

4058708

STRINGER SAUL LLP

DATED 23 June 2006

- (1) Graham John Hill
- (2) Peter Ellis
- (3) Steven Smith
- (4) Deborah Fortune
- (5) Marilyn Mansfield
- and
- (6) Farley Group plc

AGREEMENT

relating to
the sale and purchase of Westchurch Lettings Limited

Stringer Saul LLP
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THIS AGREEMENT is made on 23 June 2006

BETWEEN:

- (1) **GRAHAM JOHN HILL** of Briarside, Iwood, Wrington, Bristol BS40 5NX ("**Mr Hill**");
- (2) **PETER ELLIS** of The Old Parsonage, High Street Wrington, Bristol BS40 5QD ("**Mr Ellis**");
- (3) **STEVEN SMITH** of Woodside Cottage, Wrinton Hill, Wrington, North Somerset BS49 5JA ("**Mr Smith**");
- (4) **DEBORAH FORTUNE** of Yeomeads, High Street, Congresbury, North Somerset, BS49 5JA ("**Ms Fortune**");
- (5) **MARILYN MANSFIELD** of Baytree Cottage, Sparrows Hill, Upper Weare, Somerset, BS26 2LH ("**Ms Mansfield**"); and
- (6) **FARLEY GROUP PLC** (registered no.04058708) whose registered office is at 17 Hanover Square, London W1S 1HU (the "**Purchaser**").

WHEREAS

- (A) The Purchaser has agreed to acquire the business of C J Hole as operated by the Company, Westchurch Associates Limited and Iwood Management Limited and its subsidiaries ("C J Hole Business").
- (B) The Vendors have agreed to sell and the Purchaser has agreed to acquire the entire issued share capital of the Company.

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Definitions

In this Agreement unless the context otherwise requires:

"Agreed Terms"

means such document in the terms agreed between the parties and for the purposes of identification signed by the parties or their respective legal advisers;

"Agreement"

means this agreement and all schedules, annexures and recitals in this agreement;

"2005 Accounts"

means the non-audited accounts of the Company at the Balance Sheet Date in the agreed terms and as annexed to this Agreement marked 'A' and initialled by or on behalf of the Vendors and the Purchaser;

"Balance Sheet Date"

means 31 May 2005;

"Claim"

Warranty claim and/or a Tax Deed Claim;

"Company"

means Westchurch Lettings Limited, incorporated in England and Wales with registered number 05185805;

"Completion"

means completion of this Agreement as contemplated in Clause [4];

"Consideration"

the sum of £99,999.90 to be satisfied by the issue of the Consideration Shares;

"Consideration Shares"

151,515 Ordinary Shares credited as fully paid at the Issue Price and ranking pari passu in all respects with the existing Ordinary Shares;

"Disclosure Letter"

means the letter of even date herewith from the Vendors to the Purchaser in the agreed terms;

"Disposal"

means whether directly or indirectly a sale or transfer or any disposition whatsoever including an agreement to effect any of the foregoing or the creation of any option or charge which could lead to any of the foregoing, and the expression "Dispose of" shall be construed accordingly;

"Employees"

the persons listed in the Disclosure Letter;

"Encumbrance"

includes any interest of any person including, without prejudice to the generality of the foregoing, any fixed security, debenture, mortgage, charge, assignation, pledge, deposit by way of security, bill of sale, lease, hire-purchase, credit-sale and other agreements for payment on deferred terms, right to acquire, option, lien or right of pre-emption, security interest, title retention or other right of retention or any other security agreement or arrangement whatsoever;

"IHTA"

means the Inheritance Tax Act 1984;

"Issue Price"

means the price per share of 66p at which the Consideration Shares are to be issued being the mid market price of the Consideration Shares on 10 May 2006

"ITEPA"

means the Income Tax (Earnings & Pensions Act) 2003;

"Ordinary Shares"

ordinary shares of £0.05 each in the capital of the Purchaser;

"Shares"

means the entire issued share capital of the Company, being 100 ordinary shares of £1 each;

"Taxation or Tax"

any form of taxation, duty, impost, levy, tariff of any nature whatsoever whether of the United Kingdom or elsewhere and any penalty, charge, surcharge, fine or interest payable in connection with any such taxation, duty, impost, levy or tariff;

"Tax Deed"

means the tax deed in the Agreed Form;

"Tax Deed Claim"

means a claim by the Purchaser under the Tax Deed;

"Taxes Act"

Income and Corporation Taxes Act 1988;

"VAT"

Value Added Tax;

"VATA"

Value Added Tax Act 1994;

"Vendors"

means Mr Hill, Mr Ellis, Mr Smith, Ms Fortune and Ms Mansfield and "Vendor" means any one of them; and

"Warranties"

means the warranties and representations set out in Clause 5 and Schedule 3.

1.2 Joint and Several

All obligations given or entered into by more than one person in this Agreement are given or entered into jointly and severally.

1.3 Interpretation Act 1978

The Interpretation Act 1978 shall apply to this Agreement in the same way as it applies to an enactment.

2 AGREEMENT FOR SALE

2.1 Sale and Purchase

The Vendors have agreed to sell, with full title guarantee and the Purchaser has agreed to purchase, the number of Shares set out against each Vendor's name in Schedule 1,

together with all rights and advantages now and hereafter attaching thereto and on the terms and conditions of this Agreement.

2.2 Waiver of rights

Each of the Vendors waives or agrees to procure the waiver of any pre-emption rights which may exist in relation to the Shares pursuant to the articles of association of the Company or otherwise.

