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DATED 4 August 2009

(1) TOTAL REPAIR SOLUTIONS HOLDINGS LIMITED

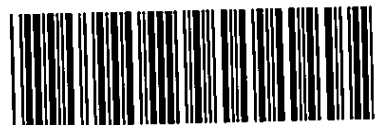
(2) REGENERSIS PLC

(3) RICHARD EMANUEL

AGREEMENT
for the sale and purchase of
Total Repair Solutions Limited

CERTIFIED TO BE A TRUE AND COMPLETE
COPY OF THE ORIGINAL
DATED THIS 22 DAY OF Sept 2009
Pinsent Masons LLP
Pinsent Masons LLP

THURSDAY



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Pinsent Masons

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Agreed form documents

1. Disclosure Letter
2. Power of attorney
3. Resignation letters of directors and secretary
4. Resignation letters of auditors
5. Resignation letters/deed of removal of trustees of pension scheme
6. Deed of acknowledgement/waiver of inter-group indebtedness
7. Service agreements
8. Tax Deed
9. Deeds of release from Bank of Scotland plc and Funds Undertaking
10. Lease (including agreed Schedule of Condition)
11. Guarantee

THIS DEED is made on

4 August

2009

BETWEEN:-

- (1) **TOTAL REPAIR SOLUTIONS HOLDINGS LIMITED** (registered number SC237890 whose registered office is at Studio 1, 93-97 St Georges Road, Glasgow, G3 6JA (the "Seller");
- (2) **REGENERSIS PLC** (registered number 05113820) whose registered office is at 4 Elm Place, Old Witney Road, Eynsham, Witney, Oxfordshire, OX29 4BD (the "Buyer"); and
- (3) **RICHARD EMANUEL** of Le Formentor, 27 Avenue Princess Grace, 98000, Monaco (the "Guarantor").

IT IS AGREED as follows:-

1. **INTERPRETATION**

1.1 In this Agreement the following words and expressions have the following meanings:-

"28-32 Fountain Drive"	together the premises at 28-30 and 32 Fountain Drive, Inchinnan Business Park, Renfrew, PA4 9RF being the properties registered in the Land Register of Scotland under title numbers REN 98837 and REN96005 respectively.
"2006 Act"	the Companies Act 2006
"Accounting Bases"	the methods developed by the Company for applying fundamental accounting concepts to financial transactions and items contained within the Audited Accounts
"Accounting Practice"	the practice of preparing Audited Accounts in compliance with all applicable laws and accounting conventions, principles and practices generally accepted in the UK as at the Audited Accounts Date required to be used in the preparation of accounts, which accounts are intended to show a true and fair view, as required by the 2006 Act and the Act but restricting the accounting treatment to UK accounting standards as specified in Financial Reporting Standards ("FRS"), Statements of Standard Accounting Practice ("SSAP") and Abstracts or Statements of Recommended Practice issued by the Urgent Issues Task Force
"Additional Liabilities"	the bonus of £75,000 (consisting of a company pension contribution payment of £37,500 to Andy Palmer's pension and £37,500 in cash) due by the Company to Andy Palmer on sale of the Company plus £4,800 in respect of employer's national insurance contributions payable upon such bonus and the SDLT payable by the Company on the Lease in the sum of £27,791
"Audited Accounts"	the audited balance sheet of the Company as at, and the audited profit and loss account and cash flow statement of the Company for the financial period ended on, the Audited Accounts Date, together with the notes and directors report and auditors report and all other documents or statements annexed thereto or incorporated therein as attached at document 2.1.5 of the Disclosure Letter
"Audited Accounts Date"	31 March 2009
"Act"	the Companies Act 1985

"Admission"	the admission of the Consideration Shares and the Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules and reference to Admission "becoming effective" or having "occurred" or "occurring" shall be construed accordingly
"AIM"	the Alternative Investment Market operated by the London Stock Exchange
"AIM Rules"	the rules and guidance notes contained in Parts One and Two respectively of the booklet entitled "AIM Rules for Companies" published by the London Stock Exchange and those other rules and guidance notes of the London Stock Exchange which from time to time govern the admission of securities to trading on, and the regulation of, AIM and reference to the "Rules" and "Guidance Notes" shall be construed accordingly
"Broker"	KBC Peel Hunt Limited of 111 Old Broad Street, London EC2N 1PH
"Business Day"	any day (other than a Saturday, Sunday or a public holiday in England) on which clearing banks in the City of London are open for the transaction of normal sterling banking business
"Buyer's Solicitors"	Pinsent Masons LLP of 3 Colmore Circus, Birmingham B4 6BH
"Buyer's Warranties"	means the warranties contained in Schedule 4 and references to a "Buyer's Warranty" shall be construed accordingly
"Cash"	<p>the amount in pounds sterling which is the aggregate of the following:</p> <ul style="list-style-type: none"> (a) all deposits of the Company repayable on demand with any bank as at close of business on the business day (in Scotland) preceding Completion; (b) cleared cash balances of the Company with any bank as at close of business on the business day (in Scotland) preceding Completion; (c) cash in transit at close of business on the business day (in Scotland) preceding Completion receivable by the Company and cheques and other lodgements received and paid into any bank account of the Company on or before close of business on the business day (in Scotland) preceding Completion and, in each case, which clear after close of business on the business day (in Scotland) preceding Completion (but not including Positive Cash in Transit); (d) petty cash/cash in hand of the Company as at close of business on the business day (in Scotland) preceding Completion; and (e) the amount, if any, by which Positive Cash in Transit exceeds Negative Cash in Transit <p>less</p> <ul style="list-style-type: none"> (f) cash in transit as at close of business on the business day (in Scotland) preceding Completion paid out by the

Company and cheques issued on or before the business day (in Scotland) preceding Completion by the Company which are to be cleared through the bank accounts of the Company after close of business on the business day (in Scotland) preceding Completion (but not including Negative Cash in Transit)

in each case as shown in the cash book of the Company and, for the avoidance of doubt (i) any item falling within more than one of paragraphs (a) to (d) of this definition shall only be included once in the calculation of "Cash" and (ii) "Cash" shall exclude any item that is to be included in the calculation of Working Capital in accordance with Schedule 6

"cash in transit"	such amounts of cash where it can be confirmed by the payor's bank that instruction for payment has been made to the relevant bank for such payment to be debited from the relevant bank account
"Cash Consideration"	£3,000,000 less the aggregate of the Completion Bank Debt, the Additional Liabilities and the amount if any by which the Negative Cash in Transit exceeds the Positive Cash in Transit
"Circular"	the circular to be posted to the Buyer's Shareholders containing, inter alia, details of this Agreement and notice of the General Meeting
"Company"	Total Repair Solutions Limited details of which are set out in Part 1 of Schedule 1
"Completion"	completion of the sale and purchase of the Shares in accordance with this Agreement
"Completion Accounts"	the completion accounts prepared in accordance with Schedule 6
"Completion Bank Debt"	the redemption amount of the overdraft facility of the Company with Bank of Scotland plc (including all interest, costs, fee and expenses incurred thereon) as at close of business on the business day (in Scotland) immediately preceding the Completion Date as evidenced by a statement from Bank of Scotland plc
"Completion Date"	the date of completion of the sale and purchase of the Shares in accordance with this Agreement
"Compromise Agreement"	means the compromise agreement between Phillip Johnston and the Company dated 9 June 2003 at item 14.5.1 of the Disclosure Letter
"Conditions"	The conditions to Completion set out in Clause 3.1
"Confidential Information"	all information not in the public domain and which is used in or which otherwise relates to the Company's business, its customers or financial or other affairs, including, without limitation, information relating to:- (a) the marketing of products or services including, without limitation, customer names and lists and other details of customers, financial information, sales targets, sales statistics, market share statistics, prices, market research reports and surveys, and advertising or other

	promotional materials; or
	(b) future projects, business development or planning, commercial relationships and negotiations
	existing in whatever form
"Consideration"	the consideration for the purchase of the Shares set out in Clause 4
"Consideration Shares"	the 8,125,000 ordinary shares of 2 pence each in the capital of the Buyer to be allotted and issued credited as fully paid up to the Seller as part of the Consideration
"Deed of Transfer"	the deed of transfer in the agreed form transferring the heritable title to the Property from the Company to the Seller
"Debt"	<p>the aggregate of any indebtedness outstanding as at close of business on 31 August 2009 (calculated or referred to in pounds sterling) for borrowed monies of the Company to banks, providers of finance, the Seller or any third party (whether by way of overdraft, loan, bond or otherwise) including:-</p> <ul style="list-style-type: none"> (a) any amounts owed by the Company under any finance leases, hire, rental, hire purchase, credit sale or other conditional purchase or lease of assets agreements (excluding operating leases); and (b) any corporation tax (or equivalent) accruals or interest accruals of the Company; and (c) any outstanding amount payable to Employees under any bonus or incentive scheme attributable to the financial period ending at close of business on 31 August 2009 <p>but excluding the Completion Bank Debt, any indebtedness that is to be included in the calculation of Working Capital in accordance with Schedule 6, the Additional Liabilities and all amounts included in the Facility Reconciliation Statement</p>
"Debtors"	the amounts owing to the Company as at the Completion Date (whether or not due and payable) in respect of goods and services supplied by the Company, the benefit of prepayments relating to the supply of goods or services to the Company and any accrued income of the Company
"Disclosure Letter"	the letter dated on the date hereof (together with all the documents attached to it) in the agreed form from the Seller to the Buyer executed by the Seller and delivered to the Buyer immediately prior to the execution of this Agreement and making certain disclosures against the Warranties for the purposes of Clause 10
"Domain Names"	www.bananagreen.eu , www.mygreenbanana.eu , www.bananagreen.nl , www.mygreenbanana.nl
"Employee"	a director or officer (whether or not employed by the Company) or employee of the Company
"Employee Incentive"	the incentive scheme available to the Employees under the Total

Scheme"	Repair Solutions 2002 Share Appreciation Right Plan and the associated correspondence as set out at Documents 16.1.1 to 16.1.9 of the Disclosure Letter
"Encumbrance"	any encumbrance or security interest of any kind whatsoever including without limitation a mortgage, charge, pledge, lien, hypothecation, restriction, right to acquire, right of pre-emption, option, conversion right, third party right or interest, right of set-off or counterclaim, equities, trust arrangement or any other type of preferential agreement (such as a retention of title arrangement) having similar effect or any other rights exercisable by or claims by third parties
"Escrow Completion Date"	the date set for Escrow Completion in accordance with Clause 7.1 or such other date on which Escrow Completion shall occur in accordance with the provisions of this Agreement
"Escrow Completion"	completion of the sale and purchase of the Shares conditional only upon satisfaction of the Escrow Conditions
"Escrow Conditions"	the Conditions set out in Clause 3.1.1 and 3.1.2
"Facility Reconciliation Statement"	the statement to be provided by the Seller pursuant to Schedule 5 showing any and all cash in transit at close of business on the business day (in Scotland) preceding Completion receivable by the Company and cheques received and paid into any bank account of the Company on or before close of business on the business day (in Scotland) preceding Completion and, in each case which clear after close of business on the business day (in Scotland) preceding Completion and all amounts in transit which have been instructed for payment by the Company and any cheques which have been issued by the Company in each case which are not included in the Completion Bank Debt and have not been cleared against the Company's overdraft facility with Bank of Scotland plc
"Funds Undertaking"	the undertaking in the agreed form to be signed by KBC Peel Hunt Limited, Norton Rose LLP, Pinsent Masons LLP, the Buyer, Bank of Scotland plc, Biggart Baillie LLP, Dundas & Wilson CS LLP and Mills and Reeve LLP
"Guarantee"	the guarantee in the agreed form to be delivered at Completion by the Buyer
"General Meeting"	the general meeting of the Buyer to be convened for 10.00 a.m. on 28 August 2009, or any adjournment thereof, notice of which appears in the Circular
"Grants"	the Regional Selective Assistance grant received by the Company from the Scottish Executive detailed in an offer letter to the Company dated 20 August 2007 for the sum of £250,000;
"Hazardous Substance"	any natural or artificial substance or combination of substances (whether in solid or liquid form or in the form of a gas or vapour) capable of causing harm to the Environment including but not limited to any hazardous, toxic or dangerous substance or article
"HMRC"	means HM Revenue & Customs
"ICTA"	the Income and Corporation Taxes Act 1988

"Indemnities"	the indemnities contained in Clause 14
"Intellectual Property"	patents, trade marks, service marks, logos, get-up, trade names, internet domain names, rights in designs, copyright (including rights in computer software), database rights, utility models, rights in Know-How and other intellectual property rights, in each case whether registered or unregistered and including applications for registration, and all other rights or forms of protection having equivalent or similar effect anywhere in the world
"Intellectual Property Rights"	all Intellectual Property used, or required to be used, by the Company in, or in connection with its business and/or legally or beneficially owned by the Company
"ITA"	the Income Tax Act 2007
"Know-How"	<p>all information (whether publicly known or otherwise) which is owned by the Company and/or used or required to be used by the Company in or in connection with its business existing in any form (including, but not limited to that comprised in or derived from engineering, chemical and other data, specifications, formulae, experience, drawings, manuals, component lists, instructions, designs and circuit diagrams, brochures, catalogues and other descriptions) and relating to:-</p> <ul style="list-style-type: none"> (a) the design, development, manufacture or production of any products; (b) the design or development of the business systems of the Company, including but not limited to the 'Visionet' system; (c) the operation of any process; (d) the provision of any services; (e) the selection, procurement, construction, installation, maintenance or use of raw materials, plant, machinery or other equipment or processes; (f) the rectification, repair or service or maintenance of products, plant, machinery or other equipment; (g) the supply, storage, assembly or packing of raw materials, components or partly manufactured or finished products; or (h) quality control, testing or certification
"the Lease"	the lease in the agreed form of 28-32 Fountain Drive to be entered into at Completion between the Company and Pacific Shelf 1150
"Liability For Tax"	has the meaning given in the Tax Deed
"Licence"	a licence, permit, certificate, consent, approval, filing of notifications, reports and assessments, registrations or authorisation required by law for the operation of the Company's business, ownership, use, possession or occupation of any asset or the performance of this Agreement

"London Stock Exchange"	London Stock Exchange plc
"Life Assurance Scheme"	The Total Repair Solutions Group Life Scheme provided by Unum and governed by Definitive Trust Deed and Rules dated 19 February 2002
"Management Accounts"	the unaudited balance sheet of the Company as at, and the unaudited profit and loss account of the Company for the 3 month period from 1 April 2009 to the Management Accounts Date, the notes and all other documents annexed thereto
"Management Accounts Date"	30 June 2009
"Negative Cash in Transit"	cash in transit as at close of business on the business day (in Scotland) preceding Completion paid out by the Company and cheques issued on or before the business day (in Scotland) preceding Completion by the Company which are to be cleared through the bank accounts of the Company after close of business on the business day (in Scotland) preceding Completion to the extent that such amounts are included in the Facility Reconciliation Statement
"Net Debt"	Cash less Debt
"Pacific Shelf 1150"	Pacific Shelf 1150 Limited, a company incorporated under the Companies Acts with company number SC237877 and having its Registered Office at Studio One, 93-97 St Georges' Road, Glasgow, G3 6JA
"Pension Scheme"	(a) The Total Repair Solutions Ltd Group Stakeholder Pension Plan (the "Stakeholder Scheme") and (b) the money purchase pension scheme applicable to one employee (Sergio Tansini)
"Placing Agreement"	the conditional agreement entered into on or about the date hereof between the Buyer and the Broker pursuant to which the Broker has agreed to act as the Buyer's agent for the purposes of the placing of and subscription for the Placing Shares
"Placing Shares"	the 8,352,675 new ordinary shares of 2 pence each in the Buyer to be allotted and issued pursuant to the Placing Agreement
"Positive Cash in Transit"	cash in transit as at close of business on the business day (in Scotland) preceding Completion receivable by the Company and cheques and other lodgements received and paid into any bank account of the Company on or before the close of business on the business day (in Scotland) preceding Completion and, in each case, which clear after close of business on the business day (in Scotland) preceding Completion to the extent that such amounts are included in the Facility Reconciliation Statement
"Property"	the property details of which are set out in Schedule 2
"Relevant Benefits"	any pension (including an annuity), lump sum, gratuity or other like benefit given or to be given on retirement or on death, or by virtue of a pension sharing order or provision, or in anticipation of retirement, or, in connection with past service, after retirement or death, or to be given on or in anticipation of or in connection with any change in the nature of the service of the employee in question. For the purpose of this definition "employee" includes (a) any officer of the company, any director of the company and

any other person taking part in the management of the affairs of the company, and (b) a person who is to be or has been an employee; and the terms "service" and "retirement" are to be construed accordingly

"SDLT"	means stamp duty land tax
"SDLT 5"	means a land transaction return certificate (SDLT 5) for SDLT purposes
"Seller's Group"	the Seller, any subsidiary undertaking or parent undertaking of the Seller for the time being and any subsidiary for the time being of a parent undertaking of the Seller (excluding the Company)
"Seller's Solicitors"	Biggart Baillie LLP of Dalmore House, 310 St Vincent Street, Glasgow, G2 5QR
"Shares"	the 1,000 fully paid ordinary shares of £1.00 each of the Company comprising the whole of the issued share capital of the Company
"Software"	the computer software described in Schedule 9
"Stock and Work in Progress"	the stocks of consumables, stock in trade, raw materials, spare parts, operating supplies, partly finished and finished goods and processed materials owned by the Company as at the Completion Date together with all work in progress of the Company as at the Completion Date
"Source Code"	in relation to the Software the source codes which are included in that program and all information in human readable form necessary to enable a reasonably skilled programmer or analyst to maintain or enhance that program, including, all maintenance tools (test programs and program specifications), proprietary or third party system utilities (compiler and assembler descriptions), a description of the system/program generation and all comments, logic manuals and flow charts made by developers of such source codes which relate to such source codes
"Target Working Capital"	£2,665,000
"Tax"	has the meaning given in the Tax Deed
"Taxation Statute"	any directive, statute, enactment, law or regulation wheresoever enacted or issued, coming into force or entered into providing for or imposing any Tax, and includes orders, regulations, instruments, bye-laws or other subordinate legislation made under the relevant statute, or statutory provision and any directive, statute, enactment, law, order, regulation or provision which amends, extends, consolidates or replaces the same or which has been amended, extended, consolidated or replaced by the same
"Tax Authority"	has the meaning given in the Tax Deed
"Tax Deed"	the tax deed in the agreed form executed by the parties and delivered immediately prior to Completion
"Tax Warranties"	the Warranties contained in paragraph 19 of 0
"TCGA"	the Taxation of Chargeable Gains Act 1992

"Term Loan"	the term loan facility between the Company and the Bank of Scotland plc (the "Bank") dated 24 and 26 June 2003, as amended by a Letter of Amendment between the same parties dated 10 and 16 June 2008, under which the sum of £1,438,125 was outstanding as payable to Bank as at 28 June 2009.
"Trade Mark"	Community registered trade mark "BANANAGREEN" .
"Transaction Documents"	the Disclosure Letter, the Tax Deed and the Lease
"VAT"	in the United Kingdom, value added tax and, elsewhere, any equivalent tax
"United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"VATA"	the Value Added Tax Act 1994
"Warranties"	the representations, warranties and undertakings contained in Schedule 3 and references to a "Warranty" shall be construed accordingly
"Whimbrel Way"	the premises known as and forming Flat 4/1, 16 Whimbrel Way, Ferry Village, Renfrew, PA4 8SJ details of which are set out in the Schedule 2, Part 2, entry 2.
"Workers"	a person who personally performs work for the Company but who is not an Employee or in business on their own account or in a client/customer relationship
"Working Capital"	a sterling sum equal to the aggregate amount as at close of business on 31 August 2009 of the Debtors, stock and work in progress, prepayments and other current assets of the Company less the aggregate amount of the current liabilities of the Company but excluding corporation tax liabilities of the Company
"Working Hours"	9.30am to 5.30pm on a Business Day

1.2 In this Agreement, reference to:-

- 1.2.1 a Clause or Schedule is a reference to a clause of or schedule to this Agreement;
- 1.2.2 a document **"in the agreed form"** is a reference to a document in the form approved and, for the purposes of identification only, signed by or on behalf of the Buyer and the Seller (in each case with such amendments as may be agreed by or on behalf of the Buyer and the Seller);
- 1.2.3 a statutory provision includes a reference to that provision as modified, replaced, amended and/or re-enacted from time to time (before or after the date of this Agreement) and any prior or subsequent subordinate legislation made under it and, where the context so requires, references to an Article of the EC Treaty shall include a reference to the equivalent Article in the EC Treaty prior to its re-numbering by the Treaty of Amsterdam;
- 1.2.4 any gender includes a reference to the other genders;
- 1.2.5 **"costs"** includes a reference to costs, charges and expenses of every description;
- 1.2.6 a **"person"** includes a reference to an individual, partnership, unincorporated association, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture wherever incorporated or situate (in each case

whether or not having separate legal personality) and includes a reference to that person's legal personal representatives and successors;

- 1.2.7 a "**subsidiary**", "**holding company**" and "**body corporate**" has the respective meaning set out in sections 736 and 740 of the Act;
 - 1.2.8 a "**company**" has the meaning set out in section 735 of the Act;
 - 1.2.9 a "**subsidiary undertaking**" or a "**parent undertaking**" has the respective meaning set out in section 1162 and Schedule 7 of the 2006 Act;
 - 1.2.10 a "**group undertaking**" has the meaning set out in section 1161 of the 2006 Act;
 - 1.2.11 a "**connected person**" is a reference to a person connected with another within the meaning of section 839 of ICTA;
 - 1.2.12 something being "**in writing**" or "**written**" shall include a reference to that thing being produced by any legible and non-transitory substitute for writing (excluding in electronic form as defined in section 1168 of the 2006 Act);
 - 1.2.13 a time of day is to London time prevailing on the relevant day;
 - 1.2.14 a "**day**" (including within the phrase "**Business Day**") shall mean a period of 24 hours running from midnight to midnight;
 - 1.2.15 any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented (other than in breach of the provisions of this Agreement) at any time; and
 - 1.2.16 any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be treated as a reference to any analogous term in that jurisdiction.
- 1.3 The Schedules form part of this Agreement and shall be interpreted and construed as though they were set out in this Agreement.
 - 1.4 The headings to the Clauses, Schedules and paragraphs of the Schedules are for convenience only and shall not affect the interpretation or construction of this Agreement.
 - 1.5 The rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.
 - 1.6 General words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.
 - 1.7 Any statement which refers to the knowledge or knowledge and belief of the Seller or is expressed to be "so far as the Seller is aware" or any similar expression shall be deemed to include an additional statement that it has been made after due and careful enquiry of the persons listed below, the officers of the Seller and the officers of the parent company of the Seller and of each member of the Seller's Group and those third parties of whom the Seller may reasonably be expected to make enquiries given the subject matter of the relevant provision:

Richard Emanuel

Andrew Palmer

James Kyle

Sergio Tansini

Damian Pike

Stuart Macaulay

Stuart Cottrell

2. SALE AND PURCHASE OF THE SHARES

- 2.1 The Seller agrees to sell and transfer and the Buyer agrees to buy the whole of the legal and beneficial interest in the Shares with effect from and including Completion together with all rights attached or accruing to them at the date of this Agreement.
- 2.2 The Seller covenants to the Buyer that it has, and will at Completion have, the right to sell and transfer the whole of the legal and beneficial interest in and title to the Shares.
- 2.3 The Seller covenants to the Buyer that the Shares will on Completion be free from all Encumbrances.
- 2.4 The Seller covenants to the Buyer that the Buyer will on Completion be entitled to exercise all rights attached or accruing to the Shares including, without limitation, the right to receive all dividends or other distributions or any return of capital declared, made or paid by the Company on or after the date of this Agreement.

