

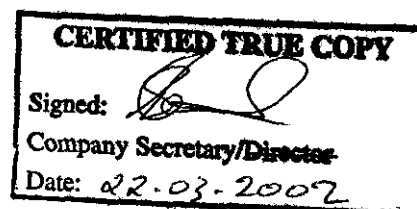
DATED

8th November

2000

- (1) SALEEM ASARIA and ANCYRA HOLDINGS
LIMITED
- (2) NHP PLC

OPTION DEED



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COMPANIES HOUSE

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EVERSHEDS

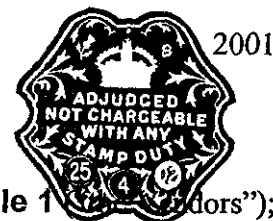
Holland Court, Norwich

CONTENTS

1.	INTERPRETATION	3
2.	PUT OPTION.....	6
3.	CONSIDERATION	6
4.	WARRANTIES	7
5.	LIMITATION OF LIABILITY.....	9
6.	SHARE TRANSFER MECHANICS.....	10
7.	ANNOUNCEMENTS	13
8.	COSTS.....	13
9.	INTEREST	13
10.	NOTICES.....	13
11.	GENERAL	14
	SCHEDULE 1	16
	The Vendors	16
	SCHEDULE 2	17
	Details of the Company.....	17
	Details of other Group Members.....	18
	SCHEDULE 3	19
	Warranties	19
1.	Schedules 1 & 2; Capital	19
2.	Information supplied to the Purchaser	19
3.	Taxation	20
4.	Financing and working capital	21
5.	Company law matters and General Compliance	21
6.	Litigation.....	22
7.	Default.....	22
8.	Insolvency	22

NAS
THIS DEED is made on

BETWEEN



- (1) The persons whose names and addresses are set out in **Schedule 1** ("the Sellers"); and
- (2) NHP PLC (registered number 2798607) whose registered office is at 6 Broad Street Place, Blomfield Street, London, EC2M 7JH ("the Purchaser")

OPERATIVE PROVISIONS

1. INTERPRETATION

In this Agreement:

- 1.1 the following expressions have the following meanings unless inconsistent with the context:

"the Accounting Date"

31 March 1999

"the Accounts"

the audited accounts of each Group Member, including in the case of the Company its audited consolidated accounts, for the financial year which ended on the Accounting Date, comprising in each case a balance sheet, a profit and loss account, notes and directors' and auditors' reports

"the Act"

The Companies Act 1985

"Admission"

the admission of the Consideration Shares (i) to the Official List becoming effective in accordance with the Listing Rules issued by the UK Listing Authority; and (ii) to trading on the London Stock Exchange's market for listed securities becoming effective in accordance with the Admission and Disclosure Standards issued by the London Stock Exchange

"Business Day"

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

"Capped Amount"	as defined in accordance with clause 5.3
"Clearing Bank"	a bank which is a member of CHAPS Clearing Company Limited
"the Company"	Palladium Healthcare Limited, registered number 2482460, whose registered office is at 6 Broad Street Place, Blomfield Street, London, EC2M 7JH
"Completion"	the meaning ascribed to it in clause 6.1
"Consideration Shares"	Ordinary Shares of £0.01 each in the capital of the Purchaser
"Contract"	any agreement or commitment whether legally binding or not
"the Disclosure Letter"	the copy letter of 2 November from Hitesh Patel, financial controller of the Company, to Geoffrey Walters of the Vendor's Solicitors in the form annexed
"Escrow Completion"	the meaning ascribed to it in clause 6.1
"the Group"	together the Company and each other company details of which are set out in Schedule 2
"Group Member"	any company which is a member of the Group
"Market Value"	the average of the middle market quotations for an ordinary share in the capital of the Purchaser on the Official List of the UK Listing Authority as derived from the Daily Official List over the seven (7) dealing days up to and including the date of claim (as that term is defined in clause 5.3.1) as certified by the Purchaser's stockbrokers

