

DATED

25 FEBRUARY

2000

3327300

- (1) GLADSTONE PLC
- (2) THE SELLERS

WE HEREBY CERTIFY THIS TO
BE A TRUE AND COMPLETE
COPY OF THE ORIGINAL
Olswang
OLSWANG 9/8/00

AGREEMENT

FOR THE SALE AND PURCHASE OF THE ISSUED
SHARE CAPITAL OF GE MEDIA LIMITED

O

90 Long Acre
London WC2E 9TT

Tel: 0171-208 8888
Fax: 0171-208 8800
email: olsmail@olswang.co.uk

REF: CLC/DEC/7433-1/FINAL (2)



CONTENTS

Clause	Page
1. INTERPRETATION	3
2. SALE AND PURCHASE.....	8
3. CONDITIONS PRECEDENT.....	9
4. CONSIDERATION AND RESTRICTION ON DISPOSAL OF THE CONSIDERATION SHARES.....	11
5. COVENANTS UP TO COMPLETION.....	12
6. RESCISSION.....	14
7. COMPLETION	15
8. GUARANTEES	19
9. LOAN ACCOUNTS	19
10. WARRANTIES AND INDEMNITIES.....	19
11. TAX.....	22
12. DELETED.....	22
13. PROTECTION OF THE BUYER	22
14. ANNOUNCEMENTS AND CONFIDENTIALITY	24
15. COSTS	24
16. PAYMENTS	24
17. WAIVER AND ASSIGNMENT.....	25
18. FURTHER ASSURANCE.....	26
19. TIME OF ESSENCE.....	26
20. NOTICES.....	26
21. JOINT AND SEVERAL LIABILITY.....	28
22. ENTIRE AGREEMENT	28
23. GOVERNING LAW.....	28
SCHEDULE 1	
PART I	
Details of the Company	30
PART II	

Details of the Subsidiaries	31
SCHEDULE 2	
Warranties	33
SCHEDULE 3	
Tax Covenant.....	83
SCHEDULE 4	
Properties	93
SCHEDULE 5	
Deleted.....	94
SCHEDULE 6	
Sellers' Shareholdings and Entitlements.....	95
SCHEDULE 7	
Agreed Forms.....	96

- N/A S
C

THIS AGREEMENT is made on the 25th day of February 2000

BETWEEN:

- (1) **GLADSTONE PLC**, a company incorporated in England and Wales (registered no. 3327360) whose registered office is at Westminster House, High Street, Egham, Surrey TW20 9HE (the "**Buyer**"); and
- (2) **THE PERSONS** whose name and addresses are set out in column (A) of Schedule 6 (Sellers' shareholdings and entitlements) (together the "**Sellers**" and each a "**Seller**").

WHEREAS:

- (A) ge.media Limited (the "**Company**") is a private limited company incorporated in Ireland having an authorised share capital of IR£1,000,000 divided into 510,000 ordinary shares of IR£1 and 490,000 A ordinary shares of IR£1 each of which 980 ordinary shares and 1020 A ordinary shares have been issued fully paid or credited as fully paid. Short particulars of the Company are set out in Part 1 of Schedule 1. The Company is the beneficial owner of the entire issued share capital of the subsidiaries, short particulars of which are set out in Part 2 of Schedule 1 (the "**Subsidiaries**").
- (B) The Buyer has today entered into an agreement for the purchase of all the issued A Shares.
- (C) The Sellers wish to sell and the Buyer wishes to purchase all of the issued ordinary share capital of the Company on the terms and subject to the conditions of this agreement.

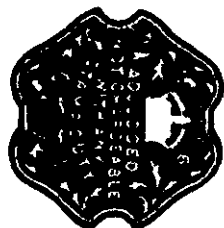
IT IS AGREED as follows:

1 INTERPRETATION

1.1 In this agreement:

"Accounts"

means the audited balance sheet and the audited profit and loss account for each of the three years ended on the Last Accounts Date of each Group Company and in the case of Transatlantic Localization Inc. the unaudited financial statements for the financial year ended on the last Accounts Date (including in the case of the Company) the audited consolidated balance sheets and the audited consolidated profit and loss accounts for those years together, in each case, with the notes and directors' and auditors' reports and all other documents or statements incorporated in or annexed to them;



"Accounts Date"

means 31 December;

"Admission"	means the admission of the entire issued share capital of the Buyer and the New Ordinary Shares to the Official List of the Stock Exchange;
"Agreed Form"	means the form of document agreed between the Buyer and Sellers and initialled (for the purpose of identification only) by their respective solicitors;
"A Shares"	means all of the issued A ordinary shares of IR£1 each in the capital of the Company;
"A Shares Sale and Purchase Agreement"	means the agreement in the Agreed Form between the Buyer, Cormac A Crawford & Associates Limited and Erin Executor & Co. Trustee Limited 1997 pursuant to which the Buyer has agreed to purchase the A Shares.
"Associated Company"	means, in relation to any person, an undertaking in which that person has a participating interest (as defined in the EC (Companies Group Accounts) Regulations 1992 and which is not a subsidiary of that person;
"Business Day"	means a day on which banks are open for business in London, other than Saturday or Sunday;
"Buyer's Accountants"	means Hacker Young, St. Alphage House, 2 Fore Street, London, EC2Y 5DM or any other firm appointed by the Buyer;
"Buyer's Solicitors"	means Olswang, 90 Long Acre, London WC2E 9TT;
"Completion"	means completion of the sale and purchase of the Sale Shares in accordance with this agreement;
"Consideration Shares"	the 8,032,147 ordinary shares of 1p each in the capital of the Buyer and such number of ordinary shares of 1p each in the capital of the Buyer which, when valued at the Placing Price is equal to IR£1,569,374 (both such numbers of shares to be adjusted as a result of the proposed consolidation of ordinary shares in the Buyer to shares of 10p nominal value) to be issued and

	allotted to the Sellers by the Buyer in accordance with Clause 4;
"Continuing Director"	means Kieran McBrien;
"Disclosure Letter"	means the letter of the same date as this agreement from the Sellers to the Buyer referred to in clause 10 and the documents annexed to it;
"Encumbrance"	means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption or other third party right or interest or claim or any other encumbrance or security interest of any kind or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect;
"Group Company"	means the Company and the Subsidiaries;
"Intellectual Property Rights"	means all intellectual property rights, including (without limitation) patents, trade marks, service marks, trade or business names, rights in designs, copyrights (including rights in any computer software) and topography rights (whether or not any of these rights are registered, and including applications for registration of any such rights) and all know-how and confidential information and all rights under licences and consents in relation to any such rights and all rights and forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world;
"Last Accounts Date"	means 31 December, 1999;
"Listing Particulars"	means the listing particulars of the Buyer relating to Admission;
"New Ordinary Shares"	means the ordinary shares in the capital of the Buyer to be issued and allotted in the placing in accordance with the terms of the Placing Agreement;
"Ordinary Shares"	means all of the issued Ordinary Shares of IR£1 each in the capital of the Company;
"Pension Scheme"	means the pension scheme of the Company referred to in Schedule 5;

"Placing Agreement"	means the agreement to be between the Buyer, the directors of the Buyer and Beeson Gregory Limited relating to the placing of the New Ordinary Shares in the capital of the Buyer;
"Placing Price"	means the price per ordinary share of the Buyer at which shares are being placed in accordance with the Placing Agreement;
"Power of Attorney in relation to the Consideration shares"	means the power of attorney in the Agreed Form relating to the Consideration Shares;
"Properties"	means the properties of each Group Company short particulars of which are set out in Schedule 4;
"Relevant Seller"	Kieran McBrien, Whitton Investments Limited or Glaslyn Limited as the case may be;
"Sale Shares"	means all the issued Ordinary Shares;
"Sellers' Accountants"	means Hargaden Moor, Grand Canal House, 1 Upper Grand Canal Street, Dublin;
"Sellers' Solicitors"	means O'Donnell Sweeney, The Earlsfort Centre, Earlsfort Terrace, Dublin 2;
"Settled Warranty Claim"	means a warranty claim against a Relevant Seller which is agreed between the Company and the Relevant Seller or which has been the subject of final judgement against the Relevant Seller which is no longer capable of appeal;
"Service Agreements"	means the service agreements in the Agreed Form to be entered into between the Company and the Continuing Director Oonagh McCutcheon and William Mullan with effect from Completion;
"Stock Exchange"	means the London Stock Exchange Limited;
"TCA 1997"	means the Taxes Consolidation Act 1997;
"Tax Authority"	means the Revenue Commissioners, the Department of Social Community and Family Affairs or any other authority (whether or not in the Ireland, United Kingdom, the United States of America or otherwise) which is responsible for administering or collecting Tax;

"Tax Covenant"	means the tax covenant and other provisions relating to Tax set out in Schedule 3 (Tax Covenant);
"Taxation" or "Tax"	has the meaning ascribed to it in the Tax Covenant;
"Transware Development Undertakings"	means the undertakings relating to their shareholdings in Transware Development Limited from each of Kieran McBrien, William Mullan and Oonagh McCutcheon;
"VAT"	means value added tax;
"VATA 1972"	means the Value Added Tax Act 1972;
"Warranties"	means the warranties, representations and undertakings of the Sellers contained in clause 10 and Schedule 2 and "Warranty" shall be construed accordingly;
"Warranty Claim"	means a claim under the Warranties or the Tax Covenant against the Relevant Seller.

- 1.2 Words importing the singular include the plural and vice versa; words importing any gender include all genders; and references to persons include individuals, partnerships, unincorporated associations of persons, bodies corporate, governments, States or agencies of any States.
- 1.3 **"Holding company"**, and **"subsidiary"** have the respective meanings set out in section 155 Companies Act 1963.
- 1.4 **"Environment"**, **"Environmental Law"**, **"Hazardous Material"** and **"Waste"** have the respective meanings given in paragraph 1 of Part V of Schedule 2 (Warranties);
- 1.5 A person is deemed to be connected with another if that person is connected with another within the meaning of section 10 TCA 1997.
- 1.6 Any reference to any statute or statutory provision includes a reference to any subordinate legislation made under the same and any such legislation as amended, modified or re-enacted (whether before or after the date of this agreement) and any legislation of which it is a re-enactment.
- 1.7 Reference to writing includes any method of reproducing words on paper.
- 1.8 Unless otherwise indicated, references to any clause or Schedule is to the relevant clause of or Schedule to this agreement and references to any paragraph is to the relevant paragraph of the Schedule in which it appears. Headings to clauses and

Schedules are for convenience only and do not affect the interpretation of this agreement.

- 1.9 The Schedules form part of this agreement and shall be interpreted and construed as though they were set out in this agreement and any reference to this agreement shall include the Schedules.
- 1.10 References to any English or Irish legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official, or any legal concept or thing shall in respect of any jurisdiction other than England or Ireland as the case may be deemed to include what most nearly approximates in that jurisdiction to the English or Irish legal term.
- 1.11 The rule known as the "ejusdem generis" rule shall not apply.
- 1.12 Any statement which refers to the awareness or knowledge or belief of the Sellers or any similar or cognate expression shall be deemed to include that of any of the Sellers and to include an additional statement that it has been made after due and careful enquiry of such other persons of whom the Sellers may reasonably be expected to make enquiries given the subject matter of the relevant provision and the awareness or knowledge or belief of the Sellers shall be deemed to include that of each such person.
- 1.13 In Schedules 2 (Warranties) and 3 (Tax Covenant):
 - 1.13.1 references to the "Company" shall in addition to the Company be deemed to include a reference to every Group Company to the intent and effect that the provisions of those Schedules shall apply to and be given in respect of each Group Company as well as the Company; and
 - 1.13.2 references to the Target Group shall mean each of the Group Companies.
- 1.14 Clauses 1.1 to 1.13 above apply unless the context requires otherwise.

2. SALE AND PURCHASE

- 2.1 At Completion each of the Sellers shall sell and the Buyer shall purchase those Sale Shares set out opposite his name in Schedule 6 (Sellers' shareholdings and entitlements) free of all Encumbrances and with all rights attaching to them.
- 2.2 Each of the Sellers covenants with the Buyer that:
 - 2.2.1 he has the right to sell and transfer the full legal and beneficial interest in the Sale Shares set out opposite his name in Schedule 6 to the Buyer in accordance with the terms of this agreement; and
 - 2.2.2 on or after Completion he will, at his own cost and expense, execute and do all such deeds, documents, acts and things as the Buyer may from time to time require in order to vest any of the Sale Shares set opposite his name in

Schedule 6 in the Buyer (or its nominee) or as otherwise may be necessary in order to give full effect to this agreement.

- 2.3 Each Seller waives all rights of pre-emption over any of the Sale Shares set out opposite his name in Schedule 6 conferred on him by the articles of association of the Company or otherwise in respect of the transfer to the Buyer or its nominees of the Shares or any of them.

3. **CONDITIONS PRECEDENT**

- 3.1 Without prejudice to clause 6 (rescission), completion of the sale and purchase of the Sale Shares is conditional on:

- 3.1.1 the approval of the board of directors of the Buyer prior to the execution of this agreement;
- 3.1.2 the passing at an extraordinary general meeting of the Buyer of resolutions inter alia to approve the arrangements in this agreement to disapply the pre-emption rights in the articles of association of the Buyer and authorise the directors of the Buyer to allot the Consideration Shares;
- 3.1.3 Admission (subject only to the allotment of the Consideration Shares);
- 3.1.4 the Placing Agreement being entered into and becoming unconditional and not being rescinded or terminated in accordance with its terms;
- 3.1.5 no government or supra-national, governmental, statutory or regulatory body or trade union or any other person or organisation having:
 - 3.1.5.1 instituted or threatened any action or investigation to prevent or otherwise impede the purchase of the Sale Shares or the A Shares by the Buyer; or
 - 3.1.5.2 threatened any action as a result of or in anticipation of the purchase of the Sale Shares or the A Shares by the Buyer; or
 - 3.1.5.3 proposed or enacted any statute or regulation which would prohibit, materially restrict or materially delay Completion or materially affect the operation of any Group Company after Completion;
- 3.1.6 no order or judgement of any court or any governmental, statutory or regulatory body in the United Kingdom or elsewhere having been issued or made before Completion which has the effect of making the acquisition by the Buyer of the Sale Shares or the A Shares or any of them unlawful or of otherwise prohibiting the Buyer from acquiring the Sale Shares or the A Shares or any of them on Completion;
- 3.1.7 the A Share Sale and Purchase Agreement having become unconditional save for completion of this Agreement; and

- 3.1.8 all filings and all waiting periods (and any extension thereof), if any, required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder applicable to the consummation of the transactions contemplated by this Agreement shall have been made and expired or been terminated, as the case may be.
- 3.2 The Buyer shall use its reasonable endeavours to ensure that the conditions in sub clauses 3.1.1, 3.1.2, 3.1.3 and 3.1.7 of clause 3.1 are satisfied as soon as practicable, and shall notify the Sellers as soon as practicable after it becomes aware that any of those conditions are satisfied or that any such condition has become or is likely to become incapable of satisfaction. The Buyer agrees to use its reasonable endeavours to procure that no later than 5 Business Days after the date of this agreement the Listing Particulars are posted to the shareholders of the Buyer.
- 3.3 The Buyer may by notice to the Sellers waive any or all of the conditions in sub clauses 3.1.5, 3.1.6, 3.1.7 and 3.1.8 of clause 3.1. Any such waiver may relate to the whole or any part of the relevant condition, may comprise an extension of the time allowed for satisfaction of any relevant condition and may be given unconditionally or subject to any conditions imposed in the discretion of the party giving the waiver.
- 3.4 If the conditions in clause 3.1 are not satisfied or (where permitted by clause 3.3) waived on or before 5.30pm on 30 April 2000 all the preceding clauses (other than clause 1 (Interpretation) and clauses 10 (Warranties), 11 (Tax Covenant) and 15 (Costs) of this agreement shall cease to have effect and none of the parties (provided he or it shall have used reasonable endeavours as aforesaid) will have any rights or liabilities under those clauses.
- 3.5 In relation to the condition in clause 3.1.2 the obligation of the Buyer pursuant to clause 3.3 to use its reasonable endeavours to ensure that condition 3.1.2 is satisfied shall itself be satisfied by the Buyer sending a circular to its shareholders containing the recommendation of the directors of the Buyer to vote in favour of the appropriate resolutions. This shall not however in itself constitute the fulfilment of Condition 3.1.2.
- 3.6 In relation to the condition in clauses 3.1.3 and clause 3.1.7 it is agreed that it shall not be a breach of this agreement if the Buyer delays Admission or completion of the A Share Sale and Purchase Agreement for 10 Business Days for the purposes of investigating any right to rescind that may, in the Buyer's opinion, have arisen pursuant to Clauses 6 and 7 of this agreement or pursuant to the terms of the A Share Sale and Purchase Agreement.
- 3.7 Each of the Sellers agrees and undertakes with the Buyer, not to acquire any interest in any shares in the capital of the Buyer prior to Completion.

4. CONSIDERATION AND RESTRICTION ON DISPOSAL OF THE CONSIDERATION SHARES

- 4.1 The consideration for the Sale Shares shall be IR£11,385,626 and the allotment and issue of the Consideration Shares to be satisfied on Completion.
- 4.2 The Sellers shall be entitled to the consideration in the amounts shown in columns (C) and (D) of Schedule 6.
- 4.3 Kieran McBrien undertakes that he will not, without the consent of the Buyer or Beeson Gregory, subject to clause 4.7, dispose of any of the Consideration Shares to any other person whether absolutely conditionally or otherwise for a period of two years after Admission provided that he shall be entitled to dispose of twenty-five per cent of the Consideration Shares allotted to him twelve months after Admission subject to complying with the provisions of Clause 4.6.
- 4.4 Each of Whitton Investments Limited and Glaslyn Limited severally undertake that they will not without the consent of Buyer and Beeson Gregory, for a period of one year after Admission such period to be subject to extension in accordance with clause 4.7 dispose of any of the Consideration Shares allotted to them to any other person whether absolutely, conditionally or otherwise.
- 4.5 For the purposes of Clauses 4.4 and 4.5, the Sellers shall be deemed to dispose of a Consideration Share if it or he ceases in any circumstances whatsoever to be the absolute beneficial owner of such share free from any lien charge, encumbrance or third party right or shall have created or disposed or agreed to create or dispose of any interest in such Consideration Shares **PROVIDED THAT** the restriction imposed by this clause shall not:
- 4.5.1 restrict any Seller from accepting a general or tender offer made to all the holders of the ordinary share capital of the Buyer, which offer;
- 4.5.1.1 is recommended for acceptance by the Board of Directors and financial advisers for the time being of the Buyer and if accepted would vest in the offeror (together with any associates as defined in the Companies Act 1985 and any persons who are in respect of such offer acting in concert with the offeror for the purpose of the City Code on Takeovers and Mergers), ordinary shares in the Buyer carrying the right to cast more than fifty per cent (50%) of the votes which may ordinarily be cast upon a poll taken on a resolution proposed at a general meeting of the Buyer; or
- 4.5.1.2 is not recommended for acceptance by the Board of Directors for the time being of the Buyer but is properly declared unconditional as to acceptances upon receipt by the offeror of acceptances (disregarding all acceptances by or on behalf of the Sellers) in respect of more than ninety per cent (90%) of the issued ordinary

share in the Buyer, which at the date upon which the offer is first announced, are not owned by or held on behalf of any or all of the offeror, such associates and persons acting in concert; or

- 4.5.2 apply on or after the death of any Seller provided that as a condition of such, the transferee accepts the same restrictions for the balance (if any) of the then outstanding period to which the undertaking of the transferor applied and enters into a direct undertaking with the Buyer to that effect.
- 4.6 Any sale of Consideration Shares shall be effected through the Buyers' stockbrokers for the time being in order to maintain an orderly market in the shares in the Buyer.
- 4.7 On Completion the Sellers will enter into the Power of Attorney in relation to the Consideration Shares which will allow the directors of the Buyer to procure the sale of the Consideration Shares in the event of a Settled Warranty Claim against the Relevant Seller prior to the period of two years prior to Admission in the case of Kieran McBrien and one year prior to Admission in the case of Whitton Investments Limited and Glaslyn Limited. In the event that the Buyer has given notice of a Warranty Claim against the Relevant Seller prior to the period specified in clause 4.3 in the case of Kieran McBrien and clause 4.4 in the case of Whitton Investments Limited and Glaslyn Limited the time limits in those clauses shall be extended for a period of two weeks after such Warranty Claim becomes a Settled Warranty Claim.

