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COMPANIES HOUSE 06/11/97

CONTENTS

Clause	Heading	Page
1	Definitions and interpretation.....	1
2	Purpose of this Agreement and Sale of the Sale Shares.....	5
3	Consideration	5
4	Deferred Consideration	6
5	Earnout	6
6	Calculations.....	7
7	Completion.....	9
8	Post-Completion Matters.....	10
9	Restrictive Covenants.....	11
10	Guarantee.....	13
11	Purchaser's Covenant.....	14
12	Continuing effects of this Agreement	14
13	Announcements.....	14
14	Releases, waivers etc.....	14
15	Notices.....	15
16	Entire Agreement	16
17	Alterations	17
18	Severability.....	17

19	Counterparts	17
20	Payment of costs.....	17
21	Assignment.....	17
22	Applicable law, submission to jurisdiction and address for service.....	17

Schedule

1	Vendors	19
2	The Company	20

Agreed form documents

Service Agreements

THIS AGREEMENT is dated 6 June 1997 and is made
BETWEEN



- (1) IAN DONALDSON of Chase House, 9 Oatlands Chase, Weybridge, Surrey KT13 9RF;
- (2) GIDEON DAVID REED DONALDSON of 20 Danesfield Close, Walton-on-Thames, Surrey KG12 3BP (together with (1) above the "Vendors"); and
- (4) AKHTER GROUP PLC (No. 1435835) whose registered office is at Akhter House, Perry Road, Harlow, Essex, CM18 7PN (the "Purchaser").

NOW IT IS HEREBY AGREED as follows

1 Definitions and interpretation

1.1 In this Agreement unless the context otherwise requires:

"1998 Accounts" means the Purchaser's Accounts for the year ended 30 June 1998;

"1999 Accounts" means the Purchaser's Accounts for the year ended 30 June 1999;

"Accounts" means audited consolidated annual accounts (as defined in section 262 CA 1985) for the relevant financial period, including the notes to those accounts and the associated directors' and auditors' reports and any profit and loss account omitted in reliance on section 230(3) CA 1985;

"the Auditors" means the auditors of the Company namely KPMG Audit Plc of 8 Salisbury Square, Blackfriars, London, EC4Y 8BB or such other auditors appointed by the Company from time to time;

"CA 1985" means the Companies Act 1985, as amended;

"Company" means Micrology Limited, details of which are set out in schedule 2;

"Completion" means completion of the sale and purchase of the Sale Shares by the performance of the respective obligations under clause 7;

"the Confidential Information" means trade secrets and information equivalent to them (including but not limited to formulae, processes, methods, knowledge and Know-how) in connection with the products manufactured, produced, distributed or sold by the Company and details of any customers and suppliers of the Company and which are for the time being confidential to the Company;

"the Consideration Shares" means ordinary shares of 10p each in the Purchaser;

"Guarantee" means any guarantee, indemnity, suretyship, letter of comfort or other assurance, security or right of set-off given or undertaken by a person to secure or support the obligations (actual or contingent) of any third party and whether given directly or by way of counter-indemnity to any third party who has provided a Guarantee;

"Know-how" means all industrial, commercial and technical information, confidential information, business and strategic studies, unregistered inventions and techniques, including data, drawings, formulations, test and technical reports, operating and testing procedures, machinery designs, raw materials or product specifications, feasibility studies and the results of research and development work, in each case relevant to any Group Company or the Business or any part thereof;

"London Stock Exchange" means London Stock Exchange Limited;

"1999 Net Trading Profits" means the profits of the Company on ordinary activities before net interest and similar items exceptional items charged or credited in accordance with paragraph 20 of Financial Reporting Standard Number 3 and taxation and calculated in accordance with clause 6.2 for the financial year ended 30 June 1999;

"Nominated Account" means the Vendors' Solicitors client account numbered 0058750 at National Westminster Bank Plc of Southampton - Sort Code 56-00-68 or such other account or accounts as the Vendor's Solicitors shall specify;

"Ordinary Shares" means the issued Ordinary Shares of 10p each in the Company referred to in column 2 of schedule 1;

"Prohibited Area" means England and Wales, Scotland, Northern Ireland and the Republic of Ireland;

"Preference Shares" means the issued Redeemable Preference Shares of 10p each in the Company referred to in column 3 of schedule 1;

"Property" means Micrology House, Crabtree Road, Egham, Surrey TW20 8RB;