3. CONDITIONS

- 3.1 Completion of this Agreement is, and the Buyer's obligations under this Agreement are, subject to and conditional upon each of the following conditions being fulfilled on or before Completion:-
- 3.1.1 the Placing Agreement having been entered into and having become unconditional in all respects (*other than any condition relating to Admission*), not having been terminated in accordance with its terms and not having lapsed in accordance with its terms; and
- 3.1.2 Admission occurring
- together the "Conditions".
- 3.2 Subject to the provisions of Clause 3.3, the Buyer shall use its reasonable endeavours without financial obligation save as to the administrative costs of posting the Circular and holding the General Meeting and paying amounts under the Placing Agreement to procure that the Placing Agreement becomes unconditional in all respects (insofar as it is within the Buyer's reasonable ability to procure the same) as soon as possible and in any event before 8.00 am on 1 September 2009.
- 3.3 The Buyer shall be taken to have complied with its obligations under Clause 3.2 insofar as they relate to the condition in the Placing Agreement relating to the passing of resolutions at the General Meeting if it procures that the Circular is posted to the Buyer's shareholders by no later than 5 August 2009 for the purposes of asking shareholders of the Buyer to approve the resolutions set out in the notice of general meeting contained in the Circular and containing a recommendation to shareholders from the Board of the Buyer to vote in favour of such resolutions and uses all such powers of control reasonably available to it to procure that such recommendation is not withdrawn and the resolutions contained in the Circular are put to the shareholders of the Buyer save where in either such case the fiduciary duties owed by the Board of the Buyer provide otherwise.
- 3.4 If the Seller or the Buyer becomes aware of any matter, circumstance or thing that might prevent a Condition being satisfied it shall immediately inform the other party.
- 3.5 If the Condition set out at Clause 3.1.1 has not been satisfied on or before 11.59 pm on 31 August 2009 the Buyer may by notice to the Seller:-

3.5.1 postpone Escrow Completion to such date as the Buyer specifies being not later than 14 September 2009 in which event the provisions of this Agreement apply as if that other date is the Escrow Completion Date provided the Buyer shall consult with the Seller prior to specifying any such date; or

3.5.2 terminate this Agreement in which event the provisions of Clause 9 apply.

4. CONSIDERATION

4.1 The Consideration shall be £6,250,000 (six million two hundred and fifty thousand pounds) less the Completion Bank Debt and the amount if any by which Negative Cash in Transit exceeds Positive Cash in Transit, if any, and the Additional Liabilities (subject to adjustment in accordance with Clauses 4.2 to 4.5 below), to be satisfied as follows:-

4.1.1 by the Cash Consideration (if any) being paid at Completion by the Buyer to the Seller in accordance with Clause 7.13; and

4.1.2 by the allotment and issue of the Consideration Shares.

4.2 The Completion Accounts shall be prepared, and the Working Capital and Net Debt shall be ascertained, in accordance with Schedule 6.

4.3 If the Working Capital is less than the Target Working Capital by an amount exceeding £150,000, the Seller shall repay to the Buyer in cash the amount by which the Working Capital is less than the Target Working Capital.

4.4 If the Net Debt is greater than £0 (zero), the Buyer shall pay (as additional Consideration for the Shares) to the Seller in cash the amount by which the Net Debt exceeds £0 (zero).

4.5 If the Net Debt is less than £0 (zero), the Seller shall repay to the Buyer in cash the amount by which the Net Debt is less than £0 (zero).

4.6 Any payment required to be made under Clauses 4.3 to 4.5 (inclusive) shall be made within 7 days of the Completion Accounts being agreed, deemed agreed or certified in accordance with Schedule 6.

4.7 For the avoidance of doubt, the rights of the Buyer to set off any liability of the Seller to the Buyer against any liability of the Buyer to the Seller under Clause 27 shall apply to any payments due under this Clause.

5. CONSIDERATION SHARES

5.1 The Consideration Shares shall rank pari passu with the existing ordinary shares of 2 pence each in the issued share capital of the Buyer including the right to receive all dividends declared made or paid after the Completion Date save that they will not rank for any dividend or other distribution of the Buyer declared made or paid by reference to a record date before their date of issue.

5.2 The Seller shall not:

5.2.1 for a period of 12 months following Completion (the "Lock-up Period"), transfer or otherwise dispose of any of the Consideration Shares or any shares derived from them without the prior written consent of the Buyer (unless such transfer is pursuant to the acceptance by the Seller of a general offer made in accordance with the City Code on Takeovers and Mergers to all ordinary shareholders of the Buyer, in which case the Seller shall be free to transfer the Consideration Shares without such consent); and

5.2.2 for a period of 12 months following the expiry of the Lock-up Period, transfer or otherwise dispose of any of the Consideration Shares or any shares derived from them otherwise than through the Broker or by acceptance of a general offer made in accordance with the City Code on Takeovers and Mergers to all ordinary shareholders of the Buyer.

For the purposes of this Clause shares derived from Consideration Shares include shares derived by way of consolidation, sub-division, reduction, conversion, capitalisation, bonus, scrip dividend, rights issue, rights offer or otherwise.

6. POSITION PENDING COMPLETION

- 6.1 Pending Completion the Seller shall consult with the Buyer in relation to all material matters concerning the running of the Company from the date of this Agreement until Completion and during that period shall procure that the business of the Company is conducted in the ordinary and usual course and shall take all such steps to protect and preserve the business and assets of the Company and to maintain that business as a going concern and with a view to a profit.
- 6.2 Without prejudice to the generality of Clause 6.1, pending Completion the Seller shall comply with and shall procure that the Company complies with the provisions of Schedule 8.
- 6.3 Pending Completion, the Seller shall allow the Buyer reasonable and appropriate access to the customers of the Company and to the Employees in each case via Sergio Tansini during Working Hours and upon reasonable notice having been given.
- 6.4 If the Seller breaches a provision of this Clause 6 or Schedule 8 in each case in a manner that will or is likely to adversely affect the Company's business or its prospects the Buyer may:-
 - 6.4.1 proceed to Completion; or
 - 6.4.2 terminate this Agreement in which event the provisions of Clause 9 apply.

7. ESCROW COMPLETION

- 7.1 Escrow Completion shall take place at the offices of the Buyer's Solicitors after Working Hours on 31 August 2009 or (if later) the next Business Day immediately after that on which the Condition set out in Clause 3.1.1 shall have been fulfilled when all the business referred to in Schedule 5 shall be transacted subject to Clauses 7.9 to 7.13.
- 7.2 At Escrow Completion the Seller shall deliver or make available to the Buyer the documents and evidence specified in Schedule 5.
- 7.3 At Escrow Completion the Seller shall procure that a board meeting of the Company is held at which the directors (subject only to the satisfaction of the Escrow Conditions):-
 - 7.3.1 approve the registration of the transfers in respect of the Shares referred to in paragraph 1.1 of Schedule 5 (subject only to due stamping);
 - 7.3.2 accept the resignations referred to in paragraph 1.4 of Schedule 5 and appoint the persons nominated by the Buyer as directors and secretary of the Company with effect from Completion;
 - 7.3.3 accept the resignation referred to in paragraph 1.5 of Schedule 5 and appoint auditors of the Company as the Buyer directs with effect from Completion;
 - 7.3.4 revoke all existing authorities to bankers regarding the operation of the Company's bank accounts and give authority in favour of the persons nominated by the Buyer to operate such accounts with effect from Completion;
 - 7.3.5 change the Company's accounting reference date as the Buyer directs;
 - 7.3.6 approve the service agreements to be entered into at Completion by the Company with Sergio Tansini;
- 7.4 At Escrow Completion the Buyer shall:-
 - 7.4.1 allot and issue (subject only to Admission) to the Seller the Consideration Shares; and

- 7.4.2 allot and issue (subject only to Admission) the Placing Shares.
- 7.5 The Buyer is not obliged to complete this Agreement unless the purchase of all of the Shares is completed simultaneously in accordance with this Agreement and neither the Buyer nor the Seller shall be obliged to complete this Agreement unless the other party has fulfilled all its obligations to be performed at Escrow Completion under this Clause.
- 7.6 The Seller shall indemnify and keep indemnified the Buyer against all costs, losses or damages the Buyer may incur or suffer as a result of any document delivered to it under this Clause being unauthorised, invalid or for any other reason ineffective for its purpose.
- 7.7 If Escrow Completion does not occur on the Escrow Completion Date because a party fails to fully discharge any of its obligations under this Clause 7, the party not in breach of its obligations under this Clause may by notice to the other:-
- 7.7.1 proceed to Escrow Completion so far as practicable; or
- 7.7.2 postpone Escrow Completion to such date as such party specifies being not more than five Business Days later in which event the provisions of this Agreement apply as if that other date is the Escrow Completion Date; or
- 7.7.3 terminate this Agreement in which event the provisions of Clause 9 apply.
- 7.8 If the aggregate amount of the Completion Bank Debt and the amount if any by which the Negative Cash in Transit exceeds the Positive Cash in Transit exceeds at Escrow Completion £2,892,409 (or in the case of Admission being postponed as referred to in Clause 7.10.2 at Supplemental Escrow Completion (as defined in Clause 7.10.2)) then the Buyer may terminate this Agreement in which event the provisions of Clause 9 apply.
- 7.9 Subject to Escrow Completion having taken place in accordance with the terms set out in this Clause 7, Completion shall be conditional only upon the satisfaction of the Escrow Conditions by the dissemination of the appropriate notice by the London Stock Exchange (the "**Admission Notice**") before 9 a.m. on or before the Business Day following the Escrow Completion Date confirming Admission and such Admission Notice becoming effective in accordance with the AIM Rules, such that Completion shall be deemed to take place automatically and without further action by either party at such time. Upon Completion taking place, all of the deeds, agreements and documents delivered in escrow pursuant to this Clause 7 shall be released therefrom and shall come into full force and effect and shall become the absolute property of the parties entitled thereto (being the parties to whose solicitors the relevant deeds, documents and agreements were delivered) and shall be dated with the date of Completion.
- 7.10 If Completion has not taken place in accordance with Clause 7.9 by 9 a.m. on the Business Day following the Escrow Completion Date by reason of Admission not becoming effective then :
- 7.10.1 in the event that the Buyer and the Broker do not agree by such time to postpone Admission pursuant to the Placing Agreement to another date then this Agreement (save for Clauses 1, 7.9, 7.10, 9, 15, 18, 19, 20, 21, 23, 26, 28 and 31) and any agreements and documents executed or allotments of the Consideration Shares made pursuant to the same as between the parties hereto shall be deemed to be of no further force and effect (save in the case of this Agreement for any antecedent breach of any obligations hereunder) and the relevant parties shall forthwith redeliver or procure the redelivery to the others of all documents, agreements, papers, monies and other things delivered or paid by such parties pursuant hereto or otherwise in anticipation of Completion; or
- 7.10.2 in the event that the Buyer and the Broker do agree by such time to postpone Admission ("**Postponed Admission**") pursuant to the Placing Agreement then the Seller shall deliver to the Buyer on the business day (in Scotland) immediately preceding Postponed Admission ("**Supplementary Escrow Completion**") updated versions of the documents listed at paragraphs 1.11, 1.12, 1.13, 1.14, 1.16, 1.24, 1.25 and 1.26 of Schedule 5 setting out the required information as at the date of Supplementary Escrow Completion and, subject to such documents being provided, Completion shall be conditional only

upon the satisfaction of the Escrow Conditions by the dissemination of the Admission Notice before 9 a.m. on or before the Business Day following the date of Supplementary Escrow Completion confirming Admission and such Admission Notice becoming effective in accordance with the AIM Rules, such that Completion shall be deemed to take place automatically and without further action by either party at such time. Upon Completion taking place, all of the deeds, agreements and documents delivered in escrow pursuant to this Clause 7 shall be released therefrom and shall come into full force and effect and shall become the absolute property of the parties entitled thereto (being the parties to whose solicitors the relevant deeds, documents and agreements were delivered) and shall be dated with the date of Completion.

- 7.11 For the avoidance of doubt, if the Seller fails to deliver to the Buyer the documents required to be delivered by it on the date of Supplementary Escrow Completion pursuant to Clause 7.10.2 on the date of Supplementary Escrow Completion then the Buyer may terminate this Agreement in which case the provisions of Clause 9 shall apply.
- 7.12 Any deeds, agreements and documents delivered under this Clause 7 in anticipation of Completion shall (insofar as not already dated) be delivered undated and shall remain the absolute property and be held strictly to the order of the party delivering the same until Completion shall take place in accordance with Clauses 7.9 or 7.10.2 and shall be held by the recipient in accordance with the terms of Clause 7.9 and this Clause 7.12.
- 7.13 The parties shall procure that their respective solicitors shall duly retain and deal with all deeds, documents, agreements and papers delivered in accordance with the provisions of Clauses 7.9 and 7.10.
- 7.14 The Buyer shall procure that, within fourteen days of Completion, a duly executed share certificate shall be delivered to the Seller in respect of its entitlement to the Consideration Shares.
- 7.15 On the Completion Date:-
- 7.15.1 the Buyer shall pay the Cash Consideration (if any) by delivering to the Seller's Solicitors client account with Biggart Baillie Clients' Account, Clydesdale Bank plc, 30 St Vincent Place, Glasgow, G1 2HL, Account Number 60145080, Sort Code 82 20 00 such amount, if any, remaining after procuring repayment of the items referred to in clause 7.12.2; and
- 7.15.2 the Buyer shall procure repayment of the Completion Bank Debt.
- 7.16 The Buyer shall procure payment by the Company of the bonus to Andy Palmer (one of the Additional Liabilities) as soon as reasonably practicable following Completion through the payroll of the Company.

8. GUARANTEES

- 8.1 The Seller will procure that on Completion the Company is released from any guarantee, indemnity, counter-indemnity, letter of comfort or other obligation given by the Company to any third party in respect of a liability of any third party. Pending such release, the Seller will indemnify the Buyer against all amounts paid by the Buyer to any third party pursuant to any such obligation (and all costs incurred in connection with such obligation) arising after the date of this Agreement.
- 8.2 The Buyer will procure that with effect from Completion the Seller and all connected persons are released from any contingent liability in respect of guarantees granted by Bank of Scotland plc in favour of LG and Samsung, provided that the Seller shall at Escrow Completion deliver to the Buyer confirmation from LG and Samsung that with effect from Completion, such guarantees are released.

9. REMEDIES

If either party terminates this Agreement pursuant to Clause 3.5.2 or 6.4.2 or 7.7.3 or 7.8, 7.11 or 10.6 or 11.3 the rights and obligations of the Buyer and the Seller shall cease immediately on termination save for:-

9.1.1 each party's accrued rights and obligations at the date of termination; and

9.1.2 the provisions of Clauses 1, 9, 19.1, 20, 21, 23, 26, 28 and 31 which shall remain in full force and effect.

10. WARRANTIES

10.1 The Seller warrants to the Buyer that (subject to Clause 10.2) each Warranty is true and accurate in all respects as at the date of this Agreement.

10.2 The Warranties are subject only to:-

10.2.1 any matter which is fairly disclosed to the Buyer in the Disclosure Letter (with sufficient details to enable the Buyer to identify the nature and scope of the matter disclosed and to make an informed and accurate assessment of the matter concerned and its significance to the Company and the acquisition of the Shares by the Buyer); and

10.2.2 the provisions of Clause 12.

10.3 The Seller acknowledges that the Buyer is entering into this Agreement in reliance upon the Warranties which have also been given as representations with the intention of inducing the Buyer to enter into this Agreement. Save as provided in Clause 10.2, no information of which the Buyer has knowledge (actual, constructive or imputed) shall prejudice any claim being made by the Buyer under any of the Warranties nor shall it affect the amount recoverable under any such claim and neither the rights and remedies of the Buyer nor the Seller's liability in respect of the Warranties shall be affected by any investigation made by or on behalf of the Buyer into the Company.

10.4 The Seller undertakes both between the date of this Agreement and Completion and after Completion to notify immediately the Buyer in writing of any event, matter or circumstance which comes to its knowledge which is, or may constitute, a breach of, or which is, or may be, inconsistent with any of the Warranties or which may give rise to a claim under the Tax Deed or which would be a breach of the Warranties had such Warranties been repeated on a daily basis between the date of this Agreement and Completion.

10.5 Each of the Warranties shall be interpreted as a separate and independent Warranty so that the Buyer shall have a separate claim and right of action in respect of every breach of each Warranty.

10.6 If at or before Completion:-

10.6.1 the Buyer considers that any of the Warranties has been breached or would be breached if the Warranties were repeated on a daily basis between the date of this Agreement and Completion by reference to the facts and circumstances then existing or is otherwise untrue or inaccurate or misleading in any respect; or

10.6.2 any matter becomes known to the Buyer which would or is likely to give rise to a claim or claims under the Tax Deed of more than £100,000 in aggregate; or

10.6.3 any event occurs which affects or is likely to affect materially and adversely the financial position or business prospects of the Company,

the Buyer may, by notice to the Seller, proceed to Completion or terminate this Agreement in which event the provisions of Clause 9 apply.

If the Buyer becomes aware of a breach of Warranty referred to in Clause 10.6.1 and it elects to proceed to Completion, it shall have no right to claim against the Seller in respect of such breach of Warranty unless the matters giving rise to such breach (whether directly or indirectly) should have been disclosed by the Seller in the Disclosure Letter at the date of this Agreement.

10.7 No information supplied by, or on behalf of the Company to the Seller or its advisers in connection with the business and affairs of the Company constitutes a representation, warranty or undertaking

as to its accuracy to the Seller by the Company and the Seller waives each and every claim which it may have against the Company or its Employees in respect of such information.

- 10.8 The Seller undertakes to the Buyer that there is and will at Completion be no Encumbrance on, over or affecting any of the Shares or any unissued shares, debentures or other securities of the Company and no person has, or has claimed, the right (whether exercisable now or in the future and whether contingent or not) to call for the issue or transfer of any shares, debentures or other securities of the Company.

11. BUYER'S WARRANTIES

- 11.1 The Buyer warrants to the Seller that (subject to Clause 11.2) each of the Buyer's Warranties is true and accurate as at the date of this Agreement.
- 11.2 The Buyer's Warranties are subject only to the provisions of Clause 13.
- 11.3 If at or before Completion the Seller considers that any of the Buyer's Warranties have been breached or would be breached if the Buyer's Warranties were repeated on a daily basis between the date of this Agreement and Completion by reference to the facts and circumstances then existing or is otherwise untrue or inaccurate or misleading in any respect the Seller may, by notice to the Buyer, proceed to Completion (but in doing so the Seller shall have no right to make any claim against the Buyer in respect of such breach) or terminate this Agreement in which event the provisions of Clause 9 apply.

12. LIMITATION ON SELLER'S LIABILITY

- 12.1 Subject to Clause 8.2, the Seller's liability under the Warranties shall be limited as follows:-
- 12.1.1 no claim for breach of any Warranty shall be made by the Buyer where the liability of the Seller in respect of that claim will not exceed £10,000;
- 12.1.2 no claim for breach of any Warranty shall be made by the Buyer until the aggregate liability for all claims under this Agreement (including all previous claims whether or not satisfied and including costs) shall equal or exceed £100,000 in which case the whole amount shall be capable of being claimed and not merely the excess;
- 12.1.3 the Seller's maximum aggregate liability (to be satisfied in accordance with the provisions of Clause 12.3) in respect of all the Warranties and the Tax Deed (excluding interest, costs, fines, penalties and surcharges) is limited to £6,250,000 (to be satisfied in accordance with the provisions of 12.3 ;
- 12.1.4 no claim for breach of the Warranties (other than the Tax Warranties) shall be made unless the claim has been notified in writing to the Seller before 30 September 2011;
- 12.1.5 any claim for breach of Warranty (other than the Tax Warranties) that has been made against the Seller (and which has not been previously satisfied, settled or withdrawn) shall be deemed to have been withdrawn and shall become unenforceable on the expiry of the period of six months commencing on the date on which notice of the breach of Warranty was given to the Seller in accordance with Clause 12.1.4, unless legal proceedings in respect of the claim for breach of Warranty shall have been properly issued and validly served on the Seller prior to the expiry of such six month period;
- 12.1.6 the Seller shall not be liable in respect of any breach of the Warranties (other than the Tax Warranties) if and to the extent that the resulting loss has been recovered under the Tax Deed; and
- 12.1.7 the Seller shall not be liable in respect of any breach of the Warranties (other than the Tax Warranties) if and to the extent that:-
- (a) the claim or the events giving rise to the claim would not have arisen but for an act, omission or transaction of the Buyer or the Company (carried out otherwise

than in the ordinary course of business or pursuant to a legally binding obligation) following Completion which the Buyer or the Company was aware or should reasonably have been aware would give rise to such liability;

- (b) provision or reserve in respect of the matter giving rise to the claim shall have been made in the Audited Accounts or in the Completion Accounts;
- (c) the claim is based upon a liability which is contingent unless and until such contingent liability becomes an actual liability;
- (d) the loss or damage giving rise to the claim is recoverable by the Buyer or the Company under insurance.

12.2 The Seller agrees and undertakes to the Buyer that in the event of a claim for breach of the Warranties and/or a claim under the Tax Deed being notified to the Seller (in the case of the Warranties (other than the Tax Warranties) in accordance with the provisions of Clause 12.1.4 and in the case of the Tax Warranties or the Tax Deed in accordance with Clause 7 of the Tax Deed) and subject to the terms of Clause 12.1.5, the Seller shall not transfer or otherwise dispose of any of the Consideration Shares or any shares derived from them without the prior written consent of the Buyer (unless such transfer is pursuant to the acceptance by the Seller of a general offer made in accordance with the City Code on Takeovers and Mergers to all ordinary shareholders of the Buyer, in which case the Seller shall be free to transfer the Consideration Shares without such consent) from the time that such claim is notified to the Seller until the time that such claim is agreed, settled or finally and judicially determined and the Seller has satisfied its full liability to the Buyer in respect of such claim in accordance with the provisions of Clause 12.3.

