant financial periods.
- 5.2 Subject to the undertaking given by the Purchaser in clause 5.1 above during the period to 31st March 1993 the Purchaser shall procure that:-
- 5.2.1 the business of Forgemasters is carried on in all material respects in the normal course and without any material change in such business save such change as may be determined by its board as being in its best commercial interest;
- 5.2.2 any commercial dealings between Forgemasters on the one hand and the Purchaser and its other subsidiaries on the other hand are carried on an arm's length commercial basis; and
- 5.2.3 the ability of Forgemasters freely to contract with third parties shall not be interfered with by the Purchaser or any of its other subsidiaries.

- 5.3 The audited accounts of Forgemasters for the financial periods ending on or before 31st March 1993 shall be prepared in accordance with generally accepted accounting principles and policies and in particular Statements of Standard Accounting Practices which shall be consistent with those followed by Forgemasters in the Audited Accounts.
- 5.4 In particular (but without prejudice to the generality of this clause) the Purchaser shall not prior to 31st March 1993 save with the prior written consent of the Vendors require that:-
- 5.4.1 any adverse change be made to the nature or scope of the business and operation of Forgemasters in circumstances where such change has not been determined by Forgemasters' board of directors being in its best commercial interest and in accordance with the provisions of clause 5.1 hereof;
- 5.4.2 propose or vote in favour of a resolution that the Company be wound up save on the grounds of insolvency;
- 5.4.3 do any act or omit to do any act to the substantial detriment of Forgemasters.
- 5.5 If during the financial years ending 31st March 1993 the Purchaser shall directly or indirectly cause Forgemasters to take or (as the case may be) not to take any action which in the opinion of the Vendors will adversely affect or is likely to have an adverse effect on the opportunity of Forgemasters to maximise the Net Profits the Vendors shall as soon as practicable upon becoming aware of the consequences or the likely consequences of such matter

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notify the Purchaser of such matter and the Net Profits in the relevant years shall be treated as having been increased by such extra amount (if any) as shall be determined by the auditors of Forgemasters as part of their determination of Net Profits within clause 4.3 (including the right of the Vendors to refer the matter in question to an independent chartered accountant within the provisions of such clause) as could reasonably be expected to have been earned had the said action not been or (as the case may be) been taken.

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5.6 *In substitution for* *1 to*
~~Notwithstanding~~ the provisions of clauses 5.4 ~~and~~ 5.5 in the event of the Purchaser disposing of its interest in Forgemasters prior to 31st March 1993 in circumstances where it ceases to be a subsidiary of the Purchaser or of Forgemasters selling the whole or a substantial part of its undertaking in circumstances where the price obtained therefor represents (or would represent were the remaining part of the interest or undertaking sold at a price commensurate with the part sold) a gain over the price expressed to be paid therefor by or attributed therefor pursuant to this Agreement ⁶ then the Purchaser shall pay to the Vendors the balance of the Deferred Consideration then outstanding ~~up to the amount of such gain~~; such payment to be satisfied by the allotment of Consideration Shares at a value equal to the average middle-market price recorded in the Official List of The Stock Exchange for the period of three working days immediately prior to the date of the disposal or sale. *at a price less than that referred to above* In the event of any dispute as to the meaning or effect of this clause or as to any matter arising thereout the same may be referred at the instance

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assuming that
a Deferred
consideration
is payable in full

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of the Vendors or the Purchaser to an independent chartered accountant as provided in clause 4.3 above and it is agreed that in determining any issue hereunder such independent chartered accountant is to have regard to any accompanying disposal of the whole or any part of the Properties or of the Purchaser's interest in any other company in the Group so that if upon a fair view it is equitable that the whole or part of the Deferred Consideration should be paid then they should so determine the matter.

and/or the financial performance of the company and the circumstances of such sale as depend

Completion and Conditions

6.1 Subject to the provisions of this Clause completion of the sale and the purchase of the Shares shall take place on ^{the working day next after} ~~the~~ fulfilment of the last of the conditions under clause 3.1 ~~1-1990~~ at the offices of the Purchaser or at such other offices as shall be agreed whereupon:

6.1.1 The Vendors shall:-

6.1.1.1 deliver to the Purchaser:

- (a) duly executed transfers of the Shares by the registered holder thereof in favour of the Purchaser or its nominees together with the relative share certificates
- (b) such waivers or consents as the Purchaser may require to enable the Purchaser or its nominees be registered as holders of the Shares