"the Purchaser's Solicitors" means Norton Rose of PO Box 570, Camomile Street, London, EC3A 7AN;

"Respective Proportions" means in respect of each Vendor, his respective proportion as shown in column 7 of schedule 1 (being the proportions in which the Sale Shares are held by the Vendors);

"Restricted Products" means:

- (a) all products which are distributed or sold by the Company at the Completion Date (including without prejudice to the generality of the foregoing CD and MPEG base systems, and video conferencing equipment); and
- (b) any other products which are of a type similar to and competing with any of the products referred to in (a) above;

"Sale" means the completion of an offer for the entire issued share capital of the Purchaser;

"Sale Shares" means the Preference Shares and the Ordinary Shares;

"Service Agreements" means the service agreement in the agreed form to be entered into at Completion by Ian Donaldson (1) and the ~~Company~~ ^{Purchaser} (2) and the service agreement in the agreed form to be entered into at Completion by Gideon David Reed Donaldson (1) and the ~~Company~~ ^{Purchaser} (2);

"Termination Date" means, in relation to each Vendor, the date of termination (for whatever reason and whether in breach of contract or not) of the relevant Service Agreement to be entered into pursuant to clause 5.1(c)(i) between the Company and that Vendor;

"the Vendors' Solicitors" means Paris Smith & Randall, Lansdowne House, Castle Lane, Southampton, SO14 2JQ;

"1998 Warranted Profits" means the profits of the Company on ordinary activities before net interest and similar items, exceptional items charged or credited in accordance with paragraph 20 of Financial Reporting Standard Number 3 and taxation and calculated in accordance with clause 6.2 for the financial period from 1 April 1997 to 30 June 1998.

1.2 In this Agreement unless the context otherwise requires:

- (a) references to a clause or schedule are to a clause of, or a schedule to, this Agreement, references to this Agreement include its schedules and references in a schedule or part of a schedule to a paragraph are to a paragraph of that schedule or that part of that schedule;
- (b) references to this Agreement or any other document or to any specified provision of this Agreement or any other document are to this Agreement, that document or that provision as in force for the time being and as amended from time to time in accordance with the terms of this Agreement or that document or, as the case may be, with the agreement of the relevant parties;

- (c) words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include corporations, partnerships and other unincorporated associations or bodies of persons;
- (d) the contents table and the descriptive headings to clauses, schedules and paragraphs are inserted for convenience only, have no legal effect and shall be ignored in the interpretation of this Agreement;
- (e) all representations, agreements, obligations and liabilities on the part of the Vendors are several and shall be construed accordingly except where expressly provided otherwise herein;
- (f) the word "company", except where used in reference to the Company, shall be deemed to include any partnership, undertaking or other body of persons, whether incorporated or not incorporated and whether now existing or hereafter to be formed;
- (g) the words and phrases "other", "including" and "in particular" shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible; and
- (h) references to any document in the agreed form are to documents in the form of the draft annexed hereto for the purposes of identification initialled by or on behalf of the parties hereto.

1.3 In this Agreement, unless the context otherwise requires:

- (a) "enactment" means any statute or statutory provision (whether of the United Kingdom or elsewhere), subordinate legislation, as defined by section 21(1) Interpretation Act 1978, and any other subordinate legislation made under any such statute or statutory provision;
- (b) a reference to any enactment shall be construed as including a reference to:
 - (i) any enactment which that enactment has directly or indirectly replaced (whether with or without modification); and
 - (ii) that enactment as re-enacted, replaced or modified from time to time, whether before, on or after the date hereof
 save to the extent only that such replacement, re-enactment, modification or amendment shall impose any additional liabilities or increase any existing liability of any party hereto.

2 Purpose of this Agreement and Sale of the Sale Shares

- 2.1 This is an Agreement for the sale and purchase of the Sale Shares.
- 2.2 The Vendors shall sell to the Purchaser and the Purchaser (relying, as the Vendors hereby acknowledge, on the representations and undertakings of the Vendors referred to or contained in this Agreement) shall purchase from the Vendors the Sale Shares.
- 2.3 The Vendors shall sell and transfer the Sale Shares free from all encumbrances and (subject thereto) with full title guarantee. For the purposes of this clause 2.3 "encumbrances" includes all claims, liens, charges, encumbrances and equities and other rights exercisable by third parties.
- 2.4 Title to, beneficial ownership of, and any risk attaching to, the Sale Shares shall pass on Completion, and the Sale Shares shall be sold and purchased together with all rights and benefits attached or accruing to them at Completion (including the right to receive all dividends, distributions or any return of capital declared, paid or made by the Company) on or after Completion.
- 2.5 Each Vendor hereby waives any rights of pre-emption or similar rights conferred on him by the Articles of Association of the Company or otherwise over any of the Sale Shares hereby agreed to be sold by the other Vendor.
- 2.6 The Purchaser shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

