

980761

DATED 4th September 1998

CERTIFIED TRUE COPY

Theodore Goddard

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FAIRFIELD ENTERPRISES PLC

and

MICHAEL BARRY OWEN AND OTHERS

**SHARE ACQUISITION
AGREEMENT**



**THEODORE
GODDARD**

London

CONTENTS

	Page
1. DEFINITIONS AND INTERPRETATION	3
2. SALE AND PURCHASE	7
3. CONSIDERATION	8
3.2 COMPLETION ACCOUNTS	8
3.11 CONSIDERATION SHARES	10
4. COMPLETION CONDITIONAL	10
5. WARRANTIES	11
6. COMPLETION	12
7. MATTERS PENDING COMPLETION	17
8. CONFIDENTIALITY	17
9. RESTRICTIONS	18
10. SPECIFIC PAYMENT COVENANTS AND FUTURE DIVIDEND	20
11. REFERENCES TO EXPERT	21
12. ENVIRONMENTAL COVENANTS	22
13. THE ESCROW ACCOUNT	22
14. GENERAL	23
SCHEDULE 1	
The Vendors and their shareholdings	27
SCHEDULE 2	
Warranties, Representations and Undertakings	28
SCHEDULE 3	
Particulars of the Company	58
SCHEDULE 4	
The Subsidiaries	60
SCHEDULE 5	
The Properties	62
SCHEDULE 6	
Vendors' Limitations	64
SCHEDULE 7	
Tax Deed of Covenant	68
SCHEDULE 8	
Documents in the agreed form	85
SCHEDULE 9	
Opinion Letter	86



THIS AGREEMENT is made on 4th September 1998

BETWEEN:

- (1) **THE PERSONS** whose names and addresses are set out in column (1) of Schedule 1 (the "Vendors").
- (2) **FAIRFIELD ENTERPRISES PLC** a company registered in England under Number 980761 whose registered office is at 250 Waterloo Road London SE1 8RE (the "Purchaser").

WHEREAS:

- (A) The Vendors have agreed to sell to the Purchaser, the whole of the issued share capital of The Palatine Engraving Company Limited (the "**Company**").
- (B) Particulars of the Company are set out in Schedule 3.
- (C) The Subsidiaries are the only subsidiaries of the Company.
- (D) All documents in the agreed form are listed in Schedule 8.

IT IS AGREED as follows:-

1. DEFINITIONS AND INTERPRETATION

In this Agreement (which expression shall be deemed to include the Schedules hereto):-

1.1 unless the context otherwise requires:

"**Accounting Date**" shall have the meaning given thereto in Schedule 2;

the "**Act**" means the Companies Act 1985;

the "**Agreed Rate**" means the base rate of National Westminster Bank plc from time to time in force;

"**agreed form**" means in the form previously agreed by the parties to this Agreement and signed for the purpose of identification by or on their behalf;

"**associate**" means, in relation to any person, an associated company of that person or a person who is connected with that person (and whether a person is an associated company or is so connected shall be determined in accordance with Sections 416 and 839 of the Income and Corporation Taxes Act 1988 save that in construing Section 839 the term 'control' shall have the meaning given by Section 840 or Section 416 of the said Act so that there shall be control wherever either of the said Sections would so require);

the "Auditors" mean the auditors of the Company from time to time;

"business day" means a day on which clearing banks generally are open for business in the City of London;

the "Circular" means the circular in the agreed form relating, inter alia, to the acquisition of the Company proposed to be issued by the Purchaser to its shareholders on or immediately following the date hereof;

"Completion" means the performance by the parties of the obligations (to the extent not previously waived in terms of this Agreement) assumed by them respectively under clause 6.2 and the satisfaction of the Escrow Condition;

the "Completion Accounts" has the meaning attributed thereto in clause 3.3;

the "Completion Date" means the later of (1) the day on which the conditions referred to in Clauses 4.1.1 and 4.1.2 shall have been satisfied and (2) 30 September 1998;

"Confidential Information" means any confidential information of any member of the Group and know-how relating to the Group's projects, or the working of any of the processes or inventions it owns or uses, details of its research projects (including their organisation and staff involved), lists and details of customers, prices, and commercial relationships and negotiations and any information in respect of which any member of the Group is bound by an obligation of confidence to a third party;

"Consideration Shares" means the 845,000 ordinary shares of 20 pence each in the capital of the Purchaser to be issued as part of the consideration for the sale of the Shares;

the "Disclosure Letter" means the letter of even date from the Vendors to the Purchaser containing exceptions to the Warranties;

"Escrow Account" means an interest bearing joint account to be opened on Completion by the Purchaser's Solicitors and the Vendors' Solicitors in the joint names of the Purchaser's Solicitors and the Vendors' Solicitors with National Westminster Bank plc for the purposes set out in Clause 13;

"Escrow Agents" means the Purchaser's Solicitors and the Vendors' Solicitors as at the date of Completion;

"Escrow Agents Instruction Letter" means the Escrow Agents Instruction Letter in the agreed form to be signed by the parties to this Agreement and delivered to the Purchaser's Solicitors and the Vendors' Solicitors at Completion;

"Escrow Amount" means an aggregate of £797,000 representing £125,000 in respect of security to be provided in relation to payment of the Future Dividend and £672,000

as security for payment of the Unpaid Dividend less the amount of any Unpaid Dividend paid to the Vendors on or before the Completion Date;

"Escrow Completion" means the performance by the parties of the obligations (to the extent not previously waived in terms of this Agreement) assumed by them respectively under Clause 6.2 (on and subject to the terms set out in Clause 6.4);

"Escrow Condition" means the condition contained in Clause 4.1.3;

the **"Exchange"** means London Stock Exchange Limited;

the **"Future Dividend"** means the dividend referred to in Clause 10.4;

"group" means, in relation to a company, that company and any company which is from time to time a holding company of that company or a subsidiary of that company or of such holding company;

the **"Group"** means the Company and the Subsidiaries;

"holding company" has the meaning set out in Section 736 of the Act and includes, where the context admits, a "parent undertaking" as defined in Section 258 of the Act;

"Interest" means interest (as well after as before judgment) at the rate in question accruing daily and compounded with rests on the last day of each calendar month;

the **"Leasehold Properties"** means the Leasehold Properties described in Part II of Schedule 5;

the **"Lease Documentation"** means the lease documentation (which, for the avoidance of doubt, includes all (if any) memoranda, licences, agreements, side letters, guarantees, rent deposit agreements and other documents) short particulars of which are set out in Schedule 5;

"Loan Stock" means the £1,000,000 convertible loan stock in the Purchaser in the agreed form;

"Net Asset Value" has the meaning attributed thereto in clause 3.5;

"Opinion Letters" means the letters from the Vendors' Solicitors in the forms set out in Schedule 9;

the **"Pension Scheme"** means the retirement benefits scheme known as The Palatine Engraving Company Limited Pension Scheme established by a trust deed dated 9 November 1995 or, if the context requires, the trustees of that scheme;

the **"Prescribed Rate"** means the base rate of National Westminster Bank plc from time to time in force plus 3 per cent;

the "Properties" means the freehold and leasehold properties described in Schedule 5;

the "Purchaser's Solicitors" means Theodore Goddard of 150 Aldersgate Street London EC1A 4EJ (Ref 582) or their successors in business or any other firm of solicitors appointed by the Purchaser for the purposes of this Agreement;

the "Relevant Shares" means the Consideration Shares and any additional shares allotted or issued to the Vendors by virtue of the holding of these shares or any of them.

the "Shares" means the shares comprised in the whole of the issued share capital of the Company as specified in Schedule 3;

"subsidiary" has the meaning set out in Section 736 of the Act and includes, where the context admits, a "subsidiary undertaking" as defined in Section 258 of the Act;

the "Subsidiaries" means the subsidiaries of the Company at the date hereof particulars of which are set out in Schedule 4;

the "Taxation Deed" means the Tax Deed of Covenant proposed to be entered into between the Vendors and the Purchaser in the agreed form;

the "Trustees" means those of the Vendors who are designated as trustees in Schedule 1;

"Unpaid Dividend" means the dividend proposed to be declared by the Company details of which are contained in the Warranted Accounts of an aggregate of £672,000 (exclusive of tax credit at the appropriate rate) in favour of the Vendors;

the "Vendors' Solicitors" means Messrs. Bullivant Jones & Company of State House, 22 Dale Street Liverpool L2 4UR or their successors in business or any other firm of solicitors appointed by the Vendors for the purposes of this Agreement;

the "Warranties" means the warranties, representations and undertakings contained or referred to in clause 5.1 and Schedule 2;

the "Warranted Accounts" shall have the same meaning given thereto in Schedule 2;

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

1.3 subject as herein otherwise expressly defined, words or phrases defined in the Act and in the relevant legislation relating to taxation bear the same respective meanings;

- 1.4 words and phrases defined in any part of this Agreement bear the same meanings throughout this Agreement;
- 1.5 unless otherwise specified, words importing the singular include the plural, words importing any gender include every gender and words importing persons include bodies corporate and unincorporate; and (in each case) vice versa;
- 1.6 references to clauses and other provisions are references to clauses and other provisions of this Agreement;
- 1.7 references to this Agreement or any other document shall, where the context admits, be construed as references to this Agreement or such other document as varied, supplemented, novated and/or replaced in any manner from time to time;
- 1.8 obligations and liabilities assumed by more than one Vendor are assumed jointly and severally unless otherwise specified save that the liability of the trustees of the R G Austin 1984 Settlement and the trustees of the M B Owen 1992 Settlement shall be several only but on the basis that where more than one Vendor is in breach and liable in respect of the same loss or damage, liability for the total sum recoverable shall be attributed to such persons in accordance with paragraphs 1.2, 1.5 and 2 of Schedule 6.
- 1.9 references to the Vendors shall include each of the Vendors severally;
- 1.10 the terms "**hereunder**", "**hereto**", "**herein**", "**hereof**" and similar expressions relate to this entire Agreement and not to any particular provision thereof;
- 1.11 the clause headings shall not affect interpretation.

2. SALE AND PURCHASE

- 2.1 Each of the Vendors shall sell with full title guarantee the number of Shares shown opposite his name in column (2) of Schedule 1 and the Purchaser shall purchase the same free from all claims, liens, charges, equities, options and encumbrances whatsoever and together with all rights now or hereafter attaching thereto save for the right to receive the Future Dividend and the Unpaid Dividend attributable to such Shares which shall be vested in and belong to the Vendors upon and subject to the terms and conditions of this Agreement.
- 2.2 The Purchaser shall not be obliged to complete the purchase of any of the Shares unless the purchase of all the Shares is completed simultaneously, but completion of the purchase of some of the Shares will not affect the rights of the Purchaser with respect to the others.
- 2.3 Each of the Vendors hereby waives and agrees to procure the waiver of any restrictions on transfer (including pre-emption rights) which may exist in relation to the Shares under the existing articles of association of the Company or otherwise.

3. CONSIDERATION

3.1 Subject to adjustment as mentioned below, the consideration for the Shares shall be £2,575,975 which shall be satisfied as follows:-

3.1.1 the sum of £600,000 in cash which shall be apportioned between the Vendors as specified in column (3) of Schedule 1;

3.1.2 the allotment and issue to the Vendors of the Consideration Shares apportioned between them in the amounts specified in Column (4) of Schedule 1; and

3.1.3 the issue to the Vendors of the Loan Stock in the amounts set out in Column (5) of Schedule 1.

3.2 COMPLETION ACCOUNTS

The parties acknowledge that the Consideration is based in part upon the Net Asset Value (as hereinafter defined) at Escrow Completion being not less than £1,425,000 (the "**Minimum Net Asset Figure**"). In the event that the Net Asset Value shall be less than the Minimum Net Asset Figure the Vendors shall within 5 business days after the determination of the Net Asset Value (determined in accordance with this Clause 3) pay or repay to the Purchaser an amount in cash equal to the amount needed to be added to the Net Asset Value to equal the Minimum Net Asset Figure up to a maximum of £2,750,000 (and pay to the Purchaser such proportion of a sum equal to the amount of any overpaid stamp duty which may have been paid by the Purchaser on the transfers of the Shares by reference to the sum specified in clause 3.1 if it cannot be reclaimed by the Purchaser from the Inland Revenue after the Purchaser has made all reasonable efforts to obtain a refund thereof) together with Interest on each such amount at the Agreed Rate from and including the date of Escrow Completion (or, in the case of stamp duty, the date of payment by the Purchaser thereof) to and excluding the last day of the said period of 5 business days or the date of earlier payment. Any payment or repayment made by the Vendors pursuant to this Clause 3.2 shall be treated as a reduction pro-rata in the purchase consideration for their Shares. Any failure by the Vendors to pay or repay any sums due in accordance with this Clause 3.2 shall carry interest in accordance with Clause 14.16. The obligations of the Vendors pursuant to this Clause 3.2 shall be subject to and construed in accordance with Clause 1.8 and paragraph 2 of Schedule 6.

3.3 To determine the Net Asset Value for the purposes of clause 3.2, the Purchaser shall prepare as soon as practicable after Completion and in any event within 40 business days thereafter a balance sheet of the Company as at the close of business on the date of Escrow Completion and a profit and loss account of the Company in respect of the period from and excluding the Accounting Date to and including the date of Escrow Completion (the "**Completion Accounts**", which expression shall include any adjustments thereto agreed upon or determined to be required pursuant to the provisions of this clause 3) to be reviewed by the Vendors and for these purposes each of the parties shall provide the other parties with the same access to information and co-operation as if they were the auditors of the Company. Each of the parties shall be responsible for

their own expenses in connection with the preparation and review of the Completion Accounts.

- 3.4 The Completion Accounts shall be prepared on the same basis and by reference to the same accounting practices and policies as adopted in the Warranted Accounts for the Company as if the period from the Accounting Date to the date of Escrow Completion were a financial year of the Company save that provision for corporation tax and deferred tax of the Company will be made at a total notional rate of 30 per cent of any profit before tax of the Company shown in those Completion Accounts except for any sum received from Supreme Engravers South Africa (Pty) Limited on which no taxation provision shall be made.
- 3.5 For the purposes of this clause the expression **the "Net Asset Value"** means the amount by which the aggregate amount of the assets as shown in the Completion Accounts exceeds the aggregate amount of the liabilities (other than issued share capital, reserves and retained profits) as shown therein.
- 3.6 When prepared, the Purchaser shall submit the Completion Accounts forthwith to the Vendors' for review and, if necessary, adjustment, after which (and subject to the Purchaser and the Vendors being in agreement) the Purchaser and the Vendors shall each sign a joint statement (**the "Joint Statement"**) attaching the Completion Accounts as agreed and stating the amount of the Net Asset Value as shown in the Completion Accounts.
- 3.7 When submitting the Completion Accounts to the Vendors the Purchaser shall provide a preliminary statement (**the "Preliminary Statement"**) stating what in its opinion is the Net Asset Value as shown therein, subject to the review of the Vendors. The Vendors shall, within 20 business days following such submission, notify the Purchaser in writing (**"Response Notice"**) whether they accept the Completion Accounts as submitted or whether they reject them as not being in accordance with this clause 3 and if they reject them that the Response Notice shall set out in reasonable particularity the grounds for such rejection.
- 3.8 If no Response Notice is given within the said period, the Vendors shall be deemed to have accepted the Completion Accounts as being in accordance with this clause 3 and the amount of the Net Asset Value stated in the Preliminary Statement, and accordingly the amount of the Net Asset Value so stated shall be accepted by and shall be final and binding on the parties.
- 3.9 Should for any reason neither a Joint Statement be signed by the Vendors and the Purchaser pursuant to clause 3.6 nor the amount of the Net Asset Value stated in the Preliminary Statement becoming binding pursuant to clause 3.7, in either case within 25 business days of the submission of the Completion Accounts to the Vendors, then the matters outstanding or in dispute shall be referred to an independent expert for final determination in accordance with clause 11 who as part of his determination shall state what, in his professional opinion, are the adjustments (if any) required to be made to the

Completion Accounts in order for them to comply with this clause 3 and what is the amount of the Net Asset Value.

- 3.10 Subject to Clause 3.6 of the Taxation Deed, the amount of the Net Asset Value becoming binding on the Purchaser pursuant to this clause 3 shall not adversely affect, limit or prejudice, or constitute a waiver of any right or remedy of the Purchaser or the Company or any of the Subsidiaries in relation to any claim which the Purchaser may have against the Vendors in respect of any breach of any of the Warranties or any of the other provisions of this Agreement or under the Taxation Deed; Provided that the amount recoverable under such a claim shall be reduced by the amount of any provision made in the Completion Accounts for the matter giving rise to the claim.

3.11 **CONSIDERATION SHARES**

The Consideration Shares shall be issued credited as fully paid up and shall rank pari passu in all respects with the existing Ordinary Shares of 20 pence each in the capital of the Purchaser.

- 3.12 Each of the Vendors hereby covenants with the Purchaser that he will not for a period of 12 months after Completion transfer, charge or otherwise dispose of any legal or beneficial interest in any Relevant Shares unless he receives the prior written consent of the Purchaser and that if the Purchaser's consent is obtained for such a disposal or such a disposal is made at any time within 2 years after Completion, such disposal shall be made through stockbrokers nominated by the Purchaser.

4. **COMPLETION CONDITIONAL**

4.1 Completion is conditional upon:-

- 4.1.1 the due passing without amendment by the shareholders of the Purchaser in general meeting of the resolutions numbered 1 and 2 (the "**Resolutions**") set out in the notice of extraordinary general meeting proposed to be held on 30 September 1998 contained in the Circular being satisfied on or before 31 October 1998 (or such later date as the parties may agree in writing);
- 4.1.2 the Exchange agreeing to admit the Consideration Shares to the Official List of the Exchange (subject only to allotment); and
- 4.1.3 the admission referred to in Clause 4.1.2 becoming effective in accordance with the Listing Rules of the Exchange;

- 4.2 The Purchaser undertakes with the Vendors that the Purchaser will use reasonable endeavours to procure (so far as it is able) the holding of a general meeting of the shareholders of the Purchaser with a view to considering the Resolutions.

- 4.3 If the conditions set out in clause 4.1 shall not have been fully satisfied by 31 October 1998 or such later date as the parties may agree in writing then this Agreement shall lapse

and cease to have effect and no party shall have any claim against any other in respect hereof (save for any antecedent breach).

5. WARRANTIES

- 5.1 The Vendors hereby warrant and represent to and undertake with the Purchaser in the terms of Schedule 2.
- 5.2 Any reference in Schedule 2 to the **"Company"** means the Company and each of the Subsidiaries separately so that the Warranties are given in respect of each such company separately.
- 5.3 The Vendors shall forthwith disclose to the Purchaser in writing any matter or thing which may arise or become known to them after the date hereof and before Completion which is or may be a breach or contravention of or non-compliance or inconsistency with any of the provisions of this Agreement including (without limitation) any breach or contravention of or non-compliance or inconsistency with any of the Warranties, any claim which would be the subject of the Taxation Deed, any adverse change in the financial position or prospects of the Company or any of the Subsidiaries, the commencement or threat of any litigation, and the destruction of or serious damage to or loss of any of the Properties or any of the material assets of the Group or claim which would be the subject of Schedule 10 in respect of an Environmental Claim. If any such disclosure be made, or if the Purchaser otherwise becomes aware of any such matter or thing, the obligations, representations and warranties of the Vendors including without limitation the Warranties and the obligations of the Vendors pursuant to the Taxation Deed, shall continue in full force and effect and shall in no way be limited or discharged following such disclosure or following the Purchaser becoming so aware notwithstanding Completion.
- 5.4 The Warranties are given subject to the matters fully fairly, and accurately disclosed in the Disclosure Letter but to no other qualification whatsoever.
- 5.5 The Vendors warrant to the Purchaser that no representation, warranty or undertaking has been made to them in connection with the Warranties, the Disclosure Letter or the Taxation Deed in respect of which the Company or any of the Subsidiaries or any of their respective officers or employees might be liable and hereby irrevocably undertake to the Purchaser (for itself and trustee for each of such persons) to waive any claim it may have against any of them, but so that the provisions of this clause shall not preclude any of the Vendors from claiming against any other person under any right of contribution or indemnity to which such Vendor may be entitled.
- 5.6 Without restricting the rights of the Purchaser or the ability of the Purchaser to claim damages on any basis available to it, in the event that any of the Warranties is broken or proves to be untrue or misleading, the Vendors shall, in such event, pay to the Purchaser on demand the amount necessary to put the Company and each of the Subsidiaries into the position which would have existed if the Warranties had been true and not misleading.

5.7 The Vendors undertake to indemnify the Purchaser and keep the Purchaser fully and effectively indemnified on demand against all costs (including legal costs on an indemnity basis), expenses and liabilities (together with any value added tax which is not recoverable by the Purchaser) which the Purchaser may incur, either before or after the commencement of any action, in connection with (i) the settlement in the Purchaser's favour of any claim by the Purchaser under the Warranties or under the payment covenant contained in clause 5.5, (ii) any legal proceedings in which the Purchaser claims that there has been a breach of the Warranties or that the Purchaser is entitled to the benefit of the payment covenant contained in clause 5.5 and in which judgment is given for the Purchaser or (iii) the enforcement of any such settlement or judgment.