"Material Creditor"	any creditor of any Group Member owed more than £10,000 by the Group incurred outside the ordinary course of trade
"the Purchaser's Solicitors"	Eversheds of Holland Court, The Close, Norwich, Norfolk, NR1 4DX
"the Shares"	all the issued shares in the capital of the Company
"Somerford"	Somerford Healthcare Limited, registered number 2699096
"Taxation"	<p>(a) any tax, duty, impost or levy of the United Kingdom or elsewhere whether national or local; and</p> <p>(b) any fine, penalty, surcharge, interest or other imposition relating to any tax, duty, impost or levy or to any account, record, form, return or computation required to be kept, preserved, maintained or submitted for the purposes of any tax, duty, impost or levy</p>
"the Vendors' Solicitors"	Dechert of 2 Sergeants' Inn, London, EC4Y 1LT
"the Warranties"	the warranties set out or referred to in clause 4 and Schedule 3 ;
"the Warrantor"	Saleem Asaria of 8 Fringewood Close, Northwood, Middlesex HA6 2TB
"UK Listing Authority"	The Financial Services Authority in its capacity as the competent authority for the purposes of Part IV of the Financial Services Act 1986

- 1.2 references to any statutory provisions will be construed as including references to any earlier or subsequent statutory provisions in force at any time prior to Completion which they have, or by which they have been, directly or indirectly amended or replaced;

- 1.3 all obligations entered into by two or more persons are joint and several;
- 1.4 references to clauses and Schedules are to clauses of and Schedules to this Agreement, and references to paragraphs are to paragraphs in the Schedule in which such references appear;
- 1.5 the Schedules form part of this Agreement and will have the same effect as if in the body of this Agreement; and
- 1.6 the headings to clauses and paragraphs (save for headings in **Schedules 1, 2 and 3**) will not affect its construction.

2. **PUT OPTION**

- 2.1 The Vendors will have the option to require the Purchaser to purchase from the Vendors all (but not some only) of the Shares on the terms set out in **clause 3** ("the Option") by serving on the Purchaser notice in writing ("an Option Notice") signed by or on behalf of the Vendors within ten (10) Business Days after the earlier of:

- 2.1.1 16 July 2001; and

- 2.1.2 the date on which the Purchaser notifies the Vendors in writing (if such be the case) that Somerford may no longer claim to be able to prevent the Purchaser's purchase of the Shares.

- 2.2 An Option Notice, once given, may not be withdrawn except with the written consent of the Purchaser.
- 2.3 Completion of the purchase pursuant to the Option shall take place in accordance with **clause 6**.

3. **CONSIDERATION**

- 3.1 The consideration for the sale of the Shares pursuant to the Option will be the allotment and issue to the Vendors of one million (1,000,000) Consideration Shares as adjusted pursuant to **clause 4.3** credited as fully paid and accordingly each of the Vendors will be entitled to the number of Consideration Shares specified opposite that Vendor's name in **Schedule 1**.
- 3.2 The Consideration Shares will rank pari passu and as a single class with the existing ordinary shares of £0.01 each in the capital of the Purchaser, and will carry the right to receive in full all dividends and other distributions declared, made or paid after the date of their allotment.

3.3 The Purchaser will keep available for issue (and the Purchaser will ensure that its directors shall have for the purposes of section 80 of the Act) authority to allot sufficient unissued unencumbered ordinary shares of 1p each in the capital of the Purchaser free of any pre-emptive right (whether under section 89 of that Act or otherwise) to enable the Purchaser to allot and issue the Consideration Shares in accordance with this Agreement.

3.4 Warrantor undertakes that he will not without the prior written consent of the Purchaser for a period of six months after Completion:

3.4.1 dispose of, charge or otherwise encumber any interest in more than two hundred and twenty five thousand (in aggregate) of the Consideration Shares to which he becomes entitled pursuant to this Agreement; or

3.4.2 without prejudice to the provisions of **clause 3.4.1** dispose of more than two hundred and twenty five thousand (in aggregate) of the Consideration Shares except through such firm of stockbrokers as may from time to time be notified to Saleem Asaria by the Purchaser.