3 Consideration

- 3.1 The consideration for the Sale Shares shall be (the "**Consideration**");
- (a) in respect of the Ordinary Shares:
 - (i) the allotment and issue by the Purchaser of 20,000 Consideration Shares credited as fully paid to the Vendors in their Respective Proportions, on Completion;
 - (ii) any payments made by the Purchaser to the Vendors in accordance with clause 4 (the "**Deferred Consideration**"); and
 - (iii) any payments made by the Purchaser to the Vendors in accordance with clause 5.
 - (b) in respect of the Preference Shares, the payment in cash by the Purchaser to the Vendors in their Respective Proportions of the sum of £100,000, on Completion.

- 3.2 The Consideration Shares shall rank pari passu in all respects with the Ordinary Shares of 10p each in the Purchaser in issue at the date hereof.
- 3.3 Subject to clause 3.4, each of the Vendors hereby undertakes with the Purchaser that he will:
- (a) not without the Purchaser's prior written consent dispose of any of the Consideration Shares allotted and issued in accordance with clause 3.1(a)(i) within 3 years from the date of Completion; or
 - (b) sell, transfer or otherwise dispose of any Consideration Shares allotted and issued in accordance with clause 3.1(a) or 5.1 except:
 - (i) in accordance with the Purchaser's share dealing code;
 - (ii) through the purchaser's appointed brokers as they may be from time to time; and
 - (iii) and in accordance with such broker's reasonable requests.
- 3.4 Clause 3.3 shall cease to apply in the event of a Sale.

4 Deferred Consideration

- 4.1 Subject to clauses 4.2 and 6, the Purchaser shall pay to the Vendors in their Respective Proportions 30 days after the announcement of the 1998 Accounts, a sum payable in cash of £400,000.
- 4.2 The Vendors hereby warrant to the Purchaser that the 1998 Warranted Profits shall not be less than £300,000. In the event that there is a breach of this warranty the parties hereby agree that the amount of the Deferred Consideration payable by the Purchaser under 4.1 shall be reduced in accordance with clause 4.3 and that the Purchaser shall have no other claim or rights against the Vendors whatever in respect thereof.
- 4.3 The reduction referred to in clause 4.2 shall be £2 for every £1 by which the 1998 Warranted Profits are less than £300,000, except that if the 1998 Warranted Profits are equal to or less than £100,000, the maximum reduction shall be £400,000. For the avoidance of doubt, the Deferred Consideration shall be equal to or greater than zero.

5 Earnout

- 5.1 Subject to clause 6, the Purchaser shall pay to the Vendors in their Respective Proportions 30 days following the announcement of the 1999 Accounts, a sum to be calculated as follows:

- (a) if the 1999 Net Trading Profits are equal to £500,000, the sum of £500,000;
- (b) subject to clause 5.1 (e), if the 1999 Net Trading Profits are more than £500,000 (the amount by which the 1999 Net Trading Profits exceed £500,000 being the "excess") the sum of £500,000 plus an amount equal to twice the excess provided that the maximum aggregate amount payable under clause 5.1 shall be £1,000,000;
- (c) subject to 5.1(d) and (e), if the 1999 Net Trading Profits are less than £500,000 (the amount by which the 1999 Net Trading Profits are less than £500,000 being the "shortfall"), the sum of £500,000 less an amount equal to twice the shortfall;
- (d) if the 1999 Net Trading Profits are less than £250,000, no sum is payable under this clause 5.1;
- (e) in the event that the Warranted Profits for the 15 month period ending 30 June 1998 is a negative number, any payment made under this clause 5.1 shall be divided by 2;

such sum to be satisfied in whole, but not part only by the allotment and issue credited as fully paid of such number of Consideration Shares as shall have a value equal to such sum, such value to be determined by the Auditors as the value on 30 June 1999 or, in the event that the Purchaser's shares are traded on the Official List being calculated for this purpose at the average of the middle market quotation for ordinary shares of the Purchaser as shown by the London Stock Exchange Daily Official List for the 5 dealing days immediately following the announcement of the 1999 Accounts. Any value determined by the Auditors in accordance with this clause 5.1 shall be final and binding on the Purchaser and the Vendors.

