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DATED *19 September* **2002**

A SEELEY ESQ

and

CAMBRIDGE BIOSCIENCE LIMITED

and

CYTOMYX HOLDINGS PLC

BUSINESS SALE AGREEMENT

FOR CAMBRIDGE BIOSCIENCE

**MEMERY CRYSTAL
31 Southampton Row
London WC1B 5HT
Tel: 020 7242 5905
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Ref: AT/208062v11**



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DATE:

19th September 2002

PARTIES:

- (1) ALAN SEELEY of 3 The Orchards, Great Shelford, Cambridge CB2 5AB (Vendor).
- (2) CAMBRIDGE BIOSCIENCE LIMITED a company registered in England under number 4382252 whose registered office is at 6-7 Technopark, Newmarket Road, Cambridge CB5 8PB (Purchaser).
- (3) CYTOMYX HOLDINGS PLC a company registered in England under number 4143891 whose registered office is at 6-7 Technopark, Newmarket Road, Cambridge CB5 8PB (Guarantor).

INTRODUCTION:

- (A) The Vendor carries on the Business (as defined below).
- (B) The Vendor is willing to sell and the Purchaser is willing to purchase, the goodwill of the Business and certain of the assets employed in the Business on the terms and subject to the conditions of this Agreement.
- (C) The Guarantor has agreed to guarantee certain obligations of the Purchaser as provided herein.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement and the Schedules hereto unless the context otherwise requires the following words and expressions shall have the following meanings:-

"A Loan Notes" an amount of secured loan notes of the Purchaser constituted by the A Loan Note Instrument to be issued in accordance with Clause 4.3(b);

"A Loan Note Instrument" the loan note instrument of the Purchaser in the Agreed Form to be adopted by a board meeting of the Purchaser on Completion constituting the A Loan

Notes;

"Accounts"	the audited balance sheet of the Business as at the Balance Sheet Date and the audited profit and loss account for the twelve months ended on the Balance Sheet Date;
"Act"	the Companies Act 1985 (as amended);
"Admission"	the admission to trading of the entire issued share capital of Cytomyx Holdings (including shares to be issued pursuant to the placing and pursuant to the Share Exchange Agreement details of which are set out in the Prospectus) to the Alternative Investment Market of London Stock Exchange plc;
"Agreed Form"	in the form previously agreed by the Vendor and the Purchaser and signed for the purpose of identification by or on their behalf;
"Assets"	the assets agreed to be sold and transferred pursuant to this Agreement as specified in Clause 2.1;
"B Loan Notes"	an amount of secured loan notes of the Purchaser to be constituted by the B Loan Note Instrument to be determined and paid in accordance with the provisions of Clauses 4.3(d) and 4.4 to 4.8 inclusive;
"B Loan Note Instrument"	the loan note instrument of the Purchaser in the Agreed Form to be adopted by a board meeting of the Purchaser once the consideration payable pursuant to Clause 4.3(d) has been ascertained which will constitute the B Loan Notes;
"Balance Sheet Date"	30 April 2001;
"Books of Account"	the accounting books and ledgers and any other financial or accounting records of the Vendor relating to the Business, the Assets, and the Transferring

Employees now subsisting and subsisting at any time up to and on Completion (in whatever form or medium held);

"Business"

means the business of distributing products for life science research carried on by the Vendor at the date of this Agreement under the trading name Cambridge Bioscience;

"Business Day"

a day which is not a Saturday or Sunday or a bank or other public holiday in England;

"Business Information"

the Books of Accounts, the VAT Records and all other books, files, records, industrial and commercial know-how, written materials, data and information in the possession of the Vendor relating to the Business, the Assets and the Transferring Employees (whether or not confidential and in whatever form or medium held) now subsisting and subsisting at any time up to and on Completion;

"Charge"

first legal charge to be registered over the Premises in the Agreed Form;

"Completion"

the performance by the parties of the obligations assumed by them under Clause 7.2;

"Conditions"

means the conditions specified in Clause 3.1;

"Confidential Information"

any provisions of this Agreement and the process of their negotiation and all information about the other party obtained or received by a party as a result of entering into and/or performing their respective obligations under this Agreement other than information which is trivial or obvious or otherwise clearly of a non-confidential nature or information which has become a matter of public knowledge (other than by reason of a breach of Clause 16 or its unlawful

disclosure by any person);

"Consideration Shares"

the 9 issued ordinary shares of £1 each to be issued by the Purchaser to the Vendor in accordance with Clause 4.3(c);

"Contracts"

the Customer Contracts, the Supply Contracts, the Marketing Contracts and any licences for computer software (to the extent that such computer licences are transferable) but excluding, for the avoidance of doubt, the contracts of employment of the Transferring Employees;

"Customer Contracts"

all of the contracts, agreements, orders and engagements (whether written or oral) made by or on behalf of the Business with customers of the Business for the sale of goods or equipment by the Business in the ordinary course of carrying on the Business entered into on or prior to Completion which on Completion remain to be performed in whole or in part;

"Cytomyx Holdings"

Cytomyx Holdings Plc (registered number 4143891) whose registered office is at 6-7 Technopark, Newmarket Road Cambridge, CB5 8PB;

"Debts"

means any debts or other sums owing to the Vendor in connection with the Business as at Completion;

"Disclosure Letter"

the letter (including its attachments and/or bundle) of the same date as this Agreement from the Vendor to the Purchaser containing exceptions to and qualifying the Vendor Warranties;

"Domain Names"

means the domain names of the Business listed in Schedule 7;

"EGM"

the extraordinary general meeting of Cytomyx Holdings convened by the notice set out in the Prospectus at which the Resolutions are to be

	proposed;
"ERA"	Employment Rights Act 1986;
"Effective Time"	8.00am on the date of Completion;
"Encumbrance"	means and includes any interest or equity of any person (including, without limitation, any right to acquire, option, right of pre-emption or right of conversion) or any mortgage, charge, pledge, lien or assignment or other encumbrance, priority or security interest or arrangement of whatever nature over or in the relevant property;
"Excluded Assets"	those assets that are excluded from the sale under this Agreement as specified in Clause 2.2;
"Fixed Assets"	items of plant, machinery, computer equipment, other equipment, computer software disks (but not the software itself) and manuals, fittings, furniture, tools, utensils, implements and other tangible assets used by the Vendor in or in connection with the Business which now exist or which may be acquired after the date of this Agreement at any time prior to Completion other than the Stock;
"Goodwill"	the goodwill of the Vendor in relation to the Business (including the goodwill in the name Cambridge Bioscience);
"Intellectual Property"	all Intellectual Property Rights owned by the Vendor subsisting at the date of this Agreement as set out in Schedule 4 and also including those acquired or coming into existence at any time prior to the Effective Time;
"Intellectual Property Rights"	patents, trade marks, registered designs, applications for any of the above, copyright, know-how, design rights, database rights, trade secrets, confidential

	information, trade and business names and brands, and any other similar protected rights in any country and used in the Business;
"Loan Notes"	the A Loan Notes and the B Loan Notes;
"Marketing Contracts"	the agreements listed in Part I of Schedule 5 and all other distribution, agency, marketing and similar agreements made between the Vendor and third parties in connection with the Business entered into on or prior to Completion and subsisting at Completion;
"Premises"	the freehold premises described in Schedule 1 and includes any part of such premises and/or any building, structure and/or works on them;
"Prospectus"	means a prospectus of Cytomyx Holdings (including a notice of the EGM) to (inter alia) shareholders of Cytomyx Holdings setting out details of the acquisition of the Business the proposed placing by Cytomyx Holdings and an allotment of shares in Cytomyx Holdings to the Vendor;
"Purchaser's Accountants"	PKF of New Garden House, 78 Hatton Garden, London, EC1N 8JA;
"Purchaser's Group"	Cytomyx Holdings, Cytomyx Limited, Cytomyx Inc. and any other subsidiary of Cytomyx Holdings from time to time;
"Purchaser's Solicitors"	means Memery Crystal of 31 Southampton Row, London, WC1B 5HT or their successors in business or any other firm of solicitors appointed by the Purchaser for the purposes of this Agreement;
"Purchaser Warranties"	the warranties to be given to the Vendor by the Purchaser pursuant to Clause 5 and Part II of Schedule 3;

"Regulations"	means the Transfer of Undertakings (Protection of Employment) Regulations 1981 (as amended);
"Resolutions"	the resolutions in the form set out in the notice of EGM attached to the Prospectus;
"Service Agreement"	a new service agreement to be entered into between the Vendor and the Purchaser at Completion in the Agreed Form;
"Share Exchange Agreement"	the share exchange agreement of even date under the terms of which the Vendor agrees to transfer the Consideration Shares to the Guarantor in exchange for 60,000,000 ordinary shares of 0.1 pence each in the capital of the Guarantor credited as fully paid up at 0.5 pence per share;
"Stock"	all stocks of the Business as at Completion including, without limitation, all finished and partly finished goods and other assets purchased for resale, component parts, spare parts, stores, office supplies, packaging, labelling, sales, advertising and promotional materials and any other consumables relating to the Business whether on order, in transit or in stock wherever held including any items which although subject to retention of title agreements, are in the Vendor's possession or under its control;
"Supply Contracts"	all contracts, agreements, orders and engagements (whether written or oral) between the Business and suppliers to the Business for the supply of goods and/or services to the Business in the ordinary course of carrying on the Business entered into on or prior to Completion which on Completion remain to be performed in whole or in part, other than the Marketing Contracts;

"Taxation Authority"	the Inland Revenue, HM Customs & Excise and other local, governmental, state or federal authority or body competent to impose or collect tax;
"Taxes Act"	the Income and Corporation Taxes Act 1988;
"Transferring Employees"	the employees of the Vendor specified in Schedule 6;
"VAT"	Value Added Tax or any similar tax which may be substituted for it or levied in addition to it;
"VATA"	the Value Added Tax Act 1994;
"VAT Records"	the records referred to in Section 49 of the VATA relating to the Business;
"VAT Regulations"	the Value Added Tax Regulations 1995;
"Vendor's Accountants"	Tayabali Tomlin of 5 High Green, Great Shelford, Cambridge, CB2 5EG;
"Vendor's Solicitors"	Squire Sanders & Dempsey of Royex House, Aldermanbury Square, London, EC2V 7HR or their successors in business or any other firm of solicitors appointed by the Vendor for the purposes of this Agreement;
"Vendor Warranties"	the warranties to be given to the Purchaser by the Vendor pursuant to Clause 5 and Part I of Schedule 3;
"Warranties"	the Vendor Warranties and the Purchaser Warranties.

1.2 In this Agreement:

- (a) references to statutes or statutory provisions include those statutes or statutory provisions as amended, extended, consolidated, re-enacted or replaced from time to time and any orders, regulations, instruments or other subordinated legislation made under them except to the extent that any amendment enacted after the date of this Agreement would increase or extend the liability of any party to this Agreement;

- (b) words and phrases defined in the Act, other than the Schedules to the Act, and in the relevant legislation relating to taxation (excluding any statutory modification of such words or phrases not in force on the date of this Agreement) bear the same meanings, unless given a different meaning in this Agreement;
- (c) unless specified to the contrary, use of the singular is deemed to include the plural, use of any gender is deemed to include every gender and any reference to a person is deemed to include a corporation, a partnership and other body or entity; and (in each case) vice versa;
- (d) references to this Agreement or any other document shall, where appropriate, be construed as references to this Agreement or such other document as varied, supplemented, novated and/or replaced in any manner from time to time;
- (e) any reference to a document in the Agreed Form includes a reference to that document in its final executed form;
- (f) any reference to an **agreement** or **contract** includes an agreement, contract, deed, franchise, concession, licence or undertaking;
- (g) any reference to **customer** includes **client** and vice versa;
- (h) the words **includes**, **including** and **included** will be construed without limitation unless inconsistent with the context;
- (i) the Schedules and this Appendix form part of this Agreement and will have the same force and effect as if expressly set out in the body of this Agreement;
- (j) any undertaking by any of the parties not to do any act or thing shall not be deemed to include an undertaking not to permit or suffer or assist the doing of that act or thing; and
- (k) the contents list and the headings shall not affect interpretation.

2. SALE AND PURCHASE

2.1 The Vendor shall sell and the Purchaser shall purchase the following assets with

effect from Completion on the terms and subject to the conditions of this Agreement and subject to the exceptions specified in Clause 2.2:

- (a) the Premises;
- (b) the Fixed Assets;
- (c) the Stock;
- (d) the Goodwill;
- (e) the Intellectual Property;
- (f) the Domain Names;
- (g) the benefit of the Contracts (subject to the burden and subject as provided in Clause 13);
- (h) the Business Information;
- (i) (insofar as they are capable of transference to the Purchaser) the full benefit of all approvals, consents, licences, permissions, accreditations, registrations, memberships and the like which the Vendor holds, or which have been granted to the Vendor, for or in connection with the carrying on of the Business;

2.2 It is expressly agreed that the following assets are not included in the sale:

- (a) any and all motor vehicles used in connection with the Business;
- (b) the benefit, to the Vendor, of this Agreement;
- (c) all cash in hand or with bankers or at any other financial institution and all cheques, bills or other negotiable instruments;
- (d) the Debts (together with any interest payable on such Debts and the benefit of all security, guarantees, indemnities and rights relating to such Debts);
- (e) any amount recoverable by the Vendor from any Taxation Authority in connection with the Business in respect of taxation attributable to periods ended on or before Completion;

(f) the benefit of any insurance effected by or on behalf of the Vendor;

2.3 The Purchaser shall not take over or assume any other liabilities relating to the Business, the Assets or the Transferring Employees arising prior to Completion except as expressly provided for in this Agreement.

2.4 The Vendor shall sell the Assets with full title guarantee and free from any Encumbrance (other than the Stock which may be subject to retention of title).

2.5 Risk in each of the Assets shall pass to the Purchaser on Completion.

2.6 Neither the Vendor nor the Purchaser shall be obliged to complete the sale and purchase of any of the Assets unless the sale and purchase of all the Assets is completed simultaneously. However, completion of the purchase of some of the Assets will not affect the rights of the Purchaser or the Vendor with respect to the others.

2.7 The Assets include:

(a) any Fixed Assets and items of Stock which, are subject to retention of title agreements, and which the Vendor has contracted to acquire in connection with the Business and which are in the possession of or under the control of the Vendor; and

(b) all contracts placed by any customer with the Vendor on or after Completion in connection with the Business and any payment relating to or connected with any such contract that is or has been received by the Vendor shall be paid to the Purchaser in accordance with Clause 12.2.

2.8 The Premises shall be sold upon the terms and conditions set out in Schedule 2. If there shall be any inconsistency between Schedule 2 and the other provisions of this Agreement then, except to the extent that any of the other provisions of this Agreement are expressed to be subordinate to Schedule 2, the other provisions of this Agreement shall prevail.

3. CONDITIONS

3.1 Completion is conditional upon the following conditions being satisfied on or before 31 December 2002 (or such later date as the Vendor and the Purchaser may agree in writing being no later than 31 December 2002):-

- (a) the posting of the Prospectus to (inter alia) all of the shareholders of Cytomyx Holdings;
- (b) the passing at a general meeting of Cytomyx Holdings of the Resolutions;
- (c) the Share Exchange Agreement becoming unconditional in all respects (save for any condition relating to Admission) or this Agreement becoming unconditional;
- (d) Admission.

3.2 The Purchaser shall use reasonable endeavours to ensure that those Conditions specified in Clauses 3.1(a) to 3.1(d) are satisfied as soon as possible and in any event no later than the date mentioned in Clause 3.1.

3.3 If all the Conditions are not satisfied on or before the date mentioned in Clause 3.1, or if any of the Conditions shall cease to be capable of being satisfied by that date, then this Agreement shall immediately lapse and cease to have effect (other than Clauses 16, 18, 25, 26 and 27) and neither the Vendor nor the Purchaser shall have any claim against the other under this Agreement except in relation to any prior breach of this Agreement.

4. CONSIDERATION

4.1 The consideration for the sale and purchase of the Assets under this Agreement shall be £1,050,000 plus the Deferred Consideration apportioned as follows:

- (a) the Premises - £490,000
- (b) the Fixed Assets - £10,000
- (c) the Goodwill - £262,998 plus the Deferred Consideration
- (d) the Intellectual Property - £262,500
- (e) the Stock - £24,500
- (f) the Domain Names - £1
- (g) the Business Information - £1

Total: £1,050,000 plus the Deferred Consideration

and such further sum as calculated and payable in accordance with the remainder of this Clause 4.

4.2 The consideration for the benefit and burden of the Contracts shall be the assumption by the Purchaser of the Contracts in accordance with Clause 12.5.

4.3 Subject to the provisions of this Clause 4, the consideration shall be paid as follows:

- (a) £200,000 in cash to be paid to the Vendor's Solicitors no later than the fifth Business Day following Admission;
- (b) £550,000 to be satisfied by the issue of the A Loan Notes;
- (c) £300,000 to be satisfied by the allotment and issue of the Consideration Shares;
- (d) £450,000 to be adjusted up or down in accordance with Clause 4.4 to be paid by way of an issue of the equivalent value of B Loan Notes to the Vendor ("Deferred Consideration").

4.4 The sum to be paid to the Vendor by way of B Loan Notes to be issued by the Purchaser shall be £450,000 to be adjusted up or down to match the amount actually equalling the operating profit before tax ("the OPBT") of the Purchaser for the period from 12.01 am on the day after Completion to 11.59 pm on the last day of the 17th month from Completion ("the Earn-Out Date") as consolidated into (but shown separately within) the interim accounts of the Purchaser for that period (the "2004 Interim Accounts"), to be prepared and sent to the Vendor pursuant to Clause 4.5 no later than five months after the Earn-Out Date, where OPBT equals the operating profit before tax on ordinary activities of the Purchaser calculated on the historical cost accounting basis and as prepared in accordance with generally accepted UK accounting practices and principles and the group's accounting policies as consistently applied over past 3 years. For the purposes of this Clause 4.4, OPBT shall be determined by:-

- (a) deducting expenses and costs specifically relating to the operation of the Business only and not by deducting any management or other costs levied, charged and/or incurred by any company within the Purchaser's Group or by any other company associated with the Purchaser or any costs incurred relating to the transaction contemplated by this Agreement;

- (b) disregarding any exceptional items including, without limitation, profits or losses of a capital nature arising on a disposal of fixed assets, investments, plant or any other assets of the Purchaser;
- (c) disregarding any reductions in operating expenses of the Business which directly result from the acquisition of the Business by the Purchaser as are agreed as being reasonable by the Vendor and the Purchaser within 28 Business Days following 31 March 2004 to the extent that there are such reductions. In the event that the reductions described in this Clause 4.4(c) are not agreed within the 28 Business Day Period, the provisions of Clause 4.6 shall apply mutadis mutandis. For the avoidance of doubt any costs savings resulting from staff reductions shall not be disregarded.

4.5 Prior to the issue of the B Loan Notes, the 2004 Interim Accounts shall be sent by the Purchaser to the Vendor and the Vendor's Accountants, who shall review the 2004 Interim Accounts.

4.6 The Vendor may dispute any amounts reflected in the 2004 Interim Accounts by notifying the Purchaser in writing of each disputed item in reasonable detail, and specifying the amount thereof in dispute, within 28 Business Days of the Vendor's receipt of the 2004 Interim Accounts (the "Dispute Notice"). In the event of such a dispute, the Vendor's Accountants and Purchaser's Accountants shall attempt to reconcile the differences and any written resolution by them as to any disputed amounts shall be final, binding and conclusive on the parties. If the Vendor's Accountants and Purchaser's Accountants are unable to reach a resolution with such effect within 28 Business Days of the date of the Dispute Notice or such other period as the parties shall agree in writing (the "Resolution Period"), the Purchaser shall cause the Purchaser's Accountants and the Vendor shall cause the Vendor's Accountants to submit, within 20 Business Days of the expiry of the Resolution Period, the items remaining in dispute for resolution to a nationally recognised accounting firm reasonably acceptable to the Purchaser and the Vendor or, failing agreement within 28 Business Days thereafter, to an independent firm of chartered accountants nominated at the request of either party by the President for the time being of the Institute of Chartered Accountants in England and Wales (the "Third Accounting Firm"), which shall, within 30 Business Days after submission, determine and report to the parties upon such remaining disputed items in accordance with the provisions hereof, and such report shall be final, binding and conclusive on

the parties. The fees and disbursements of the Third Accounting Firm shall be allocated between the Purchaser and the Vendor equally or in such proportions as directed by the Third Accounting Firm. The foregoing provisions are intended to be an agreement to arbitrate all issues relating to or arising out of any dispute as to the 2004 Interim Accounts and the amount of B Loan Notes to be issued and neither party shall assert in any judicial proceeding the invalidity or inapplicability of such provisions.

- 4.7 For the avoidance of doubt the Vendor and the Vendor's Accountants shall be deemed to be in agreement with the 2004 Interim Accounts if no Dispute Notice is sent to the Purchaser.
- 4.8 The B Loan Note Instrument shall be executed by the Purchaser and a certificate delivered by the Purchaser to the Vendor within 14 Business Days of the parties agreeing the amount of such B Loan Notes in accordance with Clauses 4.4 to 4.7 (inclusive).
- 4.9 The obligations of the Purchaser to pay any and all amounts that become due and owing to the Vendor under the A Loan Notes and/or the B Loan Notes, shall be secured by way of the Charge, to be executed and delivered at Completion pursuant to Clause 7.2(b)(v).

5. WARRANTIES

- 5.1 The Vendor warrants with the Purchaser in the terms of Schedule 3 Part I and the Purchaser warrants with the Vendor in the terms of Schedule 3 Part II. Any sum payable by the Vendor in respect of the breach of the Vendor Warranties shall be treated as a reduction of the consideration payable pursuant to Clause 4.
- 5.2 The Vendor acknowledges that the Purchaser is entering into this Agreement in reliance on the Vendor Warranties and the Purchaser acknowledges that the Vendor is entering into this Agreement in reliance on the Purchaser Warranties.
- 5.3 The Vendor Warranties are given subject only to the matters fairly disclosed in the Disclosure Letter.
- 5.4 The Warranties are given at the date hereof.
- 5.5 Each of the Warranties shall be construed separately and none of the Warranties shall

limit or govern the extent, application or construction of any other of the Warranties.

- 5.6 Where any of the Vendor Warranties is qualified by the awareness, knowledge, information or belief of the Vendor that warranty shall only be deemed to be so qualified if the Vendor has made, or procured to be made, due and careful enquiry to ascertain whether the warranty concerned is correct.
- 5.7 While the ascertainable consideration has been apportioned between the Assets as specified in Clause 4, it is nevertheless agreed between the Vendor and the Purchaser that the consideration for the Assets is a single price and that, in the event of there being any breach of the Vendor Warranties or any other term of this Agreement, the compensation payable to the Purchaser shall not in any way be limited or affected by the amount apportioned to any particular Asset or category of Assets.
- 5.8 If prior to Completion it shall be found that:-
- (a) there has been a breach of the Vendor Warranties; or
 - (b) the Vendor makes any disclosure pursuant to Clause 8.3, during the period up to Completion; or
 - (c) the Vendor becomes aware of any matter or thing
- which directly causes or results in a material reduction (as defined in Clause 5.9 below) in the net asset value or revenue of the Business or the Assets (which event giving rise to such reduction is not otherwise capable of remedy) the Purchaser shall be entitled to give notice to the Vendor of its intention to rescind the Agreement, containing details of the alleged grounds for rescission (the "Notice to Rescind") at any time before Completion.
- 5.9 For the purposes of Clause 5.8, a material reduction in the net asset value or revenue of the Business or the Assets shall mean a reduction in the net asset value or revenue of the Business or the Assets in excess of £30,000.
- 5.10 Immediately upon receipt by the Vendor of the Notice to Rescind, an opinion of a barrister of at least 10 years call ("Counsel") (as chosen by the Purchaser but jointly instructed by the parties) shall be obtained to determine the question of whether the events detailed in the Notice to Rescind satisfy the criteria set out in Clauses 5.8 and 5.9 and whether the Agreement may be rescinded or not.

- 5.11 The opinion of the Counsel obtained in accordance with Clause 5.10 shall be final and binding on the parties. In the event of rescission of the Agreement, it is agreed that Clauses 16 and 18 shall remain in full force and effect despite such rescission.
- 5.12 All costs relating to the instruction of the Counsel pursuant to Clause 5.10, shall be borne equally between the parties.
- 5.13 If it is determined that the Purchaser may rescind the Agreement pursuant to Clause 5.10, and the Purchaser elects to rescind this Agreement, no party shall have any liability to any other party hereunder and this Agreement shall cease to have any effect.
- 5.14 In the event that the Purchaser does not elect to rescind this Agreement despite it being determined that the Purchaser may rescind this Agreement pursuant to Clause 5.10, the Vendor shall remain liable to the Purchaser for the matters described in the Notice to Rescind.
- 5.15 If it is determined that the Purchaser may not rescind the Agreement pursuant to Clause 5.10, the Purchaser shall proceed to Completion in the normal course.
- 5.16 No claim may be made under the Vendor Warranties ("a Claim") to the extent that the matter has been fairly disclosed in the Disclosure Letter and, in respect of any matter not so disclosed, unless written notice detailing a specific breach of Vendor Warranty and containing details of the general nature of the Claim (including an estimate of the amount of Claim as known to the Purchaser at the time) shall have been given by the Purchaser to the Vendor promptly and in any event within two months after the Purchaser first becomes aware of the matter or circumstances giving or which may give rise thereto and in any event before the expiry of a period of 24 calendar months from Completion and any Claim which is validly made within the required period aforesaid shall (unless previously settled or withdrawn) be deemed to have been waived or withdrawn (and no new Claim may be made in respect of such waived or withdrawn Claim) in the event that legal proceedings in respect thereof are not issued and validly served on the Vendor, the amount of any Claim has not become capable of being quantified or ceased to become contingent, and/or any amount payable by the Vendor in respect of such Claim has not been agreed within six months of written notice of the Claim first being given aforesaid.
- 5.17 No Claim may be made under the Vendor Warranties and the Vendor shall not be

liable in respect of any of the Vendor Warranties unless the amount actually payable for each such claim exceeds £1,000 and when aggregated with all other Claims exceeds £30,000 in which case the Vendor shall be liable for the whole amount of such claim and not merely the excess.

5.18 (a) The liability of the Vendor under the Vendor Warranties shall not exceed the total consideration determined and payable by the Purchaser pursuant to Clause 4.3.

(b) Without prejudice to Clauses 5.17 and 5.18(a) above, the amount to be paid by the Vendor in respect of any and all Claims shall not exceed the total amount paid by the Purchaser to the Vendor at the date any Claim is settled in accordance with Clause 5.20.

5.19 Subject to the provisions of Clauses 5.17 and 5.18, in the event that prior to the Business Day upon which the last payment is due to be made to the Vendor by the Purchaser under the Loan Notes (the "Final Payment Date") the Purchaser shall have given notice to the Vendor of a Claim or Claims under the Vendor Warranties in accordance with the provisions of Clause 5.16, to the extent that any such Claim or Claims shall have been settled in favour of the Purchaser (in accordance with Clause 5.20) but the settlement amount not paid by or on behalf of the Vendor, the Purchaser shall be entitled to treat its obligations hereunder to make any payment outstanding to the Vendor under the Loan Notes ("a Loan Note Payment") as being reduced pro tanto by the amount, to the extent settled, of such Claim or Claims.

5.20 A Claim shall be regarded as settled for the purposes of Clause 5.18 or 5.19 if either:

(a) the Vendor and the Purchaser (or their respective solicitors) shall agree a settlement amount in writing; or

(b) a court has awarded judgment in respect of the Claim and no right of appeal lies in respect of such judgment or the parties are debarred whether by the passage of time or otherwise from exercising any such right of appeal.

5.21 For the avoidance of doubt nothing contained in Clause 5.20 shall prejudice the right of the Purchaser to recover against the Vendor otherwise than pursuant to Clause 5.20 or to make any claim against the Vendor under the Vendor Warranties.

6. VENDOR PROTECTION

- 6.1 For the purpose of this Clause 6, the liability of the Vendor in respect of a Claim shall mean the amount in respect of the Claim for which the Vendor admits liability in writing or is found to be liable by a court of competent jurisdiction of final appeal.
- 6.2 The Vendor shall not be liable in respect of a Claim to the extent that allowance, provision or reserve in respect of the matter giving rise to the Claim was made in the Accounts.
- 6.3 The Vendor shall not be liable in respect of any Claim to the extent that it arises or is increased as a result of any change in law (or change in the interpretation of law), including any tax legislation, or in administrative practice of any government, governmental department, agency or regulatory body occurring after the date of this Agreement (whether or not the change purports to be effective retrospectively in whole or in part).
- 6.4 The Vendor shall not be liable in respect of any Claim to the extent that it arises or is increased as a result of any change after Completion in the accounting bases, policies, practices or methods applied in preparing any accounts or valuing any assets or liabilities of the Business from those used in preparing the Accounts.
- 6.5 The Vendor shall not be liable in respect of a Claim to the extent that the Claim is attributable (in whole or in part) to:-
- (a) any voluntary act, omission or transaction carried out by or at the request of or with the consent of the Purchaser or any member of the Purchaser's Group or any of their successors in title or assigns after the date of this Agreement and/or on or after Completion; or
 - (b) anything expressly provided to be done or omitted to be done pursuant to this Agreement.
- 6.6 The Vendor shall not be liable in respect of any Claim to the extent that the Purchaser actually recovers any of the loss in respect of such Claim under a policy of insurance and the Vendor shall take all reasonable steps to recover such loss under any relevant policy of insurance if such loss is covered by such policy.
- 6.7 If the Vendor pays to the Purchaser an amount in respect of a Claim and the

Purchaser subsequently recovers from another person an amount in respect of the same loss or liability:-

- (a) if the amount paid by the Vendor in respect of the Claim is more than the Sum Recovered, the Purchaser shall immediately pay to the Vendor the Sum Recovered; and
- (b) if the amount paid by the Vendor in respect of the Claim is less than or equal to the Sum Recovered, the Purchaser shall immediately pay to the Vendor an amount equal to the amount paid by the Vendor to the Purchaser for such Claim.

For the purposes of this Clause 6.7, "Sum Recovered" means an amount equal to the total of the amount recovered from the other person less all costs properly incurred by the Purchaser in recovering the amount from the person and less also any taxation suffered by the Purchaser in respect of such sum.

6.8 The Vendor shall not be liable in respect of any Claim to the extent that it relates to a liability which is contingent or not capable of being quantified (but without prejudice to the right of the Purchaser to notify the Vendor of the relevant claim pursuant to Clause 5.16) unless and until the liability ceases to be contingent or becomes capable of being qualified, as the case may be.

6.9 The Purchaser shall not be entitled to recover damages or otherwise obtain reimbursement or restitution more than once in respect of the same loss.

7. COMPLETION

7.1 Completion shall take place at the offices of the Purchaser's Solicitors within three Business Days after the satisfaction of all the Conditions and provisions of this Clause 7 (other than Admission) or at such later time or date as the Vendor and the Purchaser may agree in writing.

7.2 On Completion the following matters will be dealt with (subject to the provisions of Clause 4.3(a) and Schedule 2), namely:

- (a) the Vendor shall deliver to the Purchaser:-
 - (i) at the Premises all of the Assets title to which is capable of passing by physical delivery and all documents of title and registration documents

relating to them;

- (ii) the Premises;
- (iii) a duly executed transfer or conveyance of the Premises in the Agreed Form together with all title deeds and documents relating to them;
- (iv) duly executed assignment of the Intellectual Property in the Agreed Form;
- (v) duly executed consents to the assignment of the Contracts set out in Part 2 of Schedule 5;
- (vi) at the Premises the duly signed originals of all the Contracts in the written form and all correspondence and other records of the Vendor relating to them to the extent reasonably practicable and possible;
- (vii) at the Premises the Books of Account and the other Business Information;
- (viii) at the Premises the employment contracts and all records of National Insurance and PAYE and all other records and documents relating to the Transferring Employees duly completed and up to date;
- (ix) a series of lists up-dating the information given in Schedules 4, 5, 6 and 7 by way of addition to or deletion from the information set out in those Schedules showing (so far as practicable) the true situation in relation to the matters contained in such Schedules as at Completion;
- (x) a letter signed by the Vendor and addressed to the Purchaser confirming that the Vendor is not aware of any matter or thing which has arisen or become known to it after the date of this Agreement which is materially inconsistent with any of the Vendor Warranties or would be if the Vendor Warranties were deemed to be repeated up to Completion;
- (xi) the Vendor shall enter into the Service Agreement;
- (xii) such irrevocable instruction to the banks of the Vendor as may be necessary to procure the automatic transfer to the Purchaser of any

payment that any customer of the Business may make to such bank after Completion;

(xiii) a deed of release and termination in the Agreed Form executed by Mike Kerins and Alan Seeley formally confirming termination of the partnership which previously owned the Business and under which Mike Kerins formally waives any claims he might have against the Business;

(xiv) duly completed form DS1 relating to an existing charge over the Premises.

(b) against compliance with the above provisions the Purchaser shall:

(i) remit by electronic transfer to the Vendor's Solicitors' bank account (branch: Barclays Bank plc, 54 Lombard Street, Client Premium Account, sort code: 20-00-00 account number: 10533491) the sum of £200,000 in accordance with Clause 4.3(a) (representing the purchase price stated in Clause 4.3(a));

(ii) enter into the Service Agreement and deliver to the Vendor's Solicitors executed originals of the Service Agreement;

(iii) execute and deliver the A Loan Note Instrument and deliver a certificate for £550,000 A Loan Notes to the Vendor;

(iv) allot and issue to the Vendor the Consideration Shares credited as fully paid;

(v) execute and deliver the Charge to the Vendor to secure the Purchaser's obligations under the Loan Notes;

(vi) deliver a certified copy of board minutes of the Purchaser at which the Consideration Shares were allotted to the Vendor, the A Loan Notes were approved, executed and issued to the Vendor and the execution of the Charge and all other documentation required to be executed at Completion were approved.

(c) the Vendor and the Purchaser shall comply with their respective other obligations in this Agreement stipulated to be complied with by them on

Completion.

- 7.3 The Purchaser may in its absolute discretion waive any of the requirements contained in Clause 7.2(a) and the Vendor may in its absolute discretion waive any of the requirements contained in Clause 7.2(b).
- 7.4 If any of the provisions of Clause 7.2 are not complied with on the date fixed for completion the party not in default may (without prejudice to its other rights and remedies including the right to claim damages for the breach):-
- (a) defer Completion to a date not more than three calendar months after such date (and so that the provisions of this Clause 7, shall apply to Completion as so deferred); or
 - (b) proceed to Completion so far as practicable (without prejudice to its rights under this Agreement); or
 - (c) waive all or any of the obligations in question of the party in default; or
 - (d) if Completion has not happened within three calendar months of this Agreement becoming unconditional, rescind this Agreement without liability to the other party and in the event of such rescission it is agreed that Clauses 16 and 18 shall remain in full force and effect despite such rescission.

8. MATTERS PENDING COMPLETION

- 8.1 Pending Completion, the Vendor shall, on being given reasonable written notice by the Purchaser procure that the Purchaser and its advisers shall be given reasonable access to the Premises and to the books and records and documents of title of the Business and the Assets and that the directors, employees and advisers of the Business will give such information and explanations regarding the Business and the Assets as the Purchaser or any of the Purchaser's advisers may reasonably request.
- 8.2 The Vendor undertakes with the Purchaser (except with the prior written consent of the Purchaser) to procure that from the date of this Agreement until Completion the Vendor will:
- (a) carry on the Business in the ordinary course and in an efficient and businesslike manner as a going concern in the same manner as it is presently carried on as regards the nature, scope and manner of conducting it so as to

maintain it as a going concern for the Vendor's own benefit and at its own risk;

- (b) not dispose of any of those Assets listed or described in the Schedules to this Agreement nor any of the other Assets employed or used in connection with the Business nor acquire any new assets for use in connection with the Business (except, in any such case, for Stock in the ordinary course of trading in relation to the Business) nor remove from the Premises any physical assets of the Business except in the ordinary course of normal day-to-day business;
- (c) use all reasonable endeavours to maintain the trade and trade connections and the Goodwill and will not by any action or omission knowingly damage or risk damage to them;
- (d) retain the full benefit of the Intellectual Property;
- (e) not dismiss any of the Transferring Employees or employ any person in the Business other than the Transferring Employees without the prior written consent of the Purchaser (such consent not to be unreasonably withheld);
- (f) not enter into or agree to enter into any material hire purchase, leasing, rental or conditional sale agreement or similar arrangement in connection with the Business;
- (g) not enter into or agree to enter into any capital commitments over £10,000 or any long-term agreements or agreements outside the ordinary course of carrying on the Business;
- (h) inform the Purchaser immediately of any matter which, in the Vendor's reasonable opinion, may materially affect the Business or any of the Assets and consult with the Purchaser in relation to such matter;
- (i) not change or agree to change the terms and conditions of employment of any of the Transferring Employees;
- (j) not commence any litigation or compromise or settle or agree to compromise or settle any material claim or dispute in which it is involved in connection with the Business;
- (k) maintain in force its existing insurance cover in respect of the Assets;

(l) continue to pay the creditors of the Business within the usual terms of payment of such creditors;

(m) maintain its usual level of Stocks in connection with the Business,

and without prejudice to the above the Vendor will obtain the Purchaser's prior written consent to any act or omission on its part which, taking into account the specific facts known to the Vendor at the time of such contemplated act or omission, could reasonably have been expected to have a material adverse effect upon the Business after Completion (as carried on at the date of the Agreement) or affect the willingness of a reasonable person to purchase the Business and the Assets upon the terms of this Agreement.

8.3 The Vendor shall immediately disclose to the Purchaser in writing any of the following which may become known to the Vendor after the date of this Agreement and before Completion:

(a) any matter or thing which is a material breach, contravention of, non-compliance or inconsistency with any of the provisions of this Agreement including, without limitation, any material breach, contravention of, non-compliance or inconsistency with any of the Vendor Warranties or would be if the Vendor Warranties were deemed to be repeated up to Completion;

(b) the Property being destroyed or substantially damaged; or

(c) any matter or thing which directly causes or results in a material reduction in the value of the Business and Assets (as defined in Clause 5.9)

8.4 The Purchaser shall only be entitled to rescind this Agreement in accordance with the provisions of Clause 5 or Clause 7.4(d).

8.5 The Purchaser shall not contact any party to the Contracts or customer of the Business unless specifically requested to do so by the Vendor.

9. VAT

9.1 The Vendor and the Purchaser acknowledge and agree that it is considered that section 49(1) VATA and Article 5 of the Value Added Tax (Special Provisions) Order 1995 (SI 1995/1268) (Article 5) will apply to the sale and purchase under this Agreement such that the transaction is treated as a transfer as a going concern and

not as a supply of goods or services and no VAT will be chargeable by the Vendor in respect of such sale and purchase.

- 9.2 VAT payable in respect of goods and services supplied or deemed to be supplied by the Vendor prior to Completion and all interest payable and penalties attributable to such VAT shall be paid to H.M. Customs and Excise by the Vendor.
- 9.3 VAT payable in respect of goods and services supplied or deemed to be supplied by the Purchaser after Completion and all interest payable and penalties attributable to such VAT shall be paid to H.M. Customs & Excise by the Purchaser.
- 9.4 If H.M. Customs & Excise determines in writing that VAT is chargeable in respect of the supply of all or any part of the Assets under this Agreement, the Vendor shall give notice to the Purchaser of that determination within five Business Days of its being so advised by HM Customs & Excise. The Purchaser shall, within five Business Days after the Vendor notifies the Purchaser of the determination, pay to the Vendor (against delivery by the Vendor of an appropriate tax invoice for VAT purposes) a sum equal to the amount of VAT determined by HM Customs & Excise to be so chargeable.
- 9.5 In the event that any amount is paid by the Purchaser to the Vendor in respect of VAT which is not properly chargeable, then the Vendor shall forthwith repay such amount to the Purchaser.

10. BOOKS OF ACCOUNT, VAT RECORDS AND ASSISTANCE WITH CLAIMS

- 10.1 The Books of Account, including the VAT Records, are included in the sale of the Assets pursuant to this Agreement and the Vendor undertakes to the Purchaser not to make any request to H.M. Customs & Excise for the VAT Records to be preserved by the Vendor and not by the Purchaser.
- 10.2 The Purchaser undertakes to the Vendor that it will:
 - (a) preserve all Books of Account and VAT Records delivered to it by the Vendor for a period of 6 years from the date of Completion (in the case of records relating to VAT) and for a period of 3 years from the date of Completion (in the case of all other documents);
 - (b) at all times following Completion, upon receiving reasonable prior notice of

the Vendor's wish to inspect the Books of Account and the VAT Records, permit the Vendor any employee of the Vendor or adviser of the Vendor authorised in writing by the Vendor reasonable access to the Books of Account or VAT Records, during normal business hours to inspect and to take copies of them at the Vendor's expense provided that the Vendor shall procure that such employee or adviser shall be bound to the Purchaser by the same confidentiality obligations as is the Vendor pursuant to this Agreement; and

- (c) not dispose of any of the Books of Account or VAT Records, without first giving the Vendor a reasonable opportunity to inspect and remove such records as the Vendor may require.

11. DEBTS

11.1 On Completion the Vendor shall supply to the Purchaser full details of the Debts.

11.2 The Debts are excluded from the sale under this Agreement but they shall, until expiry of the period of 6 months after Completion (**Collection Period**), be collected by the Purchaser at the Vendor's expense as the agent of the Vendor and be paid over to the Vendor at monthly intervals, Debts (or any part of them) being collected in one month being paid over within 7 days after the end of that month. All sums collected by the Purchaser as agent of the Vendor shall be held on trust for the Vendor on the terms and conditions set out in this Clause 11. The Purchaser shall use all reasonable endeavours (short of the issue of legal proceedings) to collect the Debts on behalf of the Vendor on the due dates for payment previously agreed by the Vendor with the relative debtors and in any event within the Collection Period. The Purchaser shall promptly supply to the Vendor on request from time to time details of the progress of the collection and payment of the Debts and the steps being taken to collect them.

11.3 The Vendor shall not take any action to recover the Debts (or any part of them) during the Collection Period but will give the Purchaser all reasonable assistance to enable the Purchaser to do so.

11.4 On expiry of the Collection Period the Purchaser shall give the Vendor full written details of (i) those Debts (or any part of them) then remaining uncollected and the names of the relative debtors and (ii) the steps previously taken by the Purchaser to

collect those Debts (including copies of all relevant correspondence).

- 11.5 After the Collection Period has expired the Vendor shall be at liberty to collect any Debts (or any part of them) that may be then outstanding provided that before legal proceedings are taken by the Vendor for the recovery of any Debt (or part of it) the Vendor shall consult with the Purchaser who shall be given the option (to be exercised by payment to the Vendor of the amount of the Debt (or part of it) within 14 days of being given the option) of purchasing the Debt or part of it (and the benefit of any security in respect of it held by the Vendor) at its full face value free from any Encumbrance. For this purpose, the Vendor shall, against such payment, execute and deliver to the Purchaser an assignment in favour of the Purchaser in respect of the Debt (or part of it) in question in such form as the Purchaser may reasonably require.
- 11.6 Subject to any express intention to the contrary on the part of the debtor, any payment by a debtor owing moneys from time to time to both the Vendor and the Purchaser shall be allocated in reduction of the debt owing to the Vendor until the amount of it shall have been paid in full.

12. APPORTIONMENTS, LIABILITIES AND INDEMNITIES

Subject to Completion taking place, the following provisions shall have effect:

12.1 Vendor's liabilities and obligations

Except as otherwise expressly provided in this Agreement, the Vendor shall continue to be responsible for and undertakes to the Purchaser to pay and discharge all debts and liabilities in connection with the Business arising, or referable to a period, prior to Completion promptly in accordance with the Vendor's legal and/or contractual obligations.

12.2 Apportionments

- (a) Without prejudice to any other provision of this Agreement, the Vendor accepts responsibility up to the Effective Time and the Purchaser accepts responsibility as from the Effective Time for the following (apportioned to the Effective Time):

- (i) all salaries, medical insurance costs, pension contributions, holiday

pay and other emoluments and expenses in respect of the Transferring Employees; and

- (ii) all other outgoings, overheads, charges and running expenses of the Business and the Assets in the ordinary course of carrying on the Business only.
- (b) If either the Vendor or the Purchaser makes or has made any payment in respect of any outgoings or expenses of the nature described in, and to be apportioned pursuant to, Clause 12.2(a) for a period or part of a period for which it is not responsible under Clause 12.2(a) then the other of them shall pay to the first a sum equal to such payment.
- (c) All receipts, realisations, debts or other income of or relating to the Assets or to the Business which relate to the period from the Effective Time shall belong to the Purchaser and the Vendor shall account to the Purchaser for any such sums which the Vendor may receive. If the Vendor comes into possession of any such receipt, realisation, debt or other income for a period covering both before and after the Effective Time the Vendor shall pay to the Purchaser the amount of such receipt, realisation, debt or other income apportioned by reference to the period after the Effective Time. Pending all such payments being made the Vendor shall hold such amounts on trust for the Purchaser.
- (d) All receipts, realisations, debts or other income of or relating to the Assets or to the Business which relate to the period prior to the Effective Time shall belong to the Vendor and the Purchaser shall account to the Vendor for any such sums which the Purchaser may receive. If the Purchaser comes into possession of any such receipt, realisation, debt or other income for a period covering both before and after the Effective Time the Purchaser shall pay to the Vendor the amount of such receipt, realisation, debt or other income apportioned by reference to the period prior to the Effective Time. Pending all such payments being made the Purchaser shall hold such amounts on trust for the Vendor.

12.3 Basis of apportionments

- (a) All apportionments to be made under Clause 12.2 shall be made on a time

basis, except that if any payment or receipt is referable to the extent of use of any asset, property, facility or right such payment or receipt shall be apportioned according to the extent of such use.

- (b) Where any amounts fall to be apportioned under Clause 12.2, within 20 Business Days after the Effective Time, the Vendor and the Purchaser shall prepare and attempt to agree an account ("the Apportionment Account") showing the aggregate net sum due from the Vendor to the Purchaser or from the Purchaser to the Vendor (as the case may be) in respect of receipts and payments within Clause 12.2, taking due account of and showing in details all sums paid, payable, received or receivable by the Vendor in respect of receipts and payments due or payable to or to be borne by the Purchaser and sums paid, payable, received or receivable by the Purchaser in respect of receipts or payments due or payable to or to be borne by the Vendor, but where the Apportionment Account includes any amount which is anticipated to be received by the Vendor or the Purchaser ("the Recipient Party") for the account of the other such amount shall be excluded from the aggregate net sum payable by the Vendor to the Purchaser (or vice versa) and the Recipient Party shall account to the other for such payment within 5 Business Days of its receipt by the Recipient Party. Upon the agreement of the Apportionment Account between the Vendor and the Purchaser the same shall become binding upon them, and payment of the aggregate net sums due by the Vendor to the Purchaser (or vice versa) pursuant to the Apportionment Account shall be made within 5 Business Days.
- (c) To the extent necessary, the Vendor and the Purchaser shall provide the other with supporting invoices, statements and similar documentation for the purposes of agreeing the Apportionment Account.

12.4 Trading Liabilities

- (a) The Vendor shall:
 - (i) assume responsibility for claims by third parties in respect of any service supplied by the Vendor or any act or omission of the Vendor relating to the Business prior to Completion or arising from defective products or parts of products acquired by the Vendor, even if the defective products or parts were sold by the Purchaser after

Completion unless such third party claim arises as a result of the Purchaser's negligence and/or failure to act with due care and attention; and

- (ii) upon becoming aware of any such claim as set out in Clause 12.4(a)(i) above, promptly give notice of it to the Purchaser and shall not take any steps the commission or omission of which might reasonably be expected to damage the commercial interests of the Purchaser without prior consultation with the Purchaser. If the Purchaser considers, in its reasonable opinion, that it is desirable to take preventative action with a view to avoiding such claims against the Vendor, the Purchaser shall consult with the Vendor with a view to deciding what preventative action may be taken and in the event that the Vendor shall agree with the Purchaser the preventative action to be taken (such agreement not to be unreasonably withheld) such agreed action shall be taken and the Vendor shall bear the cost of that action.
 - (iii) if the Vendor and Purchaser do not reach agreement in accordance with Clause 12.4(a)(ii) within 14 Business Days of the Vendor giving notice of any such claim to the Purchaser in accordance with Clause 12.4(a)(ii), the Vendor shall be entitled by notice in writing to the Purchaser to have the sole conduct and control of such claim, subject to the Vendor indemnifying the Purchaser against any liabilities, losses or expenses which it may reasonably and directly suffer or incur by such conduct taken by the Vendor and which it would not otherwise suffer or incur had such action not been taken by the Vendor.
 - (iv) for the avoidance of doubt the indemnity in Clause 12.4(a)(iii) shall be subject to the limitation of the Vendor's liability contained in Clause 5.
- (b) The liability of the Vendor under Clause 12.4(a)(ii) shall extend to any settlement of a claim (including costs) made with the approval of the Vendor by the Purchaser on the Vendor's behalf after Completion where the settlement is made on the Vendor's behalf by the Purchaser at the Vendor's request by reason of the operation of Clause 12.4(a)(ii).
- (c) Nothing in this Agreement shall have the effect of making the Purchaser

liable in any way under guarantee or warranties given by the Vendor to any customer in relation to goods sold or services rendered by the Vendor prior to Completion, the liability for which shall remain absolutely with the Vendor.

- (d) The Purchaser shall take all reasonable steps to perform, in accordance with its normal business standards, the obligations of the Vendor to provide after sales service or to meet warranty claims of customers arising in the normal course of the Business as a result of transactions effected by the Vendor prior to Completion, insofar as the same are required by the Vendor's standard conditions of sale or any contract. The Vendor shall reimburse to the Purchaser within 30 Business Days of presentation of the relevant invoice(s) by the Purchaser, the direct costs incurred by the Purchaser in carrying out its obligations under this Clause 12.4(d) and not already reimbursed to it. The Vendor's obligation of reimbursement hereunder is conditional upon the Purchaser notifying the Vendor each time it receives a claim for such work and the Purchaser shall not carry out such work or incur any cost in relation thereto without the prior consent of the Vendor, such consent shall not be unreasonably withheld or delayed.
- (e) After Completion the Purchaser will not hold out or represent the Vendor as owning the Business or being directly responsible for any liabilities or obligations of the Business incurred after Completion.

12.5 Contracts

Subject as provided in Clause 13 with effect from Completion, the Purchaser shall at its own cost and expense observe, discharge, perform, fulfil and/or carry out and complete the Vendor's obligations under the Contracts (as the agent or sub-contractor of the Vendor, where necessary or appropriate) (but the Purchaser shall not be liable for any obligations under Clause 12 which should have been discharged by the Vendor prior to Completion or for any obligations attributable directly or indirectly to a breach of any of the Contracts on the part of the Vendor or its employees, agents or sub-contractors prior to Completion.

12.6 Purchaser's obligations

Except as otherwise expressly provided in this Agreement, the Purchaser undertakes to the Vendor to pay all debts and liabilities of and to observe and perform all

obligations relating to the Business and the Assets arising, or referable to a period, after Completion.

12.7 Purchaser's indemnities

The Purchaser shall indemnify the Vendor and keep the Vendor fully and effectively indemnified on demand from and against any and all losses, claims, damages, costs, charges, expenses, liabilities, demands, proceedings and actions which the Vendor may sustain or properly or reasonably incur which in any case arises directly out of or by reason of any failure of the Purchaser to comply with its obligations under the Contracts, arising, or referable to a period following Completion, including, without limitation, arising out of the Vendor's obligations pursuant to Clause 13.

12.8 Vendor's Indemnities

The Vendor shall indemnify the Purchaser and keep the Purchaser fully and effectively indemnified on demand from and against any and all losses, claims, damages, cost, charges, expenses, liabilities, demands, proceedings and actions which the Purchaser may sustain or properly or reasonably incur and which in any case arises directly out of or by reason of any failure of the Vendor to comply with its obligations under the Contracts, arising or referable to the period prior to Completion.

13. CONTRACTS & GOODWILL

13.1 The Vendor hereby assigns, conditional on Completion, to the Purchaser the Goodwill.

13.2 The Vendor hereby assigns, conditional on Completion, to the Purchaser all of the benefit of the Contracts which are capable of assignment without the consent of the other parties and (conditional on Completion and the relevant consents being obtained) the benefit of the Contracts which are not capable of assignment without the consent of the other parties.

13.3 The Vendor and the Purchaser shall each use all reasonable endeavours to obtain the consent to the assignment of the benefit of any of the Contracts not capable of being assigned pursuant to Clause 13.2 from the other contracting party or parties (or some other third party) and to procure a novation of the burden of each of the Contracts and any such novation shall be in the Agreed Form attached at Schedule 8 and:-

- (a) unless and until such consent or agreement is obtained or the burden of the Contract in question is novated the Vendor shall with effect from Completion hold the benefit (if not assigned pursuant to Clause 13.2) and burden of such Contract upon trust for the Purchaser absolutely, and all profits and losses arising from such Contract after the Effective Time shall belong to and be borne by the Purchaser and the Vendor shall either account to the Purchaser immediately, or pay to the credit of a specially designated trust bank account maintained separately from all other accounts of the Vendor and account to the Purchaser as soon as reasonably practicable after Completion, for any sums or other benefits received by the Vendor in relation to such Contract provided that the Purchaser shall have the right to perform, in place of the Vendor, any Contract as sub-contractor, distributor, agent, licensee or sub-licensee (or as the case may be) to the extent that such performance may be permitted by any such Contract;
- (b) until such time as such consent or sanction is received to the satisfaction of the Purchaser the Vendor shall (so far as it lawfully may do so) act under the reasonable direction of the Purchaser, at the Purchaser's cost and expense, in all matters relating to any such Contracts for so long as the Vendor is required and authorised so to do by the Purchaser.

13.4 Insofar as any consent or sanction of any third party is required for the transfer of the benefit of any of the Contracts and such consent or sanction shall not have been received to the satisfaction of the Purchaser at Completion but the parties nonetheless agree to complete then nothing in this Agreement shall be deemed to operate as such a transfer, assignment or novation as would give rise to any termination or forfeiture of any benefit, right or interest to any person under any of the Contracts.

13.5 Nothing in this Clause 13 shall oblige the Vendor to take any action or perform any obligation or enforce the performance of any obligation under any Contract after the first anniversary of Completion and the Vendor shall, after consultation with the Purchaser, be entitled at the cost of the Purchaser, to terminate any Contract not duly assigned or novated to the Purchaser, (minimising so far as reasonably practicable, liability for any damages, claims, costs, demands and liabilities arising as a result of such termination).

14. EMPLOYEES

14.1 The Vendor and the Purchaser hereby acknowledge that the Transferring Employees shall become employed by the Purchaser with effect from Completion in accordance with the Regulations.

14.2 The Vendor confirms that the Transferring Employees are all of the employees employed in the Business at the date of this Agreement and the Vendor shall not pending Completion:-

- (a) dismiss or give notice of dismissal to any of the Transferring Employees except with the Purchaser's prior written consent which shall not be unreasonably withheld or delayed in the case of serious misconduct; or
- (b) engage any new employees in the Business;
- (c) make any deduction from the salary or other wages due to any of the Transferring Employees (otherwise than in respect of PAYE and National Insurance contributions) unless such deduction shall previously have been approved in writing by such of the Transferring Employees;
- (d) transfer or move or redeploy any of the Transferring Employees from working within the Business, or induce any such Transferring Employee to resign his employment from the Business or to agree to transfer or move or be redeployed from the Business (without the prior written consent of the Purchaser).

14.3 The Vendor undertakes to the Purchaser:-

- (a) to pay to the Transferring Employees all sums to which they are entitled up to and including the Effective Time (however arising) including, without limitation, all wages and salaries, sick pay, maternity pay, any liability to taxation, expenses, pension contributions, commission and other sums payable in respect of any period up to the Effective Time;
- (b) the Purchaser will assume the outstanding obligations of the Vendor in respect of accrued holiday entitlements, accrued holiday remuneration and accrued bonuses of the Transferring Employees from Completion and in consideration the Vendor will pay the Purchaser within fourteen days of Completion the full amount necessary to enable the Purchaser to meet the cost of providing such holiday entitlements and remuneration and bonuses as at Completion; and

- (c) to comply in all respects with Regulation 10 of the Regulations (and to provide to the Purchaser such information that the Purchaser may request in writing in order to verify such compliance).

14.4 Without prejudice and subject to the provisions of Clause 14.2, the Vendor shall indemnify the Purchaser and keep the Purchaser fully and effectively indemnified on demand from and against all losses, claims, damages, costs, charges, expenses, liabilities, demands, proceedings and actions of whatever nature (**Liabilities**) which the Purchaser may sustain or incur or which may be brought or established against it by any person and which in any case arises out of or in relation to or by reason of:-

- (a) any liability or obligation (whether statutory or contractual and including, without limitation, all or any redundancy payments, unfair or wrongful dismissal or other compensation or protective awards) arising as a result of anything done or omitted to be done on or before Completion by the Vendor, in each such case in respect of any of the Transferring Employees or any of their contracts of employment;
- (b) any failure of the Vendor to comply with its obligation under Clause 14.2 or 14.3;
- (c) the particulars of any of the emoluments or other terms of service of any of the Transferring Employees as set out in Schedule 6 or in the Disclosure Letter being inaccurate, incorrect or misleading in any respect;
- (d) any of the Transferring Employees not being employees of the Business in such a way that their employment does not transfer to the Purchaser pursuant to or by virtue of the Regulations save where any such Transferring Employee resigns on or before Completion or objects to the transfer of the Business;
- (e) in relation to any individual employed by the Vendor in the Business at any time on or before Completion, his dismissal or the termination of his employment at any time on or before Completion;
- (f) any failure of the Vendor to inform or consult with employees affected by the transfer of the Business under this Agreement (whether or not Transferring Employees) or their representatives at the time and to the extent required of

the Vendor by law save where any such failure arises as a result of the Purchaser's failure to provide the Vendor with information in accordance with Regulation 10(3) of the Regulations; or

- (g) any claim or other legal recourse by any trade union or staff association recognised by the Vendor or employee representatives in respect of all or any of the Transferring Employees arising from or connected with the failure by the Vendor to comply with its legal obligations to such trade union or staff association or employee representatives during the period on or before Completion save where any such failure arises as a result of the Purchaser's failure to provide the Vendor with information in accordance with Regulation 10(3) of the Regulations.

14.5 The Purchaser shall indemnify the Vendor and keep the Vendor fully and effectively indemnified on demand from and against all losses, claims, damages, costs, charges, expenses, liabilities, demands, proceedings and actions which the Vendor may sustain or incur or which may be brought or established against it by any person trade union or employee representative and which in any case arises out of or in relation to or by reason of:-

- (a) any variation or proposed variation of the terms of service of any of the Transferring Employees by the Purchaser;
- (b) any substantial change or proposed change to the working conditions of any of the Transferring Employees to their detriment by the Purchaser;
- (c) the dismissal of or the termination of the employment of any of the Transferring Employees occurring after Completion;
- (d) the provision or proposed provision of pension and healthcare benefits to any of the Transferring Employees following Completion which are inferior (including the provision of no benefits at all) to those benefits provided for such Transferring Employees who are members of the pension or healthcare schemes at present maintained by the Vendor pursuant to such schemes;
- (e) any failure of the Purchaser to inform or consult with employees affected by the transfer under this Agreement of the Business or their representatives at the time and to the extent required of the Purchaser by law;

- (f) any failure of the Purchaser to provide information to the Vendor in accordance with Regulation 10(3) of the Regulations;
- (g) the change in identity of the Transferring Employee's employer from the Vendor to the Purchaser under Regulation 5(5) of the Regulations to the effect that the change is significant and to any of the Transferring Employee's detriment.

15. COMPETITION

15.1 The Vendor undertakes to the Purchaser and each company in the Purchaser's Group that he will not within the United Kingdom during the period from Completion to the second anniversary of Completion ("the Relevant Period"):-

- (a) carry on or be concerned or interested or engaged directly or indirectly and whether as principal, shareholder, partner, employee, agent or otherwise (except as a shareholder in a public listed company holding not more than 3 per cent of the share capital, of any class, of such public company) in any business competing with the Business as operated by the Purchaser or any member of the Purchaser's Group;
- (b) either on his own account or on behalf of any other person firm or company solicit orders in connection with any business competing with the business of the Purchaser's Group from any person firm or company who has been a customer of the Business within the previous year;
- (c) directly or indirectly to solicit or endeavour to entice away from the Purchaser any person who was employed by the Business in senior executive work during the previous year with a view to the specific knowledge or skills of such person being used by or for the benefit of any person carrying on business in competition with the Business as operated by the Purchaser or any member of the Purchaser's Group.

15.2 Each of Clauses 15.1(a), 15.1(b) and 15.1(c) shall be deemed to constitute a separate agreement and shall be construed independently of the others.

15.3 The parties consider the restrictions in this Clause 15 to be reasonable, but if a court of competent jurisdiction finds any of them to be unenforceable the parties agree to accept any modification as to the area, extent or duration of the restriction concerned

which the court sees fit to import or, if it does not see fit, which is reasonably necessary to render the restriction enforceable.

15.4 The parties hereto recognise that damages will not be a fully effective remedy in respect of any breach of any of the restrictions contained in this Clause 15 and that the parties hereto shall be entitled to apply for injunctive relief in respect of any such breach but without prejudice to any claim for damages in addition.

15.5 Each of the parties acknowledges and declares he has entered into the covenants contained in this Clause 15 in the full knowledge of the meaning and effect of the same and for the protection of the investment by the Purchaser.

16. CONFIDENTIAL INFORMATION

16.1 Each party undertakes to each other that it will not at any time after the date of this Agreement disclose to anyone or use for their own purposes or for any purposes except those of the Business cause any unauthorised disclosure of any Confidential Information which they or any of them now possess or come into possession of prior to Completion.

16.2 Notwithstanding the provisions of Clause 16.1, each party may disclose Confidential Information:

- (a) to its professional advisers solely for the purpose of taking advice on matters concerning this Agreement in which case that party shall ensure that such professional advisers are aware of the confidential nature of the information and shall use their best endeavours to procure that such advisers keep such information confidential on terms equivalent to this clause;
- (b) to the extent required by law, or by any regulatory authority to which each party may be subject; or
- (c) which is or comes into the public domain without fault on the part of the party to whom the information was disclosed or to whose attention the information has come.

16.3 If Completion does not occur, either party as a recipient party of Confidential Information (the "Recipient Party") will (on demand), deliver up or cause to be delivered up to the other party, or destroy or erase or cause to be destroyed or erased

at the other party's direction, all notes and records on whatever media (including copies) containing Confidential Information, in each case being in the custody, control or possession of the Recipient Party.

17. FURTHER ASSURANCE

17.1 Following Completion the Vendor shall:

- (a) wholly discontinue carrying on the Business and shall not after Completion knowingly, directly or indirectly do anything whereby the Purchaser may be prevented from or hindered in enjoying the full benefit and advantage of the Business and the future profits of the Business as fully as the Vendor now enjoys the full benefit and advantage and profits of the Business;
- (b) promptly refer to the Purchaser all enquiries relating to the Business and assign to the Purchaser all orders relating to the Business, including enquiries and orders in relation to the Business, which the Vendor may receive after Completion;
- (c) provide all information and answer all enquiries which the Purchaser may reasonably request or make concerning the carrying on of the Business prior to Completion and/or for the purpose of implementing the provisions of this Agreement (including, without limitation, particulars of customers and suppliers). Provided that the Purchaser shall not exercise such right frivolously or vexatiously;
- (d) forthwith register the Charge against the Premises and deal expeditiously with any requisitions of HM Land Registry in relation thereto and deliver the Charge Certificates to the Vendor immediately upon completion of the registration.

17.2 If, following Completion, either party fails to comply with its obligations under this Agreement the other party may, without being obliged so to do, or responsible for so doing, and without prejudice to its other rights and remedies, effect compliance on behalf of the party in default (but subject to such party giving to the party in default 5 Business Days' notice in writing of its intention so to do) and the cost of so doing shall then become a debt due from the party in default to the other party payable on demand.

17.3 The Vendor and the Purchaser shall use their respective reasonable endeavours to procure that any necessary third parties shall do, execute and perform all such further deeds, documents, assurances, acts and things as either of them may reasonably require by notice in writing to the other to carry the provisions of this Agreement into full force and effect.

17.4 The Purchaser shall, following Completion, file all necessary documentation with Companies House in relation to the allotment of the Consideration Shares and shall update the statutory books of the Purchaser to reflect such allotment.

18. COSTS

Each party shall pay the costs and expenses incurred by that party in relation to the negotiation, preparation and implementation of this Agreement and the documents referred to in this Agreement and everything ancillary or incidental to it. However, the Purchaser shall pay all stamp duty payable on the sale and purchase of the Assets under this Agreement.

19. WAIVER

No waiver by either party of any breach by the other of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof and any forbearance or delay by either party in exercising any of its rights hereunder shall not be construed as a waiver thereof.

20. SUCCESSORS AND ASSIGNS

20.1 This Agreement shall be binding upon each party's successors and assigns and personal representatives (as the case may be).

20.2 The Purchaser shall be entitled to assign its rights under this Agreement to any wholly owned subsidiary or holding company of the Purchaser PROVIDED THAT the Purchaser shall procure that any such assignee shall re-assign such rights to the Purchaser in the event of and prior to such assignee ceasing to be a wholly owned subsidiary or holding company of the Purchaser. Subject thereto, none of the rights of the parties under this Agreement or the Warranties may be assigned or transferred or sub-contracted.

21. NON-MERGER ON COMPLETION

This Agreement shall notwithstanding Completion remain in full force and effect as regards any of the provisions remaining to be performed or carried into effect and (without prejudice to the generality of the foregoing) as regards all guarantees, undertakings and warranties.

22. ILLEGALITY AND UNENFORCEABILITY

If any term or provision in this Agreement shall in whole or part be held to any extent to be illegal or unenforceable under any enactment or rule of law that term or provision or part shall to that extent be deemed not to form part of this Agreement and the enforceability of the remainder of this Agreement shall not be affected.

23. NO PARTNERSHIP/AGENCY

Nothing in this Agreement is intended to or shall operate to create a partnership or joint venture of any kind between the parties, or to authorise any party to act as agent for any other, and no party shall have authority to act in the name or on behalf of or otherwise to bind any other in any way (including but not limited to the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power).

24. VARIATIONS

No variations of this Agreement shall be effective unless made in writing and signed by or on behalf of all of the parties to this Agreement.

25. NOTICES

25.1 Any notice to be given under this Agreement shall be given in writing signed by or on behalf of the party giving it and shall be irrevocable without the written consent of the party on whom it is served.

25.2 Any such notice may only be served:

- (a) personally by giving it to an individual who is a party or to any director or the secretary of any company which is a party;
- (b) by leaving it at or sending it by prepaid first class letter through the post to, the address of the party to be served which is referred to for that purpose in the Recitals to this Agreement or if another address in England shall have

been notified by that party to all the other parties for the purposes of this clause by notice given in accordance with this Clause 25.2(b) then to the address of such party which shall have been so notified, for which purpose the latest notification shall supersede all previous notifications;

- (c) by facsimile (in which case it shall be deemed to have been signed by or on behalf of the party giving it) to the facsimile number for the party to whom it is to be sent; or
- (d) by e-mail (in which case it shall be deemed to have been signed by or on behalf of the party giving it) to the e-mail address for the party to whom it is being sent.

25.3 Notices shall be deemed served as follows:

- (a) in the case of personal service at the time of such service;
- (b) in the case of leaving the notice at the relevant address, at the time of leaving it there;
- (c) in the case of service by post, on the second Business Day following the day on which it was posted and in proving such service it shall be sufficient to prove that the notice was properly addressed, stamped and posted in the United Kingdom;
- (d) in the case of service by facsimile, on the Business Day following the day on which it was transmitted and in proving such service it shall be sufficient to produce a fax transmission slip showing that the facsimile has been successfully transmitted to the relevant party to this Agreement;
- (e) in the case of service by e-mail, on the Business Day following the day on which it was transmitted and in proving such service it shall be sufficient to prove that the e-mail address was correct and that there was no evidence that such transmission has been interrupted.

26. MISCELLANEOUS PROVISIONS

26.1 Whole Agreement

- (a) this Agreement, together with the agreements referred to herein, constitutes

the entire and the only legally binding agreement between the parties hereto;

- (b) neither of the parties have been induced to enter into this Agreement, or any other agreement referred to in this Agreement, in reliance upon, nor have they been given, any warranty, representation, statement, agreement or undertaking of any nature whatsoever other than as are expressly set out in this Agreement, and any other agreement referred to in this Agreement, and to the extent that any of the parties is a relevant party for the purpose of this Clause 26, unconditionally and irrevocably waives any claims, rights or remedies which it might otherwise have had in relation thereto;
- (c) the only remedies available to the parties in respect of this Agreement or any other agreement referred to in this Agreement are damages for breach of contract, other than as expressly stated in this Agreement;
- (d) nothing in this Clause 26.1 shall operate to limit or exclude liability for fraudulent misrepresentation or the tort of deceit on the part of any of the parties.

26.2 Counterparts

This Agreement may be executed as two or more documents in the same form and execution by all of the parties of at least one of such documents will constitute due execution of this Agreement.

26.3 Rights of Third Parties

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement and unless specifically herein provided no person other than the parties to this Agreement shall have any rights under it nor shall it be enforceable by any person other than the parties to it.

26.4 Announcement

Neither party shall at any time make any announcement of this transaction or disclose any term of this Agreement, or of any document referred to in this Agreement, without the prior written approval of the other party except to the extent that such information is already lawfully in the public domain or to the extent the Vendor needs to disclose any information on the terms of this Agreement to any

party to any of the Contracts in order to obtain consents to their assignment. The parties shall each use their best endeavours to keep the terms of this Agreement and the documents referred to in it which are not already lawfully in the public domain from time to time strictly confidential. Despite the above, a party shall be entitled to make any announcement or disclosure which is imposed on that party (or on any holding company of that party) by law or by the rules of any regulatory body to which that party (or holding company) is subject but the parties shall, as far as practicable, consult with one another on the form of such announcement or disclosure.

26.5 Time of Essence

Time shall be of essence as regards any date or period mentioned in this Agreement.

27. LAW AND JURISDICTION

27.1 This Agreement shall be construed and take effect in all respects in accordance with English law.

27.2 All the parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together in this clause referred to as "proceedings") arising out of or in connection with this Agreement may be brought in such courts.

28. GUARANTEE

28.1 In consideration of the Vendor entering into this Agreement with the Purchaser (being a wholly owned subsidiary of the Guarantor) at the request of the Guarantor (and for other valuable consideration with receipt and sufficiency of which the Guarantor acknowledges), the Guarantor guarantees to the Vendor the issue of the Loan Notes, the due and punctual payment of all monies due by the Purchaser to the Vendor pursuant to the Loan Notes, Clause 12.7 and/or for breach of the Purchaser Warranties.

28.2 The Guarantor's guarantee shall constitute a direct primary and unconditional obligation to pay on demand to the Vendor any sum or sums which the Purchaser may become liable to pay or perform on demand arising as specified in Clause 28.1 without the need for any claim or recourse on the part of the Vendor against the

Purchaser and shall be unaffected by any time or indulgence granted to the Purchaser by the Vendor or any variation act omission deed or matter of whatever description whereby the Guarantor as surety only would or might have been released.

- 28.3 The guarantee contained herein shall not be affected by any legal limitation disability or other circumstances (including for the avoidance of doubt any winding up or cessation of trade) relating to the Guarantor and/or the Purchaser or any irregularity, unenforceability or invalidity of any obligations of a party under this Agreement and shall be a continuing guarantee and shall remain in force until all the relevant obligations under this Agreement and/or the Loan Notes have been performed.

29 EXECUTED by the parties on the date specified at the beginning of this Agreement.

The Buyer's solicitors hereby certify that this transaction does not form part of a larger transaction, or series of transactions, in respect of which the amount or value of the consideration which exceeds stamp duty exceeds the sum of £500,000 (five hundred thousand pounds sterling).

SCHEDULE 1 - Details of the Premises

Description

The following two properties comprise the Premises:-

1. 24 Signet Court - registered at HM Land Registry with freehold title absolute under title number CB128072, the registered proprietor being the Vendor; and
2. 25 Signet Court - registered at HM Land Registry with freehold title absolute under title number CB119348, the registered proprietor being the Vendor (note this property is also known as Unit 1B Stourbridge Common Business Centre).

SCHEDULE 2 – Terms applying to the Sale of the Premises

1. The Vendor sells the Premises with full title guarantee.
2. The Premises are sold subject to (but with the benefit of) any matter specified or referred to in the registers of title numbers CB128072 and CB119348. Copies or details of which have been supplied to the Purchaser's solicitors prior to the date of this Agreement (as the Purchaser expressly acknowledges). The Purchaser shall be deemed to purchase with full knowledge of such matters and shall not be entitled to make any objection, enquiry or requisition in relation to the same.
3. The Purchaser's solicitors having investigated the Vendor's title to the Premises prior to the date of this Agreement the Purchaser shall be deemed to have accepted the same and to purchase with full knowledge of all covenants, conditions and matters affecting the same and shall not be entitled to raise any requisitions or enquiries in respect of the same save those written requisitions outstanding at the date of this Agreement.
4. The Standard Commercial Property Conditions (First Edition) shall apply to the sale and purchase of the Premises in so far as they are applicable to a sale by private treaty and are not expressly or by necessary implication varied by this Agreement but Conditions 2 and 9 shall not apply.

SCHEDULE 3 – Warranties

Part I – Vendor Warranties

1. ASSETS

1.1 Ownership of assets

- (a) Except for assets subsequently acquired, sold or realised in the ordinary course of business the Vendor owns absolutely all the Assets (other than the Stock).
- (b) The Vendor has not disposed of or agreed to dispose of or granted or agreed to grant any security or other encumbrance in respect of any of the Assets (other than the Stock).
- (c) None of the Assets (other than the Stock) is subject to, and there is no agreement or commitment to give or create any Encumbrance (including without limitation any Inland Revenue charges as defined in the Inheritance Tax Act 1984 s237).
- (d) None of the Assets other than the Stock have been purchased on terms that property does not pass to the Vendor until full payment is made by it to the supplier.
- (e) As far as the Vendor is aware, there is no dispute directly or indirectly relating to any of the Assets.

1.2 Assets sufficient for the business

- (a) The Assets comprise all assets now used in the Business and which are necessary for the continuation of the Business as now carried on.
- (b) As at the date of the last stock count, being 30 April 2002, the Stock is sufficient for the normal requirements of the Business.
- (c) The stocks of packaging materials and finished goods included in the Stocks, as at 30 April 2002, are not excessive and are adequate in relation to the current trading requirements of the Business.

1.3 Fixed assets

The plant, machinery and other equipment comprised in the Fixed Assets:-

- (a) are in a satisfactory working order;
- (b) have been regularly and properly maintained; and
- (c) are adequate for and not surplus to the requirements of the Business.

1.4 Stocks

At the date of the last Stock count which took place on 30 April 2002

- (a) The Stocks were of satisfactory quality and saleable at normal selling prices.
- (b) None of the Stocks were obsolete, unusable or of limited value in relation to the Business.

1.5 Documents stamped

As far as the Vendor is aware, within the last 3 years, all documents which in any way affect the right, title or interest of the Vendor in or to any of the Assets and which attract stamp duty have been duly stamped.

2. TRADING

2.1 Business and financial position

- (a) Since the Balance Sheet Date:-
 - (i) the Business has been continued in the ordinary and normal course as regards its nature, extent and manner of carrying it on;
 - (ii) neither the turnover nor the financial or trading position of the Business has deteriorated to any material extent;
 - (iii) the Vendor has not borrowed or raised any money or taken any financial facility in relation to the Business;
 - (iv) the Vendor has paid the creditors of the Business in accordance with their respective credit terms and there are no amounts owing by the

Vendor which have been due for more than three months.

- (b) So far as the Vendor is aware, the trading prospects of the Business have not been adversely affected as a result of any event or circumstance which has arisen since the Balance Sheet Date.
- (c) Since the Balance Sheet Date the Vendor has not knowingly done or omitted to do anything which might prejudicially affect the Goodwill.

2.2 Existing suppliers

So far as the Vendor is aware no material supplier of the Business has, in the past two years, ceased or, as far as the Vendor is aware, (as a result of the acquisition of the Business by the Purchaser) will cease supplying the Business or may substantially reduce its supplies to the Business.

2.3 Licences

- (a) The Vendor has obtained all necessary licences and consents from any person, authority or body for the proper carrying on of the Business and has not received notice that it is in breach of any of their terms or conditions.
- (b) Details of all material licences are set out in the Disclosure Letter and the Vendor knows of no reason why they should not be capable of being transferred to or obtained by the Purchaser without the necessity for any special arrangement or expense.

2.4 Insurance

- (a) All the Assets of an insurable nature are and have at all material times been insured, in amounts representing their full replacement or reinstatement value, against fire and other risks normally insured against by persons carrying on business of the same class as the Business.
- (b) The Business and the Assets are and have at all material times been adequately covered against accident, damage, injury, third party loss, loss of profits and other risks normally covered by insurance.
- (c) All insurances relating to the Business or the Assets are currently in full force and effect and, as far as the Vendor is aware, nothing has been done which

could make any policy of insurance void or voidable.

2.5 Joint ventures and partnerships

The Vendor:-

- (a) is not and has not been a party to any joint venture or consortium or any partnership arrangement or agreement or to any agreement or arrangement for sharing commissions or other income relating to the Business;
- (b) does not conduct and has not conducted any part of the Business through a branch, agency or permanent establishment outside the United Kingdom;
- (c) is not a member of any partnership, trade association, society or other group, whether formal or informal and whether or not having a separate legal identity, in connection with the Business and no such body is relevant to or has any material influence over the Business as now carried on.

2.6 Agreements concerning the business

- (a) The Vendor has not been a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement or any restrictive trading or other agreement or arrangement pursuant to which any part of the Business has been carried on or which in any way has restricted its freedom to carry on the whole or any part of the Business or to use or exploit any of the Assets in any part of the world in such manner as it thought fit.
- (b) Compliance with the terms of this agreement does not conflict with, result in the breach of or constitute a default under any of the terms, conditions or provisions of the Contracts disclosed in, or attached to, the Disclosure Letter.

2.7 Statutory restrictions

- (a) As far as the Vendor is aware, the Vendor has not committed any act or thing in relation to the Business which could give rise to any fine or penalty in excess of £1,000.
- (b) As far as the Vendor is aware, the Vendor is not and has not in connection with the Business been party to any agreement or arrangement (whether or not legally binding) which is:

- (i) notifiable under the Competition Act 1998 or capable of giving rise to an investigation by the Director General of Fair Trading or a reference to the Monopolies and Mergers Commission; or
 - (ii) in contravention or breach of the EC Treaty, the Fair Trading Act 1973, the Consumer Credit Act 1974, the Resale Prices Act 1976, the Trade Descriptions Act 1968, the Competition Act 1980, the Consumer Protection Act 1987, the Competition Act 1998 or any regulations, orders, notices or directions made thereunder.
- (c) No notice has been received by the Business in the 3 years prior to the date of this Agreement, relating to any investigations or enquiries by or on behalf of any governmental or other body in respect of the Business or any of the Assets.
- (d) As far as the Vendor is aware, neither the Vendor nor any of the Business' officers or employees (during the course of their duties in relation to the Business) has committed any material act or thing the commission of which is or could be in any material contravention of any statute or regulation or the like giving rise to any fine, penalty, default, proceedings or other liability in relation to the Business or any of the Assets in excess of £1,000.

2.8 Litigation

The Business is not engaged in any litigation or arbitration proceedings as claimant or defendant, except for debt collection of sums not exceeding an aggregate of £1,000, and the Vendor has not received notice of any such proceedings pending or threatened against the Business and there are no facts which are, in the reasonable opinion of the Vendor and as far as the Vendor is aware, likely to give rise to any litigation or arbitration.

2.9 Business names

The Vendor uses no name for any purpose in connection with the Business other than "Cambridge Bioscience" and "Signet".

2.10 Vendor's activities

- (a) The Vendor is entitled to enter into and carry out the provisions of this

agreement and has full power and authority to sell the Assets to the Purchaser without obtaining the consent of any third party.

- (b) The Vendor does not have any interest, directly or indirectly, in any company or business other than the Business which is or is likely to be or become competitive with the Business, save as registered holder or beneficial owner of not more than five per cent of any class of securities of any company which is listed and/or dealt in on any recognised stock exchange.

2.11 Guarantees and Indemnities

There is not now outstanding in respect of the Business any guarantee or agreement for indemnity or for suretyship given by or for the accommodation of the Business.

3. CONTRACTS

3.1 Disclosure of contracts

The Contracts attached to or referred to in the Disclosure Letter constitute all the material written contracts, referable to the Business to which the Vendor is now a party, apart from the contracts of employment of the Employees.

3.2 Nature of Contracts

- (a) None of the Contracts attached to or referred to in the Disclosure Letter:-
 - (i) is of a loss-making nature (that is to say known to have been likely to result in a material loss to the Business on completion of performance if the Vendor had not sold the Business);
 - (ii) will not be capable of being readily fulfilled or performed by the Purchaser on time without undue or unusual expenditure of money or personnel;
 - (iii) involves the supply of goods the aggregate sales value of which represents in excess of ten per cent of the anticipated turnover of the Business;
 - (iv) was entered into in any way otherwise than in the ordinary and normal course of the Business.

- (b) The performance of this Agreement will not relieve any other party to any Contract attached to or referred to in the Disclosure Letter from its obligations or enable it to determine any of them.

3.3 Defaults under Agreements

- (a) As far as the Vendor is aware, the Business is not:-
 - (i) in material default under any of the Contracts nor has it waived any material rights or privileges under any of them;
 - (ii) in default under any provisions existing by reason of membership of any association or body relating to the Business;
 - (iii) liable to a material extent in respect of any express representation or warranty or matter giving rise to a duty of care on the part of the Vendor relating to the Business.
- (b) No threat or claim of default under any of the Contracts has been received by and is outstanding against the Vendor nor has the Vendor been put on notice of any circumstances that might lead to a threat or claim of default under any of the Contracts.

3.4 Outstanding offers

No offer, tender or the like relating to the Business, which is capable of being converted into an obligation of the Business by an acceptance or other act of some other person firm or corporation is outstanding.

3.5 Defective Products and Service Liabilities

As far as the Vendor is aware:

- (a) the Business has not sold products which were or are or will become in any material respect faulty or defective or which did not or do not comply in any material respect with any warranties or representations expressly or impliedly made by the Business or with all applicable regulations, standards and requirements.

- (b) the Business has not accepted any liability or obligation to take back or otherwise do or not do anything in respect of any goods or products that would apply after the goods or products have been delivered by it.

3.6 Purchase and Sales from or to one Party

Not more than 25 per cent of the aggregate amount of all the purchases of the Business are obtained or made from the same supplier (including any person in any way connected with a supplier) nor is, in the reasonable opinion of the Vendor, any material source of supply to the Business in jeopardy or likely to be jeopardised by the sale of the Business.

4. ACCOUNTS AND RECORDS

4.1 The Accounts

- (a) The Accounts have been prepared in accordance with good accounting principles and practices generally accepted at the date hereof in the United Kingdom and on a basis consistent with preceding accounting periods of the Business and with the books of account of the Business and are true in all material respects;
- (b) The Accounts:-
 - (i) give a true and fair view of the financial position of the Business in all respects;
 - (ii) are not affected by any extraordinary or non-recurring item;
 - (iii) fully disclose all the assets and liabilities (including contingent, unquantified or disputed liabilities) of the Business as at their date.

4.2 Books and Records

All the books and records of the Vendor which are to be delivered to the Purchaser in accordance with this Agreement (including all invoices and other records required for value added tax purposes) as far as the Vendor is aware:-

- (a) have been fully kept and completed;
- (b) do not contain any material inaccuracies or discrepancies of any kind;

- (c) give and reflect a true and fair view of the financial, contractual and trading position of the Business and of its plant and machinery, fixed and current assets and liabilities (actual and contingent) debtors and creditors and stock-in-trade.

5. MATERIAL INFORMATION

- 5.1 To the best of the Vendor's knowledge and belief all written information given by the Vendor's Solicitors to the Purchaser's Solicitors relating to the Business or Assets for the purposes of preparing the legal due diligence, contained behind tabs 1-8, 10 and 11 of the bundle attached to the Disclosure Letter on the Business by the Purchaser's Solicitors was at the date of the creation of the relevant document, true in all material respects and no further documents or information have been knowingly withheld the absence of which would make misleading in any material respect the information provided.
- 5.2 To the best of the Vendor's belief, having made careful enquiry, all statements of fact contained in draft 5 of the Long Form Report dated September 2002 (received by the Vendor on 3 September 2002) on the Business prepared by the Purchaser's Accountants, are true and accurate in all material respects, are not misleading in any material respect and no material fact or matter has been knowingly omitted and the Vendor does not disagree in any material respect with the statements of opinion contained in such report attributed to the Vendor (in his personal capacity and not as a director of the Guarantor) in such report and such opinions are honestly held and fairly based upon facts within his knowledge.

6. EMPLOYEES

- 6.1 The particulars of the Transferring Employees set out in Schedule 6 to this Agreement are true and complete and show in respect of each Transferring Employee his date of birth, the date on which he commenced continuous employment with the Business for the purposes of ERA and all remuneration payable and other benefits provided or which the Business is bound to provide (whether now or in the future) to each such person and include full particulars of all remuneration arrangements (particularly profit sharing, incentive and bonus arrangements to which the Business is a party whether binding or not).
- 6.2 There is no contract of service in force between the Business and any of the

Transferring Employees which is not terminable by the Business without compensation (other than any compensation payable under Parts X and XI, ERA) on one month's notice given at any time or otherwise in accordance with section 86, ERA. There are no consultancy or management services agreements in existence between the Business and any other person, firm or company, and there are no agreements or other arrangements (binding or otherwise) between the Business or any employers' or trade association of which the Business is a member or any trade union. There are no outstanding pay negotiations with any employees.

- 6.3 There are no amounts owing to present or former employees of the Business other than not more than one month's arrears of remuneration accrued or due or for reimbursement of business expenses incurred within a period of three months preceding the date of this Agreement and no moneys or benefits other than in respect of remuneration or emoluments of employment are payable to or for the benefit of any present or former director, officer or employee of the Business, nor any dependant of any present or former director, officer or employee of the Business.
- 6.4 Save to the extent (if any) to which provision or allowance has been made in the Accounts:
- (a) no liability has been incurred or is anticipated by the Business for breach of any contract of employment or for services or for severance payments or for redundancy payments or protective awards or for compensation for unfair dismissal or for failure to comply with any order for the reinstatement or re-engagement of any employee or for sex or race discrimination or for any other liability accruing from the termination or variation of any contract of employment or for services;
 - (b) no gratuitous payment has been made or promised by the Business in connection with the actual or proposed termination, suspension or variation of any contract of employment or for services of any present or former director, officer or any dependant of any present or former director, officer or employee of the Business; and
 - (c) the Business has not made or agreed to make any payment to or provided or agreed to provide any benefit for any present or former director, officer or employee of the Business.

- 6.5 No Transferring Employee has given or received notice terminating his employment.
- 6.6 The Business does not have in existence nor is it proposing to introduce, and none of its directors, officers or employees participate in (whether or not established by the Business) any employee share trust, share incentive scheme, share option scheme or profit sharing scheme for the benefit of all or any of its present or former employees or the dependants of any of such persons or any scheme whereunder any present or former director, officer or employee of the Business 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 Business or any other person, firm or company including any profit-related pay scheme established under Chapter III, Part V, Income and Corporation Taxes Act 1988.
- 6.7 The Business has not been a party to any relevant transfer as defined in the Regulations nor has the Business failed to comply with any duty to inform and consult any trade union under the said regulations within the period of one year preceding the date of this Agreement.
- 6.8 The Business is not a party to any agreement or arrangement with or commitment to any trade unions or staff association nor are any of its employees members of any trade union or staff association.

7. PENSION SCHEMES

- 7.1 Other than the Personal Pension Scheme and Stakeholder Pension Scheme with Scottish Amicable ("the Schemes") no agreements or arrangements exist for the payment by the Business 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 present or former director, officer or employee of the Business or for the benefit of the dependants of any such person.
- 7.2 The Business has made all and will have made all payments due prior to the Effective Time under the Schemes in respect of Transferring Employees who are members of the Schemes.
- 7.3 So far as the Vendor is aware, neither the Vendor nor the Business have breached the terms of the Schemes.

8. INTELLECTUAL PROPERTY

- 8.1 The Vendor owns no material Intellectual Property Rights that are used in the Business at the date of this Agreement other than the Intellectual Property.
- 8.2 The Vendor is the sole beneficial owner of the Intellectual Property as at the date of this Agreement.
- 8.3 So far as the Vendor is aware the Intellectual Property at the date of this Agreement is valid and subsisting.
- 8.4 So far as the Vendor is aware all know-how owned, used or exploited by the Business has been kept secret and confidential and has not been disclosed to third parties.
- 8.5 So far as the Vendor is aware nothing has been done to diminish or otherwise affect the reputation of unregistered trade marks, owned, used or otherwise exploited by the Business.
- 8.6 Full particulars of all material agreements relating to:
- (a) Intellectual Property Rights that the Business uses or exploits that belongs to a third party ("Licences-In"); or
 - (b) Intellectual Property at the date of this Agreement that the Business has authorised or otherwise expressly permitted a third party to use or granted to any third party any right or interest in respect of any Intellectual Property at the date of this Agreement ("Licences-Out"),
- are set out in the Disclosure Letter.
- 8.7 None of the Intellectual Property at the date of this Agreement has been charged, mortgaged, or otherwise encumbered save as set out in the Disclosure Letter.
- 8.8 So far as the Vendor is aware all agreements relating to Intellectual Property at the date of this Agreement are valid and binding and the Vendor has received no notice that any such agreements are the subject of any breach or default by any party or of any event which with notice or lapse of time or both would constitute a default.
- 8.9 The Vendor has received no notice that there are any disputes, claims or proceedings arising out of or relating to the agreements relating to Intellectual Property at the date of this Agreement.

8.10 The Vendor has received no notice that the Business infringes or has infringed any Intellectual Property Rights of a third party as a result of the Business's use or exploitation of the Intellectual Property at the date of this Agreement, nor has the Vendor received notice that such use or exploitation will give rise to any infringement dispute, claims or proceedings against the Business.

8.11 There are not and have not been in the last 12 months from the date of this Agreement, any disputes, claims or proceedings threatened or in existence in any court or tribunal in respect of any of the Intellectual Property at the date of this Agreement as such or in respect of any use or exploitation thereof by the Business.

8.12 So far as the Vendor is aware there has not been and is no current or anticipated infringement by any third party of any Intellectual Property at the date of this Agreement.

9. Information Technology and Telecommunications

9.1 All hardware and software used by the Business ("IT Systems") are in reasonable working order given their age and reasonable life expectancy and have been and are being properly and regularly maintained. No part of the IT Systems has materially failed to function at any time during the one year prior to the date hereof.

9.2 So far as the Vendor is aware, the present capacity of the IT Systems is sufficient in order to satisfy the current requirements of the Business with regard to data processing and communications.

9.3 So far as the Vendor is aware, no part of the IT Systems is or has been infected by any virus, and no person has had unauthorised access to the IT Systems or any data stored thereon. The Business operates a reputable anti-virus software package to avoid such infections and takes reasonable precautions to prevent unauthorised access.

9.4 All material data processed using the IT Systems has been regularly backed up onto tapes and such tapes are generally stored for a period of 28 days except in the case of the Sage system where tapes are stored for approximately 12 months.

10. Title

(For the avoidance of doubt, for the purposes of this section the "Premises" shall

include where the context so admits the individual properties comprising the Premises).

- 10.1 The Premises comprise all the freehold land and premises owned by the Vendor and occupied or otherwise used by the Business
- 10.2 The Vendor is the legal and beneficial owner of the Premises which title is freehold as indicated in Schedule 1.

11. Encumbrances

- 11.1 The Premises, save in respect of 25 Signet Court which has been the subject of a specific disclosure in this context, are free from any mortgage debenture or charge (whether specific or floating legal or equitable) rent-charge lien or other encumbrance securing the repayment of monies or other obligation or liability whether of the Vendor or any other party.
- 11.2 The Premises are not subject to any liability for the payment of any outgoings other than national non-domestic rates water and sewerage services charges and insurance premiums of a recurring nature. No appeal has been lodged in respect of the rateable values of the Premises and there are no current proposals for any increase in such rateable values.
- 11.3 Subject to the matters set out in the title deeds disclosed to the Purchaser and to information available to the Purchaser from the usual searches and enquiries the Premises are not subject to any covenants restrictions stipulations easements profits à prendre wayleaves licences grants exceptions or reservations overriding interests or other such rights the benefit of which is vested in third parties (whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise) nor any agreement to create the same.
- 11.4 Where any such matters as are referred to in Clauses 11.1 and 11.2 have been disclosed in the Disclosure Letter the obligations and liabilities imposed and arising under them have been fully observed and performed and all payments in respect of them due and payable have been duly paid.
- 11.5 Premises are not subject to any agreement or right to acquire the same nor any option right of pre-emption or right of first refusal and there are no outstanding actions claims or demands between the Vendor and any third party affecting or in

respect of the Premises.

- 11.6 So far as the Vendor is aware the Premises are free from any local land charge land charge caution inhibition or notice and no matter exists which is capable of registration against the Premises but the Purchaser should rely on its own searches and enquiries.
- 11.7 There is no person who is in occupation (other than the Business) or who has or claims any rights or easements of any kind in respect of the Premises adversely to the estate interest right or title of the Vendor therein.
- 11.8 So far as the Vendor is aware there are no compulsory purchase notices orders or resolutions affecting the Premises nor is the Vendor aware of any circumstances likely to lead to any being made but the Purchaser should rely on its own searches and enquiries.

12. Statutory Obligations

- 12.1 So far as the Vendor is aware compliance is being made and has at all times been made with all applicable statutory and byelaw requirements with respect to the Premises and in particular (but without limitation) with requirements as to fire precautions and means of escape in case of fire and with requirements under the Public Health Acts the Housing Acts the Highways Acts the Occupiers' Liability Act 1957 the Factories Act 1961 the Offices Shops and Railway Premises Act 1963 the Fire Precautions Act 1971 the Defective Premises Act 1972 the Health and Safety at Work etc Act 1974 and the Occupiers Liability Act 1984 but the Purchaser should rely on its own searches and enquiries.
- 12.2 So far as the Vendor is aware there is no outstanding and unobserved or unperformed obligation with respect to the Premises necessary to comply with the requirements (whether formal or informal) of any competent authority exercising statutory or delegated powers and the Vendor does not believe that the Vendor will be obliged to incur the expenditure of any substantial sum of money within the next two years for such purpose but the Purchaser should rely on its own searches and enquiries.

13. General

- 13.1 Any written replies given by or on behalf of the Vendor to enquiries before contract

raised by or on behalf of the Purchaser relating in any way to the Premises are believed to be true in all respects and contain all information known or available to the Vendor.

Part II - Purchaser Warranties

The Purchaser and the Guarantor have full power and authority to enter into and to perform this Agreement, the Charge, the Loan Notes and all other agreements referred to in this Agreement and their obligations under this Agreement constitute valid and binding obligations on the Purchaser and the Guarantor in accordance with its terms.

SCHEDULE 4 – Intellectual Property

PART I:

(Unregistered Trade and Brand Names)

The Cambridge Bioscience name and logo

The Signet name and logo

PART II:

(Copyrights)

Copyrights in various marketing materials

Certain parts of Vendor's website at www.bioscience.co.uk

PART III:

(Database Rights)

All rights in general mailing list

SCHEDULE 5 - Marketing Contracts

PART I

1. Agreement dated 1 June 2001 between Panomics, Inc. (1) and the Business (2);
2. Agreement dated 9 August 2001 between Valen Biotech, Inc. (1) and the Business (2);
3. Agreement dated 1 September 2000 between Biovision Incorporated (1) and the Business (2);
4. Distribution Agreement dated 6 December 1999 between Exalpa Biologicals (1) and the Business (2);
5. Agreement dated 1 July 2001 between Superarray Inc., Bethesda (1) and Cambridge Bioscience Limited (2);
6. Agreement dated 1 August 1985 between Zymed Laboratories, Inc. (1) and the Business (2);
7. Agreement dated 5 July 2001 between Hypromatrix Inc. (1) and Cambridge Bioscience Limited (2);
8. Agreement dated 9 April 2001 between Genemed Biotechnologies, Inc. (1) and the Business (2);
9. Agreement dated 3 March 1994 between Affinity BioReagents, Inc. (1) and the Business (2);
10. Agreement dated 23 January 2002 between Covance Inc. (1) and the Business (2);
11. Agreement dated 21 January 2002 between Anaspec, Inc. (1) and the Business (2);
12. Agreement dated 28 April 2001 between Gene Therapy Systems Inc. (1) and the Business (2);
13. Distribution Agreement dated 6 June 2001 between Becton Dickinson UK Limited (1) and the Business and Cambridge Bioscience Limited (2);
14. Agreement dated 1 October 1999 between Molecular Probes, Inc. and Molecular Probes Europe BV (1) and the Business (2);

15. Agreement dated 25 February 2002 between Delta Biolabs, LLC (1) and the Business (2);
16. Agreement dated 1 March 2002 between Biomeda Corp. (1) and the Business (2);
17. Agreement dated 7 February 2002 between OriGene Technologies Inc. (1) and the Business (2);
18. Agreement dated 3 April 2002 between Lucigen Corporation (1) and Cambridge Bioscience Ltd. (2);
19. Agreement dated 1 June 2002 between Abkem Iberia SL (1) and the Business (2);
20. Agreement dated 5 June 2002 between GL Biotech GmbH (1) and the Business (2).

PART II

Contracts for which consents to assign are required

1. Agreement dated 28 April 2001 between Gene Therapy Systems Inc. (1) and the Business (2);
2. Distribution Agreement dated 6 June 2001 between Becton Dickinson UK Limited (1) and the Business and Cambridge Bioscience Limited (2);
3. Agreement dated 1 October 1999 between Molecular Probes, Inc. and Molecular Probes Europe BV (1) and the Business (2);

SCHEDULE 6 – Transferring Employees

DOB	Helen Baker	Rick Bhatt	Lynn Knox	Jonathan McGee	Denise Michelson	Claire Newton	Jessica Penberth	Joanne Dening	Rachel Wilkins	Anne Campbell	Sarah Morley
	not known	not known	09/03/1972	not known	01/02/1959	07/02/1980	30/03/1970	24/12/1971	not known	not known	10/08/1981
JOINED	02/01/2002	17/07/2001	20/03/1995	01/12/1997	26/07/2000	01/01/2001	27/02/1995	11/09/2000	02/01/2002	25/06/2001	24/06/2002
TITLE	Marketing Assistant	Business Development Manager	Office Manager	Marketing Comms Manager	Accounts Admin	Office Admin	Technical Product Manager	Director Sales/ Marketing	Sales Manager	Packer	Customer Service Admin
HOURS	35	35	35	35	25	35	35	35	35	16 part-time	35
SALARY	16,500	£35,000	25000	22,000	10,368	14,500	26,500	40,500	29,500	£5.00 / hour	14,000
BONUS	4000 max	4000 max	5% max	4000 max	5% max	5% max	4000 max	8000 max	6000 max	None	5% max
BENEFITS	Health Ins Pension	Health Ins	Health Ins Pension	Health Ins Pension Day release HND Graphics	Health Ins	Health Ins	Health Ins Pension	Health Ins Pension Car allowance	Health Ins Pension Car allowance	None	Health Ins Pension (after 12 mths)
GRADE	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DISCIPLINARY	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

THOSE CURRENTLY NOT IN EITHER GROUP PENSION OR HEALTH INSURANCE, WITH THE EXCEPTION OF A.CAMPBELL WHO IS NOT ELIGIBLE,

IS DUE TO EITHER THEY HAVE NOT COMPLETED THE AGREED PERIOD FOR INCLUSION OR THEY ARE CURRENTLY GOING THROUGH THE PROCESS OF INCLUSION.

GROUP PENSION IS A 5% NON-CONTRIBUTORY SCHEME

SCHEDULE 7 – Domain Names

Bioscience.co.uk

Cbio.co.uk

Cambridgebioscience.co.uk

SCHEDULE 8 - Novation Agreement

By an agreement (the "Agreement") dated [•] between Alan Seeley, trading as Cambridge Bioscience ("AS") and [] (the "Supplier"), the Supplier agreed to appoint AS as a distributor and AS agreed to accept such appointment. It has been agreed between AS, Cambridge Bioscience Limited ("CBL") and the Supplier that, as from [•] (the "Novation Date"), CBL shall assume the rights and obligations of AS under the Agreement and that AS shall be released from his obligations upon the terms below.

In consideration for the mutual promises contained in this Novation Agreement, IT IS NOW

AGREED AS FOLLOWS:

1. As from the Novation Date, the Supplier releases and discharges AS from further performance of AS's obligations under the Agreement and from all claims and demands whatsoever arising out of or in respect of the Agreement and the Supplier agrees to be bound by the terms of the Agreement in every way as if CBL was named in the Agreement as a party in place of AS.
2. As from the Novation Date, AS releases and discharges the Supplier from further performance of the Supplier's obligations to AS under the Agreement and from all claims and demands arising out of or in respect of the Agreement following the Novation Date.
3. As from the Novation Date, CBL agrees to be bound by and to discharge all obligations under the Agreement and to be bound by all the terms and conditions of the Agreement in every way as if CBL were named in the Agreement as a party in place of AS.
4. As from the Novation Date, the Supplier agrees to perform all its duties and to discharge all its obligations under the Agreement and to be bound by all of its terms and conditions in favour of CBL in every way as if CBL were named in the Agreement as a party in place of AS. Without limitation, the Supplier acknowledges and agrees that CBL shall have the right to enforce the Agreement and to pursue all claims and demands arising out of or in respect of the Agreement following the Novation Date.

5. No person other than a party to this Novation Agreement shall be entitled to enforce any term of it.
6. This Novation Agreement shall be governed by and construed under the laws of England and shall be subject to the exclusive jurisdiction of the English Courts.

SIGNED by a duly authorised officer)
for and on behalf of CAMBRIDGE)
BIOSCIENCE LIMITED)
in the presence of:)

Mass Dip Boffell
M.M. Turner

Signature of Witness:

Name of Witness:

Address of Witness

Occupation of Witness

M.M. Turner
35 Tower View, Linton, Cambs
Gardener

SIGNED by a duly authorised officer)
for and on behalf of CYTOMYX)
HOLDINGS PLC)
in the presence of:)

Mass Dip Boffell

Signature of Witness:

Name of Witness:

Address of Witness

Occupation of Witness

M.M. Turner

M.M. Turner
35 Tower View Linton, Cambs
Gardener

SIGNED by ALAN SEELEY)
in the presence of:)

Signature of Witness:

Name of Witness:

Address of Witness

Occupation of Witness

MM

SIGNED by a duly authorised officer)
for and on behalf of CAMBRIDGE)
BIOSCIENCE LIMITED)
in the presence of:)

Signature of Witness:

Name of Witness:

Address of Witness

Occupation of Witness

SIGNED by a duly authorised officer)
for and on behalf of CYTOMYX)
HOLDINGS PLC)
in the presence of:)

Signature of Witness:

Name of Witness: E GOODENOUGH

Address of Witness 31 Southampton Row, London

Occupation of Witness Solicitor

SIGNED by ALAN SEELEY)
in the presence of:)

Signature of Witness:

Name of Witness: E GOODENOUGH

Address of Witness 31 Southampton Row, London

Occupation of Witness Solicitor