3.5 For the purposes of **clause 3.4** the Warrantor shall be deemed to dispose of a Consideration Share if he ceases in any circumstances whatsoever, other than death, to be the unencumbered absolute beneficial owner of it.

3.6 The Purchaser will not unreasonably withhold consent sought pursuant to **clause 3.4**:

3.6.1 to permit acceptance of a general offer made for the Purchaser's entire issued equity share capital; or

3.6.2 to permit a sale for the purpose of raising cash to satisfy a claim (as that term is defined in **clause 6**)

4. WARRANTIES

4.1 The Warrantor:

4.1.1 warrants to the Purchaser in the terms of the Warranties, provided that the Purchaser will not be entitled to claim that any fact or combination of facts constitutes a breach of any of the Warranties to the extent fairly disclosed in the Disclosure Letter. The Warrantor agrees that none of the Warranties will be construed restrictively, by reference to any other Warranty or term of this Agreement;

- 4.1.2 warrants to the Purchaser that (save as aforesaid) all the Warranties will be fulfilled and will be true and accurate in all respects on the date of execution of this Agreement and that he will so far as he is able, without incurring any financial obligation, use his best endeavours to procure that the Warranties will be fulfilled and will be true and accurate in all aspects on the day of Completion as if they had been made or given on each such day with reference to the facts then subsisting and as if such day were substituted for any express or implied reference to the date of the execution of this Agreement;
- 4.1.3 will indemnify the Purchaser against any reasonable and proper costs or expenses (including legal costs) which it may incur, either before or after the commencement of any action, as a result of any breach of any of the Warranties;
- 4.1.4 undertakes that, if any claim is made against him in connection with the sale of the Shares to the Purchaser, he will not make any claim against any Group Member, or against any director or employee of any such Group Member, on which or on whom he may have relied before agreeing to any provision of this Agreement or the Disclosure Letter.
- 4.2 In this Agreement, unless otherwise specified, where any Warranty refers to the knowledge or awareness of the Warrantor he will be deemed to have such knowledge or awareness as he would have obtained had he made all due and careful enquiries into the subject matter of that Warranty.
- 4.3 If prior to Completion it shall be found that any of the Warranties including, for the avoidance of doubt, any Warranty given pursuant to **clause 4.1** is in any material respect breached or unfulfilled the Warrantor shall notify the Purchasers in writing thereof and the number of Consideration Shares to be transferred to the Warrantor in accordance with **clause 3.1** shall be reduced by such amount as shall be agreed between the parties as being equivalent to the diminution in value of the Shares arising from the breach or unfulfilment of Warranty or, if the Warrantor and the Purchaser are unable to reach agreement upon such amount, by such amount as may be determined by a single independent chartered accountant or an independent firm of chartered accountants (in either case, "the Independent Accountant") to be agreed upon between them or (in default of such agreement) to be selected (at the instance of either of them) by the President for the time being of the Institute of Chartered Accountants in England and Wales. The Independent Accountant (whose costs shall be paid as the Independent Accountant shall direct) shall act as expert (and not as

arbitrator) and the decision of the Independent Accountant shall (in the absence of manifest error) be final and binding on the parties.

- 4.4 If prior to Completion the Warrantor becomes aware that any of the Warranties have been breached he shall not conceal its breach and shall make full and timely disclosure to the Purchaser and/or Independent Accountant of the matter giving details of the breach and such other information as the Purchaser and/or Independent Accountant may reasonably require.

5. LIMITATION OF LIABILITY

- 5.1 In this **clause 5** "claim" means any claim which would (but for this **clause 5**) be capable of being made against the Warrantor for breach of the Warranties.

