

DATED 20th December 2001

5-6671

DIENO GEORGE and GRAHAM COLLYER (1)

and

SHILOH PLC (2)

SHARE PURCHASE AGREEMENT

for the acquisition of

THE ENTIRE ISSUED SHARE CAPITAL OF XARICA LIMITED

WALKER MORRIS

Kings Court
12 King Street
LEEDS
LS1 2HL
Tel: 0113 2832500
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Ref: IMG/CWT

We hereby certify this to be a true copy

Walker Morris

WALKER MORRIS
Solicitors Leeds 1



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THIS AGREEMENT is made on 20th December 2001

NCAS
25/2/02

BETWEEN:

- (1) **DIENO GEORGE** of 2 Knightsbridge Mews, Fairfax Avenue, Didsbury, Manchester M20 7NY and **GRAHAM COLLYER** of Bowden Head Farm House, Bowden Lane, Chapel-En-le-Frith, Derbyshire, SK23 0QP (the **Sellers**); and
- (2) **SHILOH PLC** (Company number 516671) whose registered office is at Holden Fold, Royton, Oldham, OL2 5ET (the **Purchaser**).



IT IS AGREED AS FOLLOWS:

1 INTERPRETATION

1.1 In this agreement and the schedules, the following words have the following meanings:

the Act: the Companies Act 1985;

Business Day: any day (other than Saturday or Sunday) on which Clearing Banks are open for a full range of banking transactions;

Company: Xarica Limited, details of which are set out in Part 1 schedule 1;

Completion: the completion of the sale and purchase of the Shares in accordance with clause 4;

Consideration: the consideration payable for the Shares as stated in clause 3;

Consideration Shares: 60,000 Ordinary Shares of 25p in the Purchaser ranking pari passu in all respects with the existing ordinary shares of 25p in the Purchaser to be issued credited as fully paid to the Sellers at Completion in the proportions set out in Schedule 2;

Contract: an agreement or commitment whether conditional or unconditional and whether by deed, under hand, oral or otherwise, and any arrangement or understanding whether legally binding or not;

Disclosure Letter: the letter of disclosure written by the Seller to the Purchaser disclosing matters for the purposes of the Warranties, and signed on the same date as this Agreement;

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

assignment, hypothecation, security, interest title retention or any other security, agreement or arrangement;

London Stock Exchange: London Stock Exchange plc;

Purchaser's Group: the Purchaser and any other company which is a member of the same group (as that term is defined in section 53(1) of the Companies Act 1989) as the Purchaser from time to time;

Purchaser's Solicitors: Walker Morris of Kings Court, 12 King Street, Leeds LS1 2HL;

Seller's Solicitors: Kuit Steinart Levy of 3 St Mary's Parsonage, Manchester, M3 2RD;

Shares: the whole of the issued and allotted share capital of the Company;

Subsidiary: Venus Healthcare Limited, details of which are set out in Part II of schedule 1;

Taxation Authority: the Inland Revenue, H.M. Customs and Excise and any other local, municipal, governmental, state, federal or other fiscal authority, body or official anywhere in the world;

Warranties: those warranties, representations and undertakings on the part of the Sellers contained or referred to in clause 6 and schedule 3 and **Warranty** shall be construed accordingly.

- 1.2 References to the Sellers and the Purchaser shall include their respective personal representatives, successors and assigns.
- 1.3 References in this agreement to statutory provisions shall be construed as references to those provisions as respectively replaced, amended or re-enacted (whether before or after the date of this agreement) from time to time so far as any modification or re-enactment applies or is capable of applying to any transactions entered into prior to the date of this agreement and (as far as liability under any statutory provision may exist or can arise) shall also include any past statutory provisions or regulations (as from time to time modified or re-enacted) which those provisions or regulations have directly or indirectly replaced.
- 1.4 Unless the context otherwise requires words importing the singular only shall include the plural and vice versa.