12.3 The Seller agrees and undertakes to the Buyer that:-

12.3.1 the first £3,000,000 of its liability to the Buyer in respect of any and all claims for breach of the Warranties and the Tax Deed (excluding interest, costs, fines, penalties and surcharges) shall be satisfied by the payment to the Buyer of a cash sum equal to the amount which is agreed, settled or finally and judicially determined as being the Seller's liability to the Buyer in respect of any and all such claims; and

12.3.2 where any claim for breach of the Warranties or under the Tax Deed is made by the Buyer and the Seller has, at the time that such claim is agreed, settled or finally and judicially determined, already paid to the Buyer an aggregate of £3,000,000 in cash in accordance with the provisions of Clause 12.3.1 in respect of all previous claims for breach of the Warranties or under the Tax Deed (excluding interest, costs, fines, penalties and surcharges), then the Seller shall satisfy any further liability in respect of such claim as follows (subject always to the Seller's maximum aggregate liability for all claims in respect of the Warranties and the Tax Deed as set out in Clause 12.1.3):-

- (a) if at the date that such claim is agreed, settled or finally and judicially determined the Seller has sold, transferred or otherwise disposed of any or all of the Consideration Shares to a third party who is not (i) a member of the Seller's Group (or any person connected to a member of the Seller's Group) or (ii) the Guarantor (or any of his connected persons) (but subject always to the provisions of Clause 12.2) then the Seller shall satisfy its liability to the Buyer in respect of such claim to the fullest extent possible using the proceeds of disposal of the Consideration Shares (net of any costs associated with such disposal); and
- (b) if at the date that such claim is agreed, settled or finally and judicially determined the Seller or any member of the Seller's Group (or person connected to a member of the Seller's Group) or the Guarantor (or any of his connected persons) holds Consideration Shares then the Seller shall satisfy its liability in respect of such claim, or shall procure that its liability in respect of such claim is satisfied, by the forfeiture by it (or the relevant member of the Seller's Group (or any connected person to it) or the Guarantor (or any connected person to him) holding the Consideration Shares) to the Buyer (or

any person, company or trust as the Buyer directs) of such number of the Consideration Shares as is required to satisfy the Seller's full liability for such claim (or, where the Seller has satisfied part of its liability for such claim in cash pursuant to Clause 12.3.2(a), the difference between such cash payment and the Seller's full liability for such claim) and the number of Consideration Shares required to be sold pursuant to this Clause 12.3.2(b) shall be calculated as follows:-

Number of Consideration Shares to be sold pursuant to this Clause 12.3.2(b) =

Seller's liability in respect of a claim referred to in this Clause 12.3.2(b) (in pounds sterling) / (the average mid-market closing price (in pounds sterling) of an ordinary share of the Company across the 10 Business Days prior to the date on which a claim referred to in this Clause 12.3.2(b) is settled, agreed or finally and judicially determined .

Notwithstanding the use of the average mid-market closing price (in pounds sterling) of an ordinary share of the Company across the 10 Business Days prior to the date on which a claim referred to in this Clause 12.3.2(b) is settled, agreed or finally and judicially determined in calculating the number of Consideration Shares to be forfeited by the Seller pursuant to this Clause 12.3.2(b), any forfeiture of Consideration Shares to the Buyer (or the person, company or trust as the Buyer directs) pursuant to this Clause 12.3.2(b) shall be at a price per Consideration Share equivalent to the nominal value of an ordinary share of the Buyer on the date of such sale provided that such proceeds shall constitute disposal proceeds for the purposes of Clause 12.3.2(a).

12.4 For the avoidance of doubt, once the Seller has paid to the Buyer an aggregate sum of £3,000,000 pursuant to Clause 12.3.1 and all of the Consideration Shares have either been forfeited to the Buyer in accordance with the provisions of Clause 12.3.2(b) or sold by the Seller (subject always to the provisions of Clause 12.2) and the proceeds of such disposal have been paid to the Buyer in accordance with the provisions of Clause 12.3.2(a), then the Seller shall have no further liability to the Buyer in respect of the Warranties and the Tax Deed notwithstanding the provisions of Clause 12.1.3.

12.5 For the purposes of this Clause 12 the term "finally and judicially determined" shall mean either:-

12.5.1 determined in favour of the Buyer by the High Court of England and Wales and, if permission is granted by the High Court, no notice of appeal is served within three months of the judgment or decision being appealed, or, if no permission to appeal is given by the High Court, where no notice of appeal is served within three months of the Court of Appeal giving permission to appeal (whichever is earlier); or

12.5.2 determined in favour of the Buyer by the Court of Appeal or the House of Lords (as appropriate) following an appeal from the decision of the High Court or the Court of Appeal (as the case may be).

12.6 The Seller's liability under the Tax Warranties shall be limited further in accordance with the provisions of Clause 3 of the Tax Deed.

12.7 None of the limitations contained in Clause 12.1 apply to any claim under the Warranties where there has been fraud or negligent non-disclosure in relation to the matter giving rise to the claim in question.

13. LIMITATION ON BUYER'S LIABILITY

13.1 The Buyer's liability under the Buyer's Warranties shall be limited as follows:-

13.1.1 no claim for breach of any of the Buyer's Warranties shall be made by the Seller where the liability of the Buyer in respect of that claim will not exceed £10,000;

- 13.1.2 no claim for breach of any of the Buyer's Warranties shall be made by the Seller until the aggregate liability for all claims under this Agreement (including all previous claims whether or not satisfied and including costs) shall equal or exceed £100,000 in which case the whole amount shall be capable of being claimed and not merely the excess;
- 13.1.3 the Buyer's maximum aggregate liability in respect of the Buyer's Warranties shall be limited to £3,250,000;
- 13.1.4 no claim for breach of the Buyer's Warranties shall be made unless the claim has been notified in writing to the Buyer before 30 September 2011;
- 13.1.5 any claim for breach of the Buyer's Warranties that has been made against the Buyer (and which has not been previously satisfied, settled or withdrawn) shall be deemed to have been withdrawn and shall become unenforceable on the expiry of the period of six months commencing on the date on which notice of the breach of the Buyer's Warranty was given to the Buyer in accordance with Clause 13.1.4, unless legal proceedings in respect of the claim for breach of the Buyer's Warranty shall have been properly issued and validly served on the Buyer prior to the expiry of such six month period;
- 13.1.6 the Buyer shall not be liable in respect of any breach of the Buyer's Warranties if and to the extent that the claim is based upon a liability which is contingent unless and until such liability becomes an actual liability;
- 13.1.7 the Buyer shall not be liable in respect of any of the Buyer's Warranties if and to the extent that the loss or damage giving rise to the claim is recoverable by the Seller or any member of the Seller's Group or the Guarantor under insurance; and
- 13.1.8 the Buyer shall not be liable to the Seller in respect of any breach of the Buyer's Warranties to the extent that such breach arises as a result of market price fluctuations in the value of the Consideration Shares which may be experienced in the ordinary course.

14. COVENANT TO PAY

- 14.1 The Seller covenants to pay to the Buyer as soon as reasonably practicable after a demand has been made an amount equal to any and all costs, claims, liabilities, expenses (including reasonable legal expenses) or losses incurred by the Buyer or the Company as a direct result of or in connection with:
 - 14.1.1 the repayment of the Grant by the Company as a result of the execution or completion of this Agreement or any of the Transaction Documents or the Seller's failure to comply with any of the conditions to the Grant prior to Completion; or
 - 14.1.2 any amounts payable or paid to any Employee or any other person, under, in lieu of, or otherwise in any way related to or as a consequence of, the Employee Incentive Schemes; or
 - 14.1.3 the presence of any Hazardous Substance in, on, under or at the Property (or any property previously owned or occupied by the Company) or migrating to or from the Property (or any property previously owned or occupied by the Company) in each case at or prior to the Completion Date; or
 - 14.1.4 any Hazardous Substance which passes from the Property or any property previously owned or occupied by the Seller after the Completion Date but which was present in, on or under the Property or property previously owned or occupied by the Company at or prior to the Completion Date; or
 - 14.1.5 any breach of or liability under Environmental Law by the Company and/or the Seller, or its officers, agents, or employees, at or prior to the Completion Date whether on or at the Property or property previously owned or occupied by the Company or elsewhere; or

- 14.1.6 any amounts due to Philip Johnston under the terms of the Compromise Agreement as a result of the sale of the Shares to the Buyer; or
 - 14.1.7 the transfer of the Property from the Company to the Seller prior to Completion (apart from payments made by the Company under the terms of the Lease), in respect of the dividend in specie declared and paid by the Company to the Seller on 29 June 2009, and in respect of the transfer of the obligation to pay the Term Loan from the Company to the Seller on 29 June 2009;
 - 14.1.8 any amounts payable by the Company in respect of the bonus payable to Andy Palmer as a result of the Sale of the Company to the extent that such amounts exceed £79,800; or
 - 14.1.9 the amount by which the Completion Bank Debt, when aggregated with the cash amounts in transit paid out by the Company and cheques issued on or before the business day (in Scotland) preceding Completion by the Company which are to be cleared through the bank accounts of the Company after close of business on the business day (in Scotland) preceding Completion exceeds £2,892,409 (to the extent that such amounts have not been included in Negative Cash in Transit or in the calculation of Net Debt pursuant to Schedule 6 of this Agreement).
- 14.2 For the avoidance of doubt, no claim shall be made under this Clause 14 in respect of any Taxation arising pursuant to any of Clauses 14.1.1 to 14.1.8 above to the extent that such Taxation gives rise to a Liability for Tax for the purposes of the Tax Deed in which case the provisions of the Tax Deed (save for Clause 3.1.5) shall apply.
- 14.3 Without it being a condition precedent to the Seller's liability, if the Buyer becomes aware of any claim against it or any other matter which might give rise to a claim against the Seller pursuant to this Clause 14 the following provisions shall apply:-
- 14.3.1 the Buyer shall as soon as is reasonably practicable (and in any event within 5 Business Days of the Buyer becoming aware of such claim or matter) give detailed written notice to the Seller of the matter and thereafter shall regularly consult with the Seller with respect to the matter; and
 - 14.3.2 the Buyer shall take such action and institute such proceedings, and give such information and assistance, as the Seller may reasonably request to dispute, resist, appeal, compromise, defend, remedy or mitigate the matter,

provided that in each case the Seller indemnifies the Buyer for all reasonable costs and expenses properly incurred as a result of any request by the Seller pursuant to this Clause 14.3.

15. PROTECTION OF GOODWILL

- 15.1 For the purposes of this Clause 15, the words "**Restricted Person**" mean any member of the Seller's Group and Richard Emanuel.
- 15.2 The Seller undertakes to the Buyer (for itself and as trustee for the holders for the time being of the Shares but so that the Buyer shall not as trustee be under any obligation to such holders to enforce the undertakings and may release or waive them in whole or in part as it, in its absolute discretion, thinks fit) that without the written consent of the Buyer, it will not and will procure that no other Restricted Person will:-
 - 15.2.1 for a period of two years from Completion directly or indirectly carry on or assist in carrying on or be engaged, concerned or interested in any activity or undertaking which is the same as, or substantially similar to, the business of the Company as at Completion within Germany, Poland, Belgium, The Netherlands, Luxembourg, France, Spain and Romania;
 - 15.2.2 for a period of two years from Completion, canvass, solicit or endeavour to entice away from the Company :

- (a) any person who has been a customer of the Company during the period of two years prior to Completion; and
- (b) any person who has purchased, agreed or offered to purchase goods from the Company or has employed its services, or who has been canvassed by the Company (otherwise than by general advertising) with a view to becoming a customer of the Company during the period of two years prior to Completion

for the purposes of any business supplying products or services similar to or capable of being used in substitution for any product or service supplied by the Company within the 12 months preceding Completion.

15.2.3 for a period of two years from Completion, do any act or thing likely to have the effect of causing any supplier of or other person in the habit of dealing with the Company (either at the date of this Agreement or at Completion) to be unable or unwilling to deal with the Company either at all or in part or on the terms on which it had previously dealt with the Company or likely to have the effect of causing any person having a contract or arrangement with the Company (either at the date of this Agreement or at Completion) to breach, terminate or modify that contract or arrangement or to exercise any right under it; and

15.2.4 for a period of two years from Completion, solicit or endeavour to entice away from the Company, employ or offer employment to any Employee who is at Completion an Employee employed in a managerial, technical or sales capacity nor do any act or thing likely to have the effect of causing any such employee to terminate his employment with the Company whether or not such employee would thereby breach his contract of employment; and

15.2.5 in connection with any business carried on by it or otherwise howsoever use directly or indirectly or authorise any person to use directly or indirectly any of the Intellectual Property Rights or use any distinctive mark, style or logo used by the Company or any mark, style or logo similar to or likely to be confused with them in any manner which is likely to or may result in confusion between or other association with the business, goods, services or other activities of the Company including by using the name "Total Repair Solutions" as part of a corporate name, trade name or otherwise.

15.3 Nothing in Clause 15.2. shall prevent the Seller or any other Restricted Person from owning not more than three per cent of any class of the issued share capital of a company which is dealt in on a recognised investment exchange (as defined in the Financial Services and Markets Act 2000).

15.4 The Seller and Richard Emanuel have taken independent legal advice and acknowledge that they consider the undertakings contained in Clause 15.2 reasonable and necessary for the proper protection of the business of the Company and the legitimate interests of the Buyer and further acknowledge that damages would not be an adequate remedy for breach of such undertakings.

15.5 Each of the undertakings contained in Clause 15.2 is separate and severable and shall be construed on that basis. In the event that any of such undertakings is found to be void but would be valid if some part of it were deleted or if the period or extent of it were reduced such undertaking shall apply with such modification as may be necessary to make it valid and effective.

16. COMPLETION OF LEASE

16.1 The Buyer shall procure that the Company duly executes the Lease at Completion and the Seller shall procure that Pacific Shelf 1150 duly executes the Lease at Completion. At Completion the Seller shall exhibit a valid and marketable title disclosing Pacific Shelf 1150 as the sole proprietor of 28-32 Fountain Drive, together with (i) a Form 12 Report for 28 – 32 Fountain Drive brought down to the date as near as reasonably practicable to Completion and to be continued to Completion showing no interest or entry prejudicial to the interest of Pacific Shelf 1150 or its ability validly to grant the Lease; and (ii) a search in the Register of Charges and Company File against Pacific Shelf 1150 which will be continued to a date twenty two days after the date of execution of the Lease by Pacific Shelf 1150, which shall disclose no notices of liquidation, receivership, striking

off, winding up or any administration order in respect of the Pacific Shelf 1150 and no other entries prejudicial to the interest of Pacific Shelf 1150 or its ability validly to grant the Lease. At Completion, the Seller shall also exhibit evidence that any necessary heritable creditors' consents required for the grant of the Lease have been obtained. The Buyer accepts that the title exhibited to the Buyer prior to the date of this Agreement is a valid and marketable title, subject to provision of the updated Reports and searches referred to above.

- 16.2 The Seller shall deliver to the Buyer at Completion a duly executed, valid, Guarantee.
- 16.3 The Buyer shall procure that the Company submits to HMRC a completed and signed SDLT 1 form together with any applicable supplementary forms and the SDLT (if any) payable in respect of such transaction within 14 days following Completion.
- 16.4 Within 5 Business Days of receipt from HMRC, the Buyer shall procure that the Company delivers to the Seller's Solicitors the SDLT 5 submission receipt issued by HMRC in respect of the Lease.
- 16.5 If, prior to the issue of a SDLT 5, HMRC rejects the Company's SDLT application, the Buyer shall procure that the Company shall immediately:-
 - 16.5.1 take all necessary steps to procure that HMRC issue a SDLT 5 as soon as possible (including, where appropriate, but without prejudice to the generality, correcting the application, re-submitting it and sending the correct amount of SDLT to HMRC); and
 - 16.5.2 deliver to Pacific Shelf 1150 a copy of any such rejection and other relevant correspondence.
- 16.6 Neither the Buyer, nor Pacific Shelf 1150 shall have any responsibility or liability to the Buyer or the Company for the terms in which the said form SDLT1 is completed, or for any error or omission in the same, or for the validity or completeness of the signing thereof, or for timeous submission thereof to HMRC and neither the Seller, nor Pacific Shelf 1150 acts as agent for the Buyer or the Company in any respect with reference to SDLT or the said form SDLT1.
- 16.7 Within 5 Business Days of receipt of the SDLT 5 from the Company, the Seller shall procure that Pacific Shelf 1150 will submit the Lease (and the SDLT 5) to the Books of Council and Session for registration for preservation and execution and will obtain three extracts thereof and that Pacific Shelf 1150 will make payment of the registration dues payable in respect of such registration. Within 5 Business Days of receipt from the Books of Council and Session, the Seller shall procure that Pacific Shelf 1150 returns the SDLT 5 to the Company together with one extract of the Lease.

17. CONFIDENTIAL INFORMATION AND KNOW-HOW

- 17.1 The Seller undertakes before and after Completion that it shall:-
 - 17.1.1 not copy, make use of or disclose to any person any Confidential Information or Know-How; and
 - 17.1.2 take all reasonable steps to prevent the copy, use or disclosure of any such Confidential Information or Know-How; and
 - 17.1.3 procure that each member of the Seller's Group complies with the provisions of this Clause 17.1.
- 17.2 Clause 17.1 shall not apply to:-
 - 17.2.1 the copy, use or disclosure of Confidential Information or Know-How required to be used or disclosed by law, by any court order or by the rules of any stock exchange or governmental authority, provided that the Seller gives the Buyer prior notice of such disclosure;

- 17.2.2 the disclosure of Confidential Information or Know-How to a director, officer or employee of the Buyer or of the Company whose function requires that he has possession of the Confidential Information or Know-How;
 - 17.2.3 disclosure of Confidential Information or Know-How to an adviser for the purpose of advising the Seller but only on terms that Clause 17.1 applies to use or disclosure by the adviser; or
 - 17.2.4 Confidential Information or Know-How which becomes publicly known except as a result of the Seller's breach of Clause 17.1.
- 17.3 The restrictions contained in this Clause 16 shall continue to apply after the termination of this Agreement without limit in time.
- 18. GUARANTEE OF SELLER'S OBLIGATIONS**
- 18.1 The Guarantor (as principal obliger and not merely as a surety) hereby unconditionally and irrevocably guarantees due and punctual performance by the Seller of all the Seller's obligations under or arising out of or in connection with this Agreement and the Tax Deed or either of them and so undertakes to the Buyer that if and whenever the Seller is in default the Guarantor:-
- 18.1.1 will on demand duly and promptly perform or procure performance of such obligation(s); and
 - 18.1.2 will indemnify and at all times hold the Buyer indemnified against all costs, losses and damages which it may suffer or incur by reason of a default or delay of the Seller to perform any such obligation(s) in whole or in part.
- 18.2 The Guarantor will not be released from or exonerated of his obligations under this Agreement nor will any such obligation be reduced, discharged or in any way affected by any act, omission, matter or thing (whether or not known to the Buyer or the Guarantor) including, but without limitation:-
- 18.2.1 any time or release or indulgence granted to or composition with the Seller, the Guarantor or any other person; or
 - 18.2.2 the existence or non-existence, validity or invalidity, the taking, variation, compromise, expiry, discharge, renewal or release of or refusal or neglect to perfect or enforce any right, remedy or security against the Seller or any other person; or
 - 18.2.3 any legal limitation, disability, incapacity or other circumstances relating to the Seller or any other person or any amendment to or variation of either or both of this Agreement or the Tax Deed or any obligations arising out of them or any other document or security relating to either of them or any assignment of either of them; or
 - 18.2.4 any irregularity, unenforceability or invalidity of an obligation of the Seller or any other person under or pursuant to this Agreement and the Tax Deed or either of them to the intent that the obligations of the Guarantor under this Agreement shall remain in full force and effect and the guarantee contained in this Clause shall be construed as if there were no such irregularity, unenforceability or invalidity; or
 - 18.2.5 any other act, event or omission which would or might but for this Clause operate to restrict, release, impair or discharge the Guarantor's liability under this Agreement.
- 18.3 The guarantee contained in this Clause:-
- 18.3.1 is a continuing guarantee and will remain in full force and effect until the obligations and liabilities of the Seller under or arising out of or in connection with this Agreement and the Tax Deed, or either of them, have been fully performed or discharged;
 - 18.3.2 will continue to be effective or will be reinstated, as the case may be, if at any time any sum which has become payable to the Buyer under this Agreement and has been paid

has to be restored by the Buyer upon the bankruptcy, liquidation or reorganisation of the Seller or the Guarantor or otherwise; and

18.3.3 will be in addition to and will not in any way be prejudiced by any collateral or other security held at any time by the Buyer as security or any lien to which the Buyer may be entitled.

18.4 The Guarantor hereby waives any right it may have of first requiring the Buyer to proceed against or enforce any guarantee or security of or claim for payment from the Seller or any other person and until all the Seller's obligations and liabilities have been performed or discharged in full the Guarantor will not without the prior consent of the Buyer:-

18.4.1 be entitled and will not claim to rank as a creditor against the estate or prove in a bankruptcy, liquidation or winding up of the Seller in competition with the Buyer; or

18.4.2 receive, claim or have the benefit (directly or indirectly) of any payment or distribution from or on account of the Seller or exercise any right of set-off against the Seller or claim the benefit of any security held by the Buyer and the Buyer will be entitled to apply any such security as it considers fit; or

18.4.3 exercise any other right or remedy in respect of any amount paid by the Guarantor under this Agreement which may prejudice the Buyer.

18.5 Any release, compromise or discharge of the obligations of the Guarantor shall be deemed to be made subject to the condition that it will be void against the Buyer if any payment or security which it may receive or have received is set aside or proves invalid for any reason.

18.6 All sums due to the Buyer by the Guarantor under this Agreement shall carry interest from the date of demand until payment at 2 per cent above the base lending rate of Barclays Bank plc from time to time in force, calculated from day to day, both before and after judgement.

18.7 A demand made pursuant to this guarantee may be made at any time and from time to time by notice to the Guarantor.

19. ANNOUNCEMENTS

19.1 Subject to Clause 19.2, neither the Buyer nor the Seller shall make or send before or after Completion any announcement, communication or circular relating to the subject matter of this Agreement unless such party has first obtained the other party's written consent to the form and text of such announcement, such consent not to be unreasonably withheld.

19.2 Clause 19.1 does not apply to the Circular or any announcement made by the Buyer in connection with the Circular or the allotment and issue of the Placing Shares or to any announcement, communication or circular:-

19.2.1 required by law or by the rules of any stock exchange or by any governmental authority, in which event the party required to make or send such announcement, communication or circular shall, where practicable, first consult with the other party as to the content of such announcement; or

19.2.2 made or sent by the Buyer after Completion to the Company's customers, clients or suppliers advising them of the change of control of the Company.

20. NOTICES

20.1 Any notice or other communication pursuant to, or in connection with, this Agreement shall be in writing and delivered personally, or sent by first class pre-paid recorded delivery post (air mail if overseas), to the party due to receive such notice at its registered office from time to time (or to such other address as may from time to time have been notified in writing to the other party in accordance with this Clause 20) or by sending it by fax to the fax number of the party concerned set out in this Clause 20, or to such other fax number as may from time to time have been notified

in writing to the other party in accordance with this Clause 20) (subject to the original notice or communication being sent by post on the same day in the manner specified above):-

Seller: fax no 0141 333 0490; Buyer: fax no 01865 471935.

- 20.2 Subject to Clause 20.3, any notice or other communication shall be deemed to have been served:-
- 20.2.1 if delivered personally, when left at the address referred to in Clause 20.1;
- 20.2.2 if sent by pre-paid first class recorded delivery post (other than air mail), two days after posting it;
- 20.2.3 if sent by air mail, six days after posting it;
- 20.2.4 if sent by fax (subject to the original notice or communication being sent by post on the same day in the manner specified in Clause 20.1) upon receipt of a confirmation of transmission slip.
- 20.3 If a notice or other communication is given or deemed given at a time or on a date which is not a Business Day, it shall be deemed to have been given on the next Business Day.
- 20.4 To prove service of a notice or other communication, in the case of a notice or other communication sent by fax, it is sufficient to prove that the notice or other communication was transmitted by fax to the fax number of the relevant party set out or otherwise communicated to the other party in accordance with Clause 20.1 above and in the case of a notice or other communication delivered by post, it is sufficient to prove that the envelope containing the notice or other communication was properly addressed and posted.