6 Calculations

- 6.1 For the purposes of determining the 1998 Warranted Profits and the 1999 Net Trading Profits, the Purchaser shall instruct the Auditors to report in writing to the Purchaser and the Vendors within 3 months of the relevant Accounts date as to the determination of each of the 1998 Warranted Profits and the 1999 Net Trading Profits and such reports, together with the 1998 Accounts or the 1999 Accounts, as appropriate, shall be delivered to the Purchaser and the Vendors at the same time. The determination of the 1998 Warranted Profits and 1999 Net Trading Profits by the Auditors contained in each report shall become final and binding on the Purchaser and the Vendors on the fourteenth day following such delivery in accordance with this clause 6.1 unless the Vendors serve notice on the Purchaser that they contest the determination of the 1998 Warranted Profits or the 1999 Net Trading Profits, as the case may be, prior to such date, and in such circumstances the provisions of clause 6.3 will apply.

- 6.2 For the purposes of calculating the 1998 Warranted Profits and the 1999 Net Trading Profits of the Company the Purchaser shall procure that the Auditors adjust the calculations as follows (insofar as such adjustments have not already been taken into account in such calculations):-
- (a) by adding back any management or other charges levied by the Purchaser or any of its subsidiaries upon the Company other than for services bona fide rendered by agreement between the Purchaser and the Company upon an arm's length basis and directors fees and remuneration other than paid to the Vendors;
 - (b) by making appropriate adjustments both to exclude the effect of any transfer of funds or subventions to or from the Company required to be made by the Purchaser for taxation purposes and for any other dealings with the Purchaser or any of its subsidiaries otherwise than on an arm's length basis; and
 - (c) to exclude any payment of dividends or distributions.
- 6.3 If the Vendors serve notice on the Purchaser in accordance with clause 6.1, the Purchaser shall allow the Vendors reasonable access to the Company and its financial and accounting records (including the working papers of the Auditors produced in the preparation of the 1998 Accounts and/or the 1999 Accounts, as the case may be), as they may request and the Vendors shall, within a period of fourteen days of serving notice on the Purchaser in accordance with clause 6.1 notify the Purchaser their reasons for contesting the determination of the 1998 Warranted Profits or the 1999 Net Trading Profits, as the case may be. If the Purchaser and the Vendors cannot, within fourteen days agree to the determination of the 1998 Warranted Profits or the 1999 Net Trading Profits, as the case may be, the provisions of clause 6.4 will apply.
- 6.4 If the Vendors notify the Purchaser that they contest the determination of the 1998 Warranted Profits or the 1999 Net Trading Profits, as the case may be, by the Auditors, the determination of the 1998 Warranted Profits or the 1999 Net Trading Profits, as the case may be, shall be referred to an independent auditor to be nominated jointly by the Purchaser and the Vendors or, failing agreement on such nomination, to be nominated by the President for the time being of the Institute of Chartered Accountants at the instance of (as between the Purchaser and the Vendors) the party first applying to him. Any independent auditor shall act as an expert and not as an arbitrator and his decision shall, save in the case of manifest error, be final and binding on both the Purchaser and the Vendors and his costs shall be borne as he may direct.
- 6.5 Notwithstanding the provisions of clauses 4.1 and 5.1, in the event of a breach of clauses 9.1 to 9.4 by a Vendor (the "Breaching Party"), the provisions of clauses 4 and 5 shall cease automatically and any payments made under such clauses to

the Breaching Party shall become immediately repayable by such Breaching Party to the Purchaser.

7 Completion

7.1 Completion shall take place at the offices of the Purchaser's Solicitors, or at such other place as the parties may agree on the Completion Date when all (but not part only unless the parties so agree) of the following business shall be transacted:

- (a) the Vendors shall deliver to the Purchaser or make available for the Purchaser or its representatives:
 - (i) transfers in respect of the Sale Shares duly executed and completed in favour of the Purchaser (or as it may direct or have directed), together with the certificates therefor and the duly executed powers of attorney or other authorities under which any of the transfers have been executed;
 - (ii) such other documents (if any) as may be required to give a good title to the Sale Shares and to enable the Purchaser or its nominees to become the registered holders thereof;
 - (iii) the statutory and minute books of the Company (written up to the business day immediately preceding Completion) and its Common Seal (unless any such Group Company has no Common Seal), Certificate of Incorporation, any Certificate or Certificates of Incorporation on Change of Name and a copy of its Memorandum and Articles of Association.
- (b) The Purchaser shall;
 - (i) deliver to the Vendors' Solicitors non-renounceable share certificates in respect of the Consideration Shares to be allotted and issued in accordance with clause 3.1; and
 - (ii) pay such portion of the consideration for the sale of the Sale Shares as is required under clause 3.1 to be satisfied in cash by electronic funds transfer for value on the day of Completion to the Nominated Account of the Vendors' Solicitors (who are hereby authorised to receive it and whose receipt shall constitute a good discharge to the Purchaser in respect of it) and the Purchaser shall have no obligation as to the distribution or allocation of the amount so paid between the Vendors;
 - (iii) the parties shall join in procuring that the Service Agreements are entered into.

7.2 If the Vendors shall fail or be unable to comply with any of their obligations under the preceding provisions of this clause 7 on the Completion Date, the Purchaser may:

- (i) defer Completion to a date not more than 28 days after that date (in which case the provisions of this clause 7.2(i) shall apply to Completion as so deferred); or
- (ii) proceed to Completion so far as practicable but without prejudice to the Purchaser's rights (whether under this Agreement generally or under this clause 7.2) to the extent that the Vendors shall not have complied with their obligations thereunder.

8 Post-Completion Matters

8.1 Each of the Vendors hereby declares that for so long as he remains the registered holder of any of the Sale Shares after Completion he will:

- (a) hold the Sale Shares and the dividends and other distributions of profits or surplus or other assets declared, paid or made in respect of them after Completion and all rights arising out of or in connection with them in trust for the Purchaser and its successors in title; and
- (b) deal with and dispose of the Sale Shares and all such dividends, distributions and rights as are described in clause 8.1(a) as the Purchaser or any such successor may direct.

8.2

- (a) Each of the Vendors hereby appoints the Purchaser as his lawful attorney for the purpose of receiving notices of and attending and voting at all meetings of the Members of the Company from Completion to the day on which the Purchaser or its Nominee is entered in the register of members of the Company as the holder of the Sale Shares.
- (b) For such purpose each of the Vendors hereby authorises:
 - (i) the Company to send any notices in respect of his holding of Sale Shares to the Purchaser; and
 - (ii) the Purchaser to complete in such manner as it thinks fit and to return proxy cards, consents to short notice and any other document required to be signed by him in his capacity as a member.

- 8.3 The Purchaser shall procure that the Company shall repay £117,500 of loans made to it by Ian Donaldson and outstanding at Completion within 30 days of the date of Completion.

9 Restrictive Covenants

- 9.1 Each of the Vendors severally undertakes with the Purchaser that (save as is reasonably necessary to enable him to perform his service agreement) without the prior consent in writing of a Director of the Purchaser he will not directly, or indirectly whether by himself, his employees or agents and whether on his own behalf or on behalf of any other person, firm or company or otherwise howsoever, for a period of 3 years from the date of Completion:
- (a) subject to clause 9.5, carry on, be employed or otherwise engaged, concerned or interested in any capacity (whether for reward or otherwise) in, provide any technical, commercial or professional advice to, or in any way assist any business which is or is about to be engaged in the manufacture, production, distribution or sale of the Restricted Products or any of them in the Prohibited Area in competition with the Company;
 - (b) in relation to the Restricted Products or any of them solicit or canvass, accept orders from or otherwise deal with any person, firm, company or other organisation who:
 - (i) was a customer of the Company prior to Completion; or
 - (ii) at the date of Completion was in the process of negotiating or contemplating doing business with the Company, and with whom that Vendor had personal dealings in the course of his employment;
 - (c) solicit or entice away or endeavour to solicit or entice away from the Company any director or manager or salesman or other person employed or otherwise engaged by the Company on the date of Completion, whether or not that person would commit any breach of his contract of employment by reason of his leaving the service of the Company;
 - (d) without the prior consent of a Director of the Purchaser (which consent shall not be unreasonably withheld) be employed or engaged in any company, firm or business which as regards any goods or services is a supplier to or a customer of the Company.
- 9.2 Clause 9.1 shall be deemed to be repeated herein with the substitution of the period "12 months from the Termination Date in relation to that Vendor" for the period "3 years from the date of Completion".