2.3 Covenants for title

Upon Completion each of the Vendors shall be deemed to have given to the Purchaser the same covenants in relation to the sale of the Shares as are implied by Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994 (the "Act") where a disposition is expressed to be made with full title guarantee except that s6(2) of the Act shall be excluded, the word 'reasonably' in clause 2(b) shall be excluded and s3(1) of the Act shall apply as if the words "other than" to the end of the sub-section were deleted therefrom.

3 CONSIDERATION

- 3.1 The Consideration shall be the allotment of the Consideration Shares to the Vendors in the proportions set out in Schedule 1.

4 COMPLETION

4.1 Date and place

Completion shall take place immediately following the signature of this Agreement.

4.2 Vendors' obligations

At Completion the Vendors shall:

4.2.1 deliver, give or make available to the Purchaser:

- (a) duly executed transfers of the Shares in favour of the Purchaser or its nominees together with the relative share certificates (or an indemnity in a form reasonably satisfactory to the Purchaser in respect of any share certificate which is lost or destroyed) for the Shares;
- (b) such waivers or consents as the Purchaser may require to enable the Purchaser or its nominees to be registered as holders of the Shares;
- (c) all the statutory and other books of the Company together with the certificate of incorporation and common seals (if any);
- (d) duly executed consultancy agreement in the agreed form for Mr Ellis as annexed to this Agreement marked "C" and initialled by or on behalf of the Vendors and the Purchaser;
- (e) duly executed Tax Deed;

4.2.2 procure that a board meeting of the Company is held at which it shall be resolved that:

- (a) the transfers in respect of the Shares be approved for registration and that subject only to the said transfers being duly stamped each

transferee shall be registered as the holder of the Shares concerned in the Company's register of members and share certificates in respect thereof shall be executed by the Company and delivered to the Purchaser; and

- (b) Max Ziff and Nigel Cartwright shall be appointed directors of the Company;
- (c) the board shall accept the resignation of Graham John Hill as a director of the Company.

4.3 Purchaser's obligations

Upon compliance with all the provisions of Clause 4.2, the Purchaser shall issue the Consideration Shares in accordance with Clause 3.

5 WARRANTIES

5.1 Accuracy of Warranties

Each of the Vendors warrants and represents to the Purchaser and its successors in title in the terms set out in Schedule 3, subject only to any exceptions fully and fairly disclosed in the Disclosure Letter.

- 5.2 Each of the Warranties shall be separate and independent and shall not be limited by reference to any other Warranty or any other provision of this Agreement.

5.3 Reliance

Each of the Vendors acknowledges that the Purchaser has entered into this Agreement in reliance upon (inter alia) the Warranties and that liability under the Warranties is only limited as specifically provided in this Agreement.

5.4 Survival of Warranties

The Warranties shall remain in full force and effect notwithstanding Completion.

5.5 Claims against the Company

The Vendors undertake (in the event of any claim being made against them by the Purchaser in connection with the sale of the Shares) not to make any claim against the Company or against any director or employee of the Company on whom it may have relied before agreeing to any term of this Agreement or authorising any statement in the Disclosure Letter except in circumstances where such director or employee shall have wilfully falsified information.

5.6 Vendor Knowledge

In this Agreement, any matters which are subject to the knowledge or awareness of the Vendors shall be deemed to mean the Vendors' knowledge or awareness having made due enquiries of those persons whom the Vendors ought reasonably to have made enquiries in respect of the relevant subject matter.

5.7 Limitations

Except where any claim arises by reason of fraud or wilful concealment or dishonesty or deliberate non-disclosure on the part of the Vendors or of any representative of the

Vendors or Mr Emery the provisions of Schedule 4 shall have effect as if herein set out to limit the liability of the Vendors in respect of the Warranties.

5.8 Taxation Indemnity

Each of the Vendors hereby covenants with the Purchaser in the terms of Schedule 5 and gives the indemnity therein contained.

5.9 Employee Indemnity

Each of the Vendors undertake on a joint and several basis to fully and effectively indemnify the Purchaser and keep it indemnified on an indemnity and after Tax basis against all damages, costs, actions, awards, penalties, fines, proceedings, claims, demands, liabilities (excluding any liability to Tax which is determined under the Tax Deed and Tax Warranties in clause 12.8 of Schedule 3 but including, for the avoidance of doubt, liability for personal injuries, breach of contract, any redundancy payments, any protective award, compensation for unfair dismissal, compensation for discrimination and infringement of any relevant statutory provision) including, without limitation, the Asylum and Immigration Act 1996 (as amended), the Data Protection Act 1998 and expenses (including, without limitation, legal and other professional fees and expenses) which the Purchaser may suffer, sustain, incur, pay or be put to by reason or on account of or arising whether directly or indirectly from any act done or omitted by the Vendors in respect of the Employees prior to Completion provided that such claim shall be notified to the Vendors within twelve months of Completion.

5.10 Regulatory Indemnity

Each of the Vendors undertake on a joint and several basis to fully and effectively indemnify the Purchaser and keep it indemnified on an indemnity and after Tax basis against all damages, costs, actions, awards, penalties, fines, proceedings, claims, demands and liabilities arising from or in relation to the breach or non-compliance by the Company prior to Completion of any of the regulations or requirements of the Royal Institute of Chartered Surveyors, the National Association of Estate Agents, the Association of Residential Letting Agents or other regulatory or governing body including all costs of dealing with the consequences of such breach or non-compliance provided that such claim shall be notified to the Vendors within six months of Completion.