- 5.2 The aggregate liability of the Warrantor in respect of all claims (including costs) will be limited to the Capped Amount

- 5.3 For the purposes of **clause 5.2**, the Capped Amount shall be calculated as follows:

5.3.1 if, at the date when written particulars of a claim are first given to the Warrantor in accordance with **clause 5.8** ("the date of claim") the Warrantor has not sold for value any of the Consideration Shares issued to him in accordance with **clause 3.1**, the Capped Amount shall be the Market Value of 400,000 ordinary shares in the capital of the Purchaser as at the date of claim;

5.3.2 if, at the date of claim the Warrantor has sold for value any of the Consideration Shares issued to him in accordance with **clause 3.1**, the Capped Amount shall be the aggregate of

5.3.2.1 the consideration for the shares so sold; and

5.3.2.2 the Market Value at the date of claim of X ordinary shares in the capital of the Purchaser where $X = (400,000 - Y)$ and Y = the number of Consideration Shares sold by the Warrantor.

- 5.4 Any amount paid by the Warrantor pursuant to a claim will be treated primarily (so far as is possible) as a reduction in the Consideration.

- 5.5 The Warrantor will not be liable in respect of any claim if and to the extent that the loss occasioning it has been recovered pursuant to any other claim.

- 5.6 Where the Purchaser is entitled to recover from some other person any sum in respect of any matter which could give rise to a claim, the Purchaser will, upon the Warrantor indemnifying and securing the Purchaser to the Purchaser's satisfaction against all costs or other liabilities, take all reasonable steps to recover that sum, and any sum recovered will reduce the amount of such claim (and, in the event of the recovery being delayed until after such claim has been satisfied by the Warrantor, the sum recovered will, to the extent so satisfied, be repaid to the Warrantor, after deduction of all reasonable costs and expenses of the recovery).
- 5.7 The Warrantor will be under no liability to make any payment in respect of any claim unless the amount of his liability in respect of such claim is (when aggregated with his liability in respect of any other claim or claims made by the Purchaser or which would have been made but for the provisions of this **clause 5.7**) in excess of £75,000, in which event the Warrantor will (subject to the other provisions of this **clause 5**) be liable for the whole amount of such liability and not merely for the excess;
- 5.8 The Warrantor will be under no liability to make any payment in respect of any claim unless written particulars of the claim (giving details of the specific matter in respect of which such claim is made) are given to the Warrantor before the expiry of three months after Completion;
- 5.9 Notwithstanding any other provision of this Agreement, the provisions of **clauses 5.2 to 5.8** shall not apply to exclude or limit the liability of the Warrantor to the extent that any claim arises by reason of any fraud or dishonest, reckless or wilful misstatement or omission by or on behalf of the Warrantor;
- 5.10 The Purchaser acknowledges that it has not been induced to enter into this Agreement by any representation, warranty, promise or assurance by the Warrantor or any other person save for those contained in this Agreement and in the Disclosure Letter.

6. **SHARE TRANSFER MECHANICS**

- 6.1 Completion of the sale and purchase of the Shares will take place in two stages. The first stage ("Escrow Completion") will take place at the offices of the Vendors' Solicitors on the date ten (10) Business Days after the date of receipt by the Purchaser of the Option Notice or, if different, the Business Day prior to that on which Admission is expected to take place. At Escrow Completion, all matters and things required to be done under **clause 6.2.1 to 6.2.4** inclusive will be duly performed but all documents held in escrow so that their terms do not come into

force and effect until the second stage ("Completion"). Unless it shall already have done so, the Purchaser shall apply to the UK Listing Authority for admission of the Consideration Shares to the UK Official List and to the London Stock Exchange plc for admission of the Consideration Shares to trading (subject to allotment) and the Purchaser shall use its best endeavours to obtain such admission as quickly as reasonably possible after Escrow Completion. At Completion, which will take place upon Admission, all matters and things required to be done under **clause 6.2** will be duly performed.

6.2 At Completion:

6.2.1 the Vendors will deliver to the Purchaser:

- 6.2.1.1** duly executed transfers of the Shares in favour of the Purchaser (or as it will direct) together with all relevant share certificates;
- 6.2.1.2** transfers of all shares in any Group Member not held in the name of the Company or another Group Member duly executed in favour of the Purchaser (or as it will direct) together with all relevant share certificates;
- 6.2.1.3** the certificate of incorporation, any certificate(s) of incorporation on change of name, the common seal and the statutory books and registers (all entered up to date) of each Group Member;
- 6.2.1.4** all deeds and documents relating to the title of any Group Member to Real Property;
- 6.2.1.5** all cheque books in current use of each Group Member;
- 6.2.1.6** all licences, certificates or other documents previously specified by the Purchaser;
- 6.2.1.7** duly executed powers of attorney in the agreed terms;
- 6.2.1.8** evidence to the Purchaser's reasonable satisfaction that the Shares are transferred free from encumbrances including free from the fixed and floating charges granted by Ancyra Holdings Limited to Barclays Bank plc on 23 October 1992 and 18 November 1993.