9.3 Each of the Vendors undertakes with the Purchaser that (save as is reasonably necessary to enable him to perform his service agreement) he will not at any time after Completion directly or indirectly, whether by himself, his employees or agents or otherwise howsoever:

- (a) engage in any trade or business or be associated with any person firm or company engaged in any trade or business using the name "Micrology" or any name incorporating the words "Micrology" or any similar name or names or any colourable imitation thereof;
- (b) subject to clause 9.5, in the course of carrying on any trade or business, claim, represent or otherwise indicate any present association with the Company or, for the purpose of obtaining or retaining any business or custom, claim, represent or otherwise indicate any past association with the Company;
- (c) subject to clause 9.5, without the consent of the Company use, whether on his own behalf or on behalf of any third party, or divulge to any third party, any of the Confidential Information.

9.4 Each of the Vendors undertakes with the Purchaser that, if the Company shall have obtained any of the Confidential Information from any third party under an agreement including any restriction on disclosure known to him, he will not at any time without the consent of the Company infringe that restriction.

9.5

- (a) The restriction in clause 9.1(a) shall not operate:
 - (i) to prohibit any such employment or engagement as is mentioned in that clause if none of the duties or functions performed under that employment or engagement relate to the manufacture, production, distribution or sale of the Restricted Products or any of them;
 - (ii) to prohibit the Vendors from holding in aggregate up to 5 per cent. of the shares of any competing company the shares of which are listed or dealt in on a recognised stock exchange;
- (b) The reference in clause 9.5(a) to clause 9.1(a) shall include clause 9.1(a) as repeated by clause 9.2;
- (c) The restriction in clause 9.3(b) shall not operate to prohibit any of the Vendors who continues in the employment of the Company after Completion from claiming, representing or indicating his association in that capacity with the Company during the continuance of that employment and in accordance with the terms of his service agreement;

- (d) The restrictions in clauses 9.3(c) and 9.4 shall not apply:
 - (i) in respect of any of the Confidential Information which is in or becomes part of the public domain, other than through a breach of the obligations of confidentiality set out in this Agreement; or
 - (ii) to either of the Vendors to the extent that he is required to disclose Confidential Information by any applicable law, governmental order, decree, regulation, licence or rule or pursuant to the regulations of any securities exchange or regulatory or governmental body to which he is subject.

9.6 Each of the Vendors agrees with the Company and the Purchaser that the restrictive covenants in clauses 9.1 to 9.5 inclusive are reasonable and necessary for the protection of the value of the Sale Shares and the Company and that having regard to that fact those covenants do not work harshly on him.

9.7

- (a) The Vendors hereby acknowledge that they have had the opportunity to take independent advice on the restrictions in clauses 9.1 to 9.4 inclusive;
- (b) While those restrictions are considered by the parties to be reasonable in all the circumstances, it is agreed that if any of those restrictions, by themselves or taken together, shall be adjudged to go beyond what is reasonable in all the circumstances for the protection of the legitimate interests of the Purchaser but would be adjudged reasonable if part or parts of the wording thereof were deleted or amended or qualified or the periods thereof were reduced or the range of products or area dealt with were thereby reduced in scope, then the relevant restriction or restrictions shall apply with such modification or modifications as may be necessary to make it or them valid and effective.

10 Guarantee

10.1 Ian Donaldson hereby warrants and represents that there are not now outstanding any Guarantees given by the Company in respect of liabilities of either Vendor, or any Guarantees given by either Vendor in respect of liabilities of the Company.

10.2 The Purchaser shall have no claim under clause 10.1 to damages or compensation other than in respect of such matters within Ian Donaldson's actual knowledge at the date of Completion.

11 Purchaser's Covenant

11.1 The Purchaser covenants with the Vendors that until the Vendors have been paid in full in accordance with this Agreement it will procure that the Company shall carry on its business in the ordinary and usual course in which it has hitherto been conducted and in particular (but without prejudice to the generality of the foregoing) it will:

- (a) at all times act in good faith and in the best interests of the Company;
- (b) not cause the Company (directly or indirectly):
 - (i) voluntarily to cease to trade otherwise than by reason of insolvency; or
 - (ii) to dispose of all or substantially all of its business or assets; and
- (c) not divert business away from the Company which is compatible with its business and which may be profitably undertaken by it.

12 Continuing effects of this Agreement

12.1 All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters then already performed and Completion shall not constitute a waiver of any of the Purchaser's rights in relation to this Agreement.

