

TRAVERS SMITH BRAITHWAITE

16326
DATED 12 February 1998

(1) KENNETH BAYES AND OTHERS

(2) HARVEY NASH GROUP PLC

SHARE ACQUISITION AGREEMENT

RELATING TO

INTERIM MANAGEMENT IN INFORMATION

TECHNOLOGY LIMITED

AND ASSOCIATED COMPANIES



WE CERTIFY THIS TO BE
A TRUE COPY OF THE
ORIGINAL

TSB
TRAVERS SMITH BRAITHWAITE
10 SNOW HILL, LONDON EC1A 2AL
SOLICITORS

DATE: 26/6/98



STATION 171 3A
STATION 171 3A
JAN 1970

STATION 171 3A
JAN 1970
STATION 171 3A

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THIS AGREEMENT is made on

12 February

1998

BETWEEN:-

(1) **KENNETH BAYES AND OTHERS** particulars of whom are set out in Part I of Schedule 1 (together "the Vendors"); and



(2) **HARVEY NASH GROUP PLC** particulars of which are set out in Part III of Schedule 1 ("the Purchaser").

WHEREBY IT IS AGREED as follows:-

1. Definitions and interpretation

1.1 The following words and expressions where used in this Agreement have the meanings given to them below:-

| | |
|----------|---|
| Accounts | the audited balance sheet of the Group Companies, PCR and PIM made up as at the Accounts Date and the audited profit and loss account of the Group Companies, PCR and PIM for the financial year ended on the Accounts Date, together in each case with the related notes, directors' report and auditors' report true copies of which comprise Annexure 1; |
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|---------------|----------------|
| Accounts Date | 31 March 1997; |
|---------------|----------------|

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| B Vendors | The holders of the 'B' ordinary shares of £1 each in the capital of IMIT, details of whom are set out in Part 1 of Schedule 1; |
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| Business Day | a weekday, other than a Saturday, on which clearing banks are ordinarily open for business in the City of London; |
| Churchill Fry | Churchill Fry Limited; |
| Companies Act | the Companies Act 1985; |
| Completion | the performance of the obligations to complete the sale and purchase of the Shares in accordance with Schedule 3; |
| Completion Date | the date on which Completion occurs; |
| Consideration | the consideration for the sale and purchase of the Shares as stated in clause 3; |
| Database | The database of senior executives belonging to the Group Companies; |
| Disclosure Letter | the letter of the same date as this Agreement (including its annexures) from the Warrantors to the Purchaser containing the disclosures to the Warranties; |
| EEC Treaty | the Treaty establishing the European Economic Community; |
| Escrow Letter | the letter in the approved terms setting out the condition(s) upon satisfaction of which actual completion will take place; |
| Group | the Group Companies and "Group Company means any of such companies; |

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| Group Companies | Interim Management in Information Technology Limited, Churchill Fry Limited and Telecommunications Executive Management Limited, details of which are set out in Part I of Schedule 2; |
| Guarantors | Messrs Kenneth Bayes and John Holman; |
| ICTA 1988 | the Income and Corporation Taxes Act 1988; |
| IMIT | Interim Management in Information Technology Limited; |
| IMIT Isle of Man | Interim Management in Information Technology Limited, a company incorporated in the Isle of Man with registration number 687610; |
| Intellectual Property | patents, trade marks, registered designs, applications for any of the foregoing, copyright, design rights and analogous rights, trade and business names, rights in confidential information howsoever arising and any right or interest in any of the foregoing; |
| Know-How | the Database, inventions, discoveries, improvements, processes, formulae, techniques, designs, specifications, drawings, technical information, methods, test reports, component lists, manuals, instructions, catalogues, database and information relating to contractors, consultants, customers and suppliers, insofar as any of the foregoing |

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| | relates to the business of the Group and whether or not it is written or unwritten; |
| Licensed Intellectual Property | Intellectual Property owned by third parties and which the Group is permitted to use or exercise, details of which and the agreements relating to which are listed in Schedule 8; |
| London Stock Exchange | London Stock Exchange Limited; |
| PCR | Premier Computer Resource Limited; |
| PIM | Premier International Management Limited; |
| 1998 Profit | the profit before tax of the Group for the financial year ending 31 March 1998, calculated in accordance with clause 4; |
| 1999 Profit | the profit before tax of the Group for the financial year ending 31 March 1999, calculated in accordance with clause 4; |
| Property | the property, details of which are set out in Part I of Schedule 6; |
| Purchaser's Auditors | the auditors for the time being of the Purchaser; |
| Purchaser's Group | the group of companies comprising the Purchaser and each subsidiary undertaking of the Purchaser; |
| Purchaser's Shares | ordinary shares of 5p each in the capital of the Purchaser or, if different, the ordinary shares |

| | |
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| | of the Purchaser into which such ordinary shares have been sub-divided or consolidated; |
| Purchaser's Solicitors | Travers Smith Braithwaite; |
| Service Agreements | the service agreements in the approved terms to be entered into at Completion; |
| Shares | those shares of the Group Companies to be acquired by the Purchaser in accordance with this Agreement, details of which are set out in Part 1 of Schedule 1; |
| Tax Deeds | the deeds in the approved terms relating to taxation to be executed at Completion; |
| TEM | Telecommunications Executive Management Limited; |
| Vendors' Solicitors | Lamb Brooks, Victoria House, 59 Winchester Street, Basingstoke, Hampshire RG21 7EQ ; |
| Warranties | the representations and warranties set out in Schedules 4, 5, 6 and 7; |
| Warrantors | the Guarantors and IMIT Isle of Man. |

1.2 Where used in this Agreement the terms "subsidiary", "subsidiary undertaking", "holding company", "financial year", "director" and "shadow director" shall have the meanings respectively attributed to them by the Companies Act at the date of this Agreement; the term "recognised investment exchange" shall have the meaning attributed to it by Part V of the Financial Services Act 1986 at the date of this Agreement; the term "connected person" shall have the meaning attributed to it by section 839 ICTA 1988 at the date of this Agreement and the words "connected with"

shall be construed accordingly; the term "taxation" shall have the meaning attributed to "Taxation" in the Tax Deed; and the expression "for taxation purposes" shall have the meaning attributed to it in the Tax Deed.

1.3 A reference to any statutory provision in this Agreement:-

1.3.1 includes any order, instrument, plan, regulation, permission and direction made or issued under such statutory provision or deriving validity from it; and

1.3.2 shall be construed as a reference to such statutory provision as in force at the Completion Date (including, for the avoidance of doubt, any amendments made to such statutory provision that are in force at the Completion Date); and

1.3.3 shall also be construed as a reference to any statutory provision of which such statutory provision is a re-enactment or consolidation.

1.4 The headings in this Agreement are for convenience only and shall not affect its meaning.

1.5 References to a clause, Schedule or paragraph are (unless otherwise stated) to a clause of and Schedule to this Agreement and to a paragraph of the relevant Schedule.

1.6 A document expressed to be "in the approved terms" means a document, the terms, conditions and form of which have been agreed by the parties to this Agreement and a copy of which has been identified as such and initialled by or on behalf of each of the parties.

1.7 A document expressed to be an "Annexure" means a document a copy of which has been identified as such and initialled by or on behalf of the Purchaser and the Vendors.

1.8 Words importing one gender shall (where appropriate) include any other gender and words importing the singular shall (where appropriate) include the plural and vice versa.

2. Sale of Shares

2.1 The Vendors shall sell or procure to be sold and the Purchaser shall purchase the Shares upon and subject to the terms and conditions of this Agreement.

2.2 The Vendors shall procure that the Purchaser acquires good title to the Shares free from all liens, charges, encumbrances, equities and claims whatsoever and together with all rights now or hereafter attaching to them.

2.3 The Purchaser shall not be obliged to complete the purchase of any of the Shares unless the purchase of all of the Shares is completed simultaneously.

2.4 Each of the Vendors hereby waives and undertakes to procure that any other person having such rights shall waive any pre-emption rights that he or such other person may have relating to the Shares whether conferred by the articles of association of the Companies or otherwise.

3. Consideration

3.1 The consideration for the sale and purchase of the Shares shall be the aggregate of:-

3.1.1 the sum of £1,172,000 ("the Initial Cash") and the allotment of such number of Purchaser's Shares having an aggregate value, calculated by reference to the average mid-market closing price of the Purchaser's Shares on the Official List of the London Stock Exchange for the 5 Business Days preceding the date of such allotment, equal to £528,000 ("the Initial Shares");

3.1.2 subject to clause 3.7 below, the sum of £500,000 ("the Deferred Consideration");

3.1.3 subject to clauses 3.2 and 3.8 below, if the 1998 Profit is greater than £330,000, then;

(a) a sum equal to £3.335 for every £1 by which the 1998 Profit exceeds £330,000 ("the 1998 Sum"); and

(b) the allotment of such number of Purchaser's Shares having an aggregate value, calculated by reference to the average mid-market closing price of the Purchaser's Shares on the Official List of the London Stock Exchange for the 5 Business Days preceding such allotment, which is equal to an amount being £3.335 for every £1 by which the 1998 Profit exceeds £330,000 ("the 1998 Shares");

3.1.4 subject to clauses 3.2 and 3.9 below, if the 1999 Profit is greater than the 1998 Profit, then:-

(a) a sum equal to £3.335 for every £1 by which the 1999 Profit exceeds the higher of the 1998 Profit or £330,000 ("the 1999 Sum"); and

(b) the allotment of such number of Purchaser's Shares having an aggregate value, calculated by reference to the average mid-market closing price of one of the Purchaser's Shares on the Official List of the London Stock Exchange for the 5 Business Days preceding such allotment, which is equal to an amount being £3.335 for every £1 by which the 1999 Profit exceeds the higher of the 1998 Profit or £330,000 ("the 1999 Shares")

and shall be allocated among the Group Companies in the proportions set out against each such Group Company in Part II of Schedule 1.

3.2 The Consideration shall not exceed a value of £5,000,000 and the aggregate of the 1998 Sum, the 1998 Shares, the 1999 Sum and the 1999 Shares shall not exceed a value of £2,800,000 (if but for this clause such limits would be exceeded) and the 1998 Sum and the number of 1998 Shares and/or the 1999 Sum and the number of 1999 Shares (as appropriate) shall be reduced according to the proportions set out

against the names of the Vendors in Column 3 of Part 1 of Schedule 1 to the extent necessary to ensure such limits are not exceeded.

3.3 The Consideration shall be paid and satisfied as follows:-

3.3.1 subject to the Escrow Letter, the Purchaser shall pay to the Vendors the Initial Cash and allot and issue credited as fully paid to the Vendors the Initial Shares, at Completion;

3.3.2 5 Business Days following satisfaction of the condition set out in clause 3.7 below, the Purchaser shall pay to the Vendors the Deferred Consideration;

3.3.3 5 Business Days following the determination of the 1998 Profit in accordance with clause 4 the Purchaser shall:-

(a) pay to the Vendors the 1998 Sum, if any; and

(b) allot and issue, credited as fully paid, to the Vendors the 1998 Shares, if any;

3.3.4 5 Business Days following the determination of the 1999 Profit in accordance with clause 4 the Purchaser shall:-

(a) pay to the Vendors the 1999 Sum, if any; and

(b) allot and issue, credited as fully paid, to the Vendors the 1999 Shares, if any

PROVIDED THAT the proportion of the Consideration due to the B Vendors shall be satisfied in cash, which shall not exceed in aggregate £105,165 (any excess being distributed among the Vendors other than the B Vendors in the proportions set out against each such Vendor in Column 3 of Part 1 of Schedule 1), and who shall have no entitlement to any of the Initial Shares, the 1998 Shares or the 1999 Shares.

3.4 The payments made to the Vendors pursuant to clauses 3.3.1 and (if any) clauses 3.3.2, 3.3.3(a) 3.3.4(a) shall be apportioned among the Vendors in the proportions stated in Column 3 of Part 1 of Schedule 1 and shall be payable in cash to such account as may be specified by the Vendors and the allotments (if any) to be made to the Vendors pursuant to clauses 3.3.3(b) and 3.3.4(b) shall be apportioned among the Vendors in the proportions stated in Column 3 of Part I of Schedule 1, or, in both cases, in such other proportions as the Vendors shall have notified to the Purchaser prior to satisfaction of the terms set out in the Escrow Letter.

3.5 The Initial Shares, the 1998 Shares and the 1999 Shares shall be allotted credited as fully paid free from all liens, charges, encumbrances, equities and claims whatsoever and ranking pari passu in all respects both inter se and in all respects with the Purchaser's Shares in issue on the date of the respective allotments save that the Initial Shares will not rank for the final dividend declared, made or paid in respect of the financial year ended 31 January 1998 or any previous period, the 1998 Shares will not rank for any interim dividend declared, made or paid in respect of the financial year ending 31 January 1999 or any previous period and the 1999 Shares will not rank for any interim dividend declared, made or paid in respect of the financial year ending 31 January 2000 or any previous period.

3.6 Each of the Vendors undertakes to the Purchaser and the Purchaser agrees that (except as permitted by this clause):-

3.6.1 he shall be entitled to dispose of up to 25 per cent of the Initial Shares allotted to him pursuant to this Agreement (or any shares allotted by way of capitalisation or rights in respect thereof or otherwise representing the same, through conversion, sub-division, consolidation or otherwise);

3.6.2 he will not without the prior consent in writing of the Purchaser for a period of 1 year following the respective dates of their allotment dispose of any of the Initial Shares not disposed pursuant to clause 3.6.1 above, the 1998 Shares or the 1999 Shares allotted to him pursuant to this Agreement (or any shares allotted by way of capitalisation or rights in respect thereof or otherwise

representing the same, through conversion, sub-division, consolidation or otherwise); and

3.6.3 following each of the periods referred to in clause 3.6.2 above each Vendor shall be entitled to dispose of up to 50 per cent of his holding of the Initial Shares not disposed pursuant to clause 3.6.1 above, the 1998 Shares or the 1999 Shares (or any shares allotted by way of capitalisation or rights in respect thereof or otherwise representing the same, through conversion, sub-division, consolidation or otherwise), as the case may be and the remaining 50 per cent of such shares after three months of any such disposal

PROVIDED THAT (i) he may not dispose of any of the relevant shares allotted to him pursuant to clause 3.6.1 above without first providing the Purchaser with reasonable notice of such intended disposal and affording the Purchaser's stockbroker first opportunity for a period of 10 Business Days to place or otherwise dispose of such shares as a best price and execution basis, (ii) for a period of one year following the periods referred to in clause 3.6.2 above he will not dispose of more than 10 per cent of the relevant shares in any period of 30 days without first providing the Purchaser with reasonable notice of such intended disposal and affording the Purchaser's stockbroker first opportunity for a period of not less than 10 Business Days to place or otherwise dispose of such shares on a best price and execution basis and (iii) he will not dispose of the relevant shares in breach of the terms of his Service Agreement (if applicable) relating to employee share dealing and PROVIDED THAT nothing in this clause shall prevent any Vendor:-

3.6.4 from accepting or agreeing to accept, or disposing of shares or any interest therein pursuant to acceptance of, a general offer made for all the issued share capital of the Purchaser (other than any such issued share capital held by the offeror and/or any subsidiary thereof and/or persons acting in concert with the offeror) and which is recommended by the board of directors of the Purchaser;

3.6.5 from disposing of any shares in the Purchaser or any interest therein where the disposal is pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986 in relation to the Purchaser or pursuant to a compromise or arrangement between the Purchaser and its members or any class of them which is agreed to by the members and sanctioned by the Court under Section 425 to 427A of the Companies Act; or

3.6.6 from disposing of any shares in the Purchaser or any interest therein where the disposal is pursuant to an offer by the Purchaser to purchase its own shares which is made on identical terms to all holders of the shares of such class and otherwise complies with the Companies Act and the Listing Rules of the London Stock Exchange;

For the purposes of this clause a Vendor shall be deemed to dispose of a share or any interest therein if in any circumstances whatever he ceases to be the beneficial owner thereof free from all liens, charges, encumbrances or third party rights of any description or enters into an agreement whereby he will or may cease to be such an owner thereof.

Insofar as the provisions of this clause represent an agreement falling within Section 204 of the Companies Act, each party hereby notifies the other thereof and agrees to comply with his or its obligations under that Section in respect thereof.

3.7 The Deferred Consideration shall only become payable if at 31 December 1998 the Guarantors are both employees of IMIT under the terms of the Service Agreements and if at such time neither of the Guarantors has given notice to terminate his employment under the terms of his Service Agreement.

3.8 The Vendors shall only be entitled to the 1998 Sum and the 1998 Shares if at 31 March 1998 the Guarantors are both employees of IMIT under the terms of the Service Agreements or if the Service Agreements have been terminated pursuant to clause 7.2.1 of the Service Agreements.

3.9 The Vendors shall only be entitled to the 1999 Sum and the 1999 Shares if at 31 March 1999 the Guarantors are both employees of IMIT under the terms of the Service Agreements or if the Service Agreements have been terminated pursuant to clause 7.2.1 of the Service Agreements.

4. Preparation of Profit Statements

4.1 For the purposes of determining the 1998 Profit and the 1999 Profit the Purchaser shall, as soon as practicable following each of 31 March 1998 and 31 March 1999, prepare profit statements for the year ending on 31 March 1998 or 31 March 1999 (as appropriate) showing the 1998 Profit and the 1999 Profit respectively (together "the Profit Statements"), such statements to be prepared in accordance with the provisions of this clause 4 and Schedule 9, and the Purchaser shall then instruct the Purchaser's Auditors to audit the Profit Statements following which the Purchaser shall deliver each of the Profit Statements to the Warrantors as soon as practicable following 31 March 1998 and 31 March 1999 respectively and in any event within three months of the respective dates.

4.2 To enable the Purchaser to prepare and the Purchaser's Auditors to audit the Profit Statements, the Warrantors shall promptly provide, and render or cause the provision and rendering to the Purchaser and the Purchaser's Auditors of such information and assistance as the Purchaser's Auditors may reasonably require.

4.3 The Profit Statements shall be prepared by the Purchaser's Auditors:-

4.3.1 in accordance with the provisions of Schedule 9;

4.3.2 insofar as not inconsistent with clause 4.3.1, on a basis which is consistent with the manner in, and the principles, bases and policies on which the audited accounts of the Group for the three financial years ended on the Accounts Date were prepared; and

4.3.3 insofar as not inconsistent with clauses 4.3.1 or 4.3.2, in accordance with generally accepted accounting standards in the United Kingdom.

4.4 The Warrantors shall with their professional advisers review the draft Profit Statements and the Purchaser shall and shall procure that the Purchaser's Auditors shall give to the Warrantors full and complete access to their working papers for the purpose of reviewing and agreeing the Profit Statements.

4.5 Unless the Warrantors shall have notified the Purchaser or the Purchaser's Auditors in writing within 15 Business Days of receipt of a draft Profit Statement pursuant to clause 4.1 that they do not accept that particular Profit Statement as complying with the provisions of this clause 4 and Schedule 9 (giving with such notice details of the reasons for non-acceptance of the particular Profit Statement), the Warrantors shall be deemed to have accepted that draft Profit Statement as complying with such provisions.

4.6 If, pursuant to clause 4.5, the Warrantors shall notify the Purchaser or the Purchaser's Auditors that they do not accept a draft Profit Statement the Purchaser and Warrantors shall use their best endeavours to agree, or to procure the agreement of, the form and content of the particular Profit Statement.

4.7 In the event of any disagreement between the Warrantors and the Purchaser as to the form and content of a Profit Statement which is not resolved within 15 Business Days of notification by the Warrantors pursuant to clause 4.6, such disagreement shall be referred to and the form and content of the particular Profit Statement shall be conclusively determined (in the absence of manifest error) by an independent firm of chartered accountants agreed by the Warrantors and the Purchaser or, in the event of failure to agree upon such a firm within 5 Business Days of such notification pursuant to clause 4.6, by a firm of independent accountants nominated at the request of the parties by the President for the time being of the Institute of Chartered Accountants in England and Wales who shall be instructed to determine the form and content of the particular Profit Statement in accordance with the provisions of this clause 4 and the policies set out in Schedule 9 and to certify the 1998 Profit or the 1999 Profit, as the case may be, and to make such determination and certification as soon as practicable and in any event within 30 Business Days of receiving such instruction. In such circumstances, the 1998 Profit or the 1999 Profit, as the case may be, as so certified shall apply for all purposes of this Agreement. The fees of any such firm of independent accountants shall be borne

between the Warrantors and the Purchaser as such firm, shall deem just and equitable. Any firm appointed pursuant to the provisions of this clause 4 shall act as experts and not as arbitrators.

5. Warranties

5.1 The Warrantors, upon the execution of this Agreement, warrant and represent to the Purchaser in the terms of the Warranties and the B Vendors, upon execution of this Agreement, warrant and represent to the Purchaser in the terms of paragraph 3.1 of Schedule 4 .

5.2 The Warranties are given subject only to matters fairly and accurately disclosed in the Disclosure Letter, but no other information of which the Purchaser has knowledge (actual or constructive) shall prejudice any claim made by the Purchaser under the Warranties or operate to reduce any amount recoverable.

5.3 The Warrantors agree that, if there is a breach of any of the Warranties, then, without prejudice to the right of the Purchaser to claim damages on any other basis, the Warrantors shall on demand by the Purchaser pay to the Purchaser together in each case with all costs, losses and expenses incurred or sustained by the Purchaser and/or the relevant Group Company as a result of the breach or of the fact, matter, event or circumstance resulting in the breach such sum as represents the difference between the Consideration and such amount as a purchaser at arm's length with full knowledge at the date the Warranties were given of the fact, matter, event or circumstance giving rise to the breach of Warranty would reasonably have agreed to pay for the Shares.

5.4 The Warranties shall continue in full force and effect notwithstanding Completion.

5.5 Where any statement in the Warranties is qualified by the expression "to the best of the knowledge, information and belief of the Warrantors" or "so far as the Warrantors are aware" or any similar expression, each Warrantor shall be deemed to have knowledge of:-

5.5.1 anything of which the other Warrantors have knowledge or are deemed by clause 5.5.2 or clause 5.5.3 to have knowledge;

5.5.2 anything of which he ought reasonably to have knowledge given his particular position in and responsibilities to the Group; and

5.5.3 anything of which he would have had knowledge had he made due and careful enquiry immediately before giving the Warranties.

5.6 Each of the Warranties shall be separate and independent and, save as expressly provided, shall not be limited by reference to any other Warranty or any other provision in this Agreement.

5.7 Each Warranty which is expressed to be given in relation to "the Company" shall also be deemed to be given in relation to each Group Company as if it had been repeated with respect to each Group Company naming it in place of "the Company" throughout and references to "the Company" in Warranty 4 shall unless otherwise stated also be deemed to refer to PIM and PCR and so that such Warranty (but not any other Warranties) shall be given in respect of such companies;.

5.8 The Warrantors undertake not to exercise any right of counterclaim or set-off or any other claim or right of recovery against any Group Company or any of its officers, employees, auditors or advisers in relation to any claim which may be made in respect of the Warranties or under the Tax Deeds.

5.9 Save in the event of fraud or wilful non-disclosure on the part of any of them, the Warrantors shall be under no liability:-

5.9.1 for breach of any of the Warranties in Schedule 4 (other than those in paragraphs 2.2, 4.2.3 and 4.2.4) or Schedule 6 unless written notice of the claim has been given to the Warrantors by or on behalf of the Purchaser on or before 31 August 2000; or

5.9.2 for breach of any of the Warranties in Schedule 5 or in paragraphs 4.2.3 and 4.2.4 of Schedule 4 or in respect of any claim under the Tax Deeds unless written notice of the claim has been given to the Warrantors by or on behalf of the

Purchaser on or before the date which is three calendar months after the latest of the accounting periods of the Group Companies to end six years after the Completion Date.

5.10 Save in the event of fraud or wilful non-disclosure, the Warrantors shall not be liable in respect of any claim for breach of the Warranties or pursuant to the terms of the Tax Deeds unless the aggregate amount of the claim together with all other claims exceeds £35,000 but once such aggregate amount has been exceeded the Warrantors shall be liable for the whole of such aggregate amount and not just the excess BUT PROVIDED THAT this limitation shall not apply and shall be of no force and effect in relation to any claim pursuant to the terms of the Tax Deeds insofar as such claim arise from or in connection with:-

- (a) any purchase of own shares by any Group Company and in particular (but without prejudice to the generality of the foregoing) the purchase of own shares by Churchill Fry in the year ended 31 March 1995; or
- (b) the grant of options by any Group Company and/or the exercise of such options

BUT provided further that the Purchaser shall not be entitled to bring any claim under the Tax Deeds in respect of advance corporation tax payable by Churchill Fry in connection with the purchase of its own shares in the year ended 31 March 1995 unless Churchill Fry is unable to set off such advance corporation tax against its liability for mainstream corporation tax in respect of accounting periods ended prior to the Accounts Date.

5.11 Save in the event of fraud or wilful non-disclosure, the aggregate liability of the Warrantors for breach of the Warranties and for claims pursuant to the terms of the Tax Deeds shall not exceed the Consideration, but so that (without prejudice to clause 5.15) the Warrantors shall not be obliged to make payment to the Purchaser in respect of a claim for breach of the Warranties or under the Tax Deeds in excess of the amount of the Consideration which the Purchaser has paid to the Vendors at the time of such claim until such time as further Consideration is received or receivable by the Vendors.

5.12 The Warrantors shall have no liability under the Warranties to the extent that any such liability would, in the absence of this clause, arise solely as a result of any change in legislation after Completion.

5.13 The Warrantors shall not be liable for any breach of the Warranties to the extent that the loss occasioned by such breach has been recovered under the Tax Deeds.

5.14 The Warrantors shall not be liable for any claim under the Warranties to the extent that the subject of such claim is specifically provided for in the Accounts (other than in respect of deferred taxation).

5.15 In the event that the Warrantors are liable to the Purchaser for breach of the Warranties or pursuant to a claim under the Tax Deeds or otherwise pursuant to the terms of this Agreement, the Purchaser may (but is not obliged to) set off such liability ("the Liability") against the Deferred Consideration if the liability arises prior to the date specified in clause 3.3.2 and, if some of the liability still exists after the set off against the Deferred Consideration, against the 1998 Sum and the 1998 Shares in equal proportions and, if some of the Liability still exists after the set-off against the 1998 Sum and the 1998 Shares, against the 1999 Sum and the 1999 Shares in equal proportions if the Liability arises prior to the date specified in clause 3.3.3. If the Liability arises after the date specified in clause 3.3.3 and before the date specified in clauses 3.3.4, the Purchaser may set off the Liability against the 1999 Sum and the 1999 Shares in equal proportions.

5.16 Subject to clause 5.17 below, any claim in respect of which notice shall have been given in accordance with clause 5.9.1 or 5.9.2 above shall be deemed to have been irrevocably withdrawn and lapsed (not having been previously satisfied settled or withdrawn) if proceedings in respect of such claim have not been issued and served on the Warrantors within the period of twelve months after the date of such notice.

5.17 Where the Purchaser and/or any Group Company is entitled to recover from some other person any sum in respect of any matter giving rise to a claim for breach of the Warranties then the Purchaser shall take reasonable steps at the Warrantors cost to procure enforcement of such recovery PROVIDED THAT the Purchaser shall not be

obliged to take any steps (a) if in its opinion to do so would be prejudicial to the interests of the Purchaser's Group and (b) not until it has obtained to its absolute satisfaction security for the full costs of such recovery from the Warrantors. If the Purchaser is obliged to take steps to recover a sum from another person pursuant to this clause, the period referred to in clause 5.16 above shall not commence until such steps are exhausted. If any sum is so recovered then either the amount payable by the Warrantors in respect of that claim shall be reduced by an amount equal to the sum so recovered (less the costs and expenses of recovering it and any taxation payable by the Purchaser or a Group Company as a result of its receipt) or (if an amount shall already have been paid by any of the Warrantors in respect of that claim) there shall be repaid to the Warrantors an amount equal to the amount so recovered (less the costs and expenses of its recovery and any taxation payable by the Purchaser or a Group Company as a result of its receipt) or (if less) the amount of such payment.

5.18 For the avoidance of doubt the Purchaser shall not be entitled to recover damages in respect of any claim for breach of the Warranties and under the Tax Deeds to the extent that to do so would involve recovery more than once in respect of the same loss or damage.

5.19 Any amount payable by the Warrantors to the Purchaser in satisfaction of any claim made for breach of the Warranties or under the Tax Deeds shall as far as lawfully possible be treated as a reduction by that amount of the Consideration.

6. Announcements and confidentiality

6.1 No announcement relating to the subject matter of this Agreement or any matter ancillary to this Agreement shall be made by or on behalf of any of the Vendors or the Purchaser without the prior written approval of the other parties provided that nothing shall prevent the Purchaser making (even in the absence of the approval of the other parties) any announcement or disclosure required by law, the London Stock Exchange or any other regulatory authority.

6.2 The Vendors shall keep confidential and not at any time after the date of this Agreement other than in the proper course of their ongoing employment by any Group

Company disclose or make known in any way to anyone (other than the Purchaser) or use for their own or any other person's benefit any Know-How or confidential information relating to any of the customers, suppliers or affairs of the businesses (including any prospective businesses) of the Group or otherwise relating to the business of the Group.

6.3 All records, papers and documents in the possession, custody or control of or kept or made by or on behalf of the Vendors relating to the business or affairs of any Group Company shall be deemed to be the property of that Group Company and all such items shall be delivered to the Purchaser or as the Purchaser may direct at Completion.

7. Completion

7.1 Completion in escrow shall take place at the offices of the Purchaser's Solicitors immediately after execution of this Agreement. On such date the Vendors and the Purchaser shall perform their respective obligations in relation to the sale and purchase of the Shares in accordance with and as set out in Schedule 3. Actual completion shall take place in accordance with the terms of the Escrow Letter. The date on which Completion is required to take place in accordance with this clause 7.1 is referred to in this clause as "the Scheduled Completion Date" which expression shall include any later date set for Completion in accordance with clause 7.2.1.

7.2 Without prejudice to the Purchaser's other rights under this Agreement or to any other remedy it may have, if the Vendors, or any of them, shall not have complied with their obligations under clause 7.1, the Purchaser shall be entitled, at its discretion:-

7.2.1 to defer Completion to a date not more than 20 Business Days after the Scheduled Completion Date (or any later date set for Completion in accordance with this clause) and this clause 7.2 shall apply to Completion so deferred; or

7.2.2 to waive the requirement to fulfil those obligations in whole or in part and following such waiver to complete the sale and purchase of the Shares; or

7.2.3 so far as is practicable to complete the sale and purchase of the Shares in accordance with Schedule 3.

8. Covenants by the Warrantors

8.1 Each of the Warrantors covenants with the Purchaser that he will not either on his own account or in conjunction with or on behalf of any other person or persons, whether directly or indirectly, for the period of:-

8.1.1 3 years from the Completion Date, provide services to any person, firm or company which was at the Completion Date, or which at any time during the period of twelve months prior to the Completion Date had been, a customer of IMIT, Churchill Fry, TEM, PCR or, PIM where such services are the same as or compete with services provided by IMIT, Churchill Fry, TEM, PCR or PIM to that person, firm or company at or at any time during the period of twelve months prior to the Completion Date;

8.1.2 3 years from the Completion Date, solicit or endeavour to solicit the custom of any person, firm or company which was at the Completion Date, or which at any time during the period of twelve months prior to the Completion Date had been, a customer of IMIT, Churchill Fry, TEM, PCR or PIM for the provision of services which are the same as or compete with those provided by IMIT, Churchill Fry, TEM, PCR or PIM to that person, firm or company at or at any time during the period of twelve months prior to the Completion Date;

8.1.3 3 years from the Completion Date, solicit or entice away or endeavour to solicit or entice away any person who was at the Completion Date, or who at any time during the period of six months prior to the Completion Date had been, employed by IMIT, Churchill Fry, TEM, PCR or PIM whether or not such person would commit a breach of his or her contract of employment by reason of leaving service, save that this clause 8.1.3 shall not apply to any individual employed by IMIT, Churchill Fry, TEM, PCR or PIM in a purely secretarial or non-managerial administrative role;

8.1.4 3 years from the Completion Date, carry on or be engaged, concerned or interested in the United Kingdom in any business which competes with the

business of IMIT, Churchill Fry, TEM, PCR or PIM as the same was carried on at the Completion Date (other than as a holder of securities listed or dealt in on a recognised investment exchange provided that such holding shall not exceed three per cent. of the class of securities of which the said holding forms part); and

8.1.5 3 years from the Completion Date, interfere with or endeavour to interfere with the contractual arrangements between IMIT, Churchill Fry, TEM, PCR or PIM and any person who was at the Completion Date, or who at any time during the period six months prior to the Completion Date, had been engaged by IMIT, Churchill Fry, TEM, PCR or PIM, whether or not such person would commit a breach of his or her contract for services, save that this clause 8.1.5 shall not apply to any individual engaged by IMIT, Churchill Fry, TEM, PCR or PIM in a purely secretarial or non-managerial administrative role;

8.2 Each of the undertakings contained in clause 8.1 is a separate undertaking by each Warrantor in relation to himself and his interests and shall be enforceable by the Purchaser separately and independently of its right to enforce any one or more of the other covenants contained in clause 8.1 and in the event that any such undertaking shall be found to be void but would be valid if some part were deleted or the period or area of application were reduced, then such undertaking shall apply with such modification as may be necessary to make it valid and effective.

8.3 Each of the Warrantors covenants with the Purchaser that he will not either on his own account or in conjunction with or on behalf of any other person or persons, whether directly or indirectly, at any time following the Completion Date, without limitation in time, publish or issue or cause to be made published or issued any disparaging or derogatory statements, whether in writing or otherwise, concerning IMIT, Churchill Fry, TEM, PCR or PIM or any of their officers or employees.

8.4 The undertakings contained in clause 8.1 shall not operate to prevent any of the Warrantors who are employed by any Group Company complying with the terms of such employment.

9. Costs

Each party shall pay its own costs and expenses incurred in the negotiation, preparation and execution of this Agreement and the Vendors represent and undertake that none of such costs and expenses have been nor will prior to Completion be borne by any Group Company.

10. Restrictive Trade Practices Act 1976

Where this Agreement is or forms part of an agreement which is subject to registration under the Restrictive Trade Practices Act 1976 ("RTPA"), no restriction accepted or information provision made under that agreement shall be given effect to or enforced until the day after particulars of the agreement have been furnished to the Director General of Fair Trading under section 24 RTPA. If any party shall wish to furnish such particulars, the other parties will render such co-operation and undertake such action as may reasonably be required of them for such purpose so that particulars may be furnished as soon as practicable following the signature of this Agreement and each of the parties consents to the disclosure of all information so furnished. In this clause the words and terms "agreement" and "subject to registration" shall have the meanings respectively given to them by the RTPA and the reference to "restrictions accepted" or "information provisions made" under the agreement shall be to restrictions accepted or information provisions made by virtue of which the agreement is subject to registration.

11. General

11.1 Any obligation imposed by or resulting from the execution of this Agreement which is undertaken by two or more persons shall constitute a joint and several obligation of such persons.

11.2 This Agreement constitutes the entire and only legally binding agreement between the parties relating to the sale and purchase of the Shares and no variation of this Agreement shall be effective unless made in writing signed by or on behalf of all the parties and expressed to be such a variation.

11.3 Any remedy or right conferred by this Agreement on the Purchaser for breach of this Agreement shall be in addition to and without prejudice to any other right or remedy available to it.

11.4 No failure or delay by the Purchaser or time or indulgence given by it in or before exercising any remedy or right under or in relation to this Agreement shall operate as a waiver of the same nor shall any single or partial exercise of any remedy or right preclude any further exercise of the same or the exercise of any other remedy or right.

11.5 No waiver by any party of any requirement of this Agreement or of any remedy or right under this Agreement shall have effect unless given by notice in writing signed by such party. No waiver of any particular breach of the provisions of this Agreement shall operate as a waiver of any repetition of such breach.

11.6 Any release, waiver or compromise or any other arrangement which the Purchaser gives or enters into with any Vendor in connection with this Agreement shall not affect any right or remedy of the Purchaser as regards any other Vendor's liabilities under or in relation to this Agreement and such other Vendor shall continue to be bound by this Agreement as if it had been the sole contracting party.

11.7 Time shall be of the essence of this Agreement, both as regards the dates and periods specifically mentioned and as to any dates and periods which may by agreement in writing between the parties be substituted for any of them.

11.8 This Agreement may be executed in two or more counterparts and execution by each of the parties of any one of such counterparts will constitute due execution of this Agreement.

11.9 The Vendors shall and shall procure that any third party shall, do, execute and perform all such further deeds, documents, assurances, acts and things as may be necessary to give effect to this Agreement.

11.10 The provisions of this Agreement shall remain in full force and effect after Completion so far as they then remain to be observed and performed.

11.11 Each of the Vendors acknowledges that he is entering into this Agreement without reliance on any warranty, representation, undertaking or statement of fact or opinion made to him by or on behalf of the Purchaser in relation to the subject matter of this Agreement other than as expressly contained in this Agreement provided that nothing herein shall exclude the Purchaser from liability for fraudulent misrepresentation.

12. Notices

12.1 Any notice shall be in writing and signed by or on behalf of the person giving it. Notice to the Vendors or the Vendors shall be deemed validly served on all of them if served on the Vendor's Solicitors and IMIT Isle of Man hereby irrevocably appoints the Vendor's Solicitors as its agent for such purpose. Except in the case of personal service, any notice shall be sent or delivered to the party to be served at the address set out in Schedule 1 and if a person or officer is named for the purpose in Schedule 1, the notice shall be marked for his attention. Any alteration in such details shall, to have effect, be notified to the other parties in accordance with this clause.

12.2 Service of a notice must be effected by one of the following methods:-

12.2.1 personally on an individual or on a director or the secretary of any company and shall be treated as served at the time of such service;

12.2.2 by prepaid first class post (or by airmail if from one country to another) and shall be treated as served on the second (or if by airmail the fourth) Business Day after the date of posting. In proving service it shall be sufficient to prove that the envelope containing the notice was correctly addressed, postage paid and posted; or

12.2.3 by delivery of the notice through the letterbox of the party to be served and shall be treated as served on the first Business Day after the date of such delivery.

13. Applicable law and jurisdiction

13.1 This Agreement shall be governed by and construed in accordance with the laws of England.

13.2 The parties irrevocably submit to the non-exclusive jurisdiction of the Courts of England and Wales in respect of any claim, dispute or difference arising out of or in connection with this Agreement.

14. Indemnity

The Warrantors shall indemnify and keep indemnified the Purchaser for itself and as trustee for each Group Company against any payment which any Group Company shall be required to make (whether by way of damages, costs or otherwise) and all costs and expenses which any Group Company may incur in respect of or as a result of the occupation by W A Consultants Limited of part of the Property being unauthorised.

15. Guarantee

15.1 The Guarantors hereby irrevocably and unconditionally, as primary obligors, undertake and guarantee the full, prompt and complete performance by IMIT Isle of Man of all its obligations under this Agreement (including, for the avoidance of doubt, pursuant to the Warranties and the Tax Deeds) and the due and punctual payment of all sums now or subsequently payable by the Vendors to the Purchaser under this Agreement (including, for the avoidance of doubt, pursuant to the Warranties and Tax Deeds) when the same shall become due and in addition undertake with the Purchaser that if IMIT Isle of Man shall default in the payment of any sum under this Agreement (including, for the avoidance of doubt, pursuant to the Warranties and Tax Deeds) the Guarantors shall forthwith on demand by the Purchaser pay such sum to the Purchaser.

15.2 The guarantee contained in clause 15.1 is a continuing guarantee and shall remain in force until all the obligations of the Vendors under this Agreement or the Tax Deeds have been fully performed and all sums payable by the Vendors have been fully paid.

15.3 The obligations of the Guarantors, shall not be affected by any act, omission, matter or thing which, but for this provision, might operate to release or otherwise exonerate the Guarantors, from their obligations or affect such obligations, including without limitation and whether or not known to the Guarantors:-

15.3.1 any time, indulgence, waiver or consent at any time given to IMIT Isle of Man;

15.3.2 any compromise or release of or abstention from perfecting or enforcing any right or remedy against IMIT Isle of Man;

15.3.3 any legal limitation, disability, incapacity or other circumstance relating to IMIT Isle of Man or any amendment to or variation of the terms of this Agreement or any other document referred to in this Agreement; and

15.3.4 any irregularity, unenforceability or invalidity of any obligations of IMIT Isle of Man under this Agreement or the Tax Deeds or the dissolution, amalgamation, reconstruction or insolvency of IMIT Isle of Man.

15.4 The guarantee contained in clause 15.1 may be enforced by the Purchaser without the Purchaser first taking any steps or proceedings against IMIT Isle of Man.

16. Earn-out Period

16.1 The Purchaser hereby agrees and undertakes to the Vendors that, during the period commencing on the Completion Date and ending on 31 March 1999 (or 31 March 1998 if 1998 Sum and the 1998 Shares in aggregate exceed a value of £2,800,000) ("the Earn-out Period") the Purchaser will use all reasonable endeavours to promote and support the business and interest of each Group Company, will act in good faith towards the Vendors having regard to their interests under clauses 3.1.3 and 3.1.4 and will not do any act or thing with a view to reducing the 1998 Profit or the 1999 Profit, but provided that the Purchaser shall in any event be entitled to do any act or thing which it

reasonably considers to be in the best interests of the business and interests of the Group Companies. Accordingly, the Purchaser undertakes that during the Earn-out Period:-

16.1.1 no member of the Purchaser's Group will (without the prior written consent of the Guarantors) enter into any agreement, transaction or arrangements with any Group Company which is not on an arm's length basis and so that the amount of any management charge made against a Group Company will be quantified only by reference to the services actually provided;

16.1.2 no Group Company will (without the prior written consent of the Guarantors) dispose of the whole or any material part of its business or assets or change the nature of its business; and

16.1.3 no Group Company will (without the prior written consent of the Guarantors) materially alter the nature of its business or commence any new type of business.

16.2 Whilst the Purchaser may wish to develop new and further business opportunities for the Group Companies during the Earn-out Period, it shall be under no obligation to invest in or finance the cost of such development.

AS WITNESS this Agreement has been executed by or on behalf of the parties the day and year first before written.

SCHEDULE 1

Part I

Particulars of the Vendors

| Interim Management in Information Technology Limited | | | |
|---|-----------------------------------|-------------------------------------|--|
| (1) | (2) | (3) | |
| Vendors | Shares | Proportion of the Consideration (%) | |
| Kenneth James Leonard Bayes Copper Beech, Oaks Road Stanwell, Staines, Middlesex TW19 7LG | 20 'A' ordinary shares of £1 each | 15.57934 | |
| John Harold Holman "Daydream", Wanston Sutton Scotney, Nr. Winchester, Hants. SO21 3LS | 20 'A' ordinary shares of £1 each | 15.57934 | |
| IMIT (Isle of Man) Burleigh Manor, Peel Road, Douglas, Isle of Man IM1 5EP | 60 'A' ordinary shares of £1 each | 46.73802 | |

| (1) | (2) | (3) |
|--|-----------------------------------|-------------------------------------|
| Vendors | Shares | Proportion of the Consideration (%) |
| <u>B Vendors</u> | | |
| Ronald Newman Blakley House Bourne End Buckinghamshire SL8 5RN | 10 'B' ordinary shares of £1 each | 0.779 |
| Richard Netts The Bungalow Hill Farm, Latimer Road Chesham, Buckinghamshire HP5 1TN | 10 'B' ordinary shares of £1 each | 0.779 |
| Virginia Majewski 8 Windmill Field Windlesham, Surrey GU20 6QD | 2 'B' ordinary shares of £1 each | 0.1558 |
| Ged Barnett Turnoak, Wych Hill Lane, Woking, Surrey GU20 6QD | 5 'B' ordinary shares of £1 each | 0.3895 |

Telecommunications Executive Management Limited

| (1) Vendors | (2) Shares | (3) Proportion of Consideration (%) | the |
|---|-------------------------------|---|-----|
| Kenneth James Leonard Bayes Copper Beech, Oaks Road Stanwell, Staines, Middlesex TW19 7LG | 10 ordinary shares of £1 each | 0.000002 | |
| John Harold Holman "Daydream", Wanston Sutton Scotney, Nr. Winchester, Hants. SO21 3LS | 10 ordinary shares of £1 each | 0.000002 | |
| IMIT (Isle of Man) Burleigh Manor, Peel Road, Douglas, Isle of Man IM1 5EP | 80 ordinary shares of £1 each | 0.000016 | |

Churchill Fry Limited

| (1) Vendors | (2) Shares | (3) Proportion of the Consideration (%) |
|---|--------------------------------------|---|
| Kenneth James Leonard Bayes Copper Beech, Oaks Road Stanwell, Staines, Middlesex TW19 7LG | 10,001 ordinary shares of £1 each | 9.99999 |
| John Harold Holman "Daydream", Wanston Sutton Scotney, Nr. Winchester, Hants. SO21 3LS | 10,001 ordinary shares of £1 each | 9.99999 |

Part II

Allocation of the Consideration

| (1) Company | (2) Proportion of the Consideration (%) |
|--|---|
| Interim Management in Information Technology Limited | 80 |
| Churchill Fry Limited | 19.99998 |
| Telecommunications Executive Management Limited | 0.00002 |

Part III

Particulars of the Purchaser

Harvey Nash Group plc (Registered number: 3320790)

13 Bruton Street

London W1X 7AH

For the attention of:- Ian Furniss Esq.

SCHEDULE 2

Part I

Particulars of the Group Companies

Interim Management in Information Technology Limited

Registered in England under no.:- 2942720

Registered office:- 4 Tanners Yard, London Road, Bagshot, Surrey
GU19 5HD

Authorised capital:- £2,000

Issued and fully paid up capital:- 100 ordinary shares of £1 each
27 non-voting "B" ordinary shares of £1 each

Directors:- John Harold Holman, Kenneth James Leonard Bayes

Secretary:- John Harold Holman

Accounting reference date:- 31 March

Telecommunications Executive Management Limited

Registered in England under no.:- 2859818

Registered office:- 4 Tanners Yard, London Road, Bagshot, Surrey
GU19 5HD

Authorised capital:- £1,000

Issued and fully paid up capital:- 100 ordinary shares of £1 each

Directors:- John Harold Holman, Kenneth James Leonard Bayes

Secretary:- John Harold Holman

Accounting reference date:- 31 March

Churchill Fry Limited

Registered in England under no.: -2562233

Registered office:- 4 Tanners Yard, London Road, Bagshot, Surrey
GU19 5HD

Authorised capital:- £46,669

Issued and fully paid up capital:- 20,002 ordinary shares of £1 each

Directors:- John Harold Holman, Kenneth James Leonard Bayes

Secretary:- John Harold Holman

Accounting reference date:- 31 March

SCHEDULE 3

Completion obligations

Part I

Obligations of the Vendors

1. The Vendors shall deliver to the Purchaser:-

1.1 duly executed transfers of the Shares by the registered holders in favour of the Purchaser, the share certificates and any additional documentation necessary to establish the transferor's title to the Shares, to authorise the executions of such transfers and to allow the transferees (subject to due stamping) to be registered in the register of members of the Company as holders of the Shares;

1.2 an engrossment of the Tax Deeds executed by the Warrantors;

1.3 the common seal, statutory books and other record books of each Group Company written up to Completion;

1.4 the original lease and all ancillary documents relating to the Property;

1.5 statements of balances at a date not more than seven days prior to Completion with reconciliations to the Business Day preceding the Completion Date on all bank accounts of each Group Company and all current cheque books relating to such accounts;

1.6 evidence reasonably satisfactory to the Purchaser that:-

1.6.1 all sums owed by any Group Company to any of the Warrantors and their associates or by any of the Warrantors and their associates to any Group Company have been repaid (other than sums due to any of the B Vendors in their capacity as "associates" of IMIT contracting in the ordinary course of its business);

1.6.2 any guarantees granted or security or indemnities given by any Group Company in respect of obligations of the Warrantors and their associates and have been released or discharged;

1.7 the Service Agreements duly executed by the relevant individuals;

1.8 an unqualified letter of resignation from the auditors of the Group Companies in the form prescribed by section 394 Companies Act, accompanied by a written confirmation that such auditors have no claims for unpaid fees or expenses;

1.9 powers of attorney in the approved terms in respect of the rights attaching to the Shares; and

1.10 upon receipt of the Escrow Letter, a countersigned copy thereof; and

2. Each of the Warrantors shall procure the holding of a meeting of the board of directors of each Group Company, at which board resolutions in the approved terms shall be passed.

Part II

Obligations of the Purchaser

The Purchaser shall, conditionally upon the implementation of the matters set out in Part I of this Schedule:-

1. subject to the Escrow Letter, upon actual Completion authorise the telegraphic transfer of £1,172,000 in cleared funds to an account specified by the Vendors;
2. subject to the Escrow Letter, allot and issue to the Vendors (other than the B Vendors) credited as fully paid, the Initial Shares; and
3. deliver to the Warrantors an engrossment of the Tax Deeds executed by the Purchaser.

SCHEDULE 4

General warranties

Accuracy of information

1.1 All written information relating to the business, activities, affairs, assets or liabilities of the Company provided to the Purchaser or any of its employees, officers, agents or advisers by or on behalf of the Warrantors, the Company or any of their respective employees, officers, agents or advisers in the course of the negotiations leading to the execution of this Agreement was when given and is now true and accurate in all material respects.

1.2 There is no information relating to the Company which is known to the Warrantors which renders any of the information referred to in paragraph 1.1 above misleading.

1.3 So far as the Warrantors are aware, there has been provided to the Purchaser such information as is necessary to enable it to make an informed assessment of the assets, liabilities, financial position, profits, losses and prospects of the Company and of the rights attaching to the Shares and any other information which might otherwise reasonably affect the willingness of the Purchaser to purchase the Shares or to purchase them for the Consideration and upon the terms and conditions of this Agreement.

1.4 The information contained in Parts I and II of Schedule 1, Schedule 2, Part I of Schedule 6 and Schedule 8 and in the Disclosure Letter is true and accurate in all respects and is not misleading.

Constitution of the Company

2.1 The statutory books and minute books of the Company have been properly kept and contain an accurate and complete record of the matters which should be dealt with in those books and no notice or allegation that any of them is incorrect or should be rectified has been received.

2.2 The numbers of the Shares set opposite the respective names of the Vendors in column 2 of Part I of Schedule 1 are beneficially owned by them, are free from all liens, charges and encumbrances or interests in favour of or claims made by or which could be made by any other person, are fully paid and together represent the entire allotted and issued share capital of the Company.

2.3 The copy of the memorandum and articles of association of the Company annexed to the Disclosure Letter is true and complete and has embodied in it or annexed to it a copy of every such resolution or agreement as is referred to in section 380(1) Companies Act and sets out in full the rights and restrictions attaching to each class of the share capital of the Company.

2.4 No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the issue or transfer of any share or loan capital of the Company under any option or other agreement or otherwise howsoever.

2.5 The Company has properly and punctually made all returns which it is required to make to the Registrar of Companies, to any other governmental or regulatory body and to any local authority.

2.6 Due compliance has been made with all the provisions of the Companies Act and other legal requirements, in connection with the formation of the Company, the allotment, issue, purchase and redemption of shares, debentures and other securities in the Company, the reduction of the authorised and issued share capital of the Company, any amendment to the memorandum or articles of association of the Company and the passing of resolutions and the payment of dividends by the Company.

2.7 The Company has at all times conducted its business intra vires, has not entered into any transaction ultra vires the Company or outside of the authority or powers of the directors of the Company and is not in breach of the provisions of the Articles.

Capacity and interests of the Warrantors

3.1 Each Vendor has the requisite power and authority to enter into and perform this Agreement and each Warrantor has the requisite power and authority to enter into and perform the Tax Deeds.

3.2 The execution and delivery of and the performance by the Warrantors of their respective obligations under this Agreement and the Tax Deeds will not:-

3.2.1 result in a breach of, or constitute a default under, any agreement, instrument or arrangement to which any Warrantor or the Company is a party or by which any Warrantor or the Company is bound; or

3.2.2 result in a breach of any order, judgement or decree of any court or governmental agency to which any Warrantor or the Company is a party or by which any Warrantor or the Company is bound; or

3.2.3 result in a breach of the rules or requirements of any professional body, trade association or self-regulating organisation (as defined in the Financial Services Act 1986) of which any Warrantor is a member or by which any Vendor is bound.

3.3 No indebtedness (actual or contingent) is outstanding and no contract or arrangement exists between the Company and any Warrantor or director of the Company or any person connected with any Warrantor or such director.

3.4 No Warrantor or person connected with any Warrantor has any interest, direct or indirect, in any business which competes or has competed or is in the future likely to compete with any business now carried on by the Company or intends to acquire any such interest.

3.5 No Warrantor is entitled to any claim of any nature against the Company, any of its officers, employees, principal customers or suppliers and no Warrantor has assigned to any third party the benefit of any such claim to which he was previously entitled.

3.6 The share capital of IMIT (Isle of Man) is beneficially owned by John Holman and Bainbridge Corporation, the trustee of Kenneth Bayes' family trust, the Bainbridge Trust, in equal parts.

Accounts

4.1 The Accounts have been prepared in accordance with generally accepted accounting practice in the United Kingdom, comply with the requirements of the Companies Act and of all relevant statements of standard accounting practice and with all pronouncements issued or adopted by the Accounting Standards Board Limited, are complete and accurate in all respects, properly show all assets and liabilities (whether actual or contingent) of the Company as at the Accounts Date and show a true and fair view of the state of affairs and the financial position of the Company as at and for the financial year ended on the Accounts Date and of the profits or losses of the Company for the financial year ended on the Accounts Date.

4.2 Without prejudice to the generality of the foregoing, in the Accounts:-

4.2.1 depreciation of the fixed assets of the Company has been made at a rate sufficient to write down the value of such assets to nil not later than the end of their useful working lives;

4.2.2 proper provision or reserve (as appropriate) has been made for all bad and doubtful debts, all liabilities and obligations (actual, contingent or disputed) and all capital commitments;

4.2.3 provision or reserve (as appropriate) has been made for all taxation liable to be assessed on the Company or for which the Company is accountable (whether primarily or otherwise) in respect of income, profits or gains earned, accrued or received on or before the Accounts Date or deemed to have been or treated as earned, accrued or received for taxation purposes and/or for any event on or before the Accounts Date, including distributions made down to the Accounts Date or provided for in the Accounts; and

4.2.4 proper provision or reserve (as appropriate) in accordance with generally accepted accounting practice in the United Kingdom and all relevant Statements of Standard Accounting Practice has been made in the Accounts for all deferred taxation of the Company.

4.3 The bases and policies of accounting of the Company adopted for the purpose of preparing the Accounts are the same as those adopted for the purpose of preparing the audited accounts of the Company for the three preceding accounting periods and none of the audited accounts of the Company for the five preceding accounting periods were qualified by the auditors.

4.4 The profits and losses of the Company shown by the Accounts and by the audited accounts of the Company for the three preceding accounting periods and the trend of profits and losses thereby shown have not (except as therein disclosed) been affected to a material extent by any non-recurring, exceptional, extraordinary or short-term item (including, but not limited to, any pension contribution holiday or any rental or other outgoing at below market rates) or by any other matter which has rendered such profits or losses unusually high or low.

4.5 All books of account and other accounting records of the Company have been kept on a consistent basis, are in its possession, made up to date and contain the information required by law and generally accepted accounting principles.

Business since the Accounts Date

5.1 Since the Accounts Date:-

5.1.1 the Company has carried on its business in the ordinary and usual course without any interruption or alteration in the nature, scope or manner of its business;

5.1.2 there has been no material adverse change in the financial or trading position of the Company;

5.1.3 the Company has not acquired or agreed to acquire any asset for a consideration which is higher than market value at the time of acquisition and has not disposed of or agreed to dispose of any asset for a consideration which is lower than market value or book value, whichever is the higher, at the time of disposal;

5.1.4 the Company has not assumed or incurred any material liabilities (including contingent liabilities) otherwise than in the ordinary and usual course of business;

5.1.5 the Company has not assumed or incurred any liability or entered into any commitment, involving expenditure in excess of £2,000 (other than in respect of its arrangements with interim managers);

5.1.6 no distribution of capital or income has been declared, made or paid in respect of any share in the capital of the Company; and

5.1.7 no profits have arisen otherwise than from proper trading in the ordinary course of business.

5.2 The value of the net tangible assets of the Company at the date of this Agreement (determined in accordance with the same accounting policies as those applied in the Accounts) is not less than the value of the net tangible assets of the Company as shown in the Accounts.

5.3 The 1998 Profit will be not less than £330,000.

5.4 The net debt position of the Company at Completion reflects the usual position of the Company at the same time in each month and reflects current requirements of the business of the Company.

5.5 The businesses carried on by PCR and PIM during the financial year ended on the Accounts Date have been transferred to the Group Companies together with such assets necessary to continue such businesses.

Borrowings and Bank Facilities

6.1 The Company has not exceeded the amount of its overdraft facility with its bankers (when taken together with its factoring facility provided by its bankers) and is not in breach of the terms of any other loan facilities and the total amount borrowed by the Company from whatsoever source does not exceed any limitation on its borrowings contained in the Company's articles of association or in any debenture or loan stock deed or any other instrument or agreement to which the Company is a party.

6.2 Full and accurate details of all overdrafts, loans or other financial facilities outstanding or available to the Company are contained in the Disclosure Letter and neither the Warrantors, nor the Company has done or omitted to do anything whereby the continuance of any such facilities in full force and effect might be affected or prejudiced.

6.3 A statement of all the bank accounts of the Company and of the credit or debit balances on such accounts as at a date not more than seven days before the date of this Agreement is annexed to the Disclosure Letter. Since such statement there have been no payments out of any such accounts except for routine payments in the ordinary course of business and the balances on current account are not now substantially different from the balances shown on such statements.

Guarantees and indemnities

7. There is not outstanding any guarantee, indemnity or security given by or for the benefit of the Company.

Debtors

8.1 Each debt now owed to the Company (less the amount of any specific provision or reserve disclosed in the Disclosure Letter and determined on the same basis as that applied in the Accounts) will realise its full face value and be good and collectable in the ordinary course of business and is not subject to any counterclaim or set-off, except to the extent of any such provision or reserve and no amount included in the Accounts as owing to the Company at the Accounts Date has been realised for an amount less than the value at which it was included in the Accounts or has been released (in whole or in part) or is, so far as the Warrantors are aware, irrecoverable in whole or in part.

8.2 The Company has not since the Accounts Date granted credit terms exceeding thirty days and any such credit granted prior to the Accounts Date has since been repaid.

Customers

9.1 No material customer of the Company has during the last twelve months ceased or indicated an intention to cease (or to reduce the volume of) trading with the Company nor, so far as the Warrantors are aware, is likely so to do whether as a result of this Agreement or otherwise.

Ownership and condition of assets

10.1 Except for assets disposed of by the Company in the ordinary course of trading, the Company is the owner of and has good and marketable title to all assets included in the Accounts and all assets which have been acquired by the Company since the Accounts Date, all of which assets are in the Company's possession and under its control and there is not now outstanding any charge, option, lien, pledge or encumbrance (or agreement to grant any such) over the whole or any part of the undertaking, property or assets of the Company nor any right to acquire such.

10.2 All plant and machinery (including fixed plant and machinery), vehicles and office equipment used by the Company in connection with its business are in good repair and condition, normal wear and tear excepted, have been regularly maintained and are capable of being efficiently and properly used in connection with the business of the

Company and so far as the Warrantors are aware none is dangerous, inefficient, obsolete or in need of renewal or replacement except where they would be replaced in the normal course of business.

10.3 The Company has not agreed to acquire any asset on terms that the property of such asset does not pass to it until full payment is made except where payment is not yet due under the relevant supplier's terms of trading.

10.4 The Company owns each asset (tangible or intangible) (other than the Property) necessary for the operation of its business as currently conducted.

Insurance

11.1 All the assets of the Company which are of an insurable nature have at all material times been and are at the date of this Agreement insured to their full replacement value against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature and the Company has at all material times been and is now adequately covered against accident, third party liability, injury, damage and other risks normally covered by insurance by such companies. In respect of all such insurances:-

11.1.1 all premiums have been duly paid to date;

11.1.2 all the policies are in force and are not voidable;

11.1.3 there are no special or unusual terms or restrictions and the premium payable are not in excess of the normal rates; and

11.1.4 no claim is outstanding and no circumstances exist which may give rise to any claim.

Grants

12. The Company has not applied for any investment grant, employment subsidy or other similar payment and no such grant, subsidy or payment paid or due to be paid to the Company is liable to be refunded or withheld in whole or in part in consequence of any action or omission of the Company.

Compliance with laws

13. Neither the Company nor its officers, agents or employees in the course of their respective duties to the Company have done or omitted to do anything in breach of the law of the United Kingdom or, so far as the Warrantors are aware, of any foreign country in which the Company conducts business.

Licences and consents

14. All licences, consents, approvals, permissions, permits and authorities (public and private) necessary or desirable for the carrying on of the business of the Company effectively in the places and in the manner in which such business is now carried on have been obtained and all such licences, consents, approvals, permissions, permits and authorities are valid and subsisting and, so far as the Warrantors are aware, there is no reason why and no facts or circumstances which would be likely to give rise to any reason why any of them should be suspended, cancelled or revoked or not renewed.

Litigation

15.1 The Company is not engaged in any litigation or arbitration proceedings and no litigation or arbitration proceedings are pending or threatened by or against the Company, nor so far as the Warrantors are aware are there any facts or circumstances which may give rise to any litigation or arbitration proceedings being commenced by or against the Company.

15.2 Neither the Company nor any of its officers is being prosecuted for any criminal offence, there are no such prosecutions pending or threatened and, so far as the

Warrantors are aware, there are no facts or circumstances which may give rise to any such prosecution.

15.3 No litigation or arbitration proceedings commenced by or against the Company or which have been threatened to be so commenced have been settled or compromised during the period of three years ending on the date of this Agreement in respect of amounts exceeding in aggregate £1,000.

15.4 The Company is not subject to any order or judgement given by any court, governmental agency or other regulatory body and is not a party to any undertaking or assurance given to any court, governmental agency or other regulatory body which is still in force nor are there any facts or circumstances which may result in the Company becoming subject to any such order or judgement or being required to be a party to any such undertaking or assurance.

15.5 There have been no investigations of, or disciplinary proceedings made against, the Company or any of its officers or employees, no such investigations or disciplinary proceedings are currently pending or threatened and, so far as the Warrantors are aware, there are no facts or circumstances which may give rise to such investigations or proceedings.

Competition law matters

16.1 The Company is not and has not been a party to any agreement (as defined in the Restrictive Trade Practices Act 1976 ("the RTPA") which has been furnished to the Director General of Fair Trading as provided for in the RTPA or which is or was subject to registration pursuant to the RTPA and which has not been so furnished.

16.2 The Company has not been and is not a party to any agreement or concerted practice which infringes Article 85 of the EEC Treaty and is not in contravention of any regulation or other enactment made under Article 87 of the EEC Treaty.

16.3 No action, practice or course of conduct now or previously done or carried on by the Company and no agreement to which the Company is or was a party or any part of any such agreement:-

16.3.1 is or has been the subject of any investigation or reference under the Competition Act 1980; or

16.3.2 is or was unlawful by virtue of the Resale Prices Act 1976; or

16.3.3 is or was an abuse of a dominant position under Article 86 of the EEC Treaty.

16.4 None of the Warrantors nor the Company has at any time received, nor have any of the Vendors or the Company any grounds for believing that any of the Warrantors has received or that the Warrantors or the Company may receive, any process, notice, communication or any formal or informal request for information with reference to any actual or proposed agreement, arrangement, concerted practice, trading policy or practice, course of conduct or activity of the Company from the Director General of Fair Trading, the Monopolies and Mergers Commission, the Secretary of State for Trade and Industry, the Commission of the European Communities, the Restrictive Practices Court or from any other person or body (wherever situated) whose task it is to investigate, report or decide upon matters relating to monopolies, mergers or anti-competitive agreements or practices nor has the Company or anything done or to be done or proposed to be done by the Company been the subject of any report, decision, order, judgement or injunction made, taken or obtained by any of such persons or bodies, nor has the Company given or been the subject of any undertakings or assurances given (directly or indirectly) to any such persons or bodies.

16.5 The Company has not been party to any agreement, practice or arrangement which, in whole or in part, contravenes the provisions of the Trade Descriptions Acts 1968 to 1972 or the Consumer Credit Act 1974.

Trading and contractual arrangements

17.1 The Company is not a party to:-

17.1.1 any partnership, joint venture, European Economic Interest Grouping or consortium arrangement or agreement or any agreement for sharing commissions or other income;

17.1.2 any agreement or arrangement which is liable to be terminated by another party or under which rights of any person are liable to arise or be affected as a result of any change in the control, management or shareholders of the Company;

17.1.3 any contract of a long-term nature that is to say, unlikely to have been fully performed, in accordance with its terms, more than [twelve] months after the date on which it was entered into;

17.1.4 any agreement or arrangement of a loss making nature (that is to say, now known to be likely to result in a loss on completion of performance);

17.1.5 any agreement containing covenants limiting or excluding its right to do business and/or to compete in any area or in any field or with any person, firm or company;

17.1.6 any agreement or arrangement of an unusual or abnormal nature or entered into otherwise than on an arm's length basis in the ordinary and usual course of the Company's business;

17.1.7 any agreement or arrangement which cannot readily be fulfilled or performed by the Company in accordance with its terms without undue or unusual expenditure or effort;

17.1.8 so far as the Warrantors are aware, any agreement or arrangement suffering from any invalidity or in respect of which there are grounds for determination, rescission, avoidance or repudiation by any other party; or

17.1.9 any agreement or arrangement which involves payment by reference to fluctuations in the index of retail prices or any other index, or in the rate of exchange for any currency.

17.2 No offer, tender or the like given or made by the Company on or before the date of this Agreement and still outstanding is capable of giving rise to a contract merely by a unilateral act of another person.

17.3 The particulars shown in the schedule of self-employed workers annexed to the Disclosure Letter are true and accurate and show in relation to all those persons who work as interim managers (and their employing companies) and consulting organisations (associates) on a self employed basis for the Company:

17.3.1 all cash remuneration payable (including accrued holiday pay);

17.3.2 details of all benefits receivable otherwise than in cash; and

17.3.3 details of any profit sharing, incentive and bonus arrangements in which he participates (whether or not such arrangements are legally binding on the Company).

17.4 Details of all databases maintained by the Company which contain information relating to those persons who work as interim managers (and their employing companies) and consulting organisations (associates) on a self-employed basis for the Company have been kept on a consistent basis, are in the Company's possession and are up to date.

Title deeds

18. All documents which in any way affect the right, title or interest of the Company in or to any of its property, undertakings or assets and all agreements to which the Company is a party are in the possession of the Company and are properly stamped.

Powers of attorney

19. The Company has not given a power of attorney and no person has any authority (express, implied or ostensible) which is still outstanding or effective to enter into any contract or commitment or to do anything on its behalf other than any authority to employees to enter into routine trading contracts in the normal course of their duties and to executive directors.

Insolvency

20.1 No receiver or administrative receiver has been appointed of the whole or any part of the assets or undertaking of the Company.

20.2 No administration order has been made in relation to the Company and no petition for such an order has been presented.

20.3 No proposal for a voluntary arrangement between the Company and its creditors (or any class of them) has been made to or is in the contemplation of the Company.

20.4 No petition has been presented, no order has been made and no resolution has been passed for the winding-up of the Company.

20.5 The Company has not stopped payment to its creditors nor is it insolvent or unable to pay its debts as and when they fall due.

20.6 No unsatisfied judgement is outstanding against the Company.

Officers and employees

21.1 Those persons named as such in Schedule 2 are the only directors of the Company and the secretary of the Company respectively and the particulars set out in Schedule 2 are true and complete.

21.2 No person is or has been a shadow director of the Company.

21.3 The particulars shown in the schedule of employees annexed to the Disclosure Letter list all the employees of the Company, are true and accurate and show in relation to each employee and officer:-

21.3.1 all cash remuneration payable (including accrued holiday pay);

21.3.2 details of all benefits receivable otherwise than in cash; and

21.3.3 details of any profit sharing, incentive and bonus arrangements in which he participates (whether or not such arrangements are legally binding on the Company).

21.4 No change in the remuneration, benefits and arrangements shown in the schedule of employees is due or expected within six months from the date of this Agreement and no request for any such change has been received.

21.5 There is not outstanding any contract of employment between the Company and any of its directors, officers or employees which is not terminable by the Company without damages or compensation (other than any compensation payable under statute) on one month's notice given at any time.

21.6 No employee of the Company has given notice to terminate his contract of employment or is under notice of dismissal and no amount due to or in respect of any employee or former employee of the Company is in arrear and unpaid other than his salary for the month current at the date of this Agreement.

21.7 There is no dispute between the Company and any trade union or other organisation formed for a similar purpose existing, pending or threatened and there is no collective bargaining agreement or other arrangement (whether binding or not) to which the Company is a party.

21.8 The Company has at all relevant times complied with all its obligations under statute and otherwise concerning the health and safety at work of its employees or third party and there are no claims capable of arising or threatened or pending by any

employee or third party in respect of any accident or injury which are not fully covered by insurance.

21.9 The Company is not under any legal liability to pay pensions, gratuities, superannuation allowances or the like to any of its past or present directors, officers or employees or their dependants nor is it in the habit of making ex gratia or voluntary payments by way of superannuation allowance or pension and there are no pension schemes or arrangements for payment of pensions or death benefits or similar arrangements in operation or contemplated in relation to the Company.

Intellectual Property rights

22.1 No licence, permission or other right has been granted to the Company by any third party in respect of any Intellectual Property, including for the avoidance of doubt any Intellectual Property in computer software, other than the Licensed Intellectual Property, the agreements relating to the Licensed Intellectual Property contain all the terms relative to the use by the Company of the same and all Intellectual Property which is Licensed Intellectual Property is in full force and effect or subsisting as the case may be.

22.2 There is no Intellectual Property of whatsoever nature which is capable of registration in the name of or of being vested in the Company as owner or part owner which has not been so registered or vested and, other than as referred to in paragraph 22.4, the Licensed Intellectual Property are all the rights in Intellectual Property which are necessary or desirable to enable the business of the Company fully and effectively to be carried on as it has been carried on up to the date of this Agreement.

22.3 The Company owns absolutely such copyrights, design rights and analogous rights, including, but without limitation, the Database, as are necessary or desirable to enable the business of the Company fully and effectively to be carried on as it has been carried on up to the date of this Agreement.

22.4 Neither the Company nor any other person has done or omitted to do any act, matter or thing in respect of any Licensed Intellectual Property or in respect of any agreement relating to any Licensed Intellectual Property which would or might impinge upon the validity or enforceability of the same or upon the right of the Company to use

the same in relation to the business of the Company nor are there any outstanding obligations of the Company or of any other person whether as to payment or otherwise which if left outstanding would or might so impinge.

22.5 The Know-How is confidential and has not been disclosed to any person in whole or in part (other than to employees of the Company in circumstances where the confidentiality of the Know How has been drawn to their attention and steps taken to preserve such confidentiality) and there is no claim that can be or has been made by any person alleging that the Know-How has been disclosed to the Company in circumstances amounting to a breach of confidence.

22.6 The Company has not granted and is not obliged to grant any licences of, nor are there any subsisting agreements under which the Company has granted to any person, any right or interest under or in connection with the Licensed Intellectual Property or the Know-How.

22.7 None of the Licensed Intellectual Property or the Know-How is the subject of any claim, opposition, assertion, infringement, attack, right, action or other restriction or arrangement of whatsoever nature which does or may impinge upon the validity, enforceability or ownership of the same by the Company or the use of the same (or any part of the same) howsoever by the Company and there are no grounds facts or circumstances that may give rise to such.

22.8 None of the processes, products or activities of the business of the Company infringes any right of any other person relating to Intellectual Property or involves the unlicensed use of information confidential to any person or gives rise to a liability for any royalty or similar payment other than by virtue of an agreement relating to Licensed Intellectual Property.

22.9 The Company does not trade under any name other than its full corporate name.

22.10 The number of names contained within the Database is in excess of 1,000 and over 90 per cent of the individuals named in the Database have been contacted on behalf of the Group Companies within the last fifteen months.

PIM and PCR

23. PIM and PCR are both dormant companies and neither owns any assets or goodwill.

SCHEDULE 5

Warranties relating to Taxation

1. General

1.1 There has not been any transaction, arrangement, event or omission occurring after the Accounts Date:-

1.1.1 which has caused or will cause any expenditure (including any payment of taxation) incurred or deemed to have been incurred for taxation purposes by the Company not to qualify for all or part of any relief, allowance, credit or deduction for taxation purposes which might be expected by the Purchaser to be available to the Company; or

1.1.2 which has given rise or will give rise to any taxation otherwise being assessable or chargeable on the Company when the relevant income or gains do not in fact accrue to, or the relevant supplies are not in fact made by, the Company; or

1.1.3 the taxation treatment of which is or may become the subject of any dispute with any taxation authority.

1.2 The transactions contemplated by this Agreement are carried out for bona fide commercial reasons and such transactions do not have as their main object, or one of their main objects, the obtaining of a taxation advantage.

1.3 There are no facts or circumstances now in existence such that on or after Completion there would be a liability under the terms of the Tax Deeds.

1.4 No charge to taxation will arise on the Company or the Purchaser merely as a result of entering into or completion of this Agreement otherwise than by virtue of the Company becoming a member of the Purchaser's Group.

1.5 The Company has not carried out or been engaged in any transaction or arrangement such that the law provides that there may be substituted for the amount or value or the actual consideration given or received (or to be given or received) by the Company any different amount or value for taxation purposes.

1.6 There has not been a major change in the nature or conduct of any trade or business carried on by the Company in the three years prior to Completion nor has the scale of the activities in a trade or business carried on by the Company at any time become small or negligible for the purposes of any of sections 245, 245A, 768, 768A or 768B ICTA 1988 (change in ownership of company etc.).

1.7 There is set out in the Disclosure Letter with express reference to this warranty full details of all clearances obtained by or relating to the Company pursuant to any statutory provision, statement of practice relating to taxation or any press release issued by any taxation authority. Any transaction for which any clearance was obtained has been carried out only in accordance with the terms of the clearance given for that transaction and the application upon which the clearance was based. Nothing has arisen since any clearance was obtained which would bring into question its validity.

1.8 Since the Accounts Date no accounting period of the Company has ended.

1.9 The Company has not disposed of or acquired an asset in such circumstances that section 17 TCGA 1992 (disposals or acquisitions treated as made at market value) could apply.

2. Compliance

2.1 The Company has made all returns, claims for relief, applications, notifications and computations (whether physically in existence or electronically stored) ("Returns") it is required by law to make. All Returns have been properly and punctually submitted (whether physically or electronically) by the Company to all relevant taxation authorities (whether of the United Kingdom or elsewhere) and the Returns are complete, true and accurate, give full disclosure of all material facts and circumstances and are not the subject of any question or dispute nor are likely to become the subject of any question or dispute with any taxation authority.

2.2 The Company has filed a corporation tax return for the period ended on the Accounts Date and since the Accounts Date has not filed any amended corporation tax return for any period.

2.3 The Company is not a party to any special arrangement for the making of joint amended returns (as referred to in Inland Revenue Statement of Practice 10/93).

2.4 There is set out in the Disclosure Letter with express reference to this warranty full details of all matters relating to taxation in respect of which the Company (whether alone or jointly with any other person) has or at Completion will have an outstanding entitlement or obligation:-

2.4.1 to make any claim (including a supplementary claim) for relief from taxation or to make any claim for repayment of any amount of tax paid to a taxation authority or to make any election for one type of relief, or one basis, system or method of taxation as opposed to another where such claim or election is taken into account in the preparation of the Accounts;

2.4.2 to make any appeal (including a further appeal) against an assessment to taxation;

2.4.3 to make any application for the postponement of payment of taxation; or

2.4.4 to submit any return or provide particulars or information to any taxation authority.

2.5 All payments by the Company to any person which ought to have been made under deduction of taxation have been so made and the Company has (if required by law to do so) accounted to the relevant taxation authority for the taxation so deducted.

2.6 The Company is not liable as agent or prescribed person for any taxation liability of another person.

2.7 No taxation authority has agreed to operate any special arrangement (being an arrangement which is not based on a strict and detailed application of the relevant legislation, statements of practice or extra-statutory concessions published in Inland Revenue guides) in relation to the Company's affairs.

2.8 The Company has complied with all notices served on it by any taxation authority and no such notice remains outstanding.

2.9 The Company has duly and punctually paid all taxation which it has become liable to pay and it has never paid or become liable to pay any penalty, fine or surcharge in connection with taxation.

2.10 Since the Accounts Date there has been no debt outstanding to any member of the Vendor's Group in respect of which the Company has been allowed (or is entitled to) a deduction in computing the profits or gains of a trade such that, if the debt were released, the amount released would be treated as a receipt of the trade under section 94 ICTA 1988 (debts deducted and subsequently released).

3. Loan relationships

3.1 The Company is not party to any loan relationship (as defined in Chapter II of Part IV Finance Act 1996):-

3.1.1 which by virtue of its terms may give rise to any debits or credits for the purposes thereof (other than in relation to interest, charges or expenses);

3.1.2 to which section 92 Finance Act 1996 (convertible securities etc.) or section 93 Finance Act 1996 (relationships linked to the value of chargeable assets) or section 97 Finance Act 1996 (manufactured dividends) applies; or

3.1.3 to which any of paragraphs 10, 11 or 15 of Schedule 9 Finance Act 1996 (special computational provisions) apply.

3.2 The Company has no loan relationships where:-

3.2.1 there is a connection between the parties as defined by section 87 Finance Act 1996; or

3.2.2 there has been or will be a release of the amounts payable under the relationship.

3.3 The Company is not and has not been party to any loan relationships in respect of which after the Accounts Date any credit is or will be required to be brought into account under the provisions of Schedule 15 Finance Act 1996.

3.4 The Accounts account for all of the Company's loan relationships in accordance with an authorised accruals basis of accounting complying with section 85 Finance Act 1996 and there has been no change in such accounting method in respect of any loan relationship since the Accounts Date.

4. Distributions

4.1 The Company has not since the Accounts Date made or agreed to make any distributions within the meaning of section 209 ICTA 1988 (meaning of "distribution").

4.2 The Company has not been concerned in any exempt distribution within sections 213 to 218 ICTA 1988 (demergers) within the period of five years preceding Completion.

4.3 The Company has not issued any security which will be outstanding at Completion in circumstances such that any interest or other payment payable in respect of it or any part of any such interest or other payment constitutes a distribution under section 209 ICTA 1988 (meaning of "distribution").

4.4 The Company has not made any repayment of share capital to which section 210(1) ICTA 1988 (bonus issue following repayment of share capital) might apply.

4.5 The Company has not issued any share capital or securities as paid up other than by receipt of new consideration within the meaning of section 254 ICTA 1988 (interpretation).

4.6 The Company has never made or revoked an election under section 246A ICTA 1988 (election by company paying dividend) that any dividend be a foreign income dividend.

4.7 The Company has never treated itself as an international headquarters company for the purposes of section 246T ICTA 1988 (liability to pay ACT displaced).

4.8 The Company has not made any qualifying distribution to which the provisions of section 69 and Schedule 7 Finance Act 1997 apply.

5. Capital Allowances

5.1 The aggregate book value of each of the assets of the Company, on which an entitlement to industrial building allowances or other allowances in respect of capital expenditure has arisen under the Capital Allowances Act 1968 or the Capital Allowances Act 1990, in or adopted for the purposes of the Accounts does not exceed the aggregate residue of expenditure or written-down value attributable to such assets for the purposes of those Acts. The aggregate book value of plant and machinery allocated to a pool of plant and machinery on which an entitlement to capital allowances has arisen under Part II Capital Allowances Act 1990 (machinery and plant) does not exceed the written-down value of the qualifying expenditure in respect of each such pool under that Act.

5.2 All expenditure incurred by the Company or which it may incur under any subsisting commitment for the provision of machinery or plant has qualified or will qualify for writing down allowances under Part II Capital Allowances Act 1990 (machinery and plant) as a trading expense of a trade carried on by the Company.

5.3 Since the Accounts Date any claims for capital allowances which have been made under the Capital Allowances Act 1990 have not been withdrawn, and no available allowances have been disclaimed.

5.4 Since the Accounts Date nothing has happened as a result of which:-

5.4.1 there may be made against the Company a balancing charge under the Capital Allowances Act 1968 or under the Capital Allowances Act 1990; or

5.4.2 any disposal value may be brought into account under section 24 Capital Allowances Act 1990 (writing down allowances and balancing adjustments); or

5.4.3 there may be any recovery of excess relief within sections 46 or 47 Capital Allowances Act 1990 (recovery of excess relief); or

5.4.4 a relevant event may occur within the meaning of section 138 Capital Allowances Act 1990 (scientific research); or

5.4.5 any disposal value may be brought into account under section 59A Capital Allowances Act 1990 (disposal values in avoidance cases).

5.5 There is not, and there are no circumstances which could give rise to, any dispute between the Company and any other person:-

5.5.1 as to the entitlement to capital allowances under sections 51 to 59C Capital Allowances Act 1990 (fixtures); or

5.5.2 as to the acquisition cost or disposal value of any fixture in respect of which an election has been made under section 59B Capital Allowances Act 1990.

5.6 The Company has not made any election under section 37 Capital Allowances Act 1990 (short-life assets) nor has been taken to have made an election under sub-section (8)(c) of that section.

5.7 The Company has no interest in any machinery or plant which is a long-life asset for the purposes of section 38A Capital Allowances Act 1990.

6. Capital Gains

6.1 The book value in or adopted for the purposes of the Accounts as the value of each of the assets of the Company on the disposal of which a chargeable gain or allowable loss could arise does not exceed the amount deductible under section 38 Taxation of

Chargeable Gains Act 1992 (acquisition and disposal costs etc.) (excluding any indexation allowance) in respect of each such asset.

6.2 No debt owed to the Company would on its disposal give rise to a chargeable gain.

6.3 The Company does not have any interest in any qualifying corporate bond to which section 116 Taxation of Chargeable Gains Act 1992 (reorganisations, conversions and reconstructions) applies.

6.4 The Company does not have an interest in any assets which are wasting assets within the meaning of section 44 Taxation of Chargeable Gains Act 1992 (meaning of "wasting asset") and which do not qualify for capital allowances.

6.5 The Company has not made nor is it entitled to make any claim or election under either section 24 Taxation of Chargeable Gains Act 1992 (disposals where assets lost or destroyed, or become of negligible value) or section 161(3) Taxation of Chargeable Gains Act 1992 (appropriations to or from stock). The Company has neither since the Accounts Date (a) appropriated any asset forming part of its trading stock for any other purpose nor (b) appropriated for the purpose of a trade carried on by the Company as trading stock any asset acquired otherwise than as trading stock of that trade.

6.6 The Company has not since the Accounts Date been a party to any depreciatory transaction for the purpose of section 176 Taxation of Chargeable Gains Act 1992 (depreciatory transactions in a group) or which could be treated as a depreciatory transaction under section 177 Taxation of Chargeable Gains Act 1992 (dividend stripping).

6.7 The Company has not made nor is it entitled to make any claim under section 280 Taxation of Chargeable Gains Act 1992 (consideration payable by instalments) to pay by instalments taxation on chargeable gains.

6.8 No election has been made under section 35(5) Taxation of Chargeable Gains Act 1992 (assets held on 31 March 1982) in respect of any of the assets of the Company.

6.9 Schedule 7A Taxation of Chargeable Gains Act 1992 (restriction on set-off of pre-entry losses) does not apply to restrict the use by the Company or any member of the Group of any realised or unrealised allowable losses as a deduction in calculating the amount included in respect of chargeable gains in the profit of the Company or any member of the Group for any accounting period.

6.10 The Company has not held, and does not currently hold shares in a company (not being another Group Company) which has made a transfer to which TCGA 1992 section 125 (shares in a close company transferring assets at an undervalue) applies.

6.11 The Company has not received assets by way of a gift as mentioned in TCGA 1992 section 282 (recovery of tax from donee).

7. Groups of Companies

7.1 The Company is not and has never been treated for the purposes of section 43 Value Added Tax Act 1994 (groups of companies) as a member of a group.

7.2 There is set out in the Disclosure Letter with express reference to this warranty full details of all surrenders, claims, notices and agreements for surrenders or claims or the giving of notices for:-

7.2.1 any amounts by way of group relief under the provisions of sections 402 to 413 ICTA 1988 (group relief); and

7.2.2 any amounts of advance corporation tax under the provisions of section 240 ICTA 1988 (surplus ACT); and

7.2.3 any amounts of tax refund to be dealt with under the provisions of section 102(2) Finance Act 1989 (company tax refund);

in each case where:-

7.2.4 any payment for group relief (within the meaning of section 402(6) ICTA 1988) or for surrender of amounts of advance corporation tax (within the meaning of section 240(8) ICTA 1988) or for a transferred tax refund (within the meaning of section 102(7) Finance Act 1989) remains outstanding or could be reduced or increased; or

7.2.5 the claim surrender or notice has yet to be agreed or determined by the Inland Revenue for a specific amount.

7.3 All dividends and other payments referred to in section 247 ICTA 1988 (group income) which have been paid by the Company have been paid under an election made under that section and all such elections are now and will up to Completion remain valid and in force. The Company has not since the Accounts Date made and will not prior to Completion make or receive any payment of any dividend in respect of which a notice under section 247(3) ICTA 1988 has effect.

7.4 Since the Accounts Date the Company has not ceased to be a member of a group of companies such that section 179 Taxation of Chargeable Gains Act 1992 (company ceasing to be member of group) has effect in relation to any asset of the Company. Section 179 Taxation of Chargeable Gains Act 1992 will not have effect in relation to any asset of the Company as a result of this Agreement.

7.5 None of the assets of the Company have been acquired from another company which, at the time of acquisition, was a member of the same group as defined in section 170 Taxation of Chargeable Gains Act 1992 (groups of companies - interpretation).

7.6 No tax-free benefit has ever been conferred either upon the Company or upon any person connected with the Company within the meaning of section 30 Taxation of Chargeable Gains Act 1992 (tax-free benefits). No scheme or arrangement has been effected under which such a tax-free benefit could be so conferred.

7.7 None of the Company's assets and no relevant asset has been materially reduced in value within the meaning of section 30 Taxation of Chargeable Gains Act 1992 (tax-free benefits). No scheme or arrangement has been effected under which there could be such a reduction in value.

7.8 In the three years prior to Completion there has not been a change of ownership of the Company followed by the acquisition of an asset by the Company (in such circumstances that section 171(1) Taxation of Chargeable Gains Act 1992 (transfers within a group; general provisions) applied to the acquisition) for the purposes of section 245B or 768C ICTA 1988 (restriction on set-off etc./deductions: asset transferred within group).

8. Value Added Tax

8.1 The Company is a registered and taxable person for the purposes of the Value Added Tax Act 1994 and has complied with and observed in all respects the terms of all statutory provisions, directions, conditions, notices and agreements with H.M. Customs and Excise relating to value added tax. The Company has maintained and obtained accounts, records, invoices and other documents (as the case may be) appropriate or requisite for the purposes of value added tax which are complete, correct and up-to-date.

8.2 The Company:-

8.2.1 is not, nor in the two years prior to Completion has been, in arrears with any payments or returns or notifications under any statutory provisions, directions, conditions or notices relating to value added tax, or liable to any forfeiture or penalty or interest or surcharge or to the operation of any penalty, interest or surcharge provision;

8.2.2 has not been required by H.M. Customs and Excise to give security;

8.2.3 is not, and has not agreed to become, an agent, manager, factor or VAT representative for the purposes of section 47 or 48 Value Added Tax Act 1994 (agents etc.) of any person who is not resident in the United Kingdom;

8.2.4 has not made, and will not make prior to Completion, any supplies that are exempt supplies or would be exempt supplies if supplied within the United Kingdom; and

8.2.5 has not received a notice under paragraph 1 of Schedule 6 Value Added Tax Act 1994 (valuation - special cases) directing that the value of goods supplied by the Company be taken to be their open market value.

8.3 The Company has not since the Accounts Date been, and will not prior to Completion be, treated as having made any supply of goods or services for the purposes of value added tax where no supply has in fact been made by the Company.

8.4 The Company has never received a surcharge liability notice under section 59 Value Added Tax Act 1994 (default surcharge) or a penalty liability notice under section 64 Value Added Tax Act 1994 (persistent misdeclarations).

8.5 The Company is not for the purposes of paragraph 5(5) of Schedule 10 Value Added Tax Act 1994 (developers of certain non-residential buildings etc.) the developer of any building or work in respect of which no election has been made under paragraph 2(1) of that Schedule by the Company.

8.6 There is set out in the Disclosure Letter with express reference to this warranty full details of each of the assets of the Company to which Part XV of the Value Added Tax Regulations 1995 (adjustments to the deductions of input tax on capital items) applies or will apply, including in particular:-

8.6.1 a description (including in the case of land or a building or part of a building, the nature of the tenure and the time it has to run), the date the first interval commenced and the input tax on the capital item; and

8.6.2 the proportion of input tax for which credit has been claimed (whether provisionally or finally in a tax year and stating which).

8.7 There is set out in the Disclosure Letter with express reference to this warranty full details of any land, building and civil engineering work in which the Company has an interest and to which any of paragraphs 8.8.1 to 8.8.5 below apply:-

8.7.1 an election to waive exemption under paragraph 2(1) Schedule 10 Value Added Tax Act 1994 has been made in respect of the land, building or work

including the dates such elections were made and whether any elections can be withdrawn pursuant to paragraph 3(5)(a)(i) Schedule 10 Value Added Tax Act 1994;

8.7.2 the land, building or work is used as, or intended for use as, a dwelling, or for a relevant residential purpose or for a relevant charitable purpose or is, or is intended or expected to be, exempt land;

8.7.3 the property is a freehold building or freehold civil engineering work that was completed for value added tax purposes less than three years prior to the date of this Agreement (and if so, when);

8.7.4 the property is a building or work subject to a development or tenancy, developmental lease or developmental licence; and

8.7.5 the property is a freehold building or freehold civil engineering work that has not been completed for value added tax purposes.

8.8 The Company is not required to pay amounts on account of value added tax under any order made under section 28 Value Added Tax Act 1994 (payments on account).

8.9 There is set out in the Disclosure Letter with express reference to this warranty full details of any agreement or arrangement regarding group registration for VAT which the Company has entered into.

9. Close Companies

9.1 The Company is not and has never been a close company within the meaning of section 414 ICTA 1988 (close companies).

9.2 The Company is not, nor has ever been, liable to taxation under the provisions of sections 418 to 422 ICTA 1988 (close companies).

9.3 The Company has never made any transfer of the kind described in section 125 Taxation of Chargeable Gains Act 1992 (shares in close company transferring of assets at an undervalue).

9.4 The Company has never made any transfer of value within the meaning of the Inheritance Tax Act 1984.

9.5 Neither the assets owned by nor the shares of the Company are subject to an outstanding Inland Revenue charge as defined in section 237 Inheritance Tax Act 1984 (imposition of charge).

9.6 No circumstances exist, or but for section 204(6) Inheritance Tax Act 1984 (contingent liability of transferee for unpaid capital transfer tax or inheritance tax) would exist, such that a power of sale could be exercised in relation to any assets or shares of the Company pursuant to section 212 Inheritance Tax Act 1984 (powers to raise tax).

10. Employees

10.1 The Company has complied with sections 203 to 203L Income and Corporation Taxes Act 1988 (pay as you earn) and the regulations made thereunder in respect of all payments within the meaning of those sections and with the Social Security (Contributions) Regulations 1979 in respect of all earnings which are subject to those regulations.

10.2 The expense incurred under the existing arrangements for remunerating officers and employees and rewarding persons rendering services to the Company is deductible for the purposes of section 74 or 75 ICTA 1988 (deductions).

10.3 The Company does not operate any scheme approved under section 202 ICTA 1988 (charities: payroll deduction scheme) or registered under Chapter III of Part V ICTA 1988 (profit-related pay).

10.4 No officer or employee of the Company participates in any scheme approved under Schedule 9 ICTA 1988 (approved share option and profit sharing schemes) or is a

beneficiary or potential beneficiary of a qualifying employee share ownership trust as defined in Schedule 5 Finance Act 1989 (employee share ownership trusts).

10.5 Since the Accounts Date the Company has not received any payment to which sections 601 to 603 ICTA 1988 apply (pension scheme surpluses: payments to employers).

10.6 The Company has not remunerated any director or employee other than in cash paid to that director or employee and there are no arrangements to pay any director or employee other than in cash payable to that director or employee.

10.7 Rights to acquire shares pursuant to a right conferred on a person or opportunity offered to that person by reason of his offers for employment with the Company or any other company have not been granted to a person by the Company or any other person, and the Company has not issued shares to which Part III, Chapter II Finance Act 1988 (Unapproved Employee Share Schemes) applies.

11. Stamp Duties

11.1 There is no instrument which is necessary to establish the Company's title to any right or asset which is liable to stamp duty (or any like duty or tax in a jurisdiction outside the United Kingdom) which has not been duly stamped or which would attract stamp duty if brought within the relevant jurisdiction.

11.2 The Company has complied in all respects with the provisions of Part IV Finance Act 1986 (stamp duty reserve tax) and with any regulations made under the same and the Company is not and will not become liable to pay stamp duty reserve tax by reference to any agreement which falls within the terms of section 87(1) of that Act and is entered into after the Accounts Date.

12. Foreign Exchange and Financial Instruments

12.1 There is set out in the Disclosure Letter with express reference to this warranty the aggregate value for the purposes of Chapter II of Part II Finance Act 1993 (exchange gains and losses) of each of the Company's qualifying assets and the aggregate value of the Company's qualifying liabilities. The Company has no long-term assets and no long-term liabilities for the purposes of the said Chapter II.

12.2 The Company has not entered into any interest rate contract which is a qualifying contract (or would be a qualifying contract if it had been entered into after the Company's commencement date) under Chapter II of Part IV Finance Act 1994 (interest rate and currency contracts) which remains outstanding.

12.3 There is set out in the Disclosure Letter with express reference to this warranty the aggregate value of the amounts payable by the Company under the Company's currency contracts which are qualifying contracts (or would be qualifying contracts if such contracts had been entered into after the Company's commencement date) under Chapter II of Part IV Finance Act 1994 (interest rate and currency contracts) and which remain outstanding.

12.4 Neither the Company nor the principal company of any group of which the Company is (or has ever been) a member has made any election under section 148 Finance Act 1994 (contracts which may become qualifying contracts).

13. International

13.1 The Company is and always has been resident only in the United Kingdom for taxation purposes. The Company is not liable to taxation in any jurisdiction other than the United Kingdom.

13.2 The Company has not, without the prior consent of the Treasury, entered into any of the transactions specified in section 765 ICTA 1988 (migration etc. of companies).

13.3 The Company is not the branch, agency or UK representative of a person who is not resident in the United Kingdom.

13.4 The Company does not have any interest in:-

13.4.1 any controlled foreign company as defined in Chapter IV of Part XVII ICTA 1988 (tax avoidance);

13.4.2 any offshore fund as defined in Chapter V of Part XVII ICTA 1988; or

13.4.3 any company which is not resident in the United Kingdom which would be a close company if it were resident in the United Kingdom (section 13 Taxation of Chargeable Gains Act 1992 - attribution of gains to members of non-resident companies).

SCHEDULE 6

PROPERTY

For the avoidance of doubt, the Purchaser will not be carrying out any enquiries of any person or searching any register or database whether public or otherwise in relation to the Property.

Part I

Details of the Property

4 Tanners Yard, 7/9 London Road, Bagshot, Surrey, more particularly described in lease dated 1 February 1994 between Claremont Estates Limited (1) Tanners Yard Management Company Limited (2) and Churchill Fry (3) for a term commencing on 2 December 1993 and expiring on 24 December 1998.

Part II

Warranties relating to the Property

The Warrantors hereby warrant:-

1. The Property is free from all encumbrances whatsoever save any financial charge notified to the Purchaser and entered into in the ordinary course of business as they have investigated title to the Property and confirm that the Property has and will have at Completion good and marketable title and the Vendors confirm that they are the legal and beneficial owners of the Property.
2. So far as the Warrantors are aware there are no breaches of any of the terms of the leases or any documents ancillary thereto under which the Property is held save for minor breaches of covenants in relation to the state repair or condition of the Property and there are no disputes anticipated disputes ongoing negotiations

breaches of legislation (statutory or otherwise) whatsoever in relation to the Property.

3. So far as the Warrantors are aware no person whatsoever has acquired any rights whatsoever over or in respect of the Property or that adversely affect the Property or that would adversely affect the enjoyment of the Property by the Purchaser for the use for which the Property is currently used.
4. There are no matters which would restrict the Purchaser from using the Property for the purpose for which it is currently used either now or in the future.
5. No Group Company is actually or contingently liable as surety of or an original contracting party to or assignor or assignee of any lease of property other than the Property.

SCHEDULE 7

Warranties relating to environmental matters

Definitions

For the purposes of this Schedule 7, the following definitions shall apply:-

- "Environmental Consents" means all consents, licences, authorisations, permits, approvals, statutory registrations and statutory notifications required under Environmental Laws to be obtained or provided in connection with the use, occupation or enjoyment of the Property or with the presence of substances or materials on the Property;
- "Environmental Claim" means any claim, notice of violation, prosecution, demand, action, official warning, abatement or prohibition or other order or notice relating to any Environmental Matter;
- "Environmental Laws" means all applicable EU, national, regional or local statutes and other laws concerning the environment and/or health and safety but excludes town & country planning legislation; and judicial and administrative interpretation of each of the foregoing and any decisions of a court or other competent tribunal in each case to the extent in force at the date hereof, but including s.57 of the Environment Act 1995 and s. 161A to D of the Water Resources Act 1991 and all regulations, guidance, circulars and notes issued pursuant thereto as if the current drafts thereof were in force but not including future versions thereof;
- "Environmental Matters" means all matters relating to pollution, contamination or human health or the environment, including but not limited to those relating to nuisance, noise, vibrations, radiation,

health and safety, waste, discharges, emissions, deposits, disposals and releases to land, air and water, and the sale, import, export, manufacture, use, treatment, storage, handling, deposit, transport or disposal of chemicals, wastes, radioactive substances or any other polluting, dangerous, hazardous or toxic substances or forms of energy.

1. No Environmental Claim has been made against the Company nor so far as the Warrantors are aware is any such Claim pending or threatened and, there are no circumstances likely to give rise to an Environmental Claim nor is any investigation being carried out, been carried out or threatened.

2. The Company has obtained all Environmental Consents required for the use, occupation and enjoyment of the Property and required in respect of any substances or materials kept, present, used or disposed of on or from the Property (and any other property owned, used or occupied by the Company at any time previously) and have complied in all material respects with any conditions and requirements thereunder.

3. The Company has not received notice of any non-compliance with any Environmental Laws relating to the use, occupation and enjoyment of the Property and to any substances or materials kept, present, used or disposed of on or from the Property and any other property owned, used or occupied by the Company at any time previously.

4. So far as the Warrantors are aware, there are no reasons or circumstances which are likely to result in the suspension, cancellation, revocation, refusal to renew and/or judicial review of any Environmental Consents and there are no pending or contemplated applications to obtain, renew, vary or surrender any Environmental Consents, nor have any such applications been refused or Environmental Consents been granted subject to unusual or onerous terms.

5. So far as the Warrantors are aware, there has been no spillage, leakage, emission, discharge, storage, usage, escape, disposal or deposit on, into or from the Property (or any other property owned, used or occupied by the Company at any time previously) of

any substance or material which is likely to cause harm to health or to the environment, give rise to a nuisance or give rise to any third party liability or liability for remediation.

6. At the Completion Date, the Company has no actual or contingent obligation to pay money or carry out any work in respect of any Environmental Matter.

SCHEDULE 8

INTELLECTUAL PROPERTY

Licensed Intellectual Property

| | | |
|--------------------------|---------------|-------------|
| Microsoft Office | - Licence No: | 310-111-411 |
| Absolver | - Licence No: | A0104 |
| Sage Accounting Software | | |

SCHEDULE 9

PROFIT STATEMENTS

1. A charge in each of the financial years ending 31 March 1998 and 31 March 1999 will be made, representing the aggregate of salaries of £75,000 to each of Ken Bayes and John Holman per annum and pension contributions of £22,500 each, (plus employer's national insurance contributions calculated using the rates applicable at the time of the relevant payments, or if not paid, at the Completion Date), whether or not such sums have been paid.
2. All profits arising otherwise than from proper trading in the ordinary course of business shall be disregarded in determining the 1998 Profit and the 1999 Profit. In particular, the reversal of an over provision of £4,500 made for costs in connection with litigation relating to Keith Hern shall be disregarded.
3. Ken Bayes and John Holman will be expected to charge all legitimate travel, entertaining and other business expenses to the relevant Group Company. If such charges are not made in full, the 1998 Profit and 1999 Profit will be reduced by the higher of the amount of such expenses for each of the years ending 31 March 1998 and 31 March 1999 and £6,000 respectively.
4. Trading between either Group Company and members of the Purchaser's Group is expected to be on the following terms:-
 - 4.1 if the Purchaser introduces an Interim Manager opportunity to IMIT, the Purchaser will receive 30% of the gross profit margin (the difference between the amount charged to the client and the amount paid to the Interim Manager) and IMIT will receive 70%. After six months IMIT will receive 100% of the margin on that Interim Manager;
 - 4.2 if the Purchaser introduces a permanent placement to Churchill Fry, the Purchaser will receive 20% of the amount charged to the client and IMIT will receive 80%;
 - 4.3 if IMIT introduces permanent business to the Purchaser, IMIT will receive 20% of the amount charged to the client and the Purchaser will receive 80%;

4.4 if IMIT introduces contract business to the Purchaser, IMIT will receive 20% of the first six months gross profit margin and the Purchaser 80%. After six months the Purchaser will receive 100% of the margin;

4.5 in the case of business situations which do not fall within the categories in paragraph 4.1 to 4.4 above, the parties shall agree the terms of such trading.

5. It is recognised that during the Earn-out Period the Purchaser may wish to develop new and further business opportunities for the Group Companies. The cost of such development, which shall be agreed between the parties, shall not reduce the 1988 Profit or the 1999 Profit and such cost shall be set against any profit arising from such development and to the extent such profit exceeds such cost it shall be included in the 1988 Profit and the 1999 Profit, whichever is applicable.

6. If the Purchaser provides any overhead functions or other services to the Group Companies, including, but without limitation, accounting and audit services, then the cost to the Group Companies will be not more than the cost which the Group Companies has incurred for corresponding services in respect of the financial years to the Accounts Date.

7. Provision to be made for all commissions, bonuses and other associate and employee incentives earned during each financial year.

8. It is anticipated that the factoring arrangements of the Group Companies will be terminated with six months notice to be given as soon as reasonably practicable following completion.

9. The Group Companies will pay no dividends.

10. Interest charges between the Purchaser and the Group Companies will be charged at on amounts owed to the Purchaser at 1% over LIBOR and will be credited on cash balances held by the Group Companies at 1% below LIBOR.

SIGNED by
KENNETH BAYES
in the presence of:-

Ken Bayes

Simon Amies
10 Snow Hill
London EC1A 2AZ

SIGNED by
JOHN HOLMAN
in the presence of:-

J. H. Holman

Simon Amies
As above

SIGNED by
for and on behalf of
INTERIM MANAGEMENT IN
INFORMATION TECHNOLOGY
LIMITED (Isle of Man)

*Interim Management in Information
Technology Limited (Isle of Man)
by its Attorney*

Simon Amies

David P. J. [Signature]

SIGNED by
RON NEWMAN
in the presence of:-

Ron Newman by his Attorney

Simon Amies
As above

David P. J. [Signature]

SIGNED by
RICHARD NETTS
in the presence of:-

Richard Netts by his Attorney

Simon Amies
As above

David P. J. [Signature]

SIGNED by
VIRGINIA MAJEWSKI
in the presence of:-

*Virginia Majewski by his
Attorney*

Simon Amies
As above

David P. J. [Signature]

SIGNED by
GED BARNETT
in the presence of:-

Simon Amies
10 Snow Hill
London EC1A 2DE

Ged Barnett by his Attorney
David P. J. Lee

SIGNED by IAN FURNISS
for and on behalf of
HARVEY NASH GROUP PLC

Ian Furniss