- 1.5 Words importing the masculine shall also include the feminine and words importing natural persons shall also include corporations, firms, partnerships, associations, organisations, governments, states, foundations and trusts.
- 1.6 References to clauses and schedules are references to clauses of and schedules to this agreement. Any headings or sub-headings are inserted for convenience only and shall not affect the construction of this agreement or the schedules.
- 1.7 Any question as to whether a person is connected with another shall be determined in accordance with section 839 of the Taxes Act which shall apply in relation to this agreement as it applies in relation to that Act.
- 1.8 A person shall be deemed to be a party to a Contract if that person is, or has agreed to become, entitled to benefit under that Contract or if that person has obligations or liabilities or has agreed to assume obligations or liabilities under that Contract, whether as an original party to the Contract or by virtue of assignment, novation or otherwise.
- 1.9 Any phrase introduced by the terms **including, include, in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2 SALE AND PURCHASE

- 2.1 The Sellers shall sell to the Purchaser with full title guarantee and the Purchaser will purchase all of the Shares free from any Encumbrance and with the benefit of all rights and profits attaching to the Shares, including all rights to dividends and other distributions declared, made or paid or agreed to be made or paid (including any bonus, rights or capitalisation issues) after the date of this agreement.
- 2.2 The sale of all of the Shares shall be completed simultaneously.
- 2.3 Each Seller waives all rights of pre-emption over the Shares or any of them to which he may be entitled under the articles of association of the Company or in any other way.

3 PURCHASE CONSIDERATION

- 3.1 The aggregate consideration for the sale and purchase of the Shares shall be £ 150,000 E.T.G. to be satisfied by the issue to the Sellers of the Consideration Shares together with an additional sum of £ 15,942 ^{to be satisfied in cash being a sum equal to the cost value of the assets listed in schedule 5 (the Cash Consideration).} *Handwritten notes: E.T.G. 15,942, to be satisfied in cash, being a sum equal to the cost value of the assets listed in schedule 5 (the Cash Consideration).*

3.2 The Cash Consideration shall be payable on Completion by cheques made payable to each of the Sellers in equal sums. Payment of the cheques will be a good and sufficient discharge to the Purchaser and the Purchaser will not be further concerned as to the application of the monies so paid.

3.3 The Purchase hereby warrants to the Seller that:-

- (a) the existing issued ordinary share capital of the Purchaser is the subject of listing on the official list; and
- (b) the directors' of the Purchaser are duly authorised to allot the Consideration Shares pursuant to Section 80 of the Act and that all the other requirements of Part IV of the Act have been complied with.

4 COMPLETION

4.1 Completion of the sale and purchase of the Shares shall take place at the offices of the Purchaser immediately following the signing and exchange of this agreement.

4.2 On Completion the Sellers shall deliver or cause to be delivered to the Purchaser or the Purchaser's Solicitors:

- 4.2.1 duly executed transfers of the Shares in favour of the Purchaser (or any other person as the Purchaser shall direct) together with the relative share certificates or other documents of title (or in the case of any lost certificate an indemnity satisfactory to the Purchaser in relation to it);
- 4.2.2 such waivers or consents as the Purchaser may require from the Sellers of any pre-emption rights conferred by the articles of association of the Company or otherwise to enable the Purchaser (or any other person as the Purchaser shall direct) to be registered as holders of the Shares;
- 4.2.3 written resignations in the agreed form Company from the secretary of the Company who shall resign from his office with immediate effect after the appointment of the Purchaser's nominees as provided in clause 4.4.2;
- 4.2.4 the statutory books, share certificate books, common seals, certificate of incorporation, any certificates of incorporation on change of name and all copies of the memorandum and articles of association of the Company and

any other books and records of the Company (including cheque books, paying in books and unused cheques) which the Purchaser shall require shall be delivered to the Purchaser or as it shall direct all, where appropriate, duly written up to date;

4.2.5 the resignations of the auditors of the Company which shall contain the statement required by section 394 of the Act;

4.2.6 bank statements in respect of each account of the Company as at the close of business two Business Days prior to Completion together, in each case, with a reconciliation statement prepared by the Seller to show the position at Completion; and

4.3 The Seller shall procure the revocation of all existing authorities to the bankers of the Company in respect of the operation of the Company's bank accounts giving authority in favour of such persons as the Purchaser may nominate to operate those bank accounts.