6 RESTRICTIONS ON THE VENDORS

6.1 Restrictions

Each of the Vendors hereby further jointly and severally undertakes with the Purchaser and its successors in title as trustee for itself and the Company that the Vendors will not and will procure that any subsidiary, fellow subsidiary or holding company or director of any Vendor will not in any Relevant Capacity during the Restricted Period:-

- 6.1.1 directly or indirectly carry on within a radius of ten miles from the main offices of the Company or from any other of the Properties any business which is of the same or similar type to the business as now carried on by the Company which is or is likely to be in competition with the business of the Company as now carried on;
- 6.1.2 in competition with the business of the Company as now carried on canvass or solicit the custom of any person, firm or company who has within two years prior to Completion been a customer of any such company; or

6.1.3 induce or seek to induce any present employee of the Company to become employed or engaged whether as employee, consultant or otherwise by any of the Vendors or any subsidiary of the Vendor or by any person, firm, company or organisation in which any of the Vendors is concerned or interested.

6.2 The Purchaser agrees that notwithstanding the provisions of clause 6.1:

6.2.1, Mr Hill shall be permitted to hold shares in and be an executive director of C J H Land Limited for so long as C J H Land Limited's business is solely a land agency;

6.2.2 Mr Ellis shall be permitted to hold Shares in and be an executive director of Rigsby Management Limited trading as Accommodation Unlimited a lettings agency in Bristol.

6.3 Reasonableness of Restrictions

Each of the Vendors agrees that they consider that the restrictions contained in this Clause are no greater than is reasonable and necessary for the protection of the interests of the Purchaser but if any such restriction shall be held to be void but would be valid if deleted in part or reduced in application, such restriction shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

6.4 Interpretation

The following terms shall have the following meanings respectively in this Clause:

6.4.1 **"Restricted Period"** means two years commencing on Completion;

6.4.2 **"Relevant Capacity"** means for its or his own account or for that of any person, firm or company (other than the Purchaser and the Company) and whether through the medium of any company controlled by it or him (for which purpose there shall be aggregated with its or his shareholding or ability to exercise control the shares held or control exercised by any person connected with the Vendors) or as principal, partner, director, employee, consultant or agent.

7 LOCK-INS

7.1 Each of the Vendors undertakes to the Purchaser (subject to sub-clause 7.2 below) that he will not during the period of two years from Completion Dispose of any of the Consideration Shares.

7.2 Subject as provided below, the provisions of sub-clause 7.1 above shall not apply to a Disposal of Ordinary Shares made:

(a) in acceptance of a general offer open to all shareholders for the whole of the issued equity share capital of the Purchaser (other than any equity share capital held by or committed to the offeror and/or persons acting in concert with the offeror) or in executing an irrevocable undertaking to accept such an offer;

(b) pursuant to any compromise or arrangement under Section 425, CA providing for the acquisition by any person (or group of persons acting in concert) of 50% or more of the equity share capital of the Purchaser and which compromise or arrangement has been sanctioned by the courts;

- (c) under any Scheme or Reconstruction under Section 110 of the Insolvency Act 1986 in relation to the Purchaser;
- (d) in the event of an intervening court order; or
- (e) by personal representatives of any Vendor if he shall die during the period of such restrictions provided that the sale of any shares in the Purchaser by such personal representatives pursuant to this sub-clause 7.2(e) during such period shall be effected in accordance with the reasonable requirements of the Purchaser so as to ensure an orderly market for the issued share capital of the Purchaser,

provided always that any transferee as is referred to in clause 7.2(e) above shall undertake to the Purchaser by deed in a form reasonably acceptable to it to comply with all liabilities and obligations of the transferor under this clause 7 (subject to any relevant limitations thereon) whereupon the transferor shall be released from any such liability or obligation.

8 OTHER PROVISIONS

8.1 Successor or Assign

Each of the Vendors jointly and severally agrees that the benefit of any provision in this Agreement may be enforced by the beneficial owner for the time being of the Shares and accordingly the benefit of any provision in this Agreement may be assigned by the Purchaser and its successors in title without the consent of the Vendors.

8.2 Supersedes Previous Agreements

This Agreement (including all documents to be executed pursuant to Clause 4) constitutes the entire agreement between the parties and supersedes all previous arrangements and agreements (if any) relating to the subject matter of this Agreement and the Vendors waive any and all rights (including any right to rescission) in respect of any breach of warranty or undertaking or any misrepresentation made or given by the Purchaser unless such warranty, representation or undertaking was given or made fraudulently or is expressly set out in this Agreement.

8.3 Time of the Essence

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

8.4 Remedies and waivers

No breach by a Vendor of any provision of this Agreement shall be waived or discharged except with the express written consent of the Purchaser. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver of that right, power or privilege and no single or partial exercise by any party of any right, power or privilege shall preclude any further exercise of that right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights and remedies provided by law or otherwise.

8.5 Power of Attorney

Subject to, and with effect from, Completion each of the Vendors irrevocably appoints the company secretary of the Purchaser from time to time (and if more than one, each of them individually) (hereinafter referred to as "the Attorney") to be their Attorney in their name and on their behalf to exercise all or any of the voting and other rights (including the right to nominate proxies on their behalf) attached to the Shares registered in their respective names and undertakes to ratify everything done by the Attorney in pursuance of these appointments.

8.6 Third Party Rights Act

Save as expressly provided, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to 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.

8.7 Further Assurance

The Vendors shall take all necessary steps and co-operate fully with the Purchaser to ensure that it obtains the full benefit of the Shares and shall execute such documents and take such other steps (or procure other necessary parties to take such steps) as are reasonably necessary or appropriate for vesting in the Purchaser all its rights and interests in the Shares and the full benefit of this Agreement.

8.8 Counterparts

This Agreement may be signed in any number of counterparts and by the parties on different counterparts, but shall not be effective until each party has signed at least one counterpart.