- 6.2.2 each Vendor will repay, and will procure that any spouse or child of such Vendor or any company of which such Vendor (and/or any such spouse or child) has control (as defined in section 840 Income and Corporation Taxes Act 1988) will repay, all amounts owed by him, her or it to any Group Member, whether due for payment or not;
- 6.2.3 the Vendors will procure that duly convened meetings are held at which:
- 6.2.3.1 the transfers of the Shares (subject to stamping) are approved for registration in the books of the relevant Group Member;
 - 6.2.3.2 any persons nominated by the Purchaser are appointed as additional directors and as secretary of specified Group Members; and
 - 6.2.3.3 all existing instructions to the bankers of each Group Member are revoked and new instructions given to such bankers as the Purchaser may nominate, in such form as the Purchaser directs;
- 6.2.4 the Purchaser will, conditional only upon Admission taking place, satisfy the consideration as provided by **clause 3** and deliver to the Vendors' Solicitors definitive share certificates in respect of the Consideration Shares.

If in any respect the provisions of **clause 6.2** are not complied with by the Vendors on the date of Escrow Completion the Purchaser may:

- 6.2.5 defer Escrow Completion and Completion to a date no more than fourteen days after the date for Escrow Completion and Completion set by **clause 6.2** (and so that the provisions of this **clause 6.2** shall apply to Escrow Completion and Completion so deferred); or
 - 6.2.6 proceed to Escrow Completion and Completion so far as practicable without prejudice to its rights under this Agreement; or
 - 6.2.7 rescind this Agreement without prejudice to any rights or remedies available to it under this Agreement.
- 6.3 At Completion the documents held in escrow shall be released therefrom such that their terms shall come into force and effect.

7. ANNOUNCEMENTS

- 7.1 No public announcement concerning the transactions contemplated by this Agreement will (save as required by law or the regulations or requirements of the London Stock Exchange Limited or the UK Listing Authority) be made by the Vendors except with the prior written approval of the Purchaser or by the Purchaser except with the prior written approval of any of the Vendors.
- 7.2 The Vendors shall at the request of the Purchaser supply to the Purchaser all such information and reports with regard to each Group Member as may be required by the Purchaser to enable it to comply with the requirements of the law or the regulations or requirements of the London Stock Exchange Limited or the UK Listing Authority regarding the transaction to which this Agreement relates.

8. COSTS

Each party to this Agreement will bear their own costs and expenses relating to this Agreement, except that the Purchaser will meet the reasonable legal costs of the Vendors to a maximum of £15,000 plus VAT incurred to Dechert in the negotiation of this Agreement within 14 days after the later of exchange of this Agreement and delivery to the Purchaser of Dechert's invoice.

9. INTEREST

If any Vendor becomes liable to pay any sum pursuant to this Agreement, whether by way of damages or otherwise, such Vendor will be liable to pay interest on such sum from the due date for payment at the annual rate of 4 per cent above the base lending rate from time to time of National Westminster Bank Plc, accruing on a daily basis until payment is made, whether before or after any judgment.

10. NOTICES

- 10.1 Any demand, notice or other communication in connection with this Agreement will be in writing and will, if otherwise given or made in accordance with this **clause 10**, be deemed to have been duly given or made as follows:

- 10.1.1 if sent by prepaid first class post, on the second Business Day after the date of posting; or
- 10.1.2 if delivered by hand, upon delivery at the address provided for in this **clause 10**; or

10.1.3 if sent by facsimile, on the day of transmission provided that a confirmatory copy is, on the same Business Day that the facsimile is transmitted, sent by pre-paid first class post in the manner provided for in this **clause 10**,

provided that, if it is delivered by hand or sent by facsimile on a day which is not a Business Day or after 4.00 pm on a Business Day, it will instead be deemed given or made on the next Business Day.