6.1.1.2 cause such persons as the Purchaser may nominate to be validly appointed as additional directors of the

Company and the Subsidiaries and upon such appointment forthwith. cause the Directors (other than the Continuing Directors) and the Secretary of the Company and the Subsidiaries to retire from their respective offices and (other than the Secretary) as employees each delivering to the Purchaser a letter under seal acknowledging that the person so retiring has no claim outstanding for compensation or otherwise and without any payment for redundancy or unfair dismissal under the Redundancy Payments Acts procure revocation of all authorities to the bankers of the Company and the Subsidiaries relating to bank accounts giving authority for cheques to be signed by any one director and one other person but so that in the case of a cheque for £50,000 or more it shall be signed by any two directors; and deliver to the Purchaser as agent for the Company:-

6.1.1.3

6.1.1.4

- (a) the Deed of Indemnity duly executed by the Covenantors named therein;
- (b) all the statutory and other books (duly written up to date)

of the Company the Subsidiaries
and its and their certificate
registration securities and
common seals;

6.1.1.5 repay to the Company or the
Subsidiaries any amount owing to it
on any account;

6.1.1.6 deliver to the Purchaser a letter
from the Company's and the
Subsidiaries' auditors resigning
from their offices and acknowledging
that they have no claim against the
Company or the Subsidiaries and
containing the statement contained
in section 380(2)(c) of the
Companies Act 1985.

6.1.2 ~~The Purchaser and Mr. T. Davies shall enter into~~
~~a Service Agreement and~~ Forgemasters and Mr. R.
Meacham shall enter into a Service Agreement in
the agreed form.

6.1.3 The Vendors shall procure a board meeting of the
Company and each Subsidiary to be held at which

6.1.3.1 the Company shall resolve that each
of the transfers relating to the
Shares shall be approved for
registration and (subject only to
the transfer being duly stamped)
each transferee registered as the
holder of these Shares concerned
in the register of members;

6.1.3.2 each of the persons nominated by

Purchaser shall be appointed
directors and/or secretary as the
Purchaser shall direct;

6.1.3.3 all existing instructions to banks
shall be revoked and new
instructions shall be given to such
banks in such form as the Purchaser
may direct;

6.1.3.4 the situation of the registered
offices shall be changed to such
address as the Purchaser may
nominate and (subject to the
provisions of the Companies Acts)
the accounting reference dates shall
be changed in accordance with the
instructions given by the Purchaser;

6.1.3.5 the Service Agreements referred to
in clause 6.1.2 shall be approved
and entered into; and

6.1.3.6 the resignations referred to in
clause 6.1.1.2 shall be tendered and
accepted so as to take effect at the
close of the meetings.

6.1.4 The Purchaser shall:-

6.1.4.1 allot Consideration Shares as
provided by clause 4.1.1 above;

6.1.4.2 issue the "A" Loan Notes and the "B"
Loan Notes as provided by clause
4.1.1 above;

6.1.4.3 deliver to the Vendors a counterpart
Deed of Indemnity duly executed by

the Purchaser and the Company;

6.1.4.4

procure that the Company repays to the Vendors any amount owing to the on any account; and

6.1.4.5

procure the delivery to the Vendors of a guarantee duly sealed by National Westminster Bank plc in the agreed form in respect of the "A" Loan Notes.

6.2 If in any respect the provisions of 6.1.1 to 6.1.3 of this Clause are not complied with (other than by default of the Purchaser) on the date for completion set by clause 6.1 the Purchaser may:-

6.2.1 defer completion to a date not more than twenty-eight days after the date set by clause 6.1 of this clause (and so that the provisions of this clause 6 shall apply to completion as so deferred); or

6.2.2 proceed to completion so far as practicable (without prejudice to its rights hereunder); or

6.2.3 rescind this Agreement.

Restrictions on Vendors

7.1 Each Vendor severally covenants with the Purchaser and the Company that (except with the prior written consent of the Purchaser) he will not for a period of three years after Completion either on his own account or in conjunction with or on behalf of any person carry on or be engaged or concerned or interested in or carrying on the business of designing manufacturing and selling steel forgings and the designing machinery and assembly of

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transmission systems for automotive vehicles within the United Kingdom of Great Britain and Northern Ireland other than as a holder of shares or debentures not exceeding 5 per cent in number of shares or debentures of the same class listed on The Stock Exchange or quoted on the Unlisted Securities Market or as a chartered accountant providing professional advice of a kind appropriate to businesses generally.

7.2 Each Vendor severally covenants with the Purchaser and the Company that (except with the prior written consent of the Purchaser) he will not:-

7.2.1 for a period of three years after Completion either on his own account or in conjunction with or on behalf of any other person solicit or entice away from the Company or the Subsidiaries any officer manager or employee whether or not such person would commit a breach of his contract of employment by reason of leaving service;

7.2.2 for the period of three years after Completion either on his own account or in conjunction with or on behalf of any other person directly or indirectly seek to procure orders in competition with Forgemasters from any person who has at any time during the two years immediately preceding Completion been a customer ~~(or supplier)~~ of the Company or the Subsidiaries;

7.2.3 at any time hereafter make use or disclose to any third party any information of a secret or confidential nature relating to any business or affairs of the Group;

7.2.4 at any time after Completion in relation to any

trade or business carried on within the United Kingdom of Great Britain and Northern Ireland use any corporate names or trade names including the words "Forgemasters" or any other word at the date hereof used as a trade name by any company within the Group and shall use all reasonable efforts to procure that no such name shall be so used by any person with which each Vendor is connected.

- 7.3 Each of the covenants contained in each of the paragraphs 7.2 above shall be and is a separate covenant by each Vendor and shall be enforceable by the Purchaser or the Company independently of the Purchaser's or the Company's rights to enforce any one or more of the other covenants contained in that subclause.
- 7.4 The restrictions and obligations contained in this clause are considered reasonable by the parties but in the event that any such restriction or obligation shall be found to be void but would be valid if some part thereof were deleted or the period of application reduced such restriction shall apply with such modification as may be necessary to make it valid and effective.
- 7.5 At any time after Completion at the request and cost of the Purchaser the Vendors shall enter into any further restrictive covenants of the same kind as those set out in clauses 7.1 and 7.2 but being more limited to time area or otherwise as the Purchaser may request.

Warranties

- 8.1 The Vendors warrant represent and undertake to the Purchaser in the terms of the Sixth Schedule below;

- 8.2 If it becomes apparent on or before Completion that the Vendors are in breach of any of the Warranties contained in the Sixth Schedule the Purchaser may rescind this agreement by notice in writing to the Vendors.
- 8.3 The Purchaser enters this Agreement with the intention that the business of the Group will be continued as a going concern using all the assets to which the Group would be entitled and subject only to the liabilities to which they would be subject in accordance with the terms of this Agreement if all the Warranties were duly performed and fulfilled, and damages for any breach of any of the Warranties shall be assessed accordingly.
- 8.4 Without prejudice to any other remedy available to the Purchaser or its ability to claim damages on any basis which is available to it by reason of any of the Warranties being untrue or misleading or being breached the Vendors undertake with the Purchaser and (by way of separate undertaking) with the Company (on its own behalf and as trustee for each of the Subsidiaries) that the Vendors will at the direction of the Purchaser pay to the Purchaser or the Company or the relevant Subsidiary or (in the case of a liability to another person which has not been discharged) the person to whom the liability has been incurred an amount equal to any deficiency or liability of the Purchaser the Company or the Subsidiary which arises from any of the Warranties being untrue misleading or breached and which would not have existed or arisen if the Warranty in question had not been untrue misleading or breached.
- 8.5 If any sum paid by the Vendors hereunder or the Deed of Indemnity is charged to taxation then the amount of such

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sum shall be grossed up by such amount as will ensure that after payment of the taxation so charged there shall be left in the hands of the payee a sum equal to the amount that would but for such charge have been retained by the payee and the excess of the grossed up sum over the sum so paid shall be paid by the Vendors (as the case may be) to the payee on demand.

8.6 Interest shall be payable on any moneys due pursuant to the provisions of this clause or the Deed of Indemnity calculated from the date on which the relevant claim is first notified in accordance with the provisions of Schedule 8 until the date when the amount due has been resolved at the rate of 2% above the base lending rate from time to time of National Westminster Bank plc and thereafter until payment at the rate of 4% above that base lending rate.

8.7 The Vendors undertake to indemnify the Purchaser against any reasonable costs (including reasonable legal costs on a solicitor and own client basis) expenses or other liabilities which it may reasonably incur either before or after the commencement of any action in connection with:

8.7.1 the settlement of any claim that any of the Warranties are untrue or misleading or have been breached;

8.7.2 any legal proceedings in which the Purchaser claims that any of the Warranties are untrue or misleading or have been breached and in which judgment is given for the Purchaser; or

8.7.3 the enforcement of any such settlement or judgment.

8.8 The Vendors undertake to disclose to the Purchaser

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immediately anything which comes to the notice of any of them prior to completion which is or may be inconsistent with any of the Warranties or which might make any of the Warranties untrue or misleading if they were given at completion.

- 8.9 The Vendors undertake (in the event of any claim being made against any of them in connection with the sale of the Shares to the Purchaser) not to make any claim against the Company or the Subsidiaries or any director or employee of the Company or the Subsidiaries on whom any of them may have relied before agreeing to any term of this Agreement or the Deed of Indemnity but so that this shall not preclude any Vendor from claiming against any other Vendor any right of contribution or indemnity to which he may be entitled.
- 8.10 The Purchaser shall be entitled to claim both before and after Completion that any of the Warranties was untrue or misleading or had been breached and any claim may be made after the date of completion even if the Purchaser knew or would have discovered on or before the date of completion that the Warranty in question was misleading or had been breached and completion of this Agreement shall not in any way constitute a waiver of any of the Purchaser's rights.
- 8.11 Any rights to which the Purchaser may be or become entitled by reason of any of the Warranties and all remedies which may be available to the Purchaser in consequence of any of the Warranties being untrue or misleading or breached shall enure for the benefit of the beneficial owner for the time being of the Shares and accordingly any loss which is sustained by the beneficial owner for the time being of the Shares in consequence of any of the Warranties being untrue

misleading or breached shall be deemed to be that of the Purchaser and the Purchaser may bring proceedings and exercise any other remedy on the footing that it has been the beneficial owner of the Shares at all times from the date of completion.

8.12 In the event of any claim pursuant to any of the Warrant or the Deed of Indemnity arising in respect of which the Vendors may have a liability to make payment the amount thereof together with interest pursuant to clause 8.6 to the date of payment may:-

8.12.1 at the option of the Purchaser be off set against any further payment of Deferred Consideration due to the Vendors or any of them pursuant to clause 4.1.2; or

8.12.2 at the option of the Vendors ~~and in the event~~ that the amount of such claim is resolved in the period between the date of the relevant profit and loss account and the allotment of Consideration Shares in relation to the Net Profits calculated by reference to such profit and loss account ^{The amount of such claim may} be offset against the payment of Deferred Consideration ^{(if any) then} due to such Vendors or any of them pursuant to clause 4.1.2 to the extent that Deferred Consideration is ^{a may be} payable [and in the event] that further Deferred Consideration may become payable to the Vendors hereunder they may opt to leave the balance of any such claim outstanding until the total amount of the Deferred Consideration has been agreed to offset such balance against any further amounts due to them subject to interest being

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added to the balance of such claim at the higher of the rates referred to in clause 8.6 hereof from the date of resolution until final offset or settlement]

8.13 The provisions of the Seventh Schedule shall apply to this Agreement and the Deed of Indemnity.

Provisions relating to this Agreement

- 9.1 This Agreement shall be binding upon and shall enure for the benefit of the successors in title and the personal representatives of the Vendors.
- 9.2 This Agreement (together with any documents referred to herein) constitutes the whole agreement between the parties hereto and it is expressly declared that no variations hereof shall be effective unless made in writing
- 9.3 The provisions of this Agreement insofar as the same shall not have been performed at Completion shall remain in full force and effect notwithstanding Completion
- 9.4 This Agreement shall be governed by English Law and the parties hereby submit to the exclusive jurisdiction of the English Courts
- 9.5 Any right of rescission conferred upon the Purchaser hereby shall be in addition to and without prejudice to all other rights and remedies available to it and no exercise or failure to exercise such a right shall constitute a waiver by the Purchaser of any such right or remedy
- 9.6 The parties hereto shall do and concur in doing such acts matters and things as may be necessary to carry into effect all the terms of this Agreement.

Consideration Shares

Each of the Vendors undertakes with the Purchaser that:-

10.1 he will not within a period of twelve months of the allotment of Consideration Shares to him without the previous written consent of the Purchaser (such consent not to be unreasonably withheld) dispose of any interest in those Consideration Shares without the Purchaser's written consent first being obtained:-

10.1.1 provided that the Purchaser's consent shall not be required to disposals of the Consideration Shares in the following circumstances:-

10.1.1.1 in order to meet or settle any claim under the Warranties or the Deed of Indemnity or any costs either in connection therewith or in connection with the defence of any such claim;

10.1.1.2 in order to facilitate distribution of the Consideration Shares to a member of the Vendors' immediate family or to any trust for the benefit of the Vendors or such member where the transferee first enters into an obligation in favour of the Purchaser restricting him from transferring the Consideration Shares so transferred to him as if he were a party to this Agreement; and

10.1.1.3 of so many Consideration Shares as shall have in the aggregate a market

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value at disposal not exceeding
£50,000

10.2 (for the purpose of creating an orderly market) he will not dispose of any Consideration Shares by way of sale to a third party other than through the Purchaser's Broker provided that their fees for so acting are competitive and that the prices offered are competitive with other prices offered by brokers dealing in or making a market in the Purchaser's shares.

Costs

11. Each party to this Agreement shall pay its own costs of and incidental to this Agreement and the sale and purchase hereby agreed to be made save that:-

11.1 the Purchaser agrees to be responsible for the Vendor's legal costs in connection with the preparation and negotiation of this Agreement up to a maximum of £10,000 plus VAT and disbursements; and

11.2 in the event of the Purchaser failing to complete due to failure or either of the conditions set out in clauses 3.1.¹₂ or 3.1.²₃ the Purchaser agrees to be responsible for all the reasonable costs and expenses (including legal costs) of the Vendors and the Company and its Subsidiaries in connection with /or incidental to/ this Agreement.} but limited to a figure of £40,000 plus irreducible VAT.

Indemnity

12.1 The Vendors shall indemnify the Company and each of the Subsidiaries from and against:-

12.1.1 any amount by which the net asset value of Garth Estates at 14th February 1990 transpires to be

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less than the net asset value shown in the Audited Accounts for that company (but on the basis that the value of the fixed assets remains unchanged);

12.1.2 any liability to costs exceeding £24,000 or value added tax arising as a result of or pursuant to the sale and purchase agreement dated 12th February 1990 and made between the Vendors (1) and Garth Estates (2);

12.1.3 any liability to costs or value added tax exceeding £2000 arising as a result of the agreements relating to the exchange of shares in Forgemasters and Garth Estates for shares in the Company dated 31st May 1990 and 1st June 1990;

12.1.4 any liability to stamp duty in the aggregate in excess of £31,100 [£26,000] arising in respect of the transactions referred to in clauses 12.2 and 12.3;

12.1.5 any residual liability arising on the purchaser pursuant to an agreement dated 1st March 1987 and made between South Wales Forgemasters Limited (1) Winemanor Limited (2) and Forgemasters (3) or pursuant to an agreement dated 17th February 1988 and made between Moss Gears and Transmissions Limited (1) R.G.Ellis (2) and Forgemasters (3) and

12.1.6 any amount by which the total costs and disbursements (including any defendants' costs and disbursements which Forgemasters agree or are required to pay) exceed £25,000 plus VAT in relation to the litigation against Kennering Engineering

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2 Jan

Company Limited and others (Ch 1989 -F- No.5693)

but excluding any costs and disbursements

On 26th
invoiced prior to 1st January 1990 for work
undertaken prior to 31st December 1989

- 12.2 The Vendors warrant to the Purchaser that the net profits before tax of Forgemasters as disclosed by the audited account to be prepared as at 31st March 1990 for the twelve months then ending will not be less than £100,000 provided that such accounts are prepared in accordance with generally accepted accounting principles and policies and in particular Statements and Standard Accounting Practices which shall be consistent with those followed by Forgemasters in the Audited Accounts

Announcement

13. The parties shall make no announcements relating to the sale and purchase herein contained unless the Purchaser's or the Vendors' consent thereto (as the case may be) has first been obtained (such consent not to be unreasonably refused) and provided that consent shall not be required to any announcement required by law, The Stock Exchange or accountancy practice or convention.

Notices

14. Any notice required to be given by either party hereto to the other shall be deemed validly served by prepaid recorded delivery letter sent through the post to its address given herein or such other address as may from time to time be notified for this purpose and any notice so served shall be deemed to have been served forty eight hours after the time at which it was posted

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IN WITNESS whereof this Agreement has been entered into the d.
and year first above written.

THE FIRST SCHEDULE

1. Name and Address of Vendor	2. No. of Ordinary Shares	3. Initial Consideration £.	4. Consideration Shares (numbers)	5. "A" Loan Notes	6. "B" Loan Notes
Alex George Hurn of Longleat Close, Llsyane Cardiff	103,963	443,112.02	71,767	£250,000	£140,000
Tudor Griffith Davies of 5 Lower Cwrt-y-vll Road Penarth, South Glamorgan	103,963	443,112.02	615,433	NIL	NIL
Mark Thomas John Molyneux of Old Hedges, Trehill, St. Nicholas, South Glamorgan	103,963	443,112.02	615,433	NIL	NIL
Roger Arnold Meacham of 19 Cherwill Road, Penarth, South Glamorgan	61,157	260,663.94	292,589	£ 50,000	NIL.
373,046	1,590,000.00.	1,597,222	£290,000.	£140,000.	

Handwritten signatures and initials:
 [Signature]
 [Signature]
 [Signature]
 [Signature]

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THE SECOND SCHEDULE

The First Part

Properties vested in Garth Estates

All that freehold property lying to the west of Cemetery Road and to the north of Cardiff Road, Taffs Well, Mid Glamorgan (known as Garth Works, Taffs Well aforesaid) and which is registered with Title Absolute at H.M. Land Registry under Title Numbers WA 102239, WA 323393 and WA 362532.

The Second Part

Properties vested in BCS

All that freehold property situate at Garth Works, Taffs Well, Mid Glamorgan and more particularly known as Central Offices, Taffs Well aforesaid and being the property comprised in a conveyance dated 14th June 1942 and made between Robert R. Parry Limited and British Conway Shovels Limited and the leasehold property comprised in an Agreement dated 3rd January 1978 made between The British Railways Board and BCS.

The Third Part

Properties vested in Forgemasters

All that leasehold property forming part of the Llanciaich Estate, Walnut Tree, Taffs Well, Eglwysilan, Mid Glamorgan and known as Garth Works, Taffs Well, Mid Glamorgan and which is more particularly described in a Lease dated the 28th March 1978 and made between Deritend Properties Limited (1) and M.B.N.9 Limited (known as Forgemasters PLC) (2) and which said property is vested in Forgemasters PLC for the residue of the term demised by the said lease.

THE THIRD SCHEDULE

PART I

The Directors

The Company :	T.G.Davies
	R.A.Meacham
Forgemasters :	T.G.Davies
	R.A.Meacham
	F.W.Baldrey
Garth Estates :	T.G.Davies
	R.A.Meacham
BCS :	T.G.Davies
	R.A.Meacham

PART II

The Continuing Directors

The Company :	T.G.Davies
	R.A.Meacham
Forgemasters :	T.G.Davies
	R.A.Meacham
Garth Estates :	T.G.Davies
	R.A.Meacham
BCS :	T.G.Davies
	R.A.Meacham

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THE FOURTH SCHEDULE

THIS DEED is made the

1989

BETWEEN:-

1. "the Covenantors": ALEXANDER GEORGE HURN of Longleat Close, Lisvane, Cardiff, TUDOR GRIFFITH DAVIES of 5 Lowe Cwrt-y-Vil Road, Penarth, South Glamorgan MARK THOMAS JO MOLYNEUX of Old Hedges, Trehill, St. Nicholas, South Glamorgan and ROGER ARNOLD MEACHAM of 19 Cherwell Road, Penarth, South Glamorgan
2. "the Companies": FORGEMASTERS (HOLDINGS) LIMITED FORGEMASTERS PLC GARTH ESTATES LIMITED and BCS (ENGINEER AND CONTRACTORS) LIMITED each of whose registered office is at Garth Works, Taffs Well, Cardiff and
3. "the Purchaser" : HICKING PENTECOST PLC whose register office is at Queen's Road, Nottingham

NOW THIS DEED WITNESSETH as follows:

1. In this Deed:-
 - 1.1 "Claim" includes any assessment notice demand or other document issued or action taken by or on behalf of the Inland Revenue or Customs & Excise Authorities or any other statutory or other government authority or body whatsoever from which it appears that any of the Companies is liable or is sought to be made liable to make any payment
 - 1.2 "Taxation" includes (without limitation) income tax corporation tax capital gains tax value added tax custom and other import duties stamp duty capital transfer tax inheritance tax and national insurance contributions and all penalties charges and interest relating to any claim for taxation