21. ENTIRE AGREEMENT

- 21.1 This Agreement (together with all of the Transaction Documents) sets out the entire agreement and understanding between the parties in respect of the sale and purchase of the Shares. This Agreement supersedes and extinguishes any previous agreements between the parties, whether orally or in writing, in respect of the sale and purchase of the Shares, which shall cease to have any further force or effect
- 21.2 No variation of this Agreement shall be effective unless made in writing and signed by or on behalf of both the Buyer and the Seller.

22. FURTHER ASSURANCE

- 22.1 The Seller undertakes to provide the Buyer before or after Completion with all such information as the Seller or any other member of the Seller's Group has in its possession or under its control relating to the business and affairs of the Company and for this purpose the Seller shall give the Buyer and any persons authorised by the Buyer full access to all such information, and the Buyer may copy any such documents.
- 22.2 The Seller shall:-
- 22.2.1 at its own cost at any time before and after Completion do or procure the doing of all such acts and things and/or execute or procure the execution of such documents in a form satisfactory to the Buyer as the Buyer considers necessary for the purpose of vesting the Shares in the Buyer or giving the Buyer the full benefit of all the provisions of this Agreement; and
- 22.2.2 for a period not exceeding two years from the date of this Agreement give to the Buyer such assistance as the Buyer may reasonably require in connection with any dispute or threatened dispute directly or indirectly relating to the Company, the Property, the Intellectual Property and/or the Confidential Information, provided that the reasonable costs of the Seller in connection with providing such assistance are met by the Buyer.

22.3 The Seller shall prior to Completion:

22.3.1 use its reasonable endeavours to procure an assignment of all right, title and interest in the Trade Mark and the Domain Names to the Company; and

22.3.2 use its reasonable endeavours to procure that all relevant third parties shall execute such further documents and take such actions and do such things as may be reasonably requested by the Buyer to secure the full right title and interest of the Company in and to the Trade Mark and the Domain Names.

23. **INVALIDITY**

If any provision of this Agreement is held to be unenforceable or illegal, in whole or in part, such provision or part shall to that extent be deemed not to form part of this Agreement but the enforceability of the remainder of this Agreement shall remain unaffected.

24. **EFFECT OF COMPLETION**

This Agreement and in particular the Warranties and the Tax Deed in so far as any of its provisions remain to be, or are capable of being, performed or observed, shall remain in full force and effect after Completion.

25. **WAIVER**

25.1 The failure by the Buyer to exercise or delay in exercising any right or remedy under this Agreement shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies the Buyer may otherwise have and no single or partial exercise of any right or remedy under this Agreement shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.

25.2 The Buyer's rights and remedies contained in this Agreement are in addition to, and not exclusive of, any other rights or remedies available at law.

26. **COSTS**

The Buyer and the Seller shall each pay its own costs in relation to the negotiation, preparation, execution and implementation of this Agreement and of each document referred to in this Agreement.

27. **SET OFF**

The Buyer shall be entitled, but not obliged, at any time or times without notice to the Seller to set off any liability of the Seller to the Buyer against any liability of the Buyer to the Seller (in either case howsoever arising and whether any such liability is past, present or future, liquidated or unliquidated. Any exercise by the Buyer of its rights under this Clause 27 shall be without prejudice to any other rights or remedies available to the Buyer under this Agreement or otherwise.

28. **ASSIGNMENT**

28.1 Save as permitted by Clause 28.2, this Agreement is personal to the parties and neither it nor any of the benefits arising under it may be assigned without the prior written consent of the other party and neither party shall purport to assign or transfer the same provided always that this Agreement and the benefits arising under it may be assigned by the Buyer to any group undertaking in relation to the Buyer (the "Buyer's group") provided further that in the event of such undertaking ceasing to be a member of the Buyer's group this Agreement shall be deemed to be transferred to any other member of the Buyer's group immediately before such cessation.

28.2 Notwithstanding the provisions of Clause 28.1, the Buyer may assign the benefit of any of its rights under this Agreement to any one or more of KBC Bank NV and The Royal Bank of Scotland plc (each a "Bank") or to any one or more of either Bank's respective successors and permitted assignees or any other funding institution (each a "Permitted Assignee"), by way of security for

facilities made available to the Buyer (whether at the date of this Agreement or subsequently) for any purpose. A Permitted Assignee may also, in the event of enforcement of such security assign the benefit of the rights hereunder to any purchaser or assignee from a Bank or from a Permitted Assignee (or any receiver appointed by any of them) who acquires the Company or the Shares (or any Group member from time to time) or all or any part of the business thereof.

29. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to rely upon or enforce any term of this Agreement provided that this does not affect any right or remedy of the third party which exists or is available apart from that Act.

30. LIMITATION OF TIME

In the event of any claim being made against the Seller under the Warranties or the Tax Deed, the Seller shall not plead against such claim the provisions of the Limitation Act 1980 or any other statute or rule of law relating to limitation of time in which an action can be brought or claim made, provided that this Clause 30 is without prejudice to any express provision of this Agreement regarding time limits for notifying or making claims.

31. LAW AND JURISDICTION AND SERVICE OF PROCESS

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

31.2 The parties hereby submit to the exclusive jurisdiction of the High Court of England and Wales in relation to any dispute or claim arising out of or in connection with this Agreement or in relation to its existence or validity.

The parties hereby agree that any legal proceedings may be served on them by delivering a copy of such proceedings to them at their respective address set out in this Agreement.

EXECUTED AS A DEED by or on behalf of the parties on the date which first appears in this Deed.

SCHEDULE 1

THE COMPANY

1. Registered number: SC112872
2. Previous company names and effective date(s) of change(s): Previously named Westwood Communications Limited – name changed on 18 April 2000
3. Registered office: 32 Fountain Drive, Inchinnan Business Park, Inchinnan, Renfrewshire, PA4 9RF
4. Date and place of incorporation: 22 August 1988, Scotland
5. Authorised share capital: £50,000 made up of 50,000 Ordinary Shares of £1 each
6. Issued share capital: £1,000 made up of 1,000 Ordinary Shares of £1 each
7. Shareholders:

<u>Name</u>	<u>No and class of shares</u>
Total Repair Solutions Holdings Limited	1,000 Ordinary Shares of £1 each
8. Loan capital: None
9. Directors:

<u>Name</u>	<u>Address</u>
Sergio Tansini	55 Gamekeeper Road, Edinburgh, EH4 6LR
William Alexander Simpson	8 Airbles Farm Road, Motherwell, ML1 3AZ
10. Secretary:

<u>Name</u>	<u>Address</u>
Sergio Tansini	55 Gamekeeper Road, Edinburgh, EH4 6LR
11. Accounting reference date: 31 March
12. Charges:
 - (i) Bond and Floating Charge granted in favour of Bank of Scotland dated 01 June 1998 and registered on 10 June 1998; and
 - (ii) Bond and Floating Charge granted in favour of Bank of Scotland dated 26 June 2003 and registered on 7 July 2003.
13. Main activity: Provider of reverse logistics services in the UK Mobile Telecommunications Sector.
14. Bank account:

Sort Code: 801551

Account Number: 00123165

Bank of Scotland plc, 228 Kilmarnock Road, Glasgow
15. Auditors: Ernst and Young LLP, George House, 50 George Square, Glasgow, G2 1RR
16. VAT number: VAT Registration Number 945 6797 62
17. Tax district and reference number:

Tax District is HM Inspector of Taxes, Centre 1, East Kilbride, G79 1AA.

Corporation Tax Reference is 817 68030 25383

SCHEDULE 2

PROPERTIES

PART 1

BRIEF DETAILS OF REGISTERED LEASEHOLD PROPERTIES AS AT THE DATE OF THE AGREEMENT

Property	Date and Details of Instrument	Title No	User	Occupier	Duration of Lease	Rent
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None.

PART 2

BRIEF DETAILS OF UNREGISTERED LEASEHOLD PROPERTIES AS AT THE DATE OF THE AGREEMENT

Property	Date and Details of Instrument	User	Occupier	Duration of Lease	Rent
1. 28-30 and 32 Fountain Drive, Inchinnan Business Park, Inchinnan	Lease between the Company and Pacific Shelf 1150 to be entered into between the Company and Pacific Shelf 1150 at Completion. This property is owned by Pacific Shelf 1150 and the Company is occupying this property on an informal basis Following Completion the Company will occupy this property in terms of the Lease.	The Company	The Company	Unlimited	Nil
2. Flat 4/1, 16 Whimbrel Way, Ferry Village, Renfrew, PA4 8SJ	Lease between Boydslaw 116 Ltd, T/A TDL Homes.com of 120 West Campbell Street Glasgow, G2 4TZ on behalf of Ann Williamson and the Company as extended and modified by a Modification of Lease Agreement dated 27 May 2009	Certain employees of the Company	The Company	Initial 6 month duration, extended by Modification of Lease Agreement dated 27 May 2009 until 7 January 2010	£600 per calendar month

PART 3

BRIEF DETAILS OF REGISTERED LEASEHOLD PROPERTIES AS AT COMPLETION

Property	Date and Details of Instrument	Title No	User	Occupier	Duration of Lease	Rent
None.						

Property	Date and Details of Instrument	User	Occupier	Duration of Lease	Rent
1. 28-30 and 32 Fountain Drive, Inchinnan Business Park, Inchinnan	Lease between the Company and Pacific Shelf ('1150) Limited dated the same date as Completion.	The Company	The Company	10 years	£300,000 per annum
2. Flat 4/1, 16 Whimbrel Way, Ferry Village, Renfrew, PA4 8SJ	Lease between Boyds law 116 Ltd, T/A TDL Homes.com of 120 West Campbell Street Glasgow, G2 4TZ on behalf of Ann Williamson and the Company as extended and modified by a Modification of Lease Agreement dated 27 May 2009	Certain employees of the Company	The Company	Initial 6 month duration, extended by Modification of Lease Agreement dated 27 May 2009 until 7 January 2010	£600 per calendar month

SCHEDULE 3

WARRANTIES

(Clause 10)

1. SHARE CAPITAL, SUBSIDIARIES AND JOINT VENTURES

Ownership of Shares

- 1.1 The Seller is the legal and beneficial owner of the Shares and is entitled to sell the Shares with full title guarantee on the terms of this Agreement without the consent of any third party.
- 1.2 The Shares constitute the whole of the Company's allotted and issued share capital and are fully paid or credited as fully paid.
- 1.3 There is no Encumbrance on, over or affecting any of the Shares or any unissued shares, debentures or other securities of the Company and no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the issue, allotment, conversion, redemption, sale or transfer of any shares, debentures or other securities of the Company.

Subsidiaries

- 1.4 The Company does not have and never has had any subsidiary and the Company has not agreed to acquire any interest in any body corporate.

Joint Ventures

- 1.5 The Company is not, and has not agreed to become a member of any partnership or other unincorporated association, joint venture, European Economic Interest Grouping or consortium (other than a recognised trade association) or other profit or income sharing arrangement.

Shadow Directors

- 1.6 The Company has no liability as a former member, officer or shadow director of any person nor are there any circumstances in which such liability could arise.
- 1.7 No person is or has been a shadow director of the Company within the meaning of section 741(2) of the Act.

Branch

- 1.8 The Company does not have any branch, agency or place of business outside the United Kingdom and does not use its letterhead, books or vehicles or otherwise carry on its business under any name other than its corporate name.

2. CAPACITY

Authority

- 2.1 The Seller is a company validly existing under the laws of Scotland and has the necessary power and authority and has taken all necessary action to enter into and perform its obligations under this Agreement and the Transaction Documents to be executed by it at or before Completion in accordance with this Agreement which will, when executed, become binding and enforceable obligations of the Seller in accordance with their respective terms.

Effect of sale

- 2.2 The execution or the performance by the Seller of this Agreement or any of the Transaction Documents or any other document referred to herein or therein to be executed at or before Completion in accordance with this Agreement will not:-
- 2.2.1 result in a breach of, conflict with, or give rise to an event of default under, any agreement or arrangement to which the Company is a party or by which the Company is bound;
 - 2.2.2 result in a breach of any provision of the memorandum or articles of association of the Seller;
 - 2.2.3 relieve any other party to an agreement or arrangement with the Company of its obligations or enable it to terminate the agreement or arrangement;
 - 2.2.4 result in the creation or imposition of an Encumbrance on any of the assets of the Company; or
 - 2.2.5 result in a breach of a Licence, an undertaking to, or order of, any court or governmental agency or regulatory body.
- 2.3 The Company has the necessary power and authority to operate its business as conducted at the date of this Agreement.

3. INFORMATION, RECORDS AND DOCUMENTS

Storage of records

- 3.1 The Company does not have any of its records, systems, or data recorded or operated or otherwise wholly or partly dependent on, or held by, any means (including any electronic, mechanical or photographic process whether computerised or not) which (including all means of access to it and from it) are not under the exclusive ownership and direct control of the Company.

Possession of Documents

- 3.2 All title deeds relating to the assets of the Company and an executed copy of all agreements to which the Company is a party or by which it is bound and the original copies of all other documents which are owned by, or which ought to be in the possession of, the Company, are in the possession or under the control of the Company. Deeds and documents relating to the Properties are either original or copies marked by a solicitor as examined with the original. All documents are whole, undefaced, duly executed and where relevant stamped with the correct amount of stamp duty.

3.3 Schedules

- 3.4 The particulars relating to the Company and the Property set out in the schedules to this Agreement are in all material respects true and accurate.

4. ACCOUNTS AND RECORDS

Accuracy of the Audited Accounts

- 4.1 The Audited Accounts:-
- 4.1.1 give a true and fair view of the state of the Company's affairs and of its assets and liabilities as at, and of the profits and losses of the Company for the financial period ended on, the Audited Accounts Date;
 - 4.1.2 have been prepared in accordance with Accounting Practice;

4.1.3 have been prepared in accordance with the provisions of the 2006 Act and audited by a certified auditor; and

4.1.4 have been prepared on a consistent basis and using consistent Accounting Practice and consistent application of Accounting Bases for the previous three financial years ended on the Audited Accounts Date.

Content of Audited Accounts

4.2 The Audited Accounts:-

4.2.1 include provision in accordance with UK GAAP for all bad and doubtful debts, obsolete, damaged or slow-moving stocks and for depreciation on fixed assets;

4.2.2 include provision in accordance with UK GAAP for and/or disclosure of all potential contingent, disputed and/or unquantified liabilities and all capital commitments of the Company in accordance with Accounting Practice;

4.2.3 include provision in accordance with UK GAAP or reserve for all Tax which has been or may be assessed or for which the Company may become accountable in respect of any act, omission or event (whether of the Company or any other person) up to and including the Audited Accounts Date and for any contingent or deferred liability to Tax; and

4.2.4 are not affected by any extraordinary or exceptional event, circumstance or item.

Completeness of Audited Accounts

4.3 Any other assets and liabilities included in the Audited Accounts are detailed in full either in the notes to the Audited Accounts or the Disclosure Letter, together with the relevant accounting policies and bases adopted.

4.4 The Company has not been party to any transaction or arrangement of which one of the main purposes was the removal or exclusion of an asset or liability (including a contingent liability) from the Audited Accounts.

Trend of Profits

4.5 The Company's profits or losses as shown by the Audited Accounts and by the Company's audited profit and loss account for the previous three financial periods delivered to the Buyer and the trend of profits thereby indicated have not (save as disclosed in such Audited Accounts) been affected by changes or inconsistencies in Accounting Practice, by the inclusion of non-recurring items of expenditure or income, by transactions of an unusual nature or entered into otherwise than on normal commercial terms or by any other factors rendering the Company's profit or loss for all or any part of such periods unusually high or low.

Accounting Reference Date

4.6 The accounting reference date of the Company is as set out in Part 1 and has not at any time been any other date.

Books and Records

4.7 The Company's accounts, books, ledgers, financial and other records are in its possession or under its control, up-to-date and contain a complete and accurate record of all matters required to be entered in them by the Act, the 2006 Act, Accounting Practice and other relevant legislation.

Events since the Audited Accounts Date

4.8 Since the Audited Accounts Date:-

- 4.8.1 the business of the Company has been carried on in the ordinary and usual course and in the same manner (including nature and scope) as in the financial year ended on the Audited Accounts Date so as to maintain the business as a going concern;
- 4.8.2 there has been no adverse change in the financial, cashflow, trading position or prospects of the Company;
- 4.8.3 there has been no material change in the assets and liabilities as shown in the Audited Accounts nor has there been a reduction in the value of the Company's net tangible assets using the same valuations as applied in the Audited Accounts;
- 4.8.4 no distributions within the meaning of Part 23 of the 2006 Act or of ICTA have been declared, paid or made by the Company except as provided in the Audited Accounts;
- 4.8.5 the current levels of stock are adequate for the Company's present requirements; no items of stock have been disposed of at less than their value as included in the Audited Accounts; no items of stock included in the Audited Accounts and still held by the Company now have a net realisable value of less than their value as included in the Audited Accounts; and no stock has been acquired since the Audited Account Date which now has a net realisable value of less than its cost;
- 4.8.6 no share or loan capital of the Company has been, or agreed to be, issued, allotted, redeemed, purchased or repaid by the Company;
- 4.8.7 no debtor has been released by the Company on terms that he pays less than the face value of his debt; no debt has been subordinated, written down or written off, provided against (in whole or in part), factored or assigned, and the Company has not agreed to do any of the foregoing and no debt has proved to any extent irrecoverable;
- 4.8.8 the Company has not borrowed any money or raised any money in the nature of borrowings except for borrowings on overdraft in the ordinary course of business from Bank of Scotland plc within the Company's existing overdraft facility with that bank as set out in the Disclosure Letter;
- 4.8.9 no asset has been acquired or disposed of by the Company except for current assets in the ordinary and usual course of trading; no contract, arrangement or transaction has been entered into and no payment has been made by the Company otherwise than in the ordinary and usual course of carrying on its business and on entirely arm's length terms and the Company has not assumed or incurred or agreed to assume or incur any liability (actual or contingent) otherwise than in the ordinary and usual course of carrying on its business;
- 4.8.10 no capital expenditure has been, or agreed to be, incurred and no commitments of a capital nature have been or agreed to be, entered into exceeding £25,000 in total by the Company;
- 4.8.11 no management, consultancy or like charges have been incurred or agreed to by the Company;
- 4.8.12 the Company's business has not been adversely affected by the loss (whether before or after the Audited Accounts Date) of any contract or customer or supplier or by any other factor not affecting similar businesses to a like extent and there are no circumstances which are reasonably likely to give rise to any such effect on the Company's business;
- 4.8.13 no provision or reserve included in the Audited Accounts has proved to be inadequate in the light of subsequent circumstances and there are no circumstances which indicate that any such provision or reserve may prove to be inadequate; and
- 4.8.14 no resolution of the shareholders of the Company has been passed.

Management Accounts

- 4.9 The Management Accounts have been prepared in accordance with Accounting Practice and Accounting Bases consistent with those used in preparing the Audited Accounts. The Management Accounts:-
- 4.9.1 are, having regard for the purpose for which they are prepared, not misleading in any material respect and neither overstate the value of the assets nor understate the liabilities (actual, contingent or otherwise) of the Company as at the Management Accounts Date and do not overstate the profits or turnover of the Company in respect of the periods to which they relate;
 - 4.9.2 accord with the accounting records of the Company; and
 - 4.9.3 fairly reflect the financial condition of the Company as at the Management Accounts Date.
- 4.10 As at the Management Accounts Date, the level of debtors had not been influenced in any material respect by calling in debtors in advance of the usual debtor days and the level of creditors had not been influenced in any material respect by paying creditors outside of the usual creditor days.

Profit Projections

- 4.11 All statements of fact in the monthly phased profit projections for the Company for the year to 31 March 2010 (the "**Profit Projections**") were true and accurate in all material respects and not misleading at the time of their preparation in March 2009 and all forecasts, estimates and expressions of opinion, belief, intention and expectation in the Profit Projections were fairly and honestly held at the time of their preparation in March 2009 and as at the date of this Agreement there are no facts, other than as disclosed in the Disclosure Letter, known by the Company which could reasonably be expected to have a material effect on the accuracy of the Profit Projections.

5. FINANCE

Bank Borrowing

- 5.1 The total amount borrowed by the Company is from its bankers or raised by way of acceptance credit and does not exceed its loan and other financial facilities (true, complete and accurate details of all such facilities, including the amounts outstanding under them, are set out in the Disclosure Letter) and does not exceed the limitation on its borrowing and other powers contained in its articles of association or any other deed or document binding upon it.

Repayment of borrowings

- 5.2 All of the Company's borrowings may be repaid by the Company at any time on no more than one month's notice and without any premium or penalty (howsoever called) on repayment.

Notice of repayment of borrowings

- 5.3 No event which is an event of default under any loan capital, borrowing, debenture or financial facility of the Company or would entitle any third party to call for repayment prior to normal maturity or to enforce any security it may have over the assets of the Company has occurred or been alleged. So far as the Seller is aware the Company has not done anything whereby the continuance of any of those facilities might be affected or prejudiced or otherwise altered to the disadvantage of the Company.

Guarantee

- 5.4 None of the facilities of the Company are dependent on the guarantee or support or indemnity of, or any security provided by, a third party.

Loan Capital

- 5.5 The Company has no outstanding loan capital nor has it borrowed or raised any money (save for short term borrowings from its bankers) nor has it factored or discounted its debts nor is it a party to any acceptance credit facility, bill of exchange, promissory note, finance lease or sale and lease-back arrangement or any other arrangement the purpose of which is to raise money which it has not repaid nor has the Company engaged in financing of a type which would not require to be shown or reflected in the Audited Accounts.

Bank Accounts

- 5.6 Details of the Company's bank accounts are disclosed at disclosure 5.6 of the Disclosure Letter.

Creation of charges

- 5.7 The Company has not created, or agreed to create, any Encumbrance or given, or agreed to give, any guarantee, suretyship, indemnity or similar obligation or any agreement for the postponement of its debt.

Grants and Allowances

- 5.8 True, complete and accurate particulars of all grants, allowances, subsidies, loans or financial assistance paid or pledged to the Company during the last six years by any supranational, national or local authority or government agency are set out in the Disclosure Letter and neither the Company nor the Seller has not done or failed to do any act or thing (including the entering into of this Agreement) which could result in such grant or allowance becoming repayable or forfeited in whole or in part or in a claim for such grant not being granted and the Company has at all times complied with all the terms of any such grants, allowances, subsidies, loans or financial assistance.
- 5.9 The Company has not received any such grants which fall to be taken into account in computing profits pursuant to section 93 of ICTA.