10.2 Any such demand, notice or other communication will, in the case of service by post or delivery by hand, be addressed to the recipient at the recipient's address stated in this Agreement or such other address as may from time to time be notified in writing by the recipient to the sender as being the recipient's address for service and will, in the case of service by facsimile, be sent using a facsimile number then used by the recipient, provided that if given or made to any one of the Vendors (or his or her personal representatives) or to the Vendors' Solicitors, it will be treated as validly given or made to all of the Vendors.

11. GENERAL

11.1 This Agreement will be binding on and ensure for the benefit of each party's successors, assigns and personal representatives.

11.2 Except insofar as they have been fully performed at Completion, the provisions of this Agreement will continue in full force and effect notwithstanding Completion.

11.3 The parties will do anything which may be required on or after Completion to vest in the Purchaser legal and beneficial ownership of the Shares and otherwise to give effect to the terms of this Agreement.

11.4 Failure or delay by any party in exercising any right or remedy under this Agreement will not operate as a waiver of it.

11.5 Any waiver of any breach of this Agreement will not be deemed a waiver of any subsequent breach and will in no way affect the other terms of this Agreement.

11.6 The formation, existence, construction, performance, validity and all aspects whatsoever of this Agreement or of any term of this Agreement will be governed by English law. The English Courts will have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement. The jurisdiction agreement contained in this **clause 11.6** is made for the benefit of the Purchaser only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction. The parties agree to submit to the said jurisdiction

- 11.7 The parties to this Agreement do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.
- 11.8 This Agreement and the documents referred to in it contain the whole agreement between the parties relating to the grant of the Option and supersede all previous agreements between the parties relating to such grant provided that this **clause 11.8** shall not apply to exclude any liability of the Vendors for fraud or dishonest or wilful misstatement or omission.

SCHEDULE 1

The Vendors

Name and address	Number and class of Shares to be sold	Amount of Consideration Shares to be allotted (subject to adjustment)
Saleem Asaria 8 Fringewood Close Northwood Middlesex HA6 2TB	10,000 Ordinary	400,000
Ancyra Holdings Ltd 6 Broad Street Place London EC2M 7ND	240,000 Cumulative Preference	600,000

SCHEDULE 2

Details of the Company

Name of Company	:	Palladium Healthcare Limited
Registered number	:	2482460
Registered office	:	6 Broad Street Place, Blomfield Street, London, EC2M 7JH
Date of incorporation	:	16 March 1990
Authorised share capital	:	£500,000 divided into 250,000 shares of £1 each and 250,000 8% cumulative preference shares of £1 each
Issued share capital	:	10,000 Ordinary Shares of £1 each and 240,000 8% cumulative preference shares of £1 each
Directors	:	Saleem Asaria Arthur D Brooks
Secretary	:	Saleem Asaria
Accounting reference date	:	31 March
Mortgages/charges over Shares or Company's assets:	:	<ol style="list-style-type: none">1. Debenture dated 16 May 1990 to Barclays Bank plc2. Debenture dated 12 September 1997 to the Governor and Company of the Bank of Scotland3. Legal Charge dated 12 September 1997 to Bank of Scotland plc

Details of other Group Members

Name of Group Member	:	Palladium Leased Homes Limited	
Registered number	:	3194209	
Registered office	:	6 Broad Street, London, EC2M 7ND	
Date of incorporation	:	29 April 1996	
Authorised share capital	:	£100,000 divided into £1 Shares	
Issued share capital	:	£10,000 divided into 10,000 Ordinary Shares of £1.00 each	
Registered shareholders	:	Name and address	Number and class of shares held
		the Company	10,000 £1 Ordinary
Directors' full names	:	Saleem Asaria	
		Arthur Brooks	
Secretary's full name	:	Hitash Patel	
Accounting reference date	:	31 March	
Mortgages/charges over Shares or Company's assets:		None save in favour of subsidiaries of the Purchaser	

SCHEDULE 3

Warranties

1. Schedules 1 & 2; Capital

- 1.1 The information contained in **Schedules 1** and **2** is true and complete in all respects.
- 1.2 The Shares and the shares shown in **Schedule 2** of the Group Members (other than the Company) are in issue fully paid and are beneficially owned and registered as set out in **Schedules 1 and 2** free from any third party right.
- 1.3 No Contract has been entered into which requires or may require any Group Member to allot or issue any share or loan capital.
- 1.4 No Group Member has any interest in the share capital of any body corporate.

2. Information supplied to the Purchaser

- 2.1 The information given in the Disclosure Letter is not misleading because of any omission, error or ambiguity.
- 2.2 The Warrantor is not aware of any Material Creditor for which provision should have been made in the Accounts but was not or of any Material Creditor at the date hereof, accurate details of which (including as to amount and due date for payment) have not been disclosed in writing to the Purchaser.
- 2.3 The Warrantor is not aware of any fact or matter concerning any Group Member and/or its business and affairs which the Warrantor reasonably believes either:
 - 2.3.1 has not been disclosed to the Purchaser; or
 - 2.3.2 is otherwise not known by the Purchaser (particularly bearing in mind the Purchaser's group's previous dealings with the Company)

and which could reasonably have been expected to influence the decision of the Purchaser to enter into this Agreement on the terms set out in it.

3. Taxation

- 3.1 All notices, returns, computations, registrations and payments which should have been made by each Group Member for any Taxation purpose have been made within the requisite periods and are up-to-date, correct and on a proper basis and none of them is, or is likely to be, the subject of any dispute with any Taxation authority save that interest has been paid in full on the late payment of corporation tax in respect of the periods ending 31 March 1998 and 31 March 1999.
- 3.2 Each Group Member has duly and properly made all Taxation claims, disclaimers, elections and surrenders and given all notices and consents and done all other things in respect of Taxation the making, giving or doing of which was assumed to have been made for the purposes of the balance sheet comprised in the Accounts.
- 3.3 Each Group Member maintains complete, correct and up-to-date records which are or may be necessary for all Taxation purposes.
- 3.4 No Group Member is involved in any dispute with any Taxation authority concerning any matter likely to affect in any way its liability to Taxation and so far as the Warrantor is aware there are no circumstances which are likely to give rise to any such dispute.
- 3.5 No Group Member has entered into or been a party to any scheme, arrangement or transaction designed partly or wholly or containing steps or stages designed partly or wholly for the purpose of avoiding or deferring Taxation or reducing a liability to Taxation.
- 3.6 If each of the capital assets of each Group Member owned at the Accounting Date was disposed of for a consideration equal to the book value of that asset in, or adopted for the purpose of, the balance sheet comprised in the Accounts or, in the case of assets acquired since the Accounting Date, equal to the consideration given on acquisition, no liability to corporation tax on chargeable gains or balancing charge under the Capital Allowances Act 1990 would arise (and for this purpose there will be disregarded any relief available to it other than amounts falling to be deducted from the consideration receivable under section 38 Taxation of Chargeable Gains Act 1992).
- 3.7 Since the Accounting Date no event has occurred outside the ordinary course of business of any Group Member which has given rise or will or may give rise to any liability to Taxation on the Company.

- 3.8 No Group Member has any interest in any asset to which Part XV Value Added Tax Regulations 1995 applies and has not made any election under paragraph 2(1) Schedule 10 Value Added Tax Act 1994.

4. Financing and working capital

Full and accurate details of all overdrafts, loans or other financial facilities outstanding or available to each Group Member are contained in the Disclosure Letter, and no person who provides any such facility has given any indication that it may be withdrawn or its terms altered.