4.4 The Sellers shall procure the passing of resolutions of the directors of the Company to:

4.4.1 register the Purchaser or its nominees as the holders of the Shares subject only to the proper stamping of the transfers;

4.4.2 appoint such persons as the Purchaser shall nominate as directors and secretary of the Company and accept the resignation of the secretary who is resigning;

4.4.3 change the accounting reference date of the Company to 31 March;

4.4.4 change the registered office of the Company to Holden Fold, Royton, Oldham OL2 5ET; and

4.4.5 accept the resignation referred to in clause 4.2.5 and appoint Waterworths as auditors of the Company.

4.5 Each of the Sellers will enter into a letter of appointment (**Letter of Appointment**) with the Purchaser in the agreed form, the Sellers having agreed that these letters will not form a contract of employment but will constitute a contract for the provision of services.

4.6 Against full compliance by the Seller with all the matters set out in clauses 4.2 to 4.5

GC Ely ~~Error! Reference source not found.~~ (inclusive) the Purchaser shall allot and issue the Consideration Shares and pay the Cash Consideration in the manner specified in clause 3. *K.T.G. MWS GC DK*

4.7 The Purchaser may in its absolute discretion waive any requirement contained in clauses 4.2 to 4.5.

4.8 The Purchaser shall procure that the Consideration Shares issued to the Sellers in accordance with the terms of clause 3 shall be admitted to the Official List of the London Stock Exchange as soon as reasonably practicable after allotment to the Sellers but in any event within 21 working days of such allotment.

4.9 The Sellers declare that, for so long as they remain the registered holders of any of the Shares after Completion, they will:

4.9.1 hold the Shares and any dividends or other distributions of profits or surplus or other assets in respect of the Shares and all rights arising out of or in connection with the Shares in trust for the Purchaser; and

4.9.2 at all times after Completion deal with and dispose of the Shares and all such dividends, distributions and rights as the Purchaser may direct.

4.10 Each of the Sellers by his execution of this agreement appoint the Purchaser to be his attorney from and after Completion for so long as he remains the registered holders of the shares after Completion granting to the Purchaser full power on his behalf to exercise all voting and other related rights attaching to the Shares sold by the Seller including power:

4.10.1 to execute a form of proxy in favour of such person or persons as the Purchaser may think fit to attend and vote as his proxy at any general meeting of the members of the Company in respect of such Shares in such manner as the Purchaser may decide;

4.10.2 to consent to the convening and holding of any such meeting and the passing of the resolutions to be submitted at any such meeting on short notice;

4.10.3 to execute written resolutions; and

4.10.4 to settle the terms of such resolutions and generally to procure that the Purchaser or its nominees are duly registered as the holders of all the Shares.

4.11 The Sellers ratify and confirm and agree to ratify and confirm all and whatsoever the Purchaser shall lawfully do or cause to be done in pursuance of the powers of attorney granted by clause 4.10 and declare that the powers of attorney in clause 4.10 shall be irrevocable.

5 CONSIDERATION SHARES

5.1 In consideration of the Purchaser agreeing to buy the Shares on the terms of this Agreement each of the Sellers undertakes with the Purchaser not to dispose of or charge or grant options over or grant any interest over or in any of the Consideration Shares (or any interest therein) (For the purposes of this clause the Consideration Shares shall include any shares of the Purchaser into which such Consideration Shares are consolidated, subdivided or converted (or any interest therein) and any shares acquired by reference to the Consideration Shares, whether by bonus or rights issue or otherwise in exchange or substitution for any such shares) before the second anniversary of Completion.