13 Announcements

13.1 Each of the Vendors hereby undertakes with the Purchaser to provide, and to use all reasonable endeavours to procure that there is provided all such information known to him and relating to the Company or otherwise as the Purchaser may reasonably require for the purpose of complying with any requirements of law or of the London Stock Exchange.

13.2 Save as required by law or by the London Stock Exchange, all announcements or circulars by, of or on behalf of any of the parties hereto and relating to the sale and purchase hereunder shall be in terms to be agreed between the parties in advance of issue in writing (such agreement not to be unreasonably withheld or delayed).

14 Releases, waivers etc.

14.1 The Purchaser may, in its discretion, in whole or in part release, compound or compromise, or waive its rights or grant time or indulgence in respect of, any liability to it under this Agreement and may do so as regards one Vendor under

that liability without in any way prejudicing or affecting the liability of or its rights against the other Vendor in respect of the same or a like liability, whether joint and several or otherwise.

- 14.2 Subject to clause 14.3, neither the single or partial exercise or temporary or partial waiver by the Purchaser of any right, nor the failure by the Purchaser to exercise in whole or in part any right or to insist on the strict performance of any provision of this Agreement, nor the discontinuance, abandonment or adverse determination of any proceedings taken by the Purchaser to enforce any right or any such provision shall (except for the period or to the extent covered by any such temporary or partial waiver) operate as a waiver of, or preclude any exercise or enforcement or (as the case may be) further or other exercise or enforcement by the Purchaser of, that or any other right or provision.
- 14.3 All references in clause 14.2 to:
- (a) any right shall include any power, right or remedy conferred by this Agreement on, or provided by law or otherwise available to, the Purchaser; and
 - (b) any failure to do something shall include any delay in doing it.
- 14.4 The giving by the Purchaser of any consent to any act which by the terms of this Agreement requires such consent shall not prejudice the right of the Purchaser to withhold or give consent to the doing of any similar act.
- 14.5 The Vendors hereby confirm and acknowledge that they have no right of compensation arising from their employment with the Company or any other payment arising from their capacity as a shareholder in the Company or on any other account whatsoever. For the avoidance of doubt, subject to clause 8.3, no debt is due from the Company to the Vendors.

15 Notices

- 15.1 Except as otherwise provided in this Agreement, every notice under this Agreement shall be in writing and shall be deemed to be duly given if it (or the envelope containing it) identifies the party to whom it is intended to be given as the addressee and:
- (a) it is delivered by being handed personally to the addressee (or, where the addressee is a corporation, any one of its Directors or its Secretary); or
 - (b) it is delivered by being left in a letter box or other appropriate place for the receipt of letters at the addressee's authorised address; or
 - (c) the envelope containing the notice is properly addressed to the addressee at his authorised address and duly posted by first class mail or the

recorded delivery service or the notice is duly transmitted to that address by telex or facsimile transmission,

and, in proving the giving or service of such notice, it shall be conclusive evidence to prove that the notice was duly given within the meaning of this clause 15.1.

- 15.2 A notice sent by post (or the envelope containing it) shall not be deemed to be duly posted for the purposes of clause 15.1(c) unless it is put into the post properly stamped or with all postal or other charges in respect of it otherwise prepaid.
- 15.3 For the purposes of this clause 15 the authorised address of each of the Vendors shall be the address of the Vendors' Solicitors or (in the case of notices transmitted by telex or facsimile transmission) the respective telex and facsimile numbers (if any) of the Vendors' Solicitors and the authorised address of (respectively) the Purchaser and the Company shall be the address of its registered office for the time being or (in the case of notices transmitted by telex or facsimile transmission) its respective telex or facsimile numbers at that address.
- 15.4 Any notice duly given within the meaning of clause 15.1 shall be deemed to have been both given and received:
- (a) if it is delivered in accordance with clause 15.1(a) or 15.1(b), on such delivery;
 - (b) if it is duly posted or transmitted in accordance with clause 15.1(c) by any of the methods there specified, on the second business day after the day of posting or (in the case of a notice transmitted by telex or facsimile transmission) upon receipt by the sender of the correct answerback or transmission report.
- 15.5 For the purposes of this clause 15 "notice " shall include any request, demand, instructions, communication or other document.