5. Company law matters and General Compliance

- 5.1 So far as the Warrantor is aware compliance has been made with all legal requirements in connection with the formation of each Group Member and all issues and grants of shares or other securities of each Group Member.
- 5.2 The copy of the memorandum and articles of association of each Group Member sent by the Vendor's Solicitors to the Purchaser's Solicitors on 2 November 2000 is true.
- 5.3 All returns and other documents relating to each Group Member required to be filed with the Registrar of Companies during the 12 months ending with the date of this Agreement have been properly filed, and none has been so filed during the period of 14 days ending with the date of this Agreement. No notice has been received by any Group Member or officer thereof alleging failure properly to file returns and other documents with the Registrar of Companies within relevant time limits.
- 5.4 The statutory books (including all registers and minute books) of each Group Member have been properly kept.
- 5.5 So far as the Warrantor is aware without having made enquiry, there is not pending, or in existence, any investigation or enquiry by, or on behalf of, any governmental or other body in respect of the affairs of any Group Member other than routine enquiry.
- 5.6 Each Group Member has obtained all necessary licences, consents, permits and authorities (public and private) to enable it to carry on its business effectively in the places and in the manner in which such business is now carried on. So far as the Warrantor is aware all such licences, consents, permits and authorities are valid and subsisting and have been complied with in all respects and there is no reason why any of them should be suspended, cancelled or revoked.

- 5.7 Execution of this Agreement and the observance and performance of its provisions will not and is not likely to result in the loss or impairment of or any default under any licence, authorisation or consent required by each Group Member for the purposes of its business.

6. Litigation

- 6.1 No Group Member is involved (whether as plaintiff, defendant or any other party) in any civil, criminal, tribunal or arbitration proceedings, and no Group Member has received written notice or is otherwise aware that any such proceedings are likely.
- 6.2 There is no unsatisfied judgment or unfulfilled order outstanding against any Group Member and no Group Member is 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.

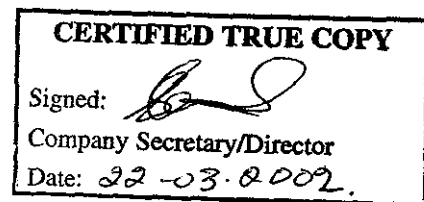
7. Default

No written notice has been received nor is the Warrantor otherwise aware that any Group Member is in breach of any Contract to which it is a party, and no other party to any such Contract is in breach of it.

8. Insolvency

- 8.1 No meeting has been convened at which a resolution will be proposed, no petition has been presented, no order has been made and no resolution has been passed for the winding-up of any Group Member or for the appointment of any provisional liquidator.
- 8.2 No administrative receiver, receiver or manager has been appointed of the whole or any part of the property, assets or undertaking of any Group Member.
- 8.3 No administration order has been made appointing an administrator in respect of any Group Member and no petition has been presented for an administration order in respect of any Group Member.
- 8.4 No voluntary arrangement has been proposed or approved under Part I Insolvency Act 1986 and no compromise or arrangement has been proposed, agreed to or sanctioned under Section 425 Insolvency Act 1986 in respect of any Group Member.
- 8.5 No distress, execution or other process has been levied on or applied for in respect of any asset of any Group Member material to its operation.

- 8.6 No Group Member has stopped or suspended the payment of its debts or received a written demand pursuant to section 123(1)(a) Insolvency Act 1986.
- 8.7 No disqualification order has at any time been made pursuant to the provisions of the Company Directors Disqualification Act 1986 against any former or current officer of any Group Member.
- 8.8 So far as the Warrantor is aware there are no facts in existence which are likely to lead to any of the events or circumstances referred to in this paragraph.



SIGNED AS A DEED by
SALEEM ASARIA
in the presence of:

Witness signature:

Name: A.K. STELL

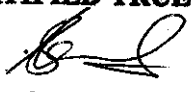
Address: 4, FAIRFAX CLOSE
ASHBY DE LA ZOUCH
LEICESTERSHIRE

Occupation:
CHARTERED ACCOUNTANT

SIGNED AS A DEED
by ANCYRA HOLDINGS LIMITED
acting by:

SIGNED AS A DEED
by NHP PLC
acting by:

CERTIFIED TRUE COPY

Signed: 
Company Secretary/Director
Date: 22.03.2002