5. COVENANTS UP TO COMPLETION

- 5.1 The Sellers shall procure that from the signing of this agreement up to Completion no Group Company shall (without the written consent of the Buyer):
 - 5.1.1 depart from the ordinary course of its day-to-day trading or alter the scope of its operations; or
 - 5.1.2 allot, issue redeem or purchase any shares or any security or other right convertible into or exercisable or exchangeable for shares; or
 - 5.1.3 grant, issue or redeem any mortgage, charge, debenture or other security or give any guarantee or indemnity; or
 - 5.1.4 make any material change in the terms and conditions of employment of any of its directors or employees; or
 - 5.1.5 employ or engage any person as an employee or consultant (with remuneration in excess of IR£40,000 per annum) or terminate (except for good cause) the employment of any person then earning over IR£40,000 per annum; or
 - 5.1.6 make payments of any discretionary bonuses, discretionary commissions or discretionary profit related or other incentive payments to any directors or employees, or increase the annual remuneration or pension entitlement of any

such director or employee or make any other material change in the terms and conditions of appointment of any such director or employee; or

- 5.1.7 make or announce any change to any pension scheme or retirement/disability benefit (as defined in Part VIII of Schedule 2) applicable to any of its current or former directors or employees or former directors or former employees (or any dependants of any such person) or to the Pension Scheme or grant or create any additional such benefits or take or allow to be taken any action in relation to the Pension Scheme other than in the ordinary course of administering the Pension Scheme or omit to take any action necessary or prudent for the proper operation of the Scheme; or
 - 5.1.8 permit any of its insurance policies to lapse or do anything which would reduce the amount or scope of cover or make any of its insurance policies void or voidable; or
 - 5.1.9 enter into any contract or commitment or purchase any assets involving expenditure by the Company of more than IR£10,000 except in the ordinary course of trading or as is set out in the budget of the Company appended to the Disclosure Letter ("Budget"); or
 - 5.1.10 change the material terms of or terminate any contract or other arrangement to which it is a party at the date of this agreement except in the ordinary course of trading; or
 - 5.1.11 enter into any arrangement with any Seller or any person connected with any Seller; or
 - 5.1.12 pass any resolution of the shareholders; or
 - 5.1.13 declare, make or pay any dividend or other distribution; or
 - 5.1.14 incur any capital expenditure in excess of IR£10,000 other than as is set out in the Budget; or
 - 5.1.15 incur or assume any indebtedness (except borrowings from its banker not exceeding IR£10,000) or make any loan or make any payments out of the drawings on its bank account(s) (except routine payments); or
 - 5.1.16 sell or otherwise dispose of any interest in, or grant any third party rights (including any lease or option or right of pre-emption) in respect of, any part of its assets (including the Properties) except in the ordinary course of trading; or
 - 5.1.17 agree, conditionally or otherwise, to do any of the foregoing.
- 5.2 Each of the Sellers hereby covenants with and undertakes to the Buyer that before Completion:

- 5.2.1 he or it shall not dispose of any interest in any or all of the Sale Shares set out opposite his name in Schedule 6 or grant any option or right of pre-emption over, or mortgage, charge or otherwise encumber any or all of such Sale Shares;
 - 5.2.2 he or it shall use all reasonable endeavours to procure that holders of A Shares do not do anything to prevent completion of the A Share Sale and Purchase Agreement from taking place; or
 - 5.2.3 he or it shall not do or omit to do or cause or allow to be done or omitted to be done any act or thing which would or might result in a breach of any of the Warranties if the Warranties were repeated at Completion.
- 5.3 Until Completion the Sellers shall procure that the Buyer, its agents and representatives are given full access during normal business hours to the books, records, directors, employees and Properties of each Group Company are introduced to the suppliers and customers of the Group Companies and are permitted to make copies of any documents and records of any Group Company and the Sellers shall provide such information regarding the businesses and affairs of each Group Company as the Buyer may require.
- 5.4 Each Seller shall immediately notify the Buyer in writing of any matter or thing which arises which becomes known to him or it before Completion and which would or might (either immediately or after the lapse of time) constitute a breach of any of the Warranties he or it has given under this agreement or the undertakings or other provisions in this agreement or which may otherwise entitle the Buyer to elect not to complete the purchase of the Sale Shares. The Sellers shall make such investigations and shall give the Buyer such information concerning each matter notified as the Buyer may from time to time reasonably require.

6. **RESCISSION**

6.1 If before Completion:

- 6.1.1 the Buyer becomes aware of any material breach of the Warranties; or
- 6.1.2 any Seller is in material breach of any of his obligations under this agreement and, where that breach is capable of remedy, it is not remedied to the Buyer's satisfaction; or
- 6.1.3 anything occurs which, had it occurred on or before the signing of this agreement, would constitute a material breach of the Warranties; or
- 6.1.4 anything occurs (except as a result of an act or omission of the Buyer) which has, or is likely to have, a material adverse effect on the business of any Group Company including but not limited to any of the following:

- 6.1.4.1 any principal customers/suppliers terminating or giving notice to terminate or seeking to re-negotiate any agreement or other arrangements with any Group Company;
- 6.1.4.2 any strike or other industrial dispute arising or being threatened;
- 6.1.4.3 any material litigation or arbitration proceedings being instituted or threatened by or against any Group Company;
- 6.1.4.4 any of the Continuing Directors or key employees dying, becoming permanently incapacitated or terminating or giving notice to terminate his employment; and
- 6.1.4.5 any proposal for the compulsory acquisition of any Property or any other proposal or scheme which would, or is likely to, have a material adverse affect on any Property;

the Buyer may elect not to complete the purchase of the Sale Shares by giving notice in writing to the Sellers' Solicitors without prejudice and in addition to any other rights or remedies available to the Buyer.

- 6.2 If the Buyer elects not to complete the purchase of the Sale Shares in accordance with clause 6.1 or otherwise rescinds this agreement, the provisions of clause 3.4 above shall apply mutatis mutandis.

7 COMPLETION

- 7.1 Unless this agreement has been rescinded or has terminated in accordance with its terms Pre-completion shall take place at the offices of the Buyer's Solicitors on the Business Day following the day on which this agreement shall have become unconditional save in respect of the conditions set out in clauses 3.1.3 and 3.1.4, or on such date as may be agreed between the Buyer and the Sellers, but in any event not later than 30 April 2000
- 7.2 At Pre-completion the Sellers shall deliver to the Buyer
 - 7.2.1 duly executed transfers of the Sale Shares in favour of the Buyer or as the Buyer may direct (together with any power of attorney or other authority under which the transfers have been executed);
 - 7.2.2 the share certificates representing the Sale Shares (or an indemnity acceptable to the Buyer in respect of any certificates found to be missing);
 - 7.2.3 share certificates for all of the issued shares in each Subsidiary (or an indemnity acceptable to the Buyer in respect of any certificates found to be missing) and duly executed transfers of any such shares held by any person other than the Company or another Group Company in favour of the Buyer or as the Buyer may direct;

- 7.2.4 the Service Agreement duly executed by the Continuing Director together with a letter from such Continuing Director and an acknowledgement duly executed as a deed by him in the Agreed Form;
- 7.2.5 the service agreements for each of Oonagh McCutcheon and William Mullan in the Agreed Form;
- 7.2.6 the resignation of each of the directors other than the Continuing Director and the secretary from their respective offices in each Group Company and an acknowledgement of no outstanding claims duly executed as a deed by each of them in the Agreed Form;
- 7.2.7 a certified copy of a letter of resignation from the auditors of each Group Company in each case acknowledging that they have no claim against the relevant Group Company and containing a statement under section 185 of the Companies Act 1990 that there are no circumstances connected with the resignation to which it relates that the auditor considers should be brought to the attention of the members or creditors of the relevant Group Company, together with a letter from the Sellers confirming that such letters of resignation have been deposited at the registered offices of the relevant Group Company;
- 7.2.8 any waivers or consents necessary to enable the Buyer or its nominees to be registered as holders of the Sale Shares or any shares in any Subsidiary held by any person other than the Company or any Group Company;
- 7.2.9 a certificate(s) from the bankers of each Group Company certifying the current and deposit account balances of each Group Company at the close of business on the last Business Day preceding Completion and a statement from each Group Company of all transactions on every bank account since the date of the certificates;
- 7.2.10 evidence (in a form satisfactory to the Buyer) of the release of and certificates of non-crystallisation in respect of the charges, debentures, bank guarantees and other security interests referred to in the Disclosure Letter;
- 7.2.11 a certified copy of the minutes of a meeting of the directors of Whitton Investments Limited and Glaslyn Limited authorising the execution of this agreement, the Tax Covenant and any other ancillary documents in the Agreed Form;
- 7.2.12 a duly executed copy of the A Shares Sale and Purchase Agreement together with confirmation that it has become unconditional in all respects save in respect of any condition relating to completion of this agreement and payment of the consideration;
- 7.2.13 the seal (if any) and statutory books, certificate of incorporation (and any certificate of incorporation on change of name) and books of accounts, records and other documents of each Group Company required to be kept by

that company under the Companies Acts 1963-1999 complete and up-to-date up to but not including Completion;

- 7.2.14 the title deeds and a certificate of title by the Sellers' Solicitors in the Agreed Form(s) in respect of each Property;
 - 7.2.15 a duly executed power of attorney in the Agreed Form;
 - 7.2.16 an undertaking from the Sellers' Solicitors in the Agreed Form;
 - 7.2.17 duly executed Power of Attorney in relation to the Consideration Shares;
 - 7.2.18 duly executed Transware Development Undertaking;
 - 7.2.19 the certified charter and long form good standing certificate of Transware Localization Inc. in its state of incorporation and certified certificates to do business or certificates of qualification in a foreign jurisdiction, as applicable, in any US jurisdiction where the Company and each Subsidiary does business.
- 7.3 Immediately following completion of the matters set out in clause 7.2, the Buyer on Pre-completion shall deliver to the Sellers:
- 7.3.1 certified copy board minutes of the Buyer resolving to allot (subject to Admission) the Consideration Shares and to deliver the share certificates therefor in accordance with this agreement;
 - 7.3.2 certified extracts from the board minutes of the Buyer authorising execution and delivery of this agreement and all other documents referred to in it for signature by the Buyer; and
 - 7.3.3 an undertaking from the Buyer's solicitors in the Agreed Form.
- 7.4 Once Pre-completion has taken place in accordance with the terms set out in clauses 7.2 and 7.3 and subject to the Placing Agreement not being terminated or lapsing in accordance with its terms Completion will only be conditional on Admission becoming effective at or at any time before 9am on 30 April 2000.
- 7.5 All documents delivered under clauses 7.2 and 7.3 other than the undertakings referred to at clause 7.2.15 and clause 7.3.3 shall be delivered undated and shall belong to and be held to the order of the party delivering or paying the same until Completion shall take place.
- 7.6 For value before 5pm on the dealing day next following the date on which Admission becomes effective, the Buyer shall pay or procure the payment of IR£11,385,626 to the Sellers' Solicitors (whose receipt shall be good discharge for the cash element of the consideration) by telegraphic transfer. The Buyer warrants to the Sellers that under the terms of the Placing Agreement Beeson Gregory have agreed to take up at the Placing Price any Placing Shares which are not taken up under the Open Offer (as

defined in the Placing Agreement) and for which subscribers have not been procured pursuant to the Placing.

- 7.7 On or before the fifth business day following the date of Admission, the Buyer shall procure the delivery of definitive share certificates in respect of the Consideration Shares to the Sellers' Solicitor.
- 7.8 The Sellers shall at Completion procure that a board meeting of each Group Company be held at which:
 - 7.8.1 the persons nominated by the Buyer shall be appointed as additional directors and secretary (as the case may be) of the relevant Group Company with immediate effect;
 - 7.8.2 the resignations referred to in clauses 7.2.5 and 7.2.6 shall be accepted with immediate effect;
 - 7.8.3 the accounting reference date of the relevant Group Company shall be changed to 30 June;
 - 7.8.4 the transfers referred to in clauses 7.2.1 and 7.2.3 and the transfer of A Shares in accordance with the A Shares Sale and Purchase Agreement shall (subject only to their being duly stamped) be approved for registration;
 - 7.8.5 in the case of the Company only, the Service Agreements shall be approved and executed by the Company;
 - 7.8.6 the existing bank mandate of each relevant Group Company shall be cancelled and a new bank mandate appointing the Buyer's chosen signatories submitted to the bank; and
 - 7.8.7 an extraordinary general meeting of each relevant Group Company is held at which new articles of association or other constitutional documents are adopted in such form as the Buyer requires.
- 7.9 The Buyer may in its absolute discretion waive any requirement contained in clauses 7.2 or 7.8 and the Sellers may in their absolute discretion waive any requirement contained in clause 7.3 but the Buyer shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed in accordance with this agreement.
- 7.10 If any of the requirements contained in clauses 7.2 or 7.8 are not satisfied (or waived by the Buyer) the Buyer may (without prejudice to its other rights and remedies):
 - 7.10.1 defer Pre-completion to a date not more than 30 days from the date of this agreement (in which case the provisions of this clause shall apply to the Pre-completion as so deferred); or

7.10.2 complete so far as practicable (without limiting its rights under this agreement); or

7.10.3 terminate this agreement for breach of condition (without prejudice to any rights it may already have against the Sellers).

8. GUARANTEES

8.1 The Sellers will procure that on Completion all monies owing by any of the Sellers or any person connected with any of the Sellers to any Group Company are paid in full, whether or not due for payment.

8.2 The Buyer shall use all reasonable endeavours to procure that as from Completion the Sellers are released from all guarantees, security interests and indemnities given by any of them in relation to the obligations of any Group Company and of which full details are contained in the Disclosure Letter, and pending this release the Buyer shall indemnify the relevant Sellers against all liabilities under those guarantees, security interests and indemnities in relation to such obligations.

9. LOAN ACCOUNTS

9.1 The Sellers will procure that on Completion all monies owing by any of the Sellers or any person connected with any of the Sellers to any Group Company are paid in full, whether or not due for payment.

9.2 The Buyer shall procure that on Completion all monies owing by any Group Company to any of the Sellers full details of which are contained in the Disclosure Letter, are paid in full, whether or not due for payment.

10. WARRANTIES AND INDEMNITIES

10.1 Kieran McBrien warrants and represents to the Buyer that:

10.1.1 except as fully and fairly set out in the Disclosure Letter, and expressly referenced to the Warranty concerned, each of the Warranties in Schedule 2 is true and accurate in all respects and not misleading at the date of this agreement;

10.1.2 the contents of the Disclosure Letter are true and accurate and nothing has been omitted from the Disclosure Letter which renders the information contained in it incomplete or misleading;

10.1.3 all information relating to the Company and any Group Company and its or their financial position and affairs which would be relevant to a purchaser for value of the Sale Shares is contained in the Disclosure Letter.

10.2 Whitton Investments Limited and Glaslyn Limited severally warrant and represent to the Buyer that:

- 10.2.1 except as fully and fairly set out in the Disclosure Letter and expressly referenced to the Warranty concerned each of the following Warranties is true and accurate in all respects and not misleading at the date of this Agreement:
- 10.2.1.1 Part I - Warranties 1, 2, 9, 10.2, 10.3, 13 and 14;
 - 10.2.1.2 Part II - Warranties 1, 2, 8, 9, 11 and 16;
 - 10.2.1.3 Part IV - Warranty 6;
 - 10.2.1.4 Part IX - Warranty 1; and
 - 10.2.1.5 Part X - Warranty 2.
- 10.3 The Sellers acknowledge that the Buyer is entering into this agreement in reliance on the Warranties and other representations, undertakings and indemnities contained in this agreement.
- 10.4 The rights and remedies of the Buyer in respect of any breach of the Warranties shall not be affected by any constructive or imputed knowledge of the Buyer or any of its agents.
- 10.5 Each of the Sellers waives any rights he or it may have against (and undertakes not to make any claims against) any Group Company or any of its directors, employees or advisers on whom the Sellers have or may have relied in giving the Warranties (or other representations) or in preparing the Disclosure Letter or otherwise before agreeing to any terms of this agreement.
- 10.6 Each of the Warranties in Schedule 2 is separate and independent and shall not be limited by reference to or inference from any other Warranty or other terms of this agreement.
- 10.7 Without prejudice to any other remedy available to the Buyer and without limiting the right of the Buyer to claim damages on any other basis, the Sellers severally undertake with the Buyer that, if any of the Warranties are not true or are inaccurate or misleading they will, at the direction of the Buyer, pay to the Buyer or the relevant Group Company (or, in relation to a liability to another person which is still outstanding, to that person) an amount equal to the liability and/or the diminution or shortfall in the value of any of the assets of that company which has given rise to the claim or which would not have existed had the relevant circumstances been as warranted, such amount to be calculated on a going concern basis.
- 10.8 The Sellers severally undertake to indemnify the Buyer against all costs, expenses and other liabilities which the Buyer may reasonably incur either before or after the commencement of any action in connection with:
- 10.8.1 the settlement of any claim that any of the Warranties are untrue or misleading or have been breached;

- 10.8.2 any legal proceedings arising out of or in connection with any claim that any of the Warranties have been breached and in which judgement is given for the Buyer; or
- 10.8.3 the enforcement of any settlement or judgement.
- 10.9 Subject to clause 10.10, in the absence of fraud, dishonesty or wilful concealment on the part of any of the Sellers or their agents or advisers the liability of the Sellers in respect of the Warranties and the Tax Covenant:
 - 10.9.1 shall not arise (i) unless the amount of any claim under the Warranties or the Tax Covenant exceeds IR£2,500 ("Qualifying Claim"); and (ii) unless the aggregate amount of all Qualifying Claims exceeds IR£50,000 in which case the whole of such amount shall be recoverable and not just the excess;
 - 10.9.2 shall terminate:
 - 10.9.2.1 on the seventh anniversary of Completion in respect of those matters set out in Part 4 (Taxation) of Schedule 2 or in the Tax Covenant and any other matters so far as they relate to Taxation; and
 - 10.9.2.2 30 days following the adoption by the board of directors of the accounts of the Buyer together with the Auditors' and Directors reports thereon for the financial period ending on 30 June 2001 (in any event not being later than 30 November 2001) in respect of all other matters,

except in respect of any claim of which the Buyer has given the Sellers notice in writing before that date.
 - 10.9.3 shall in the case of Whitton Investments Limited and Glaslyn Limited be limited to the value of the Consideration Shares issued to them on Completion from time to time and the Buyers remedy shall be limited to the right to sell the Consideration Shares and appropriate proceeds in accordance with the Power of Attorney relating to the Consideration Shares executed by them.
- 10.10 Notwithstanding any other provisions of this agreement the limitations set out in clause 10.9 shall not apply to the Warranties referred to in paragraphs 1 and 2.1, 2.2, 2.3, 2.5 and 2.6 of Part I of Schedule 2.
- 10.11 Any amount paid by or on behalf of the Sellers in respect of a breach of the Warranties or pursuant to the Tax Covenant shall be deemed to reduce the Consideration by that amount and to be a repayment of that amount from the Consideration.
- 10.12 In the event that:

10.12.1 any deduction or withholding is required by law to be made from any sum payable by the Sellers to the Buyer pursuant to this agreement, the Sellers shall be obliged to pay such increased sum as will, after the deduction or withholding has been made, leave the Buyer with same amount as it would have been entitled to receive in the absence of such requirement to make a deduction or withholding; and

10.12.2 any sum paid to the Buyer pursuant to this agreement is or will be chargeable to Tax, the Sellers shall be obliged to pay such further sum as will, after payment of the Tax, leave a sum equal to the amount that would otherwise have been payable if Tax had not been so chargeable.

11. TAX

The Sellers covenant to the Buyer in relation to Tax in the terms set out in Schedule 3.

12. DELETED

13. PROTECTION OF THE BUYER

13.1 Mr McBrien covenants with the Buyer that he shall not for a period of three years after Completion carry on or be concerned or interested in any business operating within the United Kingdom and/or Ireland and/or any part of the United States of America where the Company operates from or has a place of business, which competes directly or indirectly with any business carried on by the Company and/or any Group Company at Completion.