6. ASSETS AND STOCK

Title

- 6.1 All assets included in the Audited Accounts or acquired by the Company since the Audited Accounts Date and all assets owned or used by the Company are:-
- 6.1.1 save for those assets subject to lease finance or hire purchase agreements true, complete and accurate copies of which are disclosed at Documents 8.3 to 8.6 of the Disclosure Letter, legally and beneficially owned by the Company free from any Encumbrance;
 - 6.1.2 in the possession or under the exclusive control of the Company;
 - 6.1.3 situated in the United Kingdom; and
 - 6.1.4 where subject to a requirement for a Licence, duly licensed or registered in the sole name of the Company.
- 6.2 The Company is able to prove title to all the assets owned by it.
- 6.3 The Company has not received any sum, property or benefit, the payment or transfer of which is liable to be avoided, or which is liable to be recovered from it under any rule of law and does not hold any sum, property or right as trustee or constructive trustee.

Asset registers

- 6.4 The asset registers of the Company attached to the Disclosure Letter comprise a true, complete and accurate record of all plant, machinery, equipment and vehicles owned, held or used by the Company.

Condition

- 6.5 All plant, machinery, vehicles and other equipment and assets owned or used by the Company:-
- 6.5.1 are in a good and safe condition and good working order and have been regularly and properly maintained (fair wear and tear excepted);
 - 6.5.2 are, so far as the Seller is aware, not expected to require renewal, replacements or additions within six months from Completion and none are to any extent surplus to requirements; and
 - 6.5.3 are all capable of doing the work for which they were designed or purchased.

Maintenance

- 6.6 Maintenance contracts are in full force and effect in respect of all assets of the Company which it is normal or prudent to have maintained by independent or specialist contractors and in respect of all assets which the Company is obliged to maintain or repair under any hire purchase, leasing, rental, insurance or other agreement.

Assets sufficient for business

- 6.7 The assets owned by the Company comprise all assets necessary for the continuation of the business of the Company as previously carried on and all assets owned by any other member of the Seller's Group which are required for the continuation of the business of the Company as carried on at the date of Completion will be transferred to the Company prior to Completion.

Stock, Work-in-Progress and Stock in trade

- 6.8 The stock in trade is of good quality and saleable in the ordinary course of the Company's business in accordance with its current price list without rebate or allowance to a purchaser.
- 6.9 The Company's level of stock is appropriate for its current and anticipated level of business and all such stocks are undamaged and capable of use.
- 6.10 The Company's work-in-progress is appropriate for its current level of business.
- 6.11 The level of stock of the Company has not been influenced outside the ordinary course of business including, without limitation, through the purchase or sale of materials outside the ordinary course of business).

Retention of Title

- 6.12 The Company has not purchased any stock, goods or materials on terms that title in it does not pass until full payment is made or all indebtedness discharged or any other condition is met.

Trade Debtors

- 6.13 None of the debts which are shown in the Audited Accounts, or which have arisen subsequently, have been outstanding for more than three months from the Company's due date for payment or have been released such that the debtor has paid less than the full amount of his debt and all such debts have realised their full value as included in the Audited Accounts or the books of the Company (subject to any provision for bad and doubtful debts made in the Audited Accounts).

- 6.14 So far as the Seller is aware there are no circumstances which indicate that any of the debts owing to the Company at the date of this Agreement and which were not fully written off or fully provided against in the Audited Accounts or the Management Accounts may prove to be irrecoverable to any extent.
- 6.15 No single debtor, taken together with any connected person of that debtor, owes to the Company an amount or amounts in aggregate greater than ten per cent of the total of all debts owing to the Company.
- 6.16 The level of debtors of the Company has not been influenced in any respect by calling in debtors in advance of the usual debtor days or encouraging debtors in any way to pay in advance of the usual debtor days.

Product Liability

- 6.17 The Company has not given any guarantee or warranty or made any representation in respect of goods or services supplied or contracted to be supplied by it save for any warranty or guarantee implied by law and (save as aforesaid) has not accepted any obligation which could give rise to any liability after any such goods or services have been supplied by it.
- 6.18 The Company has no reason to believe that any line of products currently in stock or in the course of production or any material proportion thereof is not or will not prove to be of satisfactory quality and reasonable fitness for intended purpose.
- 6.19 The Company has not received notice of any claim which remains outstanding alleging any defect in, or lack of fitness for purpose of, any goods supplied by the Company, nor are there any circumstances which could give rise to any such claim.
- 6.20 So far as the Seller is aware the Company has not supplied or produced any product, and has no product in stock or in the course of production, which is or was dangerous or injurious to health or likely to cause loss or damage or which it would be illegal to supply or use or having a defect in it within the meaning of section 3 of the Consumer Protection Act 1987.

Labelling

- 6.21 So far as the Seller is aware all of the stocks of goods held by the Company at the date of this Agreement which have been labelled or packed bear labels or packaging (and if applicable are accompanied by instructions) which comply with all applicable legal requirements governing the form and content of labels, packaging and instructions for goods of the nature of those in question in the places in or through which they are to be supplied, used or transported and so far as the Seller is aware do not infringe any intellectual property rights of any person.

7. INSURANCE

Policies

- 7.1 Full particulars of all insurances and indemnity policies in respect of which the Company has an interest (the "Policies") are attached to the Disclosure Letter.

Insurance of Assets

- 7.2 All of the Company's assets and Properties which are of an insurable nature have at all material times been, and are insured to their full reinstatement or replacement value against all such risks normally insured against by a prudent person carrying on a similar business to the Company.

Other Insurances

- 7.3 The Company has at all material times been and is adequately insured against accident, injury, third party liability (including, without limitation, product liability), loss of profits, damage and all other risks normally insured against by a prudent person carrying on a similar business to the Company and has at all times effected all insurances required by law.

- 7.4 Save under the Pension Scheme, the Company has no interest in and is not a beneficiary under, and does not pay and is not liable to pay any part of the premiums on, any policy of life assurance/insurance.
- 7.5 The Company has no keyman insurances or equivalent insurances with respect to any of its directors, officers or employees.

Status and payment of premiums

- 7.6 All premiums due on the Policies have been duly and punctually paid and all the Policies are valid and in force and so far as the Seller is aware neither the Company nor any agent of the Company has done anything or omitted to do anything which might make any of the Policies void or voidable or might entitle any insurer not to pay all or part of any claim under any of the Policies.

Terms and exclusions

- 7.7 None of the Policies is subject to any unusual or onerous terms, restrictions or exclusions, and so far as the Seller is aware the Company has not done or omitted to do anything and no circumstances exist which may result in an increase in the premium payable under any of the Policies.
- 7.8 In the 12 months preceding the date of this Agreement, no claims have been made by the Company on its insurers nor have any circumstances arisen which may give rise to any claim, which (in either case) could have the effect of causing future premiums to be higher than would otherwise be the case.

Claims

- 7.9 No claim is outstanding under any of the Policies and so far as the Seller is aware no circumstance exists (including, without limitation, any claim by any third party against the Company or any event or circumstance which might give rise thereto) which might give rise to a claim under any of the Policies.
- 7.10 Details of all claims made in the last three years by the Company or any other person under any insurance or indemnity policy in respect of which the Company has an interest are set out in the Disclosure Letter.

8. CONTRACTS

Material Contracts

- 8.1 The Company is not nor has been within the past two years a party to, or subject to any contract, arrangement or obligation which:-
- 8.1.1 is long term (i.e. not terminable on 60 days notice or less without payment of compensation or damages);
 - 8.1.2 is unusual or not wholly on an arm's length basis or is outside the ordinary course of business;
 - 8.1.3 is onerous (i.e. cannot readily be performed by the Company on time or without undue or unusual expenditure of money, effort or personnel or involves payments of more than £50,000 annually);
 - 8.1.4 is loss making;
 - 8.1.5 is a distributorship, agency or management agreement or arrangement;
 - 8.1.6 is likely to involve in aggregate sales values which will represent in excess of ten per cent of turnover for the preceding financial year of the Company;

- 8.1.7 restricts its freedom to carry on its business in any part of the world in such manner as it thinks fit;
 - 8.1.8 is an outstanding offer, proposal, estimate or quotation which, if accepted or incorporated into a contract would result in a contract which, if now in existence, would fall within any of sub-paragraphs 8.1.1 to 8.1.7 above; or
 - 8.1.9 contains change of control provisions.
- 8.2 True, complete and accurate copies of all material agreements entered into by the Company and which are currently in force are set out at Documents 4.1.2 – 4.1.13 of the Disclosure Letter. For the purposes of this warranty, "material" shall mean.
- 8.2.1 as regards contracts under which goods or services are supplied to the Company, any contract (excluding any contract of employment with an employee) which accounts for 5 per cent or more of the expenditure of the Company (as determined by reference to the Audited Accounts); and
 - 8.2.2 as regards contracts under which the Company supplies goods or services to any third party or member of the Seller's Group, any contract which accounts for 5 per cent or more of the annual turnover of the Company (as determined by reference to the Audited Accounts).
- 8.3 Save as disclosed in the Audited Accounts, there is not outstanding any guarantee, indemnity or suretyship given by or for the benefit of the Company.

Assignability

- 8.4 All the contracts of the Company disclosed under warranty 12.6 except those between the Company and its Employees are assignable by the Company without the consent of any other party.

Breach of Contract

- 8.5 The Company has not defaulted under any agreement, trust deed, instrument or any arrangement to which it is a party and no claim of any default has been made against the Company nor is the Company or the Seller aware that any other party is in default under any agreement with the Company and so far as the Seller is aware there is nothing whereby any such agreement or arrangement may be terminated, rescinded, avoided or repudiated by any other party or whereby the terms of it may be worsened.

Outstanding Offers

- 8.6 There is not outstanding any offer, tender or bid which is capable of being converted by acceptance into an obligation of the Company.

Creditors

- 8.7 The Company has paid all its creditors within the credit periods normally applied by the Company to such creditors (and no earlier) and no debt owing by the Company has been due for more than 90 days.
- 8.8 The level of creditors of the Company has not been influenced by paying creditors outside of the usual creditor days applicable to any particular creditor.

Customers and suppliers

- 8.9 During the six months preceding the date of this Agreement there has been no substantial change in the basis or terms on which any person (including any supplier) is prepared to enter into contracts or do business with the Company (apart from normal price changes).

- 8.10 No person who is, or who has during the last two years been, a substantial customer or supplier of goods or services to the Company has ceased, or has threatened or indicated an intention to cease trading with or supplying the Company or has reduced, or is likely to reduce, substantially its trading with or supply to the Company, and for the purposes of this warranty, a substantial customer is a customer who accounts for 5 per cent or more of the Company's annual turnover (by reference to the Audited Accounts), and a substantial supplier of goods or services (excluding Employees) is a supplier who accounts for 5 per cent or more of the Company's annual turnover (by reference to the Audited Accounts).
- 8.11 During the financial year ended on the Audited Accounts Date or in the period since the Audited Accounts Date not more than five per cent of the goods purchased by the Company were derived from the same supplier, and not more than five per cent of the goods sold by the Company were purchased by the same customer and for the purposes of this paragraph groups of companies shall be deemed a single person.

9. INSIDER CONTRACTS

- 9.1 The Company is not and during the two years preceding the date of this Agreement has not been, a party to any agreement or arrangement (whether legally enforceable or not):-

9.1.1 which is or was not of an entirely arm's length nature;

9.1.2 in which the Seller or any member of the Seller's Group or any director or former director of the Seller's Group or any connected person of any of them is or was directly or indirectly interested.

- 9.2 None of the Company's assets (including the benefit of any licences or agreements) have been acquired for a consideration otherwise than for its market value at the date of such acquisition.

- 9.3 There are no debts (whether or not due for payment and including contingent liabilities) or unfulfilled obligations (present or future, actual or contingent) owing between the Company and any member of the Seller's Group or any director or former director of the Company or any connected person of any of them.

- 9.4 There is no claim or so far as the Seller is aware circumstance which may give rise to a claim against the Company by any member of the Seller's Group or any director or former director of the Company or any connected person of any of them on any account whatsoever.

Other interests of the Seller

- 9.5 Neither the Seller nor any connected person of the Seller has a direct or indirect interest in any person (other than the Company) or any intellectual property rights which is or is likely to be or become, competitive with the business of the Company (save as the beneficial owner of any class of securities of any company dealt in on a recognised investment exchange (as defined in the Financial Services and Markets Act 2000) and in respect of which the Seller or such person is beneficially interested in less than three per cent of all the issued securities of that class).

10. FINDER'S FEE ETC

No person is entitled to receive from the Company a finder's fee, brokerage or commission in connection with this Agreement or any document to be executed at or before Completion in accordance with this Agreement.

11. LITIGATION

Proceedings

- 11.1 The Company is not and has not during the two years preceding the date of this Agreement been, engaged in any civil, criminal, administrative or arbitration claim, proceedings or enquiries and there are no such proceedings or enquiries pending or threatened by or against the Company or any director of the Company or any person for whose acts or defaults the Company may be

vicariously liable and, to the best knowledge, information and belief of the Seller, there is no matter or fact in existence which might give rise to the same.

- 11.2 The Company is not and has not during the two years preceding the date of this Agreement been, engaged in any arbitration, civil or criminal proceedings or material dispute with any person who is or was a major supplier or customer to the Company or where such arbitration, proceedings or goodwill resulted in adverse publicity or loss of goodwill.
- 11.3 The Company has not given any undertaking to any court or to any third party arising out of any legal proceedings and neither the Company nor any of its property or assets are subject to any outstanding injunction, order, judgment, decree or arbitral award of any court, tribunal, arbitrator, governmental agency or other regulatory body.
- 11.4 Neither the Company nor so far as the Seller is aware any Employee, officer, agent or former officer, agent or employee of the Company has been convicted of any offence in relation to the Company and no Employee or officer has disclosed to the Seller the fact that he has been convicted of any offence which reflects upon his suitability to hold his position or upon the reputation of the Company.

12. LEGAL MATTERS

Compliance with law

- 12.1 The Company has conducted its business in accordance with its memorandum and articles of association, and so far as the Seller is aware all applicable law and regulations of any jurisdiction in which it carries on business and there has been no violation of, or default with respect to, any order or judgement of any court, tribunal, governmental agency or regulatory authority in any jurisdiction which has, or could have, an adverse effect on the assets or business of the Company.
- 12.2 Due compliance has been made with the provisions of the Act and the 2006 Act as applicable and other legal requirements in connection with the formation of the Company, the allotment and issue, purchase and redemption of shares, debentures or other securities, the payment of dividends, any reduction of share capital and the conduct of its business and no notice or allegation has been received that any of the foregoing is incorrect or should be rectified.

Investigations

- 12.3 There is and has been no governmental, regulatory or other investigation, enquiry or disciplinary action regarding the Company and none is pending or threatened and to the best of the Seller's knowledge, information and belief, there are no circumstances which could give rise to such an investigation, enquiry or action.

Licences

- 12.4 The Company has all necessary Licences (details of which are contained in the Disclosure Letter) for the proper carrying on of its business in any part of the world and each Licence is valid, in force and unconditional or subject only to a condition that has been fulfilled and under which no further action is required.
- 12.5 So far as the Seller is aware there are no factors that might in any way prejudice the continuance or renewal of any Licence and so far as the Seller is aware the Company has at all times carried on its business in compliance with their terms and conditions.
- 12.6 No Licence is personal to the Seller and the Seller has no reason to believe that any Licence will be revoked, cancelled, suspended, varied or not renewed as a result of the execution or performance of this Agreement or any document to be executed at or before Completion in accordance with this Agreement.

Documents filed

- 12.7 All returns, particulars, resolutions and other documents required to be delivered to the Registrar of Companies by the Company have been properly prepared and delivered.

Memorandum and Articles of Association

- 12.8 The copy of the memorandum and articles of association of the Company attached to the Disclosure Letter is true, complete, accurate and up-to-date and includes copies of all resolutions or agreements required by law to be annexed to it and each register, minute book and other book required to be kept by the Act and/or the 2006 Act has been properly kept, is up-to-date and contains a true, accurate and complete record of the matters which should be dealt with in those books and no notice or allegation that any of them is incorrect or should be rectified has been received.

Powers of Attorney

- 12.9 The Company has not given any power of attorney which remains in effect nor has it given any other similar authority which is still outstanding (other than authority for an Employee to enter into routine trading contracts in the usual course of their duties).

13. INSOLVENCY

13.1 In relation to the Company:-

- 13.1.1 no resolution has been passed and no meeting has been convened, and no written resolution has been circulated, no petition has been presented and no order has been made, for the purpose of its winding up and no application or order has been made for a provisional liquidator to be appointed;
- 13.1.2 no notice of intention to appoint an administrator has been filed, no application for the appointment of an administrator has been made and no other steps in relation to the appointment of an administrator have been taken nor has any administrator been appointed;
- 13.1.3 no procedure has been commenced, by the Registrar of Companies or any other person, with a view to striking off under section 652 of the Act;
- 13.1.4 no administrative receiver, receiver, administrator, liquidator or provisional liquidator or similar officer has been appointed and no Encumbrance has been enforced;
- 13.1.5 no floating charge has crystallised and no holder of a floating charge has taken any steps to enforce such security;
- 13.1.6 no event has occurred or will occur by virtue of the execution and performance of this Agreement and the other agreements and documents referred to in it which would cause, or entitle any person to cause, any of the events cited at warranties 13.1.4 and 13.1.5 above;
- 13.1.7 it has not stopped paying its creditors, is not insolvent, and is not unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;
- 13.1.8 there is no unsatisfied judgment or order of any court or tribunal, or award of any arbitrator, outstanding against it;
- 13.1.9 no distress, attachment, execution or other process has been levied against any of its assets;
- 13.1.10 no meeting of its creditors, or any class of them, has been held or summoned and no proposal has been made for a moratorium, composition or arrangement in relation to any of its debts, or for a voluntary arrangement under Part 1 of the Insolvency Act 1986; and

- 13.1.11 no event or step analogous to any of the above has occurred in any jurisdiction.
- 13.2 In relation to the Seller (being a body corporate):-
- 13.2.1 no resolution has been passed, no petition has been presented and no order has been made, for winding up;
- 13.2.2 no notice of intention to appoint an administrator has been filed and no application for the appointment of an administrator has been made;
- 13.2.3 no administrative receiver, receiver, administrator, liquidator or provisional liquidator has been appointed and no Encumbrance has been enforced;
- 13.2.4 no floating charge has crystallised and no holder of any floating charge (whether qualifying or not) has taken any steps to enforce such security;
- 13.2.5 no distress, distraint, charging order, execution or other process has been levied, on or over any of the Shares; and
- 13.2.6 no event analogous to any of the above has occurred in any jurisdiction.
- 13.3 None of the following has occurred in relation to the Guarantor:-
- 13.3.1 an application for an interim order pursuant to sections 252-253 of the Insolvency Act 1986 or a proposal for any composition scheme or arrangement with, or assignment for the benefit of, his creditors;
- 13.3.2 a petition presented for his bankruptcy;
- 13.3.3 a receiver, or similar officer appointed over the whole or part of his assets; or
- 13.3.4 any event analogous to the above in any jurisdiction.
14. **INTELLECTUAL PROPERTY**
- 14.1 Schedule 7 contains a complete and accurate list of (a) all registered Intellectual Property and (b) all unregistered Intellectual Property material for the carrying on of the business of the Company or which otherwise comprises a significant asset of the Company, in each case owned by the Company (the "Owned Intellectual Property").
- 14.2 The Company described as the owner or applicant of the Owned Intellectual Property in Schedule 7 is the sole legal and beneficial owner of such rights free from all Encumbrances.
- 14.3 None of the registrations or applications included in the Owned Intellectual Property is subject to, or (so far as the Seller is aware) likely to be subject to, amendment, challenge, removal or surrender. So far as the Seller is aware, there is nothing which may prevent any of the applications comprised in the Owned Intellectual Property being granted.
- 14.4 In respect of all Owned Intellectual Property registered or applied for by or on behalf of the Company, all application, filing, registration, renewal and other fees have been paid as and when due and all other steps required for the prosecution, maintenance and protection of the same have been taken on a timely basis.
- 14.5 No compulsory licences or licences of right have been or are likely to be granted in respect of any of the Owned Intellectual Property.
- 14.6 The Disclosure Letter contains complete and accurate details of all licences of Intellectual Property granted by the Company and all licences of Intellectual Property granted to the Company including all licences of Intellectual Property granted by the Company in respect of the Software and all licences of such third party Intellectual Property as is included in the Software granted to the Company (in each case including, without limitation, research and development agreements, letters

of consent, undertakings, and co-operation agreements entered into by the Company) ("IP Licences").

- 14.7 Each of the IP Licences is binding and in force. None of the parties to the IP Licences are in breach thereof and there is no fact or matter which would or may give rise to a breach of any of the IP Licences.
- 14.8 No notice to terminate any of the IP Licences has been given or threatened and there are no other grounds on which any of the IP Licences may be terminated. No disputes have arisen or are foreseeable in connection with any IP Licence.
- 14.9 The Company owns, or has licensed to it, all Intellectual Property which is used, or required to be used, in or in connection with its business as presently carried on.
- 14.10 No person has asserted any moral or similar right in respect of any Owned Intellectual Property or any Intellectual Property which is the subject of an IP Licence, and so far as the Seller is aware the Company has not breached any moral right of any third party.
- 14.11 None of the processes and methods employed, the business conducted, the services provided or the products manufactured, used or dealt with by the Company infringes, or has at any time in the 5 years prior to the date of this Agreement, infringed any Intellectual Property of any third party.
- 14.12 No claim has been made by a third party which alleges that any of the operations of the Company infringe, or is likely to infringe, the Intellectual Property of any third party or which disputes the right of the Company to use Intellectual Property which is used by the Company. The Seller is not aware of any circumstances likely to give rise to any such claim.
- 14.13 So far as the Seller is aware there exists no actual or threatened infringement of any of the Owned Intellectual Property or any circumstance likely to constitute such an infringement. The Company has not acquiesced in the unauthorised use by any third party of any Owned Intellectual Property.
- 14.14 There is (and has during the 3 years preceding the date of this Agreement been) no civil, criminal, arbitration, administrative or other proceedings or dispute in any jurisdiction concerning any of the Owned Intellectual Property. No such proceedings or dispute are pending or threatened and so far as the Seller is aware no matter exists which might give rise to such proceedings or dispute.
- 14.15 The Company has not disclosed or agreed to disclose any Confidential Information or Know How to any person other than (i) to its employees who are bound by obligations of confidence or (ii) properly in the ordinary and usual course of business of the Group and on condition that the disclosure is to be treated as being of a confidential nature, and in each case where such Confidential Information or Know How is material to the business of the Company, the Company has received a written undertaking of confidentiality from the recipient.
- 14.16 The Company is not a party to a confidentiality or other agreement which restricts the free use or disclosure of information used in its business.
- 14.17 There are no injunctions, undertakings, orders, agreements or arrangements which restrict the disclosure, use or assignment by the Company of any of the Owned Intellectual Property.
- 14.18 None of the Owned Intellectual Property or the IP Licences will be lost or rendered liable to termination by virtue of the acquisition of the Company's business or the performance of this Agreement.
- 14.19 All persons (whether individual, partnership, limited company or otherwise) retained, commissioned, employed or otherwise engaged by the Company from time to time and who, in the course, of such engagement create, discover, conceive or develop (or might reasonably be expected to do so) work in which Intellectual Property subsists are bound by agreements with the Company whereby all such Intellectual Property vests in the Company, all moral rights are duly waived, and all such agreements contain terms which prevent such parties disclosing confidential information and know-how about the Company and its business. No such party has, or has made

any claim to, any right, title or interest in or in respect to such Intellectual Property or to any compensation or remuneration in relation to such Intellectual Property.

