

J.M.D.
COMPANY SECRETARY

This SALE & PURCHASE AGREEMENT dated [*24/4/96*] between *How* *John J.M.D.*

Silkbarn Plc whose registered office is at 121/123 Charterhouse Street, London EC1M 6AA (hereinafter referred to SILKBARN);

and

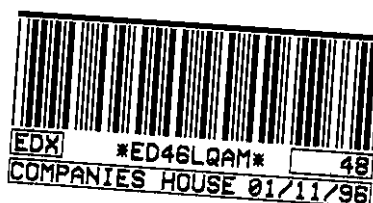
Emson & Dudley Limited whose registered office is at 29 Albemarle Street, London W1X 3FA (hereinafter referred to as E&D)

WHEREAS

PASSED FOR FILING

SILKBARN has the established share trading investment management and ancillary financial services businesses operated by SILKBARN and in addition specifically:-

1. The Plc Status of SILKBARN with approximately 130 shareholders.
2. The AIM Listing and attendant constraints including listing agreement with the International Stock Exchange
3. The existing appointment of Raphael Zorn Hemsley as stockbrokers and nominated advisers.
4. Current Statement of Assets dated 31 May 1996 submitted, which includes value attributable to extensive tax losses.
5. SILKBARN's Authorised subsidiary, Silkbarn Management Plc, which is currently 100% owned and has the benefit of a Category 1 Licence with FIMBRA. The Authorities will be notified of the changes in the holding company. In addition, following additional capital and Loan Stock injection, the Authorities will be notified in the monthly Financial/Compliance Return that sufficient liquidity is in place for the different types of business to be undertaken. In due course it is planned that the Licence be split into SFA and PIA licences in separate operating subsidiaries.
6. The business of E&D Limited was originally formed in 1966 as a Licensed Dealer in Securities, and subsequently broadened its base to include specialist taxation, investment and insurance services, unit trust and securities management. The company established a database comprising several thousand firms of chartered accountants and solicitors, stockbrokers, insurance brokers and others as business introducers, plus a broad base of personal and corporate clients. This database has been maintained and is continually updated, representing a unique marketing base for investment, insurance, securities and other financial product business generation.
7. E&D has entered an agreement with the Robert Fraser Companies to acquire Robert Fraser Assets Limited (hereinafter referred to a RFA), the subject of this purchase and sale agreement. E&D has procured the agreement of the Robert Fraser Companies to the name being transferred to the Silkbarn Group for the purpose of developing the business of the new group as referred to in herein.



How
J.M.D.

8. It is recognised by E&D that it is SILKBARN's intention following completion of the above transactions and completion of Agreements with other parties to announce at the time of the AGM/EGM that notice of a rights issue extending to £500,000 be made and that underwriting at 4p per share to the extent of £300,000 had already been negotiated, subject to contract.
9. It is also recognised that part of the purpose of the rights issue and open offer will be to redeem the £300,000 Loan Stock referred to above, subject to a limit of 90% of such capital raising pursuant to the rights issue or open offer being applied to the repayment of the Loan Stock.

IT IS HEREBY AGREED AS FOLLOWS:-

- a) i) E&D will sell and Silkbarn will buy the whole of the share capital of RFA which company contains cash totalling £65,000 plus the database and has no liabilities or claims pending against the company.
- ii) E&D will be allotted as fully paid 7,500,000 Ordinary Shares in SILKBARN, plus a further 2,000,000 Ordinary Shares following the forthcoming EGM to increase the share capital of SILKBARN.
- iii) In addition E&D shall have the right to a separate Option Agreement for a period of 48 months to subscribe for additional shares at 2p per share determined by the total aggregate paid up capital from time to time during the 48 months during which the Option may be executed and representing a total at any time during the period of 20% of the paid up capital of SILKBARN (to be renamed Robert Fraser Asset Management Plc). This total only subject to sufficient authorised capital being available from time to time. The authorised capital will be increased at the next EGM subject to shareholders approval.
- b) This sale by E&D shall be for new shares allotted by SILKBARN at a price of 2p per share fully paid and shall be effective on the signing hereof and shall be completed by or on 12th August 1996 at which time the relevant bank account along with company records and database shall be handed over.
- c) E&D will contract to both make available and assist with the development of the database for the following purposes:-
- i) Stockbroking, share trading.
- ii) Private portfolio management
- iii) Currency and treasury management
- iv) Independent and financial advisory services
- v) Other financial services

But specifically excluding all corporate finance activity rights of development and generation any other uses whatever for the purpose of corporate finance shall be assigned to Robert Fraser & Partners Limited via E&D in consideration of the use of the Robert Fraser name.

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- d) E&D shall be invited to appoint Mr C J Emson as Chairman/Director of the Board of SILKBARN concurrent with this completion. Mr John Bottomley will be appointed as Company Secretary of SILKBARN concurrent with this completion.

E&D acknowledges that a number of like transactions are being undertaken with other parties who have agreed to assist with the development of the enlarged SILKBARN. E&D confirm that they are not acting in concert with other parties but have agreed to fully co-operate with them on an ongoing basis following completion to maximise the various inputs which SILKBARN will have available.

Consequent upon the signing of the Agreement it is accepted that a request by SILKBARN for the temporary suspension of its shares may be necessary pending notification of these material transactions and following which the undermentioned will occur:-

- i) SILKBARN's brokers will be informed and issue formal notice of the transactions;
- ii) Early notice to SILKBARN's shareholders of the transactions and future plans;
- iii) SILKBARN will convene an AGM and EGM by sending out a formal notice accompanied by printed audited accounts. A Directors Statement and circular will explain the various quantities of new shares being issued and the reasons therefor.
- iv) At the EGM immediately following the AGM the following resolutions will be put to shareholders generally:-
 - To increase the authorised capital from £500,000 to £5m to permit additional future issues.
 - To change the name of Silkbarn Plc to Robert Fraser Asset Management Plc.

It is an express condition of the Agreement that the existing outstanding Warrants totalling 12 million be taken up in full following the AGM and EGM referred to above and prior to the commencement of the arrangements with subsequent parties relatives to the underwritten rights issue and open offer. The three Warrant holders will agree prior to the signing of those Agreements to subscribe to their Warrants in full.

SILKBARN and E&D hereby agree to the sale and purchase of Robert Fraser Assets Limited on the terms and conditions outlined over. In addition, it is the stated intention of the parties to proceed with the Rights Issue and open offer as soon as practicable following the forthcoming AGM and EGM. Time is of the essence with this Agreement.

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for and on behalf of
SILKBARN PLC

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Director

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Secretary

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for and on behalf of
EMSON & DUDLEY LIMITED

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Director

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Secretary