16 Entire Agreement

- 16.1 This Agreement sets out the entire agreement and understanding between the parties in connection with the sale and purchase and other matters described herein and shall supersede all prior proposals, representations, agreements and negotiations relating thereto, whether written, oral or implied, between the parties or any of them or their respective advisers or any of them.

17 Alterations

- 17.1 No purported alteration of this Agreement shall be effective unless it is in writing, refers specifically to this Agreement and is duly executed by or on behalf of each party hereto.

18 Severability

- 18.1 Each provision of this Agreement is severable and distinct from the others. The parties intend that every such provision shall be and remain valid and enforceable to the fullest extent permitted by law. If any such provision is or at any time becomes to any extent invalid, illegal or unenforceable under any enactment or rule of law, it shall to that extent be deemed not to form part of this Agreement but (except to that extent in the case of that provision) it and all other provisions of this Agreement shall continue in full force and effect and their validity, legality and enforceability shall not be thereby affected for impaired it being the parties' intention that every provision of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

19 Counterparts

- 19.1 This Agreement may be entered into in the form of two or more counterparts each executed by one or more of the parties but, taken together, executed by all and, provided that all the parties so enter into the Agreement, each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original, but, taken together, they shall constitute one instrument.

20 Payment of costs

- 20.1 Each of the parties shall be responsible for his respective legal and other costs incurred in relation to the negotiation, preparation and completion of this Agreement and all ancillary documents.

21 Assignment

- 21.1 None of the parties hereto shall be entitled to assign the benefit of any rights under this Agreement.

22 Applicable law, submission to jurisdiction and address for service

- 22.1 This Agreement shall be governed by and construed in accordance with English law.
- 22.2 It is hereby agreed for the benefit of the Purchaser that:
- (a) if any party has any claim against another party arising out of or in connection with this Agreement such claim shall (subject to

clause 22.2(b)) be referred to the High Court of Justice in England, to the jurisdiction of which each of the parties hereto irrevocably submits;

- (b) the jurisdiction of the High Court of Justice in England over any such claim against the Purchaser shall be an exclusive jurisdiction and no courts outside England shall have jurisdiction to hear or determine any such claim.

22.3 Each Vendor (the "**appointer**") hereby irrevocably authorises and appoints the Vendors' Solicitors (or such other person or persons, being a firm of solicitors resident in England, as the appointer may hereafter as regards himself by notice in writing to all the other parties hereto from time to time substitute) to accept on his behalf service of all legal process arising out of or in connection with this Agreement.

22.4 Service of such process on the person for the time being authorised under clause 22.3 to accept it on behalf of the appointer shall be deemed to be service of that process on the appointer.

IN WITNESS whereof this Agreement has been entered into as a Deed the day and year first above written.

Schedule 1
Vendors

(1) Name and Address	(2) No. of Ordinary Shares of 10p each	(3) No. Redeemable Preference Shares of 10p each	(5) No. of Consideration Shares to be issued at Completion in accordance with 3.1(a)(i)	(6) Cash payable on Completion in accordance with clause 3.1(b) (£)	(7) Respective Proportion (%)
1 Ian Donaldson	350,000	875,000	17,500	87,500	87.5
2 Gideon David Reed Donaldson	50,000	125,000	2,500	12,500	12.5

Schedule 2
The Company

Registered number:	3205911
Registered office:	Micrology House Crabtree Road Egham Surrey TW20 8RB
Authorised share capital:	£2,000,000 divided into 10,000,000 Ordinary Shares of 10p each and 10,000,000 Redeemable Preference Shares of 10p each.
Issued share capital:	£332,500 divided into 950,000 Ordinary Shares of 10p each and 2,375,000 Redeemable Preference shares of 10p each.
Directors:	Humayun Akhter Mughal Muhammad Saeed Awan Ian Donaldson
Secretary:	Muhammad Saeed Awan
Auditors:	KPMG Audit Plc
Bankers:	Barclays Bank plc
Accounting reference date:	30 June

EXECUTED ~~and~~ DELIVERED
as a Deed by the said
IAN DONALDSON

in the presence of:

EXECUTED ~~and~~ DELIVERED
as a Deed by the said
GIDEON DAVID REED DONALDSON

in the presence of:

EXECUTED ~~and~~ DELIVERED
as a Deed by
AKHTER GROUP PLC

S.M.
.....
ROBIN HARRKINS
K.M. Harrkins
Financial Controller

.....
K.M. Harrkins
ROBIN HARRKINS
Financial Controller

.....
Director
M. B. Awan
.....
Director/Secretary