- 14.20 The Company has appropriate processes and procedures in place so as to prevent the copying by any person retained, commissioned, employed or otherwise engaged (or who was retained, commissioned, employed or otherwise engaged) by the Company to develop the Software, or source code or object code which is owned by a third party in the development of such Software.
- 14.21 The Company owns and has possession and control of the Source Code and the Company has the right to make adaptations, modifications or improvements to the same without the consent of any third party.
- 14.22 None of the Software contain any viruses, worms, logic bombs, Trojan horses, illegal code, any self propagating programs, other contaminants or malicious software.
- 14.23 The Software complies in all material respects with all user documentation and specifications which relate to the Software, is capable of performing all tasks and functions for which it has been developed and is free in all material respects from bugs and defects.
- 14.24 The Software comprises the only software programs developed and owned by the Company.

15. INFORMATION TECHNOLOGY

For the purposes of the warranties in this Section 15 "Computer Systems" includes all hardware, firmware, peripherals, communication links, storage media, networking equipment and other equipment used in conjunction therewith together with all computer software and all related object and source codes and databases used by or on behalf of the Company. A complete, accurate and up to date description of the Computer Systems is set out in the Disclosure Letter.

- 15.1 All the Computer Systems used or required to be used by the Company:-
 - 15.1.1 are in operating order and at the date of Completion fulfil the purposes for which they were acquired or established in an efficient manner without material failures, downtime or errors;
 - 15.1.2 have adequate capacity for the Company's present needs;
 - 15.1.3 have adequate security, back-up systems, duplication, hardware and software support and maintenance (including emergency cover) and trained personnel to preserve the availability, security and integrity of the Computer Systems and the data and information stored on the Computer Systems.
- 15.2 In the 3 years preceding Completion the Company has not suffered any major failures or bugs in or breakdowns of any of the Computer Systems (including hardware and software) which it uses in its business which have resulted in significant or repeated disruption or loss or interruption in or to its use.
- 15.3 The Disclosure Letter sets out complete, accurate and up to date details of the Company's projected expenditure over the 12 months from the date of Completion in respect of the Computer Systems used by or on behalf of the Company.
- 15.4 The Computer Systems are either owned by, or properly licensed or leased to the Company. The Company is not in default under the licenses or leases and there are no grounds on which they might be terminated.
- 15.5 The ownership, benefit, or right to use the Computer Systems will not be lost as a result of the change in the underlying ownership or control of the Company.
- 15.6 Visionet is owned solely by the Company, and is not subject to any third party rights, nor does any person have rights to use or copies of the associated software or source codes.

- 15.7 The terms of all software licences (other than licences for standard packaged software) in respect of software used or required to be used in the business of the Company have been disclosed in the Disclosure Letter. The Company has not breached the terms of any such licence and no notices of breach or termination have been served on or by the Company in respect of any such licence.
- 15.8 The Computer Systems do not contain any third party software or systems which are not available from third party suppliers on arms length commercial terms.
- 15.9 The Company has in force binding software and hardware maintenance and support agreements for the Computer Systems.
- 15.10 The appropriate employees are adequately trained to enable them to use and operate the Computer Systems owned or used by the Company to the full extent of the capabilities of those systems.
- 15.11 The domain names listed in Schedule 7 are all the domain names used, or required to be used, in or in connection with the business of the Company as presently carried on and in accordance with the current documented plans of the Seller for the Company's business (the "Domain Names").
- 15.12 The Company is the sole owner of the Domain Names, together with the website(s) which may be accessed at those domain names (the "Websites") including the goodwill, copyright and other Intellectual Property in, and content of, the Websites.

16. DATA PROTECTION

- 16.1 Each Group Company has a valid registration under the Data Protection Act 1998 (the "DPA 1998") and has so far as the Seller is aware at all times complied with all applicable data protection laws, guidelines and industry standards.
- 16.2 The Company has not received any notices from the Information Commissioner (or any equivalent officer) nor has it received any claims from individuals for breach of the DPA 1998 or any relevant analogous legislation in other jurisdictions.

17. EMPLOYEES

Particulars of Employees

- 17.1 The Disclosure Letter includes details of all of the Employees, and of those individuals to whom the Company has offered employment but whose employment has not yet started.
- 17.2 There is attached to the Disclosure Letter the following details for each Employee which are true, complete and accurate:
- 17.2.1 Name;
 - 17.2.2 Date of birth;
 - 17.2.3 NI number and tax code;
 - 17.2.4 Sex;
 - 17.2.5 Date of commencement of employment and date of commencement of any period of continuous employment;
 - 17.2.6 Employer;
 - 17.2.7 Location;
 - 17.2.8 Position;
 - 17.2.9 Job title or job description;

17.2.10 Holiday entitlement;

17.2.11 Hours per week worked;

17.2.12 Notice entitlement;

17.2.13 Pay review date;

17.2.14 Normal retirement age;

17.2.15 All remuneration and benefits actually provided or which the Company is bound to provide (whether now or in the future) including, but not limited to, details of the following in respect of each Employee:

(a) wages or salary;

(b) overtime pay;

(c) commission;

(d) allowances;

(e) enhanced redundancy pay;

(f) payments payable on termination, breach, suspension or variation of the contract of employment;

(g) payments or allowances, lump sums or other benefits payable on death or during any periods of sickness or disablement for the benefit of any of the Employees or their dependants;

(h) motor vehicle;

(i) any benefit schemes, arrangements or understandings operated.

17.3 Each Employee is employed solely by the Company and not by any other person or jointly with any other person. Each Employee is employed exclusively in the business of the Company.

17.4 No Employee is entitled to any bonus or other profit sharing or incentive arrangement (whether contractual or not), and no current scheme in respect of the same is in place.

Terms and Conditions

17.5 Copies of the following are attached to the Disclosure Letter:

17.5.1 all standard terms and conditions of employment between the Company and the Employees and details of which terms and conditions apply to each Employee;

17.5.2 all service agreements between the Company and its directors and the terms of engagement for the Company's non-executive directors;

17.5.3 all staff handbooks, policies and procedures (including, without limitation, any disciplinary or grievance policy and procedure and any equal opportunities policies and procedures) which apply to the Employees;

17.5.4 any other written agreement and details of any verbal agreement or arrangement relevant to the Employees (including, for the avoidance of doubt, any collective agreement).

Workers

17.6 The Company has no:

- 17.6.1 apprentices; or
- 17.6.2 trainees; or
- 17.6.3 consultants; or
- 17.6.4 sub-contractors; or
- 17.6.5 non-executive directors;
- 17.6.6 secondees; or
- 17.6.7 night workers (for the purposes of the Working Time Regulations 1998); or
- 17.6.8 volunteers; or
- 17.6.9 Workers

and there are no written or verbal contracts or letters of appointment for the same.

Termination

- 17.7 The contract of employment of each of the Employees can be terminated without the payment of damages or compensation (other than that payable under statute) by giving three months' notice or less.
- 17.8 The Company has not within the last 12 months given or received notice of resignation from any of the Employees and the Company is not aware of any Employee who intends to give notice of resignation.
- 17.9 No Employee will be entitled as a result of or in connection with any change of control of the Company or as a result of this Agreement:
 - 17.9.1 to terminate his employment with the Company; or
 - 17.9.2 to receive any payment, reward or benefit of any kind, including any award of shares in the capital of the Company; or
 - 17.9.3 to receive any enhancement in or improvement to his remuneration, benefits or terms and conditions of service; or
 - 17.9.4 to treat himself as being dismissed on the ground of redundancy or otherwise released from any obligation to the Company.

Changes in Remuneration

- 17.10 The aggregate level of remuneration payable to Employees has not increased by more than 3 per cent within the last 12 months.
- 17.11 It is not the common practice of the Company to increase remuneration payable to any Employee on an annual basis and there is no contractual or other obligation to increase or otherwise vary the remuneration payable to any Employee.
- 17.12 The Company has not within the last 12 months:
 - 17.12.1 increased or offered or agreed to increase the remuneration of, or
 - 17.12.2 increased or offered or sought to alter any of the terms and conditions of employment of
 any Employee, nor are any negotiations for any such increase or alterations expected or likely to take place within the next 6 months.

Accrued and Potential Liabilities

- 17.13 There is no liability, outstanding or contingent or anticipated, to any present or former Employee or Worker other than remuneration accrued for the current wage or salary period or for reimbursement of normal business expenses.
- 17.14 No present or former Employee or Worker or any applicant for any role in the Company has any:
- 17.14.1 claim, outstanding or contingent or anticipated, against: or
- 17.14.2 right to be indemnified by
- the Company arising out of an act or omission by the Company on or before the date of this Agreement and so far as the Seller is aware there are no facts or circumstances that might give rise to the same.
- 17.15 So far as the Company is aware, none of the Employees is in breach of his contract of employment or any other obligation or duty he owes to the Company.
- 17.16 No Employee has any current disciplinary sanction in force against him or is the subject of any current disciplinary investigation or procedure (whether under the Company's disciplinary policy, the Employment Act 2002 (Dispute Resolution) Regulations or otherwise), and no Employee has brought a grievance or otherwise raised a complaint against the Company or any of its employees, officers or workers within the last 2 years (whether under the Company's grievance policy, the Employment Act 2002 (Dispute Resolution) Regulations 2004 or otherwise).
- 17.17 The Company is not and has not within the last 2 years been engaged in any dispute, claim or legal proceedings whether arising under common law, contract, statute, pursuant to European Community law or otherwise in relation to any present or former Employee or Worker and there is no fact or matter in existence which can reasonably be foreseen as likely to give rise to any such dispute, claim or legal proceedings.
- 17.18 No present or former Employee or Worker has at the date of this Agreement any:
- 17.18.1 accrued rights to holiday pay or to pay in lieu of holidays;
- 17.18.2 loan or advance or has received any financial assistance from the Company;
- 17.18.3 outstanding claim under any PHI or medical expenses insurance scheme provided by the Company;
- 17.18.4 right now or in the future:
- (a) to return to work (whether for reasons connected with maternity, paternity, adoption or parental leave or absence by reason of illness or incapacity, secondment or otherwise);
- (b) to be reinstated or re-engaged by the Company; or
- (c) to any other compensation.

Restrictive Covenants

- 17.19 No Employee has indicated to the Company that he is currently bound by a restrictive covenant entered into with a former employer or any other business or undertaking.
- 17.20 There is no former employee of the Company who is currently bound by a restrictive covenant enforceable by the Company.

Trade Unions, representation, collective issues and disputes

- 17.21 The Company has no agreement or other arrangement, whether oral or written, formal or informal (whether legally binding or not) with any trade union or works council or other body representing Employees or any of them, and the standard information and consultation provisions set out in the Information and Consultation of Employees Regulations 2004 do not apply in respect of the Employees.
- 17.22 The Company has not within the period of 12 months preceding the date of this Agreement:
- 17.22.1 been a party to any relevant transfer as defined in the Transfer of Undertakings (Protection of Employment) Regulations 1981 for the purpose of any transfers of undertakings taking place before 6 April 2006, and in the Transfer of Undertakings (Protection of Employment) Regulations 2006 for the purpose of any transfers or service provision changes taking place on or after 6 April 2006;
 - 17.22.2 failed to comply with any duty to inform and consult any appropriate representative arising under either of the said Regulations.

Compliance

- 17.23 The Company has in relation to each of its present and former Employees and Workers, and any representatives of such Employees or employees or Workers:
- 17.23.1 complied and continues to comply in all material respects with all obligations, awards, orders and recommendations imposed on it or made by or under statute, statutory instrument, European Community law, common law, contract, any collective agreement, the terms and conditions of employment, staff handbook, company policy, any customs and practice and any codes of conduct and practice;
 - 17.23.2 complied and continues to comply with any recommendations made by the Advisory Conciliation and Arbitration Service, the Equal Opportunities Commission, the Commission for Racial Equality, the Disability Rights Commission, the Central Arbitration Committee or any other bodies with similar functions or powers in relation to employees, and with any arbitration awards and declarations; and
 - 17.23.3 maintained and continues to maintain adequate and suitable personnel records (including records of working time) which are now up to date, complete and accurate.
- 17.24 The Company has not operated any rolled up holiday pay arrangements in respect of any of its present or former Employees or Workers.
- 17.25 The Company is not and has not been the subject of any enquiry or investigation by the Commission for Racial Equality, the Equal Opportunities Commission, the Disability Rights Commission, any health and safety enforcement body or any other statutory or regulatory body in respect of any act, event, omission or other matter relating to any Employee and there are no facts which might give rise to the same.
- 17.26 All Employees have leave to enter and remain in the United Kingdom and are entitled to work in the United Kingdom under the Asylum and Immigration Act 1996.

18. PENSIONS

- 18.1 Except for the Pension Schemes and the Life Assurance Scheme, the Company is not and never has been a party to any agreement or arrangement for the provision of any Relevant Benefits for any person.
- 18.2 The Stakeholder Scheme is a stakeholder pension scheme as defined in section 1 of the Welfare Reform and Pensions Act 1999.
- 18.3 The obligation of the Company to contribute to the money purchase pension scheme applicable to Sergio Tansini is the only obligation of the Company to contribute to any personal pension scheme (as defined in Section 1 of the Pension Schemes Act 1998).

- 18.4 Material details of the Pension Schemes and the Life Assurance Scheme have been disclosed and are as detailed in the Disclosure Letter. There is no obligation to provide benefits under the Pension Scheme other than as revealed in the Disclosure Letter.
- 18.5 All benefits under the Pension Schemes are provided on a money purchase basis. No assurance, promise or guarantee (whether oral or written) has been given to any person as to the level or amount of benefits to be provided under the Pension Schemes.
- 18.6 No undertaking or assurance has been given to all or any of the Employees or former Employees as to the continuance, introduction increase or improvement of any Relevant Benefits (whether or not there is any legal obligation to do so) and the Company is not providing and has not at any time provided ex gratia payments in respect of Relevant Benefits.
- 18.7 No stakeholder scheme designated by the Company has been wound up or discontinued.
- 18.8 The Life Assurance Scheme is still in force and all death in service benefits which may be payable under the Pension Schemes and/or Life Assurance Scheme are fully insured and all insurance premiums payable in respect of the Pension Schemes and Life Assurance Scheme by the Company have been duly paid to the relevant insurance company and so far as the Seller is aware, there is no ground on which the relevant insurance company could avoid liability under any policy of insurance applicable to such benefits.
- 18.9 So far as the Seller is aware, there are no claims or actions in respect of the Pension Schemes or the Life Assurance Scheme (including complaints to the Pensions Ombudsman or investigations by the Pensions Regulator) in progress, pending or threatened (other than routine claims for benefits) and so far as the Seller is aware no circumstances exist which might give rise to any such claim or action.
- 18.10 All contributions payable by the Company in respect of the Pension Schemes and all actuarial, consultancy, legal and other fees, charges or expenses payable by the Company in respect of the Pension Schemes have been paid and no services have been rendered in respect of the Pension Schemes in respect of which an account or other invoice has not been rendered.
- 18.11 The Company has at all times complied in all material respects with the provisions of all relevant statutes, regulations and requirements in relation to the Pension Schemes and Life Assurance Scheme. So far as the Seller is aware, no part-time or temporary Employees or former Employees have ever been excluded from membership of, or equal treatment under, the Pension Schemes, and no Employees or former Employees have ever been excluded or treated less favourably by reason of their sex, race, sexual orientation, disability, religious belief or age.
- 18.12 Since 1 May 1982 no Employee or former Employee has ever had his contract of employment transferred to the Company from another employer in circumstances where the Transfer of Undertakings (Protection of Employment) Regulations applied to the transfer of that contract.
- 18.13 So far as the Seller is aware, no person with which the Company is connected or of which the Company is an associate participates, or has participated, as an employer in an occupational pension scheme other than a money purchase scheme (as defined in section 181 of the Pension Schemes Act 1993). For the purposes of this paragraph, "connected" and "associate" are to be interpreted in accordance with sections 249 and 435 respectively of the Insolvency Act 1986.

19. TAX

Tax returns and compliance

- 19.1 The Company has within the relevant time limits correctly made all returns, given all notices and submitted all computations, accounts or other information required to be made, given or submitted to any Tax Authority and all such returns and other documentation were and are true, complete and accurate.

- 19.2 All claims, elections and disclaimers assumed for the purposes of the Audited Accounts have been correctly made and submitted, and remain valid in all respects and the Disclosure Letter contains full details of all matters relating to Taxation in respect of which the Company is entitled to:
- 19.2.1 make any claim, disclaimer or election for relief under any Taxation Statute or other provision; and / or
 - 19.2.2 appeal against any assessment or determination relating to Taxation; and / or
 - 19.2.3 apply for a postponement of Taxation.
- 19.3 The Company has no agreement or arrangement with a Tax Authority whereby it is assessed to or accounts for Tax other than in accordance with the strict terms of relevant legislation or published practice of the relevant Tax Authority.

Deductions and Payments of Tax

- 19.4 The Company has:-
- 19.4.1 properly deducted and/or withheld from payments made by it all Tax required to be deducted and/or withheld; and
 - 19.4.2 within the relevant time limits paid or accounted for all Tax which it is or was liable to pay or account for (including Tax required to be deducted or withheld from payments).
- 19.5 The Company is liable to pay corporation tax in instalments for the accounting period which will be current at Completion and the Disclosure Letter contains true, complete and accurate particulars of any instalments of corporation tax paid by the Company or apportioned to the Company under any group payment arrangement for the accounting period beginning immediately after the Audited Accounts Date and the basis for calculating such instalments (including the basis upon which the total corporation tax liability for the accounting period was estimated).

Records

- 19.6 The Company has maintained and is in possession of all records in relation to Tax which it is required to maintain, and all such records remain true, complete and accurate in all material respects.
- 19.7 The Company has sufficient records to determine the tax consequence which would arise on any disposal or realisation or any asset owned at the Audited Accounts Date or acquired since that date, but prior to Completion as well as any other present or, so far as the Seller is aware, future liability for Tax or Entitlement to any deduction relief or repayment of Tax.

Penalties, disputes and investigations

- 19.8 The Company is not, and has not within the last six years been, liable to pay any fine, interest, surcharge or penalty in relation to Tax, nor has it been involved in any dispute with, or the subject of an enquiry or investigation by, a Tax Authority and, so far as the Seller is aware, there are no facts which are likely to cause it to become liable to pay any fine, interest, surcharge or penalty nor to give rise to any such dispute, enquiry or investigation.
- 19.9 No enquiry which has been made into a corporation tax return of the Company remains outstanding.

Secondary Liabilities

- 19.10 No Tax has been or, so far as the Seller is aware, will be assessed on or required to be paid by the Company where the amount in question is the primary liability of another person, and where such assessment or requirement arises or arose by reason of the failure by any other person to satisfy a Tax liability.

Close Company

- 19.11 The Company is a close company for the purposes of United Kingdom Tax.

Residence and Overseas Matters

- 19.12 The Company is, and always has been, resident only in the United Kingdom for Tax purposes (and has never been treated as resident outside the United Kingdom for the purposes of any double tax convention).
- 19.13 The Company is not carrying on and has never carried on any trade or otherwise been liable to Tax other than in the United Kingdom, and is not acting and has never acted as the branch, agent, factor, or tax representative of any person resident outside the United Kingdom for Tax purposes and no such person carries on any trade or business through the Company.

Employee Tax

- 19.14 The Company has properly operated the PAYE system and complied with all its obligations in respect of national insurance and has complied with all its reporting, accounting and payment obligations to the relevant authorities in connection with payments (including notional payments) and benefits provided for employees or directors (including former employees and directors) of the Company or any persons required to be treated as such.
- 19.15 No Employee or, so far as the Seller is aware, any person associated with an Employee holds or has held any shares or securities or options over or interests in any shares or securities of the Company, the Seller or any member or former member of the Seller's Group in circumstances such that the Company could be liable after Completion to pay national insurance contributions or account for income tax or national insurance under the PAYE system in respect of or in consequence of any event occurring in relation to, any such shares, securities, options or interests.

VAT and Indirect Taxes

- 19.16 The Company is registered in the United Kingdom for the purposes of the legislation relating to VAT and is not registered, and is not required to register, in any other jurisdiction in respect of VAT or any similar tax
- 19.17 The Disclosure Letter contains true, complete and accurate details of all companies which are or have been treated as a member of the same group of companies as the Company for the purposes of Section 43 VATA, including details of the representative member of such groups, and neither Section 43(1AA) nor Section 43(2A) has applied or could apply in relation to a member of such groups.
- 19.18 The Company:-
- 19.18.1 has not been given any penalty liability notice within Section 64 VATA, any surcharge liability notice within Section 59 or 59A VATA or any written warning within Section 76(2) VATA; and
 - 19.18.2 is not required to make payments on account of VAT pursuant to the Value Added Tax (Payments on Account) Order 1993 or to give security to a Tax Authority in relation to VAT or customs or excise duties.
- 19.19 The Disclosure Letter sets out true, complete and accurate details of the input tax incurred in respect of each capital item owned by the Company to which Part XV of the Value Added Tax Regulations 1995 applies (irrespective of whether credit was obtained for all such input tax) and, in respect of each such item, the extent to which it was used in making taxable supplies at the time that the original entitlement to deduction of the input tax was determined for the purposes of Regulation 115.
- 19.20 All supplies made by the Company are taxable supplies.

- 19.21 The Company has not made a real estate election (within the meaning of paragraph 21 Schedule 10 VATA) and the Disclosure Letter contains true, complete and accurate details of each option to tax made by the Company or by any relevant associate of the Company (for the purposes of paragraph 3 of Schedule 10 VATA) insofar as it affects any property interest held by the Company at Completion (excluding, for the avoidance of doubt, the Property) and all such options to tax have been validly made and notified and are effective.

Chargeable Gains

- 19.22 The amount at which any asset is included in the Audited Accounts and/or the amount of consideration given on the acquisition of any asset by the Company since the Audited Accounts Date, is such that on the disposal of such asset for a consideration equal to such amount (disregarding any statutory right to make any election or to claim any allowance or relief other than one allowable under Section 38 TCGA), no liability to corporation tax in respect of any chargeable gain will arise.

Capital Allowances

- 19.23 The value attributed in the Audited Accounts to each asset, or the aggregates of the values attributed to the assets in each pool of assets in respect of which separate computations for capital allowances are required to be made or, as a result of any election, are made, is such that on a disposal of each such asset or pool of assets on the Audited Accounts Date for a consideration equal to such a value or aggregate value no balancing charge would arise.

Groups

- 19.24 The Company has no outstanding obligation to make or any entitlement to receive any payment to or from another company in respect of any amounts surrendered, or agreed to be surrendered, by way of group relief, either to or by the Company.
- 19.25 No liability to corporation tax (disregarding any statutory right to make any election, or to claim any allowance or relief) will or may arise to the Company or be increased as a result of or in consequence of the entry into this Agreement and/or the sale of the Company pursuant to this Agreement.