5.8 Each of the Warranties shall be construed separately and none of the Warranties shall limit or govern the extent, application or construction of any other of them.

5.9 The provisions of Schedule 6 (Vendors' Limitations) shall have effect.

6. COMPLETION

6.1 Escrow Completion shall take place at the offices of the Purchasers' Solicitors on the Completion Date.

6.2 On Escrow Completion:-

6.2.1 the Vendors shall deliver to the Purchaser's Solicitors:-

6.2.1.1 transfers of the Shares duly executed by the respective registered holders thereof in favour of the Purchaser or its nominees together with the relative share certificates (or an indemnity in such form as the Purchaser shall require in relation to any missing certificates)

6.2.1.2 the written resignations (executed as a deed) of the present directors and secretary of each of the Company and the Subsidiaries (save for Keith Parker who will remain a director of the Company and The Palatine Engraving Company (Scotland) Limited, John Hocking who will remain as the Company Secretary of the Company and the Subsidiaries and save for David Evans in his capacity as director of The Palatine Engraving Pension Trustees Limited and David McLean who will remain as a director of the Palatine Engraving Company (Scotland) Limited) in each case confirming that he has no claim (except as will be provided in the Completion Accounts in respect of S.G Laing and D. Bradley) against the relevant company for remuneration, fees or expenses or compensation or damages for loss of office or otherwise (and it is hereby agreed that if any person so resigning shall nevertheless be entitled by statute to any form of compensation for redundancy, unfair dismissal or wrongful dismissal the consideration for the

Shares shall be reduced by the cost of such compensation falling on the relevant company, and that the amount of such reduction shall be recoverable by the Purchaser as a debt from the Vendors payable on demand);

- 6.2.1.3 an acknowledgment and release in the agreed form from each of the Vendors releasing the Company and the Subsidiaries from any liabilities which may be owing to the Vendors by the Company or any of the Subsidiaries save for any liabilities expressly set out in this Agreement;
- 6.2.1.4 the written resignation of the Auditors and the present auditors of each of the Subsidiaries if different accompanied by a statement under Section 394(1) of the Act that there are no such circumstances as are mentioned in that Section and confirming that they have no claim against the relevant company of any nature whatsoever;
- 6.2.1.5 one original of the Taxation Deed duly executed by the Vendors;
- 6.2.1.6 the certificate of incorporation, (and, if applicable any certificates of incorporation on change of name) common seal, statutory minute books and registers (made up to the date of Escrow Completion), share certificate book and all available copies of the memorandum and articles of association of the Company and each of the Subsidiaries;
- 6.2.1.7 certificates in respect of all issued shares in the capital of each of the Subsidiaries and transfers of all shares in any Subsidiaries which are not held by the Company in favour of such person(s) as the Purchaser shall direct;
- 6.2.1.8 all title deeds and other deeds and documents (including plans and consents) relating to the Properties including expired leases and insurance policies;
- 6.2.1.9 unconditional receipts for rent and any additional rent or service charge due in respect of the leasehold properties referred to in Part II of Schedule 5;
- 6.2.1.10 the Opinion Letters duly signed by the Vendors' Solicitors;
- 6.2.1.11 a certified copy of any power of attorney under which any document delivered on Escrow Completion has been executed on behalf of any of the Vendors;

- 6.2.1.12 written confirmations from the relevant banks as to the respective bank balances of the Company and each of the Subsidiaries as at the close of business on the second business day preceding Escrow Completion together with a list of all unpresented cheques and uncleared lodgements which upon presentation or clearance would be debited or credited to the respective accounts;
- 6.2.1.13 copies of all bank mandates of the Company and of each of the Subsidiaries together with a blank mandate in respect of each bank account maintained by the Company and the Subsidiaries;
- 6.2.1.14 letters addressed to the Purchaser from all of the existing bankers of the Company and the Subsidiaries confirming their consent to the acquisition of the Shares by the Purchaser and confirming that any security granted in their favour by the Company or the Subsidiaries is not securing any obligations (whether actual or contingent) other than continuance of the existing overdraft facility with Midland Bank plc;
- 6.2.1.15 irrevocable powers of attorney in the agreed form executed by each of the holders of the Shares in favour of the Purchaser and its directors to enable the Purchaser (pending registration of the transfers of such Shares) to exercise all voting and other rights attaching to such Shares and to appoint proxies for this purpose and agreeing not to vote the Shares themselves;
- 6.2.1.16 a letter signed by the Vendors and addressed to the Purchaser confirming that the Vendors are not aware of any matter or thing which has arisen or become known to them after the date of this Agreement which is inconsistent with any of the Warranties or which might give rise to a claim under the Taxation Deed;
- 6.2.2 the Vendors shall repay and shall procure their associates to repay all moneys then owing by any of them to the Company or any of the Subsidiaries whether due for payment or not;
- 6.2.3 the Vendors shall procure that there shall be held a meeting of the directors of each of the Company and the Subsidiaries attended by a quorum of the present directors thereof, at which:-
 - 6.2.3.1 in respect of the Company, it is resolved that the repayment of the loan to the trustees of the R.G. Austin Settlement 1984 of £100,000 at or before Completion will be in the best interests of the Company as it will avoid an interest charge which is greater than interest earned on the Company's deposits;
 - 6.2.3.2 conditionally upon satisfaction of the Escrow Condition:-

- 6.2.3.2.1 such persons as the Purchaser may nominate shall be appointed additional directors (but not so as to exceed any maximum number permitted by its articles of association);
- 6.2.3.2.2 the said resignations of the present secretary and auditors shall be accepted with immediate effect and such person and firm as the Purchaser may nominate shall be appointed secretary and auditors respectively in their places;
- 6.2.3.2.3 its registered office shall be changed to such address as the Purchaser may direct;
- 6.2.3.2.4 its accounting reference date shall be changed to 30th September;
- 6.2.3.2.5 the transfers referred to in 6.2.1.1 and 6.2.1.7 shall be approved for registration (subject to stamping);
- 6.2.3.2.6 the Taxation Deed shall be approved and executed by the Company and each of the Subsidiaries;
- 6.2.3.2.7 such resolutions and actions regarding bankers as the Purchaser may require shall be passed and taken;
- 6.2.3.2.8 such other business as the Purchaser may reasonably require shall be transacted; and
- 6.2.3.2.9 the said resignations of the directors referred to in Clause 6.2.1 shall be accepted with immediate effect

and the Vendors shall deliver to the Purchaser certified copies of the minutes of such board meetings;

- 6.2.4 the Vendors shall procure such of the present trustees of the Pension Scheme as the Purchaser requires in its absolute discretion to resign other than The Palatine Engraving Pension Trustees Limited and such persons as the Purchaser may nominate to be appointed in their place;
- 6.2.5 the Vendors shall deliver to the Purchaser's Solicitors and the Vendors' Solicitors the Escrow Agents Instruction Letter duly signed by each Vendor; and
- 6.2.6 against compliance with the foregoing provisions the Purchaser shall:-
 - 6.2.6.1 remit by telegraphic transfer to the Vendors' Solicitors' bank account the sum of £600,000;

- 6.2.6.2 allot, conditionally upon satisfaction of the Escrow Condition, the Consideration Shares required to be issued pursuant to Clause 3.1.2;
 - 6.2.6.3 allot, conditionally upon satisfaction of the Escrow Condition, the Loan Stock required to be issued pursuant to Clause 3.1.3;
 - 6.2.6.4 execute the Taxation Deed and deliver one executed original thereof to the Vendors' Solicitors.
 - 6.2.6.5 remit or procure remittance by telegraphic transfer the Escrow Amount to the Escrow Account; and
 - 6.2.6.6 deliver to the Purchaser's Solicitors and the Vendors' Solicitors the Escrow Agents Instruction Letter duly signed by the Purchaser.
- 6.3 If any of the provisions of clause 6.2 are not complied with on the date fixed for Escrow Completion the party or parties not in default (and all the Vendors shall be deemed to be in default if any is) may (without prejudice to its or their other rights and remedies including the right to claim damages for the breach):-
- 6.3.1 defer Escrow Completion to a date not more than 28 days after such date (and so that the provisions of this clause 6.3 shall apply to Escrow Completion as so deferred); or
 - 6.3.2 proceed to Escrow Completion so far as practicable (without prejudice to his or their rights hereunder); or
 - 6.3.3 rescind this Agreement without liability to any other party; or
 - 6.3.4 waive all or any of the obligations in question of the party or parties in default.
- 6.4 Once performed and completed, the obligations of the parties under clause 6.2 shall be deemed to have been so performed and completed in escrow subject to the satisfaction of the Escrow Condition and the parties agree that all documents and moneys deliverable on Escrow Completion to any party's solicitors including, without limitation the Escrow Amount to the Escrow Account, shall be held by those solicitors in escrow pending and subject only to the satisfaction of the Escrow Condition. Wherever practicable, a party delivering a document pursuant to his obligations under Escrow Completion shall deliver it undated with authority for it to be dated with the date of Completion as mentioned below. Upon the satisfaction of the Escrow Condition, Completion shall be deemed to have occurred and the said documents and moneys may be delivered unconditionally by such solicitors to the relevant party or parties whom they represent, and in the case of the Escrow Amount in the Escrow Account be held in accordance with Clause 13 of this Agreement forthwith on satisfaction of the Escrow Condition, free and clear of the Escrow Condition and such solicitors shall have full authority to date any such

documents which remain undated with the date of Completion. If the Escrow Condition shall not be satisfied then Escrow Completion shall be deemed to be null and void ab initio and the said documents and moneys shall thereafter be held immediately by such solicitors to the order of the solicitors acting for the party which delivered the same on Escrow Completion and shall be dealt with as they shall direct. The parties shall procure their respective solicitors to act in compliance with this clause 6.4. Immediately after Completion the Purchaser shall deliver to the Vendors' Solicitors definitive share certificates and Loan Stock certificates in respect of the Consideration Shares and the Loan Stock respectively in the names of the Vendors and delivery thereof shall be an absolute discharge to the Purchaser.

7. MATTERS PENDING COMPLETION

- 7.1 The Vendors undertake that (save only as may be necessary to give effect to this Agreement) they will not and will procure that neither the Company nor any of the Subsidiaries nor the trustees of the Pension Scheme will not do, allow or procure any act or omission before Completion which would constitute a breach of or would be inconsistent with any of the Warranties if given at any time prior to Completion or which would give rise to a claim by the Purchaser pursuant to the Taxation Deed and/or pursuant to Schedule 10 and/or Clause 10.
- 7.2 Pending Completion, the Vendors shall procure that the Purchaser and any person authorised by it shall be given access to all the books and records of the Company and the Subsidiaries and that the directors and employees of the Company and the Subsidiaries will give promptly all such information and explanations as the Purchaser or any such person may reasonably request.

8. CONFIDENTIALITY

Each of the Vendors undertakes to the Purchaser that he will not and will procure that no other company in its group and no officer or employee of its or of any other company in its group will at any time hereafter disclose to anyone or use for his or its own purposes or for any purposes except those of the Company and/or the Subsidiaries or through any failure to exercise all due care and diligence cause any unauthorised disclosure of any Confidential Information which he now possesses or comes into possession of prior to Completion (except that each Vendor may disclose Confidential Information to his professional advisers solely for the purpose of taking advice on matters concerning this Agreement in which case that Vendor shall ensure that such professional advisers are aware of the confidential nature of the information and shall use his best endeavours to procure that such advisers keep such information confidential on terms equivalent to this clause). Each of the Vendors will on demand made by the Purchaser at any time deliver up to the Purchaser, or destroy or erase at its direction, all notes and records on whatever media (including copies) containing Confidential Information, in each case being in that Vendor's custody, control or possession. This clause shall not apply to Confidential Information which has lawfully become a matter of public knowledge (otherwise than by reason of a breach of this clause or its unlawful disclosure by any person) or to Confidential Information which is required to be disclosed by the relevant person by law.

9. RESTRICTIONS

- 9.1 Each of the Vendors covenants with the Purchaser that he or it will not and will procure that no other company in its group will (whether directly or indirectly, or whether solely or jointly with or as agent, director, shareholder, partner, manager, employee, consultant or independent contractor of, in or to any other person) without the previous consent in writing of the Purchaser:-
- 9.1.1 during the period of 2 years after Completion carry on, or be engaged, concerned or interested in carrying on within England, Wales, Scotland, Northern Ireland, the Republic of Ireland, or any other part of the world where the Company now does business to a material extent any business which is the same as or competitive with any business now carried on by the Company;
 - 9.1.2 during the period of 2 years after Completion supply or provide any products or services of the same or a similar nature or type to those now supplied by the Company to any person who has to his knowledge been a customer or client of the Company at any time during the period of two years immediately prior to Completion or who was at the date of Completion in the process of negotiating or contemplating doing business with the Company;
 - 9.1.3 at any time after Completion in any way make use of any corporate, business, product or service name or logo which is identical or colourably similar to or likely to be confused with the corporate name or any business, product or service name or logo now used by the Company or which might suggest a connection with the Company;
 - 9.1.4 at any time after Completion in any way indicate, suggest or publicise any continuing connection between him and the Company;
 - 9.1.5 at any time after Completion cause or seek to cause to be terminated or adversely affected or otherwise interfere with any agreement or arrangement of any kind to which the Company is at Completion a party or from which it benefits;
 - 9.1.6 during the period of 2 years after Completion, solicit or endeavour to entice away from or discourage from dealing with the Company any person who to his knowledge was at Completion or was at any time within the period of 12 months immediately prior thereto a customer, supplier, manufacturer, distributor, agent or independent contractor of or to the Company or had agreed to become such whether or not such person would commit a breach of contract by reason of leaving service or transferring business;
 - 9.1.7 during the period of 2 years after Completion solicit or endeavour to entice away from or discourage from being employed by the Company any individual who to his knowledge was at Completion an officer or employee of the

Company or had agreed to become such whether or not such individual would commit a breach of contract by reason of leaving service;

- 9.1.8 during the period of 12 months after Completion employ or engage or attempt to employ or engage, or negotiate or arrange the employment or engagement by any other person of any individual who to his knowledge was at Completion or was at any time within the period of three months immediately prior thereto, an employee of the Company engaged in skilled or managerial work, if such employment or engagement would require such individual to exercise any skills or knowledge of the same or a similar nature to those acquired or used by him while employed by the Company or if that individual is, or is reasonably likely to be, by reason of his employment or former employment with the Company in possession of any Confidential Information whether or not such individual would commit any breach of contract by reason of leaving service;
- 9.1.9 during the period of 2 years after Completion, accept employment or engagement in any capacity other than as a legal professional adviser with any person who to his knowledge is then or was at any time during the period of two years immediately prior to the date of such termination a customer or client of the Company;
- 9.1.10 induce, procure or knowingly assist any other person to do or procure to be done anything which if done by the Vendors would be a breach of any of the provisions of this clause.
- 9.2 Each of clauses 9.1.1 to 9.1.10 shall be treated as a separate obligation and shall be severally enforceable as such.
- 9.3 The expression the "**Company**" where used in clauses 9.1.1 to 9.1.10 includes (where the context admits) each of the other companies in the Group to the intent and effect that each of such sub-clauses shall apply (as a separate covenant in each case) in relation to each such company as they apply in relation to the Company.
- 9.4 Nothing in clause 9.1 shall operate to prevent any Vendor from properly carrying out his duties under any contract of employment or contract for services which he may have from time to time with the Company or any other company in its group.
- 9.5 Nothing in clause 9.1 shall preclude a Vendor from being the holder or beneficial owner by way of bona fide investment only of any units of an authorised unit trust and/or any securities in any company which are listed or dealt in on any recognised stock exchange and where the Vendor (together with his associates) neither holds nor is beneficially interested in more than a total of 5 per cent of any single class of the securities in that company; provided that the limit shall not apply to holdings of shares in the capital of the Purchaser.
- 9.6 The Vendors consider the restrictions in clause 9.1 to be reasonable, but the Vendors further agree to accept and observe such substituted restriction(s) (in place of all or any

of those set out in clause 9.1) as the Purchaser may from time to time specify, provided that such substituted restriction(s) are in all respects less restrictive in extent than those specified in clause 9.1 which they replace.

- 9.7 The provisions of clause 9.1 shall remain in force and be fully applicable in all circumstances in accordance with their terms and in particular shall not be discharged or affected by any breach or repudiation of this Agreement or of any of the agreements or other documents referred to herein or of any contract of service, contract for services or terms of service or engagement in force between any of the Vendors and the Purchaser or any company in its group from time to time or by any unfair or wrongful dismissal by any such company of any of the Vendors, in each case whatever its nature or howsoever caused or arising or by any other matter, circumstance or thing whatsoever.

10. SPECIFIC PAYMENT COVENANTS AND FUTURE DIVIDEND

- 10.1 Without restricting the rights of the Purchaser to claim damages on any basis available to it in the event of any breach or non-fulfilment of any of the Warranties, the Vendors undertake with the Purchaser and on demand by the Purchaser to make payments to the Purchaser equal to any and all losses (taking into account taxation), claims, damages, costs (including legal costs on a full and unqualified indemnity basis), fines and penalties (whether civil or criminal), charges, expenses, liabilities, demands, proceedings and actions (save in respect of any of the beforementioned matters relating to Taxation to which the Taxation Deed shall apply) which the Purchaser, the Company or any of the Subsidiaries or any of their respective officers or employees may sustain or incur or which may be brought or established against any of them by any person and which in any case arises out of or in relation to or by reason of:

10.1.1 the arrangements between the Company, Izak Meyer and The Palatine Engraving Company (South Africa) (Pty) Ltd (now called Supreme Engravers South Africa (Pty) Limited) and all matters relating thereto (provided that this clause 10.1.1 shall not have the effect of the Vendors making any payment to the Purchaser in respect of the loans of Rand 300,000 due from The Palatine Engraving Company (South Africa)(Pty) Limited not being paid); and

10.1.2 the reorganisation of the Company as set out in the bible of documents entitled "Reorganisation of The Palatine Engraving Company Limited (the "Company") comprising the sale of shares in the Company holding the Blake Family";

- 10.2 Any payments made by the Vendors pursuant to clause 10.1 shall be treated as a reduction pro-rata in the purchase consideration for their Shares.

- 10.3 If the United Kingdom Inland Revenue or any other taxing authority in any jurisdiction brings into any charge to taxation any sum payable under the payment covenant contained in clause 10.1, then (to the extent that the payment is not allowable as a deduction for tax purposes) the amount so payable shall be grossed up by such amount as will ensure that after deduction of the taxation so chargeable there shall remain a sum equal to the amount that would otherwise be payable under such payment covenant.

- 10.4 In the event that the Net Asset Value (as determined in accordance with Clause 3) exceeds the Minimum Net Asset Figure, the Purchaser undertakes to the Vendors to procure that the Company shall, subject to compliance with the requirements of the Companies Act 1985 (as amended), declare and pay a dividend on each of the Shares of an amount determined in accordance with Clause 10.5 (which, in accordance with Clause 2.1 shall be payable to the registered holders of the Shares) (excluding tax credit at the appropriate rate) and to be paid within 5 business days after determination of the Net Asset Value in accordance with Clause 3. Should the Purchaser or any third party (not being the Vendors) be the registered holder of any such Shares at the time the dividend referred to in this clause 10.4 is declared, the Purchaser hereby agrees to account or procure that such third party accounts to the Vendors on the basis of the number of Shares held by them immediately prior to Completion for the amount of such dividend. The Purchaser agrees that in the event that the Company fails to pay the amount of dividend to be paid in accordance with this clause 10.4 the Purchaser shall pay an amount by way of interest on such sum at the rates and in the manner referred to in clause 14.16.
- 10.5 For the purposes of Clause 10.4 the amount of the dividend on each of the Shares shall be £x on each Share where $x = \frac{A}{B}$ and where A equals the Net Asset Value less the Minimum Net Asset Figure, and where B equals the total number of Shares held by the Vendors immediately prior to Completion.
- 10.6 The provisions of Schedule 6 shall have effect with regard to the provisions of clause 10.1 as stipulated therein.
- 10.7 In respect of the loan in the sum of R300,000 made by the Company to The Palatine Engraving Company (South Africa)(Pty) Limited (now called Supreme Engravers South Africa(Pty) Limited) the Purchaser acknowledges and consents as follows:
- 10.7.1 that any repayment of such loan received by the Company prior to the Completion Accounts having been finalised in accordance with clause 3, shall be included as a receipt by the Company in the Completion Accounts; and
- 10.7.2 that any amount received by the Company in respect of such loan after the Completion Accounts being finalised will be retained by the Company but will be deducted from any amounts subsequently payable by the Vendors under any of the Warranties, the Taxation Deed, Schedule 10 and/or Clause 10 of this Agreement and will be repaid by the Purchaser to the Vendors to the extent of any amounts previously paid by the Vendors under any of the Warranties, the Taxation Deed, Schedule 10 and/or clause 10 of this Agreement.

11. REFERENCES TO EXPERT

Any dispute arising under this Agreement which is to be settled in accordance with this clause shall be referred for final settlement to a firm of chartered accountants nominated jointly by the Vendors and the Purchaser or failing such nomination within 14 days after request by either the Vendors or the Purchaser, nominated at the request of any of them

by the President for the time being of the Institute of Chartered Accountants in England and Wales. The accountants shall be entitled to call for and inspect such documents as they may reasonably consider necessary. In making their determination, the accountants shall act as experts and not as arbitrators, their decision shall (in the absence of manifest error) be final and binding on the parties and their fees shall be borne and paid by the Vendors and the Purchaser in such proportions as the accountants determine.

12. ENVIRONMENTAL COVENANTS

The provisions of Schedule 10 shall have effect.

13. THE ESCROW ACCOUNT

- 13.1 The Purchaser shall, at Escrow Completion, pay or procure the payment of the Escrow Amount into the Escrow Account which shall be held subject to Clause 6.4 in trust for the benefit of the Purchaser and the Vendors in the proportions determined to be due to them in accordance with this Clause 13.
- 13.2 In the event that the Company fails to pay (in whole or in part) to the Vendors the Future Dividend (if payable) which the Purchaser has, pursuant to the provisions of Clause 10.4, agreed to procure that the Company shall pay, the Purchaser and the Vendors shall within seven days of such failure to pay (in whole or in part) write to the Escrow Agents in the form required by the Escrow Agents Instruction Letter authorising the Escrow Agents to pay, subject to Clause 14.18, to the Vendors' Solicitors from the Escrow Account an amount equivalent to the unpaid amount due to the Vendors or, if less, £125,000 together with any interest earned and accrued on such amount to be so paid.
- 13.3 In the event that the Company fails to pay to the Vendors all or part of the Unpaid Dividend on or before Completion, the Purchaser and the Vendors shall forthwith on Completion write to the Escrow Agents in the form required by the Escrow Agents Instruction Letter authorising the Escrow Agents to pay, subject to clause 14.18, to the Vendors' Solicitors from the Escrow Account an amount equivalent to the unpaid amount of the Unpaid Dividend in the Escrow Account together with any interest earned and accrued on such amount in the Escrow Account which shall be (for the purposes of Clause 6.4) delivered unconditionally on behalf of the Company in satisfaction of the Unpaid Dividend by the Escrow Agents to the Vendors forthwith.
- 13.4 The Purchaser and the Vendors undertake to one another to give instructions to the Escrow Agents in respect of the Escrow Account entirely in accordance with the provisions of this Clause 13 and the Purchaser undertakes that it shall not (whether by withholding or delaying the issuing of instructions pursuant to the Escrow Agents Instruction Letter or otherwise) exercise or purport to exercise any alleged right of set-off or counterclaim (or any other right) in respect of sums due to the Vendors from the Escrow Account.
- 13.5 In the event that either (1) no Future Dividend shall be payable pursuant to Clause 10.4 or (2) some or all of the Future Dividend (if payable) is paid by the Company in

accordance with the provisions of Clause 10.4 then forthwith on the 6th business day after determination of the Net Asset Value (the "**Escrow Repayment Date**") (where no Future Dividend is to be paid) or the date of payment of such amount of Future Dividend (as the case may be) the Purchaser and the Vendors shall write to the Escrow Agents in the form required by the Escrow Agents Instruction Letter authorising the Escrow Agents (where no Future Dividend shall be payable on the Escrow Repayment Date) to pay to the Purchaser from the Escrow Account £125,000 together with any interest earned on such amount or where the Future Dividend is paid (in whole or in part) an amount equivalent to the amount of the aggregate Future Dividend paid to the Vendors by the Company together with any interest earned and accrued on such amount in the Escrow Account.

- 13.6 In the event that some or all of the Unpaid Dividend is paid by the Company then forthwith on the date of payment of such amount of Unpaid Dividend the Purchaser and the Vendors shall write to the Escrow Agents in the form required by the Escrow Agents Instruction Letter authorising the Escrow Agents to pay to the Purchaser from the Escrow Account an amount equivalent to the amount of the Unpaid Dividend so paid to the Vendors by the Company together with any interest earned and accrued on such amount.
- 13.7 The Vendors hereby acknowledge and agree that in respect of the obligations to write to the Escrow Agents in the form required by the Escrow Agents Instruction Letter, Ethel Austin Investments Limited shall be fully authorised to sign all letters and other documents pursuant to and required by the Escrow Agents Instruction Letter for the purposes of procuring the payment of monies from the Escrow Account to be paid pursuant to the terms of this Clause 13 and any payment made by the Escrow Holders on reliance of the signature of Ethel Austin Investments Limited shall be deemed to be made with the authority of each of the other Vendors.

14. GENERAL

14.1 Costs

Each party shall pay his own costs, charges and expenses incurred in relation to the negotiation, preparation and implementation of this Agreement and the documents referred to herein and everything ancillary or incidental thereto (but the Purchaser shall bear all stamp duty payable on the transfers of the Shares subject to Clause 3.2).

14.2 Notices

Any notice required or permitted to be given hereunder shall be in writing and shall in the case of the Purchaser be sent to its registered office from time to time and in the case of each of the Vendors be sent to the Vendors' Solicitors (marked for the attention of Mr. Christopher Wilkinson) at any place of business of theirs from time to time. Any such notice may be delivered personally or by first class prepaid letter or facsimile transmission and shall be deemed to have been served if by delivery when delivered if by first class post 48 hours after posting (and proof that the envelope containing the notice was properly addressed and sent prepaid shall be sufficient evidence of service) and if by

facsimile transmission when despatched. Notice given to any one or more of the Vendors will be deemed to be notice to all the Vendors.

14.3 Assignment

This Agreement may not be assigned in whole or in part without the prior written consent of the other parties hereto but is binding on and shall enure for the benefit of the parties' personal representatives and successors.

14.4 Continuing agreement

All obligations, representations and warranties of the parties shall continue in full force and effect notwithstanding Completion except for any obligations then already fully performed.

14.5 Further assurance

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

14.6 Co-operation

Each party agrees to co-operate with and assist the other parties in the taking of all steps necessary or appropriate to complete the transactions contemplated by this Agreement, including, without limitation, the provision of information appropriate for submission to the Exchange or any other relevant regulatory or governmental agencies.

14.7 Publicity

Except as may be required by law or the rules of the Exchange or the rules of any other regulatory authority to which any of the parties may be subject, none of the parties hereto shall at any time make any announcement of this transaction or disclose any term thereof which is not in the public domain without the prior written approval of the Vendors and the Purchaser and the parties shall each use their respective best endeavours to keep the terms of this transaction which are not already in the public domain from time to time strictly confidential.

14.8 Time of the essence

Any date or period mentioned in this Agreement may be extended by agreement between the parties, but as regards any date or period (whether or not extended as aforesaid) time shall be of the essence of this Agreement.

14.9 Entire Agreement

This Agreement (together with the documents referred to herein) constitutes the entire agreement between the parties with respect to the matters dealt with herein and supersedes any previous agreement between the parties in relation to such matters. There shall be deemed to be comprised in this Agreement all letters and acknowledgements exchanged between the parties contemporaneously with and

expressed to be ancillary to this Agreement. Each party hereby acknowledges that in entering into this Agreement it or he has not relied on any representation, warranty or undertaking save as expressly set out herein or in any document referred to herein.

14.10 Variation

No variation or waiver of any provision of this Agreement or of any document in the agreed form (or any executed version thereof) shall be valid or effective unless made by an instrument in writing signed by such of the parties which would be affected by such variation or waiver. Such instrument may consist of several instruments in the like form by or on behalf of one or more of the parties. References herein to agreed form documents shall, where appropriate, be construed as references to such documents as so amended.

14.11 Law and Jurisdiction

This Agreement shall be governed by English law and the parties irrevocably submit to the non-exclusive jurisdiction of the English Courts.

14.12 Waiver

14.12.1 The failure by any party at any time to require performance by any other party or to claim a breach of any term of this Agreement shall not be deemed to be a waiver of any right under this Agreement.

14.12.2 The Purchaser may release or compromise the liability of any of the Vendors under this Agreement or grant to any Vendor time or other indulgence without affecting the liability of any other Vendor hereunder. Where a liability of one or some but not all of the Vendors under any obligation which is both joint and several is released or compromised, the remaining Vendors who are jointly and severally liable (if any) shall continue to be severally and shall together be jointly liable on that obligation and shall not be entitled to recover any sum from any Vendor whose obligation has been released or compromised which they would otherwise be entitled to recover from that Vendor in respect of such obligation.

14.12.3 Completion shall not constitute a waiver of any breach of this Agreement whether or not known at the time of Completion.

14.13 Counterparts

This Agreement may be executed in any number of counterparts all of which when taken together shall constitute a single instrument.

14.14 Severability

Each provision of this Agreement shall be construed separately and (save as otherwise expressly provided herein) none of the provisions hereof shall limit or govern the extent, application or construction of any other of them and notwithstanding that any provision of this Agreement (including, without limitation, clauses 9.1.1 to 9.1.10 hereof) may prove to be illegal or unenforceable in whole or in part the other provisions of this

Agreement and the remainder of the provision in question shall continue in full force and effect.

14.15 Registration

14.15.1 No provision of this Agreement or of any agreement or arrangement of which it forms part which is of such a nature as to make the agreement and/or arrangement constituted by all the foregoing liable to registration under the Restrictive Trade Practices Act 1976 shall take effect until the date after that on which particulars thereof shall have been furnished to the Director General of Fair Trading pursuant to the said Act. The parties shall use their best endeavours to procure the furnishing of such particulars as soon as possible after Completion.

14.15.2 The Purchaser shall file an original of this Agreement (and any return or further agreement that may be necessary) with the Registrar of Companies pursuant to Section 88 of the Companies Act 1985 within the time limit therein prescribed.

14.16 Late Payment

If any payment required to be made under any of the provisions of this Agreement is not paid on the due date or the last date for payment thereof such sum shall carry Interest at the Prescribed Rate from and including the due date (or the last date for payment) until the date of actual payment and shall be paid by the payer on demand by the person entitled to payment.

14.17 Indemnity for Costs

All reasonable costs, charges and expenses (including reasonable legal expenses) incurred by the Purchaser in enforcing any of its rights or remedies arising out of or pursuant to this Agreement or any other document referred to herein shall be recoverable by the Purchaser against the party or parties against whom it is sought to be enforced on a full and unlimited indemnity basis and shall be paid by that party or those parties on demand by the Purchaser.

14.18 Payment to the Vendors' Solicitors an absolute discharge

Any payment made to the Vendors' Solicitors pursuant to the terms hereof shall be deemed to be made to the Vendors (or other persons entitled thereto) and such payment shall be an absolute discharge to the Purchaser and the Purchaser shall not be liable to see to the application thereof.

14.19 Reductions in purchase consideration

In relation to any provision in this Agreement or the Taxation Deed whereby it is agreed that any payments by the Vendors to the Purchaser hereunder or thereunder shall be treated as a reduction in the purchase consideration for their Shares, such payments shall, to the extent that in aggregate they are less than or equal to such purchase consideration, constitute a repayment of and a reduction (or, as the case may be, a full return of) such consideration, but save as provided in paragraph 2 of Schedule 6 nothing in such

provisions shall limit the liability of the Vendors to make such payments in circumstances where, in aggregate, they exceed the purchase consideration for their Shares.

EXECUTED under hand in three originals the day and year first before written.

SCHEDULE 1

The Vendors and their shareholdings

(1)	(2)	(3)	(4)	(5)	(6)
Name and address	No. of Ordinary Shares	No. of Consideration Shares	Amount of Loan Stock (£)	Amount of Cash (£)	Proportion (%)
Michael Barry Owen, Peter Wild Bullivant and Ronald George Austin (as trustees of the R. G. Austin 1984 Settlement) all of State House, 22 Dale Street, Liverpool L2 4UR	350	295,750	350,000	210,000	35
Peter Wild Bullivant, Pamela Jones and Stephen George Laing (as trustees of the M. B. Owen 1992 Settlement) all of State House, 22 Dale Street, Liverpool L2 4UR	150	126,750	150,000	90,000	15
Ethel Austin Investments Limited whose registered office is at School Lane, Knowsley Industrial Park South, Knowsley, Merseyside L34 9GJ	500	422,500	500,000	300,000	50
TOTAL	1000	845,000	1,000,000	600,000	100

SCHEDULE 2

Warranties, Representations and Undertakings

1. DEFINITIONS

In this Schedule, unless the context otherwise requires:

the "Accounting Date" means 31 May 1998 being the date to which the last audited accounts of the Company and the Subsidiaries were made up;

"Dangerous Material" means any chemical, pollutant, contaminant, waste, (including but not limited to any special, hazardous, toxic or dangerous waste), petroleum or petroleum product, or any poisonous, noxious, dangerous, hazardous, radioactive or toxic matter, substance or material (whether in a solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance);

"Encumbrance" means and includes any interest or equity of any person (including without prejudice to the generality of the foregoing, any right to acquire, option, right of pre-emption or right of conversion) or any mortgage, charge, standard security, pledge, lien or assignment or assignation or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property;

"Environment" means any land, including, without limitation, surface land and sub-surface strata or river bed under any water as defined below and any natural or man-made structures; water, including, without limitation, inland waters, surface waters and ground water in drains and sewers; and air, including, without limitation, air within buildings and other natural or man-made structures above or below ground;

"Environmental Authorisations" means all or any permits, licences, consents, approvals, certificates, qualifications, specifications, registrations and other authorisations and the filing of all notifications, reports and assessments which are mandatory under Environmental Laws;

"Environmental Laws" means all or any applicable law (whether civil, criminal or administrative), common law (including, without limitation, the common law of negligence, delict, the laws of trespass, public and private nuisance, the rule in **Rylands -v- Fletcher** and any other laws protecting the rights of neighbours), statute, statutory instrument, treaty, convention, regulation, directive, legally binding decision, bye-law, circular, statutory code of practice and the like and any order, notice, demand, decree, injunction, resolution or judgment of any government, quasi-government, supra-national, state or local government, statutory or regulatory body, court, statutory agency or statutory association, or any other person or body with jurisdiction whether in England and Wales or in any other country or territory, concerning or as applied to the pollution or protection of the Environment, cultural heritage or the utilisation of land or natural resources, or harm to or the protection of human health or the health of animals or plants, including, without limitation, laws relating to any Environmental Matters;

"Environmental Matters" means all or any waste (whether in solid, semi-solid or liquid form or in the form of a gas or vapour), contaminated land, discharges, emissions, releases, noise and vibration, heat, light and radiation, nuisance, public and workers' health and safety, genetically modified organisms and the manufacture, processing, distribution, use, handling, generation, transportation, storage treatment or disposal of any Dangerous Material;

"IHTA" means the Inheritance Tax Act 1984;

"Intellectual Property" means patents, trade marks, service marks, registered designs, applications for any of the foregoing, copyright, know-how, design rights, database rights, confidential information, trade and business names and any other similar protected rights in any country;

the "Izak Meyer Agreement" means the joint venture agreement between the Company (1), Izak Meyer (2), the Palatine Engraving Company (South Africa) (PTY) Limited (3) dated 1 September 1997;

"OPRA" means Occupational Pensions Regulatory Authority;

"Relevant Property" means any premises now or previously owned, leased, occupied or controlled by the Company;

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

"taxation" has the meaning attributed thereto in the Taxation Deed;

"TCGA" means the Taxation of Chargeable Gains Act 1992;

"VATA" means the Value Added Tax Act 1994;

"Vendor's Controlled Group" means the Vendor and any company which is or has within the last six years been controlled by it. For this purpose "control", shall be construed in accordance with section 416 of the Taxes Act as modified by sub-sections (5) and (6) of section 767B of the Taxes Act;

the "Warranted Accounts" means in relation to the Company and each of the Subsidiaries, the audited balance sheet of such company at the Accounting Date and the audited profit and loss account of such company for the year ended on the Accounting Date, including all notes and reports on such balance sheet and profit and loss account.

2. INFORMATION

- 2.1 All information which has been given by the Vendors or their professional advisers or any officers or employees of the Company to the Purchaser or its professional advisers in the course of the negotiations leading to this Agreement (including, without limitation, replies to enquiries relating to the Properties) was when given, is now, and will at Completion be true and accurate in all respects.
- 2.2 The facts set out in the Recitals and Schedule 3 and the information and documents contained or referred to in or annexed to the Disclosure Letter, are true, accurate and complete in all respects and there are no other facts or matters which would render any such facts, information or documents misleading.
- 2.3 To the best of the knowledge, information and belief of the Vendors, all facts and information concerning the Company and the Shares material for disclosure to an intending purchaser have been disclosed in the Disclosure Letter.
- 2.4 All information relating to the Company and the Vendors contained in the Circular is true and accurate in all respects and there are no other facts or matters which would render any such information misleading.

3. SHARE CAPITAL AND CONSTITUTION

- 3.1 The Shares will at Completion constitute the whole of the issued and allotted share capital of the Company.
- 3.2 Apart from this Agreement, there is no Encumbrance on, over or affecting the issued or unissued share or loan capital of the Company and there is no agreement or commitment to give or create any such and no claim has been made by any person to be entitled to any such.
- 3.3 The register of members and other statutory books of the Company have been properly kept and contain an accurate and complete record of the matters with which they should deal and no notice or allegation that any of them is incorrect or should be rectified has been received.
- 3.4 All returns, particulars, resolutions and documents required by the Act or any other legislation to be filed with the Registrar of Companies in respect of the Company have been duly and timeously filed and were correct.
- 3.5 The copy of the memorandum and articles of association of the Company supplied to the Purchaser's solicitors is true and complete and the Company has at all times carried on its business and affairs in accordance with its memorandum and articles of association.
- 3.6 Neither the Company nor any class of its members has passed any resolution (other than resolutions relating to business at annual general meetings which was not special business).

4. ACCOUNTS

- 4.1 The Warranted Accounts have been prepared in accordance with the historical cost convention and the bases and policies of accounting adopted for the purpose of preparing the Warranted Accounts are the same as those adopted in preparing the audited accounts of the Company in respect of the three last preceding accounting reference periods; and no changes in the basis of accounting were made during the accounting reference period ended on the Accounting Date or have been made since that date.
- 4.2 The Warranted Accounts are true and accurate in all material respects and show a true and fair view of the state of affairs of the Company at the Accounting Date and its profits for the accounting reference period ended on that date, fully disclose all liabilities (whether actual, contingent or disputed) in existence at the Accounting Date, comply with all current Statement of Standard Accounting Practice and Financial Reporting Standards applicable to a United Kingdom company and with the requirements of the Act and all other applicable legislation, were not affected by any extraordinary, exceptional or non-recurring item and properly reflect the financial position of the Company as at the Accounting Date.
- 4.3 The value of capitalised know how, goodwill and other intangible assets of the Company as at the Accounting Date shall be no more than £134,000.

5. POSITION SINCE THE ACCOUNTING DATE

Since the Accounting Date:

- 5.1 the Company has carried on its business in the ordinary course and at a profit and so as to maintain the same as a going concern and without any interruption or alteration in the nature, scope or method of carrying on the same;
- 5.2 there has been no material adverse change in the Company's turnover or in its financial or trading position or prospects;
- 5.3 the Company has not assumed or incurred any liabilities (including contingent liabilities) otherwise than in the ordinary course of carrying on its business;
- 5.4 the Company has not disposed of or acquired any fixed assets nor, save in the ordinary course of business, has it disposed of or acquired any current assets;
- 5.5 there has been no unusual change in the Company's stock levels;
- 5.6 there has been no destruction of or substantial damage to any of the Company's fixed assets;
- 5.7 no donation or covenant for charitable or political purposes or any ex-gratia payment has been made or agreed to be made by the Company;

- 5.8 no debtor has been released on terms that he pays less than the full book value of his debt (except for settlement discounts on the usual terms which have been disclosed to the Purchaser) and no debt owing to the Company has been deferred, subordinated or written off or has proved to any extent irrecoverable or is now regarded as irrecoverable;
- 5.9 the Company has not accelerated the collection of trade debts or decelerated the payment of trade creditors;
- 5.10 no material changes have occurred in the assets or liabilities of the Company as shown in the Warranted Accounts and there has been no reduction in the value of the net tangible assets of the Company (determined in accordance with the same accounting policies as those applied in the Warranted Accounts and on the basis that each fixed asset is valued at a figure no greater than the value attributed to it in the Warranted Accounts or, in the case of any fixed asset acquired by the Company after the Accounting Date, at a figure no greater than cost) below the value of the net tangible assets of the Company at the Accounting Date as shown in the Warranted Accounts;
- 5.11 no loan or loan capital or redeemable share capital of the Company has been repaid in whole or in part or has become liable to be repaid.

6. TAXATION

6.1 Accounts, returns and information

- 6.1.1 The Warranted Accounts make full provision for all taxation for which the Company was at the Accounting Date or thereafter became or may hereafter become liable or accountable in respect of or by reference to any income, profit, receipt, gain, transaction, agreement, distribution or event which was earned, accrued, received, realised, entered into, paid or made on or occurred before the Accounting Date and proper provision was made therein for deferred taxation in accordance with generally accepted accounting principles and the Company has promptly paid or fully provided in its books of account for all taxation for which it has or may hereafter become liable or accountable in the period from the Accounting Date to Completion and to the extent that any such provision in respect of corporation tax has not been made it will be made in the Completion Accounts.
- 6.1.2 All returns, computations and payments which should be or should have been made by the Company for any taxation purpose have been made within the requisite periods and are up-to- date, correct and on a proper basis.
- 6.1.3 Since the Accounting Date no further liability or contingent liability for taxation on the Company has arisen or is likely to or will arise otherwise than as a result of transactions (not including distributions) entered into by the Company in the ordinary course of trading after the Accounting Date.
- 6.1.4 The Company has not within the past six years paid or become liable to pay, and there are no circumstances by reason of which it is likely to become liable to

pay, any penalty, fine, surcharge or interest whether charged by virtue of the provisions of the Taxes Management Act 1970 or the VATA or otherwise.

- 6.1.5 The Vendors are not aware of any circumstance which will or may, whether by lapse of time or the issue of any notice of assessment or otherwise, give rise to any dispute with any relevant taxation authority in relation to its liability or accountability for taxation, any claim made by it, any relief, deduction, or allowance afforded to it, or in relation to the status or character of the Company (whether as to its status as an unquoted trading private close company or as a member of any group) under or for the purpose of any provision of any legislation relating to taxation.
- 6.1.6 All clearances obtained by the Company have been properly obtained and all information supplied to the Inland Revenue or other appropriate authority in connection with such clearances was complete and accurate in all respects and any transaction for which such clearance was obtained has been carried out only in accordance with the terms of the clearance given therefor and the application on which the clearance was based.
- 6.1.7 The Inland Revenue has not agreed to operate any special arrangement (being an arrangement which is not based on a strict and detailed application of the relevant legislation) in relation to the Company's affairs, whether in respect of benefits provided by the Company to its officers or employees, or in relation to the valuation of stocks or in respect of any administrative or other matter whatsoever.
- 6.1.8 The Company has not since the Accounting Date incurred nor has it become liable to incur after that date expenditure which will not be wholly deductible in computing its taxable profits, except for expenditure on the acquisition of an asset to be held otherwise than as stock-in-trade, details of which are set out in the Disclosure Letter.

6.2 **Payment of tax and withholdings**

- 6.2.1 The Company has duly deducted and accounted for all amounts which it has been obliged to deduct or withhold in respect of taxation and, in particular, has properly operated the PAYE system, by deducting tax, as required by law, from all payments made, or treated as made, to its employees or former employees (including, for the avoidance of doubt, any sums payable in respect of benefits provided), and has accounted to the Inland Revenue for all tax so deducted and for all tax chargeable on benefits provided for its employees or former employees.
- 6.2.2 The Company is not nor will it become liable to pay or make reimbursement or indemnity in respect of any taxation (or amounts corresponding thereto) in consequence of the failure by any person to discharge that taxation within any specified period or otherwise, where such taxation relates to a profit, income or

gain, transaction, event, omission or circumstance arising, occurring or deemed to arise or occur (whether wholly or partly) prior to Completion.

6.3 Dividends and share capital

- 6.3.1 Since the Accounting Date the Company has not paid or declared any dividend nor has it made any payment which is (or is treated as) a distribution for taxation purposes save for the Unpaid Dividend.
- 6.3.2 No dividend or other payment specified by Section 247 of the Taxes Act which has been paid by the Company has been paid under an election made under the said Section 247 and the Disclosure Letter contains details of any such elections to which the Company has been a party.
- 6.3.3 The Company has not at any time issued any share capital as paid up otherwise than by the receipt of new consideration after repaying any share capital, as mentioned in Section 210 of the Taxes Act.
- 6.3.4 The Unpaid Dividend has been recommended by the Directors of the Company pursuant to a resolution of the Board passed on 28 August 1998 and it proposes to approve such dividend at the Annual General Meeting of the Company proposed to be held immediately prior to Completion.

6.4 Close company provisions

- 6.4.1 The Company is not nor was it at any time during the six years ended on the Accounting Date, a close company as defined in Sections 414 and 415 of the Taxes Act.
- 6.4.2 The Company does not hold shares in a company which is not resident in the United Kingdom and which would be a close company if it were resident in the United Kingdom in circumstances such that a chargeable gain accruing to the company not resident in the United Kingdom could be apportioned to the Company pursuant to Section 13 of the TCGA.
- 6.4.3 There is no outstanding Inland Revenue charge (as defined in Section 237 of the IHTA) over any asset of the Company or over any of the Shares.
- 6.4.4 There are in existence no circumstances by virtue of which any such power as is mentioned in Section 212 IHTA could be exercised in relation to any asset of the Company or to any of the Shares or by virtue of which any such power could be exercised but for the provisions of Section 204(6) of the IHTA.
- 6.4.5 The Company has not been a party to associated operations in relation to a transfer of value within the meaning of Section 268 of the IHTA.
- 6.4.6 The Company has not received any asset by way of gift as mentioned in Section 282 of the TCGA.

- 6.4.7 No expenditure incurred by the Company on the acquisition of any Shares is liable to be reduced under the provisions of Section 125 of the TCGA.
- 6.4.8 The Company has not at any time made a transfer of value which is or may be liable to taxation under the provisions of Section 94 of the IHTA.
- 6.5 **Group considerations**
 - 6.5.1 The Company has not since the Accounting Date made or received or agreed to make or receive any surrender relating to group relief or the benefit of advance corporation tax.
 - 6.5.2 The Company has not ceased to be a member of a group of companies for the purposes of Sections 178 or 179 of the TCGA (deemed disposal of chargeable asset).
- 6.6 **General**
 - 6.6.1 The execution or completion of this Agreement will not result in any profit or gain being deemed to accrue to the Company for taxation purposes nor any sums payable under any obligation incurred by the Company prior to Completion not to be, or to cease to be, allowable for taxation purposes.
 - 6.6.2 There has been no change in the ownership of the Company or major change in the nature or conduct of any trade or business carried on by the Company nor has any other event or series of events occurred before Completion which might cause the disallowance of the carry forward or carry back of losses, excess charges or advance corporation tax under the provisions of Sections 245 or 245A or 245B (change in ownership of company: calculation and treatment of advance corporation tax) or Sections 393 or 393A (use of trading losses) or Sections 768 or 768A (change in ownership of company: disallowance of relief for trading losses) of the Taxes Act.
 - 6.6.3 There are no circumstances under which the Company is or could become liable under section 767A or Section 767AA of the Taxes Act to pay any amount in respect of any taxation liability of a member of the Vendor's Controlled Group.
 - 6.6.4 No assessment in respect of a capital gain on the disposal of any asset situated outside the United Kingdom or of unremittable overseas income has been postponed under the provisions of Section 279 of the TCGA (foreign assets: delayed remittances) or Section 584 of the Taxes Act (relief for unremittable income).
 - 6.6.5 The Company has not given or been required to give any security for taxation.
- 6.7 **Chargeable gains**
 - 6.7.1 If each of the capital assets of the Company was disposed of for a consideration equal to the book value of that asset in or adopted for the purpose of the Warranted Accounts no liability to corporation tax on chargeable gains would

arise (and for this purpose there shall be disregarded any relief or allowance available to the Company other than amounts falling to be deducted from the consideration receivable under Section 38 of the TCGA).

6.7.2 Neither the Company nor any other person has made any claim for relief under Sections 152-160 and Section 175 of the TCGA ("**roll-over relief**") or any other claim which affects or could affect the amount of the chargeable gains or allowable losses which would, but for such claim, arise on a disposal by the Company of any of its assets.

6.7.3 The Company has not made an election under Section 35(5) of the TCGA nor has the Company made its first relevant disposal for the purposes of Section 35(6) of the TCGA.

6.7.4 No debt (other than a debt on a security) owed to the Company would on its disposal give rise to a liability to taxation by reason of Section 251 of the TCGA (disposals otherwise than as original creditor).

6.8 Capital allowances

No balancing charge under the Capital Allowances Act 1992 (or other legislation relating to any capital allowances) would be made on the Company on the disposal of any asset, or of any pool of assets (that is to say all those assets expenditure relating to which would be taken into account in computing whether or not a balancing charge would arise on a disposal of any other of those assets), on the assumption that the disposals are made for a consideration equal to the book value shown in or adopted for the purpose of the Warranted Accounts for each of the assets.

6.9 Value Added Tax - General

6.9.1 The Company:-

6.9.1.1 is duly registered and is a taxable person for the purposes of value added tax;

6.9.1.2 has complied in all respects with all statutory requirements, orders, provisions, directions or conditions relating to value added tax;

6.9.1.3 maintains complete, correct and up-to-date records for the purposes of all legislation relating to value added tax and is not subject to any condition imposed by the Commissioners of Customs and Excise under paragraph 6 of Schedule 11 to the VATA;

6.9.1.4 is not in arrears with any payment or returns under legislation relating to value added tax, or liable to any abnormal or non-routine payment, or any forfeiture or penalty, or to the operation of any penal provision;

- 6.9.1.5 has not been required by the Commissioners of Customs and Excise to give security under paragraph 4 of Schedule 11 to the VATA; and
- 6.9.1.6 has not applied for treatment as a member of a group for value added tax purposes under Section 43 of the VATA.
- 6.9.2 All supplies of goods and services made by the Company are taxable supplies for the purposes of the VATA and the Company has not been and will not be denied credit for any input tax by reason of the operation of Section 26 of the VATA.
- 6.9.3 All goods or services supplied to the Company, or goods imported by the Company, in respect of which the Company has claimed credit for input tax under Section 25 of the VATA, are used or to be used wholly for the purposes of the Company's business.
- 6.9.4 No supplies of relevant services have been made to the Company to which Section 8 of the VATA applied.
- 6.9.5 The Company is not, and has not agreed to become, an agent, manager or factor for the purposes of Sections 47 and 48 of the VATA of any person who is not resident in the United Kingdom.
- 6.9.6 The Disclosure Letter contains full particulars of any claim for bad debt relief made, or which may be made, by the Company under Section 36 of the VATA.
- 6.9.7 The Company has never disposed of or acquired any business or assets in the circumstances mentioned in Section 49 of the VATA or Article 5 VAT (Special Provisions) Order SI 1995/1268.
- 6.10 **Value Added Tax - Property transactions**
 - 6.10.1 The Company has not incurred any liability in respect of value added tax (whether to H.M. Customs and Excise or to any other person) by reason of the provisions of paragraph 2 of Schedule 10 to the VATA and there are no circumstances whereby the Company could become so liable as a result of a person making an election under that paragraph.
 - 6.10.2 The Company has not made any election under paragraph 2 of Schedule 10 to the VATA.
 - 6.10.3 The Company has not incurred any liability under the provisions of paragraph 6 of Schedule 10 to the VATA and there are no circumstances in existence at the date of this Agreement whereby the Company would become so liable on the occurrence of any of the events mentioned in paragraph 5(1)(a) of Schedule 10 to the VATA.

6.11 Stamp duty

6.11.1 The Company has not obtained any exemption or relief from stamp duty or capital duty which has become liable to forfeiture or obtained such exemption or relief in respect of a transaction carried out within the period in which it may become liable to forfeiture.

6.11.2 All documents in the possession or under the control of the Company or to the production of which the Company is entitled which are necessary to establish the title of the Company to any asset and which, in the United Kingdom or elsewhere, attract either stamp duty or require to be stamped with a particular stamp denoting that no duty is chargeable or that the document has been produced to the appropriate authority, have been properly stamped; and no such documents which are outside the United Kingdom would attract stamp duty if they were brought into the United Kingdom.

6.12 Anti-avoidance

6.12.1 The Company has not been and is not now a party to any transaction or arrangement containing steps inserted without any commercial or business purpose or designed partly or wholly to reduce a liability to taxation nor has it or any of its associates applied to the Inland Revenue or any other taxation authority for any clearance for taxation purposes in relation to any transaction or arrangement involving the Company.

6.12.2 The Company has not in the six years ended on the date of this Agreement carried out or been engaged in any transaction or arrangement in respect of which there may be substituted for the actual consideration given or received by the Company a different consideration for any taxation purposes.

7. DIVIDENDS AND DISTRIBUTIONS

7.1 The Company has not, in respect of any accounting period, declared or paid any dividend or made any other distribution (as defined in Section 832 of the Taxes Act) other than those (if any) provided for in its audited accounts for that period.

7.2 No capital distribution has been made in respect of any part of the Company's share capital.

7.3 No balance (if any) shown credited to any reserve or profit and loss account in the Warranted Accounts includes any sum which is not legally available for distribution by way of dividend on income account.

8. INTERESTS OF VENDORS, DIRECTORS AND EMPLOYEES

8.1 There are:

8.1.1 no loans made by the Company to any of the Vendors and/or any of the directors of the Company and/or any associate of any of them;

8.1.2 no debts owing to the Company by any of the Vendors and/or any of the directors of the Company and/or any associate of any of them; and

8.1.3 no securities for any such loans or debts as aforesaid.

8.2 There are no existing contracts, engagements, guarantees or indemnities to which the Company is a party and in which any of the Vendors and/or any of the directors of the Company and/or any associate of any of them is directly or indirectly interested and the Company does not depend upon or derive any benefit from any assets, facilities or services owned or supplied by any of the Vendors or any of their associates.

8.3 The Vendors and their associates either individually, collectively or with any other person are not directly or indirectly interested in (in any way whatsoever) any Intellectual Property not owned by the Company or in any business which is competitive with any business carried on by the Company.

8.4 Neither the Vendors nor any of the officers or employees (or former officers or employees) of the Company have any claim, demand or right of action against the Company (whether actual, contingent or prospective) otherwise than for remuneration accrued (but not yet due for payment) in respect of the calendar month in which this Agreement is executed or for reimbursement of business expenses incurred during such month in each case in accordance with their contracts of employment and none of them is entitled to accrued holiday pay other than in respect of the Company's current holiday year.

8.5 For the purposes of this paragraph 8 the expression the "Vendors" means the Vendors and any other person or persons beneficially interested in the Company's share capital.

9. TITLE, ENCUMBRANCES AND ASSETS

9.1 The Company has possession and control of and a good and marketable title to all the assets used in or in connection with its business and no distress, execution, diligence or other process has been levied on any of such assets nor do any circumstances exist whereby any person may claim entitlement to possession of any of such assets in competition with or in priority to the Company.

9.2 No Encumbrance (or agreement or commitment to grant any Encumbrance) is outstanding against any part of the undertaking of the Company or against any of the assets used in or in connection with its business (except for retention of title agreements (as defined in Section 251 of the Insolvency Act 1986) arising in the ordinary course of business) and no claim has been made by any person to be entitled to any such.

9.3 No assets of the Company have been depleted by any unlawful act on the part of any person.

9.4 No asset of the Company is shared with any other person.

9.5 Any assets of the Company which will not be situated at the Properties at Completion are specified in the Disclosure Letter and are clearly identified as assets of the Company.

9.6 No mortgage, security or charge granted in favour of the Company is void or voidable for want of registration.

10. FINANCIAL MATTERS

10.1 All the accounts, books, ledgers and financial and other material records of whatsoever kind of the Company have been fully, properly and accurately kept and completed and there are no material inaccuracies or discrepancies of any kind contained or reflected therein and they give and reflect a true and fair view of the financial contractual and trading position of the Company and of its plant and machinery fixed and current assets and liabilities (actual and contingent) debtors and creditors and stock-in-trade and work-in-progress.

10.2 Save as disclosed in the Warranted Accounts:-

10.2.1 the Company has no outstanding capital commitments and is not engaged in any scheme or project requiring the expenditure of capital;

10.2.2 the Company has no outstanding loan capital, has no arrangements with its bankers or others relating to overdraft, borrowing or other financial facilities, has not factored its debts and has not borrowed any money which it has not repaid;

10.2.3 the Company has not engaged in financing of a type which would not require to be shown or reflected in its audited accounts;

10.2.4 the Company has not lent any money which has not been repaid to it and does not own the benefit of any debt other than debts accrued to it in the ordinary course of its business or owing to it by its bankers.

10.3 A statement of the Company's bank accounts and of the credit or debit balances thereon as at the close of business on the second business day immediately preceding the date hereof has been supplied to the Purchaser and the Company has no other bank or deposit accounts (whether in credit or overdrawn) not included in such statement and since such statement there have been no payments out of any such accounts except for routine payments and the present balances on such accounts are not now materially different from the balances shown on such statements.

10.4 The Company does not have any unpresented cheques drawn by the Company (A) in the normal course of business for amounts exceeding in aggregate £5,000, or (B) otherwise than in the normal course of business.

- 10.5 Having regard to the existing arrangements relating to such matters mentioned in paragraphs 10.3 and 10.4 as have been disclosed, the Company has sufficient working capital for the purposes of continuing to carry on its business at its present level of turnover for the foreseeable future and for the purpose of executing, carrying out and fulfilling in accordance with their terms all orders, projects and contractual obligations which have been placed with or undertaken by the Company.
- 10.6 The Company is not in default under any instrument constituting any indebtedness or under any guarantee of any indebtedness and there is no reason why any such indebtedness or guarantee should be called or the liabilities thereunder accelerated before their due date (if any) or any loan or other financial facilities terminated.
- 10.7 No part of the amount shown in the Warranted Accounts in respect of debtors is represented by debts which were then more than three months overdue for payment and all debts owed to the Company at Completion as recorded in the Company's books and records will realise their full face value and be good and collectable in the ordinary course of business and are not subject to any dispute, right of set-off or counter-claim of any kind arising from an act or omission occurring prior to Completion.
- 10.8 Since the Accounting Date the Company has paid its creditors in accordance with their respective credit terms and there are no amounts owing by the Company which have been overdue for payment for more than six weeks.
- 10.9 The Company is not insolvent or unable to pay its debts as and when they fall due and is not the subject of any liquidation or insolvency proceedings, petitions or resolutions nor has any administrator, receiver and/or manager or administrative receiver been appointed of the Company or over any of its assets and no voluntary arrangement, compromise or scheme of arrangement has been approved or sanctioned in respect of the Company nor has any floating charge created by the Company crystallised and there are no facts known to the Company which could give rise to any of the events or circumstances referred to in this paragraph 10.9.
- 10.10 Full details of all grants, allowances and other financial assistance provided to the Company or due to be made to it are disclosed in the Disclosure Letter and the Company has not done or failed to do any act or thing which could result in all or any part of such grants, allowances or assistance becoming repayable or being forfeited by it in whole or in part.
- 10.11 The Company is not liable to make any payment to any of its professional advisers in respect of services rendered at any time prior to Completion.
- 10.12 No expenses or liabilities have been incurred or assumed by the Company otherwise than exclusively for the purposes of the Company's business.
- 10.13 All costs incurred by the Company have been charged to the Company and not borne by any other person.

- 10.14 There have been no reports concerning the Company by accountants or by financial or management consultants within 3 years prior to the date hereof.

11. THE PROPERTIES

- 11.1 The companies in the Group have a good and marketable title to all of the Properties (which comprise all the estate or interest of the companies in the Group in any land or premises) and the companies in the Group do not use or occupy or retain any liability in respect of any other land or buildings. The companies in the Group have a real right to the leasehold interest in the Leasehold Properties which are situated in Scotland and, where applicable, such interests are registered in the Land Register of Scotland.
- 11.2 The information contained in Schedule 5 as to the tenure of each of the Properties, the principal terms of the leases or licences held by the Group and the principal terms of the tenancies and licences subject to and with the benefit of which the Properties are held is true, complete and accurate in all respects. The Lease Documentation comprises the whole documentation relating to the Leasehold Property. The Lease Documentation has not been varied or amended (whether formally or informally, in writing or otherwise).
- 11.3 The companies in the Group have in their possession, or under their control, all duly stamped deeds and documents which are necessary to prove title to each of the Properties.
- 11.4 There is no lease, agreement for lease, right of possession or occupation, overriding interest, condition, restrictive covenant, easement, burden, servitude, or other encumbrance adversely affecting the current use of any of the Properties.
- 11.5 The Properties are not subject to the payment of any outgoings except general rates, water rates and insurance premiums and, in the case of leasehold properties, rent and service charges.
- 11.6 The Company has duly and punctually performed and observed all covenants, obligations, conditions, agreements, statutory requirements, planning consents, bye-laws, orders and regulations affecting any of the Properties, and no notice of any breach of any such matter has been received.
- 11.7 The use of each of the Properties is the permitted use for the purposes of the Town and Country Planning Acts 1971-1990 and the Planning and Compensation Act 1991 (or, in the case of Properties situated in Scotland, for the purposes of the Town and Country Planning (Scotland) Act 1997, the Planning (Hazardous Substances)(Scotland) Act 1997, the Planning (Listed Buildings and Conservation Areas)(Scotland) Act 1997, and the Planning (Consequential Provisions)(Scotland) Act 1997).
- 11.8 The Company has all necessary consents and permissions and licences to enable it to use each of the Properties for their current use and none is subject to any onerous or unusual conditions.

- 11.9 There are no compulsory purchase notices, orders or resolutions affecting any of the Properties. There are no claims or disputes outstanding in relation to any part of the Properties or their use.
- 11.10 In respect of the Leasehold Properties, no rent reviews are outstanding or exercisable prior to Completion.
- 11.11 The rents payable in respect of the Leasehold Properties have been duly paid and the covenants and conditions in respect thereof have been duly performed and observed and no companies in the Group nor the Vendors have had any notice of or are aware of any circumstances giving rise to any right of termination of any lease of the Leasehold Properties prior to the normal expiry thereof and there are no outstanding notices issued in respect of the Leasehold Properties by the landlord or otherwise and no outstanding claims or disputes at the instance of either party under any lease of the Leasehold Properties.

12. THE COMPANY'S BUSINESS

- 12.1 The business of the Company has not been materially and adversely affected by the loss of any important contract or customer or source of supply or by any abnormal factor not affecting similar businesses to a like extent and there are no facts likely to give rise to any such effects.
- 12.2 During the three years prior to the date hereof no important customer has significantly reduced his orders for any of the products or services of the Company and there has been no significant change in the basis or terms on which any person is prepared to enter into contracts or do business with the Company (apart from normal price changes) and no such change is anticipated.
- 12.3 The Company is not a party to nor have its profits or financial position during the [three] years prior to the date hereof been affected by any contract or arrangement which is not of an entirely arm's length nature.
- 12.4 Save as expressly mentioned in this Agreement, the Company is not and has not since its incorporation been the holder or beneficial owner of any share, debenture, mortgage or security (or interest therein) or a member of any joint venture, consortium, partnership or other unincorporated association or a party to any arrangement for sharing commissions or income.
- 12.5 The Company does not have any branch office, agency, place of business or permanent establishment outside England nor does it have any significant assets outside the United Kingdom.
- 12.6 The Company has not carried on business under or used on or in its notepaper, advertising, documents or vehicles any name other than its full corporate name.

- 12.7 The Company has not at any time disclosed to any person (other than the Purchaser) any of its know-how, trade secrets, confidential information, price lists or lists of customers or suppliers relating to its business save in the ordinary course of business of the Company and upon the Company having secured the confidential nature of such disclosure.
- 12.8 None of the activities, contracts or rights of the Company is ultra vires, unauthorised, invalid or unenforceable or in breach of any contract, covenant or third party rights or requires any licence, authorisation or consent which has not been obtained on a permanent and unconditional basis and the Company is not liable to pay any royalty or like fee.
- 12.9 The stock of raw materials, packaging materials and finished goods now held by the Company are not excessive and are adequate in relation to the current trading requirements of the business of the Company and none of such stock is obsolete, slow moving, unusable, unmarketable or inappropriate or of limited value in relation to the current business of the Company and no contracts are outstanding which are likely to result in the foregoing not being true.
- 12.10 The stock in trade of the Company is in good condition and is capable of being sold by the Company in the ordinary course of its business in accordance with its current price list without rebate or allowance to a purchaser.
- 12.11 The plant, machinery, vehicles, tooling and other equipment used in connection with the business of the Company:
- 12.11.1 are in a good and safe state of repair and condition and satisfactory working order and have been regularly and properly maintained;
 - 12.11.2 are the absolute property of the Company, save for those items the subject of the hire purchase, credit sale, leasing, rental or similar agreements referred to in the Disclosure Letter;
 - 12.11.3 are not expected to require replacements or additions at a total cost in excess of £5,000 within six months from the date of this Agreement;
 - 12.11.4 are all capable, and (subject to normal wear and tear) will remain capable, throughout the respective periods of time during which they are each written down to a nil value in the accounts of the Company (in accordance with the normal recognised accountancy principles consistently applied by the Company prior to the date hereof) of doing the work for which they were designed or purchased;
 - 12.11.5 are not to any extent surplus to requirements; and
 - 12.11.6 are completely and accurately recorded in its plant register a copy of which is contained in the Disclosure Letter.

- 12.12 The Disclosure Letter correctly states the information therein contained relating to all vehicles owned by the Company.
- 12.13 The Company has not given any guarantee or warranty or made any representation in respect of any articles or trading stock sold or supplied or contracted to be sold or supplied by it save for any guarantee or warranty implied by law and (save as aforesaid) has not accepted any liability or obligation to service, repair, maintain, take back or otherwise do or not do anything in respect of any articles or stock which would apply after any such articles or stock have been delivered or supplied by it.
- 12.14 The Company has not manufactured, acquired, sold or supplied products which are or were or will become in any material respect faulty or defective or which do not comply in any material respect with any warranties or representations expressly or impliedly made by it or with all applicable regulations, standards and requirements in respect thereof.
- 12.15 The Company has not acquired any product from a source outside the European Economic Community, has not held itself out as the manufacturer or producer (whether by means of using its own brand name or otherwise) of any product which it did not manufacture or produce itself and has not received from any person any such request as is mentioned in Section 2(3) of the Consumer Protection Act 1987.
- 12.16 The assets held under hire purchase, credit sale, leasing, rental or similar agreements listed in the Disclosure Letter and the assets owned by the Company comprise all the assets necessary for the continuation of the business of the Company as now carried on.
- 12.17 All the standard terms and conditions on which the Company supplies its goods and/or services are attached to the Disclosure Letter.
- 12.18 All the standard terms and conditions on which the Company customarily buys or contracts for goods and/or services are attached to the Disclosure Letter.
- 12.19 No single customer of or supplier to the Company has accounted for more than 10 per cent. of the invoiced amount of sales of or supplies to the Company of goods and/or services in any accounting reference period of the Company or is likely to in the current accounting reference period of the Company.
- 12.20 The Company has not since the Accounting Date agreed to give and is not in the habit of giving to any customer any discount (whether present, future or retrospective), price reductions or other financial incentives dependent on the level of purchases from the Company other than those specified in the Disclosure Letter.
- 12.21 The Company is not dependent on the supply of any raw materials, components or services from a single source of supply which are not readily obtainable from another source of supply on comparable terms.

- 12.22 The Company has none of its records, systems control data or information recorded, stored, maintained, 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 thereto and therefrom) are not under the exclusive ownership and direct control of the Company.
- 12.23 In relation to any computer equipment (including peripheral equipment) and/or computer software presently used and/or owned by the Company (**together "Systems"**): (i) such Systems have been and continue to be satisfactorily maintained and supported and have adequate capability and capacity for the projected requirements of the Company for the next five years for the processing and other functions required to be performed for the purposes of the business of the Company, (ii) disaster recovery plans are in effect and are adequate to ensure that such Systems can be replaced or substituted without material disruption to the business of the Company, (iii) in the event that any person providing maintenance or support services for the Systems ceases or is unable to do so, the Company has all necessary rights to obtain the source codes and all related technical and other information free of charge and to procure the carrying out of such services by its employees or by a third party, (iv) the Company has sufficient technically competent and trained employees to ensure proper handling, operation, monitoring and use of such Systems, (v) the Company has not suffered any material breakdown or difficulties in using such Systems, (vi) the Company keeps full security copies of such software and the computer data it uses and processes both on-site and off-site in accordance with best computing practice, (vii) such Systems have adequate protection to detect and eliminate any computer virus and none of such Systems is currently infected with a virus, (viii) the Company either owns or has a perpetual licence to use all copies of such software presently used by it and is not in breach of the terms of any such licence, (ix) none of such software has any "time stamp" or "logic bomb" embedded in it which could prevent the Company from using such software in whole or in part or which could cause the destruction or erasure of any of such software or any of the data it processes, (x) the Company has adequate security procedures and devices to ensure that no unauthorised person can obtain access to such Systems or to the data processed thereon, and (xi) the use of such Systems prior to, during or after the calendar year 2000 shall not result in the software comprised therein abnormally ending and/or incorrect results from the use of such software due to the calendar year 2000.
- 12.24 Computer software and/or computer equipment (including peripheral equipment) critical to the Company's ongoing operation and preparation of financial information (including application systems, operating systems and hardware), as well as other non-financial computing and date-dependent systems on which the Company relies in its operations (whether or not actually used or owned by the Company) are being reviewed to establish the impact, if any, which the Year 2000 will have on the accuracy of the Company's calculations processing and reporting.

13. CONTRACTS AND OTHER OBLIGATIONS

13.1 Deleted.

13.2 The Company has not entered into or undertaken any contract, transaction, obligation, commitment, arrangement or liability which:

13.2.1 is of an unusual, abnormal or onerous nature;

13.2.2 is in the nature of a capital commitment;

13.2.3 is for a fixed term;

13.2.4 is of a long-term nature (that is to say, incapable of performance in accordance with its terms within six months after the date on which it was entered into or undertaken);

13.2.5 is incapable of termination in accordance with its terms, by the Company, on 60 days' notice or less;

13.2.6 is of a loss-making nature (that is to say, known to be likely to result in a material loss to the Company on completion of performance);

13.2.7 cannot readily be fulfilled or performed by the Company on time and without undue or unusual expenditure of money or effort;

13.2.8 involves or is likely to involve obligations, expenditure or receipts of an unusual or exceptional nature and not in the ordinary course of the Company's business;

13.2.9 is linked to the Index of Retail Prices or any other Index;

13.2.10 contains currency or commodity re-negotiation or re-determination clauses;

13.2.11 depends on the continuation of the connection (whether as an officer or employee of or consultant to the Company or otherwise) of any person with the Company;

13.2.12 is a contract for the sale of shares or assets which contains warranties or indemnities or provides for the same;

13.2.13 is in any way otherwise than in the ordinary and usual course of the Company's business.

13.3 The Company has not entered into any contract to buy foreign currency or made any forward sales of foreign currency which in either case remains outstanding.

- 13.4 The Company has good working relationships with the other contracting parties under all of its contracts.
- 13.5 The Company has not given any guarantee, indemnity or security for or otherwise agreed to become directly or contingently liable for any present or future obligation of any other person and no person has given any guarantee of or indemnity or security for any obligation of the Company.
- 13.6 There are no agreements or arrangements in force restricting the competitive freedom of the Company to provide or take goods and services by such means and from or to such persons as it may from time to time think fit.
- 13.7 The Company is not a party to any agency, distributorship franchising, marketing or similar agreement.
- 13.8 No event has occurred regarding the Company which would entitle any third party to terminate any contract or benefit enjoyed by the Company or to call in any money before the due date therefor.
- 13.9 The Company has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any agreement or other transaction to which it is or has been a party and has received no notice of any intention to terminate any such agreement or to repudiate or disclaim any other transaction.
- 13.10 The Company has not been party to any transaction with any third party which, in the event of any such third party going into liquidation or an administration order or a bankruptcy order being made in relation to it or him, would constitute (in whole or in part) a transaction at an undervalue, a preference, an invalid floating charge or an extortionate credit transaction or part of a general assignment of debts, under Sections 238 to 245 inclusive and Sections 339 to 344 inclusive of the Insolvency Act 1986.
- 13.11 There are in force no powers of attorney given by the Company (other than to the holder of an encumbrance solely to facilitate its enforcement) and no person, as agent or otherwise, is entitled or authorised to bind or commit the Company to any obligation not in the ordinary course of the Company's business.
- 13.12 No tender or offer which is capable of being converted into an obligation of the Company by an acceptance or other act of some other person is outstanding.
- 13.13 The Company has not at any time acquired, assigned or otherwise disposed of any leasehold property in such a way that it retains any residual liability in respect thereof.
- 13.14 True and complete details of all trade or business associations of which the Company is a member are set out in the Disclosure Letter and the Company is complying and has at all material times complied in all material respects with the regulations or guidelines laid down by any such trade association and copies of such regulations and guidelines are annexed to the Disclosure Letter.

- 13.15 The Disclosure Letter contains full details of all accreditations the Company has been awarded in respect of the conduct of the whole or any part of its business in accordance with any recognised standard and the Company is continuing to comply with the requirements of such standard and knows of no reason why such accreditation might be revoked, qualified or impaired in whole or in part. None of the tenders, contracts, rights or privileges to which the Company is a party or which it enjoys is in any way dependent on any such accreditation continuing in existence.
- 13.16 The execution, completion or implementation of this Agreement will not conflict with, result in a breach of or constitute a default under or entitle the other contracting parties to terminate or withdraw from any contract, transaction, obligation, commitment, arrangement or liability entered into or provided by such other contracting parties (as the case may be) and will not give rise to any rescission, termination or withdrawal of any right from which the Company or the Subsidiaries benefits or of any consent given in respect of the business conducted by the Company or the Subsidiaries by any public authority or any other person nor result in the existence of or oblige the Company or the Subsidiaries to create any Encumbrance over any of its assets and, to the best of the information, knowledge and belief of the Vendors, will not result in any supplier to the Company or the Subsidiaries ceasing or becoming entitled to cease supplying the Company or the Subsidiaries or substantially reducing its supplies to the Company or the Subsidiaries or any customer ceasing or becoming entitled to cease dealing with the Company or the Subsidiaries or substantially reducing its existing level of purchases from the Company or the Subsidiaries.

14. INTELLECTUAL PROPERTY

- 14.1 Save as disclosed in the Disclosure Letter, the Company does not own, use, require to use or infringe any Intellectual Property.
- 14.2 All Intellectual Property registered in the name of the Company or used or required to be used by the Company is beneficially owned by it and not subject to any agreements or licences affecting the same or subject to any claims from employees or others and is valid and subsisting and not subject to revocation and all requisite registration and renewal fees in respect thereof have been duly and timeously paid.
- 14.3 All agreements and licences for the use by the Company of any Intellectual Property not registered in its name or beneficially owned by it are disclosed in the Disclosure Letter and are valid and subsisting and the Company is not in breach of any of the provisions thereof.
- 14.4 So far as the Company is aware, no person is infringing any Intellectual Property registered in the Company's name or in which the Company has a beneficial interest.
- 14.5 The Company has not entered into any agreement or arrangement for the provision or acquisition of any know-how or technical information or assistance or which prohibits or restricts the disclosure of any know-how or technical information.

- 14.6 All inventions, designs, processes, know-how and other similar assets, materials and rights owned or developed by the Company and capable of legal protection have been appropriately protected by the Company.
- 14.7 The Company has in its possession all necessary documentation and other things necessary to establish the Company's ownership of that part of the Company's Intellectual Property which is not capable of registration and to prove that such Intellectual Property is original and/or novel.
- 14.8 All the Company's Intellectual Property is sufficiently documented to allow its full and proper use without reliance on the special knowledge or memory of any one or more individuals.

15. DISPUTES AND LITIGATION

- 15.1 There are no court orders or unsatisfied judgments outstanding against the Company and the Company is not party to any undertaking or assurance given to a court, tribunal, regulatory authority, governmental agency or any other person in connection with the determination or settlement of any claim or proceedings.
- 15.2 Neither the Company nor any of its officers nor any person for whose acts or defaults the Company may be vicariously liable is involved in any civil, criminal or arbitration proceedings and no such proceedings and no claims of any nature are pending or threatened by or against the Company or any such person or in respect whereof the Company is liable to indemnify any party concerned and there are no facts likely to give rise to any such proceedings.
- 15.3 The Company is not the subject of or engaged in, and there are no facts or circumstances likely to cause it to be the subject of or engaged in, any proceedings, investigations or enquiries by or before any governmental or municipal department, commission, board, tribunal or other administrative, judicial or quasi-judicial agency (whether in the United Kingdom or elsewhere) wherein any unfavourable judgment, decision, ruling or finding could adversely affect the Company in any way.

16. INSURANCE

- 16.1 All assets of the Company which are of an insurable nature are insured in their respective full replacement values and all risks and liabilities which are normally or customarily insured against (or the insurance against which is obligatory) by companies carrying on business similar to that carried on by the Company or against which a prudent company carrying on such a business would insure are adequately insured against by the Company and in particular the assets of the Company are insured against fire in their full replacement value, its computer systems and data are insured for all foreseeable risks to their full replacement value together with incidental expenses including costs and expenses of data recovery and reconstruction and the Company is now, and has at all

times been, adequately covered against accident, damage, injury, third party loss (including product liability) and loss of profits.

- 16.2 Full details of the Company's policies of insurance are contained in the Disclosure Letter and are true and correct in every particular and such policies are in full force and effect and all premiums have been paid on time.
- 16.3 No claim under any of such policies is outstanding and no event which might be the subject of a claim under any such policy has occurred which has not been notified to the insurers thereunder in accordance with the terms of the policy.
- 16.4 Nothing has been done or omitted to be done which might render any such policy void or voidable or which might result in the increase of any premium payable in respect thereof and no such policy is subject to any special or unusual terms, restrictions or rates of premium.

17. EMPLOYEES AND CONSULTANTS

- 17.1 The Disclosure Letter fully and accurately sets out particulars of the identities, dates of commencement of employment or engagement and dates of birth of all the employees and officers of the Company (and of any persons whom the Company has agreed to employ or engage as an employee or an officer) and all remuneration payable and other benefits provided or which the Company is bound to provide (whether now or in the future) to each such person.
- 17.2 The Disclosure Letter contains full and accurate particulars of all contracts for services which the Company has with any individual.
- 17.3 Since the Accounting Date or (where employment or holding of office commenced after that date) since the commencement of such employment or holding of office, no change has been made in the emoluments or other terms of employment of any of the Company's officers or of any of its employees who on the Accounting Date or on the date of such commencement were in receipt of remuneration at a rate in excess of £10,000 per annum.
- 17.4 No employee of the Company whose gross remuneration exceeded or exceeds £10,000 per annum has been dismissed in the last six months or has given or been given notice of termination of his employment or has indicated that he wishes to leave the Company's employ.
- 17.5 The copy contracts delivered to the Purchaser or its solicitors are the specimen forms of contract under which all the officers, employees and consultants of the Company at the date hereof are employed or engaged.
- 17.6 The Company is not bound or accustomed to pay any moneys other than remuneration or emoluments of employment or pension contributions to or for the benefit of any officer or employee of the Company.

- 17.7 There is not in existence any contract or service with any employee or officer of the Company (or any contract for services with any individual) which cannot be terminated by three months' notice or less or (where not reduced to writing) by reasonable notice without giving rise to any claim for damages or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal); neither is there any such contract which on termination could give rise to compensation exceeding £5,000.
- 17.8 The Company is not in dispute with any of its employees or former employees or any trade union or other body representing its employees or former employees and its labour relations are considered to be good.
- 17.9 The Company has, in relation to its employees, complied with all customs, collective agreements, codes of practice and the like whether legally binding or not; and save as disclosed there is no agreement or arrangement in existence between the Company and any trade union or any other body representing its employees.
- 17.10 The Company does not have in existence nor is it proposing to introduce any share option scheme, share incentive scheme or profit sharing scheme for any of its officers or employees.
- 17.11 No payments are due by the Company and no person has or may have a right to return to work or a right to be reinstated or re-engaged by the Company under the provisions of the Employment Protection (Consolidation) Act 1978.
- 17.12 The Company has not given notice of any redundancies to any employee or government department or started consultations with any trade union pursuant to any statute or regulation.
- 17.13 So far as the Vendors are aware, no employee or officer or former employee or officer of the Company is in breach of any obligation or duty which he owes to the Company.
- 17.14 There are no job share arrangements or early retirement schemes applicable to any employees of the Company and there are no schemes or programmes for the employment or training of people by the Company other than under the Company's full control.
- 17.15 The Company neither has nor intends to introduce any short time working scheme or any redundancy scheme under which payments greater than those required by statute are payable.
- 17.16 None of the products or services supplied by the Company are produced or provided by outworkers.

18. PENSIONS

- 18.1 Save for the Pension Scheme the Company is not a party to nor participates in nor contributes to any scheme, arrangement or agreement (whether legally enforceable or not) for the provision of any pension, retirement, death, incapacity, sickness, disability,

accident or other like benefits (including the payment of medical expenses) for any past or present employee or officer of the Company or of any predecessor to all or part of its business (each a "Relevant Employee") or for the widow, widower, child or dependant of any Relevant Employee.

- 18.2 The preliminary report dated 20 August 1998 of William Mercer on the actuarial valuation of the Pension Scheme as at 31 May 1998 (**the "Valuation Date"**) (a true copy of which is annexed to the Disclosure Letter) shows a true and fair view of the respective actuarial values of the assets and liabilities of the Pension Scheme at the Valuation Date on the basis of the actuarial assumptions and method detailed in that report. Since the Valuation Date nothing has occurred, been done or been omitted to be done which may affect materially the level of funding of the benefits under the Pension Scheme. The data used for the purposes of the last actuarial valuation of the Pension Scheme to be completed prior to Completion was complete and accurate in all material respects and since the date as at which that valuation was undertaken nothing has occurred, been done or been omitted to be done which may affect materially the level of funding of the benefits under the Pension Scheme.
- 18.3 The benefits of The Palatine Engraving Company Limited Pension Scheme are as set out in the Definitive Trust Deed and Rules dated 9 November 1995 subject to amendments set out in the Deed of Amendment of the Rules dated 14 May 1998.
- 18.4 No member has received any augmentation to their benefits other than Mrs Blake.
- 18.5 That the 1998 actuarial valuation of the Pension Scheme is materially correct in the data used, the benefits valued and the results of the valuation.
- 18.6 The Company contributions have been paid at the rate of 9% of pensionable salary since 1 May 1997 and members' contributions at the rate of 4% of pensionable salary since 1 May 1997 and no contributions are outstanding other than contributions accrued over the previous month.
- 18.7 There are no legal or quasi-legal claims outstanding against the trustees of the Pension Scheme or the employers of the Pension Scheme and no members or potential members or beneficiaries have made any unresolved complaints against the trustees of the Pension Scheme or the employers of the Pension Scheme.
- 18.8 There are no part-time employees or ex-employees who have been excluded from membership on grounds of direct or indirect sexual discrimination.
- 18.9 There are no pension or life assurance benefits that have been promised to employees or which employees have been led to expect, by or through the actions of the employer, other than through the Pension Scheme. Also, no such benefits have been provided in the past through any other arrangement.

- 18.10 No report has been made to OPRA in respect of the Pension Scheme. Also, the Vendor is not aware of any breaches of the governing documentation of the Pension Scheme or of legislation which may give rise to a report to OPRA.
- 18.11 The Pension Scheme has always provided benefits that are equal for males and females.
- 18.12 The Vendors have not taken any action, or failed to take any action, that is likely to lead to the loss of the approval of the Pension Scheme. Also the Vendors are not aware of any such action by other parties.
- 18.13 The Company has agreed to pay a special contribution of £46,500 to the trustees of the Scheme prior to Completion and the Vendors shall procure that such contribution will be made prior to Completion.

19. CONSENTS AND COMPLIANCE WITH LAWS

- 19.1 The Company has and there are now in force all permits, authorities, licences and consents necessary for the Company to carry on its business effectively and without hindrance in the manner and in the places in which its business is now carried on and there are no circumstances which might lead to the suspension, alteration or cancellation of any such permits, authorities, licences or consents (full details of which are set out in the Disclosure Letter).
- 19.2 The Company has performed all obligations required to be performed by it with respect to or affecting its business, employees and assets and is not in default under any laws, regulations, orders, decrees, judgments, contracts, agreements, licences, obligations or restrictions of whatsoever nature binding upon it or which affect its assets or employees or the operations of its business.
- 19.3 No officer or employee of the Company is or has been subject to any bankruptcy or criminal proceedings or is or has been the officer of any company which has been the subject of liquidation or insolvency proceedings.
- 19.4 So far as the Vendors are aware no officer, employee or agent of the Company has paid any bribe or used any of the Company's assets unlawfully to obtain an advantage for any person.
- 19.5 The Company has not been nor is it concerned in any agreements or arrangements which infringed or infringes or which have or should have been registered under or which have or may become the subject of any reference, enquiry, proceeding, report, assurance or undertaking under or in respect of the Restrictive Trade Practices Acts 1976 and 1977, the Fair Trading Act 1973, Article 85 or Article 86 of the Treaty of Rome, the Competition Act 1980 or any other anti-trust, anti-restrictive practice or similar legislation in any jurisdiction and the Company has not made or threatened to make any complaint against any other person to any relevant authority under any law or legislation referred to in this paragraph 20.5.

- 19.6 All documents to which the Company is a party (other than those which have ceased to have any legal effect) and all transfers of or assignments in respect of any share in the capital of the Company which attract stamp duty or stamp duty reserve tax have been duly and timeously stamped or the relative stamp duty reserve tax paid.

20. ENVIRONMENTAL MATTERS

- 20.1 The Company has obtained all requisite Environmental Authorisations (copies of which are attached to the Disclosure Letter and are in full force and effect) and has at all times complied with the terms and conditions of such Environmental Authorisations and with all applicable Environmental Laws.
- 20.2 No Dangerous Material has been used, disposed of, handled, generated, stored, transported, dumped, released, deposited, buried or emitted at, on, from or under any Relevant Property.
- 20.3 No Relevant Property has or contains any storage tank (whether above or below ground) or comprises reclaimed, "made" or filled land.
- 20.4 Neither the Company nor, so far as the Vendors are aware, any other person, has received any notice or communication from which it appears that there may have been or may be alleged to be any violation of any Environmental Laws or Environmental Authorisations relating in any way to the Company or to any Relevant Property or that any steps in relation to pollution or protection of the Environment or any Environmental matters which relate in any way to any Relevant Property may be required to be taken or that any Environmental Authorisations may be subject to modification, suspension or revocation and there are no circumstances likely to give rise to any such violation or modification, suspension or revocation.
- 20.5 Neither any of the Vendors nor the Company or any Relevant Property has been the subject of any investigation, enquiry or inspection under any Environmental Laws or in relation to Environmental Matters other than merely routine inspections and so far as the Vendors are aware no such investigation or inspection is pending, threatened or proposed.
- 20.6 Neither any of the Vendors nor the Company or any Relevant Property has conducted, had conducted or received any form of environmental investigation, audit or appraisal.
- 20.7 Full details have been disclosed to the Purchaser of all expenditure which has been incurred or which the Vendors are aware will be required to be incurred by the Company in order to comply with any applicable Environmental Laws or any condition attaching to any Environmental Authorisations.
- 20.8 The Company has not received any notification or formal indication that further Environmental Authorisations will be required for it to carry on its business.

- 20.9 The Company has not received notice and there are no facts which could give rise to notice that it is or may be liable in respect of any clean-up or decontamination or any other action in relation to the Environment or to Environmental Matters.

21. THE SUBSIDIARIES

The particulars of the Subsidiaries set out in Schedule 4 are true and complete and the shares of the Subsidiaries are held and owned as shown in the said Schedule free from any Encumbrance and with all rights now or hereafter attaching thereto.

22. EFFECT OF AGREEMENT

22.1 Compliance with the terms of this Agreement:-

- 22.1.1 does not require the consent or agreement of any person who is not a party to this Agreement;
- 22.1.2 will not cause the Company to lose any interest in or the benefit of any asset, right, licence or privilege it presently owns or enjoys;
- 22.1.3 will not relieve any person of any obligation to the Company;
- 22.1.4 will not cause the Company or any of the Vendors to be in breach of any of their respective obligations;
- 22.1.5 will not result in any present or future indebtedness of the Company becoming due prior to its stated maturity;
- 22.1.6 will not give rise to or cause to become exercisable any option or right of pre-emption; and
- 22.1.7 will not result in the creation or imposition of any Encumbrance on or over any of the assets of the Company or the Shares

and so far as the Vendors are aware the attitudes or actions of customers, suppliers, employees and other persons towards the Company will not be prejudicially affected thereby.

- 22.2 There are no agreements or arrangements concerning the Company which can be terminated or are terminable or the terms of which can be varied or are in any way variable as a result of any change in the control of the Company or in the composition of the board of directors of the Company.

23. GENERAL

- 23.1 Neither this Agreement nor the acquisition for which it provides has been procured by any agent or broker on behalf of the Company and no agency or brokerage fees or charges are payable by the Company in respect thereof.
- 23.2 The Vendors and the Company have full power to enter into and perform their obligations under this Agreement and the agreements and deeds to be entered into pursuant hereto which will, when executed, constitute binding obligations on the Vendors and the Company in accordance with their terms.
- 23.3 The Vendors are the beneficial owners of or are otherwise entitled to sell and transfer to the Purchaser the full legal and beneficial ownership of the Shares on the terms of this Agreement.
- 23.4 Each of the Warranties will remain true and accurate at Completion and at all times between the execution of this Agreement and Completion.

24. QUALIFIED WARRANTIES

Where any of the statements set out above in this Schedule is qualified by the expression "to the best of the knowledge, information and belief of the Vendors" or "so far as the Vendors are aware" or any similar expression that statement shall be deemed to include an additional statement that it has been made after due and careful enquiry.

SCHEDULE 3

Particulars of the Company

1. Registered Number: 2703966
2. Place of Incorporation: England
3. Date of Incorporation: 6 April 1992
4. Authorised and issued share capital: The authorised share capital is £1,000 divided into 1,000 ordinary shares of £1 each; the issued share capital is £1,000
5. Beneficial owners and registered holders of the issued share capital:
 - (1) Ethel Austin Investments Limited
 - (2) Michael Barry Owen, Peter Wild Bullivant and Ronald George Austin (as trustees of the R G Austin 1984 Settlement)
 - (3) Peter Wild Bullivant, Pamela Jones and Stephen George Laing (as trustees of the M. B. Owen 1992 Settlement)
6. Registered office: Fox Street, Liverpool, Merseyside L3 3HY
7. Directors: Ronald George Austin
Michael Barry Owen
Keith Graham Parker
Stephen George Laing
8. Secretary: John Hocking
9. Nature of business: Suppliers to the Printing Industry
10. Accounting Reference Date: 31 May
11. Auditors: Ernst & Young

12. Date of latest accounts
 filed: 31 May 1997

13. Date of latest annual return
 filed: 27 February 1998

SCHEDULE 4

The Subsidiaries

1. Name: The Palatine Engraving Company (Scotland) Limited
2. Registered Number: 757819
3. Place of Incorporation: England
4. Date of Incorporation: 17 April 1963
5. Authorised and issued share capital: The authorised share capital is £10,000 divided in to 10,000 ordinary shares of £1 each; the issued share capital is £200
6. Beneficial owner and registered holders of the issued share capital:
 - (1) The Palatine Engraving Company Limited
 - (2) Ronald George Austin
7. Registered office: Fox Street Liverpool Merseyside L3 3HY
8. Directors: David McLean
Keith Graham Parker
9. Secretary: John Hocking
10. Nature of Business: Suppliers to the Printing Industry
11. Accounting Reference Date: 31 May
12. Auditors: Ernst & Young
13. Date of latest accounts filed: 31 May 1997
14. Date of latest annual return filed: 22 September 1997

1. Name: The Palatine Engraving Pension Trustees Limited
2. Registered Number: 2756839
3. Place of Incorporation: England
4. Date of Incorporation: 19 October 1992
5. Authorised and issued share capital: The authorised share capital is £10,000 divided in to 10,000 ordinary shares of £1 each; the issued share capital is £2.
6. Beneficial owner and registered holders of the issued share capital:
The Palatine Engraving Company Limited
7. Registered office: Fox Street Liverpool Merseyside L3 3HY
8. Directors: David Bradley
David Evans
Stephen George Laing
9. Secretary: John Hocking
10. Nature of Business: Trustees of The Palatine Engraving Company Pension Scheme
11. Accounting Reference Date: 31 May
12. Auditors: Ernst & Young
13. Date of latest accounts filed: 31 May 1997
14. Date of latest annual return filed: 5 February 1998

SCHEDULE 5

The Properties

PART I

(Freehold Properties)

Land and buildings on the east side of Fox Street, Liverpool L3 3HY.

PART II

(Leasehold Properties)

Property	Current Rent	Rent Review	Length of Term
1. Unit 1 and Unit 2 Lomond Site Lomond Industrial Estate, Alexandria held in terms of missives of lease between Dumbarton District Council and Messrs Kerr & Co on behalf of The Palatine Engraving Company Limited dated 2 February and 9, 10, 17, 22 and 23 March and registered in the Books of Council and Session on 10 May 1995.	£13,500 per annum (exclusive of VAT)	On fifth, tenth, fifteenth and twentieth anniversaries of the date of entry	21 years, to 28 May 2016

<p>2. Unit 3, Lomond Site, Lomond Industrial Estate, Alexandria, held in terms of offer of lease by Dumbarton District Council dated 26 February 1991 and acceptance thereto (undated) on behalf of The Palatine Engraving Company (Scotland) Limited, previously Ralph Braham (Engravers) Limited</p>	<p>£6,250 (exclusive of VAT)</p>	<p>On third, sixth, ninth, twelfth, fifteenth and eighteenth anniversaries of the date of entry</p>	<p>21 years, to 28 November 2011</p>
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SCHEDULE 6

Vendors' Limitations

1. The provisions of this Schedule shall operate, inter alia, to limit or reduce the liability of the Vendors in respect of claims under the Warranties and/or the Taxation Deed and/or Schedule 10 and/or Clause 10.1 ("**Claims**") and Clause 5, the Warranties, the Taxation Deed, Schedule 10 and/or Clause 10.1 shall have effect subject to and as qualified by the terms of this Schedule except where any claim arises as a result of the fraud or wilful misconduct or wilful concealment of any of the Vendors in which event this Schedule shall not apply to Ethel Austin Investments Limited or to any other Vendor who has committed such fraud, wilful misconduct or wilful concealment. The parties agree as follows:-
 - 1.1 no liability shall attach to the Vendors in respect of any Claims unless the aggregate amount of the liability of the Vendors in respect of all Claims shall exceed £25,000 but in the event such Claim exceeds £25,000 the Vendors shall be liable for the whole of such liability and not merely the excess and no such liability shall attach to the Vendors in respect of any individual Claim which does not exceed £1,000 but in the event such Claim exceeds £1,000 the Vendors shall be liable for the whole of such liability and not merely the excess;
 - 1.2 subject to paragraph 1.6, the aggregate liability of the Vendors in respect of all Claims shall not exceed £2,750,000;
 - 1.3 Claims shall be wholly barred and unenforceable unless written particulars thereof (giving full details of the specific matter or claim in respect of which such Claim is made) shall have been given to the Vendors within the periods referred to in the Taxation Deed (in relation to a Claim in respect of the Warranties in paragraph 6 of Schedule 2 (the "**Tax Warranties**") and a Claim under the Taxation Deed) or 2 years from Completion (in the case of any other Claim);
 - 1.4 any Claim (other than a Claim under the Taxation Deed and the Tax Warranties) shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been withdrawn after the expiration of six months after the expiration of 2 years from Completion unless legal proceedings in respect of it have been commenced by being both issued and served and for this purpose the Vendors irrevocably appoint the Vendors' Solicitors as their agents to receive service of process;
 - 1.5 the aggregate liability of the Trustees in respect of any Claims shall be limited to the net value from time to time of the capital of the trust subject to which they now hold those of the Shares registered in their names after deduction of sums due to the Inland Revenue and costs and fees properly chargeable against the capital of the said trust, and the Trustees hereby undertake with the Purchaser that they will not distribute any of the capital of the said trust, other than for payment of such sums, costs and fees, whilst a Claim which has been notified in writing to the Trustees is outstanding or prior to the expiration of any time limit for the making of a Claim unless an undertaking in favour of the Purchaser is obtained from a beneficiary, in a form satisfactory to the Purchaser, acting reasonably, whereby the

beneficiary accepts joint and several liability with the Trustees to the extent of the value of the distribution;

- 1.6 the amount in Paragraph 1.2 shall be increased by any amount received by the Vendors by way of payment or set off under Clauses 5 or 6 of the Taxation Deed.
2. The maximum liability of each of the Trustees in respect of any Claim or under any other provision of this Agreement shall be his Relevant Percentage of the total liability in respect thereof and for the purposes of this paragraph 2 the expression "his Relevant Percentage" shall mean in relation to each Trustee the percentage proportion which those of the Shares which he is selling under this Agreement bears to the aggregate amount of the Shares at the date of Completion.
3. The liability of the Vendors in respect of any Claim shall be limited as follows:
 - 3.1 No Claim (other than as provided in the Taxation Deed) shall be deemed to have been made unless notice of such Claim was made in writing to the Vendors specifying reasonable details of the matter or claim in respect of which such Claim is made;
 - 3.2 Where the Purchaser and/or the Company or any of the Subsidiaries recovers from some other person any sum in respect of any matter giving rise to a Claim (other than Tax Warranties to which Clause 6 of the Taxation Deed shall apply) and the Vendors have paid to the Purchaser or the Company or any of the Subsidiaries an aggregate amount in respect of that Claim then the Purchaser shall repay the Vendors in respect of that Claim an amount equal to the sum so recovered or such lesser amount as the Vendors shall have so paid to the Purchaser, the Company or the Subsidiaries (less all reasonable costs and expenses of recovering it and any taxation payable by the Purchaser or the Company or the Subsidiaries as a result of its receipt);
 - 3.3 Without prejudice to the generality of clause 3.2 above the provisions of clause 3.2 shall apply where the Company recovers from its insurers (in respect of insurance effected on or before the Completion Date) any sum in respect of any matter giving rise to a Claim (other than under the Taxation Deed and the Tax Warranties to which Clause 6 of the Taxation Deed shall apply);
 - 3.4 The Vendors shall have no liability (or such liability shall be reduced) in respect of any Claim (other than a Claim under the Taxation Deed or the Tax Warranties to which Clause 3 of the Taxation Deed shall apply):
 - 3.4.1 if and to the extent that such Claim occurs or is increased as a result of any change in legislation after the date of this Agreement (or any legislation not in force at the date of this Agreement) which takes effect retrospectively;
 - 3.4.2 if and to the extent that such Claim is attributable directly to any voluntary act or omission of or transaction or arrangement carried out by the Purchaser or the Company after the date of Completion otherwise than in the ordinary course of business; and

- 3.4.3 if and to the extent that such Claim would not have arisen but for a change of accounting policy or practice of the Company after the date of Completion other than to correct pre-Completion errors in accounting policy or practice applicable before Completion.
- 3.5 Nothing in this clause shall derogate from the Purchaser's obligations to mitigate any loss which it suffers in consequence of a breach of the Warranties;
- 3.6 If in respect of any Claim (other than a Claim under the Tax Warranties or a Claim under the Taxation Deed) the liability of the Vendors or the Company or the Subsidiaries is contingent only then the Vendors shall not be under any obligation to make any payment to the Purchaser (or the Company or the Subsidiaries) until such time as the contingent liability ceases to be contingent and becomes actual provided that the provisions of paragraph 1.4 of this Schedule 6 shall not apply to such Claim whilst such liability remains contingent;
- 3.7 No claim whatever on the part of the Purchaser shall lie in respect of any breach of the Warranties if and to the extent that such breach has arisen in respect of any matter full details of which are contained in this Agreement;
- 3.8 For the avoidance of doubt the Purchaser shall not be entitled to recover damages in respect of any Claim where to do so would involve recovery more than once in respect of the same loss or damage;
- 3.9 The Purchaser shall upon it or the Company or the Subsidiaries becoming aware of any matter or event ("the Matter") give notice of a Claim (other than Tax Warranties or Claim under the Taxation Deed to which Clause 7 of the Taxation Deed shall apply) in writing to the Vendors of the Matter within a reasonable time of becoming so aware of the matter;
- 3.10 The Purchaser shall provide and shall procure that the Company will provide to the Vendors and the Vendors' professional advisers reasonable access to premises and personnel and to any relevant assets documents and records within their power possession or control for the purpose of investigating the Matter and enabling the Vendors to take such action as referred to in paragraph 3.11 of this Schedule 6 below and shall allow the Vendors and its advisers to take copies of any relevant documents or records;
- 3.11 Subject as provided in paragraph 3.12 of this Schedule 6 below, if the Purchaser shall become aware of a Claim (other than a Claim under the Tax Warranties and/or the Taxation Deed to which Clause 6 of the Taxation Deed shall apply) as a result of or in connection with a liability to or a claim by a third party then the Purchaser shall (if the Vendors shall indemnify and secure the Purchaser and the Company and the Subsidiaries to the Purchaser's reasonable satisfaction against any liability, costs, damages or any expenses which may be incurred thereby) take such action and procure that the Company shall take such action as the Vendors reasonably request to avoid resist or compromise the Claim of such third party. If the Vendors shall not request the Purchaser to take any such action, or shall fail to indemnify and secure the liabilities, costs, damages and expenses as aforesaid within 30 business days after notice shall have been given to the Vendors of the Claim pursuant to

paragraph 1.3 of this Schedule 6 then the Purchaser shall be free to pay or settle the claim of such third party in question on such terms as it shall in its absolute discretion think fit and notwithstanding paragraph 3.10 refuse access to the Vendors, their accountants or professional advisers (as the case may be) to investigate the Matter alleged to give rise to such Claim;

- 3.12 the Vendors acknowledge and agree that all their rights under paragraph 3.11 above and Clause 7 of the Taxation Deed may only be exercised collectively on a unanimous basis and provided that they appoint one Vendor to represent all the Vendors in relation to the Claim in question. If the Vendors are unable to unanimously agree amongst themselves how to proceed for the purposes of exercising their rights in accordance with paragraph 3.11 then the Purchaser shall be free to pay or settle the claim of the third party in question as it may in its absolute discretion think fit;
- 3.13 The Warranties are given on the basis of the Company continuing to carry on business after the date of Completion as a going concern.

Handwritten initials/signature

SCHEDULE 7
Tax Deed of Covenant

DATED • 1998

MICHAEL BARRY OWEN AND OTHERS

- and -

FAIRFIELD ENTERPRISES PLC

- and -

THE PALATINE ENGRAVING COMPANY LIMITED

- and -

THE PALATINE ENGRAVING COMPANY (SCOTLAND) LIMITED

- and -

**THE PALATINE ENGRAVING PENSION
TRUSTEES LIMITED**

TAX DEED OF COVENANT

**Theodore Goddard
150 Aldersgate Street
London EC1A 4EJ**

(Ref: 582/10152.10)

CONTENTS

Clause	Page
1. INTERPRETATION	•
2. COVENANT	•
3. EXCLUSIONS	•
4. LIMITATIONS	•
5. OVER-PROVISIONS	•
6. RECOVERY FROM OTHER PERSONS	•
7. NOTIFICATION OF CLAIMS	•
8. CONDUCT OF DISPUTE	•
9. PAYMENT OF CLAIMS IN THE CASE OF A DISPUTE	•
10. PAYMENT OF CLAIMS WHERE THERE IS NO DISPUTE	•
11. CONDUCT OF PRE COMPLETION TAX AFFAIRS	•
12. INTEREST ON LATE PAYMENT	•
13. DEDUCTIONS FROM PAYMENTS	•
14. ASSIGNMENT	•
15. GOVERNING LAW AND JURISDICTION	•
16. NOTICES	•
17. GENERAL	•
18. COUNTERPARTS	•
FIRST SCHEDULE - (Names and addresses of Vendors)	•
SECOND SCHEDULE - (Names and registered numbers of the Subsidiaries)	•

THIS DEED is made on

BETWEEN:

- (1) **THE SEVERAL PERSONS** whose names and addresses appear in the First Schedule (together called the "**Vendors**");
- (2) **FAIRFIELD ENTERPRISES PLC** incorporated in England and Wales with number 980761 (the "**Purchaser**"); and
- (3) **THE PALATINE ENGRAVING COMPANY LIMITED** incorporated in England and Wales with number 2703966 and **THE SEVERAL COMPANIES** whose names and registered numbers appear in the Second Schedule (the "**Subsidiaries**") (together called the "**Company**").

WHEREAS by an agreement (the "**Agreement**") dated _____ the Purchaser has agreed to purchase the whole of the issued share capital of the Company from the Vendors in reliance inter alia on the covenants contained in this Deed.

THIS DEED WITNESSETH as follows:

1. **INTERPRETATION**

In this Deed unless the context otherwise requires:

- 1.1 save as herein otherwise provided words and expressions defined in the Agreement shall bear the same meanings in this Deed and any provisions in the Agreement concerning matters of interpretation or construction shall apply equally to this Deed;
- 1.2 "**Business Day**" means a day which is not a Saturday or Sunday or a bank or other public holiday in England;
- 1.3 "**Claim**" includes:
 - 1.3.1 any assessment, notice, letter, determination, demand or other document issued or action taken by or on behalf of any taxing or other competent authority (whether within or outside the United Kingdom and whether issued or taken before or after the date hereof and whether satisfied or not at the date hereof); and
 - 1.3.2 any return, amended return, computation, accounts or any other documents required for the purposes of Taxation (whether within or outside the United Kingdom)

from which it appears that a Tax Liability has been or may be imposed on the Company or increased or further payment to such authority or body required to be made;

- 1.4 **"Vendors"** includes the respective estates and personal representatives of any of the Vendors;
- 1.5 **"Relief"** means any loss, allowance, credit, deduction or set off;
- 1.6 **"Tax" or "Taxation"** means all taxes, levies, imposts, duties, charges and withholdings of whatsoever nature whenever and wherever imposed and without prejudice to the generality of the foregoing includes:
- 1.6.1 within the United Kingdom, income tax, corporation tax, advance corporation tax, capital gains tax, the charge under section 601(2) of the Taxes Act 1988, value added tax, Customs and Excise duties, amounts corresponding to any of corporation tax or income tax or advance corporation tax, inheritance tax, National Insurance contributions, stamp duty, stamp duty reserve tax and the Uniform Business Rate;
- 1.6.2 outside the United Kingdom, identical or substantially similar taxes to those United Kingdom taxes referred to at Clause 1.6.1 above together with all other taxes on gross and net income, profits or gains, receipts, sales, use, occupation, franchise, added value and personal property; and
- 1.6.3 all penalties, charges, costs and interest included in or relating to any tax
- regardless of whether such taxes, penalties, charges, costs and interest are directly or primarily chargeable against or attributable to the Company or any other person, firm or company and regardless of whether the Company has or may have any right of reimbursement against any other person;
- 1.7 references to any **"Tax Liability"** of the Company shall include not only liabilities of the Company to make payments of or in respect of Tax but also:
- 1.7.1 the loss, for whatsoever reason, whether by set off against Income, Profits or Gains (whether present, past or future) or by set off against Tax Liabilities or otherwise of any Relief, which would (were it not for the loss or set off) have been available to the Company and has been taken into account in computing (and so reducing) any provision for Taxation or deferred taxation which appears (or which but for such Relief would have appeared) in the Completion Accounts or has been treated as an asset therein;
- 1.7.2 the loss of a right to repayment of Tax which has been treated as an asset in the Completion Accounts or the setting off of any such right to repayment of Tax against any actual liability in respect of which the Purchaser would, but for that setting off, have been able to make a claim against the Vendors under this Deed; and
- 1.7.3 the setting off against Tax Liabilities, Income, Profits or Gains earned, accrued, incurred or received on or before Completion of any Relief, which

was not available before Completion but arose in respect of any event occurring after Completion in circumstances where, but for such setting off, the Company would have had an actual Tax Liability in respect of which it or the Purchaser would have been able to make a claim against the Vendors under this Deed;

1.8 in the cases described in Clause 1.7 above the amount of the Tax Liability shall be:

1.8.1 in any case falling within Clause 1.7.1, the amount of the Relief which was taken into account in the Completion Accounts or has been treated as an asset therein;

1.8.2 in any case falling within Clause 1.7.2, the amount of the repayment which would otherwise have been obtained; and

1.8.3 in any case falling within Clause 1.7.3, the amount of Tax which has been saved in consequence of such set off;

1.9 references to:

1.9.1 **"Income, Profits or Gains"** include (without limitation) revenue profits, chargeable gains, and any other similar measure by reference to which Tax is chargeable or assessed;

1.9.2 Income, Profits or Gains earned, accrued or received on or before a particular date or in respect of a particular period shall include Income, Profits or Gains which have been deemed to have been earned, accrued or received at or before the date or in respect of that period for the purposes of any Tax assessment;

1.9.3 any payment or distribution made on or before a particular date shall include:

1.9.3.1 any payment or distribution which on or before that date has fallen due to be made; and

1.9.3.2 any act or transaction which has occurred on or before that date and is or has been deemed to be a payment or distribution for the purposes of any Tax assessment; and

1.9.4 any **"Dividend"** shall include anything which has been deemed to be a dividend or distribution to shareholders or others for the purposes of any Claim to Taxation and shall also include any other event which gives rise to an obligation to account for advance corporation tax or amounts corresponding to or similar to advance corporation tax;

1.10 **"Event"** includes (without limitation) the death of any person, any transaction (including the execution of and completion of all the provisions of the Agreement), action or

omission (including omitting to comply with its obligations under the Pay and File regime) and a failure to make sufficient Dividend payments to avoid an apportionment or deemed distribution of income whether alone or in conjunction with any other transaction, action, omission or failure and includes further (without limitation) becoming, being or ceasing to be a member of a group of companies (howsoever defined) for the purposes of any Tax, the combined result of two or more events, the first of which shall have taken place (or be deemed to have taken place) or the commencement of which shall have occurred (or be deemed to have occurred) on or before Completion;

- 1.11 a company is a 75 per cent. subsidiary of the Purchaser if it is a 75 per cent. subsidiary of the Purchaser for the purpose of section 838(1) and section 413(7) of the Taxes Act 1988;
- 1.12 references to Clauses and sub-Clauses are references to clauses and sub-clauses of this Deed; and
- 1.13 headings are included in this Deed for ease of reference only and shall not affect its interpretation.
- 1.14 Clause 1.8 of the Agreement and paragraphs 1.1, 1.2, 1.5 and 2 of Schedule 6 to the Agreement shall apply mutatis mutandis to this Deed as they apply to the Agreement.

2. COVENANT

The Vendors covenant with the Purchaser and (as separate covenants) with the Company that subject to the following provisions of this Deed the Vendors will pay to the Purchaser an amount equal to:

- 2.1 any Tax Liability of the Company arising:
 - 2.1.1 as a consequence of any Event which occurred or was deemed to occur on or before Completion or arising in respect of or with reference to any Income, Profits or Gains which were earned, accrued or received on or before Completion or arising as a consequence of a Dividend declared on or before Completion; or
 - 2.1.2 under section 132 of the Finance Act 1988 by virtue of the relationship on or at any time before Completion of the Company with the migrating company (referred to in that section) where such migrating company is not the Company or any of the Subsidiaries;
 - 2.1.3 as a consequence of the Company being obliged to make a payment of advance corporation tax ("ACT") in respect of the Unpaid Dividend and the Future Dividend to the extent that such ACT cannot be fully offset by the Company against its mainstream corporation tax liability for the accounting period ended 31 May 1999 and/or earlier accounting periods provided that

the Purchaser undertakes to procure that the Company will take no avoidable action which might reasonably be foreseen to prevent such offset otherwise than in the ordinary course of business;

- 2.2 any liability of the Company arising from an obligation to repay the whole or any part of any payment received for group relief pursuant to an arrangement entered into by the Company on or before Completion;
- 2.3 any amount paid (or payable to the extent it is actually paid) by the Company for a surrender to it of group relief or advance corporation tax in respect of any periods or accounting periods ended on or prior to Completion to the extent that such group relief or advance corporation tax is lost, cancelled or disallowed or otherwise proves to be unavailable to set off against Income, Profits or Gains or Tax for the period in respect of which the surrender is made PROVIDED THAT any claim under this Clause 2.3 shall arise only to the extent that the amount paid for group relief or advance corporation tax exceeds any satisfied claim made under Clause 2.1 in respect of taxation assumed to have been discharged by the group relief or surrendered advance corporation tax which is lost, cancelled, disallowed or otherwise unavailable; and
- 2.4 any costs and expenses reasonably and properly incurred by the Purchaser and/or the Company in connection with any such Tax Liability (or claim therefor) or in taking or defending any action under this Deed

PROVIDED ALWAYS if any Tax Liability in respect of which a claim could have been made against the Vendors under this Deed has been discharged or satisfied by payment by the Company or the Purchaser (whether before or after the date hereof) the covenants given under this Deed shall take effect as a covenant by the Vendors to reimburse the Purchaser for any amount so paid.

3. EXCLUSIONS

The covenants given by Clause 2 shall not cover any Tax Liability of the Company:

- 3.1 to the extent that such Tax Liability was provided for in the Completion Accounts excluding the notes thereto;
- 3.2 to the extent that such Tax Liability arises or is increased as a result only by reason of any increase in rates of Tax made after the date of the Agreement with retrospective effect, change in legislation, or introduction of new legislation not in force at Completion with retrospective effect;
- 3.3 which would not have arisen but for a voluntary act or transaction carried out (other than pursuant to a legally binding commitment created on or before Completion) by the Company or the Purchaser after Completion and otherwise than in the ordinary course of business and which the Company or the Purchaser respectively was aware or ought reasonably to have been aware would give rise to such a liability;

- 3.4 to the extent that recovery of such Tax Liability is made under the Warranties;
- 3.5 to the extent that such Tax Liability arises or is increased as a result of withdrawal after the date of this Deed of any previously published practice or concession of any tax authority with retrospective effect;
- 3.6 to the extent that such claim would not have arisen or would have been reduced or eliminated but for the failure or omission on the part of the Purchaser or the Company to make any claim election surrender or disclaimer or give notice or consent or do any other thing under the provisions of any entitlement or regulation relating to Taxation the making, giving or doing of which was taken into account in computing the provision for taxation in the Completion Accounts;
- 3.7 if and to the extent that such claim would not have arisen but for a change of accounting policy or practice of the Company after the date of Completion other than to correct Pre-Completion errors in accounting policy or practice applicable prior to Completion;
- 3.8 in respect of corporation tax and deferred tax on the profit from 1 June 1998 to the date of Escrow Completion.

4. **LIMITATIONS**

- 4.1 Except in respect of any claim under this Deed of which notice in writing is given to the Vendors before that date containing to the extent reasonably practicable a description of the Claim and the estimated total amount of the Claim:
 - 4.1.1 the liability of Ethel Austin Investments Limited under this Deed shall terminate on:
 - 4.1.1.1 the twentieth anniversary of Completion in any case attributable to fraud by the Company or person acting on its behalf;
 - 4.1.1.2 the tenth anniversary of Completion in the case of consequential group relief adjustments mentioned in section 96 Finance Act 1990; and
 - 4.1.1.3 the seventh anniversary of Completion in any other case;
 - 4.1.2 the liability of the Vendors, except as provided in 4.1 above, shall terminate on the seventh anniversary of Completion;
- 4.2 Liability as regards any claim shall absolutely determine if proceedings in respect of such Claim have not been commenced within six months of service of such notice.

5. **OVER-PROVISIONS**

- 5.1 If the Company's auditors for the time being shall (at the Vendors' request and expense) certify at a time when the Company is a 75 per cent. subsidiary of the Purchaser that:
- 5.1.1 any provision for Tax contained in the Completion Accounts (other than a provision for deferred Tax) is an over-provision otherwise than by reason of:
 - 5.1.1.1 a reduction in the rates of Tax or other change in legislation made after Completion with retrospective effect; or
 - 5.1.1.2 any Relief arising after Completion; or
 - 5.1.1.3 any act of the Purchaser or the Company carried out after Completion.
 - 5.1.2 any Tax Liability which has resulted in a payment being made by or becoming due from the Vendors under this Deed or under the Tax Warranties has given rise to a corresponding saving for the Company;

then an amount equal to the value (as certified by the Company's auditors for the time being) of such over-provision or corresponding saving shall be set off first against any payment then due from the Vendors under this Deed and secondly (to the extent there is any excess) against any payment(s) already made or subsequently due under this Deed in chronological order until exhausted PROVIDED THAT to the extent that such over-provision or corresponding saving is set off against any payment already made by the Vendors that payment shall forthwith be repaid to the Vendors.

- 5.2 Where the Company's auditors have certified as mentioned in Clause 5.1 the Vendors or the Purchaser may on or before the seventh anniversary of Completion request the auditors for the time being of the Company to review (at the expense of the party so requesting) the certification given pursuant to Clause 5.1 in the light of all relevant circumstances at the time of the review and certify whether in the light of such circumstances the original certificate should be amended.
- 5.3 If the certificate given following a review pursuant to Clause 5.2 certifies that the original certificate should be amended an adjusting payment equal to the difference between the sum in the original certificate and the sum in the amended certificate shall be made by the relevant one of the Vendors or the Purchaser (as appropriate) as soon as reasonably practicable.

6. RECOVERY FROM OTHER PERSONS

Without prejudice to the Vendors' obligation to make any payment hereunder, where the Company is entitled to recover from some other person (other than the Purchaser but including any taxing or other competent authorities) any sum in respect of any such Tax Liability as is mentioned in Clause 2, the Company shall as soon as reasonably practicable following it becoming aware of its entitlement notify the Vendors and if so required by the Vendors and at their expense, take all appropriate steps to enforce such recovery

(keeping the Vendors fully informed of the progress of any action taken) and shall account to the Vendors for any amount so recovered not exceeding the amount paid by the Vendors hereunder in respect of that Tax Liability.

7. NOTIFICATION OF CLAIMS

7.1 If the Company or the Purchaser (as the case may be) shall become aware of a claim in respect of a Tax Liability relevant for the purposes of this Deed (including any determination or direction in respect of losses which could increase such tax liability) of which the Vendors are not then aware it shall as soon as reasonably practicable give written notice thereof to the Vendors.

7.2 If the Vendors shall indemnify and secure the Company and/or the Purchaser (as the case may be) to its or their (as the case may be) reasonable satisfaction against all liabilities, costs, damages or expenses which may be incurred thereby including any additional claim in respect of a Tax Liability the Company and/or the Purchaser shall take such action as the Vendors may reasonably request in writing to avoid, dispute, defend, resist, appeal or compromise any claim (such a claim where action is so requested being hereinafter referred to as a "**Dispute**") and, for the avoidance of doubt, such action may include giving the Vendors or their advisers access to information and directing that its employees provide assistance to the Vendors PROVIDED THAT:

7.2.1 the Company shall not be obliged to appeal against any assessment to Tax or determination raised on it if having given the Vendors written notice of the receipt of such assessment or determination the Purchaser or the Company (as the case may be) has not within 15 days thereafter received instructions in writing from the Vendors in accordance with the preceding provisions of this sub-Clause to do so; and

7.2.2 the Company shall not be obliged to take any action under this sub-Clause which would mean contesting any Tax assessment or determination before any court or other appellate body (excluding the authority or body demanding the Tax in question) unless the Vendors provides the Company with the written opinion of Tax Counsel (of at least 10 years call) that an appeal against the Tax assessment in question will, on the balance of probabilities, be won.

7.3 If the Vendors do not request the Purchaser or the Company to take any action under sub-Clause 7.2 in the case of sub-Clause 7.2.1 within 15 days of written notice or in the case of 7.2.2 fail to indemnify and secure the Purchaser and the Company to their reasonable satisfaction within 30 Business Days of written notice having been given to the Vendors, the Purchaser or the Company shall (without prejudice to their rights under this Deed) be free to pay or settle the Claim on such terms as they may in their absolute discretion consider fit.

7.4 The Vendors shall not have any rights under this Clause 7 where a claim derives from or arises out of any dishonest or fraudulent act or omission by the Vendors or by the

Company prior to Completion and the Vendors shall cease to have any such rights if the Purchaser has reasonable grounds to believe that in connection with a claim the conduct of the Vendors or of the Company amounts to fraud.

8. CONDUCT OF DISPUTE

Notwithstanding that the conduct of a Dispute may be delegated to the Vendors and dealt with in accordance with their wishes pursuant to Clause 7:

- 8.1 the Company and/or the Purchaser shall be kept fully informed of all matters pertaining thereto and shall be entitled to see copies of all correspondence pertaining thereto;
- 8.2 the appointment of solicitors or other professional advisers shall be subject to the prior approval of the Purchaser, such approval not to be unreasonably withheld or delayed;
- 8.3 all communications written or otherwise pertaining to the Dispute which are to be transmitted to the Inland Revenue, HM Customs and Excise or other statutory or governmental authority or body whatsoever shall first be submitted to the Purchaser and/or the Company for approval and shall only be finally transmitted if such approval is given, such approval not to be unreasonably withheld or delayed; and
- 8.4 the Vendors shall make no settlement or compromise of the Dispute or agree any matter in the conduct of the Dispute which is likely to affect the amount thereof or the future Tax Liability of the Company and/or the Purchaser without the prior approval of the Company or the Purchaser (as may be appropriate), such approval not to be unreasonably withheld or delayed.

9. PAYMENT OF CLAIMS IN THE CASE OF A DISPUTE

Where there is or has been a Dispute and that Dispute relates to a Claim where the Tax the subject matter of the Claim has to be paid before the action requested by the Vendors in respect of such Claim can be taken, the Vendors shall make payment of such amount of Tax which must be paid aforesaid forthwith upon service of a notice containing a written demand for the same from the Purchaser and in any other case, the Vendors shall make payment forthwith on settlement, compromise or abandonment of such Dispute.

10. PAYMENT OF CLAIMS WHERE THERE IS NO DISPUTE

10.1 Subject to the provisions of Clause 9 the Vendors shall be liable to make payment (the "due date for payment"):

10.1.1 in respect of a claim under Clause 2.1 on the date 5 Business Days before the date on which the Company has (or would but for the availability of some other Relief have) become finally liable to pay the Tax the subject of the Claim in question;

10.1.2 in respect of a claim under any of Clauses 2.2, 2.3 and 2.4 on the date 5 Business Days following the date on which notice setting out the amount due (or, in the case of a claim under Clause 2.3, the amount due at the date of the notice) has been served by the Purchaser or the Company on the Vendors; and

10.1.3 in the case of a claim under Clause 2 in respect of any of the matters referred to in sub-Clause 1.7 which do not involve an actual payment of Tax, the Purchaser and/or the Company shall request the Company's auditors for the time being to certify (at the expense of the Vendors) the amount of the liability under this Deed and the Vendors shall be liable to make any payment under Clause 2 5 Business Days after the date when notice of such certificate is given to the Vendors in the case of a loss of a repayment of Tax or in a case within sub-Clause 1.7.1 or 1.7.3 on the earlier of such date and the normal due date for payment of United Kingdom corporation tax for the accounting period in which the Company is deprived of the Relief.

11. CONDUCT OF PRE COMPLETION TAX AFFAIRS

The Vendors agree to provide the Purchaser and the Company with all such reasonable assistance, co-operation and information as they request in respect of pre Completion tax affairs of the Company including (but not limited to) information and co-operation requested in connection with tax computations and returns outstanding at Completion and in connection with all negotiations, correspondence and agreements in respect of the Company's Tax Liabilities.

12. DEDUCTIONS FROM PAYMENTS

12.1 All sums payable by the Vendors to the Purchaser under this Deed shall be paid free and clear of all deductions or withholdings whatsoever save only as may be required by law.

12.2 If any such deductions or withholdings as are referred to in sub-Clause 12.1 are required by law the Vendors shall be obliged to pay to the Purchaser such sum as will after such deduction or withholding has been made leave the Purchaser 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.

- 12.3 If any sum payable by the Vendors to the Purchaser under this Deed shall otherwise be subject to Tax in the hands of the recipient the same obligation to make an increased payment as is referred to in sub-Clause 12.2 shall apply in relation to such Tax liability as if it were a deduction or withholding required by law.

13. **ASSIGNMENT**

The benefit of this Deed or any part of it may not (save as otherwise expressly provided in this Deed) be assigned except to any company which is a subsidiary of the relevant party or which is a holding company of that party or which is a subsidiary of that holding company save that any assignment so permitted shall provide that, immediately prior to such company ceasing to be a subsidiary or holding company of the relevant party or a subsidiary of that holding company, such company shall re-assign such assigned benefit to the relevant party.

14. **GOVERNING LAW AND JURISDICTION**

This Deed shall be governed by English law and the parties irrevocably submit to the non-exclusive jurisdiction of the English courts.

15. **NOTICES**

Clause 14.2 of the Agreement shall apply mutatis mutandis as it applies in relation to the Agreement to any notice, approvals, consent or other communication in connection with this Deed.

16. **GENERAL**

The Purchaser may release or compromise in whole or in part the liability of any of the Vendors under this Deed or grant any time extension or other concession without affecting the liability of any other Vendor or any other liability of that Vendor.

17. **COUNTERPARTS**

This Deed may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original but all the counterparts together shall constitute one and the same Deed.

IN WITNESS whereof this Deed has been duly executed the day and year first before written.

FIRST SCHEDULE
(Names and addresses of Vendors)

- (1) Michael Barry Owen, Peter Wild Bullivant and Ronald George Austin
(as trustees of the R. G. Austin 1984 Settlement) all of
State House, 22 Dale Street, Liverpool L2 4UR

- (2) Peter Wild Bullivant, Pamela Jones and Stephen George Laing
(as trustees of the M. B. Owen 1992 Settlement) all of
State House, 22 Dale Street, Liverpool L2 4UR

- (3) Ethel Austin Investments Limited
whose registered office is at
School Lane, Knowsley Industrial Park South, Knowsley, Merseyside L34 9GJ

SECOND SCHEDULE
(Names and registered numbers of the Subsidiaries)

1. The Palatine Engraving Company (Scotland) Limited, registered number 757819.
2. The Palatine Engraving Pension Trustees Limited, registered number 2756839.

SIGNED as a DEED)
by **MICHAEL BARRY OWEN (as**)
trustee of the RG Austin 1984)
Settlement))
in the presence of:)

SIGNED as a DEED)
by **RONALD GEORGE AUSTIN**)
(as trustee of the RG Austin 1984)
Settlement))
in the presence of:)

SIGNED as a DEED)
by **PETER WILD BULLIVANT**)
(as trustee of the RG Austin 1984)
Settlement and as trustee of the)
M B Owen 1992 Settlement))
in the presence of:)

SIGNED as a DEED)
by **PAMELA JONES (as trustee**)
of the MB Owen 1992 Settlement))
in the presence of:)

SIGNED as a DEED)
by two duly authorised officers)
for and on behalf of)
ETHEL AUSTIN INVESTMENTS)
LIMITED)

Director:

Director/Secretary:

SIGNED as a DEED)	
by two duly authorised officers)	
for and on behalf of)	Director:
FAIRFIELD ENTERPRISES PLC)	
LIMITED)	Director/Secretary:

SIGNED as a DEED)	
by two duly authorised officers)	
for and on behalf of)	Director:
THE PALATINE ENGRAVING)	
COMPANY LIMITED)	Director/Secretary:

SIGNED as a DEED)	
by two duly authorised officers)	
for and on behalf of)	
THE PALATINE ENGRAVING)	Director:
COMPANY (SCOTLAND))	
LIMITED)	Director/Secretary:

SIGNED as a DEED)	
by two duly authorised officers)	
for and on behalf of)	
THE PALATINE ENGRAVING)	Director:
PENSION TRUSTEES)	
LIMITED)	Director/Secretary:

SCHEDULE 8

Documents in the agreed form

1. Circular
2. Taxation Deed
3. Loan Stock
4. Acknowledgement and release from the Vendors
5. Irrevocable powers of attorney from the registered holders of the Shares
7. Escrow Agents Instruction Letter

Opinion Letter (1)

The Directors
Fairfield Enterprises PLC
250 Waterloo Road
London
SE1 8RE

Dear Sirs

This letter is written by us as Solicitors to Michael Barry Owen, Peter Wild Bullivant and Ronald George Austin, being the present trustees of the Trust ("the **Trustees**") in connection with the sale by the Trustees to you of their entire holding of issued share capital in The Palatine Engraving Company Limited. We are qualified to practise and opine in relation to English law.

For the purposes of this opinion we have examined the engrossment of the Sale and Purchase Agreement together with the Disclosure Letter disclosing against the Warranties thereto (together the "**Agreement**") and an engrossment of the tax deed of covenant (the "**Taxation Deed**") between inter alia you and the [Trustees] [and the deed dated _____ establishing the Trust] and the agreed form documents referred to as such in the Agreement (the "**agreed form documents**").

Based solely on the above we are of the opinion that:

1. The Trustees are the sole trustees of the Trust which was established by the deed dated ● 1984 between the Trustees.
2. The Trustees have the power and legal capacity to enter into, execute and deliver the Agreement and the Taxation Deed and the agreed form documents to be entered into and executed by the Trustees (the "**relevant agreed form documents**") and to observe and perform their respective obligations thereunder and the conditions thereof.
3. The necessary resolutions and other action have been taken by the Trustees to authorise the execution of the Agreement, the relevant agreed form documents and the Taxation Deed and the delivery and performance by them of the obligations on them set out in the Agreement, the relevant agreed form documents and the Taxation Deed.

4. The execution, delivery and performance of the obligations in the Agreement and the Taxation Deed and the relevant agreed form documents will not result in any breach of or default under any provision of any English law or under any decree of any United Kingdom governmental authority, agency or so far as we are aware Court or under any instrument or deed or contract to which the Trustees are a party at the date hereof or which at the date hereof binds any of the Trustees' property or other assets.
5. The Agreement and the Taxation Deed and the relevant agreed form documents are legally binding and enforceable under English law against the Trustees and the execution of the Agreement and the Taxation Deed, and the relevant agreed form documents and delivery and performance by the Trustees of their obligations under the Agreement and the Taxation Deed and the relevant agreed form documents will not result in the creation or imposition of any lien, charge, security, instrument, interest or encumbrance upon any of the Trustees' assets or properties.

Yours faithfully

Bullivant Jones & Company

Opinion Letter (2)

[BULLIVANT JONES & COMPANY NOTEPAPER]

The Directors
Fairfield Enterprises PLC
250 Waterloo Road
London
SE1 8RE

● 1998

Dear Sirs

The M.B. Owen 1992 Settlement (the "Trust")

This letter is written by us as Solicitors to Peter Wild Bullivant, Pamela Jones and Stephen George Laing, being the present trustees of the Trust ("the **Trustees**") solely in connection with the sale by the Trustees to you of their entire holding of issued share capital in The Palatine Engraving Company Limited. We are qualified to practise and opine in relation to English law.

For the purposes of this opinion we have examined the engrossment of the Sale and Purchase Agreement together with the Disclosure Letter disclosing against the Warranties thereto (together the "**Agreement**") and an engrossment of the tax deed of covenant (the "**Taxation Deed**") between inter alia you and the [Trustees] [and the deed dated ● establishing the Trust and the agreed form documents referred to as such in the Agreement (the "**agreed form documents**")].

Based solely on the above we are of the opinion that:

1. The Trustees are the sole trustees of the Trust which was established by the deed dated ● 1992 between the Trustees.
2. The Trustees have the power and legal capacity to enter into, execute and deliver the Agreement and the Taxation Deed and the agreed form documents to be entered into and executed by the Trustees (the "**relevant agreed form documents**") and to observe and perform their respective obligations thereunder and the conditions thereof.
3. The necessary resolutions and other action have been taken by the Trustees to authorise the execution of the Agreement, the relevant agreed form documents and the Taxation Deed and the delivery and performance by them of the obligations on them set out in the Agreement, the relevant agreed form documents and the Taxation Deed.
4. The execution, delivery and performance of the obligations in the Agreement and the Taxation Deed and the relevant agreed form documents will not result in any breach of or

default under any provision of any English law or under any decree of any United Kingdom governmental authority, agency or so far as we are aware Court or under any instrument or deed or contract to which the Trustees are a party at the date hereof or which at the date hereof binds any of the Trustees' property or other assets.

5. The Agreement, the Taxation Deed and the relevant agreed form documents are legally binding and enforceable under English law against the Trustees and the execution of the Agreement, the Taxation Deed and the relevant agreed form documents and delivery and performance by the Trustees of their obligations under the Agreement and the Taxation Deed and the relevant agreed form documents will not result in the creation or imposition of any lien, charge, security, instrument, interest or encumbrance upon any of the Trustees' assets or properties.

Yours faithfully

Bullivant Jones & Company

SCHEDULE 10

Environmental Covenants

1. DEFINITIONS

In this Schedule:-

1.1 unless the context otherwise requires:

"Affiliates" means, in relation to the Company, any other company in its group from time to time (including the Purchaser) and the directors, officers, agents, and employees of each of such companies;

the "Business" means the business carried on by the Company or any of the Subsidiaries at Completion;

"Environmental Breach" means any breach by the Company or any of the Subsidiaries of Environmental Laws arising out of or in relation to or by reason of:-

- (1) the conduct of the Business at any time prior to Completion; or
- (2) the conduct of the Business in the ordinary and normal course for the period of one year after the date of Completion; or
- (3) Dangerous Materials present at the Properties on or prior to Completion or within one year after the date of Completion;

"Environmental Claim" means any claim made by any Relevant Authority against the Company or any of its Affiliates at any time prior to the date of this Agreement or at any time after the date of this Agreement in each case in respect of an Environmental Breach;

"Potential Liability" has the meaning attributed thereto in paragraph 3.1;

"Relevant Person" means any person, organisation or body (whether corporate or unincorporate and whether governmental or not) which is empowered or entitled to enforce or claim under Environmental Laws;

"Remedial Work" has the meaning attributed thereto in paragraph 3.2.2;

1.2 the expressions **"Environmental Laws"** and **"Dangerous Materials"** shall have the meanings attributed thereto in paragraph 1 of Schedule 2 to this Agreement.

2. PAYMENT COVENANT

- 2.1 Subject to the provisions of this Schedule and without restricting the ability of the Purchaser to claim damages on any basis available to it in the event of any breach or non-fulfilment of any of the Warranties, the Vendors undertake with the Purchaser and on demand by the Purchaser to make payments to the Purchaser equal to any and all losses (including, without limitation, loss of profits and contracts and other indirect or consequential losses), claims, damages, costs (including legal costs on a full and unqualified indemnity basis), fines and penalties (whether civil or criminal) charges, expenses, liabilities, demands, proceedings and actions which the Company or any Affiliates may sustain or incur or which may be brought or established against it or any of them by any person and which in any case arises out of or in relation to or by reason of:
- 2.1.1 any Environmental Claims;
 - 2.1.2 any action taken by the Company or any Affiliates in investigating, assessing, disputing, resisting or defending any Environmental Claims; or
 - 2.1.3 any action taken by the Purchaser in establishing its right to be paid under and/or in enforcing this payment covenant and/or in seeking advice as to any claim, action, liability, fine, penalty, demand or proceedings aforesaid or in any way related to or in connection with this payment covenant
- 2.2 If the Purchaser shall become aware of an Environmental Claim after Completion it shall as soon as reasonably practicable thereafter give notice in writing thereof to the Vendors and shall consult fully with the Vendors with a view to determining the most appropriate method of resolving the Environmental Claim. If the Vendors shall indemnify and secure and continue to indemnify and secure the Company and each of its Affiliates to the Purchaser's reasonable satisfaction from and against all liabilities, costs, damages or expenses which may be incurred thereby the Purchaser shall at the Vendors' expense take such action and procure (so far as it is able) that the Company and each of its other Affiliates shall take such action as the Vendors may reasonably request to avoid, resist or compromise the Environmental Claim. If the Vendors shall not request the Purchaser to take any such action as the Vendors may reasonably request, or shall fail to indemnify and secure the liabilities, costs, damages and expenses as aforesaid within 30 days after notice in writing shall have been given to the Vendors or shall fail to continue to indemnify and secure the Company and each of its Affiliates as aforesaid then the Company or the Affiliate concerned shall be free to pay or settle the claim on such terms as it shall in its absolute discretion think fit and the Purchaser shall be entitled to claim payment from the Vendors accordingly. The obligations of the Purchaser under this paragraph 2.2 shall be subject always to any obligation of the Purchaser, the Company or any of its other Affiliates to comply with the directions or requirements of any Relevant Authority.

3. POTENTIAL CLAIMS

- 3.1 Subject to the Vendors complying with their obligations under this paragraph 3, the Purchaser undertakes with the Vendors that if the Purchaser or the Company or any of its

other Affiliates shall after Completion become aware of any Environmental Breach or potential Environmental Breach which has not yet given rise to an Environmental Claim ("**Potential Liability**") it shall not, and shall procure that the Company and each of its other Affiliates shall not, inform any Relevant Authority without the prior written approval of the Vendors unless it is required to do so by an Environmental Law.

- 3.2 The Purchaser shall give notice in writing of any Potential Liability to the Vendors as soon as reasonably practicable after the date on which the Purchaser shall become aware of such Potential Liability and shall decide that action is required to remedy the Potential Liability. In the notice the Purchaser shall specify:-
 - 3.2.1 the nature of the Potential Liability;
 - 3.2.2 the action intended to be taken to remedy the Potential Liability (the "**Remedial Work**");
 - 3.2.3 whether or not it is intended to inform any Relevant Authority of the Potential Liability; and
 - 3.2.4 the estimated costs of the Remedial Work.
- 3.3 The Vendors shall within 30 days from the date of the notice given pursuant to paragraph 3.2 either:-
 - 3.3.1 undertake with the Purchaser to pay to the Purchaser amounts equal to all costs, fees and expenses the Company or any of its Affiliates may sustain or incur in carrying out the Remedial Work and agree in writing that the Purchaser or the Company or any of its other Affiliates may inform the Relevant Authority (if any) referred to in the notice; or
 - 3.3.2 serve notice in writing on the Purchaser disputing that a Potential Liability exists; or
 - 3.3.3 serve notice in writing on the Purchaser accepting that a Potential Liability exists but disputing the necessity for the Remedial Work or the extent of the Remedial Work required in order to comply with Environmental Laws or to avoid an Environmental Claim or the necessity or desirability of informing any Relevant Authority; or
 - 3.3.4 do nothing, in which case the Vendors shall hereby be deemed to have given the undertaking and agreed to the matters contained in paragraph 3.3.1.
- 3.4 If the Vendors serve a notice pursuant to paragraph 3.3.2 or paragraph 3.3.3 the Vendors and the Purchaser shall attempt to agree the matter in dispute within 14 days after the service of the notice failing which the matter in dispute shall be referred to an expert for final determination in accordance with clause 13 hereof save that the expert shall be an individual or firm who or which is appropriately experienced in environmental matters of

the nature in dispute and the reference to the President of the Institute of Chartered Accountants shall be deemed to be a reference to the President of the Law Society.

- 3.5 If the Vendors serve a notice pursuant to paragraph 3.3.2 and either the Vendors agree after the service of the notice that a Potential Liability exists or the expert has determined that a Potential Liability exists or serve a notice pursuant to paragraph 3.3.3, the Vendors undertake with the Purchaser and on demand by the Purchaser to make payments to the Purchaser equal to all costs, fees and expenses which the Company or any of its Affiliates may sustain or incur in carrying out the action required to remedy the Potential Liability as agreed between the Vendors and the Purchaser or as determined by the expert in accordance with paragraph 3.4.

4. RECOVERY

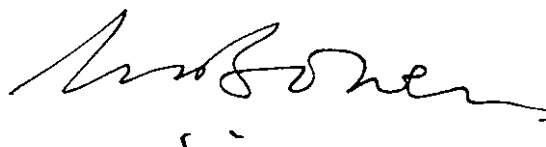
If the Vendors pay the Purchaser an amount pursuant to paragraph 2 in respect of an Environmental Claim or an Environmental Breach or an amount pursuant to paragraph 3 in respect of a Potential Liability and the Company or any of its Affiliates subsequently recovers (whether by payment, discount, credit or otherwise from a third party (including any insurer) a sum which is referable to that Environmental Claim, Environmental Breach or Potential Liability (as the case may be) the Purchaser shall forthwith repay to the Vendors so much of the said amount as is equal to the sum recovered from the third party (or such lesser amount as the Vendors shall have so paid to the Purchaser) less a sum equal to all reasonable costs and expenses incurred by the Company or any of its Affiliates in recovering the same, and the Purchaser shall or shall procure the Company or the relevant Affiliate to use [its] [their] reasonable endeavours to recover any such amounts from third parties.

5. TAX EFFECT

If the United Kingdom Inland Revenue or any other taxing authority in any jurisdiction brings into charge to taxation any sum payable pursuant to the provisions of this Schedule, then the sum so payable shall be grossed up by such amount as will ensure that after deduction of the taxation so chargeable there shall remain a sum equal to the amount that would otherwise be payable pursuant to the provisions of this Schedule.

**SIGNED by MICHAEL BARRY
OWEN (as trustee of the R G Austin
1984 Settlement)**
in the presence of:-

)
)
)
)



Signature of Witness: *G. Crane*

Name of Witness: *GILLIAN CRANE*

Address of Witness: *STATE HOUSE
22 DALE STREET
LIVERPOOL
L2 4UR*

Occupation of Witness: *LEGAL SECRETARY*

**SIGNED by PETER WILD
BULLIVANT (as trustee of the R G
Austin 1984 Settlement and of the M B
Owen 1992 Settlement)**
in the presence of:-

)
)
)
)
)



Signature of Witness: *G. Crane*


Name of Witness: *GILLIAN CRANE*

Address of Witness: *STATE HOUSE
22 DALE STREET
LIVERPOOL L2 4UR*

Occupation of Witness: *LEGAL SECRETARY*

SIGNED by RONALD GEORGE
AUSTIN (as trustee of the R G Austin
1984 Settlement)
in the presence of:-



Signature of Witness: 

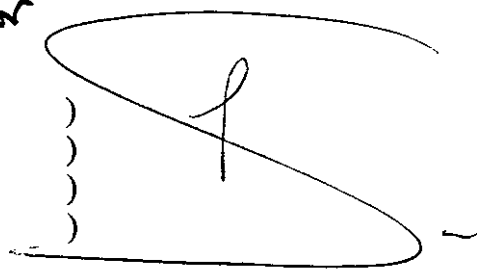
(Attorney for R G Austin)

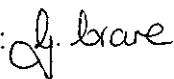
Name of Witness: C. J. WILKINSON

Address of Witness: State House
22 Dale Street
Liverpool

Occupation of Witness: Solicitor

SIGNED by PAMELA JONES (as
trustee of the M B Owen 1992
Settlement)
in the presence of:-



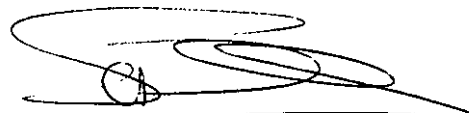
Signature of Witness: 


Name of Witness: GILLIAN PEANE

Address of Witness: STATE HOUSE
22 DALE STREET
LIVERPOOL L2 4UR

Occupation of Witness: LEGAL SECRETARY

SIGNED by STEPHEN GEORGE
LAING (as trustee of the M B Owen
1992 Settlement)
in the presence of:-



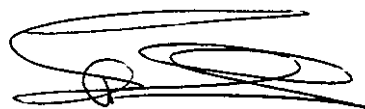
Signature of Witness: 

Name of Witness: C. J. WILKINSON

Address of Witness: State House
22 Dale Street
Liverpool

Occupation of Witness: Solicitor

SIGNED by a duly authorised officer for)
and on behalf of ETHEL AUSTIN)
INVESTMENTS LIMITED in the)
presence of:-)



Signature of Witness:



Name of Witness:

C. J. WILKINSON

Address of Witness:

State House
22 Dale Street
Liverpool

Occupation of Witness:

Solicitor

SIGNED by a duly authorised officer for)
and on behalf of FAIRFIELD)
ENTERPRISES plc in the presence of:-)



Signature of Witness:



Name of Witness:

Andrea Cropley

Address of Witness:

150 Aldersgate Street
London

Occupation of Witness:

Solicitor