8.9 Notices

Any notice, claim or demand under this Agreement shall be in writing and shall be sufficiently given or served if delivered or posted to the addresses of each Vendor stated herein or last known to the Purchaser or to the Purchaser at its registered office from time to time and if posted shall be deemed to have been received 48 hours after the time of posting.

8.10 Governing law and jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of England and the parties submit to the exclusive jurisdiction of the English courts.

IN WITNESS whereof this Agreement has been duly entered into on the date first above written

SCHEDULE 1

PART 1

Particulars of Vendors, Shares sold etc.

(1) Names and Addresses of Vendors	(2) Number of Shares Sold	(3) Number of Consideration Shares
G J Hill	20	30,303
Peter Ellis	50	75,756
Steven Smith	10	15,152
Deborah Fortune	10	15,152
Marilyn Mansfield	10	15,152

SCHEDULE 2

Particulars of the Company

Date of Incorporation:	21 July 2004	
Place of Registration:	England and Wales	
Registration Number:	5185805	
Authorised Share Capital:	1,000,000 ordinary shares of £1 each	
Issued Share Capital:	100 ordinary shares of £1 each	
Accounting Reference Date:	31 May	
Names and Addresses of Directors:	Peter Ellis The Old Parsonage High Street Wrington Bristol BS40 5QD	Graham John Hill Briarside Iwood, Wrington Bristol BS40 5NX
Names and Address of Secretary:	Sandra Mary Williams 93 Hengrove Lane Bristol Avon BS14 9DH	

SCHEDULE 3

Warranties

1 CAPACITY AND TITLE OF VENDORS

1.1 Authority and Capacity of the Vendors

Each of the Vendors has full power and authority to enter into and perform this Agreement and this Agreement when executed will constitute valid and binding obligations on each Vendor, in accordance with its terms.

1.2 Ownership of the Shares

1.2.1 Each of the Vendors is entitled to sell and transfer to the Purchaser the full legal and beneficial ownership of the Shares set opposite their names in Schedule 1 on the terms of this Agreement without the consent of any third party.

1.2.2 The Shares constitute the entire issued share capital of the Company and no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, issue, sale or transfer of any share capital of the Company under any option or other agreement (including conversion rights and rights of pre-emption) and there are no Encumbrances on the shares of the Company.

1.2.3 The Company has no subsidiaries and does not hold shares in any company.

2 SUPPLY OF INFORMATION

All information contained in this Agreement and the Disclosure Letter and all other information in writing which has been given by or on behalf of the Vendors, whether directly or indirectly, to the Purchaser or its advisers in the course of the negotiations leading to this Agreement was when given true, complete and accurate in all material respects and after making due and careful enquiries none of the Vendors are aware of any fact or matter or circumstances not disclosed in writing to the Purchaser which renders any such information untrue, inaccurate or misleading in any material respect or the disclosure of which might reasonably affect the willingness of the Purchaser to purchase the Shares or the price at or terms upon which the Purchaser would be willing to purchase them.

3 ACCOUNTS

3.1 2005 Accounts

The 2005 Accounts have been prepared in accordance with the law and in accordance with GAAP and give a true and fair view of the state of affairs of the Company as at the Balance Sheet Date and of the profits or losses for the period concerned and as at that date:

3.1.1 recognise revenue on a consistent basis;

3.1.2 make full provision for all actual liabilities;

3.1.3 noted in accordance with good accountancy practice for all contingent liabilities; and

3.1.4 make provision reasonably regarded as adequate for all bad and doubtful debts.

3.2 Recognition of Income

All appropriate adjustments have been made in respect of Application Note G to Financial Reporting Standard 5 Reporting the Substance of Transactions.

3.3 Book Debts

No book debt which was included in the 2005 Accounts or which has subsequently arisen has been outstanding for more than three months from its due date for payment or has been released on terms whereunder the full amount has not been paid or has been written off as irrecoverable or is expected to be so.

4 BOOKS AND RECORDS

The statutory books, books of account, customer database and other records of whatsoever kind of the Company are up-to-date and maintained in accordance with all applicable legal requirements on a proper and consistent basis and contain complete and accurate records of all matters required to be dealt with in such books and all such books and records are in the possession of the Company. All returns and particulars, resolutions and other documents which the Company is required to file with or deliver to the Registrar of Companies have been correctly made up and duly filed or delivered.

5 CHANGES SINCE BALANCE SHEET DATE

Since the Balance Sheet Date as regards the Company:

- 5.1 there has been no material adverse change in its financial position or prospects or turnover and no event has occurred (including a contingent liability arising) which could reasonably be expected to give rise to such a material adverse change.
- 5.2 it has not entered into any transaction (including the disposal of any asset) or incurred any liabilities (including contingent liabilities) or made any payment otherwise than in the ordinary course of carrying on its business;
- 5.3 its business has not been materially and adversely affected by the loss of any important customer or source of supply or by any abnormal factor;
- 5.4 no dividend or other distribution has been declared, made or paid;
- 5.5 the Company has not incurred or increased any borrowings or other indebtedness;
- 5.6 no loan or loan capital has been repaid by the Company in whole or in part or has become liable to be so repaid;
- 5.7 no event has occurred which would entitle any third party to call for the repayment of any indebtedness on behalf of any person except in the ordinary course of business;
- 5.8 there has been and is no mortgage, pledge, lien, lease, security interest or other charge or encumbrance on any of the material assets, tangible or intangible, of the Company.

6 BANK ACCOUNTS

Full written details of all bank accounts of the Company are contained in the Disclosure Letter, including copy statements of each account being not more than two days old.

7 INSURANCE

Full particulars of the insurances of the Company are contained in the Disclosure Letter and in respect of all such insurances:

- 7.1 all premiums have been duly paid to date;
- 7.2 all policies are in force and are not voidable;
- 7.3 full details of all claims outstanding or expected are disclosed in the Disclosure Letter.

8 CONTRACTS

Full written details of all material current contracts of the Company have been supplied to the Purchaser. All such contracts are valid, binding and enforceable, are on arms length terms and in the ordinary course of business and do not contain any change of control or similar provisions. No notice of termination or of intention to terminate has been given or received in respect of any of them.

9 CUSTOMERS

So far as the Vendors are aware the entry into this Agreement will not result in the loss by the Company of any customer or supplier.

10 LEGAL MATTERS

10.1 Compliance with Laws

The Company has so far as the Vendors are aware carried on its business in accordance with applicable laws, regulations and byelaws wherever it operates and has all consents necessary or desirable to carry on its business wherever it does so.

10.2 Compliance with Agreements

So far as the Vendors are aware the Company is in compliance with all agreements to which it is a party.

10.3 Litigation

Full details of all current or prospective claims made by or against the Company are disclosed in the Disclosure Letter. So far as the Vendors are aware there are no circumstances likely to lead to any such claim which have not been disclosed to the Purchaser in writing.

10.4 Avoidable Transactions

The Company has not been party to any transactions which in the event of the insolvency of the other party could lead to such transaction being voidable or otherwise set aside.

10.5 Warranties and Indemnities

Full details of the Company's terms and conditions have been supplied to the Purchaser and no product has been supplied or sold or service provided on any other terms.

10.6 Directors and Officers

Full details of the Company's directors and other officers appear in Schedule 2 and none of such persons has at any time been bankrupt in the United Kingdom or subject to a disqualification order or so far as the Vendors are aware in any other jurisdiction.

10.7 Insolvency

No order has been made or petition presented, meeting convened or resolution passed for the winding up of the Company or for a provisional liquidator to be appointed in respect of the Company. No administration order has been made and no petition for such an order has been presented in respect of the Company. The Company is not insolvent, or unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986, nor has stopped paying its debts as they fall due. No voluntary arrangement has been proposed under section 1 of the Insolvency Act 1986 in respect of the Company. No receiver (which expression shall include an administrative receiver) has been appointed in respect of any of the assets or undertaking of the Company. No event analogous to any of the foregoing has occurred in or outside England.

10.8 Data Protection

The Company has complied in all material respects with all relevant requirements of the Data Protection Act 1988. The Company has not received a notice or allegation or complaint from either the Office of the Information Commissioner or a data subject alleging non-compliance with the Data Protection Act 1988 (or any previous enactment) or any of the data protection principles requiring the Company to change or delete any data or alleging any circumstances which may result in a fine or a compensation claim.

11 EMPLOYEES, ETC

Full Particulars

11.1 Full and up to date particulars (including start dates of continuous employment, job description, notice periods, remuneration, benefits and other entitlements) are contained in the Disclosure Letter of all current employment or consultancy arrangements of the Company with any person. There are no employees employed or workers engaged in or by the Company other than the Employees.

11.2 Contracts of Employment

True, up-to-date and copies of the standard contracts of employment between the Company and the Employees and any other documents currently in force relating to the employment of the employees are attached to the Disclosures. Every Employee has signed a standard contract of employment with the Company.

11.3 Employee Disputes and Claims

The Company is not involved in any dispute, claim or proceedings or negotiation with any of the Employee or any former employees or worker and so far as the Vendors are aware there are no circumstances (whether arising under contract, common law, statute or in equity) (including signing of this agreement) which are likely to give rise to any such dispute

11.4 Notice to Terminate

No key Employee has given notice terminating his contract of employment or is under notice of dismissal and no amount due to or in respect of any employee or former

employee of the Company is in arrears and unpaid other than salary or commission for the month current at the date of this agreement.

11.5 Gratuitous Payments

No gratuitous payment has been made or promised to Employees in connection with this Agreement and there is no agreement or understanding (contractual or otherwise) between the Company and any Employee with respect to his employment, his ceasing to be employed for any reason whatsoever, which is not included in the Disclosures.

11.6 Right to Return

There is no person previously employed by the Company who have or may in the future have a right to return to work or a right to be reinstated or re-engaged by the Company.

11.7 Pensions

Full details of any pension or similar scheme operated or proposed by the Company for any current or former employee have been disclosed in writing to the Purchaser, together with details of any sickness, accident, life cover, permanent health or other scheme currently available or offered to employees. There are no proposals to create any new, or enhance the current, such benefits for employees.

11.8 Recent Terminations

No employment or consultancy arrangement of the Company has been terminated or become the subject of notice in the last six months.

11.9 Salary, Commissions, etc.

No Employee has during the period of three months prior to Completion received or been awarded salary, commissions or bonuses or any other payments from the Company which are not set out in their terms and conditions of employment.

12 TAXATION MATTERS

12.1 Tax returns and compliance

12.1.1 The Company has at all times submitted to all relevant Tax authorities by the requisite dates every computation return and all information for the purpose of Tax howsoever required and each such computation return and information was and remains true complete and accurate and leaves no material matter unresolved regarding the Tax affairs of the Company and is not likely to be the subject of any dispute with any Tax authority.

12.1.2 The Company has discharged every liability of or in respect of Tax ("Tax liability") whether or not a primary liability of such company, due from such company directly or indirectly in connection with any event (which includes, without limitation, any act, omission, transaction or occurrence) occurring on or before Completion and the Company has sufficient cash resources to discharge any such Tax liability which has not been discharged before Completion and there is no Tax liability or potential Tax liability in respect of which the date for payment has been postponed by agreement with the relevant Tax authority or by virtue of any right under any Tax statute or the practice of any Tax authority.

- 12.1.3 The Company has properly made all deductions withholdings and retentions required to be made in respect of any actual or deemed payment made or benefit provided on or before Completion and has accounted for all such deductions withholdings and retentions to each relevant Tax authority and complied with all its obligations under Tax statutes in connection therewith and without prejudice to the generality of the foregoing the Company has properly operated PAYE under Part II of the Income Tax (Earnings & Pensions) Act 2003 or any regulations made thereunder.

12.2 General provisions for tax

Full provision or reserve was made in the 2005 Accounts in respect of every Tax liability (including without limitation deferred Tax) for which the Company at the Balance Sheet Date was or may have been liable or accountable whether or not such Tax liability was or is a primary liability of such company and whether or not such company had has or may have any right of reimbursement against any other person.

12.3 Value Added Tax

- 12.3.1 The Company is registered as a taxable person for the purposes of VAT and has never been registered as a member of a group of companies under s.43A and 43B VATA nor applied to be treated as such a member.

- 12.3.2 The Company:

- (a) has complied in all respects with all Tax statutes relevant to VAT and guidance published by all relevant Tax authorities in any form whatsoever and has made and obtained full, complete, correct and up-to-date records and invoices and other documents appropriate or requisite for the purposes of such Tax statutes and guidance; and
- (b) is not in arrears with any payment and has not failed to submit any return (fully and properly completed) or information required in respect of VAT and is not liable or likely to become liable to any abnormal or non-routine payment or default surcharge or any forfeiture or penalty or subject to the operation of any penal provision.

12.4 Tax avoidance

The Company has never:

- 12.4.1 entered into, been party to or otherwise been concerned with any event as a result of which any provision of Part XVII Taxes Act applied applies or may apply;
- 12.4.2 been party to or concerned with any scheme or arrangement of which the main purpose or one of the main purposes was the avoidance of or a reduction in liability to Tax.

12.5 Stamp duty and SDRT

- 12.5.1 Each document in the possession or under the control of the Company or to the production of which such company is entitled and on which such company relies or may rely on for any purpose whatsoever and which in the United Kingdom or elsewhere requires any stamp or mark to denote that:

- (a) any duty tax or fee required to be paid has been paid;
- (b) a duty tax or fee referred to in sub-paragraph 12.5.1(a) is not required to be paid or that the document in question or the event evidenced by it qualifies from a relief or exemption from such duty tax or fee; or
- (c) the document has been produced to the appropriate authority, has been properly stamped or marked as appropriate and no such document which is outside the United Kingdom would attract stamp duty if it were to be brought into the United Kingdom.

12.5.2 The Company has complied in all respects with the provisions of Part IV Finance Act 1986 (stamp duty reserve tax) and any regulations made thereunder.

12.6 Overseas dealings

12.6.1 The Company has always exclusively been resident in the UK for tax purposes and no circumstance or arrangement exists which would or may cause such company to cease to be resident in the UK for Tax purposes.

12.6.2 The Company:

- (a) has never carried on and does not carry on any trade business or other activity (including without limitation the ownership or entitlement to any asset or interest in any asset or the deriving of any income profits or gains) outside the UK; and
- (b) does not have and has not at any time had any branch agency or establishment outside the UK or any interest in any non-resident body corporate or entity.

12.7 Close Company Issues

12.7.1 No loan or advance falling within the provisions of sections 419-422 Taxes Act has been made within the last six years or has been written off or released during that time by the Company.

12.7.2 The Company has never been a close investment holding company within the meaning of section 13A Taxes Act.

12.7.3 No distribution within the meaning of section 418 Taxes Act has been made by the Company within the last six years and no such distribution will be made prior to Completion.

12.8 Employee Taxation

12.8.1 PAYE

The Company has in the last six years properly operated the Pay As You Earn system deducting tax and keeping full and proper records as required under Part 11 of ITEPA 2003 and Income Tax (Pay As You Earn) Regulations 2003 and the predecessor legislation to these statutes.

12.8.2 National Insurance

The Company has in the last six years paid and accounted for all national insurance contributions whether for employer or employee and has kept full and proper records relating thereto as required by law.

12.8.3 Consultants

There are no circumstances whereby the Company may be liable to PAYE and National Insurance on payments made to consultants or intermediaries.

12.9 Inheritance Tax

12.9.1 The Company has not made any transfers of value within section 94, section 99 or section 202 IHTA.

12.9.2 No charge under section 237 IHTA is outstanding over the assets of or the shares in the Company.

12.9.3 No circumstances exist whereby any power under section 212 IHTA could be exercised in relation to any assets of or shares in the Company.

12.9.4 The Company has not made any transfers of value in circumstances such that a liability to inheritance tax might arise under section 199 IHTA or been party to any associated operation (as defined by section 268 IHTA) in relation to any transfer of value.

12.9.5 There is no unsatisfied liability to inheritance tax attached to or attributable to the shares or any asset of the Company.

12.10 Non Arms Length Transaction

12.10.1 The Company does not own or has not agreed to acquire, any asset, nor has the Company received or agreed to receive any services or facilities (including without limitation the benefit of any loan or advance or any licences or agreements), the consideration for the acquisition or provision of which was or will be in excess of its market value, or otherwise than on an arm's length basis.

12.10.2 The Company has neither disposed or agreed to dispose of any asset, nor has the Company provided or agreed to provide any services or facilities (including without limitation the benefit of any loan or advance or any licences or agreements), the consideration for the disposal or provision of which was or will be less than its market value, or otherwise than on an arm's length basis.