Intangible Assets

- 19.26 The amounts at which intangible fixed assets (as defined in Schedule 29 Finance Act 2002 and Part 8 Corporation Tax Act 2009) are included in the Audited Accounts and/or the amounts of consideration given on the acquisition of any intangible assets by the Company since the Audited Accounts Date are such that on the disposal of any intangible asset for a consideration equal to such amount (disregarding any statutory right to make any election or to claim any allowance or relief), no liability to corporation tax will arise.
- 19.27 All debits and credits in respect of the Company's intangible fixed assets are brought into account by the relevant Group Company as debits or credits (as the case may be) for the purpose of Schedule 29 Finance Act 2002 or Part 8 to the Corporation Tax Act 2009 at the time and to the extent that such debits and credits are recognised in the statutory accounts of the Company.

Loan Relationships and Derivative Contracts

- 19.28 All debits and credits in respect of the Company's loan relationships or derivative contracts are brought into account by the Company as debits or credits for the purposes of Chapter II Part IV Finance Act 1996 or Part 5 Corporation Tax Act 2009 (Loan Relationships) or Schedule 26 Finance Act 2002 or Part 7 Corporation Tax Act 2009 (Derivative Contracts) (as the case may be) at the time and to the extent that such debits and credits are recognised in the statutory accounts of the Company.
- 19.29 The carrying value of any loan relationship or derivative contract in the statutory accounts of the Company is equal to the face value of the debt or the amount or value of the consideration given for the acquisition of the rights under that loan relationship or contract.

Stamp Taxes

- 19.30 All instruments executed by the Company which are not subject to stamp duty land tax and by virtue of which the Company has any rights have been duly stamped and, where appropriate, stamped with the particulars delivered stamp by HM Revenue & Customs and the Company has not executed outside the United Kingdom any instrument relating to any property situated or to any matter or thing done, or to be done, in any part of the United Kingdom.
- 19.31 No relief from stamp duty previously granted or stamp duty land tax will or may be withdrawn on or in connection with the sale of the Company pursuant to this Agreement.
- 19.32 The Company has not:-
- 19.32.1 entered into a contract to purchase any land or an agreement to take a lease of any land which in either case has not been completed by a conveyance or the grant of a lease; or
 - 19.32.2 entered into a land transaction where there will or may be an obligation in the future to make a further land transaction return; or
 - 19.32.3 applied to defer payment of stamp duty land tax under section 90 Finance Act 2003.

Inheritance Tax

- 19.33 Neither the assets nor the shares of the Company are or may be subject to any charge by virtue of section 237 Inheritance Tax Act 1984, no person has or may have the power under section 212 Inheritance Tax Act 1984 to raise inheritance tax by sale or mortgage of, or a terminable charge on, the Company's assets or shares and the Company has not made any transfer of value to which Part IV Inheritance Tax Act 1984 might apply.

Anti-avoidance

- 19.34 Neither the Company nor any connected company within the meaning of section 839 ICTA has carried out, been party to, or otherwise involved in any transaction:-
- 19.34.1 which could give rise to a liability to Tax under Part XVII ICTA or Part 13 ITA;
 - 19.34.2 where the sole or main purpose or one of the main purposes was the avoidance of Tax or the obtaining of a tax advantage, whether as part of a scheme, arrangement, series of transactions or otherwise; and/or
 - 19.34.3 in relation to which the Company considered or was advised that there was a risk of a liability or increased liability to Tax in accordance with principles established in relation to tax avoidance in case law.
- 19.35 The Company has not been party to any transaction in respect of which a different amount or value than the amount or value of the actual consideration given or received by the Company should or could be substituted for Tax purposes including, for the avoidance of doubt, any transaction to which any of Sections 770A or Schedule 28AA ICTA do or might apply.
- 19.36 The Company has not been party to or otherwise involved in any transaction in respect of which disclosure has been made or is required pursuant to Part 7 Finance Act 2004 or Schedule 11A VATA.

Events since Audited Accounts Date

- 19.37 Since the Audited Accounts Date:-
- 19.37.1 the Company has not been involved in any transaction outside the ordinary and normal course of business which has given or could give rise to a Liability to Tax (as defined in the Tax Deed) or would have given rise to such a liability but for the availability of any Relief (as defined in the Tax Deed);

- 19.37.2 the Company has not incurred or become liable to incur, and there is no continuing obligation to pay, any amount which will not be wholly deductible in computing taxable profits, except for capital expenditure qualifying for capital allowances and expenditure on entertainment;
- 19.37.3 the Company has not entered into any transaction which will or may (disregarding any statutory right to make any election or claim any allowance or relief other than one allowable under Section 38 TCGA) give rise to a liability to corporation tax on chargeable gains;
- 19.37.4 nothing has occurred as a result of which the Company could be required to bring a disposal value into account or suffer a balancing charge, or withdrawal of first year allowances or a recovery of excess relief for the purpose of capital allowances; and
- 19.37.5 the Company has not disposed of or otherwise realised any intangible fixed assets for the purposes of Schedule 29 Finance Act 2002 or Part 8 Corporation Tax Act 2009 nor been involved in any transaction or arrangement whereby it would be treated as having done so.

Other Taxes

- 19.38 The Company is not registered or required to register for insurance premium tax, landfill tax, climate change levy or aggregates levy.

19.39 Nature of Trade

Within the period of three years ending with the date of this Agreement, there has been no cessation of, or major change in the nature or conduct of, any trade or business (as defined for these purposes in Section 768 of ICTA 1988) carried on by the Company.

20. PROPERTY

Title

- 20.1 The particulars of the Property set out in Schedule 2 are true, complete and accurate.
- 20.2 The Property comprises all the heritable and leasehold land and premises owned, used or occupied by the Company.
- 20.3 The Company's title to Whimbrel Way is leasehold and is held under the letting arrangement, brief details of which are set out in Schedule 2, Part 2, entry 2.
- 20.4 The Company is occupying 28-32 Fountain Drive on an informal basis.
- 20.5 No notices under the Abolition of Feudal Tenure etc (Scotland) Act 2000 have been given or received by the Company.

Adverse Interests

To the best of the knowledge and belief of the Seller:-

- 20.6 There are no restrictions, real burdens, title conditions reservations, servitudes or wayleaves affecting the Property which are not disclosed in the title deeds or the leases for the Property.
- 20.7 The Property is not subject to any overriding interests as defined in section 28 of the Land Registration (Scotland) Act 1979.
- 20.8 There are no insurance policies relating to any issue of title affecting any of the Property.
- 20.9 The Property is not subject to any agreement for sale, agreement for lease, option, right of pre-emption or redemption..

- 20.10 There are no circumstances currently existing which would entitle any person to restrict or terminate the Company's continued possession or occupation of the Property or which could prevent any development of the Property for which planning permission has been or is expected to be obtained other than as disclosed in the leases for the Property.

Performance

- 20.11 To the best of the knowledge and belief of the Seller, the Company has duly performed and observed all title conditions, real burdens, servitudes and , reservations, affecting the Property and the use of the Property and no outstanding complaint or notice alleging breach or non-observance has been received by the Company in respect of them.

Whimbrel Way

- 20.12 In relation to the Whimbrel Way

20.12.1 to the best of the knowledge and belief of the Seller the Company has materially performed and observed all undertakings in and other terms of the lease or licence under which Whimbrel Way is held and all outgoings have been paid to date including rent, service charge and insurance;

20.12.2 no outstanding notice of any alleged breach or non-observance of any of the terms of any such lease or licence has been served on the Company;

20.12.3 there are no rent reviews in the course of being determined or exercisable by the landlord of Whimbrel Way from a date prior to the last date of execution of this Agreement;

20.12.4 the rents and licence fees referred to in the lease referred to at the Schedule 2, Part 2, entry 2 are the current rent and licence fees payable under the leases and licences of Whimbrel Way;

20.12.5 to the best of the knowledge and belief of the Seller all licences, consents and approvals required from the Landlord and any superior landlord in respect of Whimbrel Way have been obtained and the obligations on the part of the tenants contained in such licences, consents and approvals have been duly performed and observed in all material respects.

20.12.6 to the best of the knowledge and belief of the Seller the landlord and any superior landlord have materially performed all of their obligations to the Company in terms of the lease (and licence) under which Whimbrel Way is held.

Occupation and Occupational Interests

- 20.13 The Company is entitled to, and has exclusive vacant possession and occupation of the Property and the Property is not subject to any lease or licence to occupy or agreement to grant either of them nor is the Company aware of any person who has or claims to have any interest, right, servitude or wayleave of any kind in respect of the Property adverse to the interest or leasehold title of the Company.
- 20.14 The Property is unencumbered by any occupancy rights under the Matrimonial Homes (Family Protection) (Scotland) Act 1981 as amended, or the Family Law (Scotland) Act 1985, or the Civil Partnership Act 2004.

Disputes

- 20.15 To the best of the knowledge and belief of the Seller there are no disputes concerning boundaries, real burdens, servitudes, wayleaves, title conditions or other matters relating to the Property or its use and occupation and there are no pending or anticipated disputes, actions, claims or demands known to the Company in respect of the Property.

Use and Planning

- 20.16 The Property is actively used by the Company in connection with the business of the Seller.
- 20.17 No planning application relating to the Property has been submitted by the Company or, to the best of the knowledge and belief of the Seller, by any other party or which awaits determination or which has been refused.
- 20.18 No claim or liability (contingent or otherwise) under the town and country planning legislation in respect of the Property, or any statutory agreement affecting the Property, is outstanding, nor is the Property the subject of a notice to treat or a notice of entry, and no notice, order resolution or proposal has been received by the Company for the compulsory acquisition, closing, demolition or clearance of the Property, and the Seller is not aware of any matter or circumstances which would lead to any such notice, order, resolution or proposal.
- 20.19 No compensation in respect of the Property has been received consequent upon the refusal or revocation of any planning consent and no planning consent is suspended.

Access

- 20.20 The Property drains into public sewers and drains. There are available to the Property such services (including electricity, gas and water supplies, sewerage and telephone lines) as are necessary for the existing use of the Property. To the best of the knowledge and belief of the Seller, all pipes, sewers, wires, cables, conduits and other conducting media serving the Property connect directly to the mains without passing through land in the possession or ownership of another.

Condition of Property

- 20.21 To the best of the knowledge and belief of the Seller no flooding, subsidence, landslip, heave, mining activities or material defect affects or has affected the Property.
- 20.22 To the best of the knowledge and belief of the Seller the Property complies with current fire regulations.
- 20.23 The Company is the dutyholder under regulation 4 of the Control of Asbestos Regulations 2006 (No. 2739) and holds an up to date and adequate asbestos assessment in respect of the Property under regulation 4 of the Control of Asbestos Regulations 2006 (No. 2739).
- 20.24 To the best of the knowledge and belief of the Seller there are no latent or inherent defects in the building erected at 28-32 Fountain Drive.

Liabilities

- 20.25 The Company is not and has not been the tenant, licensee, assignee or guarantor of any lease, licence or tenancy agreement or any land and/or buildings, other than the Property in respect of which actual or contingent obligations or liabilities may exist.
- 20.26 The Company has not at any time acquired, assigned or otherwise disposed of any heritable or leasehold property in such a way that it retains any residual liability in respect of it.
- 20.27 Since the Audited Accounts Date the Company has not acquired or disposed of, or agreed to acquire or dispose of, or granted any option in respect of, any interest in any land or premises nor will it do so before Completion without the prior written consent of the Buyer except for the disposal of 28-32 Fountain Drive.
- 20.28 The Company does not own or have any interest in any land or buildings other than the Property.

Replies to Enquiries/Certificates

- 20.29 Replies to all enquiries in respect of the Property raised by the Buyer's Solicitors in writing or in correspondence with the Seller's Solicitors were when given and are now complete and accurate and not misleading in any respect.

21. ENVIRONMENTAL

In addition to the definitions in Clause 1, the following definitions apply in this section 21:

"Asbestos Regulations"	the Control of Asbestos Regulations 2006 and associated approved codes of practice
"Environment"	<ul style="list-style-type: none">(a) land, including, without limitation, surface land, sub-surface strata, sea bed and river bed under water (as defined in paragraph (b)) and natural and man-made structures(b) water, including, without limitation, coastal and inland waters, surface waters, ground waters and water in drains and sewers(c) air, including, without limitation, air inside buildings and in other natural and man-made structures above or below ground and(d) any and all living organisms or systems supported by those media, including, without limitation, humans
"Environmental Laws"	all or any applicable law, including common law, statute, statutory instrument, regulation, codes of practice or guidance, European law, directives, regulations, decisions of the European Court and any by-law, order, notice, demand, decree, injunction, resolution or judgment of any competent authority which has as a purpose or effect the protection or restoration or remediation of or prevention of harm to or the protection of the Environment or provides for remedies or compensation for harm or damage to the Environment or relates in any way to: any Hazardous Substance or packaging, noise, vibration, radiation or interference with use or enjoyment of land or the erection, occupation or use of man-made or natural structures above or below ground
"Environmental and Health and Safety Permits"	all or any permits, licences, authorisations, permissions, consents, approvals, certificates, qualifications, registrations, filing, exemptions, variations, modifications or transfers, or other authorisations whatsoever including any conditions thereof issued, granted or required at any time under any Environmental Laws or Health and Safety Laws for the activities of the Company at any time or the occupation or use by the Company of any premises or any Property at any time
"Health and Safety Laws"	all or any applicable law, whether past, present or future, including common law, statute, statutory instrument, regulation, codes of practice or guidance, European law, directives, regulations, decisions of the European Court and any by-law, order, notice, demand, decree,

injunction, resolution or judgment of any competent authority in so far as they relate to or apply to the health and safety of any person

"Waste"

any waste (as defined by Environmental Laws), including any by-product of an industrial process which is discarded, disposed of, abandoned, spoiled, unwanted or surplus, irrespective of whether it is capable of being recovered or recycled or has any value

Compliance with Environmental Permits

- 21.1 The Company is complying with and so far as the Seller is aware always has complied with Environmental Law and Health and Safety Law.
- 21.2 All Environmental and Health and Safety Permits necessary for the carrying on of the activities of the Company at any time have been obtained and the terms and conditions of all Environmental and Health and Safety Permits have been complied with.

Status of Environmental Permits

- 21.3 All Environmental and Health and Safety Permits are in full force and effect.
- 21.4 No works or other investments are necessary to secure compliance with any Environmental and Health and Safety Permits.
- 21.5 There are no facts or circumstances known to the Seller indicating that any Environmental and Health and Safety Permits would or might be revoked, suspended, cancelled, varied or not renewed.
- 21.6 All appropriate or necessary action in connection with the renewal or extension of any Environmental and Health and Safety Permits has been taken.
- 21.7 So far as the Seller is aware the execution or performance of this Agreement and all other documents which are to be executed at Completion will not result in any Environmental and Health and Safety Permits being revoked, suspended, cancelled, varied or not renewed.

Hazardous Substances

- 21.8 None of the activities of the Company at any time have, nor has any use of any asset or property owned, occupied or used by the Company, involved the use of, or the release or discharge into the Environment of, or contained, any Hazardous Substance prescribed or specified under any Environmental Laws as being prohibited or restricted, and no release or discharge of any such substance or article by the Company exceeds or has exceeded any allowable or permissible quotas or limits prescribed or specified under any Environmental Laws or in any condition to any Environmental and Health and Safety Permits.

Contamination of land and other assets

- 21.9 No Property or other land or other asset now or previously owned, occupied or used by the Company contains or has contained any storage tanks or any Hazardous Substance whether above or below ground nor (for the avoidance of doubt) has it in the past been used for the deposit, storage, treatment or disposal of Hazardous Substances.
- 21.10 No property or part of a property currently or previously owned by the Company has been or is in such a condition that it could lawfully be designated as contaminated within the meaning of Part IIA of the Environmental Protection Act 1990 or the statutory guidance made thereunder or similar legislation in any other jurisdiction in which the Property or formerly owned or occupied property are situated.

Proceedings

- 21.11 There is and has been no civil, criminal or administrative action, claim, allegation, complaint, notice, caution, correspondence, investigation or other proceedings or suit arising under Environmental Law or Health and Safety Law being taken or made, pending or threatened in connection with the activities of the Company at any time including without limitation any liability (whether actual or contingent) to make good, repair, reinstate or clean up any land or other asset or to suspend cease alter or modify any activity carried on (at any time) by the Company or any actual or alleged nuisance or interference with owners or occupiers adjoining the Property or any property previously owned or occupied or used by the Company or any act, omission, event or circumstance giving rise or likely to give rise in the future to any such action, claim, complaint, notice, caution, correspondence, investigation, proceedings or suit or any such liability or any other liabilities under any Environmental Laws or Health and Safety Laws.
- 21.12 The Company has not entered into any agreements with any third parties in relation to the transfer or retention of actual or potential environmental liability in relation to the operations of the Company or the use and occupation of the Property (or property formerly owned or occupied).

Environmental Reports

- 21.13 All reports, assessments, surveys, inspections, audits, investigations in relation to the condition of the Property (or formerly owned or occupied property), compliance or non-compliance with any Environmental Laws or the state and condition of the Environment at or about the Property (including formerly owned or occupied properties) in the power, custody, control or possession of the Seller and the Company have been disclosed to the Purchaser.

Protests and boycotts

- 21.14 No protest, boycott, demonstration, adverse publicity campaign or other action is being or has been conducted or threatened by any non-governmental organisation or pressure group in relation to the activities of the Company or its products, operations or activities at any time.

Asbestos

- 21.15 The Company is and has at all times been fully compliant with the Asbestos Regulations and has prepared asbestos management plans in relation to the Property or property previously owned or occupied as required by the Asbestos Regulations and there is no actual or potential claim, and so far as the Seller is aware no circumstances which might give rise to any actual or potential claim from any employee or any third party in relation to or arising from the presence of any asbestos or asbestos containing materials in the Property or any property formerly owned by the Company.

Flood Risk

- 21.16 No part of the Property is in an area at risk of flooding and neither the Property nor any part thereof has at any time been subject to flooding.

SCHEDULE 4

THE BUYER'S WARRANTIES

(Clause 11)

1. The Buyer has the requisite power and authority to enter into and perform its obligations under this Agreement and the other documents which are to be executed by the Buyer at Completion (the "Buyer's Completion Documents").
2. This Agreement constitutes, and the Buyer's Completion Documents will when executed by the Buyer constitute, valid and binding obligations of the Buyer in accordance with their respective terms.
3. The execution and delivery of, and the performance by the Buyer of its obligations under this Agreement and the Buyer's Completion Documents will not:-
 - 3.1 result in a breach of any provision of the memorandum or articles of association of the Buyer in force at the date of this Agreement and the date of issue of the Consideration Shares;
 - 3.2 result in a breach of, or constitute a default under, any instrument to which the Buyer is a party or by which the Buyer is bound;
 - 3.3 result in a breach of any order, judgment or decree of any court or governmental agency to which the Buyer is a party or by which the Buyer is bound; or
4. The creation, issue and allotment of the Consideration Shares to the Seller will comply with the Act.
5. The allotment and issue of the Consideration Shares to the Seller will not exceed or infringe any restrictions or the terms of any contract, obligation or commitment to bind or binding upon the Buyer or result in the imposition or variation of any rights or obligations of the Buyer.

Information

6. All information insofar as it is factual contained in the Annual Report and Accounts of the Buyer for the year ended 30 June 2008 and all announcements and other documents issued by the Buyer since the Balance Sheet Date in accordance with the AIM Rules insofar as they contain statements of fact (other than expressions of opinion, intention or expectation of the directors of the Buyer or any of them) are true and accurate in all material respects, and there is no fact or matter which has not been disclosed or announced which renders any such information untrue or inaccurate in any material respect.

Statutory Returns

7. The Buyer has complied in all material respects with the provisions of the Companies Acts and all returns, particulars, resolutions and other documents which are material required to be filed with or delivered to the Registrar of Companies or to any other authority whatsoever by the Buyer have been correctly and properly prepared so filed or delivered.
 - 7.1 There is no Encumbrance or any form of agreement (including conversion rights and rights of pre-emption) on, over or affecting the Consideration Shares.
 - 7.2 The Buyer has not stopped payment and is neither insolvent nor unable to pay its debts according to Section 123, Insolvency Act 1986. No order has ever been made or petition presented or resolution passed for the winding up of the Buyer and no distress, execution or other process has ever been levied on any of its assets. No administrative or other receiver has been appointed by any person over the business or assets of the Buyer or any part thereof, nor has any notice been given or order been made or petition presented for the appointment of an administrator in respect of the Buyer.

- 7.3 The Buyer has not agreed to become a subsidiary of any other body corporate or under the control of any group of bodies corporate or consortium.
- 7.4 The Buyer's Accounts were prepared in accordance with the requirements of all relevant statutes, with good accounting principles and practices generally accepted at the date hereof in the United Kingdom (including the Accounting Standards) for companies carrying on a similar business to that of the Buyer and on a basis consistent with preceding accounting periods of the Buyer and disclose a true and fair view of the assets, liabilities and state of affairs of the Buyer at the Balance Sheet Date and of its profits for the financial year ended on such date.
- 7.5 Since the Balance Sheet Date, the Buyer has carried on its business in the ordinary and usual course and the Company is not aware of any circumstances now subsisting which are required to be announced publicly in accordance with the AIM Rules that has not been so announced (other than in connection with this Agreement, the Circular or the placing of the Placing Shares).