13.2 Each Seller severally covenants with the Buyer that he or it shall not:

13.2.1 for a period of two years from Completion solicit any orders for goods or services of a similar type to those provided or offered by the Company and/or any Group Company at Completion from any person who is at Completion or has at any time during the two years preceding the date of this agreement been a customer of the Company and/or any Group Company; or

13.2.2 for a period of two years from Completion induce, or attempt to induce, any supplier of the Company and/or any Group Company to cease to supply or to restrict or vary the terms of supply to the that company; or

13.2.3 for a period of two years from Completion induce, or attempt to induce, any person who is, at the date of this agreement, a senior or key employee of the Company and/or any Group Company to leave the employment of that company; or

13.2.4 at any time after Completion use or (except as required by law or any regulatory authority) disclose to any person and shall use its best endeavours to prevent the publication or disclosure of any information of a secret or confidential nature concerning the business or affairs of the Company and/or any Group Company or any of its or their customers or suppliers; or

13.2.5 use or (so far as it lies within its power) allow to be used (except by the Company and/or any Group Company) any trade or business name or distinctive mark, style or logo used by the Company and/or any Group Company at Completion or any other name or mark likely to be confused with that name or mark.

13.3 For the purposes of this clause 13:

13.3.1 a Seller is concerned in a business if he carries it on as principal or agent or if:

13.3.1.1 he has any financial interest (direct or indirect) in any person who is carrying on the business; or

13.3.1.2 he is a partner, director, employee, consultant or other agent in, of or to any person carrying on the business or any person having any financial interest (direct or indirect) in any person carrying on the business

disregarding any financial interest of a person in securities which are listed on the Stock Exchange or dealt in the Alternative Investment Market or listed or dealt in on any generally recognised market if that person, the Sellers and any person connected with him or them (the "**Investors**") are together interested in securities which amount to less than 5% of the issued securities of that class and which in all circumstances carry less than 5% of the voting rights (if any) attaching to the issued securities of that class and provided that none of the Investors is involved in the management of the business of the issuer of the securities or of any person connected with it except by virtue of the exercise of any voting rights attaching to the securities; and

13.3.2 references to the Company and/or any Group Company include its successors in business.

13.4 Any Group Company may rely on and enforce the terms of clause 13.1 against the Sellers subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

13.5 The Sellers acknowledge that the duration and extent and application of the provisions of this clause are no greater than are reasonable and necessary for the protection of the interests of the Buyer and each Group Company.

13.6 Each of the obligations assumed by the Sellers under clause 13.1 is separate and to be construed independently of the others, and is assumed without prejudice to any other obligations of the Sellers at law or in equity.

13.7 If any provision of this clause shall be judged by any court of competent jurisdiction to be void or unenforceable but would be valid if part of that provision were deleted and/or its duration or scope were reduced then that provision shall apply within the jurisdiction of that court with such modifications as may be necessary to make it valid.

14. ANNOUNCEMENTS AND CONFIDENTIALITY

- 14.1 No party shall make (and the parties shall each procure that no person connected with them shall make) an announcement of any kind about this agreement or the transactions contemplated in it or any ancillary matter before, on or after Completion.
- 14.2 Each party shall treat as strictly confidential all information which it receives or obtains as a result of the negotiations leading up to this agreement, or entering into and performing this agreement, and which relates to the provisions of this agreement or the business or affairs of any other party.
- 14.3 The restrictions in this clause shall not apply to any announcement or disclosure:
- 14.3.1 as agreed in writing between the Buyer and Sellers (such agreement not to be unreasonably withheld or delayed); or
- 14.3.2 as required by the law of any relevant jurisdiction or by any competent regulatory or governmental body in any relevant jurisdiction including, (without limitation) the London Stock Exchange or the Panel on Takeovers and Mergers (provided that, in this case, the party required to make such announcement or disclosure shall take all such steps as may be reasonable and practicable in the circumstances to first consult with the other party).

15. COSTS

- 15.1 Subject to clause 15.2 each party shall bear their own costs and expenses in connection with the negotiations leading up to the sale of the Shares and the preparation, execution and performance of this agreement and the documents referred to in it.
- 15.2 If the Buyer terminates or rescinds this agreement under any of its provisions or under the general law then, in addition to any right or remedy which the Buyer may have against the Sellers for breach of this agreement or of the Warranties, the Sellers shall indemnify the Buyer for all costs and charges and expenses incurred by it in connection with the matters referred to in clause 15.1.

16. PAYMENTS

- 16.1 Unless otherwise expressly stated all payments to be made under this agreement shall be made in Irish Punts to the party to be paid as follows:
- 16.1.1 to the Sellers in immediately available funds to the account of the Sellers' Solicitors at:
- Bank: Bank of Ireland
91 Pembroke Road
Ballsbridge, Dublin 4
- Sort code: 90-09-73
- Account number: 66601319

or at such other account as the Sellers may specify; and

16.1.2 to the Buyer in immediately available funds to the account of the Buyer's Solicitors at:

Bank: National Westminster Bank plc

Sort code: 60-40-02

Account number: 24798649

or at such other account as the Buyer may specify.

16.2 Payment by telegraphic transfer in accordance with clause 16.1 will discharge the obligations of the relevant party to pay such sum, and that party shall not be concerned to see the application of the monies transferred.

17. WAIVER AND ASSIGNMENT

17.1 No failure to exercise and no delay in exercising by the Buyer any right or remedy in respect of or arising out of this agreement shall operate as a waiver of that right or remedy nor shall any single or partial exercise of any right or remedy prevent any other exercise of that right or remedy or the exercise of any other right or remedy. The Buyer's rights and remedies contained in this agreement are in addition to, and not exclusive of, any other rights or remedies available at law.

17.2 If any Sale Shares or any shares in any Subsidiary are sold or transferred after Completion the benefit of each of the Warranties and undertakings given by the Sellers in connection with the sale of the Sale Shares may be assigned by the Buyer to the buyer or transferee of the Sale Shares or the shares in the Subsidiary and, accordingly, that buyer or transferee shall be entitled to enforce each of the Warranties against the Sellers as if named in this agreement as the Buyer.

17.3 Without limiting clause 17.2, any buyer or transferee of the Sale Shares may rely on or enforce the Warranties and undertakings given by the Sellers in connection with the sale of the Sale Shares against the Sellers, subject to and in accordance with clause 10 and the provisions of the Contracts (Rights of Third Parties) Act 1999.

17.4 Except as provided in clauses 13.4, 17.2 and 17.3:

17.4.1 none of the rights and obligations under this agreement shall be assigned or transferred without the prior written consent of all the parties; and

17.4.2 a person who is not a party to this agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to rely upon or enforce any term of this agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

17.5 This agreement shall be binding on and enure for the benefit of the successors in title and any assigns of each of the parties.

18. FURTHER ASSURANCE

- 18.1 Each of the obligations, Warranties and undertakings contained in this agreement and the Tax Covenant which is not fully performed at Completion shall continue in full force and effect notwithstanding Completion.
- 18.2 In relation to each Group Company the Sellers shall procure the convening of all meetings and the giving of all waivers and consents and the passing of all resolutions as are necessary under the Companies Acts 1963-1999 any relevant US Federal or state laws or regulations or its articles of association or other constitutional documents or any agreement or obligations affecting it to give effect to this agreement.
- 18.3 For so long after Completion as he remains the registered holder of any of the Sale Shares and any shares in any Subsidiary not held by a Group Company each Seller will hold them and any distributions, property and any rights deriving from them in trust for the Buyer and will deal with the Sale Shares and any such distributions, property and any rights as the Buyer shall direct; in particular, each Seller shall exercise all voting rights as the Buyer directs or shall execute an instrument of proxy in any from reasonably requested by the Buyer to enable the Buyer or its nominee to attend and vote at any meeting of any Group Company.
- 18.4 The parties shall from time to time, on being required to do so by any other party to this agreement, do or procure the doing of all such acts and/or execute or procure the execution of all such documents in a form satisfactory to that other party as that other party may reasonably consider necessary for giving full effect to this agreement and securing to it the full benefit of the rights, powers and remedies conferred upon it in this agreement.

19. TIME OF ESSENCE

Time is of the essence in relation to this agreement both as regards the times, dates and periods mentioned in it and as to any times, dates and periods which may be substituted by agreement in writing between the parties.

20. NOTICES

- 20.1 Any notice or other communication given in connection with this agreement shall be in writing and may be delivered by hand, or sent by facsimile, or by first-class recorded delivery post within the United Kingdom or by registered post outside the United Kingdom, to the address of the relevant party set out below or to any other address or facsimile number as any party may notify in writing for the purposes of this clause.

20.2 The addresses for the purposes of this clause are as follows:

To the Buyer:

Gladstone Plc
Westminster House
High Street
Egham TW20 9HE
Fax: 01784 480519

For the attention of Oliver Cooke with a copy to Tina Cowen at Olswang, fax number 0171 208 8800;

To the Sellers:

To Kieran McBrien:

95 Eagle Valley
Powerscourt
Demesne
Enniskerry
Co Wicklow, Ireland
Fax: 00353 1260 1998

For the attention of Kieran McBrien [others] with a copy to Tony McGovern at O'Donnell Sweeney, fax number 00 353 166 44 300;

To Glaslyn Limited and Whitton Investments Limited:

The Field House
Crankbourne Village
Tromode
Isle of Man IM4 4QM

Fax: 00 44 1624 673827

For the attention of Tom Dootson with a copy to Tony McGovern as aforesaid

20.3 Any notice or other communication pursuant to this clause shall be deemed to have been duly given:

20.3.1 if delivered by hand, at the time of delivery;

20.3.2 if sent by facsimile, two hours after transmission if sent before 15.30 hours (London time) on a Business Day and otherwise at 10.00 hours (London time) on the next Business Day;

- 20.3.3 if sent by post, two Business Days after posting if posted to an address within Ireland or the UK and seven Business Days after posting if posted to an address outside Ireland or the UK.
- 20.4 Any notification of a change of address or facsimile number for the purpose of this clause shall only be effective on:
 - 20.4.1 the date specified in the notification as the date on which the change is to take place; or,
 - 20.4.2 if no date is specified, or the date specified is less than five clear Business Days after the date on which notice is given, the date falling five clear Business Days after notice of any such change has been given.

21. JOINT AND SEVERAL LIABILITY

- 21.1 Unless otherwise expressly provided, where any representation, warranty, undertaking, or obligation is made, given or entered into in this agreement by two or more of the Sellers they shall be jointly and severally liable in respect of it.
- 21.2 The Buyer may take action against any one or more of the Sellers and/or may release or compromise in whole or in part the liability of any one or more of such persons under this agreement or grant any time or other indulgence without affecting the liability of any of the other such persons.

22. ENTIRE AGREEMENT

- 22.1 This agreement and the documents referred to in it constitute the entire agreement between the parties relating to the transactions contemplated by those documents and supersede all other agreements or arrangements between the parties or any of them relating to those transactions.
- 22.2 Each party acknowledges that in entering into this agreement he or it has not relied on any undertaking, representation, warranty, collateral contract or other assurance except as set out in this agreement and the documents referred to in it made by or on behalf of any other party before the signature of this agreement. None of the parties shall have any rights or remedies in respect of any such undertaking, representation, warranty, collateral contract or other assurance, except in the case of fraud.
- 22.3 This agreement may be executed in any number of counterparts but shall not be effective until each party has executed at least one counterpart. All of the counterparts taken together, will constitute one agreement.

23. GOVERNING LAW

- 23.1 This agreement and the transactions contemplated by it shall be governed by and construed in accordance with English Law save for the transfer of the Sale Shares which shall be construed in accordance with Irish Law and each party submits to the

non-exclusive jurisdiction of the English courts for the purposes of determining any dispute arising out of the agreement or the transactions contemplated by it.

23.2 The Sellers irrevocably appoint the Sellers' Solicitor as their agent for service of process.

IN WITNESS WHEREOF this document has been executed as a deed on the date above

SCHEDULE 1

PART I

Details of the Company

Date and place of incorporation: 9 December 1996 in Ireland

Registered number: 258044

Registered office: 2b Clonskeagh Square, Dublin 14

Share capital:

Authorised: IR £1,000,000

Issued: IR £2,000

Loan capital: None

Directors: Kieran McBrien
William Mullan

Secretary: William Mullan

Shareholders:

Kieran McBrien	98 Ordinary Shares
Whitton Investments Limited	441 Ordinary Shares
Glaslyn Limited	441 Ordinary Shares
Erin Executor & Trustee Company Limited	1,020 A Shares

Auditors: Hargaden Moor

Accounting reference date: 31 December

Tax residence: Ireland

PART II

Details of the Subsidiaries

- 1. Name of Subsidiary:** Transware Development Limited

Date and place of incorporation: 16 December 1998 in Ireland

Registered number: 298603

Registered office: 2b Clonskeagh Square, Dublin 14

Share capital:

Authorised:	IR£1,000,000
Issued:	£40

Loan capital: None

Directors: Kieran McBrien
William Mullan

Secretary: William Mullan

Shareholders:

Transware Limited	36 A Ordinary Shares
William Mullan	1 B Ordinary Share
Oonagh McCutcheon	1 B Ordinary Share
Roisin Markham	1 B Ordinary Share
Kieran McBrien	1 B Ordinary Share

Auditors: Hargaden Moor

Accounting reference date: 31 December

Tax residence: Ireland
- 2. Name of Subsidiary:** Transatlantic Localization Inc.

Date and place of incorporation: 12 November 1998 in California, USA

Registered number: 2073476

Registered office: 51 East Campbell Avenue, Campbell, CA, USA 95008

Share capital:

Authorised: Common stock 1,000,000

Issued: 1,000 Common Stock

Loan capital: \$1

Directors: Kieran McBrien

William Mullan

Secretary: Bartholomew Murphy

Shareholders: Transware Limited

Auditors: None

Accounting reference date: 31 December

Tax residence: USA

SCHEDULE 2

Warranties CONTENTS

Paragraph	Page
PART 1	
GENERAL	34
PART II	
ACCOUNTS AND FINANCIAL	38
PART III	
TAXATION	45
PART IV	
TRADING AND CONTRACTS	53
PART V	
ENVIRONMENTAL MATTERS	59
PART VI	
PROPERTIES	61
PART VII	
EMPLOYMENT	67
PART VIII	
PENSIONS	71
PART IX	
ASSETS	74
PART X	
INTELLECTUAL PROPERTY RIGHTS AND INFORMATION TECHNOLOGY	77

PART 1

GENERAL

1. ACCURACY OF RECITALS AND SCHEDULES

The information relating to the Company, the Subsidiaries and the Properties set out in the recitals and Schedules to this agreement is accurate and complete in all respects.

2. SHARES AND OTHER SECURITIES OF THE COMPANY

- 2.1 Without limiting paragraph 1, the issued share capital of the Company shown in Schedule 1 constitutes the whole of the issued and allotted share capital of the Company and all such shares are fully paid or credited as fully paid.
- 2.2 The shareholders of the Company listed in Schedule 1 are the legal and beneficial owners of the shares set out against their names.
- 2.3 No person has the right or has claimed to have the right (whether exercisable now or at a future date and whether contingent or not) to subscribe for, or to convert any security into any shares or loan capital or other securities of the Company.
- 2.4 The Company has not at any time purchased its own shares or redeemed or forfeited any shares or agreed to do so, or granted an option whereby it might become liable to do so.
- 2.5 There is no Encumbrance on or over or affecting any issued or unissued shares, debentures or other securities in the capital of the Company and there is no agreement or arrangement to give or create any such Encumbrance and there is no claim by any person to be entitled to any such Encumbrance.
- 2.6 None of the shares or loan capital or other securities of the Company have been the subject of any transactions to which the provision of section 57 of the Bankruptcy Act, 1988, section 286 Companies Act, 1963 as inserted by section 135 Companies Act, 1990 or section 139 Companies Act, 1990 or analogous federal or state laws or regulations in the US may be still applicable.

3. DIRECTORS AND SHADOW DIRECTORS

- 3.1 The only directors of the Company are the persons whose names are listed in relation to the Company in Schedule 1.
- 3.2 The Company has no liability as a former member, or officer of any person, nor are there circumstances in which such liability could arise.
- 3.3 No person is or has been a shadow director (within the meaning of section 27 Companies Act 1990) of the Company.

4. SUBSIDIARIES, ASSOCIATIONS AND BRANCHES

The Company:

- 4.1 does not have any interest in, and has not agreed to acquire any interest in any, securities of any other body corporate, other than shares of the Subsidiaries;
- 4.2 is not, and has not agreed to become a member of, any partnership or other unincorporated association, joint venture or consortium (other than any trade association details of which are given in the Disclosure Letter);
- 4.3 does not have any agency, branch or other place of business or permanent establishment outside Ireland.

5. COMMISSION

No person is entitled to receive any finder's fee or brokerage or other commission in connection with this agreement or any other document to be executed at or before Completion in accordance with this agreement.

6. MEMORANDUM AND ARTICLES OF ASSOCIATION AND STATUTORY BOOKS

The copies of the memorandum and articles of association (or the equivalent documents) of the Company attached to the Disclosure Letter are accurate and complete in all respects and have embodied in them or annexed to them a copy of all resolutions or agreements required by the Companies Acts, 1963 to 1999 (or other applicable laws) to be so embodied or incorporated.

7. BOOKS, RECORDS AND RETURNS

- 7.1 The register of members, minute books and other statutory books and registers and records required to be kept by the Company are in the possession of the Company, have been properly kept and contain accurate and complete details of the matters which are required by law to be dealt with in such books, registers and records.
- 7.2 No notice or allegation that any of the books registers and records referred to in paragraph 7.1 is incorrect or should be rectified has been received by the Company.
- 7.3 All returns, particulars, resolutions and other documents required by the Companies Acts 1963 to 1999 or any other legislation in any other jurisdiction to be given or delivered by the Company to the registrar of companies or any other governmental, regulatory or other authority of competent jurisdiction have been correctly made up and duly given or delivered.
- 7.4 All charges by or in favour of the Company have (if appropriate) been registered in accordance with the provisions of section 99 of the Companies Act, 1963 or analogous legislation in any other jurisdiction and are valid and enforceable.

8. POSSESSION OF DOCUMENTS

All title deeds and agreements to which the Company is a party and other documents owned by, or which ought to be in the possession of, the Company are in its possession.

9. SELLERS' OTHER INTERESTS

None of the Sellers nor any person connected with any of the Sellers has any interest, directly or indirectly, in any business which is or is likely to be competitive with the business of the Company.

10. INSIDER CONTRACTS

10.1 The Company is not a party to, nor has its profits or financial position during the six years ended on the Last Accounts Date been affected by, any contract or arrangement which is not of an entirely arm's length nature.

10.2 The Company is not a party to any contract or arrangement in which any of the Sellers or any person connected with any of the Sellers or any director of the Company or any person connected with any such director is a party or is otherwise interested, directly or indirectly, nor has there been any such contract or arrangement at any time during the six years up to the date of this agreement.

10.3 There is no outstanding indebtedness of any of the Sellers or any person connected with any of the Sellers to the Company.

11. MATERIAL INFORMATION

11.1 All information given by the Sellers or any of their professional advisers or the Company to the Buyer or any of its professional advisers relating to the business, activities, affairs or assets of the Company was, when given, and remains true and complete and not misleading.

11.2 There are no material facts or circumstances in relation to the assets or business or financial condition of the Company which have not been fully and fairly disclosed in writing to the Buyer and which if disclosed might reasonably be expected to affect the decision of the Buyer to enter into this agreement.

12. INSOLVENCY

12.1 The Company is able to pay its debts as they fall due, and has not stopped or suspended payment of its debts, and the value of its assets exceeds its liabilities, taking into account contingent and prospective liabilities. The Company is not otherwise insolvent.

12.2 No order has been made, petition presented or resolution passed for the winding up of the Company and no meeting has been convened to consider any such resolution.