12.11 Corporation Tax and Chargeable Gains

12.11.1 The entry into or completion of this Agreement will not result in any profit or gain being deemed to accrue to the Company.

12.11.2 If each of the assets of the Company was disposed of for a consideration equal to the book value of that asset in, or adopted for the purpose of, the 2005 Accounts, no liability to corporation tax on chargeable gains not fully provided for in the 2005 Accounts would arise; and, for the purpose of, the 2005 Accounts, no liability to corporation tax on chargeable gains not fully provided for in the 2005 Accounts would arise; and, for the purpose of determining the liability to corporation tax on chargeable gains, there shall be disregarded any statutory right to make any election or claim and any relief

and allowances available to the Company other than amounts failing to be deducted under Section 38 TCGA and allowances given under Chapter IV of Part II TCGA.

12.11.3 No claim has been made in the last three years by any person under Sections 23, 140, 140C, 152 to 158 (inclusive), 165, 175 or 247 TCGA or any other statutory provision relating to Taxation which would affect the amount of any gain or allowable loss which would, but for such claim accrue or be treated as accruing on any disposal of any asset of the Company or which has or, so far as the Vendors are aware or ought, reasonably, to be aware, will operate to postpone the payment of corporation tax on any such gain.

12.11.4 In the last three years the Company has not joined in making, or has in incurred, an obligation to join in making any election under section 171A or section 179A of the TCGA.

13 ASSETS

13.1 Subsidiaries

The Company has never had any subsidiaries and it has not been owned by any corporate shareholder.

13.2 Title to the Assets

All of the assets of the Company including all debts due to such company which are either included in the 2005 Accounts or have been acquired or become due since the Balance Sheet Date are the absolute property of such company free from any Encumbrances.

13.3 Sufficiency of Assets

The assets currently used by the Company comprise all the assets reasonably necessary for carrying on the Company's business as at Completion.

13.4 Plant, Machinery and Computer Systems

The plant and machinery used by the Company is and the computer systems operated by the Company are in good repair and condition and in satisfactory working order and have been regularly and properly maintained and are not surplus to the requirements of its business and are adequate for the requirements of its business for the foreseeable future.

13.5 Intellectual Property

Full details of any intellectual property or knowhow rights which are necessary for the carrying on of the business of the Company are set out in the Disclosure Letter and all such rights (including the rights to any domain names used and any software used in the computer systems) are either fully owned by the Company or are available for use pursuant to a written licence from a third party for an unlimited time without any requirement for the payment of fees.

14 **DEFECTIVE PRODUCTS**

The Company has not manufactured, sold or supplied products or services which are, or were, or will become, faulty or defective or unsafe, or which do not comply with any warranties or representations expressly or impliedly made or with any applicable regulations, standards and requirements.

15 **FREEHOLD AND LEASEHOLD PROPERTY**

- 15.1 The Company has never had, and does not currently have any interest, right, title or estate in, nor does it occupy or use, any freehold or leasehold or other immovable property in any part of the world other than informal licences to use property tenanted by Westchurch Limited.

SCHEDULE 4

Limitations

1.1 Maximum amount of liability

The maximum aggregate liability of the Vendors for all Claims shall not exceed the amount of the Consideration.

1.2 Minimum amount of liability

1.2.1 The Purchaser shall not make a Warranty Claim unless such Claim individually exceeds £1,500, provided that this clause 1.2.1 shall not apply to any individual Claims relating to the same subject matter which when aggregated together exceed £1,500

1.2.2 The Vendors shall have no liability in respect of a Warranty Claim unless the aggregate liability agreed or determined (excluding related interest and costs and ignoring for this purpose any claim which is below the monetary limit in para. 1.2.1) in respect of all such Warranty Claims exceeds £7,500, provided that if such aggregate liability exceeds that amount, then the Vendors shall be liable for the whole of the liability and not just the excess.

1.3 Time Limits

No Claim shall be made against the Vendors or Mr Emery unless notice in writing identifying the provisions of this agreement or the Tax Deed which the Purchaser alleges have been breached and/or containing reasonable particulars of the material facts relied on (in each case to the extent reasonably available) is given to the Vendors or Mr Emery by the Purchasers:

1.3.1 on or before the date falling two years after Completion in respect of any Claim other than a Claim relating to Taxation; or

1.3.2 on or before the date falling 7 years after Completion in respect of a Claim relating to Taxation.

1.4 Exclusion and/or limitation of Claims

1.4.1 The Vendors shall have no liability in respect of any Warranty Claim to the extent arising from any matter, act, omission or circumstance fairly disclosed in the Disclosure Letter or in the Disclosure Bundle.

1.4.2 The Vendors shall have no liability in respect of any Claim:

(a) if and to the extent that such Claim occurs or is increased as a result of any legislation not in force at the date hereof which takes effect retrospectively or occurs as a result of any increase in the rates of Taxation in force at the date hereof or occurs as a consequence of any judgment delivered after the date of this agreement or the withdrawal of any published concession or practice previously made or announced by H M Revenue and Customs or the Health and Safety Executive;

(b) if and to the extent that such Claim would not have arisen but for the voluntary act, omission, transaction or arrangement after Completion by

the Purchaser (other than on the instructions of the Vendors) otherwise than in the ordinary course of any such company's trade as carried on at the date of this agreement;

- (c) if and to the extent that provision or reserve has been made in the 2005 Accounts in respect of the matter to which such Claim relates;
- (d) if and to the extent that such Claim relates to a claim or liability for Taxation and would not have arisen but for any winding-up, substantial change, cessation or transfer after Completion of any trade or business carried on by the Company (unless such winding up, change, cessation or transfer itself results from a breach of the Warranties);
- (e) if and to the extent that it relates to a Claim based on a contingency until the contingency has become an actual liability save that if such a Claim is made prior to the expiry date of the time limits contained in Paragraph 1.3 the right to make such a Claim shall survive until the contingency becomes an actual liability;
- (f) if and to the extent that such liability would not have arisen but for a change after Completion in the accounting policy or practice used in the preparation of accounts for the Company except to the extent that such a change is necessary to comply with law and/or Accounting Standards from time to time;

1.5 Third Party Claims

Where the Purchaser or the Company is entitled to recover from some other person (including without limitation any insurer) any sum in respect of any matter giving rise to a Claim, the Purchaser shall procure that reasonable steps are taken to enforce such recovery and: (i) the amount of the Vendors' liability in respect of that Claim shall be reduced by an amount equal to the sum so recovered (less the reasonable costs and expenses of recovering it and any Taxation payable by the Purchaser or the Company as a result of its receipt) or (ii) if an amount shall already have been paid by the Vendors or otherwise satisfied in respect of that Claim there shall be repaid to the Vendors or Mr Emery (in the proportions in which they made such payment) an amount equal to the amount so recovered (less the reasonable costs and expenses of its recovery and any Taxation payable by the Purchaser or the Company as a result of its receipt) or (if less) the amount of such liability already satisfied by the Vendors. Nothing in this Para. 1.5 shall require the Purchaser or the Company to conduct a claim against a third party (other than an insurer or H M Revenue and Customs) if the Purchaser reasonably considers that such conduct would materially damage the goodwill of the business of the Company.

1.6 Conduct of Claims

1.6.1 If the Purchaser becomes aware that it is entitled to make a Warranty Claim, the Purchaser shall:

- (a) as soon as reasonably practicable give written notice thereof to the Vendors;
- (b) not knowingly make any admission of liability, agreement or compromise with any person, body or authority in relation thereto without the prior written agreement of the Vendors or Mr Emery (which shall not be unreasonably withheld or delayed);

- (c) give the Vendors and their professional advisers such information as they may reasonably request in relation to the Claim;
- (d) take all such reasonable steps or proceedings as the Vendors may reasonably consider necessary in order to mitigate such Warranty Claim and provide such other reasonable assistance as the Vendors may reasonably request subject to the Company and the Purchaser being indemnified to the satisfaction of the Purchaser against all costs and expenses in connection therewith and provided that (subject always to the Purchaser's common law duty of mitigation) the Purchaser and the Company shall not be required to issue proceedings against any customer or to take any other action which they in their discretion consider likely to damage the goodwill of the Company's business.

1.7 Double Recovery

Where the same facts or circumstances could give rise to more than one Claim, the Purchaser shall not be entitled to recover more than once for the same loss.

1.8 Mitigation

Nothing in this agreement shall operate to reduce the Purchaser's common law duty to mitigate any loss giving rise to any Warranty Claim.

SIGNED and delivered as a deed by)
GRAHAM JOHN HILL in the)
presence of:

Witness:

Name:

Address

SIGNED and delivered as a deed by)
PETER ELLIS in the presence of:)

Witness:

Name:

Address

SIGNED and delivered as a deed by)
STEVEN SMITH in the presence of:)

Witness:

Name:

Address

SIGNED and delivered as a deed by)
DEBORAH FORTUNE in the)
presence of:

Witness:

Name:

Address

SIGNED and delivered as a deed by)
MARILYN MANSFIELD in the)
presence of:

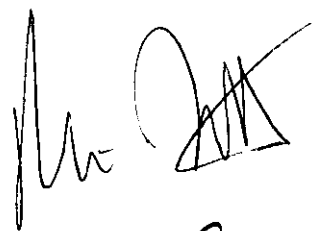
Witness:

Name:

Address

Signed and delivered as a deed on)
behalf of **FARLEY GROUP PLC** in)
the presence of:

Director

A handwritten signature in black ink, appearing to be 'Mr. [unclear]', written above the Director/Secretary signature.

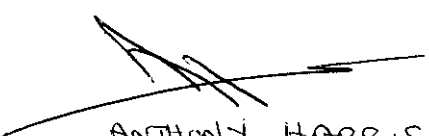
Director/Secretary

A handwritten signature in black ink, clearly legible as 'N.R. Cartwright', written below the Director's signature.

SIGNED and delivered as a
deed by
GRAHAM JOHN HILL in the
presence of:



Witness:

Name:  **ANTHONY HARRIS**

Address **ST BARTHOLOMEWS, LEWINS HEAD
BRISTOL**

SIGNED and delivered as a
deed by
PETER ELLIS in the presence of:



Witness:

Name:

Address

SIGNED and delivered as a
deed by **STEVEN SMITH** in the
presence of:

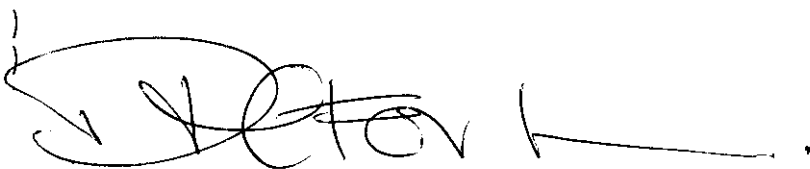


Witness:

Name:

Address

SIGNED and delivered as a
deed by **DEBORAH FORTUNE** in
the presence of:



Witness:

Name:

Address

SIGNED and delivered as a
deed by **MARILYN MANSFIELD** in
the presence of:

) m. A. Mansfield.

Witness:

Name:

Address:

Signed and delivered as a)
deed on behalf of **FARLEY**)
GROUP PLC in the presence of:

Director

Director/Secretary