For the purposes of this Schedule the following words have the definitions set out opposite them:-

"Buyer's Accounts"	the audited balance sheet of the Buyer as at, and the audited profit and loss account and cash flow statement of the Buyer for the financial period ended on, 30 June 2008, together with the notes and directors report and auditors report and all other documents or statements annexed thereto or incorporated therein
"Balance Sheet Date"	30 June 2008

SCHEDULE 5

TO BE DELIVERED BY SELLER AT COMPLETION

(Clause 6)

1. At Escrow Completion the Seller shall deliver or make available to the Buyer the following:-
 - 1.1 duly executed transfers of the Shares to the Buyer or as it directs together with the share certificates for all of the Shares (or an express indemnity in a form satisfactory to the Buyer in the case of any missing certificate);
 - 1.2 a copy, certified to be a true copy by a director or secretary of the Seller, of a resolution of the Seller's board of directors (or an authorised committee of that board) authorising the execution and completion of this Agreement and the execution of the documents referred to in this Schedule;
 - 1.3 executed power(s) of attorney in favour of the Buyer or as it directs in the agreed form, and such duly executed waivers or consents as may be required to give a good title to the Shares to the Buyer or as it directs and to enable the Buyer or other such person to be registered as the holder of the Shares and, pending registration, to exercise all voting and other rights attaching to the Shares;
 - 1.4 letters of resignation from each director and the secretary of the Company in agreed form;
 - 1.5 a letter of resignation from the auditors of the Company accompanied by a statement under section 519 of the 2006 Act in the agreed form together with evidence that any letter required by the 2006 Act to be deposited by the auditors at the registered office of the Company has been so delivered pending which the resignation is not effective;
 - 1.6 letters of resignation in the agreed form of such of the trustees of the Pension Scheme as the Buyer may require;
 - 1.7 all the financial and accounting books and records of the Company;
 - 1.8 the statutory books of the Company (duly written up to date as at immediately prior to Completion), its respective common seal (if any), Certificate of Incorporation and Certificates of Incorporation on Change of Name;
 - 1.9 all documents of title relating to the Intellectual Property owned by the Company;
 - 1.10 bank statements together with certificates from Bank of Scotland certifying the current and deposit account balances of all bank accounts belonging to the Company as at the close of business on the second Business Day preceding Completion (other than in respect of the Completion Bank Debt);
 - 1.11 a redemption statement from Bank of Scotland plc as at close of business on the business day (in Scotland) prior to Completion evidencing that the Completion Bank Debt, when aggregated with the amount if any by which the Negative Cash in Transit exceeds the Positive Cash in Transit do not exceed £2,892,409 and confirmation from Bank of Scotland plc that further payments will not be permitted on the Company's overdraft facility until such time as the redemption amount has been repaid by the Company.
 - 1.12 the Facility Reconciliation Statement;
 - 1.13 a certificate from the Bank of Scotland plc in a form satisfactory to the Buyer evidencing the release and discharge of each charge and guarantee of the Company to Bank of Scotland plc;
 - 1.14 a letter of non-crystallisation signed by Bank of Scotland plc in a form satisfactory to the Buyer in relation to the Shares held by the Seller;

- 1.15 confirmation in a form satisfactory to the Buyer from each of LG and Samsung that they are willing and able to accept bank guarantees from the Buyer's banks in replacement for the bank guarantees in their favour in place up to Completion from Bank of Scotland plc
- 1.16 the Funds Undertaking duly signed by Bank of Scotland plc and Dundas & Wilson CS LLP and Biggart Baillie LLP
- 1.17 deed of cessation relating to the Total Repair Solutions Limited Life Assurance Scheme executed by the Company and ITS Investments Limited;
- 1.18 the cash book balances of the Company as at Completion with reconciliation statements reconciling such cash book balances with the certificates referred to in paragraph 1.10 of this Schedule;
- 1.19 a deed of acknowledgement and/or waiver from the Seller in the agreed form that all inter-group indebtedness has been discharged;
- 1.20 the Lease duly executed by Pacific Shelf 1150;
- 1.21 the Tax Deed in the agreed form duly executed by the Seller;
- 1.22 a special resolution of the shareholders of the Seller authorising a change of name of the Seller to Torch Capital Limited to take effect on the Business Day following Completion;
- 1.23 the service agreement in the agreed form to be entered into by the Company and Sergio Tansini upon Completion duly signed by Sergio Tansini;
- 1.24 a Form 12 Report for 28 – 32 Fountain Drive brought down to the date as near as reasonably practicable to Completion and to be continued to Completion and showing no interest or entry prejudicial to the interest of Pacific Shelf 1150 or its ability validly to grant the Lease;
- 1.25 search in the Register of Charges and Company File against Pacific Shelf 1150 which will be continued to a date twenty two days after the date of execution of the Lease by Pacific Shelf 1150, which shall disclose no notices of liquidation, receivership, striking off, winding up or any administration order in respect of the Pacific Shelf 1150 and no other entries prejudicial to the interest of Pacific Shelf 1150 or its ability validly to grant the Lease;
- 1.26 evidence that any necessary heritable creditors' consents required for the grant of the Lease have been obtained; and
- 1.27 confirmation in a form reasonably satisfactory to the Buyer from Hutchinson 3G Limited that it will not terminate the contract between Hutchinson 3G Limited and the Company by reason of Completion of the Agreement occurring.

SCHEDULE 6
COMPLETION ACCOUNTS

PART 1
PROCEDURE

1. The draft completion accounts will consist of a balance sheet of the Company as at the close of business on 31 August 2009, a profit and loss account of the Company for the period from the Audited Accounts Date to close of business on 31 August 2009, a Working Capital statement as at close of business on 31 August 2009 (the "**Working Capital Statement**") (which shall be prepared in the format shown in the Pro-Forma Working Capital Statement), a Net Debt statement as at close of business on 31 August 2009 (the "**Net Debt Statement**") (which shall be prepared in the format shown in the Pro-Forma Net Debt Statement) and the appropriate supporting schedules to the balance sheet (so far as are relevant to the ascertainment of the Working Capital and the Net Debt) (the "**Draft Completion Accounts**")
2. The Buyer or the Buyer's Accountant (as the Buyer shall direct) will prepare the Draft Completion Accounts within a reasonable time and in any event no later than 30 Business Days after Completion and shall deliver these to the Seller.
3. If the Seller considers that the Draft Completion Accounts do not comply in all respects with this Schedule it may within 10 Business Days after delivery to it of the Draft Completion Accounts give notice to the Buyer ("**Objection Notice**") of any adjustments which it considers are required to the Draft Completion Accounts so that they comply with this Schedule. The Seller and the Seller's Accountants shall be afforded reasonable and necessary access on reasonable notice and during working hours to the Buyer's working papers and the accounting records and personnel of the Company for the purposes of verifying that the Draft Completion Accounts comply with this Schedule and preparing any Objection Notice. If the Seller does not give an Objection Notice within 10 Business Days of delivery to it of the Draft Completion Accounts, or to the extent that the Seller does not propose adjustments to the Draft Completion Accounts in the Objection Notice, the Draft Completion Accounts shall on and with effect from the expiry of such 10 Business Days period be deemed to have been agreed and shall be the final Completion Accounts. Any adjustments proposed in the Objection Notice shall be quantified and properly documented. The Buyer's Accountants shall be afforded reasonable and necessary access to the Seller's Accountants' working papers on reasonable notice and during normal working hours for the purpose of considering any such adjustments.
4. If the Buyer does not agree to the adjustments proposed in the Objection Notice the Seller and the Buyer or the Buyer's Accountants (as the Buyer shall direct) shall use their reasonable endeavours to agree in writing the item or items disputed by the Seller and any other item or items which, following receipt of the Objection Notice, the Buyer notifies the Seller that it wishes to adjust. The Seller and the Buyer shall within 14 days of receipt of the Objection Notice by the Buyer to the extent that they cannot be resolved, to prepare a joint statement of the adjustments in the Objection Notice which are not agreed and the reasons for the disagreement.
5. The adjustments (if any) proposed in the Objection Notice or notified by the Buyer to the Seller following receipt of the Objection Notice which are not agreed at the end of the period mentioned in paragraph 4 may be referred by either party to an independent chartered accountant to be agreed between the parties or, in default of agreement, to be appointed by the President of the Institute of Chartered Accountants in England and Wales at the instance of whichever party shall first apply to him. The independent accountant shall act as expert and not as arbitrator and shall only determine which if any of the adjustments proposed in the Objection Notice or notified by the Buyer to the Seller following receipt of the Objection Notice (or what lesser adjustments in respect of the matter giving rise to the adjustments proposed in the Objection Notice) should be made to the Draft Completion Accounts so that they comply with this Schedule. Any determination made by the independent accountant shall be final and binding (in the absence of clear or manifest error) on the parties for the purposes of this Agreement.

6. The Draft Completion Accounts, adjusted as agreed by the Buyer or as determined by the independent accountant (as appropriate), shall form the Completion Accounts for the purposes of this Agreement. The Working Capital and Net Debt set out in the Working Capital Statement and the Net Debt Statement respectively shall be the Working Capital and the Net Debt for the purposes of Clause 4.

PART 2

CONTENT AND FORM

7. The provisions of Part 3 and Part 4 of this Schedule shall apply for the purposes of preparing the Completion Accounts.
8. In preparing the Completion Accounts in relation to any given item or amount including, without limitation, the application of accounting judgment and discretion, to the extent that the treatment or characterisation of that item or amount, or that type of category or amount:
- 8.1 is dealt with in the specific accounting policies, principles, practices and procedures set out in Part 3 of this Schedule (the "**Specific Accounting Policies**"), the relevant Specific Accounting Policies shall be applied in respect of that item or amount so that, in the case of conflict, the relevant Specific Accounting Policies shall override UK GAAP and the Accounting Bases in respect of that item or amount;
- 8.2 is not dealt with in the Specific Accounting Policies, then Accounting Practice and UK GAAP as at the Completion Date shall be applied in respect of that item; or
- 8.3 is not dealt with in Accounting Practice and UK GAAP, the relevant Accounting Bases shall be applied in respect of that item or amount.
9. For the avoidance of doubt, paragraph 8.1 prevails over paragraphs 8.2 and 8.3, and paragraph 8.2 prevails over paragraph 8.3.

PART 3

SPECIFIC ACCOUNTING POLICIES FOR COMPLETION ACCOUNTS

10. The Completion Accounts shall take no account of information which becomes available after the Draft Completion Accounts are delivered by the Buyer to the Seller.
11. The Completion Accounts shall be prepared as if the accounting period ending on the Completion Date were a financial year end of the Company.

Accounting Policies

For the purposes of the preparation of the Completion Accounts and the Completion Statement of the following specific Accounting Policies shall be applied:

(a) Current assets

(i) Stock

Raw materials

Raw material stocks (excluding Kanban stock in (iii) below) will be valued at their historical cost value less a provision calculated on the basis of last issue date from central (Navision) stores.

The stock provision will be calculated on the following basis:

% provision	last issue
90%	>3 years
80%	< 3 years
60%	< 2 years
40%	< 18 months
20%	< 12 months
10%	< 9 months
0%	< 6 months
0%	< 3 months

Work in Progress

Work In Progress includes two elements:

1. Raw material stock parts included against the Work In Progress valued at historical cost; and
2. Time spent on WIP, calculated using average labour rate plus overhead burden as used in the March 2009 audited accounts.

A provision of £50,000 is held against Work-in-Progress stock. For the avoidance of doubt, no further provision is required against Work-in-Progress stock.

Kanban Stock

Kanban stock will be valued at its historical cost value.

No provision is required against Kanban stock.

(ii) Trade debtors

Trade debtors reflect all invoiced sales for which payment is to be received, less a 100% provision against those debts which are more than 90 days overdue and still outstanding at the date of finalisation of the Completion Accounts.

(iii) Prepayments

Prepayments are included at their gross value less a value apportionment to reflect the service benefit already received. This will include all prepayments made during the ordinary course of business in the period prior to Completion.

(iv) Accrued income

Accrued income reflects all work completed by the Company for which a sales invoice has still to be generated.

(v) Other debtors

Other debtors include sundry cash receivable in a future period (grant monies, deposits, foreign vat recoveries, insurance rebates).

(c) Current assets

(i) Trade Creditors

All processed purchase invoices relating to goods and services received by the company, and where applicable translated using the closing exchange rate at the Completion Date.

(ii) Accruals and Provisions

Accruals will reflect all costs incurred by TRS but not yet recorded within Trade Creditors insofar as the costs relates to any service or goods received up to the Completion Date (but will exclude any sums due in respect of the Additional Liabilities to the extent those are already accounted for in the Consideration). They will include apportionment of the annual costs of audit and similar services, but specifically exclude completion related costs (professional services, completion bonuses, etc) that will be borne by TRS Holdings. Provisions will include the estimated future costs of repair of handsets that fail within their repair guarantee period. This will include all accruals and provisions made during the ordinary course of business in the period prior to Completion.

Any sums due to an employee directly, or payments due to third parties on their behalf at the Completion Date, including pension, unpaid wages, accrued overtime, court deductions and the production element of any holiday pay accrued but not yet taken.

Net amounts owing to BT at the Completion Date under the Reverse Logistics contract being the share of revenues generated by TRS due to BT, less the share of costs contractually due from BT to TRS.

(iii) Taxation and social security

Full provision shall be made for all PAYE and national insurance contributions (employee and employer) recorded up to and including the Completion Date (other than that accounted for in the Additional Liabilities to the extent accounted for in the calculation of the Consideration). Additionally it will include amounts outstanding from the annual PSA and Class 1A NIC declarations.

The net of VAT payable on sales invoices less VAT recoverable on purchase invoices to the extent that it has not yet been paid over by the company to Customs and Excise (either directly or through the ITS Group VAT registration).

Deferred tax will not be taken into account in the Completion Accounts.

(d) Cash

As defined in section 1.1.

(e) Debt

As defined in section 1.1.

PART 4

FORMAT

1. The Working Capital Statement shall be in the form set out in the Pro-Forma Working Capital Statement contained within this part of this Schedule.
2. The Net Debt Statement shall be in the form set out in the Pro-Forma Net Debt Statement contained within this part of this Schedule
3. For the avoidance of doubt the data shown in the Pro-Forma Working Capital Statement and the Pro-Forma Net Debt Statement is presented for illustrative purposes only.

PRO FORMA WORKING CAPITAL STATEMENT

	£
CURRENT ASSETS	
Stock - cost value	2,000,707
Provision	(466,114)
	1,534,593
Trade debtors	2,314,870
Prepayments	190,236
Accrued income	692,283
Other Debtors	10,491
	3,207,880
TOTAL CURRENT ASSETS	4,742,473
CURRENT LIABILITIES	
Trade Creditors	(1,016,805)
Accruals, provisions and sundry creditors	(519,712)
Taxation and social security	(540,858)
TOTAL CURRENT LIABILITIES	(2,077,375)
NET WORKING CAPITAL	2,665,098

PRO FORMA NET DEBT STATEMENT

	£
Cash	X
Debt	X
PRO FORMA NET DEBT	X

SCHEDULE 7
INTELLECTUAL PROPERTY RIGHTS
(Warranty 14)

A. Registered and unregistered trade marks

"BananaGreen" (registered)

"TRS"

"Total Repair Solutions"

"VisionNet"

C. Copyright

"VisionNet" software

"TRS" logo

C. Domain Names

bananagreen.nl

mygreenbanana.nl

bananagreen.eu

mygreenbanana.eu

bananagreen.com

mygreenbanana.com

totalrepairsolutions.com

bananagreen.co.uk

totalrepair.co.uk

totalrepairsolutions.org

totalrepairsolutions.net

SCHEDULE 8

POSITION PENDING COMPLETION

(Clause 6)

1. The Seller shall procure that the Company shall, save to the extent expressly required by this Agreement or save with the prior written approval of the Buyer (and any response to a request for the Buyer's approval of any of the matters listed below shall be provided within 5 Business Days of such request being made):-
 - 1.1 not commit or allow or procure any act or omission which would constitute or give rise to a breach of any Warranty if the Warranties were to be repeated on or at any time before Completion by reference to the facts and circumstances then existing;
 - 1.2 allow the Buyer and its representatives; during Working Hours and via Sergio Tansini, access to the management and premises of the Company, and to the books and records of the Company (including without limitation, all statutory books, minute books, leases, contracts, supplier lists, customer lists and including electronic records), together with the right to make copies;
 - 1.3 not create, allot, issue, repay, redeem or grant any options over any share or loan capital of the Company or agree to do any of those things;
 - 1.4 not acquire or agree to acquire any share or other interest in any company, partnership or other venture;
 - 1.5 not acquire or dispose of, or agree to acquire or dispose of, any material asset or material stocks other than in the ordinary and usual course of business;
 - 1.6 not incur or authorise any capital expenditure exceeding £25,000 per item;
 - 1.7 not declare, make or pay any dividend or other distribution;
 - 1.8 not pass a shareholders' resolution;
 - 1.9 not make a claim under section 152 of the TCGA or part 7 or paragraph 65 of Schedule 29 of the Finance Act 2002 which affects an asset owned by the Company;
 - 1.10 not pay any management charge to the Seller or agree to pay such charge;
 - 1.11 not make any claim or election the effect of which is:-
 - (a) to surrender or reduce any Relief of the Company; or
 - (b) to reallocate a Tax liability of another company to the Company (whether under section 179A TCGA or paragraph 66 of Schedule 29 of the Finance Act 2002 or otherwise); or
 - (c) for an asset standing at a gain to be deemed to be transferred to the Company or for an asset standing at a loss to be deemed to be transferred by the Company pursuant to section 171A TCGA;
 - 1.12 not create, or agree to create, an Encumbrance over an asset or redeem;
 - 1.13 continue each Policy (as defined in Warranty 7.1 of Schedule 3) in full force and effect and not do or omit to do anything which:-
 - 1.13.1 would or might make a Policy void or voidable; or

- 1.13.2 would or might result in an increase in the premium payable under a Policy or prejudice the ability to effect equivalent insurance in the future; or
- 1.13.3 would or might entitle an insurer under such Policies to refuse cover in relation to any claim (either in whole or in part);
- 1.14 notify the Buyer of any claim of a material nature arising under any of such Policies on or after the date of this Agreement;
- 1.15 in relation to the Property:-
 - 1.15.1 not apply for a Licence or implement a Licence already obtained but not implemented;
 - 1.15.2 not change its existing use;
 - 1.15.3 not terminate, or give a notice to terminate, a lease, tenancy or licence;
 - 1.15.4 not apply for consent to do something requiring consent under a lease, tenancy or licence;
 - 1.15.5 not agree a new rent or fee payable under a lease, tenancy or licence; and
 - 1.15.6 not grant any lease, licence or right of occupation in respect of the Property to any third party;

and the Seller shall procure that Pacific Shelf 1150 shall not do any of the matters specified in this paragraph 1.15.
- 1.16 not enter into a material contract or arrangement other than in the ordinary and usual course of business or which may result in any material change in the nature or scope of the operations of the Company;
- 1.17 not amend or terminate a material agreement to which it is a party;
- 1.18 not other than in the ordinary and usual course of business amend the terms of employment of any Employee (including pension commitments and share options) or provide or agree to provide a gratuitous payment or benefit to any Employee (or any of their dependants) or offer to engage any new employee or consultant at an annual salary or fee (on the basis of full time engagement) in excess of £50,000 or dismiss any Employee (other than for cause in accordance with applicable law or directly or indirectly induce or endeavour to induce any Employee to terminate their employment save to the extent required to comply with the terms of this Agreement);
- 1.19 not amend, or agree to amend, the terms of its borrowing or indebtedness in the nature of borrowing or create, incur or agree to create or incur, borrowing or indebtedness in the nature of borrowing (except pursuant to facilities disclosed in the Disclosure Letter where the borrowing or indebtedness in the nature of borrowing does not exceed the amount available to be drawn by the Company under those facilities) save to the extent required to comply with the terms of this Agreement;
- 1.20 not give, or agree to give, a guarantee, indemnity or other agreement to secure, or incur or agree to incur financial or other obligations other than in the ordinary and usual course of business;
- 1.21 not commence or threaten to commence any legal or arbitration proceedings;
- 1.22 not compromise, settle, release, discharge or compound legal or arbitration proceedings or a liability, claim, action, demand or dispute, or waive a right in relation to legal or arbitration proceedings;
- 1.23 not amend the Pension Scheme or commence to wind it up or cause it to cease to admit new members or communicate to any Employee any plan, proposal or intention to amend, wind up, close or exercise a discretion in relation to the Pension Scheme;

- 1.24 conduct its business in all material respects in accordance with all applicable legal and administrative requirements;
- 1.25 save in relation to the Lease between the Company and Pacific Shelf 1150 Limited not enter into an agreement in which the Seller, any member of the Seller's Group a director or former director of the Company or a connected person is interested;
- 1.26 continue its business in the ordinary and usual course and so as to maintain the same as a going concern which shall include, without limitation, the payment of creditors and the collection of debts in the ordinary course;
- 1.27 not do or omit to do anything which materially prejudices any right of the Company to the Intellectual Property Rights;
- 1.28 not grant or agree to grant any interest in any of the Intellectual Property Rights to anyone;
- 1.29 not influence the level of debtors of the Company in any respect by calling in debtors in advance of the usual debtor days or encouraging debtors in any way to pay in advance of the usual debtor days;
- 1.30 not influence the level of creditors of the Company in any respect by paying creditors outside of the usual creditor days;
- 1.31 not influence the level of Stock in any respect outside the normal course of business (including, without limitation, through the purchase or sale of materials outside of the normal course of business); and
- 1.32 not issue more stock to the Kanban than it requires.
- 1.33 The Buyer shall receive reasonable advance notice of all meetings of the Board of Directors (or committees of the Board of Directors) of the Company (together with an agenda of the business to be transacted at such meetings and any supporting documents) and that the Buyer shall be permitted to send up to two representatives to attend and speak at such meetings.
- 1.34 The Seller will retain the legal and beneficial ownership of the Shares.
- 1.35 No action will be taken by the Seller or the Company which is inconsistent with the provisions of this Agreement or the consummation of the transactions contemplated by this Agreement.

SCHEDULE 9

VISIONET DESCRIPTION

Overview

VisionNet is TRS's bespoke after-sales tracking tool. It provides a wide range functionality, and has a large number of users.

Key Areas of Functionality

VisionNet covers after-sales activity from initial customer contact through to processing of the claim to generate revenue from the activity. The following functional areas are included:

- Contact Centre repair submission
- Retail repair submission
- User self-service repair submission
- Courier scheduling
- Job tracking
- Device receipt
- Accessory recording
- Repair activity routing
- Repair activity recording
- Repair parts recording
- Device dispatch
- Customer quotation management
- Returns processing
- Warranty claim generation
- Warehouse Management (WMS Component)

User Groups

VisionNet has a wide range of user types:

- Contact Centre
- Retail Store
- Repair Operator (further sub-divided into function-specific roles)
- Production Manager
- Warehouse User

Licences

VisionNet is an internally-developed system. It requires the following licenced components:

- Microsoft Windows Server (one instance for database server)
- Microsoft Windows (for each user)
- Microsoft SQL Server (one instance for database server)

EXECUTED AS A DEED (but not delivered until)
dated) by a duly authorised officer)
for and on behalf of)
TOTAL REPAIR SOLUTIONS HOLDINGS)
LIMITED)
in the presence of:-

Signature of Witness:

Name of Witness: ISABELLA MACINTYRE

Address: c/o DALMORE HOUSE
310 ST VINCENT STREET
GLASGOW
G2 5QR

Occupation: SOLICITOR

EXECUTED AS A DEED (but not delivered until)
dated) by a duly authorised officer)
for and on behalf of)
REGENERSIS PLC)
in the presence of:-

Signature of Witness:

Name of Witness:

Address:

Occupation:

SIGNED as a Deed
(but not delivered until dated) by)
RICHARD EMANUEL)
in the presence of:-

Signature of Witness:

Name of Witness: ISABELLA MACINTYRE

Address: c/o DALMORE HOUSE
310 ST. VINCENT STREET
GLASGOW
G2 5QR

Occupation: SOLICITOR

Richard Emanuel
as attorney

EXECUTED AS A DEED (but not delivered until)
dated) by a duly authorised officer)
for and on behalf of)
TOTAL REPAIR SOLUTIONS HOLDINGS)
LIMITED
in the presence of:-

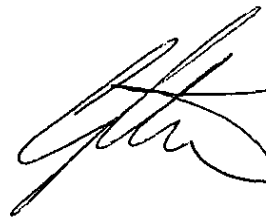
Signature of Witness:

Name of Witness:

Address:

Occupation:

EXECUTED AS A DEED (but not delivered until)
dated) by a duly authorised officer)
for and on behalf of)
REGENERSIS PLC)
in the presence of:-



Signature of Witness:

Name of Witness:

Address:

S Patchett
SUZANNAH PATCHETT
3 COLWORE CIRCUS
BIRMINGHAM
B4 6BH

Occupation:

SIGNED as a Deed)
(but not delivered until dated) by)
RICHARD EMANUEL)
in the presence of:-)

SOLICITOR

Signature of Witness:

Name of Witness:

Address:

Occupation: