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AND CORRECT COPY OF THE ORIGINAL
DATED THIS 4th DAY OF January 2008

Wragge & Co LLP
WRAGGE & CO LLP

BIRMINGHAM, B3 2AS

DATED 19 December 2007

M W PARSONS AND T C YOUNG (1)

And

SURVEILLANCE HOLDINGS LIMITED (2)

AGREEMENT
for the sale and purchase of the entire issued
share capitals of
THE SURVEILLANCE GROUP LIMITED AND
SURVEILLANCE TRAINING LIMITED

WEDNESDAY



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COMPANIES HOUSE

Wragge&Co

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Resignation letters for Director and Secretary

THIS AGREEMENT is made on *19 December* 2007 BETWEEN:

- (1) MICHAEL WALTER PARSONS of The Granary, Mill Farm, Mansel Lacy, Hereford HR4 7HQ and TIMOTHY CRAIG YOUNG of The Oaks, Upper Hill, Leominster, Herefordshire HR6 0JZ (together the "Sellers"); and
- (2) SURVEILLANCE HOLDINGS LIMITED (registered in England and Wales number 4246863) of 1 and 2 Fields Yard, Plough Lane, Hereford, Herefordshire HR4 0EL (the "Buyer").

IT IS AGREED as follows:

1 Definitions and Interpretation

1.1 In this Agreement unless the context otherwise requires:

"Accounts" means the Companies audited annual accounts (as defined in section 262 CA 1985) for the accounting reference period ended on the Accounts Date, including, the notes to those accounts and the associated directors' and auditors reports;

"Accounts Date" means 31 July 2007;

"Additional Consideration" means an amount equal to 25% of the amount the sale price the Buyer or the shareholders in the Buyer contract to receive in the event of a disposal of either (i) Company 1 or (ii) Company 2 or (iii) the Companies together or (iv) the Buyer and which in any of the above cases exceeds the Purchase Price during the 12 months following the Completion Date;

"Agreed Documents" means this Agreement and all the agreed form documents referred to in it;

"agreed form" means in a form which has been agreed by the parties and which has been duly executed or initialled for identification by them or on their behalf;

"Auditors" means the auditors of the Company namely BDO Stoy Hayward LLP of 125 Colmore Row, Birmingham B3 3SD;

"business day" means any day other than a Saturday, Sunday or public holiday in England;

"Business Information" means Confidential Information relating to or used in the activities of the Companies;

"the Buyer's Group" means the Buyer together with its subsidiaries, including the Companies;

"Buyer's Solicitors" means Wragge & Co LLP of 55 Colmore Row, Birmingham B3 2AS;

"CA 1985" means the Companies Act 1985;

"CA 2006" means the Companies Act 2006;

"Company 1" means The Surveillance Group Limited and **"Company 2"** means Surveillance Training Limited details of both of which are set out in schedule 2 and reference to the **"Companies"** shall refer to them together and individually as the context so requires;

"Completion" means completion of the sale and purchase of the Sale Shares by the performance by the parties of their respective obligations under clause 4 and schedule 6;

"Completion Date" means the date of this Agreement;

"Confidential Information" means all information and records wherever located (including accounts, business plans and financial forecasts, Tax records, correspondence, designs, drawings, manuals, specifications, customer, sales and supplier information, technical or commercial expertise, software, formulae, processes, trade secrets, methods, knowledge and know-how) and which (either in their entirety or in the precise configuration or assembly of their components) are not publicly available and in each case whether or not recorded;

"Consideration Shares" means 818,000 ordinary shares of £0.10 each in the capital of the Buyer credited as paid up as to £1.00 per share;

"Contracts Act" means the Contracts (Rights of Third Parties) Act 1999;

"Data Protection Laws" means the Data Protection Act 1998 and/or the Privacy and Electronic Communications (EC Directive) Regulations 2003, all associated Official Requirements and all guidance issued by the Information Commissioner's Office;

"Data Subject" has the meaning given in the Data Protection Laws;

"enactment" means any statute or statutory provision (whether of the United Kingdom or elsewhere), subordinate legislation (as defined by section 21(1) Interpretation Act 1978) and any other subordinate legislation made under any such statute or statutory provision;

"Encumbrance" means any option, trust, power of sale, title retention, pre-emption right, right of first refusal, Security Interest or other right, claim or interest, whether legal or equitable, of any third party (or an agreement or commitment to create any of them);

"fairly disclosed" means disclosed in such manner and in such detail as to enable a reasonable buyer to make an informed and accurate assessment of the matter concerned;

"Guarantee" means any guarantee, indemnity, suretyship, letter of comfort or other assurance, security or right of set-off given or undertaken directly or by way of counter-indemnity by a person to secure or support the obligations (actual or contingent) of any third party;

"holding company" means a holding company as defined by sections 736 and 736A CA 1985;

"HMRC" means Her Majesty's Revenue & Customs or, where relevant, its predecessor bodies or either of them;

"ICTA 1988" means the Income and Corporation Taxes Act 1988;

"Intellectual Property" means all the Intellectual Property Rights owned and/or used by the Companies prior to the date of this Agreement;

"Intellectual Property Rights" means design rights, trade marks and service marks (in each case whether registered or not), patents, registered designs, copyright, moral rights, rights in databases, utility models and all similar property rights, whether registrable or not, including those subsisting (in any part of the world) in inventions, designs, drawings, performances, computer programs, Confidential Information, business or brand names, domain names, metatags, goodwill or the style of presentation of goods or services including applications for protection of any such rights;

"ITA 2005" means the Income Tax (Trading & Other Income) Act 2005;

"Nominated Account" means Seller 1's Solicitors' client account numbered 3267986 at the High Street, Cheltenham branch of Lloyds TSB Bank plc sort code 30-91-87 or such other account as Seller 1's Solicitors shall specify in writing before Completion to the Buyer's Solicitors for the purposes of this Agreement;

"Official Requirement" means any enactment, ordinance, pact, decree, treaty, code, directive, order, notice or official published plan or policy with legal or actual force in any geographical area and/or over any class of persons;

"Personal Data" means any data held by the Companies or sold or otherwise transferred or disclosed to the Buyer under or in contemplation of this Agreement which falls within the definition of "personal data" or "sensitive personal data" given in the Data Protection Laws;

"Processing" has the meaning given in the Data Protection Laws and **"Processes"** and **"Processed"** shall be construed accordingly;

"Prohibited Area" means:

- (a) England;
- (b) Wales;
- (c) Scotland; and
- (d) Northern Ireland;

"Property" means the leasehold property at 1 and 2 Fields Yard, Plough Lane, Hereford, Herefordshire HB4 0EL;

"Purchase Price" means £1,636,000;

"Relevant Authority" means any person or authority (including any nation, national or local governmental or international organisation and any subdivision or agency or executive arm of any of them, any court or judicial officer or any securities exchange) with legal or de facto power to impose and/or enforce compliance with any Official Requirement;

"Relevant Breach" means any event, matter or circumstance which is a breach of any of the Warranties;

"Relevant Person" means:

- (a) Seller 1; or
- (b) any person with whom, before Completion, Seller 1 is connected;

but (in each case) excluding the Companies and the Buyer;

"Restricted Services" means:

- (a) all services which are supplied by the Companies at the Completion Date (including the provision of surveillance services, the provision of professional witness services and the provision of surveillance training); and
- (b) any other services which are of a type similar to and competing with any of the services referred to in paragraph (a) above;

"Sale Shares" means the 100 Ordinary Shares of £1.00 each in the capital of Company 1 and the 100 Ordinary Shares of £1.00 each in the capital of Company 2 as referred to in schedules 1 and 2;

"Security Interest" means a mortgage, lien, pledge, charge (fixed or floating), assignment by way of security, hypothecation or other security interest (or an agreement or commitment to create any of them);

"Seller 1" means Michael Walter Parsons;

"Seller 2" means Timothy Craig Young;

"Seller 1's Solicitors" means Rickerbys Solicitors of Ellenborough House, Wellington Street, Cheltenham GL50 1YD;

"subsidiary" means a subsidiary as defined by sections 736 and 736A CA 1985 or a subsidiary undertaking as defined by section 258 CA 1985; and

"Tax" means:

- (a) all forms of tax duties imposts and levies in the nature of tax whenever created or imposed and whether of the United Kingdom or elsewhere; and
- (b) all penalties fines charges surcharges and interest in relation to any tax within paragraph (a);

"Tax Liability" means a liability to make an actual payment of, or of an amount in respect of, Tax whether or not such liability is also or alternatively a liability of or chargeable against or attributable to any other person and whether or not the Companies shall or may have a right of recovery from or reimbursement against any other person.

"Warranties" means the warranties contained in clause 6 and schedule 4.

1.2 In this Agreement unless the context otherwise requires:

- (a) references to a clause or schedule are to a clause of, or a schedule to, this

Agreement, references to this Agreement include its schedules and references in a schedule or part of a schedule to a paragraph are to a paragraph of that schedule or that part of that schedule;

- (b) references to this Agreement or any other document or to any specified provision in any of them are to this Agreement, that document or that provision as in force for the time being and as amended from time to time in accordance with their terms or, as the case may be, with the agreement of the relevant parties;
- (c) words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include corporations, partnerships and other unincorporated associations or bodies of persons;
- (d) the words and phrases "other", "including" and "in particular" shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;
- (e) a person is connected with another person if he is so connected within the meaning of section 839 ICTA 1988 or section 993 Income Tax Act 2007;
- (f) a reference to any enactment shall include:
 - (i) any provision which it has re-enacted (with or without modification) or modified; and
 - (ii) that enactment as re-enacted, replaced or modified from time to time, whether before, on or after the date of this Agreement;

but any such changes taking effect after the date of this Agreement shall not impose any additional liability or obligation on any of the parties or (except as specified in clause 13.1) deprive any of them of any right, in each case under this Agreement; and

- (g) references to books, records or other information include paper, electronically or magnetically stored data, film, microfilm, and information in any other form and references to "writing" or "written" include faxes and any other method of reproducing words in a legible and non-transitory form (excluding email).

- 1.3 The contents table and the descriptive headings to clauses, schedules and paragraphs in this Agreement (and notes in brackets describing the subject matter of any enactment) are inserted for convenience only, have no legal effect and shall be ignored in interpreting this Agreement.

- 1.4 Where any party gives in this Agreement any indemnity in favour of any other party, the obligation of the indemnifying party shall be to make the relevant payment forthwith in full on demand and without any set-off, counterclaim or other deduction.

2 Sale of the Sale Shares

- 2.1 The Sellers shall sell to the Buyer and the Buyer (relying, as the Sellers acknowledge, on the warranties, undertakings and covenants of Seller 1 referred to or contained in the Agreed Documents) shall purchase from the Sellers the Sale Shares.

- 2.2 The Sellers covenant with the Buyer that:

- (a) the Sellers have the right to dispose of the Sale Shares on the terms set out in this Agreement;
- (b) the Sellers shall at their own cost do everything possible to give the Buyer full and unrestricted legal and beneficial title to the Sale Shares; and
- (c) the Sale Shares shall be sold and transferred free from Encumbrances including any which:
 - (i) the Sellers do not know or could not reasonably be expected to know about; or
 - (ii) at the time of transfer is within the actual knowledge, or is a necessary consequence of facts then within the actual knowledge, of the Buyer;

and the transfers of the Sale Shares to the Buyer shall be deemed to include expressly and be made subject to all the above provisions of this clause 2.2.

- 2.3 Title to, beneficial ownership of, and any risk attaching to, the Sale Shares shall pass on Completion and the Sale Shares shall be sold and purchased together with all rights and benefits attached or accruing to them at Completion (including the right to receive any dividends, distributions or returns of capital declared, paid or made by the Company on or after Completion).
- 2.4 Each Seller waives and releases (to the extent entitled to do so) any Encumbrance created by the Articles of Association of the Company or otherwise over Sale Shares agreed to be sold by the other Seller.
- 2.5 The Buyer shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

3 Consideration

3.1 The consideration for the Sale Shares shall be:

(a) the payment on Completion by the Buyer to Seller 1 of Seller 1's share of the Purchase Price in cash; (b) the allotment on Completion by the Buyer to Seller 2 of the Consideration Shares; and

(c) (if applicable) to Seller 1 only, the Additional Consideration.

3.2 As between themselves the Sellers shall be entitled to the Purchase Price equally.

3.3 The Purchase Price shall be payable on Completion in accordance with clause 4.

3.4 The Additional Consideration shall be payable within five business days of the relevant disposal.

4 Completion

4.1 Completion shall take place at the offices of the Buyer's Solicitors (or at such other place as the parties may agree) on the Completion Date when all (but not part only unless the parties shall so agree) of the business set out in schedule 5 shall be transacted and the parties agree the matters contained in schedule 5.

4.2 Following compliance with the provisions of schedule 5, the Buyer shall:

(a) pay the Purchase Price attributable to Seller 1 (being the sum of £818,000) by electronic funds transfer to the Nominated Account (Seller 1's Solicitors being authorised to receive it in that account); and

(b) allot the Consideration Shares to Seller 2,

payment of which shall discharge the obligations of the Buyer under clause 3.

4.3 In consideration of the Buyer entering into this Agreement each Seller:

(a) confirms that neither he nor any person connected with him has any claim of any kind (actual or contingent) against the Companies on any account except in respect of amounts due and payable for services supplied or expenses incurred by way of trading in the ordinary course of business prior to the date of this agreement; and

(b) irrevocably and unconditionally waives and undertakes to procure that each person connected with him shall waive with effect from Completion any claim (actual or contingent) which any of them may have against the Companies except for those

identified in clause 4 3(a).

5 Post-Completion Matters and Further Assurances

5.1 Each Seller declares that for so long as he remains the registered holder of any of the Sale Shares after Completion he shall hold the Sale Shares and the dividends and other distributions of profits or surplus or other assets declared, paid or made in respect of them after Completion and all rights arising out of or in connection with them in trust for the Buyer.

5.2 Each Seller appoints the Buyer as his lawful attorney for the purpose of receiving notices of and attending and voting at all meetings of the members of the Companies from Completion to the day on which the Buyer or its nominee is entered in the registers of members of the Companies as the holder of the Sale Shares and for that purpose each Seller authorises:

- (a) the Companies to send any notices or other communications in respect of his holding of Sale Shares to the Buyer; and
- (b) the Buyer to complete in such manner as the Buyer thinks fit and to return proxy forms, consents to short notice and any other document required to be signed by him in his capacity as a member,

and this power of attorney (which is given by way of security to secure the performance of obligations owed by each Seller to the Buyer under this Agreement) shall be irrevocable.

5.3 As soon as reasonably practicable following Completion the Sellers shall (and shall procure that any relevant third party shall) send to the Buyer at its registered office for the time being all documents, correspondence, memoranda, files and other records to which the Companies are entitled and which are not located at the Property or delivered at Completion (whether or not referred to in schedule 5).

5.4 Seller 1 covenants with the Buyer that Seller 1 shall pay to the Companies an amount equal to the aggregate amount of all claims (if any) made against the Companies by him arising from his resignation as director or secretary of the Companies on Completion or otherwise by reason of this Agreement and arising from that resignation or from the termination of his employment by reason of this Agreement together with an amount equal to the aggregate of all costs, charges and expenses incurred by the Companies arising from any such claims.

5.5 The Sellers covenant with the Buyer that the Sellers shall indemnify the Buyer against any liability of the Companies arising at any time or existing under any Guarantee given by the Companies at any time in relation to any obligation of, or under any other agreement with:

- (a) any company which is or at any time was a holding company or subsidiary of the Companies or a subsidiary of any such holding company; or
- (b) any person who is or at any time was a shareholder of the Companies or of a company which was the holding company of the Companies or who was connected with any such person;

except in each case to the extent (if any) that the relevant Guarantee or agreement has been wholly, validly and irrevocably released or terminated prior to Completion.

- 5.6 Each Seller shall execute or, so far as is within his power, procure that any relevant third party shall execute, all such documents and/or do or, so far as each is able, procure the doing of such acts and things as the Buyer shall after Completion require in order to give effect to this Agreement and any documents entered into under it and to give to the Buyer the full benefit of all the provisions of this Agreement.

6 Warranties and Tax Covenant

- 6.1 In consideration of the Buyer entering into this Agreement Seller 1 warrants to the Buyer:

- (a) (subject to clause 6.4) in the terms set out in schedule 3; and
- (b) that any statement in schedule 3 which is qualified as being made “so far as Seller 1 is aware” or “to the best of the knowledge, information and belief of Seller 1” or any similar expression has been so qualified on the basis of the direct personal and actual knowledge of Seller 1 and that Seller 1 has used all reasonable endeavours to ensure that all information given, referred to or reflected in that statement is accurate in all material respects.

- 6.2 Seller 2 warrants to the Buyer in the terms set out in paragraph 2.1 and 2.2 of schedule 3.

- 6.3 The Sellers shall indemnify the Buyer against any liability, loss, claim, cost, expense or demand arising from breach of the Warranties in paragraphs 2.1 and 2.2 of schedule 3 or of the covenants in clause 8.3.

- 6.4 The indemnity set out in clause 6.3 shall not be subject to the provisions of schedule 4 and shall not be qualified by anything contained in or referred to in the Disclosure Letter.

- 6.5 Except as provided in clause 6.4, the Warranties are qualified to the extent, but only to the extent, of those matters fairly disclosed in the Disclosure Letter.

- 6.6 Each of the paragraphs in schedule 3:

- (a) shall be construed as a separate and independent warranty; and
- (b) except as expressly provided otherwise in this Agreement, shall not be limited by reference to any other paragraph in schedule 4 or by any other provision of any Agreed Document;

and the Buyer shall have a separate claim and right of action in respect of every Relevant Breach

- 6.7 The rights and remedies conferred on the Buyer under this Agreement are cumulative and are additional to, and not exclusive of, any rights or remedies provided by law or otherwise available at any time to the Buyer in respect of any Relevant Breach (including the right to damages for any loss or additional loss suffered by the Buyer);
- 6.8 All claims by the Buyer for damages or compensation in respect of any Relevant Breach shall (subject to clause 6.4) be subject to the provisions for the protection of Seller 1 in schedule 4.
- 6.9 The Warranties shall not in any respect be extinguished or affected by Completion
- 6.10 Seller 1 agrees with the Buyer:
 - (a) that the giving by the Companies and/or any of their directors, employees, agents or advisers to Seller 1 or his agents or advisers of any information or opinion in connection with the Warranties or the Agreed Documents or otherwise in relation to the business or affairs of the Companies or in connection with the negotiation and preparation of the Agreed Documents shall not be deemed a representation, warranty or guarantee to any party of the accuracy of any such information or opinion;
 - (b) to waive any right or claim which he may have against the Companies and/or any of their directors, employees agents or advisers for any error, omission or misrepresentation in any such information or opinion; and
 - (c) that any such right or claim shall not constitute a defence to any claim by the Buyer under or in relation to the Agreed Documents (including the Warranties).
- 6.11 Seller 1 covenants with the Buyer in the terms of the Tax Covenant, which shall take effect from Completion.
- 6.12 Nothing in this clause or schedule 4 (Provisions for the protection of Seller 1) applies to a Relevant Breach that arises or is delayed as a result of dishonesty, fraud, wilful misconduct or wilful concealment by the Sellers.

- 6.13 Schedule 4 (Provisions for the protection of Seller 1) shall apply in respect of Relevant Breaches under this Agreement.

7 Restrictive Covenants

- 7.1 In order to protect the value of the Sale Shares and the Business Information Seller 1 covenants with the Companies and the Buyer that without the prior consent in writing of the Buyer (which consent shall not be unreasonably withheld) he shall not directly or indirectly, whether himself, or by his employees or agents and whether on his own behalf or on behalf of any other person, firm or company or otherwise, for the period specified in clause 7.2:

- (a) carry on, be employed or otherwise engaged, concerned or interested in any capacity (whether or not for reward) in, provide any technical, commercial or professional advice to, or in any way assist any business which is or is about to be involved in the the supply of the Restricted Services or any of them in the Prohibited Area in competition with the Companies;
- (b) in relation to the the Restricted Services or any of them, solicit or canvass, accept orders from or otherwise deal with any person who:
 - (i) was a customer of the Companies at any time during the twelve months prior to the Completion Date; or
 - (ii) at the Completion Date was in the process of negotiating or contemplating doing business with the Companies;and with whom that Seller had personal dealing in the course of the Companies business; or
- (c) be employed or engaged in any company, firm or business which as regards any goods or services is a supplier to or a customer of the Companies.

- 7.2 The covenants in clause 7.1 shall apply for the period of three years from the Completion Date.

- 7.3 Seller 1 covenants with the Buyer that he shall not at any time after Completion directly or indirectly, whether himself, or by his employees or agents or otherwise:

- (a) carry on any trade or business or be associated with any person involved in any trade or business using the name Surveillance Group or any name incorporating the words Surveillance Training or any confusingly similar name;

- (b) in the course of carrying on any trade or business, claim, represent or otherwise indicate any ongoing association with the Companies or, for the purpose of obtaining or retaining any business or custom, claim, represent or otherwise indicate any past association with the Companies;
- (c) interfere or seek to interfere with, or with the continuance of, the supply of goods and services to or by the Companies (or the terms of any such supply); or
- (d) (subject to clause 7.6) without the consent of the Companies or the Buyer use, whether on his own behalf or on behalf of any third party, or disclose to any third party, any Business Information.

7.4 Subject to clause 7.6 Seller 1 covenants with the Companies and (as a separate and independent covenant) the Buyer that, if the Companies shall have obtained any Business Information from any third party under an agreement including any restriction on disclosure known to him, he shall not at any time without the consent of the Companies or the Buyer infringe that restriction.

7.5 The restrictions in clauses 7.1(c), 7.3(c) and 7.4 shall not apply:

- (a) to any Business Information which is in or becomes part of the public domain, other than through a breach of the obligations of confidentiality set out in this Agreement; or
- (b) to Seller 1 to the extent that he is required to disclose Business Information by any Official Requirement (including the regulations of any securities exchange or other Relevant Authority to which he is subject).

7.6 Seller 1 agrees with the Buyer that the covenants in clauses 7.1 to 7.4 inclusive (on which Seller 1 confirms that he has received independent legal advice):

- (a) are reasonable and necessary for the protection of the value of the Sale Shares and the Companies and that having regard to that fact those covenants do not work harshly on him; and
- (b) are given to induce the Buyer to enter into this Agreement and in consideration of the Buyer doing so.

8 Buyer Warranty

8.1 The Buyer warrants to Seller 1 that it is not currently aware of any facts or other circumstances (on the basis of the facts and circumstances of which it is aware or deemed to be aware at Completion) which it knows entitles it to make any Claim (as defined in

schedule 4) against Seller 1 under the Warranties and it is expressly agreed and declared that the Buyer shall not be entitled to make any Claim against Seller 1 to the extent that it is established that any director of the Buyer has knowingly and intentionally withheld any information from Seller 1 which Seller 1 (acting reasonably) would wish to disclose to the Buyer in relation to the Warranties.

9 Announcements and Confidentiality

- 9.1 Except as expressly required by any Official Requirement, all announcements or circulars by, for or on behalf of any of the parties and relating to any matter provided for in any Agreed Document shall be in a form approved in writing by the parties in advance of issue.
- 9.2 Each party shall (without limit in time, but subject to clause 8.3) keep and procure to be kept secret and confidential all Confidential Information belonging to any other party disclosed or obtained as a result of the discussions and negotiations leading to the execution of, or the performance of, this Agreement and shall neither use nor disclose any such Confidential Information except for the purposes of the proper performance of this Agreement or with the prior written consent of that other party. Where disclosure is made to any employee, consultant, adviser or agent, it shall be made subject to obligations equivalent to those set out in this Agreement. Each party shall use its best endeavours to procure that any such employee, consultant, adviser or agent complies with all those obligations. Each party shall be responsible to each other party in respect of any disclosure or use of any of that other party's Confidential Information by a person to whom disclosure is made. In this clause 8 disclosure includes disclosure in writing or by any other means.
- 9.3 The obligations of confidentiality in this clause 89 shall not extend to a party in respect of any matter which that party can show:
- (a) is in, or has become part of, the public domain other than as a result of a breach of the obligations of confidentiality under this Agreement;
 - (b) was in that party's written records prior to the date of this Agreement and not subject to any obligations as to confidentiality;
 - (c) was independently disclosed to that party by a third party entitled to disclose it; or
 - (d) is required to be disclosed under any Official Requirement or by any Relevant Authority.

10 Notices

- 10.1 Except as otherwise provided in this Agreement, every notice under this Agreement shall be

in writing and shall be deemed to be duly given if it (or the envelope containing it) identifies the intended recipient as the addressee and:

- (a) it is delivered by being handed personally to the addressee (or, where the addressee is a corporation, any one of its directors or its secretary);
- (b) it is delivered by being left in a letter box or other appropriate place for the receipt of letters at the addressee's authorised address (as defined below); or
- (c) the envelope containing the notice is properly addressed to the addressee at the addressee's authorised address and duly posted by the recorded delivery service (or by international recorded post if overseas) or the notice is duly transmitted to that address by facsimile transmission;

and, in proving the service of any such notice, it shall be conclusive evidence to prove that the notice was duly given within the meaning of this clause 10.1.

10.2 A notice sent by post (or the envelope containing it) shall not be deemed to be duly posted for the purposes of clause 10.1(c) unless it is put into the post properly stamped or with all postal or other charges in respect of it otherwise prepaid.

10.3 For the purposes of this clause 10 the authorised address of the Buyer and the Companies respectively shall be the address of its registered office for the time being or (in the case of notices sent by facsimile transmission) its facsimile number at that address and the authorised address of each Seller shall be his address as set out in this Agreement or such other address as he shall notify to the Buyer for this purpose or (in the case of notices sent by facsimile transmission) the facsimile number (if any) at the relevant address.

10.4 Any notice duly given within the meaning of clause 10.1 shall be deemed to have been both given and received

- (a) if it is delivered in accordance with clauses 10.1(a) or 10.1(b), on that delivery, and
- (b) if it is duly posted or transmitted in accordance with clause 10.1(c) by any of the methods specified in that clause, on the second (or, when sent by airmail, fifth) business day after the day of posting or (in the case of a notice transmitted by facsimile transmission) on receipt by the sender of a transmission report showing the successful transmission of the whole of the relevant notice or (if that transmission is not made during normal working hours on a business day) at 9.00 a.m. on the next business day

- 10.5 For the purposes of this clause "notice" shall include any request, demand, instruction, communication or other document.

11 Entire Agreement

- 11.1 The Agreed Documents constitute the entire agreement between the parties in relation to the sale and purchase of the Sale Shares and other matters covered by them and supersede any previous agreement between the parties in relation to those matters, which shall cease to have any further effect. It is agreed that:

- (a) no party has entered into any Agreed Document in reliance on, and each party unconditionally waives any claims in relation to, any statement, representation, warranty or undertaking which is not expressly set out or referred to in the Agreed Documents;
- (b) in the absence of fraud, no party shall have any remedy in respect of any untrue statement made, to it or its representatives or agents, prior to this Agreement being entered into and on which it or they relied other than representations, warranties or undertakings set out or referred to in the Agreed Documents and that party's only remedy in respect of representations, warranties and undertakings set out in the Agreed Documents shall be for breach of contract; and
- (c) this clause shall not exclude any remedy or liability for fraudulent concealment or fraudulent misrepresentation.

- 11.2 Each Seller confirms that there are no agreements to which both he (or any connected person) and the Companies are party, other than those of the Agreed Documents (if any) to which they are parties.

12 Alterations

- 12.1 No purported alteration of this Agreement shall be effective unless it is in writing, refers specifically to this Agreement and is duly executed by each party to this Agreement.

13 Severability

- 13.1 Each provision of this Agreement is severable and distinct from the others. The parties intend that each of those provisions shall be and remain valid and enforceable to the fullest extent permitted by law. If any such provision is or at any time becomes to any extent invalid, illegal or unenforceable under any enactment or rule of law, it shall to that extent be deemed not to form part of this Agreement but (except to that extent in the case of that provision) it and all other provisions of this Agreement shall continue to be effective

and their validity, legality and enforceability shall not be affected or impaired as a result, subject to the operation of this clause not negating the commercial intent and purpose of the parties under this Agreement. The proviso to clause 1.2(f) shall be read subject to this clause 13.1.

- 13.2 If any provision of this Agreement is illegal or unenforceable because any period or area specified in it exceeds that permitted by a Relevant Authority, that provision shall take effect with the minimum modification necessary to make it valid, effective and acceptable to that Relevant Authority subject to that modification not negating the commercial intent of the parties under this Agreement.

14 Counterparts

- 14.1 This Agreement may be entered into in the form of two or more counterparts each executed by one or more of the parties but, taken together, executed by all of them and, provided that each party duly executes such a counterpart, each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original, but, taken together, they shall constitute one instrument.

15 Payment of Costs

- 15.1 Each party shall be responsible for that party's own legal and other costs incurred in relation to the negotiation, preparation and completion of each of the Agreed Documents and all other relevant documents.
- 15.2 The Companies shall not directly or indirectly pay or reimburse any costs or expenses in connection with any investigation relating to the Companies or with the negotiation, completion or implementation of the Agreed Documents

16 Successors, Assigns and Third Party Rights

- 16.1 This Agreement shall be binding on and shall enure for the benefit of the successors in title and personal representatives of each party.
- 16.2 None of the parties (nor any other person entitled to enforce rights under this Agreement) may assign the benefit of any rights under this Agreement except that the Buyer may assign its rights by way of security for sums borrowed from time to time in favour of The Co-Operative Bank P.L.C
- 16.3 No consent shall be required from any person having rights under this Agreement by virtue only of the Contracts Act to any amendment, variation, waiver or settlement of this Agreement or any right or claim arising from or under it which (in each case) has been

agreed by any party to it.

17 Applicable Law and Submission to Jurisdiction

17.1 This Agreement and any dispute or claim arising out of or in connection with it shall be governed by and construed in accordance with English law.

17.2 All disputes or claims arising out of or relating to this Agreement shall be subject to the non-exclusive jurisdiction of the English Courts, to which the parties irrevocably submit.

18 Delivery of Agreement

18.1 The parties do not intend this Agreement to be delivered by, or to become legally binding on, any of them until the date of this Agreement is written at its head, notwithstanding that one or more of them may have executed this Agreement prior to that date being inserted.

IN WITNESS of the above the parties have executed this Agreement as a deed on the date written at the head of this Agreement.

Schedule 1

The Sellers

	Number of Ordinary Shares in Company 1	Number of Ordinary Shares in Company 2
Michael Walter Parsons	50	50
Timothy Craig Young	50	50

Schedule 2

Company 1

Status:	Private company limited by shares
Date of incorporation:	5 July 2001
Place of incorporation:	England and Wales
Registered number:	4246863
Registered office:	1 and 2 Fields Yard, Plough Lane, Hereford, Herefordshire HR4 0EL
Authorised share capital:	£1,000 divided into 1,000 Ordinary Shares of £1.00 each
Issued share capital:	£100 divided into 100 Ordinary Shares of £1.00 each (all fully paid)
Directors:	Timothy Craig Young Michael Walter Parsons
Secretary:	Michael Walter Parsons
Auditors:	BDO Stoy Hayward LLP
Accounting reference date:	31 July

Company 2

Status:	Private company limited by shares
Date of incorporation:	25 June 2007
Place of incorporation:	England and Wales
Registered number:	6291274
Registered office:	1 and 2 Fields Yard, Plough Lane, Hereford, Herefordshire HR4 0EL
Authorised share capital:	£1,000 divided into 1,000 Ordinary Shares of £1.00 each
Issued share capital:	£100 divided into 100 Ordinary Shares of £1.00 each (all fully paid)
Directors:	Timothy Craig Young Michael Walter Parsons
Secretary:	Valerie Ann Douglas
Accounting reference date:	31 July

Schedule 3

Warranties

Part 1 - General Warranties

1 Information

- 1.1 The information in schedules 1 and 2 is accurate.

2 The Sellers

- 2.1 Each Seller has full power to enter into and perform this Agreement which constitutes binding obligations on each Seller in accordance with its terms
- 2.2 The Sale Shares constitute the whole of the issued share capital of the Companies, all the Sale Shares are fully paid or are properly credited as fully paid and each Seller is the sole legal and beneficial owner of the number of Sale Shares specified to be owned by that Seller (or by his nominee) in schedule 1 free from Encumbrances.
- 2.3 No bankruptcy order has been made in respect of any Seller, nor has any petition for any such order been presented.
- 2.4 No application has been made in respect of any Seller for an interim order under section 253 Insolvency Act 1986.
- 2.5 Seller 1 is not unable to pay or has no reasonable prospect of being able to pay any debt as those expressions are defined in section 268 Insolvency Act 1986.
- 2.6 No person has been appointed by the court to prepare a report in respect of any Seller under section 273 Insolvency Act 1986.
- 2.7 No interim receiver has been appointed of the property of any Seller under section 286 Insolvency Act 1986.

3 Accounts

So far as Seller 1 is aware, the Accounts give a true and fair view of the assets, liabilities (including contingent unquantified liabilities whether for Tax or otherwise), capital commitments and state of affairs of the Companies as at the Accounts Date and of the profits and losses of the Companies for the financial period to which the Accounts relate.

4 Position since the Accounts Date

- 4.1 Since the Accounts Date, Seller 1 has not on behalf of the Companies:

- (a) agreed to acquire any business;
- (b) disposed of any of their respective assets except in the ordinary and normal course of business at the full market values of the assets concerned;
- (c) incurred any capital commitment in excess of £1,000;
- (d) made any offer or tender other than in the normal course of business which is capable of being converted into an obligation of the Companies by acceptance or other act of some other person;
- (e) entered into any transaction or incurred any liabilities (actual or contingent) or made any payment not provided for in the Accounts except, in each case, in the ordinary course of trading;
- (f) ceased to deal with any customer or supplier which, in either of the two financial periods ending on the Accounts Date, accounted for five per cent or more of (for a customer) the sales made by the Companies or (for a supplier) the goods or services supplied to the Companies.

5 Debtors and Creditors

5.1 So far as Seller 1 is aware, the Companies have no indebtedness except:

- (a) as fairly disclosed in the Accounts; or
- (b) amounts due to trade creditors incurred in the ordinary course of trading since the date of the Accounts.

5.2 Save in respect of directors overdrawn loan accounts (if any) the Companies are not owed any monies other than in the ordinary course of business.

5.3 No indication has been received by Seller 1 that any debt due to the Companies is bad or doubtful.

5.4 So far as Seller 1 is aware, the Companies have not given any Guarantee or entered into any agreement for the postponement of debt (or regulating the priority of any security for debt) or for lien or set-off.

5.5 So far as Seller 1 is aware, the Companies are not in default under the terms of any borrowing made by it and no circumstances have arisen which could entitle a lender of finance to the Companies (other than on normal overdraft facility) to call in the whole or any part of the monies advanced or enforce any security.

6 Subsidiaries

6.1 The Companies:

- (a) have never had any subsidiaries;
- (b) have not since their incorporation been a subsidiary of any other Companies; and
- (c) hold no shares in the capital of any other Companies.

7 Property

- 7.1 The Companies do not own, use or occupy or have any interest in any land and/or buildings other than the Property.

8 Assets

- 8.1 So far as Seller 1 is aware, the Companies do not make use of any asset which is not included in the Accounts.
- 8.2 So far as Seller 1 is aware but without making any form of inspection or survey, all assets of, or used in connection with the business of, the Companies are in the possession and under the control of the Companies and are in good repair and condition and regularly maintained and fully serviceable.

9 Insurances

- 9.1 So far as Seller 1 is aware, all insurances of the Companies are and have at all material times been in force and no claims have been made by the Companies on its insurers or are contemplated or outstanding which could have the effect of causing future premiums to be higher than they are at the date of this Agreement.

10 Conduct of Business

- 10.1 So far as Seller 1 is aware, the Companies have not now nor have they been during the period of two years prior to the date of this Agreement a party to any contracts or transactions which are, or involve obligations, of an unusual, onerous or long term nature nor has it given any gifts, bribes or inducements to any person.
- 10.2 So far as Seller 1 is aware, no event or omission has occurred which would entitle any third party to terminate prematurely any contract to which the Companies are a party or call in any money before the date on which payment of the relevant sum would normally or otherwise be due.

10.3 So far as Seller 1 is aware, there is no claim against and there are no circumstances which may lead to a claim against the Companies for defective services or for breach of representation, warranty, condition or Official Requirement in relation to services or for delays in delivery or completion of contracts or for deficiencies of performance or otherwise relating to liability services supplied by the Companies.

10.4 So far as Seller 1 is aware, after Completion whether by reason of an existing agreement or arrangement or as a result of the acquisition of the Sale Shares by the Buyer or otherwise:

- (a) no supplier of the Companies will cease or be entitled to cease supplying the Companies, or substantially reduce or be entitled substantially to reduce its supplies to the Companies;
- (b) no customer of the Companies will cease or be entitled to cease to deal with the Companies, or substantially reduce or be entitled substantially to reduce its existing level of business with the Companies;
- (c) the Companies will not lose the benefit of any right or privilege which they currently enjoy; and
- (d) no officer or senior employee (other than Seller 1 and Valerie Ann Douglas) of the Companies will leave his office or employment.

11 Directors and Employees

11.1 So far as Seller 1 is aware, no change has been made nor agreed to be made nor proposed by the Companies in the terms of employment of any of its directors or employees since the Accounts Date.

11.2 So far as Seller 1 is aware, no negotiations for any increase in remuneration or benefits or change in any other term of the employment of any of the employees of the Companies are current and no offer of or demand for any such increase has been made.

11.3 So far as Seller 1 is aware there are no circumstances, facts or events which may lead to any claim, demand or liability against the Companies on the part of any person who has been or is its director or employee (or the dependant of any such person).

11.4 Seller 1 is not aware of any material grievance on the part of any employee, the employees generally or any section of the employees (in each case) of the Companies.

11.5 So far as Seller 1 is aware, no employee or director of the Companies has given notice to terminate, or is under notice of termination of, and there are no grounds on which any such

employee or director may give, or may be given, notice to terminate, his employment with the Companies.

11.6 So far as Seller 1 is aware, the Companies have not made an offer of employment to any person which has yet to be accepted or rejected.

11.7 So far as Seller 1 is aware, no employee of the Companies is required to have a work permit in order to perform his duties in full.

12 Unissued Capital

12.1 So far as Seller 1 is aware, there are no agreements or instruments in force which require or confer the right (conditionally or unconditionally) to require the issue of any share or loan capital of the Companies now or at any time in the future nor are there any agreements restrictions or obligations entered into by or binding on the Companies as to their unissued share or loan capital.

13 Intellectual Property

13.1 So far as Seller 1 is aware, the Companies are free to disclose any Business Information but have not disclosed any of it except in the ordinary course of business and against written undertakings from the recipient to keep all such disclosed Business Information confidential, or to the Buyer.

13.2 So far as Seller 1 is aware, the Companies are not infringing nor have they ever infringed, either directly or through any other person, the Intellectual Property Rights of any third party, and no third party has alleged any such infringement.

13.3 Seller 1 does not have any rights to use any of the Intellectual Property.

14 Litigation, Offences and Processes

14.1 So far as Seller 1 is aware the Companies are not engaged in any litigation (whether criminal or civil), arbitration, reference of any dispute or disagreement to an expert or any alternative dispute resolution process and there are no facts or circumstances likely to give rise to any such litigation, arbitration, reference or alternative dispute resolution process.

14.2 So far as Seller 1 is aware, no injunction has been granted against the Companies and the Companies have given no undertaking to any Court or to any third party arising out of any legal proceedings.

14.3 So far as Seller 1 is aware, no unsatisfied judgement is outstanding against the Companies

- 14.4 So far as Seller 1 is aware, no distress execution or other process has been levied on any asset of the Companies nor has any person threatened any such distress execution or other process.

15 Insolvency

- 15.1 So far as Seller 1 is aware, no order has been made and no resolution has been passed for the winding up of the Companies or for a provisional liquidator to be appointed in respect of the Companies and no petition has been presented and no meeting has been convened for the purpose of winding up the Companies.

- 15.2 So far as Seller 1 is aware, no administration order has been made and no application for administration (whether out of court or otherwise) has been made in respect of the Companies, nor has any administrator been appointed in respect of the Companies, nor has any notice of intention to appoint any such administrator been given, nor have any other steps been taken by any person (including the Companies or their directors) to appoint such an administrator.

- 15.3 So far as Seller 1 is aware, no person has appointed or threatened to appoint a receiver (including any administrative receiver) in respect of the Companies or any of their assets.

16 Grants

- 16.1 So far as Seller 1 is aware, the Companies have not done or omitted to do or agreed to do or to omit to do anything as a result of which all or any part of any investment or other grant or employment subsidy or similar payment made or due to be made to the Companies is or may be liable to be repaid, forfeited or withheld in whole or in part.

17 Transactions with Shareholders or Directors and Others

- 17.1 No transactions, contracts or arrangements (including any loan or Guarantee made or given by the Companies) have been entered into during the six years prior to the date of this Agreement to which the Companies are a party:

- (a) in which Seller 1 or any person connected with Seller 1 has been interested whether directly or indirectly; or
- (b) which fall within the definition of "related party transaction" contained in Chapter 11 of the Listing Rules published by the UK Listing Authority.

- 17.2 No monies are owed by the Companies to Seller 1 or to any person connected with such Seller or to any companies or partnership in which such Seller (or the spouse of any such Seller) are directly or indirectly interested other than as holders of listed securities.

17.3 The Companies have no debts owed to them by Seller 1 (or by a person connected with Seller 1) or by any Companies in which Seller 1 (or any person connected with any of them) are directly or indirectly interested (other than as holders of listed securities) nor does Seller 1 or the Companies' directors or any of them (or any person connected with any of them) or any such companies have any claims against the Companies on any account whatsoever including claims for compensation for loss of office or for unfair dismissal or redundancy payment.

17.4 Seller 1 and any person connected with Seller 1 has no interest in any partnership or company (whether limited or unlimited and whether by way of shareholding, directorship, membership, employment or otherwise) other than in the Companies or as the holder of securities which are listed on a recognised stock exchange.

18 Data Protection and Privacy

18.1 Seller 1 has not shared any Personal Data with any organisation competing with the business of the Buyer or the Companies.

18.2 Seller 1 will not retain a copy of any Personal Data after Completion.

18.3 So far as Seller 1 is aware, there are no outstanding complaints, legal actions, proceedings, assessments, investigations or other queries outstanding from any person including Data Subjects, the Information Commissioner's Office or any other investigatory body in respect of the Processing of the Personal Data by any Seller or the Companies.

19 Effect of this Agreement

19.1 So far as Seller 1 is aware, the execution and delivery of, and compliance with the terms of, this Agreement does not and will not:

- (a) conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of any agreement or instrument to which the Companies or any Seller are a party or any provision of the Memoranda or Articles of Association of the Companies or any lease, contract, order, judgement, award, injunction, regulation or other Encumbrance, restriction or obligation of any kind or character by which or to which any Seller or any asset of the Companies are bound or subject;
- (b) relieve any person from any obligation to the Companies (whether contractual or otherwise) or enable any person to determine any such obligation or any right or benefit enjoyed by the Companies or to exercise any right whether under an agreement with or otherwise in respect of the Companies;

- (c) result in the creation, imposition, crystallisation or enforcement of any Encumbrance on any of the Sale Shares or on any of the assets of the Companies; or
- (d) result in any present or future indebtedness of the Companies becoming due or capable of being declared due and payable prior to its stated maturity.

Schedule 4
Provisions for the protection of Seller 1

1 Limitations on Claims

1.1 The definitions and rules of interpretation in this schedule apply in this Agreement.

"Claim" a claim for breach of any of the Warranties;

"Substantiated Claim" a Claim in respect of which liability is admitted by the party against whom such Claim is brought, or which has been adjudicated on by a Court of competent jurisdiction and no right of appeal lies in respect of such adjudication, or the parties are debarred by passage of time or otherwise from making an appeal.

A Claim is connected with another Claim or Substantiated Claim if they all arise out of the occurrence of the same event or relate to the same subject matter.

1.2 This schedule 4 limits the liability of Seller 1 in relation to any Claim.

1.3 The liability of Seller 1 for all Substantiated Claims when taken together shall not exceed the sum of £818,000.

1.4 Seller 1 shall not be liable for a Claim unless:

- (a) the amount of a Substantiated Claim, or of a series of connected Substantiated Claims of which that Substantiated Claim is one, exceeds £2,500;
- (b) the amount of all Substantiated Claims that are not excluded under paragraph 1.4.1 when taken together, exceeds £10,000, in which case the whole amount (and not just the amount by which the limit in this paragraph 1.4.2 is exceeded) is recoverable by the Buyer.

1.5 Seller 1 is not liable for any Claim to the extent that the Claim relates to matters disclosed in the Disclosure Letter.

1.6 Save for in respect of any Claim arising under clause 2.2 or for any Tax Liability arising under schedule 6 (Tax Covenant) of this Agreement, Seller 1 is not liable for a Claim unless the Buyer has given Seller 1 notice in writing of the Claim, summarising the nature of the Claim as far as it is known to the Buyer and the amount claimed within the period of eighteen months beginning with the Completion Date.

- 1.7 Seller 1 is not liable for a Claim arising under clause 2.2 or for any Tax Liability arising under schedule 6 (Tax Covenant) of this Agreement unless the Buyer has given Seller 1 notice in writing of the Claim, summarising the nature of the Claim as far as it is known to the Buyer and the amount claimed within the period of six years beginning with the Completion Date.
- 1.8 Nothing in this schedule 4 applies to a Claim that arises or is delayed as a result of dishonesty, fraud, wilful misconduct or wilful concealment by Seller 1, its agents or advisers.

Schedule 5
Completion Provisions

Part 1 - Completion Obligations

1 Sellers' Obligations

1.1 On Completion, in accordance with clause 4, the Sellers shall:

- (a) deliver to the Buyer or (in the case of the items specified in paragraphs (xi) and (xii)) make available for collection by the Buyer or authorised representatives of the Buyer (to the extent not previously delivered or provided):
 - (i) transfers in respect of the Sale Shares duly executed and completed in favour of the Buyer ;
 - (ii) duly executed powers of attorney or other authorities under which any of the above transfers have been executed;
 - (iii) all share certificates in respect of the Sale Shares (or an indemnity in a form approved by the Buyer in respect of any missing share certificate);
 - (iv) any other documents required to give a good title to, and to enable the Buyer to become the registered holder of, the Sale Shares;
 - (v) (as agents for the Companies) all statutory and minute books (written up to date) and Common Seals (if any), Certificates of Incorporation, any Certificates of Incorporation on Change of Name and all available copies of Memoranda and Articles of Association;
 - (vi) evidence satisfactory to the Buyer of the release of all Guarantees given by the Companies in respect of liabilities of any Seller and of any Security Interest which the Buyer has not agreed should remain in force over the assets of the Companies;
 - (vii) to the extent not in the possession of the Companies at the Property, all the financial and accounting books and records of the Companies together with all cheque books and paying in books for its bank accounts; and
 - (viii) to the extent not in the possession of the Companies at the Property, all the assets of the Companies (including all company credit cards held by persons resigning on Completion or otherwise ceasing to be employed or engaged by the Companies after Completion) together with all documents

evidencing its title to each of its assets (including vehicle registration documents relating to its motor vehicles);

- (b) cause all stock transfers executed in accordance with paragraph 1.1(a) above to be resolved to be registered (subject only to their being duly stamped) notwithstanding any provision to the contrary in the Articles of Association of the Companies;
- (c) repay to the Companies, or procure the repayment to it of, all indebtedness outstanding at Completion from the Sellers or any of them to the Companies other than in respect of any trading in the ordinary course of business by the Companies with any Seller, which shall be repaid in accordance with existing arrangements; and
- (d) procure that the Companies shall repay all loans made to it by the Sellers as fairly disclosed in the Disclosure Letter and outstanding at Completion.

2 Buyer's Obligations

- 2.1 The Buyer shall on Completion duly execute and deliver to the Sellers those of the Agreed Documents requiring to be so executed and delivered by the Buyer.

3 Joint Obligations

- 3.1 The parties shall join in procuring that at or before Completion all existing bank mandates in force for the Companies shall be altered (in such manner as the Buyer shall at Completion require) to reflect the resignations and appointments referred to in paragraph 1 above.

Part 2 - New Secretary

Valerie Ann Douglas

Part 3 - Resigning Directors

Michael Walter Parsons

Part 4 - Resigning Secretary

Michael Walter Parsons

Schedule 6
Tax Covenant

1 Seller 1's Covenant

1.1 Subject to the provisions of this schedule, the Seller 1 hereby covenants with the Buyer to pay to the Buyer an amount equal to:

(a) any Tax Liability of the Companies:

(i) arising as a consequence of or by reference to one or more transactions, contracts or arrangements (including any loan or Guarantee) in which Seller 1 or any person connected with Seller 1 has been directly interested; or

(ii) arising or assessed as a consequence of the failure of a Relevant Person at any time to pay Tax, or

(b) (save to the extent already paid or reimbursed by Seller 1) any costs and expenses reasonably incurred by the Buyer and/or the Companies in connection with any successful claim by the Buyer under this schedule.

2 Credit for Tax Savings

2.1 If (at the cost and expense of Seller 1) the Auditors certify that either of the Companies has obtained the benefit of a Tax Saving, then the Buyer shall (within 7 days after receipt by the Buyer of notice from the Seller 1 demanding the same) repay to Seller 1 an amount equal to the lesser of:

(a) the amount of such Tax Saving (as certified by the Auditors); and

(b) (to the extent not already refunded) the amount(s) previously paid by Seller 1 to the Buyer under this schedule in respect of the Prior Liability in question.

2.2 For the purposes of this schedule, no Tax Saving (or the Relief giving rise to such Tax Saving) shall arise or be increased by any change in Tax Legislation or rates of Tax announced after Completion.

2.3 For the purposes of this paragraph 2.

(a) "Prior Liability" means a Tax Liability of the Companies in respect of which the Seller 1 has made payment to the Buyer under this schedule,

- (b) "Tax Saving" means any Relief, saving or other benefit to which the Companies become entitled as a consequence of or by reference to a Prior Liability (or to which it would have been entitled had such Prior Liability been paid or discharged); and
- (c) the Companies shall be regarded as obtaining the benefit of a Tax Saving on the last day on which (but for the Relief giving rise to the Tax Saving) it would have been obliged to make an actual payment of Tax in order to avoid incurring a liability to interest or a charge fine or penalty in respect of that Tax.

3 No Withholdings or Deductions

- 3.1 Save only as may be required by law all sums payable under this schedule shall be paid free and clear of all deductions or withholdings whatsoever.
- 3.2 If any deductions or withholdings are required by law to be made from any payment (other than interest) under this schedule, the payer shall pay to the recipient such sum as will, after the deduction or withholding has been made, leave the recipient with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding.

4 Tax on Payments

- 4.1 If any sum (other than interest) payable under this schedule (including without limitation any sum payable under this paragraph 4) is subject to a Tax Liability in the hands of the Buyer, Seller 1 shall pay to the Buyer such sum as would have been required to be paid under paragraph 3.2 had that Tax Liability been a deduction or withholding from the sum payable by Seller 1.

5 Date for Payment

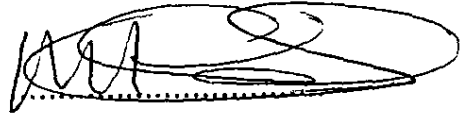
- 5.1 Where Seller 1 becomes liable to make a payment pursuant to the provisions of this schedule, the due date for the making of that payment in cleared funds shall be the date falling five business days after the date on which the Buyer or the Companies have notified Seller 1 of the amount of the payment required to be made or, if later, on or before the second business day prior to the last date on which the payment of Tax in question may be paid to the relevant Tax authority in order to avoid incurring a liability to interest or a charge fine or penalty in respect of that Tax Liability.

6 Interest on Late Payments

- 6.1 Subject to paragraph 6.2, if any payment required to be made under this schedule is not made by the due date for payment thereof, then that payment shall carry interest from that due date until the date when the payment is actually made at the rate of 3 percent above the base rate from time to time of Lloyds TSB Bank Plc.
- 6.2 In calculating any interest payable under this paragraph 6, credit shall be given for any interest which has already been taken into account by reason of such interest being included within the definition of "Tax" or "Tax Liability".

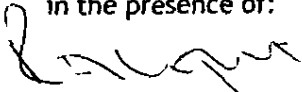
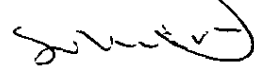
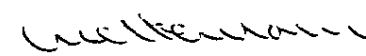
SIGNED AND DELIVERED

AS A DEED by MICHAEL WALTER PARSONS

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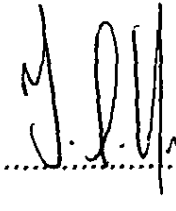
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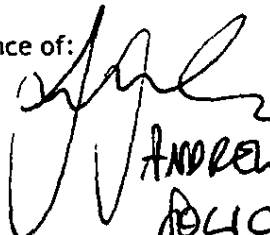
SIGNED AND DELIVERED

AS A DEED by TIMOTHY CRAIG YOUNG

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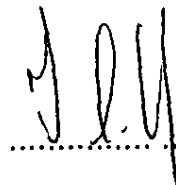
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ANDREW CAVAN SMITH
SOLICITOR
WRATCHE + COLLE

SIGNED AND DELIVERED

AS A DEED by and on behalf

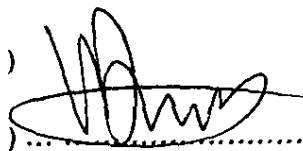
) 

of SURVEILLANCE HOLDINGS

) Director

LIMITED

acting by:

) 

Director/secretary

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mail@wragge.com
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