12.3 No Order has been made appointing an Examiner to the Company under the Companies (Amendment) Act, 1990 or relevant, bankruptcy or insolvency laws,

including Chapter 11 or Chapter 7 of the US Bankruptcy Code and no petition has been presented for such an Order in relation to the Company

- 12.4 No receiver, manager or administrative receiver has been appointed in respect of the Company or the whole or part of any of the property, assets and/or undertaking of the Company.
- 12.5 No meeting of the creditors of the Company or any class of them has been convened or is proposed, no proposal has been made for a moratorium, composition or arrangement in relation to any of its debts, and no voluntary arrangement has been proposed in relation to the Company under Companies Acts 1963 to 1999 for a composition in satisfaction of its debts or a scheme or arrangement of its affairs.
- 12.6 No judgement, decree, order or award against the Company remains unsatisfied, no written demand has been made against the Company under section 214 of the Companies Act, 1963 as amended by section 123 Companies Act, 1990 and no distress, execution or other process has been levied against all or any part of the assets of the Company.
- 12.7 No procedure has been commenced by the registrar of companies or any other person with a view to striking off the Company under section 311 of Companies Act, 1963 as amended by section 11 Companies Act, 1982 or section 12 Companies Act, 1982 as amended by section 245 Companies Act, 1990.
- 12.8 No circumstances have arisen which entitle any person to take any action, appoint any person, commence any proceedings or obtain any order of the type mentioned in this paragraph 12.
- 12.9 No event analogous to any of the above has occurred in any jurisdiction.

13. **AUTHORITY AND CAPACITY OF THE SELLERS**

Each Seller, on behalf of itself or himself only, warrants as follows:

- 13.1 that he or it has taken all necessary action including in the case of corporate sellers obtaining all corporate authorisations and all other applicable governmental statutory regulatory or other consents licence waivers or exemptions to empower the Seller to enter into and perform its obligations under this agreement and has all necessary power and authority to enter into and perform this agreement.
- 13.2 that this agreement constitutes binding and enforceable obligations on such Seller in accordance with its terms.
- 13.3 that he or it is not:
 - 13.3.1 under 18 years of age; or
 - 13.3.2 of unsound mind.

13.4 That no petition for a bankruptcy order has been presented, and no bankruptcy order has been made, in respect of such Seller (being an individual) and no winding up petition has been presented or order made or resolution passed for winding up of such Seller (being a corporate Seller) and no receiver manager or administrative receiver has been appointed in respect of such corporate Seller or over the whole or part of any of the property or undertaking of such corporate Seller and no event analogous to any of the above has occurred in any jurisdiction.

13.5 Neither Kieran McBrien or any persons connected with him as defined in the Companies Act 1963 and 1999 are beneficially interested in any of the Sale Shares held by Glaslyn Limited or Whitton Investments Limited.

14. EFFECT OF AGREEMENT

14.1 Each Seller on behalf of himself or itself only, warrants that compliance with the terms of this agreement does not and will not conflict with or constitute a default under:

14.1.1 any agreement or arrangement to which he or it or the Company is a party;

14.1.2 the memorandum or articles of association (or equivalent documents) of such Seller or the Company; or

14.1.3 any order, judgement, decree, injunction, regulation or other restriction of any kind to which any such Seller or the Company is a party or by which such Seller or the Company is bound;

14.2 Compliance with the terms of this agreement does not and will not:

14.2.1 relieve any other party to a contract with the Company of its obligations or enable that party to terminate or vary its rights or obligations under that contract;

14.2.2 create or accelerate any obligation of the Company or cause or require the Company to lose or dispose of any right or asset or any interest in any asset including the imposition or crystallisation of any Encumbrance on any assets.

14.3 The Company has no Associated Companies

PART II

ACCOUNTS AND FINANCIAL

1 THE ACCOUNTS

The Accounts:

1.1 have been prepared under the historic cost convention (as modified for the revaluation of land and buildings), and in accordance with all relevant Statements of Standard Accounting Practice, Financial Reporting Standards, statements from the Urgent Issues Task Force and other generally accepted accounting principles then in force, and

with the Companies Acts, 1963 to 1999 and all other applicable statutes and regulations;

- 1.2 give a true and fair view of the state of affairs of the Company as at the relevant Accounts Date and of its profit or loss for the period ended on the relevant Accounts Date and correctly state the assets of the Company and contain either provisions adequate to cover, or full particulars in the notes, of all liabilities (whether quantified, contingent or otherwise) of the Company as at the relevant Accounts Date; and
- 1.3 are not affected by any extraordinary or exceptional items or any other unusual or non-recurring items.

2. ACCOUNTING POLICIES AND BASES

The Accounts have each been prepared applying the same accounting policies and bases and in particular (without limiting the foregoing):

- 2.1 the basis of valuation of work in progress has remained substantially the same throughout;
- 2.2 the rate of depreciation applied in respect of each fixed asset has been consistently applied and is adequate to write down the value of such fixed asset to its net realisable value by the end of its useful working life.

The value attributed to any asset in the Accounts for the year ended on the Last Accounts Date does not exceed its purchase price or production cost (within the meaning of Schedule 6 to the Companies Act, 1963 as amended) or in its net realisable value as at the Last Accounts Date.

3. DEFERRED TAXATION

The Accounts contain full provision for deferred Taxation. Full details of the amounts of any deferred Taxation are set out in the Disclosure Letter.

4. ACCOUNTING REFERENCE DATE

The Company has not at any time used any accounting reference date (for the purposes of the Companies Acts, 1963 to 1999) other than the date set out in Schedule 1.

5. BOOKS AND RECORDS

All the accounts, books, ledgers and other financial records (the "**Records**") of the Company which are required to be kept by the Company under the Companies Acts, 1963 to 1999 or any other applicable legislation in any jurisdiction:

- 5.1 have been properly maintained and are up to date;
- 5.2 contain a complete and accurate record of all the matters required to be entered in them by the Companies Acts, 1963 to 1999 and other relevant legislation; and

- 5.3 give and reflect a true and fair view of the financial position of the Company.

6. MANAGEMENT ACCOUNTS AND FORECASTS

- 6.1 The unaudited management accounts of the Company for the period from the Last Accounts Date to 31 January 2000 (copies of which are attached to the Disclosure Letter:

6.1.1 have been prepared on bases consistent with those used in preparing the Accounts; and

6.1.2 give a true and fair view of the financial position/income and expenditure of the Company as at 31 January 2000.

- 6.2 All forecasts and projections given by or on behalf of the Seller to the Buyer or any of its professional advisers were prepared with due care. All of the assumptions upon which they are based were made in good faith, were reasonable when made and remain reasonable.

- 6.3 The Company's aggregate annual sales in or into the US or the year ended 1999 did not exceed \$25 million; The Company's aggregate total gross assets as of 31 December 1999 located in the US (excluding securities of a third party or cash, deposits, money market instruments or government obligations) did not exceed \$110 million.

7. CAPITAL COMMITMENTS

Save as set out in the Budget the Company had no commitments on capital account outstanding at the Last Accounts Date and since the Last Accounts Date the Company has not entered into, or agreed to enter into, any capital commitments.

8. DIVIDENDS AND DISTRIBUTIONS

- 8.1 Since 23 September 1999 no dividend or distribution of profits or assets or return of capital or deemed distribution has been, or has been deemed to have been, declared, paid or made by the Company.

- 8.2 All dividends or distributions declared, made or paid by the Company since its incorporation have been declared, made or paid in accordance with its articles of association and the applicable law.

9. BOOK DEBTS

- 9.1 None of the debts shown in the Accounts or subsequently recorded in the books of the Company (the "Debts") is currently overdue by more than 90 days;

- 9.2 The Debts have realised, or will realise, in the ordinary course of collection, their nominal amounts (plus any accrued interest) less any provision for them included in the Accounts or (in relation to Debts which are not recorded in the Accounts) determined

on the same basis as that applied in the Accounts and disclosed in the Disclosure Letter).

- 9.3 None of the Debts is, or will be, subject to any counterclaim or set off.
- 9.4 There are no debts owing to the Company (whether or not due for payment) other than trade debts incurred in the ordinary course of business not exceeding IR£5000 in the case of each Company, and IR£50,000 in aggregate owing to all Group Companies and debts owing by other Group Companies.

10. **LOANS BY THE COMPANY**

- 10.1 The Company has not lent any money.
- 10.2 The Company has not made any loan or quasi-loan, contrary to Section 31 of the Companies Acts 1990 or agreed to do so or entered into any credit transaction or guarantee or provided any security in connection with any loan, quasi-loan or credit transaction.
- 10.3 All money lent by the Company has been repaid to it and the Company has not factored or discounted any debts owing to it or agreed to do so.

11. **LIABILITIES**

- 11.1 The Company has no debts or other liabilities (including contingent liabilities) other than those liabilities disclosed in the Accounts or incurred in the ordinary and proper course of trading since the Last Accounts Date.
- 11.2 Without limiting paragraph 11.1 the Company has no outstanding liabilities (including contingent liabilities) in respect of any guarantee or indemnity or in respect of any agreement or arrangement pursuant to which the Company has disposed of any assets or business and remains subject to any actual or contingent liability.

12. **BANK ACCOUNTS**

- 12.1 The Disclosure Letter contains details of all bank and deposit accounts maintained by the Company.
- 12.2 The last monthly statement of the credit or debit balances on such bank and deposit accounts attached to the Disclosure Letter was correct at the date of the statement.
- 12.3 Since the date of the statement referred to in paragraph 12.2 there have been no payments into or out of those accounts except for payments in the ordinary course of business and the balance on those accounts at Completion will not be substantially different from the balances shown on those statements.

13. **WORKING CAPITAL**

Having regard to existing bank and other facilities available to it the Company has sufficient working capital for the purposes of continuing to carry on its business in its

present form and at its present level of turnover for the period of 12 months after Completion and for the purposes of executing and carrying out and fulfilling in accordance with their terms all orders and projects and contractual obligations which are binding upon the Company and remain outstanding.

14. FACILITIES

- 14.1 The Disclosure Letter contains full details of all financial facilities available to the Company, *including without limitation any overdraft, loan agreement, deed, or other agreement or arrangement under which any amounts disclosed under paragraphs 12 and 13 are outstanding (together "Facilities")* and of the limits on those Facilities or if none a statement to that effect.
- 14.2 The total amount borrowed by the Company will not at Completion and has never exceeded any limitation on its borrowing contained in its articles of association or in any of the Facilities or other agreement or arrangement binding on it.
- 14.3 There has been no other contravention of, or non-compliance with, any terms of any of the Facilities.
- 14.4 No event of default or other circumstances have occurred which would (or would with the lapse of time) entitle any person to call for the early repayment of any Facility or for the enforcement of any Encumbrance relating to any Facility, and no steps for such early repayment or enforcement have been taken or threatened by any person.
- 14.5 There are no circumstances known to the Sellers which may give rise to any alteration in the terms and conditions of any Facility or which might affect or prejudice its continuation.
- 14.6 None of the Facilities is dependent on the guarantee or indemnity of or any security provided by a third party.
- 14.7 None of the Sellers have any knowledge or information or belief that as a result of the proposed acquisition of the Sale Shares or the A Shares by the Buyer, the completion of the A Shares Sale and Purchase Agreement, or any other matter contemplated in this agreement, any of the Facilities might be terminated.

15. GOVERNMENT GRANTS

- 15.1 The Company has not applied for, or received, any grant or investment or subsidy or financial assistance ("**Grant**") from any government department or agency or any local or other authority whether under any of the Industrial Development Acts or as a regional development grant or temporary employment subsidy or otherwise.
- 15.2 The Company has not done, or omitted to do, any act or thing which could result in all or any part of any such Grant or other similar payment made or due to be made to it becoming repayable or being forfeited or withheld in whole or in part.

15.3 So far as Kieran O'Brien is aware the Company is not and never has been in receipt of State aids (as defined in Article 4 of the ECSC Treaty or Article 87(1) of the EEC Treaty) other than a State aid which has been authorised or approved by the European Commission or the European Council in accordance with the ECSC and EEC Treaties and Acts made under those Treaties.

16. **POSITION SINCE THE LAST ACCOUNTS DATE**

16.1 Since the Last Accounts Date, the Company has carried on its business in the ordinary and proper course, and there has been no material adverse change in the financial or trading position or prospects of the Company. There are no circumstances which might give rise to such a change, other than circumstances likely to affect generally the industry in which the Company operates.

16.2 Without limiting the generality of paragraph 16.1, since the Last Accounts Date:

16.2.1 there has been no increase or decrease of more than 20% in turnover or work in progress or operating expenses by comparison with the same period in the previous financial period;

16.2.2 there has been no material increase or decrease in the cost of services supplied to the Company;

16.2.3 and in the period from 23 September 1999 to the Last Accounts date (inclusive) the Company has not disposed of or acquired, or agreed (and is not negotiating to dispose of or acquire), any business or any shares in a body corporate, or any other asset, or any interest in any business or shares or other asset, other than in the ordinary and proper course of business;

16.2.4 no customer representing more than 50% of turnover of or supplier or more than 5% of supplies to the Company has ceased to deal, or has indicated an intention to cease to deal or deal on a smaller scale, with the Company, or has changed or indicated that it wishes to change the terms on which it deals with the Company;

16.2.5 the Company has not repaid all or part of any debt in advance of the due date for repayment, or agreed to do so;

16.2.6 no management charge has been levied against the Company;

16.2.7 no share or loan capital has been created or issued;

16.2.8 no resolution of the shareholders of the Company has been passed; and

16.2.9 the Company has paid its creditors within the times agreed with them and in particular (without limiting the foregoing) no debt owed by the Company has been outstanding for more than 30 days from the date of the invoice.

17. All of the Systems (as defined in paragraph 1 of Part X of this Schedule 2) and other procedures employed by the Company will enable the Company to comply with all applicable legislation enacted at the date of this agreement relating to the Euro in any jurisdiction (irrespective of when such requirements come into force) (including, without limitation, Council Regulation (EC) No. 1103/97) and any market conventions, rules, regulations, industry standards and practices and similar matters relating to the Euro.
18. All of such Systems and procedures will display all of the symbols and codes adopted by the European Union in relation to the Euro at the date of this agreement in all relevant screen layouts, printouts and other markings.
19. The input, processing and presentation of financial data and all other functions which were capable of being performed by the Systems immediately prior to the introduction of the Euro are (and will continue to be) capable of being performed in, and in relation to, both any existing currency and the Euro, as accurately and efficiently as before such introduction without further cost or modification of the Systems and without interruption or adverse change to procedure for use.

PART III

TAXATION

1. All Taxation of any nature whatsoever or other sums imposed, charged, assessed, levied or payable under the provisions of all applicable legislation relating to Taxation for which the Company is liable as a result of any act or omission prior to Completion will if and insofar as such Taxation or other sums ought to be paid prior to or on Completion have been paid by the relevant due dates and in particular but without prejudice to the generality of the foregoing at Completion all amounts due for payment to the Revenue Commissioners or any other fiscal or revenue authority in respect of Value Added Tax or in respect of the 'Pay As You Earn' (PAYE) regulations from time to time in force will have been paid by the relevant due dates and at Completion all Social Welfare and Pay Related Social Insurance contributions (both employer's and employees') due in respect of the employees of the Company will have been duly paid on their due payment dates.
2. The Company has within the prescribed time periods duly and properly made all returns, computations and payments and given or delivered to the Revenue Commissioners and all other relevant fiscal or revenue authorities all notices, accounts and information required for the purpose of assessing its liability to Taxation and all such returns, notices, accounts and information are complete and correct in all material respects and not misleading and the Company is not and has not been nor is it likely to become involved in any dispute with the Revenue Commissioners or any other relevant fiscal or revenue authority in relation to any matter concerning its liability or potential liability to Taxation and the Warrantors are not aware of any matter or circumstance which may lead to any such dispute and there is no appeal by the Company pending against any assessment to Taxation.
3. The Company has properly operated the PAYE system of deduction of and accounting to the Revenue Commissioners for tax chargeable on the remuneration of its employees and has properly operated the Pay Related Social Insurance system and has accounted to the Revenue Commissioners for all deductions made thereunder or provided in full for same in the Accounts.
4. The Company is resident in Ireland for the purposes of Taxation and has not been at any time resident in any jurisdiction other than Ireland for Taxation purposes nor has it been at any time managed or controlled in or from any country other than Ireland and the Company has not at any time carried on any trade in any other country and the Company does not have any permanent establishment outside of Ireland.
5. The Company has complied in all respects with Part 41 of the Taxes Consolidation Act 1997 in relation to the making of returns, payments of preliminary tax and all other requirements therein provided for.

6. No surcharge for late submission for returns under Section 1084 of the Taxes Consolidation Act, 1997 has or will be or become payable by the Company in respect of any period prior to Completion.
7. No penalty under Section 1084 of the Taxes Consolidation Act, 1997 has or will become payable by the Company in respect of any period prior to Completion.
8. No notice of attachment has been served on the Company under Section 1002 (2) of the Taxes Consolidation Act, 1997
9. The Company has not made any transfer as is referred to in Section 589 and 978 of the Taxes Consolidation Act, 1997 respectively or received any asset by way of gift as mentioned in paragraph 18 of Schedule 4 CGTA.
10. The Company has not at any time since its incorporation and ending on the date hereof acquired any assets other than trading stock from any company which at the time of the acquisition was a member of the same group (as defined in 616 of the Taxes Consolidation Act, 1997).
11. The Company has not surrendered any amount by way of group relief under the provisions of Sections 411 to 424 and Section 456 of the Taxes Consolidation Act.
12. The Company has not and wilt not at any time hereafter in respect of any period up to Completion become liable to make a subvention payment or any other payment for an amount surrendered by any other company under or in connection with the provisions of Section 411 of the Taxes Consolidation Act.
13. No allowable loss which has arisen or which may hereafter arise in respect of any period prior to Completion on the disposal by the Company of shares in or securities of any company is liable to be disallowed in whole or in part by virtue of the application of Section 621 and 622 of the Taxes Consolidation Act, 1997.
14. The Company has not entered into any transaction which has, will or may give rise to a charge to tax under the provisions of the Taxes Consolidation Act, 1997 or the Capital Acquisitions Tax Act, 1976.
15. The Company has made all claims which would be of benefit to it within the time limits laid down in the relevant legislation.
16. There is no unsatisfied liability to capital acquisition tax attached or attributable to any shares in the capital of the Company and no shares in the capital of the Company are subject to a charge in favour of the Revenue Commissioners.
17. No person is liable to capital acquisitions tax attributable to the value of any of the shares in the capital of the Company and in consequence no person has the power to raise the amount of such tax by sale or mortgage of or by a terminable charge any shares in the capital of the Company.

18. The Company has not been a party to or involved in any share for share exchange nor any scheme or reconstruction or amalgamation such as are mentioned in Part 19 Chapter 4 or Section 615 of the Taxes Consolidation Act, 1997 under which shares or debentures have been issued or any transfer of assets effected.
19. The Company has not entered into or been a party to any schemes or arrangements which might be considered by the Revenue Commissioners to be a tax avoidance transaction within the meaning of the Part 33 of Taxes Consolidation Act, 1997.
20. No act or transaction has been effected in consequence of which the Company is or may become liable for any taxation primarily chargeable against any other person, including any other company.
21. The Company has not entered into any financing or leasing agreement in which or in connection with which it has indemnified any other person against any claim, loss or other liability arising from any change in taxation legislation or in the interpretation of taxation legislation.
22. On a sale of any machinery and plant at the value thereof shown in the Accounts no balancing charge will be incurred.
23. There are set out in the Disclosure Letter full particulars of all differences between the accounting and Taxation treatments of all items in the Accounts and the audited accounts of the Company for each of its 3 (three) preceding financial periods.
24. There is no appeal by the Company pending against any assessment to tax and the Company is not in default in payment of any tax within the period prescribed for payment thereof.
25. Where fixed assets have been stated in the Accounts in excess of their cost any potential liability to Taxation on chargeable gains that would accrue on the sale of these assets at their values stated are either fully provided or disclosed by way of note in the Accounts.
26. The restrictions on the use of capital allowances for certain leased assets as set out in Section 403 of the Taxes Consolidation Act, 1997 do not have application to any transaction entered into by the Company.
27. No asset has been disposed of by the Company to a Connected Person or otherwise not at arm's length.
28. No relief or exemption or reduction has been obtained or claimed by the Company in respect of any capital duty or stamp duty.
29. The Company has not made any claim for "roll-over relief" under Section 597 of the Taxes Consolidation Act, 1997.
30. All documents in the possession or under the control of the Company which attract or may attract stamp duty have been properly stamped and all other capital and/or stamp

duty howsoever arising or payable has been paid by the Company and there is no outstanding liability therefor or interest thereon.

31. The Company is a registered and taxable person for the purposes of the Value Added Tax Acts and has complied in all respects with such legislation and all regulations made or notices issued thereunder and has maintained full, complete, correct and up to date records, invoices and other documents (as the case may be) appropriate or requisite for the purposes thereof.
32. No arrangement exists or has existed whereby pursuant to Section 8 (8) of the Value Added Tax Act, 1972 and Regulation 5 of the Value Added Tax Regulation 1979 (as amended) the business activities of the Company are or were deemed to be carried on by any other person or the business activities of any other person are or were deemed to be carried on by the Company
33. The Company has not since the Accounts Date made or paid any dividend or other distribution (other than those for which full reserve or provision was made in the Accounts) or any such loan or advance as is referred to in Section 438 of the Taxes Consolidation Act, 1997 or any amendment to or re-enactment of such section.
34. The Company has not repaid share capital or any part thereof and the Company has not issued as paid up otherwise than by the receipt of new consideration any new shares.
35. The Company has not made any payment to or provided any benefit for any officer or employee of the Company which is not allowable as a deduction in calculating the profits of the Company for Taxation purposes.
36. The book value of each of the capital assets of the Company in or adopted for the purpose of the Accounts does not exceed the base cost thereof for the purpose of calculating liability to capital gains tax or corporation tax on chargeable gains on a disposal thereof by the Company.
37. No claim has been made by the Company under Section 1005 of the Taxes Consolidation Act, 1997.
38. No distribution has been made by the Company since 5 April 1976 within the meaning of Sections 130 and 131 of the Taxes Consolidation Act, 1997 except dividends and interest shown in its audited accounts.
39. No loss which might accrue on the disposal by the Company of any share in or security of any company is liable to be reduced by virtue of any depreciatory transaction within the meaning of Section 138 and 139 of the TCA.
40. No change of ownership of the Company within the meaning of Section 401 of the Taxes Consolidation Act, 1997.

41. The Company is not, and has at no time been, a member of a group of companies within the meaning of Section 616 of the Taxes Consolidation Act, 1997 and Section 19 of the Finance Act, 1952 as amended.
42. The Company has duly complied with the requirements of Section 239 of the Taxes Consolidation Act, 1997.
43. The Company has never incurred any expense or paid any amount in consequence of which the Company has been or could be treated under Sections 436 and 437 of the Taxes Consolidation Act, 1997.
44. The limitation on the meaning of "distribution" provided for by Section 133 and 134 of the Taxes Consolidation Act, 1997.
45. Section 138 of the Taxes Consolidation Act, 1997 (treatment of dividends on certain preference shares) does not apply to any dividend paid by the Company in respect of its preference shares.
46. The Company has not made any claim for relief in respect of stock appreciation under Part 23 Chapter 2 of the Taxes Consolidation Act, 1997.
47. The Company has not effected or entered into any act transaction or arrangement of any nature whereby it has incurred or may hereafter incur any liability under or by virtue of any of Sections 98, 99, 100 and 103 of the Taxes Consolidation Act, 1997
48. The Company has not:
 - 48.1. Capitalised or agreed to capitalise in the form of shares, debentures or other securities or in paying up any amounts unpaid on any shares debentures or other securities any profits or reserves of any class of description or passed or agreed to pass any resolution to do so; or
 - 48.2. provided capital to any company on terms whereby the company so capitalised has in consideration thereof issued shares loan stock or other securities where the terms or any such capitalisation were otherwise than by way of a bargain made at arm's length or where the shares loan stock or other securities acquired are shown in the Accounts at a value in excess of its market value at the time of acquisition.

Advance Corporation Tax ('ACT')

49. As and at the Accounts Date:
 - 49.1. the Company has no liability to ACT under Part 6 Chapter 8 of the Taxes Consolidation Act, 1997.
 - 49.2. the Company has not made an election under Sections 165 and 166 of the Taxes Consolidation Act, 1997; and
 - 49.3. the Company is not affected by the provisions of Section 167 and 170 of the Taxes Consolidation Act, 1997

50. The Company has not entered into any transactions which give rise to a liability under Sections 616, 623 and 626 of the Taxes Consolidation Act, 1997.
51. There have been no claims under Section 538 of the Taxes Consolidation Act 1997.
52. No relief or exemption or reduction has been obtained from companies capital duty under Section 72 of the Finance Act, 1973 or from stamp duty under Section 19 of the Finance Act, 1952 or Statutory instrument No. 244 of the 1981 or Section 31 of the Finance Act, 1965 which (a) has become liable to forfeiture or (1) may be forfeited in the fixture.
53. There has not been in respect of any accounting period any excess of distribution investment and estate income within the meaning of section 440 of the Taxes Consolidation Act, 1997.
54. The Company has never claimed relief under Part 14 Chapter 1 of the Taxes Consolidation Act (manufacturing relief) and the existing operations of the Company will continue not to qualify for the relief and there is no dispute with the Inspector of Taxes with regard to this relief.
55. The Company has not entered into a transaction by virtue of which it will be chargeable under Case IV of the Schedule D in accordance with Section 815 of the Taxes Consolidation Act, 1997.
56. The provisions of Section 317 of the Taxes Consolidation Act, 1997.
57. The Company is not liable to any claim in respect of tax due under Section 531 of the Taxes Consolidation Act, 1997.
58. All plant and machinery in respect of which the Company has claimed first-year allowances was acquired for the purposes of the Company's trade and belonged to the Company at some time during the chargeable period related to the incurring of the expenditure thereon and no circumstances have arisen which could result in any such allowances previously made being withdrawn.
59. The Company is not in arrears with its payment or returns or notifications under the Value Added Tax legislation regulations or notices or liable to any abnormal or non-routine payment or any forfeiture or penalty or to the operation of any penal provisions contained therein.
 - 59.1. The Company has not been required by appropriate fiscal authorities to give security under the Value Added Tax legislation.
 - 59.2. The Company has not availed of the procedures in Section 58 of the Finance Act 1989 whereby a trader may account and make returns for VAT purposes other than after each 2 monthly taxable period.
 - 59.3. The Company does not make any supplies which are exempt for VAT purposes.

60. The Company is not liable and has not at any time since the Accounts Date been liable to pay interest on overdue Taxation.
61. The Company has not committed any act or made any omission which might constitute an offence under Section 1078 of the Taxes Consolidation Act, 1997
62. The Company has not paid nor has it agreed to pay remuneration to its officers in excess of such amount as will be deductible in computing the taxable profits of the Company; and
 - 62.1. The Company has not paid or has it agreed to pay and will not up to Completion pay or agree to pay remuneration or compensation for loss of office or make any gratuitous payment or any other payment in respect of management or other services rendered or to be rendered to the Company to any of its present or former officers or employees which will not be deductible in computing the taxable profits of the Company.
 - 62.2. The Company has not made any payments within the meaning of Part 18 of the Taxes Consolidation Act, 1997.
63. The provisions of the waiver of certain Tax Interest and Penalties Act, 1993 do not have application to the Company or any of its officers.
64. The Company has not made a relevant investment within the meaning of Section 481 of the Taxes Consolidation Act, 1997
65. In respect of paragraph 7 of Schedule 32 of the Taxes Consolidation Act, 1997 no circumstance exists which would lead the Revenue to withdraw approval of the scheme or to contend that the Company is not a qualifying company carrying on a specified trade.
66. In respect of profit sharing schemes under Part 17 of the Taxes Consolidation Act, 1997 no circumstance exists which would lead the Revenue to withdraw approval of any such scheme.
67. If the employees of the Company have benefited from Section 479 of the Taxes Consolidation Act, 1997 no circumstance exists in relation to it would lead to the withdrawal of the relief.
68. The utilisation of losses incurred by the Company is not restricted by Section 456 of the Taxes Consolidation Act, 1997.
69. Any machinery or plant provided for use for the purposes of the trade of the Company after 1 April 1990 is used wholly and exclusively for the purpose of the trade of the Company.
70. No transaction has or had been affected by the Company within the last 3 years in respect of which any consent or clearance from the Revenue Commissioners or any other taxation authority was required and which consent or clearance (as the case may be) was not obtained.

71. The Company has not paid any royalties which are exempt in the hands of the recipient from taxation pursuant to Section 234 of the Taxes Consolidation Act, 1997 or has not been a party to the payment of any exempt patent royalty dividends under the same section.
72. No act or transaction has been effected in consequence of which the company is liable for any taxation primarily chargeable against some other person.
73. The Company has complied in all respects with the reporting requirements of Part 38 Chapter 3 of the Taxes Consolidation Act, 1997.
74. The Company has not received any notice under Section 1079 of the Taxes Consolidation Act, 1997 (resignation of professional advisors/ auditors as a result of certain tax irregularities).
75. The provisions of Section 1013 of the Taxes Consolidation Act, 1997 do not apply to any transaction entered into by the Company (limited partnerships: relief restrictions).
76. The Company has not entered into any transaction as a result of which it could be assessed to tax under part 22 of the Taxes Consolidation Act, 1997 (transactions in land).
77. The Company has not entered into or taken any steps the object of which is a transaction which comes or might come within Section 817 of the Taxes Consolidation Act, 1997 (schemes to avoid liability to tax under Schedule F).
78. The Company has not been nor is it assessable to tax under Sections 1034 or 1035 of the Taxes Consolidation Act, 1997.
79. All group elections under Section 22 of the Taxes Consolidation Act, 1997 (lower rate of corporation tax) have been made in the requisite manner by the due dates.
80. No additional taxation liabilities (including interest, penalties and surcharge) will arise from the misstatement in inventory whereby inventory was understated by approximately IR£160,000 and IR £95,000 in the audited accounts of the Company to 31 December 1997 and 1998 respectively.

PART IV

TRADING AND CONTRACTS

1. CONDUCT OF BUSINESS

- 1.1 The Company has at all times carried on business and conducted its affairs in all respects in accordance with its articles of association or other constitutional documents for the time being in force and any other documents to which it is, or has been, a party.
- 1.2 The Company is empowered and duly qualified to carry on business in all jurisdictions in which it now carries on business.
- 1.3 The Company is a full member of the associations and institutions full details of which are set out in the Disclosure Letter and the Company has complied with all rules and regulations imposed by those associations and institutions and there are no circumstances which indicate that any membership may lapse or be terminated in the ordinary course of events.

2. JOINT VENTURES AND PARTNERSHIPS, ETC.

The Company is not nor has it agreed to become a member of any joint venture, consortium or partnership or other unincorporated association or a party to any arrangement for sharing income, profits, losses or expenses.

3. AGENCY AGREEMENTS AND AGREEMENTS RESTRICTING BUSINESS

- 3.1 The Company is not a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement.
- 3.2 The Company is not a party to any agreement or arrangement
 - 3.2.1 which limits the ability of the Company to carry on any business in any part of the world in such a manner as it thinks fit, or
 - 3.2.2 under which any sole or exclusive rights are granted by or to the Company:

4. ANTI-COMPETITIVE AGREEMENTS

- 4.1 The Company is not, and has not since incorporation been, a party to any agreement or arrangement, or done or omitted to do any act or thing which:
 - 4.1.1 would constitute an anti-competitive agreement or the abuse of a dominant position for the purposes of the Competition Act 1991;
 - 4.1.2 was or is subject to notification under the Mergers Take-overs and Monopolies Control Act 1978;
 - 4.1.3 contravenes the Competition Acts 1991 and 1996, Mergers, Take-overs and Monopolies Control Act 1978 or any regulations or statutory instruments

made thereunder or Articles 81 or 82 of the Treaty of Rome or any other anti-trust or similar legislation in any jurisdiction in which the Company carries on business or has assets or sales; or

4.1.4 is void or unenforceable (in whole or in part) or may render the Company liable to proceedings under any legislation referred to above.

4.2 There have been no applications for negative clearance under Article 81 or 82 of the Treaty of Rome made in respect of any agreement or practice of the Company, or applications for exemption under Article 81 Treaty of Rome made in respect of any agreement of the Company.

5. UNDERTAKINGS, ETC.

5.1 The Company is not a party to any undertaking or assurance given to any national or supra-national authority or any court or governmental or other agency or regulatory body or in respect of which an order has been made by any such body which is still in force.

5.2 The Company has not received any request for information, statement of objections or similar matter from any body within paragraph 5.1.

6. LITIGATION

6.1 The Company is not engaged in any litigation or arbitration proceedings as plaintiff or defendant (except as plaintiff for debt collection of sums not exceeding an aggregate of £5,000 in the case of all sums being collected by all of the Group Companies or a sum not exceeding £1,000 in the case of any one debt due to the Company).

6.2 The Company is not subject to any investigation, inquiry or enforcement proceedings or other process by any governmental, administrative or regulatory body or agency nor is the Company in dispute with any such body or agency.

6.3 There are no proceedings, processes or disputes as are referred to in paragraphs 6.1 and 6.2 pending or threatened by or against the Company and the Seller is not aware of any circumstances which are likely to give rise to any such proceedings, processes or disputes.

7. COMPLIANCE WITH STATUTES

7.1 Neither the Company nor any of its officers, agents or employees (during the course of their duties) have done or omitted to do any act or thing which is or could be in contravention of any relevant legislation, order, regulation or similar matter giving or which may give rise to any fine or penalty or default proceedings or other liability or sanction on its part.

7.2 The Company has conducted its business in all respects in accordance with all applicable laws and regulations whether of Ireland or elsewhere.

8. DATA PROTECTION

8.1 The Company has complied with all relevant requirements of the Data Protection Act 1988 including the following:

8.1.1 the data protection principles set out in that Act;

8.1.2 any requests from data subjects for access to data held by it; and

8.1.3 the requirements relating to the registration of data users and (if applicable) computer bureaux.

8.2 The Company has not received any notice from either the data protection registrar or a data subject alleging a breach of the Data Protection Act 1988 or any of the data protection principles, requiring the Company to change or delete any data or prohibiting the transfer of data outside the United Kingdom.

9. POWERS OF ATTORNEY AND AUTHORITIES

9.1 There are no subsisting powers of attorney given by the Company.

9.2 There are no other subsisting authorities, whether express or implied, by which any person may enter into any contract or commitment to do anything on behalf of the Company (other than an authority of any directors or employees which either is ostensible or is implied to enter into routine contracts in the normal course of their duties).

10. LICENCES AND CONSENTS

10.1 The Company has obtained all necessary licences, authorisations and consents necessary to own and operate its assets and for the proper carrying on of its business, and these licences, authorisations and consents are all valid and subsisting. Short particulars of each such licence, authorisation and consent are set out in the Disclosure Letter.

10.2 The Company is not in breach of any of the terms or conditions of any such licences, authorisations or consents and there are no factors that might result in the revocation, suspension or modification of any of them or that might prejudice their renewal.

11. MATERIAL CONTRACTS

11.1 The Disclosure Letter contains a copy of all the contracts to which the Company is a party at the date of this agreement which require expenditure by the Company or involve liability to the Company in excess of £1000 (or, where such contracts are not in writing, complete and accurate particulars of such contracts).

11.2 The Company has observed and performed all the terms and conditions on its part to be observed and performed under contracts referred to in paragraph 11.1.

- 11.3 No threat or claim of any default has been made by or against the Company in relation to any contracts to which it is a party and there are no circumstances which might give rise to any such default or which would otherwise cause any such contract to be terminated or rescinded by any party or cause any party to vary the terms.
- 11.4 The Company is not a party to any agreement or arrangement and has not submitted an offer or tender which is capable of being converted into an agreement:
- 11.4.1 which is not in the ordinary course of business;
 - 11.4.2 which involves or may involve obligations, restrictions or expenditure of an unusual, onerous or exceptional nature, or which is or is likely to be loss-making;
 - 11.4.3 which provides for any financial commitment of any party to be adjusted with reference to any index of retail prices, consumer price index or other index;
 - 11.4.4 which is incapable of performance in accordance with its terms within six months of the date on which it was entered into or undertaken;
 - 11.4.5 which cannot be terminated by the Company on less than 3 months' notice without compensation;
 - 11.4.6 which requires a consideration or other expenditure by the Company of more than £10,000 in aggregate;
 - 11.4.7 which provides for the Company to receive any sum, right or other asset, or discharge any liability, whose amount or value is expressed in or by reference to any currency other than sterling or any change in foreign exchange rates;
 - 11.4.8 under which the Company is required to supply goods, services or rights of which the aggregate sales or licence value (exclusive of VAT if any) exceeds £50,000 or 10% of the Company's turnover for the financial year ending on the Last Accounts Date;
 - 11.4.9 which is a finance lease, hire purchase, rental or credit sale agreement or which otherwise provides for the purchase of any asset or the right to purchase any asset by way of periodical payment; or
 - 11.4.10 for the provision of management, consultancy or similar services to the Company.

12. RETENTION OF TITLE

The Company has not purchased any goods (including any plant or equipment) or materials on terms that property in them does not pass until full payment is made or all indebtedness discharged.

13. CUSTOMERS AND SUPPLIERS

- 13.1 No customer (or groups of connected customers) was responsible for 20% or more of the turnover of the Company, and no suppliers (or groups of connected suppliers) was responsible for supplied 50% or more of the Company's supplies, since the Last Accounts Date or in the financial period ended on the Last Accounts Date.
- 13.2 To the best of the knowledge, information and belief of the Seller no customer or supplier of the Company has ceased or will cease to deal with the Company, or will seek to deal with it on a smaller scale or to change the terms on which it deals with the Company after Completion or as a result of the proposed acquisition of the Shares.

14. OUTSTANDING OFFERS

- 14.1 No offer, tender or the like which is capable of being converted into an obligation of the Company by acceptance or other act of some other person is outstanding, except in the ordinary course of business.

15. DEFECTIVE PRODUCTS AND SERVICES

- 15.1 The Company has not manufactured, sold or supplied any goods or services or rights which are, were or will become, in any material respect, defective or dangerous or which contain any errors or omissions or which do not comply in any material respect with any warranty or representation expressly or impliedly made by the Company or with any applicable regulations, standards or requirements.
- 15.2 Without prejudice to paragraph 15.1 the Company has not done or omitted to do anything in contravention of the Consumer Information Act 1978 or the Liabilities for Defective Products Act 1991.
- 15.3 None of the work in progress of the Company contains any defect which could give rise to a liability to any third party if a product incorporating it, were sold to a third party.

16. SERVICE LIABILITIES

- 16.1 The Company is not subject to any liability or obligation (except as may be implied by law) to service, repair, maintain or take back or otherwise do anything in respect of any goods supplied by it.

17. GUARANTEES AND INDEMNITIES

- 17.1 The Company at the date of this Agreement has no outstanding guarantees, indemnities, security agreements, comfort letters or other analogous or similar agreement given by or for the benefit of the Company.
- 17.2 The Company does not hold any guarantee or indemnity which is not valid and enforceable by the Company in accordance with its terms.

18. MANAGEMENT REPORTS

- 18.1 There have been no reports concerning the Company by financial or management consultants within the period of three years prior to the date of this agreement.