Amish E.T.G. that for so long as he shall remain appointed as a director of the Purchaser
DK

5.2 After the second anniversary of Completion any disposals will be made through the Purchaser's stockbrokers provided that the net price (after dealing expenses) attainable through the Purchaser's stockbrokers is no less favourable than that available through another stockbroker.

6 WARRANTIES

6.1 The Sellers jointly and severally represent and warrant to the Purchaser in the terms set out in schedule 3 and the Sellers agree and acknowledge that the Purchaser is entering into this agreement in reliance on those representations and warranties and that the Purchaser may treat them as conditions of this agreement.

6.2 The Warranties are given subject to matters fully, fairly and accurately disclosed (with sufficient details to enable the Purchaser to identify the nature and scope of the matters disclosed) in the Disclosure Letter.

6.3 The Warranties, and the Purchaser's in respect of them, shall not in any respect be extinguished or affected by Completion and the benefits of the warranties may be assigned in whole or in part by the Purchaser.

- 6.4 No information (other than that fully, fairly and accurately disclosed in the Disclosure Letter) relating to the Company, of which the Purchaser has knowledge (whether actual or constructive), shall prejudice any claim made by the Purchaser under the Warranties or operate to reduce any amount recoverable in respect of any breach of any of the Warranties.
- 6.5 Without restricting the rights of the Purchaser or the ability of the Purchaser to claim damages on any basis available to it, the Sellers undertake to the Purchaser that in the event of a breach of any of the Warranties the Sellers will, immediately on demand by the Purchaser, pay to the Purchaser an amount equal to any shortfall or diminution in the value of the assets of the Company and pay to the Purchaser 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 loss suffered or incurred by the Purchaser or the third party as a result of or in relation to any act, fact, circumstance or event which constitutes a breach of any of the Warranties.
- 6.6 The Sellers:
- 6.6.1 shall indemnify the Purchaser against any third party costs (including legal costs on a full indemnity basis) or expenses which it may incur, either before or after the commencement of any action, as a result of any breach of any of the Warranties; and
- 6.6.2 Each of the Sellers undertakes to disclose immediately to the Purchaser anything which comes to that Seller's notice which is or may be a breach of any of the Warranties.
- 6.7 The provisions of clause 6.5 shall not affect any other remedy which the Purchaser may have for any breach of the Warranties.
- 6.8 The Sellers agree and acknowledge that each of the Warranties shall be construed as a separate and independent warranty and shall not be limited or restricted by reference to, or inference from, the terms of any other Warranty or any other term of this agreement.
- 6.9 Where any statement in this agreement or the Disclosure Letter is qualified by the expression **so far as the Sellers are aware** or any similar expression, that statement shall be deemed to include an additional statement that it has been made after all reasonable and necessary enquiries into the subject matter of that statement and the Sellers undertake that they have all knowledge in respect of that subject matter which a

prudent and efficient businessman would have of his own affairs, unless expressly stated otherwise in the relevant warranty or statement in the agreement.

7 PROTECTION FOR THE SELLER

The provisions of schedule 4 shall have effect.

8 NON-COMPETITION COVENANTS

8.1 For the purpose of assuring to the Purchaser the full benefit of the Company and in consideration of the agreement of the Purchaser to buy the Shares on the terms of this agreement, each of the Sellers covenants with the Purchaser that he shall not, either individually or jointly with or as principal, partner, shareholder, director, manager, agent, consultant, contractor or employee (except as an officer or employee of the Purchaser or any of its subsidiaries) or otherwise of any other person:

3 AH Matha CSC DSC
8.1.1 for a period of ~~12~~ months from the date of Completion, carry on or assist or be engaged or concerned or interested directly or indirectly in any business within the United Kingdom which competes with the businesses carried on by the Company, provided that this restriction shall not prevent the ownership for investment purposes of not more than 3 per cent. of any class of stock, shares or debentures of any company whose shares are listed or dealt in on the London Stock Exchange, the Alternative Investment Market or a recognised investment exchange (as that term is defined in the Financial Services Act 1986) and confer the right to vote at general meetings of the company concerned;

3 AH Matha CSC DSC
8.1.2 for a period of ~~12~~ months from the date of Completion, canvass or solicit or cause to be canvassed or solicited for orders any person in respect of goods or services which are competitive with those developed by or in the course of development by the Company or the Subsidiary at the date of Completion;

8.1.3 at any time after the date of this agreement, carry on any business under a title containing the words "Xarica" or "Venus" or any words colourably the same as "Xarica" or "Venus";

8.1.4 at any time, make use of or disclose to any third party any information concerning trade secrets, secret or confidential operations, processes or dealings or any other confidential information concerning the Company (including information about its customers and employees, sales targets and

statistics, pricing information relating to sales and purchases, market share statistics) save as required by law or by any court of competent jurisdiction.

8.2 Having taken legal advice each of the Sellers recognise that the foregoing restrictions are part of the consideration afforded to the Purchaser for its purchase of the Shares on the terms of this agreement and confirm that they consider the foregoing restrictions to be reasonable and necessary for the protection of the legitimate interests of the Purchaser.

8.3 It is agreed that if any of the covenants or provisions contained in this clause 8 are held to be void or invalid but would not have been so held if part of the wording were deleted or its extent reduced or modified, or if the period or area or nature of that restriction were reduced, then that restriction or provision shall apply with such modification as may be necessary to make that covenant or provision valid and enforceable.

8.4 Each covenant or restriction contained in this clause 8 shall be construed as a separate covenant or restriction and if one or more of the covenants or restrictions is held to be against the public interest or unlawful or in any way an unreasonable restraint of trade the remaining covenants or restrictions shall continue in full force and effect and shall be binding on the Seller.

9 COSTS

Each party to this agreement shall pay its own costs of and incidental to the negotiation and preparation of this agreement and the sale and purchase agreed to be made.

10 MISCELLANEOUS

10.1 This agreement, and the documents referred to in it, constitutes the entire agreement and understanding of the parties and supersedes any previous agreement between the parties relating to the subject matter of this agreement. Each of the parties acknowledges and agrees that in entering into this agreement, and the documents referred to in it, it does not rely on, and shall have no remedy in respect of, any statement, representation, warranty or understanding (whether negligently or innocently made) of any person (whether party to this agreement or not) other than as expressly set out in this agreement as a warranty. The only remedy available to the Purchaser for breach of the Warranties shall be for breach of contract under the terms of this

agreement. Nothing in this clause shall, however, operate to limit or exclude any liability for fraud.

- 10.2 No variation of this agreement shall be effective unless made in writing and signed by or on behalf of the parties to this agreement.
- 10.3 This agreement shall be binding on and shall ensure for the benefit of each party's successors, assigns and personal representatives (as the case may be).
- 10.4 Any member of the Purchaser's Group (as that term is defined in section 53(1) of the Companies Act 1989) may enforce the terms of this agreement subject to and in accordance with the terms of this agreement and the provisions of the Contracts (Rights of Third Parties) Act 1999.
- 10.5 Except as provided in clause 10.4, a person who is not a party to this agreement has no right to enforce any term of this agreement but this does not affect any right or remedy of a third party which exists or is available apart from that act.
- 10.6 The parties to this agreement may by agreement rescind, vary it, terminate it or waive any rights without the consent of any of the persons described in clause 10.4.
- 10.7 The persons described in clause 10.4 may not assign the rights granted by 10.4.
- 10.8 All warranties, covenants, undertakings and indemnities contained in this agreement and given by the Sellers to the Purchaser jointly and severally and are given to the Purchaser are given to the Purchaser for itself and as trustee for and on behalf of each member of the Purchaser's Group which may from time to time own any of the assets of the Company or the Shares.
- 10.9 The Sellers shall, if the Purchaser so directs, transfer the Shares to any member of the Purchaser's Group (as nominated by the Purchaser) on Completion and in that event, that company shall be entitled to the benefit of the same covenants, warranties and rights in respect of the Shares as if those covenants, warranties and rights had been transferred to that Company.
- 10.10 No announcement or circular relating to any matter referred to in this agreement shall be made or issued by or on behalf of any of the parties without the prior written approval of the other parties, which approval shall not be unreasonably withheld.

- 10.11 The provisions of this agreement shall continue in full force and effect notwithstanding the completion of the sale of the Shares.
- 10.12 The Sellers shall execute and do all acts, documents and things and shall procure to be done, executed or performed (at its own expense) all acts, documents and things as the Purchaser shall reasonably require in order to perfect the right, title and interest of the Purchaser to and in the Shares and to give effect to this agreement.
- 10.13 This agreement may be executed in any number of counterparts by the different parties or separate counterparts, each of which, when executed and delivered, shall constitute an original but all of which shall together constitute one and the same instrument.
- 10.14 No failure or delay in exercising or enforcing any right or remedy under this agreement shall constitute a waiver of that right or remedy and no single or partial exercise or enforcement of any right or remedy under this agreement shall preclude or restrict the further exercise or enforcement of that right or remedy. A waiver of a breach of any of the terms of this agreement or of a default under this agreement does not constitute a waiver of any other breach or default and shall not affect the other terms of this agreement. A waiver or a breach of any of the terms of this agreement or of a default under this agreement will not prevent a party from subsequently requiring compliance with the waived obligation. The rights and remedies provided in this agreement are cumulative and not exclusive of any rights and remedies provided by law.

11 NOTICES

- 11.1 Any notice or document to be served under this agreement may be delivered or it may be sent by:
- 11.1.1 first class recorded delivery post; or
- 11.1.2 facsimile transmission,
- to the party to be served at its address specified in clause 11.4 below or at any other address which the party to be served may have notified to the other parties in accordance with this clause.
- 11.2 Any notice or document referred to in clause 11.1 above shall be deemed to have been served:
- 11.2.1 if delivered, at the time of delivery, or

- 11.2.2 if sent by post, at 10.00 am on the second Business Day after the day it is posted, or
- 11.2.3 if sent by facsimile transmission, one hour after the time of despatch if despatched before 4pm on any Business Day and if a transmission report is received confirming a successful transmission and in any other case at 10 am on the Business Day following the date of despatch.
- 11.3 In proving service it shall be enough to prove that delivery was made, that the envelope containing the notice or document was properly addressed and posted as a prepaid first class recorded delivery letter or that the facsimile transmission was properly addressed and despatched.
- 11.4 The following are the addresses (including fax numbers) of the Sellers and Purchaser for the purposes of clause 11.1:

The Sellers' Addresses:

The Purchaser's Address:

(1) 2 Knightsbridge Mews

Holden Fold

Fairfax Avenue

Royton

Didsbury

Oldham

Manchester

OL2 5ET

M20 6GX

(marked for the attention of Dieno George) (marked for the attention of)

(2) Bowden Head Farm House

Bowden Lane

Chapel-En-Le-Frith

Derbyshire, SK23 0QP

(marked for the attention of Graham Collyer)

12 CHOICE OF LAW

This agreement shall be governed by and construed in accordance with English Law and the parties to this agreement submit to the exclusive jurisdiction of the English Courts.

IN WITNESS of which the parties to this agreement have executed it as a deed and delivered it on the date first written in this agreement.

SCHEDULE 1 - COMPANY DETAILS

PART 1

Name of Company: Xarica Plc

Company number: 04231612

Date of incorporation: 8 June 2001

Authorised share capital: 50,000 Ordinary Shares of £1 each

Allotted and issued share capital: 50,000 Ordinary Shares of £1 each (of which 25% has been paid)

Held by: Dieno George (25,000)

Graham Collyer (25,000)

Registered office: Orient House, Newton Street, Hyde, Cheshire, SK14 4RX

Directors: Graham Collyer

Dieno George

Secretary: DCS Corporate Secretaries Limited

Accounting reference date: 30 June

Shareholdings in other companies: Venus Healthcare Limited

PART II

The Subsidiary

Name of Company: Venus Healthcare Limited

Company number: 04316668

Date of incorporation: 5 November 2001

Authorised share capital: 1,000 Ordinary Shares of £1 each

Allotted and issued share capital: 200 Ordinary Shares of £1 each

Held by: Paul Gray (20)

Garry Wilson (20)

Xarica Plc (160)

Registered office: Orient House, Newton Street, Hyde, Cheshire, SK14 4RX

Directors: Garry Wilson

Dieno George

Graham John Collyer

Paul Gray *FB*

GJC
DG

Secretary:

DCS Corporate Secretaries Limited

Accounting reference date: 30 November

Shareholdings in other companies: None

SCHEDULE 2 - SHAREHOLDERS

	Shares being sold	Consideration Shares
Dieno George	25,000	30,000
Graham Collyer	25,000	30,000

SCHEDULE 3 - WARRANTIES

For the purposes of this schedule, all references to "Company" shall also be deemed to include a reference to the Subsidiary.

1 SHARE CAPITAL AND DISTRIBUTIONS

- 1.1 The Shares are fully paid, and are owned by the Sellers. There is no Encumbrance affecting the Shares and there is no Contract to give or create any Encumbrance or giving rise to any Encumbrance and no person has made any claim to be entitled to any Encumbrance.
- 1.2 No share or loan capital of the Company is now under option and no Contract has been entered into which requires the Company conditionally or unconditionally to allot or issue any share or loan capital. The Company has not allotted or issued any securities which are convertible into shares or loan capital.
- 1.3 The Company has not since incorporation made, paid or declared and is not proposing to make, pay or declare any dividend or distribution.
- 1.4 The details regarding the Company set out in schedule 1 are true, complete and accurate in all respects.

2 CAPACITY OF THE SELLER

The Sellers have full power to enter into and perform this agreement and this agreement constitutes binding obligations on each of the Sellers in accordance with their respective terms.

3 OWNERSHIP AND CONDITION OF ASSETS

- 3.1 The Company owns, free from any Encumbrance and from any Contract to grant any Encumbrance of and from any claim to an Encumbrance all its undertaking and assets as set out in Schedule 5 (the Assets) and all those assets are in its possession or under its control, free from any hire or hire purchase agreement or leasing agreement or agreement for payment on deferred terms.
- 3.2 The Assets of the Company:
 - 3.2.1 are in a good and safe state of repair and condition and satisfactory working order and have been regularly and properly maintained to a good technical

standard and in accordance with safety regulations usually observed in relation to them; and

3.2.2 are not expected to require replacements or additions at a cost in excess of £300 within six months from the date of this agreement.

4 INSURANCE

4.1 The Company is and has at all material times been adequately covered against employer's liability, product liability, public liability and professional indemnity liability.

4.2 Full particulars of all the Company's insurances are set out in the Disclosure Letter.

4.3 All Assets of the Company of an insurable nature are, and have at all material times been, insured in amounts equal to their full replacement or reinstatement value against fire and other risks normally insured against by persons carrying on the same classes of business as the Company.

4.4 All premiums due on the insurance policies referred to at paragraph 4.2 above have been paid; all the other conditions of those policies have been performed and observed and nothing has been done or omitted to be done as a result of which any of those policies has or may become void or voidable or which is likely to result in an increase in premium.

4.5 There is no insurance claim pending or outstanding and, so far as the Seller is aware, there are no circumstances likely to give rise to any such claim.

5 EVENTS SINCE INCORPORATION

Since incorporation:

5.1 no resolution of the shareholders of the Company has been passed other than resolutions relating to the routine business of annual general meetings;

5.2 the Company's accounting reference date has not been changed;

5.3 the Company has not entered into or agreed into or incurred any Contract, transaction, commitment, liability or obligation of whatsoever nature; and

5.4 the Company has not commenced to trade and has no assets (other than the Assets as set out in Schedule 5 and the balance in its accounts are equal to the amount standing to the credit of its share capital account).

6 EMPLOYEES

The Company has no employees and the directors of the Company are not engaged under any service agreements and the Company has no obligations whatsoever to any person involved in carrying out duties for the Company in any capacity whatsoever.

7 LITIGATION AND OTHER DISPUTES

7.1 Neither the Company, nor any person for whose acts or defaults the Company may be contractually liable, is engaged (whether as claimant, defendant or any other party) in any litigation, arbitration, prosecution or other legal proceedings or in any proceedings or hearings before any statutory or governmental body, department, board or agency and no such proceedings are pending or threatened by or against the Company and there are no facts likely to give rise to any such proceedings.

7.2 There is no unsatisfied judgment or unfulfilled order outstanding against the Company and the Company is not party to any undertaking or assurance given to a court, tribunal or any other person in connection with the determination or settlement of any claim or proceedings.

8 TAXATION

The Company is individually registered for VAT purposes in compliance with all applicable legislation and has complied in all material respects with that legislation and has maintained and obtained full, complete, correct and in all material respects up to date records, invoices and other documents (as the case may be) appropriate or requisite for the purposes of the Company's business.

9 GENERAL

9.1 All information disclosed in the Disclosure Letter and all other information which has been given in writing (copies of which are annexed hereto) by the Sellers or officials or professional advisers of the Company or the Sellers to any of the directors, officials or professional advisers of the Purchaser in the course of the negotiations leading to this agreement was when given, and remains and will at Completion be, true, complete and

accurate in all respects and is not misleading because of any omission or ambiguity or
for any other reason.

92 *Handwritten signature* *Handwritten initials*

SCHEDULE 4 - PROTECTION FOR THE SELLER

- 1 The Purchaser shall not be entitled to make any claim under or pursuant to the Warranties in relation to any matter where the claim arises as a result of, or would not have arisen but for, legislation not in force at the date of this agreement or any change in legislation with retrospective effect after the date of this agreement.
- 2 The Purchaser shall not be entitled to make any claim for any breach or non-fulfilment of any of the Warranties unless sufficient of the information then available to the Purchaser as will enable the Sellers to understand the substance and import of the claim shall have been given to the Sellers on or before 20 December 2002, and unless the claim is in excess of £500. None of the provisions of this Schedule shall apply where any such claim arises as a result of fraud, negligence or wilful non-disclosure on the part of the Sellers or either of them. Ely.
GSC
JG
- 3 The aggregate amount of all claims recoverable from the Sellers under the Warranties (exclusive of interest and costs) shall not exceed £150,000.
- 4 The amount or amounts of any successful claim against the Sellers under the Warranties shall be deemed to constitute a reduction in the purchase price paid for the Shares.

SCHEDULE 5 - ASSETS

Two Stella Desktop computers

Two IBM ThinkPad portable computers

EXECUTED as a DEED)

by DIENO GEORGE)

in the presence of:

Witness Signature:

Witness Name:

Address:

C.M. HOFFMAN
SOLICITOR
MANCHESTER

D. George

[Signature]

Occupation:

EXECUTED as a DEED)

by GRAHAM COLLYER)

in the presence of:

Witness Signature:

Witness Name:

Address:

G. Collyer

[Signature]

Occupation:

EXECUTED as a DEED)

by SHILOH PLC)

acting by:)

Director

Director/Secretary

E T Gorman

Quinnell