PART V

ENVIRONMENTAL MATTERS

1. The Company and each of its operations and properties is, and has at all times been, in compliance with all applicable Environmental Laws (as hereinafter defined) and has obtained all requisite Environmental Licences (as hereinafter defined) and is, and has at all times been, in compliance with all such Environmental Licences and there are no circumstances which may give rise to the suspension, cancellation, revocation or non-renewal of any such Environmental Licences or which may lead to the imposition of any onerous or unusual conditions in respect of any such Environmental Licences whether upon renewal thereof or otherwise.
2. Neither the Company nor any of its present or past operations or properties is the subject of any outstanding or anticipated investigation, inquiry, dispute, claim, demand, action, suit, proceeding, litigation, notice, order, judgement, ruling, decree, citation or award of whatever nature in relation to any Environmental Release (as hereinafter defined) or any Environmental Laws or Environmental Licences and to the best of the information, knowledge and belief of the Warrantors there are no circumstances which may give rise to any of the foregoing.
3. The Company has not been negligent and has not created a nuisance in the maintenance or conduct of its operations or properties.
4. The Company has not caused or contributed to any Environmental Release and there are no circumstances which may give rise to any Environmental Release by the Company.
5. The following words and expressions shall have the following meanings for the purpose of this paragraph 22 and such other paragraphs in which these words and expressions appear : "Contaminant" shall include any material, substance, chemical, gas, liquid, waste, effluent, pollutant or contaminant which is identified or defined in or regulated by or pursuant to any Environmental Laws or which upon release into the Environment presents a danger to the Environment or to the health or safety or welfare of any person;
6. "Environment" shall include without limitation (a) any and all buildings, structures, fixtures, fittings, appurtenances, pipes, conduits, valves, tanks, vessels and containers whether above or below ground level, and (b) ambient air, land surface, sub-surface strata, soil, surface water, ground water, river sediment, marshes, wet lands, flora and fauna;
7. "Environmental Laws" shall mean (a) the common law and (b) all laws, by-laws, statutes, regulations, rules, orders, instruments, decrees, directives, decisions, injunctions, rulings and judgements of any government, local government, international, supranational, executive, administrative, judicial or regulatory authority or agency whether of Ireland or elsewhere and all approved codes of practice relating to the protection of the Environment or of human health or safety or to the manufacture, formulation, processing, treatment, storage, containment, labelling,

handling, transportation, distribution, recycling, release, disposal, removal, remediation, abatement or clean-up of any Contaminant, including (without prejudice to the generality of the foregoing) the provisions of the Public Health (Ireland) Act 1878, the Local Government (Water Pollution) Acts, 1977 and 1990, the Fisheries (Consolidation) Act, 1959, the Air Pollution Act, 1987, the European Communities (Waste) Regulations, 1979, the European Communities (Environmental Impact Assessment) Regulations, 1989 and the Local Government (Planning and Development) Regulations, 1990 the US Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the US Toxic Substances Control Act, as amended, the US Hazardous Materials Transportation Act, as amended, the US Resource Conservation and Recovery Act, as amended, the US Clean Water Act, as amended, the US Safe Drinking Water Act, as amended, and the US Clean Air Act, as amended, and all analogous laws promulgated or issued by any state or other governmental authority and any and all regulations, orders and notices made or served thereunder or pursuant thereto;

8. "Environmental Licence" shall mean any permit, licence, approval, consent or authorisation required by or pursuant to any applicable Environmental Laws; and
9. "Environmental Release" shall mean the spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Contaminant into the Environment.
10. The Company has duly discharged its duties and performed its obligations under, and in compliance with all applicable laws, rules and regulations relating to employee health and safety including (without prejudice to the generality of the foregoing), the Safety in Industry Acts, 1955 and 1980 (the "SAIS") and under the Safety, Health and Welfare at Work Act, 1989 (the "SHW Act") and, where the failure to comply would have a material adverse effect on the business of the Company as carried out in the USA, the Occupational Safety and Health Act, as amended, ("OSHA") and all regulations, directions, notices and orders made or served thereunder and has complied with any relevant code of practice issued by the health and safety regulations including National Authority for Occupational Safety and Health established pursuant to the SHW Act.
11. Neither the Company or any of the Properties is subject to any investigation or inquiry pursuant to the SAIS or the SHW Act or OSHA and no direction, notice or order has been served on the Company or any of the Properties pursuant to the SAIS or the SHW Act or OSHA and no application has been made to court under the SAIS or the SHW Act or OSHA for an order restricting or prohibiting the use of any of the Properties or any part thereof, nor is any prosecution threatened or pending in respect of any possible breach of the SAIS or the SHW Act or OSHA or related regulations.

PART VI
PROPERTIES

1. TITLE

- 1.1 The Properties comprise all the land and premises owned, controlled, occupied or otherwise used in connection with its businesses by the Company and all interests in land and premises (whether by way of easement option or any other interest whatsoever) of the Company.
- 1.2 Those of the Properties which are occupied or otherwise used by the Company in connection with its business are occupied or used by right of ownership or under lease or licence, the terms of which ownerships lease or licence permit that occupation or use.
- 1.3 The Company is the legal and beneficial owner of the interest in the Property which it occupies and the absolute owner of all fixtures and fittings at the Property.
- 1.4 The information contained in the Disclosure Letter as to the tenure of each of the Properties and the principal terms of the leases or licences held by the Company and the principal terms of the tenancies and licences subject to and with the benefit of which the Properties are held is true and accurate in all respects.
- 1.5 The Company has a good and marketable title to each of the Properties which it occupies and is the beneficial owner of the Properties free from encumbrances.
- 1.6 The Company has in its possession, or under its control, all deeds and documents necessary to prove title to the Property which it occupies, all of which have been duly stamped.
- 1.7 None of the Properties is registered in the Land Registry or located in an area of compulsory registration.
- 1.8 The Company is the registered proprietor in the Land Registry with absolute title of the Property which it occupies.
- 1.9 The Properties have the benefits of the rights and easements necessary for their beneficial use and enjoyment and are not subject to any terms entitling any person to terminate or curtail such rights.

2. ENCUMBRANCES

- 2.1 The Properties are free from any mortgage or debenture or charge or lien or other encumbrance securing the repayment of any monies or other obligation or liability of the Company or any other party or any agreement or commitment to create any of the foregoing.
- 2.2 The Properties are not subject to any outgoings other than general rates and water rates and insurance premiums and in the case of the leasehold properties, rent and service charges.
- 2.3 The Properties are not subject to any restrictive covenants or restrictions or stipulations or easements or profits à prendre or wayleaves or licences or grants or restrictions or overriding interests or any other rights vested in third parties nor any agreement to create any of the same.
- 2.4 Where those matters as are referred to in paragraphs 2.1 to 2.3 have been disclosed in the Disclosure Letter the obligations and liabilities imposed and arising under them have been fully observed and performed and any payments in respect of them due and payable have been duly paid.
- 2.5 The Properties are not subject to any option or right of pre-emption or right of first refusal whether created by statute or by agreement.
- 2.6 The Properties are free from any local land charges or land charge caution or inhibition or notice and no matter exists which is capable of registration against any of the Properties or the owner of that Property.
- 2.7 None of the Properties is subject to any Access Order under the Access to Neighbouring Land Act 1992 nor has any application been made for such an order.

3. PLANNING MATTERS

- 3.1 For the purposes of this paragraph "Planning Acts" means the Local Government (Planning and Development) Acts 1963-1994 and the Building Control Act, 1990, the Fire Services Act 1981 and the Local Government Multi Storey Buildings) Act, 1988 analogous US federal and laws regulations and codes and any other legislation relating to town and country planning matters;
- 3.2 The present use of each of the Properties is the permitted use for the purposes of the Planning Acts and no permitted use is subject to planning conditions of an onerous nature (including those of a personal or temporary nature).
- 3.3 Planning permission has been obtained, or is deemed to have been granted for the purposes of the Planning Acts, with respect to the development of the Properties and no permission has been suspended or called in or limited and no application for planning permission is awaiting decision.

- 3.4 Building regulation consents have been obtained with respect to all development, alterations and improvements to the Properties.
- 3.5 Compliance is being and has been made in all respects with planning permissions and orders and regulations issued under the Planning Acts and building regulation consents and bye-laws for the time being in force with respect to the Properties.
- 3.6 Compliance is being made, and has at all times been made, with all agreements and/or undertakings under the Planning Acts with respect to the Properties.
- 3.7 Compliance is being and has been made with all agreements made under the Planning Act with respect to the Properties.
- 3.8 None of the Properties is listed as being of special historic or architectural importance nor located in a conservation area.
- 3.9 All development charges and monetary claims and liabilities with respect to the Properties under the Planning Acts or any other legislation have been discharged and no liability, contingent or otherwise, is outstanding.
- 3.10 No notice has been served by or on the Seller under the Planning Acts.
- 3.11 None of the Properties is in an urban development area, an enterprise zone, an inner urban improvement area, a simplified planning zone or a mineral consultation area.

4 STATUTORY OBLIGATIONS

- 4.1 Compliance has been made with all applicable statutory and bye-law requirements with respect to the Properties and in particular (but without limitation) with requirements as to fire precautions and under the Public Health Acts, the Housing Acts, the Factory Acts and the Office Premises Act, 1958, the Mines and Quarries Act 1965 and the Dangerous Substances Acts, 1972-1979.
- 4.2 There is no outstanding and unobserved or unperformed obligation or anticipated in that respect pursuant to the provisions of the Environmental Protection Agency Act 1992 with respect to the Properties necessary to comply with the requirements (whether formal or informal) of any competent authority exercising statutory or delegated powers.
- 4.3 There are not in force, or required to be in force, any licences, whether under the Licensing Act 1923, the Intoxicating Liquor Acts or otherwise, which apply to any of the Properties.

5 ADVERSE ORDERS

- 5.1 There are no compulsory purchase notices or orders or resolutions affecting the Properties nor are there any circumstances likely to lead to any being made.

- 5.2 There are no closing or demolition or clearance orders or enforcement notices or stop notices affecting the Properties nor are there any circumstances likely to lead to any being made.

6. **CONDITION OF THE PROPERTIES**

- 6.1 To the knowledge of the Sellers without having made any investigation the buildings and other structures on the Properties are in good and substantial repair and fit for the purpose for which they are presently used.
- 6.2 The Company has received no notice of disputes with any adjoining or neighbouring owner with respect to boundary walls and fences or with respect to any easement or right or means of access to the Properties.
- 6.3 The principal means of access to the Properties is over roads which have been taken over by the local or other highway authority and which are maintainable at public expense and no means of access to the Properties is shared with any other party nor subject to rights of determination by any other party.
- 6.4 Each of the Properties enjoys the main services of water, drainage, electricity and gas.
- 6.5 None of the Properties is located in an area or subject to circumstances particularly susceptible to flooding.
- 6.6 To the knowledge of the Sellers without having made any investigation no building or structure on the Properties has been affected by structural damage or electrical defects or by timber infestation or disease.
- 6.7 There are no rights of common or common rights appurtenant to or over the Properties.
- 6.8 None of the Properties is located in a coal mining area.
- 6.9 None of the buildings or other structures on the Properties contains in its fabric any high alumina cement, blue asbestos, calcium chloride accelerator, dredged sea aggregates, wood wool slabs used as permanent shuttering or other deleterious materials or any substances not approved by the British Standards and Codes of Practice for the time being.

7. **INSURANCE**

- 7.1 The Properties are insured against third party and public liabilities to an adequate extent.
- 7.2 All premiums payable in respect of insurance policies with respect to the Properties which have become due have been duly paid and no circumstances have arisen which would vitiate or permit the insurers to avoid those policies.
- 7.3 The information in the Disclosure Letter with respect to insurance policies on the Properties is up-to-date and true and accurate in all respects.

8. LEASEHOLD PROPERTIES

- 8.1 At the date of grant of any Leases under which the Properties are held the Landlord had good title to grant the same and all necessary consents had been obtained.
- 8.2 The Company has paid the rent and observed and performed the covenants on the part of the tenant and the conditions contained in any leases (which expression includes underleases) under which the Properties are held and the last demand (or receipt for rent if issued) was unqualified and all leases are valid and in full force.
- 8.3 All licences and consents and approvals required from the landlords and any superior landlords under any leases of the Properties have been obtained and the covenants on the part of the tenant contained in those licences and consents and approvals have been duly performed and observed.
- 8.4 There are no rent reviews under the leases of the Properties currently in progress and no rent review notice has been served by or on the Seller.
- 8.5 There is not outstanding and unobserved or unperformed any obligation necessary to comply with any notice or other requirement given by the landlord under any leases of the Properties.
- 8.6 There is no obligation to reinstate any of the Properties by removing or dismantling any alteration made to it by the Company or any predecessor in title to the Company.
- 8.7 No notice to quit has been served on the Seller under the Landlord and Tenant (Amendment) Act 1980 or otherwise and no notice of intention to claim relief has been served by the Seller under Part II of that Act.
- 8.8 The Seller is not aware of any circumstances likely to lead to the service of any notice pursuant to Section 14 of the Conveyancing Act 1881, or otherwise, to the forfeiture of the lease under which any of the properties is held.
- 8.9 None of the Leases under which the Properties are held are the subject of an order of the court under Part II of the Landlord and Tenant (Amendment) Act 1980.
- 8.10 The Company does not have any continuing liability in respect of any other property formerly owned or occupied any Group Company either as original contracting party or by virtue of any direct covenant having been given on a sale or assignment to any Group Company or as a guarantor of the obligations of any other person in relation to such property.
- 8.11 The Company or any Group Company as the case may be is in actual occupation of all parts of the Properties and the right to compensation for disturbance is not included and no notices have been served or received under PART II of the Landlord and Tenant (Amendment) Act ,1980.
- 8.12 The consummation of the transactions contemplated hereby will not give rise to any rights of any Landlord to terminate or amend any Leases for the Properties.

9. **TENANCIES**

The Properties are not held subject to or with the benefit of any tenancies.

PART VII

EMPLOYMENT

1. EMPLOYEES AND TERMS OF EMPLOYMENT

- 1.1 Full particulars of the identities and dates of commencement of employment or appointment to office and terms and conditions of employment of all the employees and officers of the Company including (without limitation) all remuneration, incentives, bonuses, expenses, profit sharing or commission or discretionary bonus arrangements and other payments share option schemes and other benefits whatsoever payable are fully and accurately set out in the Disclosure Letter. On Completion the Company will not employ or have any obligations to employ or have seconded to it any other person.
- 1.2 The Disclosure Letter contains full and accurate particulars of any outstanding offer of employment made to any person by the Company and there is no person who has accepted an offer of employment by the Company but whose employment has not yet started.
- 1.3 There are no agreements or other arrangements, whether or not legally binding, between the Company and any trades union or other body representing employees, nor does the Seller have any knowledge of any current union organizing activities among the employees nor has the Company done any act which may be construed as recognitions.
- 1.4 In relation to each of the present officers or employees of the Company (and so far as relevant to each of its former employees) the Company has:
 - 1.4.1 complied with all obligations imposed on it by Articles of the Treaty of Rome European Commission Regulations and Directives and all statutes, regulations and codes of conduct relevant to the relations between it and its employees or it and any recognised trade union;
 - 1.4.2 maintained adequate and suitable records regarding the service of each of its employees including (without limitation) records of working time;
 - 1.4.3 complied with all collective agreements and customs and practices for the time being dealing with such relations or the conditions of services of its employees; and
 - 1.4.4 complied with all relevant orders and awards made under any statute affecting the conditions of services of its employees.
- 1.5 The Company has complied with all recommendations, awards and declarations made by the Labour Court and/or the Labour Relations Commission, the National Labor Relations Board, the Equal Employment Opportunity Commission or any similar agency.

- 1.6 There is no unfair labor practice charge or complaint against any Group Company pending or, to the knowledge of the Seller, threatened before the Labour Court, the Labour Relations Commission, the US National Labor Relations board or any similar agency; There is no pending or threatened grievance or arbitration proceeding arising out of any collective bargaining agreement or other grievance procedure relating to any Group Company;
- 1.7 There is no agreement, arrangement, scheme or obligation (whether legal or moral) for the payment of any pensions, allowances, lump sums or other like benefits on retirement or on death or during periods of sickness or disablement for the benefit of any of the officers or employees of the officers or employees of the Company or former officers or employees or for the benefit of dependants of such persons save as disclosed in the Disclosure Letter.
- 1.8 The Disclosure Letter contains full and accurate particulars of any agreement for the provision of consultancy services or other services of personnel of the Company and of the terms applicable to the secondment to the Company of any person.
- 1.9 There are no terms of employment for any employee of the Company which provide that a change in control of any Company (however change of control may be defined if at all) shall entitle the employee to treat the change of control as amounting to a breach of contract or entitling him to any payment or benefit whatsoever or entitling him to treat himself as redundant or otherwise dismissed or released from any obligation.
- 1.10 No Company has an obligation to make any payment on redundancy in excess of the statutory redundancy payment and no Company has operated any discretionary practice of making any such excess payments.
- 1.11 No contract of service exists between the Company and a director or employee in relation to which any relevant requirements of section 28 Companies Act, 1990 have not been fulfilled.

2. BONUS PROFIT SHARING AND SHARE OPTION SCHEMES

- 2.1 There are no schemes in operation by or in relation to the Company under which any employee of the Company is entitled to a commission or remuneration of any other sort calculated by reference to the whole or part of the turnover profits or sales of the Company.
- 2.2 The Company does not operate a profit-related pay scheme or an approved share option scheme or an approved profit sharing scheme for the purposes of sections 519A and 510 of the TCA 1997 or analogous US federal or state laws or regulations.

3. CHANGES IN REMUNERATION

- 3.1 Since the Last Accounts Date or (where employment or holding of office commenced after the beginning of that period) since the commencement date of the employment or holding of office:

- 3.1.1 (other than those required by law) no change has been made in the rate of remuneration or the emoluments or pension benefits of any officer, ex-officer or senior executive of the Company (a senior executive being a person in receipt of remuneration in excess of £30,000 per annum);
- 3.1.2 no change has been made in the terms of employment of any officer or senior executive; and
- 3.1.3 no additional officers or senior executives have been appointed.
- 3.2 The Company is not bound or accustomed to pay any monies other than in respect of remuneration or emoluments of employment or pension benefits to or for the benefit of any officer or employee of the Company.
- 3.3 No amounts due to or in respect of any of the officers or employees or former employees of the Company (including PAYE, PRSI and Government Levies and pension contributions) are in arrear or unpaid.
- 3.4 No negotiations for any increase in the remuneration or benefits of any officer or employee of the Company are current or likely to take place within six months after the date of Completion.
- 3.5 No proposal, assurance or commitment has been communicated to any employee or other person working for the Company regarding any change to his terms of employment or working conditions or regarding the continuance, introduction, increase or improvement of any benefit or any discretionary arrangement and no negotiations have commenced for any such matter.

4. TERMINATION OF CONTRACTS OF EMPLOYMENT

- 4.1 All subsisting contracts of service and all contracts for services with any individual to which the Company is a party are determinable on three months' notice or less without giving rise to a claim for damages or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal).
- 4.2 No employee or officer of the Company:
 - 4.2.1 has given or received notice terminating his employment except as expressly contemplated in this agreement;
 - 4.2.2 will be entitled to give notice as a result of the provisions of this agreement; or
 - 4.2.3 has indicated an intention to terminate his employment.

5. INDUSTRIAL DISPUTES AND EMPLOYEE AND OTHER CLAIMS

- 5.1 The Company is not and none of its respective employees is involved in any industrial dispute and there are no facts known, or which would on reasonable enquiry be known, to the Company, its directors or the Seller which might suggest that there may

be any industrial dispute involving the Company or that any of the provisions of this agreement including (without limitation) the identity of the Buyer may lead to any industrial dispute.

- 5.2 There is no outstanding claim against the Company by any person who is now or has been an officer or employee of the Company or any dispute between the Company and a material number or class of its employees and no payments are due by the Company under the provisions of the Redundancy Payment Acts 1967 and it has complied as respects of its employees with the Holidays (Employees) Act, 1973, the Minimum Notice and Terms of Employment Act, 1973; the Anti-Discrimination (Pay) Act 1974; the Protection of Young Persons (Employment) Act, 1977; the Unfair Dismissals Act, 1977; the Protection of Employment Act 1977; the Employment Equality Act 1977; the Worker Protection (Regular Part-Time Employees) Act, 1991; Payment of Wages Act, 1991; Terms of Employment (Information) Act, 1994; Maternity Protection Act, 1994; Adoptive Leave Act, 1995, and the Organisation of Working Time Act 1997 or to the best of the knowledge and belief of the Sellers any other statute or analogous US Federal or state laws of regulations.

- 5.3 No enquiry or investigations has been made or threatened by the under the Employment Equality Act 1998 in respect of any act, event, omission or other matter arising out of or in connection with:

5.3.1 any application for employment by any person;

5.3.2 the employment (including terms of employment, working conditions, benefits and practices) or termination of employment of any person;

5.3.3 the Scheme (other than routine claims for benefits);

and, after making due and careful enquiries, the Seller is not aware of any circumstance which may give rise to any such claim or investigation. Neither the Seller nor the Company has given any indemnity to any person in connection with the Scheme except as stated in the Scheme Documents.

- 5.4 During the period of twelve months before the date of this agreement, the Company has not given notice of any redundancies to or started consultations with any trade union or employee representatives in this regard.

6. **LOANS TO EMPLOYEES**

- 6.1 The Company has not made any loan or advance, or provided any financial assistance to any employee, or past or prospective employee, which is outstanding.

7. **REDUNDANCIES**

No employee of the Company will become redundant and be entitled to a redundancy payment as a result of any provisions of this agreement.

PART VIII

PENSIONS

1. Full complete and accurate particulars of the Pension Scheme is contained in the Disclosure Letter including without limitation true copies of the trust deeds and full and accurate details of the assets, funding arrangements and current membership and contributions of the Company and (if applicable, members) There are no and there have been no actuarial reports on the Pension Scheme.
2. The Pension Schemes are exempt approved schemes within the meaning of Sections 15 and 16 of the Finance Act, 1972 and there is no reason why approval may be withdrawn.
3. There has been disclosed in the Disclosure Letter the basis on which the Company contributes to the Pension Scheme and the Company has always and pending Completion the Company shall continue to contribute to the Pension Scheme on such basis.
4. Particulars of the Pension Scheme including complete copies of the trust deeds, the latest explanatory booklet and the most recent annual reports are set out in the Disclosure Letter. The Pension Scheme has not at any time been established has not or carried on, on a defined benefit basis and subsequently switched to a defined contribution basis.
5. All contributions and expenses which under each of the Pension Schemes have become payable up to Completion have been or will by Completion be duly and punctually paid.
6. Full details of :
 - 6.1 all discretionary practices in relation to the Pension Scheme; and
 - 6.2 the current terms applicable on early retirement (whether voluntary or as a result of ill health or redundancy), late retirement, commutation, optional dependant's pension and other optional arrangements under the Pension Scheme are set out in the Disclosure Letter.
7. No power or discretion has been exercised under the Pension Scheme :
 - 7.1 to augment or provide a benefit which is not otherwise augmented or provided under that scheme;
 - 7.2 to pay a contribution thereto which would not otherwise have been paid; or
 - 7.3 to admit to membership an employee or officer who would not otherwise have been eligible.

8. The Pension Scheme has been established, registered and has at all times been operated in compliance with and has been duly administered in accordance with all applicable legislation, regulations and requirements including :
 - 8.1 the provisions of the Pensions Act, 1990 or ERISA (as defined below to the extent applicable (and any regulations made thereunder);
 - 8.2 the requirements of the Retirement Benefits District of the Revenue Commissioners for exempt approval and the Pensions Board;
 - 8.3 Article 119 of the Treaty of Rome (and any regulations or directives issued thereunder); and
 - 8.4 the documentation by which it is constituted and governed.
9. The Company has at all material times held or been named in a contracting-out certificate referable to the Pension Scheme.
10. The Company has duly complied with all its obligations under each of the Pension Scheme.
11. All lump sum benefits and dependants pensions payable under the Pension Scheme on the death of a member thereof while in an employment to which the Pension Scheme relates (other than a refund of contributions with interest where appropriate) are fully insured under policies effected with a life office authorised under the terms of the European Communities (Life Assurance) Regulations, 1984 to carry on life assurance business in Ireland at its normal rates and on its normal terms for persons in good health.
12. All information which has been supplied to any life office which has issued or undertaken to issue policies for the purpose of the Pension Scheme is true and complete.
13. Such policies are enforceable and there are no grounds on which the life office might avoid liability thereunder.
14. No actions, suits or claims (other than routine claims for benefits) have been made or are pending in respect of the Pension Scheme by or against the trustees of that scheme or the Company.
15. There is no dispute about benefits payable under any of the Pension Scheme.
16. There are no circumstances which might give rise to any such action, suit, claim or dispute under the Pension Scheme.
17. There is no contract, agreement, plan or arrangement covering any US employee or former US employee that, individually or collectively, provides for the payment by any Group Company of any amount (i) that is not deductible under Section 162(a) (1) or

404 of the Code or (ii) that is an "excess parachute payment" pursuant to Section 280G of the Code.

- 17.1 There is no employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1976, as amended ("ERISA") (whether or not subject to ERISA) or other contract, arrangement, policy or plan providing for insurance coverage, workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits, life health or accident benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, stock purchases or other forms of incentive compensation or post-retirement insurance, compensation or benefits, which covers or has covered any US employee or former US employee of any Group Company and which is maintained, sponsored, contributed to or required to be contributed to by, any Group Company or under which any Group Company may incur any liability.
18. The Company does not provide retirement, death, disability, superannuation and pension benefits other than pursuant to the Pension Scheme and the Company has not in the past and is under no legal or moral liability or obligation or ex gratia arrangement, promise or representation to provide such benefits other than to the persons and in the amounts set out in the Disclosure Letter.

PART IX

ASSETS

1. OWNERSHIP AND POSSESSION OF ASSETS

- 1.1 One of the Group Companies owned at the relevant Accounts Date and had good and marketable title to and (except for current assets subsequently sold or realised in the ordinary course of business) still owns and has good and marketable title to all the assets included in the Accounts.
- 1.2 Particulars of all fixed assets acquired or agreed to be acquired since the Last Accounts Date which are not noted in the Budget are listed in the Disclosure Letter. Except for current assets sold or realised in the ordinary course of business, the Company still owns and has good and marketable title to these assets.
- 1.3 None of the property, assets, undertaking, goodwill or uncalled capital of the Company other than the Properties is subject to any Encumbrance or any agreement to create any Encumbrance and no person has claimed to be entitled to an Encumbrance in respect of any such asset.
- 1.4 All of the tangible assets owned by the Company, or which the Company has the right to use, are located at one of the Properties or are under the control of one of the Group Companies.

2 ASSETS SUFFICIENT FOR THE BUSINESS

The assets owned by the Company, together with assets held under the hire-purchase, credit sale, leasing and rental agreements referred to in the Disclosure Letter, comprise all assets necessary for the continuation of the business of the Company as carried on at the date of this agreement.

3. STOCKS AND WORK IN PROGRESS

- 3.1 The stocks of raw materials, packaging materials and finished goods held by the Company are not excessive and are adequate in relation to the current trading requirements of the Company.
- 3.2 None of the stock is obsolete, unuseable or of limited value in relation to the current business of the Company.
- 3.3 The stock held by the Company is in good condition and is capable of being sold by the Company in the ordinary course of its business in accordance with its current price list without rebate or allowance to a purchaser.
- 3.4 The value of the Company's work in progress does not exceed the level shown in the Accounts.

- 3.5 The work in progress of the Company is adequate to maintain current cash flow and profitability to allow the Company to attain its projected revenues and profits for the year ending on 31 December 2000.

4. **VULNERABLE ANTECEDENT TRANSACTIONS**

- 4.1 The Company has not been a party to any transaction pursuant to or as a result of which an asset owned, purportedly owned or otherwise held by the Company is liable *to be transferred or re-transferred to another person or which gives or may give rise to a right of compensation or other payment in favour of another person.*
- 4.2 Without limiting paragraph 4.1 the Company has not been a party to any transaction to which the provisions of Section 139 Companies Act 1990, Section 286 Companies Act 1963, Section 57 Bankruptcy Act, 1988 or analogous US federal or state laws or regulations may still be applicable.

5. **INSURANCE**

- 5.1 All the assets and undertakings of the Company of an insurable nature have, and at all material times have been, insured against all risks required by applicable law or regulation to be covered by insurance or otherwise normally insured against by persons carrying on the same business in amounts representing their full replacement or reinstatement values, and the Company is now and has at all material times been adequately covered against fire, accident, damage, injury, third party loss, loss of profits and other risks normally covered by insurance.
- 5.2 All the insurance policies of the Company are in full force and effect, all premiums due on them have been paid and all other conditions of those policies have been performed *and observed and there are no circumstances which could make any policy void or voidable or which is likely to result in an increase in premium*
- 5.3 None of the policies is subject to any special or unusual terms or restrictions or to the payment of any premium in excess of the normal rate; the Company has not been refused insurance during the three year period ending on the date of this agreement.
- 5.4 The policies will continue in full force and effect notwithstanding Completion.
- 5.5 The Disclosure Letter contains complete and accurate details of all insurance claims made by the Company during the period of two years ending on the date of this agreement. There are no claims outstanding under any of the policies, and the Sellers are not aware of any circumstances which would or might entitle the Company to make such a claim or which would or might be required under any of the policies to be notified to the insurers.

6. **CONDITION AND MAINTENANCE OF PLANT**

- 6.1 All plant, machinery, vehicles and office and other equipment owned or used by the Company:

- 6.1.1 is in good repair and condition (subject to fair wear and tear); and
- 6.1.2 is in satisfactory working order and has been regularly maintained to a good technical standard and in accordance with safety regulations usually observed in relation to that equipment and in accordance with the terms and conditions of any applicable leasing or similar agreement and all applicable safety laws and regulations currently in force.
- 6.2 Maintenance contracts are in full force and effect in respect of all assets of the Company which it is normal or prudent to have maintained by independent or specialist contractors and in respect of all assets which the Company is obliged to maintain or repair under any leasing or similar agreement.
- 6.3 All vehicles owned or used by the Company are roadworthy and duly licensed.

7. LEASED ASSETS

In respect of all plant and machinery held by the Company under any lease:

- 7.1 no circumstance has arisen, or is likely to arise, in relation to any asset held by the Company under a lease or similar agreement by which the rental payable has been, or is likely to be, increased and, in particular, all those assets have at all relevant times been used for a qualifying purpose for the purposes of Part 9 TCA 1997;
- 7.2 the amount of the last rental due from the Company is stated in the Disclosure Letter and was no less than the amount properly payable under the lease having regard to all its terms and at the date of Completion no circumstance exists by which the lessor is or might be entitled to require an upward adjustment to the rental;
- 7.3 the plant and machinery is, and has at all times been used for a qualifying purpose in the requisite period in accordance with Part 9 TCA 1997 and was purchased by the relevant lessor as principal acting for itself and without intervention of any agent; and
- 7.4 no inquiry or investigation is being conducted by the Revenue Commissioners concerning the availability to the lessor of capital allowances in respect of the plant and machinery concerned.

PART X

INTELLECTUAL PROPERTY RIGHTS AND INFORMATION TECHNOLOGY

1. DEFINITIONS

In this Part X:

"Hardware"	means any and all computer, telecommunications and network equipment;
"Applications"	means applications for Registered Intellectual Property Rights;
"Intellectual Property Rights"	means all rights in and in relation to Registered Intellectual Property Rights, Applications, inventions, unregistered Trade Marks, trade or business names, copyrights (and all extensions and renewals thereof), designs, databases, semiconductor chips, computer software, know-how and other confidential information and other neighbouring rights of any description whatsoever, and all other intellectual or industrial property rights and forms of protection of similar nature in any part of the world relating to the business conducted by the Company;
"Licence"	means any licence, permission or consent in respect of the use or exploitation of any Intellectual Property Right, Know-How, business or trading names or a mixture thereof (including for the avoidance of doubt, any unwritten, tacit and/or informal licensing arrangement and any larger arrangement of which any licence, permission or consent as aforesaid forms part);
"Registered Intellectual Property Rights"	means patents, certificates of addition, supplementary certificates of addition, supplementary protection certificates, petty patents, utility models, registered copyrights, registered Trade Marks, registered designs, plant variety rights, and all other registered intellectual or industrial property rights in any part of the world;
"Services"	means any services relating to the Systems or to any other aspect of the Company's data

processing or data transfer requirements, including facilities management, bureau services, hardware maintenance, software development or support, consultancy, source code deposit, recovery and network services;

"Software"

any and all computer programs in both source and object code form, including all modules, routines and sub-routines thereof and all source and other preparatory materials, relating thereto including user requirements, functional specifications and programming specifications, ideas, principles, programming languages, algorithms, flow charts, logic, logic diagrams, orthographic representations, file structures, coding sheets, coding and including any manuals or other documentation relating thereto and computer generated works;

"Systems"

the Hardware and the Software owned or used by the Company;

"Trade Marks"

means trade marks and service marks (including, for the avoidance of doubt, collective marks and certification marks and irrespective of where in the world the same are used, registered and/or applied for) and any domain names;

2. OWNERSHIP

- 2.1 The Company or one of the Group Companies is the sole legal and beneficial owner of or is licensed to use all Intellectual Property Rights necessary to conduct the business of the Company, and such Intellectual Property Rights are valid and subsisting.
- 2.2 All of the Registered Intellectual Property Rights and Applications owned by the Company are listed in the Disclosure Letter. The Company is the sole legal and beneficial owner of the Registered Intellectual Property Rights and Applications listed in the Disclosure Letter and is the sole legal and beneficial owner of the subject matter thereof.
- 2.3 The Company is the legal and beneficial owner of or is licensed to use all of the Trade Marks and business or trading names used by the Company.

3. MAINTENANCE

- 3.1 All documents material to the title of the Intellectual Property Rights owned, used or exploited by the Company form part of the records or materials in the possession or ownership of the Company or one of the Group Companies.

- 3.2 All registration and renewal fees have been paid in relation to the registered Intellectual Property Rights and Applications owned, used or exploited by the Company and all reasonable steps have been taken for the diligent prosecution and maintenance of all the Registered Intellectual Property Rights and the Applications.
- 3.3 All reasonable steps have been taken for the diligent maintenance and protection of all unregistered Intellectual Property Rights owned used or exploited by the Company.
- 3.4 All taxes and other payments have been made in respect of all Intellectual Property Rights owned, used or exploited by the Company.

4. SUFFICIENCY

- 4.1 The Intellectual Property Rights owned used or exploited by the Company comprise all the Intellectual Property Rights required for the operation of the business of the Company as now conducted and none of such Intellectual Property Rights will be adversely affected by the transactions contemplated by this agreement.
- 4.2 There is no single Intellectual Property Right or Licence, the loss or expiration of which would cause material adverse effect to the operation of the business of the Company, nor, will any such loss or expiration occur within 12 months of the date hereof.
- 4.3 All Intellectual Property Rights owned used or exploited by the Company for the operation of its business immediately prior to Completion will be owned or available for use by the Company on substantially identical terms and conditions immediately following to Completion.

5 DEALINGS

- 5.1 All Licences granted to the Company of Intellectual Property Rights other than licences relating to standard software packages are set out in the Disclosure Letter.
- 5.2 The Company has not authorised or otherwise permitted, expressly or by implication, any use whatsoever of Intellectual Property Rights owned, used or exploited by the Company nor granted to any third party any right or interest in respect of the Intellectual Property Rights owned, used or exploited by the Company.
- 5.3 Nothing has been done to diminish or otherwise affect the reputation of the unregistered Trade Marks owned, used or otherwise exploited by the Company.
- 5.4 All the Intellectual Property Rights owned, used or exploited by the Company and all Licences are valid and subsisting and nothing has been done or omitted to be done by the Company, and the Seller and the Company are unaware of any act or omission of any third party which would jeopardise the validity or subsistence of any Intellectual Property Rights or such Licences.

- 5.5 None of the Intellectual Property Rights (or the rights or interest therein) owned, used or exploited by the Company and none of the Company's goodwill or rights in respect of marks and names are subject to any Encumbrance in favour of any third party.

6. INFRINGEMENTS

- 6.1 The Company has not and licensees of the Company have not, infringed and do not infringe any Intellectual Property Rights of a third party nor have there been any claims, disputes or proceedings threatened or in existence in respect of any Intellectual Property Rights owned, used, licensed or exploited by the Company.
- 6.2 No third party has made or is making or threatening to make any use or exploitation of any Intellectual Property Rights owned, used or exploited by the Company or in which the Company holds any interest without the licence of the Company, or has made any claim or challenge in relation to any such Intellectual Property Rights.
- 6.3 No licences relating to Intellectual Property Rights owned, used or exploited by the Company has been the subject of the breach or default of any party or of any event which with notice or lapse of time or both would constitute a default.
- 6.4 The Company is not subject to any injunction, undertaking or court order or order of any other authority of competent jurisdiction not to use or restricting the use of any Intellectual Property Rights owned, used or exploited by the Company.

7. USE OF NAME

The Company does not trade or carry on business under, or uses, any name or style other than its corporate name.

8 INFORMATION TECHNOLOGY

- 8.1 All of the Systems and data held within the Systems are owned or licensed for use by a Group Company, and are not wholly or partly dependant on any facilities or services not under the exclusive ownership and control of a Group Company. No person other than an employee of or person authorised by a Group Company is entitled to have access to or operate any Systems.
- 8.2 A Group Company has in its possession or in its control the source code of all bespoke software owned, used or exploited by the Company in a form which would enable a reasonably skilled programmer or analyst to maintain and correct that software without third party assistance.
- 8.3 All Systems used by the Company are in good working order, function in accordance with all material specifications and any other descriptions under which it has been supplied such specification being at least of the standard reasonably expected to conduct the business of the Company, and have been and are being properly and regularly maintained and replaced. No part of the Systems has materially failed to function at any time during the three years prior to the date hereof.

- 8.4 All Services made by the Company and such specification are of the standard reasonably expected to conduct the business of the Company, and are being and have been provided in accordance with such specifications.
- 8.5 The Company has full and unrestricted access to and use of the Systems, and no third party agreements or consents are required to enable the Company to continue such access and use following Completion.
- 8.6 So far as a Seller is aware, with respect to the Company's conduct of its business:
- 8.6.1 it is not necessary or desirable to incur any further expenditure on the modification, development, expansion or, save in the normal course of business, replacement of the Systems;
 - 8.6.2 without limiting paragraph 8.6.2, the Systems are Year 2000 conformant which shall mean that neither performance nor functionality is affected by dates prior to, during and after the Year 2000. In particular.
 - (a) no value for current date will cause any interruption in operation;
 - (b) date based functionality must behave consistently for dates prior to during and after 2000; and
 - (c) in all interfaces and data storage, the century in any date must be specified either explicitly or by unambiguous algorithms or inferencing rules.
 - 8.6.3 the present capacity of the Systems is sufficient in order to satisfy the requirements of the Company with regard to data processing and communications during the period ending 3 years from the date of this agreement
- 8.7 No part of the Systems is or has been infected by any virus or other extraneously induced malfunction and no person has had unauthorised access to the Systems or any data stored thereon. The Company operates a documented procedure to avoid such infections and unauthorised access.
- 8.8 The Company has since incorporation operated a back-up system suitable for the business which comprises:
- 8.8.1 a weekly backup of all data held on a medium with a data-integrity life of at least 10 years; and
 - 8.8.2 put that backup data into storage at a site other than the site at which the backed-up file is located within 24 hours of the backup copy being made and can, on no more than 2 hours' notice, be retrieved and loaded onto the Company's current hardware so as to restore the file of which they are a copy.
- 8.9 The Company has not outsourced any of its Information Technology operations.

- 8.10 All data processed using the Systems and the Services has been regularly archived in hard copy form. Such hard copies have been properly stored and catalogued, and are available for inspection as required by the Company from time to time.
- 8.11 The Company has taken all steps necessary to ensure that its business can continue in the event of a failure of the Systems (whether due to natural disaster, power failure or otherwise).

9. **CONFIDENTIAL INFORMATION**

Neither the Company nor any of the Sellers (except in the ordinary and proper course of business and subject to an obligation of confidentiality) disclosed or permitted to be disclosed to any person other than to the Buyer any of its commercial or industrial know-how, trade secrets or other confidential information, (including its financial information, marketing information and information relating to its employees, customers and suppliers or any other information concerning the Company's business or affairs the disclosure of which might cause loss or damage to or adversely affect the Company.

SCHEDULE 3
Tax Covenant
DEED OF TAX COVENANT

DATED

2000

BETWEEN:

- (1) **KIERAN MCBRIEN, GLASLYN LIMITED, WHITTON INVESTMENTS LIMITED** (together the "Covenantors" and each a "Covenantor")
- (2) **GLADSTONE PLC** a company incorporated under the laws of the United Kingdom (registered number 3327360 having its registered office at Westminster House, High Street, Egham, Surrey TW20 9HE (the "Purchaser"))

AND

- (3) **GE.MEDIA LIMITED** a company incorporated under the laws of Ireland (registered number 258044 having its registered office at 2b Clonskeagh Square, Dublin 4. (the "Company"))

WHEREAS:

This Deed is entered into pursuant to the provisions of a certain agreement for the sale and purchase of shares of even date herewith made between (1) Gladstone plc and (2) the Sellers (as therein defined) (the "Agreement").

NOW IT IS HEREBY AGREED as follows:-

1 Interpretation

In this Deed:-

- 1.1. unless the context otherwise requires or unless otherwise specified all words and expressions defined in the Agreement shall have the same meaning in this Deed and any provisions in the Agreement concerning matters of construction or interpretation shall also apply in this Deed;
- 1.2. **"Claim For Taxation"** means any claim, notice, demand, assessment, letter or other document made or issued or any action taken or omission made by or on behalf of the Revenue Commissioners or any revenue or fiscal authorities, customs and excise authorities or any other statutory or governmental authority, agency, body or official whatsoever in any part of the world whereby any Group Company is or may be placed or sought to be placed under a Liability To Taxation (whether or not it is primarily payable by Group Company and whether or not any Group Company has or may have any right of reimbursement);

1.3. **"Liability To Taxation"** means any liability whatsoever to make a payment of or in respect of Taxation and includes

1.3.1. the loss, reduction, counteracting or clawing back of or failure to obtain any Relief which would otherwise have been available to any Group Company and/or the use of any Relief which would otherwise have been available to any Group Company against any profit, income, gain or receipt or deemed profit, income, gain or receipt; and

1.3.2. the nullifying, cancellation, set-off or reduction of a right to repayment of Taxation which would otherwise have been available to any Group Company and in each such case the amount of the Relief so lost, counteracted, clawed back or used or the amount of repayment which would otherwise have been obtained shall be treated as an amount of Taxation for which a liability has arisen and fallen due on the date on which (in the case of a Liability To Taxation falling within clause 1.3.1) the resulting Taxation is due and payable or would have been due and payable but for the utilization of any other Relief by any Group Company or (in the case of a Liability To Taxation falling within clause 1.3.2) the resulting repayment would have been received or (where such repayment was dependent upon the making of an application or the satisfaction of some other condition) the earliest date upon which such application could have been made or such condition satisfied;

1.3.3. any and all penalties and interest payable by any Group Company whether in respect of the late or complete failure to file returns and other required information, or otherwise;

1.4. **"Relief"** means any relief, allowance, exemption, credit, deduction or set-off of whatsoever nature in computing any liability to Taxation or any credit against Taxation or in computing or against any profit, income, gain or receipt of whatsoever nature howsoever arising; and

1.5. **"Taxation"** means all forms of taxation, duties, imposts, levies, withholding, rates and charges of whatsoever nature whether of Ireland, United States of America or elsewhere in any part of the world wherever or whenever created or imposed including income tax, corporation tax, advance corporation tax, capital gains tax, capital acquisitions tax, inheritance tax, capital transfer tax, deposit interest retention tax, VAT, probate tax, sales tax, customs and other import and export duties, excise duties, stamp duty, capital duty, wealth tax, property tax, rates, pay-related social insurance or other similar contributions and generally all taxes, duties, imposts, withholdings, levies, rates and charges whatsoever on or in relation to income, profits, gains, sales, receipts, use or occupation and any taxes, duties, imposts, withholdings, levies, rates and charges supplementing or replacing any of the foregoing and any interest, charges, surcharges, fines, penalties, costs and expenses in connection with any of the foregoing, and the expression "tax" shall be construed accordingly.

2. Indemnities

Subject to clause 3 hereof the Covenantors hereby severally covenant with and undertake to the Purchaser (for itself and as trustee for all others who are the owners from time to time of the Shares) and, as separate covenants and undertakings, with and to the Company (for itself and as trustee for the Group Companies), to indemnify and keep indemnified the Purchaser and the Group Companies from and against:-

- 2.1. any Claim For Taxation, any Liability To Taxation and any depletion or diminution in the value of the assets of, or increase in liabilities of, or loss of any benefit or advantage by, any Group Company arising wholly or partly by reason of or in connection with any Claim For Taxation or any Liability To Taxation in respect of, by reference to or in consequence of: -
 - 2.1.1. any act, omission, event or transaction or series of transactions wholly or partly occurring or entered into on or before the date of this Deed.
 - 2.1.2. any income, profit, gain or receipt earned, accrued or received or deemed to have been earned, accrued or received on or before the date of this Deed;
 - 2.1.3. any dividend or distribution paid or made or deemed to have been paid or made on or before the date of this Deed;
 - 2.1.4. any settlement of any Claim For Taxation in respect of, by reference to or in consequence of, any of the matters referred to in clauses 2.1.1 to 2.1.3 (inclusive); and
 - 2.1.5. all costs and expenses incurred in relation to any demands, actions, proceedings and claims in respect of any Liability To Taxation or Claim For Taxation in respect of any of the matters referred to in clauses 2.1.1 to 2.1.3 (inclusive).

3. Exclusions

The indemnities contained in clause 2 hereof shall not apply to any Liability To Taxation or Claim For Taxation to the extent that:-

- 3.1. specific provision or reserve has been made in the Accounts in respect of such Liability To Taxation or Claim For Taxation or was specifically referred to in the notes thereto;
- 3.2. such Liability To Taxation or Claim For Taxation arises or is increased as a result only of any provision or reserve in respect thereof in the Accounts being insufficient by reason of any increase in rates of taxation made after the date of this Deed with retrospective effect;
- 3.3. such Liability To Taxation or Claim For Taxation arises as a consequence only of profits or gains earned or accrued in the ordinary and usual course of trading during the period from the Accounts Date to the date of this Deed; or

- 3.4. such Liability To Taxation or Claim For Taxation which would not have arisen but for a voluntary act or transaction carried out by the Purchaser or any Group Company after the date of this Deed other than in the ordinary course of business and where such act or transaction was carried out without the consent of the Covenantors or any of them or where such act or transaction is required by law or is in response to a formal or informal inquiry or investigation by the taxing authorities.

4. Mitigation

- 4.1. Except as provided in clause 4.2, the Covenantors shall be liable under the indemnity in clause 2.1 notwithstanding any Reliefs, rights of repayment or other rights or claims of a similar nature, which may be available to any person entitled to the benefit of the indemnity to set against or otherwise mitigate any Liability To Taxation, so that the indemnity in clause 2.1 shall take effect as though no such Reliefs, rights of repayment or other rights or claims were available.
- 4.2 The provisions of clause 4.1 shall not apply if and to the extent that the Reliefs, rights of repayment, or other rights or claims mentioned in that clause arose:
- 4.2.1. wholly or mainly by reason of any act, omission or transaction of any Group Company before the Last Accounts Date;
- 4.2.2. wholly or mainly by reason of any act, omission or transaction of the Covenantors which does not cause the Group Companies (or any of them) to incur any liabilities, costs or expenses (unless the Group Companies receive a satisfactory indemnity against them) and, without prejudice to the generality of this clause, the Company shall co-operate and shall procure the co-operation of the Group Companies at the cost of the Covenantors in making a claim for group relief which falls within this clause.
- 4.3. Where and to the extent that clause 4.2 applies, credit shall be given to the Covenantors against any liability under this Deed for any such Reliefs, rights of repayment or other rights or claims as are mentioned in clause 4.1.

5. Conduct of claims

- 5.1. The Company shall notify the Covenantors in writing of any Claim For Taxation which comes to its notice whereby it appears that the Covenantors are or may become liable to indemnify any Group Company under this deed. Where a time limit for appeal applies to the Claim For Taxation, the notification shall be given as soon as reasonably possible after the date on which the Claim comes to the notice of the Company but, where no time limit applies or the period to which the limit relates has not commenced, the notification shall be given within fifty six days of that date.
- 5.2. The Company shall ensure that a Claim for Taxation to which this Deed applies, is, so far as reasonably practicable, dealt with separately from claims to which it does not apply and is not paid prematurely; and for this purpose any payment made by any Group Company to avoid incurring interest or any penalty in respect of unpaid taxation shall be deemed not to be paid prematurely.

- 5.3. Subject to clause 5.6, the Company shall ensure at the request in writing of the Covenantors that the Covenantors are placed in a position to dispute on behalf of any Group Company any Claim for Taxation to which this Deed applies and shall render, or cause to be rendered, to the Covenantors at their expense all such assistance as the Covenantors, or a majority of them, may reasonably require in disputing any Claim For Taxation.
- 5.4. Subject to clause 5.5, the Covenantors shall be entitled on behalf of any Group Company to instruct such solicitors or other professional advisers as the Covenantors, or a majority of them, may nominate to act on behalf of the Covenantors or that Group Company, to the intent that the conduct, and costs and expenses, of the dispute shall be delegated entirely to and be borne solely by the Covenantors. The costs arising from obtaining the determination of counsel shall be borne by the Covenantors.
- 5.5. In connection with the conduct of any dispute relating to a Claim For Taxation to which this deed applies:
- 5.5.1. the Covenantors shall keep the Group Companies fully informed of all relevant matters and the Covenantors shall promptly forward or procure to be forwarded to the secretary of the Group Companies copies of all correspondence and other written communications pertaining thereto;
 - 5.5.2. the appointment of solicitors or other professional advisers shall be subject to the approval of the Company, such approval not to be unreasonably withheld or delayed;
 - 5.5.3. the Covenantors shall make no settlement or compromise of the dispute, nor agree any matter in the conduct of the dispute which is likely to affect the amount involved or the future Liability To Taxation of any Group Company without the prior approval of the Company, such approval not to be unreasonably withheld or delayed;
 - 5.5.4. if any dispute arises between any Group Company and the Covenantors as to whether the Claim For Taxation should at any time be settled in full or contested in whole or in part, the dispute shall be referred to the determination of a senior tax counsel of at least ten years standing appointed by agreement between the Group Company and the Covenantors, or (if they do not agree) upon the application by either party to the President for the time being of The Incorporated Law Society of Ireland, whose determination shall be final. The counsel shall be asked to advise whether in his opinion an appeal against the Claim For Taxation would on the balance of probabilities be likely to succeed and as to how the costs of such dispute should be allocated between the Covenantors and the Group Companies. Only if his opinion is in the affirmative shall an appeal be made and that Claim For Taxation not then settled. Any further dispute arising between the Covenantors and the Group Companies as to whether any further appeal should be pursued following determination of an earlier appeal (whether or not in favour of the Group Companies) shall be resolved in a similar manner.

5.6. The Covenantors shall at the request of the Company provide, to the reasonable satisfaction of the Company (for itself and as trustee for the Group Companies), security or indemnities, or both, in respect of all the costs and expenses of disputing any Claim For Taxation to which this deed applies.

5.7. No Group Company shall be subject to any claim by or liability to, any of the Covenantors on the ground that it has not complied with the foregoing provisions, if it has bona fide acted in accordance with the instructions or approval of any one or more of the Covenantors.

6. Payment

6.1. The Covenantors further hereby severally covenant with and undertake to the Purchaser and, as separate covenants and undertakings, with and to the Company (for itself and as trustee for the Group Companies), to indemnify and keep indemnified the Purchaser and the Group Companies from and in respect of any and all Liability To Taxation on or in respect of any sums paid pursuant to clause 2.1 hereof or otherwise hereunder so that the amount so payable shall be grossed up by such amount as will ensure that after payment of any Taxation on or in respect of such amount there shall be left a sum equal to the amount that would otherwise be payable pursuant to clause 2.1 hereof or otherwise hereunder were the payment not subject to Taxation as aforesaid.

6.2. All sums payable by the Covenantors under this Deed shall be paid free and clear of all deductions and withholdings and free and clear of any set-off or counter claim provided however that if any such deduction or withholding is required by law, the Covenantors shall pay to the relevant Group Company or party hereto such additional amount as shall be required to ensure that the net amount received by such party shall equal the full amount which that party would have been entitled to receive if no such deduction or withholding had been made.

6.3. Any payment due hereunder shall be payable, at the direction of the Purchaser, to the Purchaser or to such Group Company as it may direct.

6.4. Where payment is made by the Covenantors pursuant to Clause 2 the following provisions shall apply in determining Group when a payment in respect of such tax shall be made:

6.4.1. (in any case which involves, and to the extent that it involves, an actual payment of tax by any Group Company, which tax has not already been paid) the Covenantors shall pay all sums due under this Deed in cleared funds without any deduction whatsoever by way of counterclaim or otherwise three business days prior to the date on which the tax in question would have to have been paid in order to prevent a liability to interest or a fine charge or penalty arising in respect of the tax in question or, as the case may be, three business days prior to the date on which the tax in question must be paid in order to

entitle such Group Company or the Purchaser to make an appeal against an assessment to tax;

- 6.4.2. (in any other case) the Covenantors shall make payment on the date falling seven (7) days after the date when there has been served on the Covenantors notice in writing from the Purchaser or the Company that the Covenantors are liable under clause 2 in an amount specified in or determinable from the contents of such notice; and
- 6.4.3. (in any case) that any sums not paid by the Covenantors on the date specified in this Deed or otherwise for the payment of the same ("the Due Date") will bear interest (which will accrue from day to day after as well as before any judgment for the same) at the rate of [] per cent per annum over the base rate for the time being of the Purchaser's bankers or (in the absence thereof) at such similar rate as the Purchaser selects from the day following the Due Date up to and including the day of actual payment of such sums, such interest to be compounded quarterly.

7. Binding on Successors

This Deed shall be binding upon and enure to the benefit of the respective parties hereto and their respective personal representatives, successors and assigns if permitted in accordance with clause 9.

8. Waiver, Release and Remedies

- 8.1. A waiver by the Purchaser or the Company (as the case may be) of any breach by any party hereto of any of the terms provisions or conditions of this Deed or the acquiescence of the Purchaser or the Company (as the case may be) in any act (whether commission or omission) which but for such acquiescence would be a breach as aforesaid shall not constitute a general waiver of such term, provision or condition or an acquiescence to any subsequent act contrary thereto.
- 8.2. Any remedy or right conferred upon the Purchaser or the Company for breach of this Deed shall be in addition to and without prejudice to all other rights and remedies available to it whether pursuant to the Agreement or provided for by law.
- 8.3. No failure or delay by the Purchaser or the Company in exercising any claim, remedy, right, power or privilege under this Deed shall operate as a waiver nor shall a single or partial exercise of any claim, remedy, right, power or privilege preclude any further exercise thereof or exercise of any other claim, right, power or privilege.
- 8.4. Any liability of any party hereto to the Purchaser or the Company (as the case may be) under the provisions of this Deed may in whole or in part be released, varied, postponed, compounded or compromised by the Purchaser or the Company (as the case may be) in its absolute discretion as regards such party without in any way prejudicing or affecting its or their rights against any other party hereto under the

same or a like liability whether joint and several or otherwise. Should any provision of this Deed transpire not to be enforceable against any of the parties hereto, such non-enforceability shall not render such provision unenforceable against any other party hereto.

9. Counterparts

This Deed may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which when executed and delivered shall constitute an original and all such counterparts together constituting but one and the same instrument.

10. Assignment

This Deed shall not be assignable in whole or in part by the Covenantors but the Purchaser and the Company shall be entitled to assign and transfer all or any of their rights and obligations hereunder and such assignee or transferee shall be entitled to enforce the same against the Covenantors or any of them as if it were named in this Deed as the Purchaser or the Company (as the case may be).

11. Variation

No variation of this Deed shall be valid unless it is in writing and signed by or on behalf of each of the parties hereto.

12. Severability

Each of the provisions of this Deed is separate and severable and enforceable accordingly and if at any time any provision is adjudged by any court of competent jurisdiction to be void or unenforceable the validity, legality and enforceability of the remaining provisions hereof and of that provision in any other jurisdiction shall not in any way be affected or impaired thereby.

13. Notice

13.1. Any notice or other communication given in connection with this agreement shall be in writing and may be delivered by hand, or sent by facsimile, or by first-class recorded delivery post within the United Kingdom or Ireland or by registered post outside the United Kingdom or Ireland, to the address of the relevant party set out below or to any other address or facsimile number as any party may notify in writing for the purposes of this clause.

13.2. The addresses for the purposes of this clause are as follows:

The Company:

2b Clonskeagh Square, Dublin 4

Fax:

For the attention of Kieran McBrien

with a copy to Tony McGovern at O'Donnell Sweeney;

Fax: 00 353 1 664 4300

The Purchaser:

Westminster House, High Street, Egham, TW20 9HE

Fax::

For the attention of Oliver Cooke

with a copy to Tina Cowen

at Olswang

Fax: 0171 208 8800;

The Covenantors:

For Kieran McBrien to 95 Eagle Valley, Powerscourt Demesne, Enniskerry, Co. Wicklow (Fax 00 353 1260 1998) and for Glaslyn Limited and Whitton Investments Limited at The Field House Crankbourne Village, Tromode, Isle of Man, IM4 4QH (fax 00 44 1624 673827)

with a copy to Tony McGovern

at O'Donnell Sweeney;

Fax: 00 35 31 6644 300

- 13.3. Any notice or other communication pursuant to this clause shall be deemed to have been duly given:

13.3.1. if delivered by hand, at the time of delivery;

13.3.2. if sent by facsimile, two hours after transmission if sent before 15.30 hours (London time) on a Business Day and otherwise at 10.00 hours (London time) on the next Business Day;

13.3.3. if sent by post, two Business Days after posting if posted to an address within the UK and seven Business Days after posting if posted to an address outside the UK.

- 13.4. Any notification of a change of address or facsimile number for the purpose of this clause shall only be effective on:

13.4.1. the date specified in the notification as the date on which the change is to take place; or,

13.4.2. if no date is specified, or the date specified is less than five clear Business Days after the date on which notice is given, the date falling five clear Business Days after notice of any such change has been given.

14. Governing Law and Jurisdiction

14.1. This Deed shall be governed by and construed in accordance with the laws of England and each party submits to the non-exclusive jurisdiction of the English courts for the purposes of determining any dispute arising out of the agreement or the transactions contemplated by it.

14.2. The Covenantors irrevocably appoint Messrs. O'Donnell Sweeney, Solicitors of Earlsfort Centre, Earlsfort Terrance, Dublin 2 as their agent for service of process.

IN WITNESS WHEREOF this Deed has been duly executed on the date shown at the beginning of this Deed.

SCHEDULE 4

Properties

1. First Floor of Block 2B, Clonskeagh Square, Clonskeagh, Dublin 14.
2. Unit 4 Abbeyville Centre, Sligo.
3. 51 East Campbell Avenue, Campbell, California.

SCHEDULE 6

Sellers' Shareholdings and Entitlements

(A)	(B)	(C)	(D)
Name and address of Sellers	Sale Shares	Consideration Shares	Cash Consideration
Glaslyn Limited	441	£784,687 of shares at the Placing Price	IR£5,492,813
Whitton Investments Limited	441	£784,687 of shares at the Placing Price	IR£5,492,813
K J McBrien	98	8,032,147	IR£400,000

SCHEDULE 7

Agreed Forms

Service Agreements

Acknowledgement of Continuing Director (clause 4.2.5)

Resignations and acknowledgements of directors other than Continuing Directors (clause 4.2.4)

Certificate of non-crystallisation (clause 4.2.10)

Minutes of corporate Sellers (clause 4.2.11)

Power of attorney in relation to Sale Shares (clause 7.2.15)

Power of attorney in relation to Consideration Shares (7.2.17)

Minutes of the Buyer (clause 4.4.1)


A Shares Sale and Purchase Agreement

Power of Attorney in relation to Consideration Shares


Transware Development Undertaking (7.2.18)

The Sellers

SIGNED as a **DEED** but not)
DELIVERED until the date hereof)
by **K J MCBRIEN**)
in the presence of:)

Kieran J. McBrien 

EXECUTED as a **DEED** but not)
DELIVERED until the date hereof)
by **WHITTON INVESTMENTS**)
LIMITED acting by:)


Kieran J. McBrien 

KIERAN MCBRIEN
UNDER POWER OF ATTORNEY

Director

Secretary

EXECUTED as a **DEED** but not)
DELIVERED until the date hereof)
by **GLASLYN LIMITED**)
acting by:)

Kieran J. McBrien 

KIERAN MCBRIEN
UNDER POWER OF ATTORNEY.

Director

Secretary

The Buyer

EXECUTED as a **DEED** but not)
DELIVERED until the date hereof)
by **GLADSTONE PLC**)
in the presence of:)

[Signature]
[Signature]