

DATED *2nd June* 2000

- (1) KENNETH HOWLETT AND
JUSTINE KATRINA LAURA HOWLETT
- (2) HAYDOCK FINANCE LIMITED

**AGREEMENT FOR THE SALE AND
PURCHASE
OF THE WHOLE OF THE ISSUED ORDINARY
SHARE CAPITAL OF
M. N. H. ASSET FINANCE LIMITED**

Nelson & Co Solicitors
St Andrew's House
St Andrew's Street
Leeds
LS3 1LF

Tel: 0113 227 0100
Fax: 0113 227 0113

Ref: RJF



SHARE SALE AND PURCHASE AGREEMENT

THIS AGREEMENT is made on 2nd June 2000

B E T W E E N :

- (1) **THE PERSONS** whose names and addresses are set out in column 1 of Schedule 1 ("the Vendors", which expression shall include their respective personal representatives); and
- (2) **HAYDOCK FINANCE LIMITED** (Company No. 1526882), whose registered office is at Challenge House, Challenge Way, Greenbank Business Park, Blackburn, BB1 5QB ("the Purchaser")

IT IS HEREBY AGREED as follows: -

1. INTERPRETATION

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

"Accumulated Profit and Loss Account"

Means the Accumulated Profit and Loss Account of the Company as at the date of Completion and after the disposal of all the fixed assets of the Company which for the avoidance of doubt shall include the settlement of the contract hire agreement with M N H Contracts Limited in respect of a Volvo V40 motor vehicle registration number T331 JNA.

"CA 1985"

Means the Companies Act 1985 as amended.

"CA 1989"

Means the Companies Act 1989.

"Company"

Means M. N. H. Asset Finance Limited; brief details of which are set out in Schedule 2.

"Companies Acts"

Means CA 1985 and CA 1989 and the former Companies Acts (within the meaning of Section 735(1) CA 1985).

"Completion"

Means completion of the sale and purchase of the Shares in accordance with Clause 5.



"Deed of Adherence"	Means a deed of adherence in relation to the Investment Agreement dated 26 February 1999 (as varied if applicable) or in relation to any other Shareholders' Agreement entered into by the shareholders of the Purchaser in substitution for it.
"Disclosure Letter"	Means the disclosure letter in the agreed form.
"FA"	Means Finance Act.
"ICTA"	Means the Income and Corporation Taxes Act 1988.
"Last Accounts"	Means the audited balance sheet of the Company as at the Last Accounts Date, and audited profit and loss account of the Company for the year ended on the Last Accounts Date, and the auditor's and directors' report and notes thereon.
"Last Accounts Date"	Means 31 st October 1999.
"Preference Shares"	Means the 15,000 issued Preference Shares of £1 in the Company, fully paid or credited as fully paid.
"Property"	Means the property known as East Park Lodge, East Park Road, Blackburn, Lancashire.
"Purchaser's Solicitors"	Means Nelson & Co, of St Andrew's House, St Andrew's Street, Leeds, LS3 1LF.
"Shares"	Means the 3000 issued Ordinary Shares of £1 in the Company, fully paid or credited as fully paid
"Subsidiary"	Means a subsidiary as defined in Section 736 CA 1985 (as supplemented by Section 736A CA 1985).
"Taxation"	Means all forms of taxation, charges, duties, imposts rates levies and governmental charges (whether national or local) in the nature of tax whatsoever and whenever imposed, and whether of the United Kingdom or elsewhere, and

any payment whatever which the Company may be or become bound to make to any person as a result of any enactment relating to taxation and any taxation supplementing or replacing the same and all fines, penalties, interest, costs, charges and expenses connected therewith.

“Taxation Statutes”

Includes statutes (and all regulations and arrangements whatsoever made thereunder) whether of the United Kingdom or elsewhere, and whether enacted before or after the date of this Agreement, providing for or imposing any Taxation.

“Tax Deed”

Means the Deed in the agreed form.

“Vendors’ Solicitors”

Means Pollard Bower & Co, 10 Hargreaves Strret, Burnley, Lancashire, BB11 1ED.

“Warranties”

Means the warranties and representations on the part of the Vendors set out in Schedule 3.

1.2 All references in this Agreement to a statutory provision shall be construed as including references to:-

- (a) any statutory modification, consolidation or re-enactment (whether before or after the date of this Agreement) for the time being in force;
- (b) all statutory instruments or orders made pursuant to a statutory provision; and
- (c) any statutory provision of which a statutory provision is a consolidation, re-enactment or modification.

1.3 Clause headings in this Agreement are for ease of reference only and do not affect the construction of any provision.

2. SALE AND PURCHASE

Subject to the terms and conditions of this Agreement, the Vendors shall sell with full title guarantee and the Purchaser shall purchase the Shares, free from all liens, charges and encumbrances and together with all accrued benefits and rights attaching to the Shares, with effect from the date of this Agreement.

3. PRE-EMPTION RIGHTS WAIVER

The Vendors waive all rights of pre-emption (if any) over the Shares to which they may be entitled under the articles of association of the Company or otherwise, in relation to the sale and purchase of the Shares pursuant to this Agreement.

4. CONSIDERATION

4.1 The consideration for the Shares shall be the sum of £85,000, payable as follows:-

4.1.1 as to £14,400 ("the Cash Consideration"), in cash upon completion in accordance with Clause 5;

4.1.2 as to £60,000 ("the Deferred Consideration"), either (which shall be at the option of such of the Vendors as are entitled to receive the Deferred Consideration) by: -

4.1.2.1 The allotment on or before 31st July 2000 (or such date being not later than 31 March 2001 as the Vendors shall agree), of new equity shares ("the Consideration Shares") in the capital of the Purchaser, credited as fully paid up, of a class to be identified by the Purchaser and which is either the sole class of ordinary shares in the Purchaser, or which equates in all respects relevant to value as closely as possible to the existing class of "B" Ordinary Shares of 20p each, and at a price to be agreed between the parties but which price shall equate as closely as possible to the agreed value of £5 per share for the existing "B" Ordinary Shares of 20p (assuming a nominal value of £1 by absorbing the appropriate number of Dividend Ordinary Shares of £1), adjusted to reflect any differences in rights (whether under the Articles of Association of the Purchaser or under any shareholders' agreement), and any changes in the number of equity shares in issue; or

4.1.2.2 The issue on 31st July 2000 (or later by agreement between the parties), of unsecured loan notes of the Purchaser in a form to be agreed between the parties but repayable in principal amounts in multiples of £5,000 as the Vendors shall each elect by giving not less than one months notice in writing to the Purchaser and payable on each of the anniversaries of Completion subject to a maximum payment on each of the anniversaries in respect of each of the Vendors of £5,000, and carrying interest at the rate of 0.5% below the base rate from time to time of the Bank of Scotland Plc.

4.1.3 as to £10,600, by the issue of Loan Notes in the agreed form ("the Loan Note Consideration") in accordance with Clause 5.

- 4.2 If the Vendors entitled to receive the Deferred Consideration choose the option provided in Clause 4.1.2.1 in respect of the payment of the Deferred Consideration then immediately prior to the allotment of the Consideration Shares such Vendors shall (if so required) deliver to the Purchaser the Deed of Adherence duly executed by each of such Vendors.
- 4.3 The Vendors shall be entitled to the Cash Consideration, the Deferred Consideration and the Loan Note Consideration in the amounts set out against their respective names in columns 3, 4 and 5 of Schedule 1

5. COMPLETION

- 5.1 Completion of the purchase of the Shares shall take place at the offices of the Purchaser's Solicitors immediately after signature of this Agreement.
- 5.2 On Completion, the Vendors shall deliver to the Purchaser:-
- (a) Duly executed transfers of the Shares in favour of the Purchaser, together with the relative share certificates;
 - (b) The Tax Deed duly executed by the Vendors ;
 - (c) The resignations of the directors and the secretary from their respective offices and employment in the Company containing a written acknowledgement from each of them that he or she has no claims against the Company on any grounds whatsoever; and
 - (d) the resignation of the existing auditors of the Company containing a statement complying with Section 394 CA 1985 that there are no circumstances connected with their ceasing to hold office which they consider ought to be brought to the attention of members or creditors of the Company.
- 5.3 There shall be delivered or made available to the Purchaser:-
- (a) The seal and Certificate of Incorporation and (where relevant) on Change of Name of the Company;
 - (b) The statutory books, books of account and documents of record of the Company, complete and up-to-date;
 - (c) The appropriate forms to amend the mandates given by the Company to its bankers.
- 5.4 The Vendors shall repay all monies then owing by them (whether alone or jointly with any other person) to the Company, whether due for payment or not.
- 5.5 A Board Meeting of the Company shall be held at which:-

- (a) Such persons as the Purchaser may nominate shall be appointed additional directors;
- (b) The transfers referred to in Clause 5.2(a) shall be approved (subject to stamping);
- (c) The resignations referred to in Clauses 5.2(c) and 5.2(d) shall be submitted and accepted;
- (d) The registered office address of the Company shall be changed to such address as the Purchaser shall specify; and
- (e) The accounting reference date of the Company shall be changed to such date, as the Purchaser shall specify.

5.6 Upon completion of the matters referred to in Clauses 5.2 to 5.5, the Purchaser shall:-

- (a) Pay the Cash Consideration by electronic transfer of funds to the client account of the Vendors' Solicitors, details of which are as follows: _

HSBC BANK PLC, 12 Manchester Road, Burnley, Lancashire.

Sort Code: 40-15-17

Client Acc: 53109712

Quote: RB/10115/howlett

The receipt by the Vendors' Solicitors of the Cash Consideration shall be a full and sufficient discharge therefor;

- (b) Deliver to the Purchasers duly executed Loan Notes in the agreed form;
- (c) Execute a contract of employment, in the agreed form, in respect of Kenneth Howlett;
- (d) On behalf of the Company, forthwith repay to M N H Financial Services Limited the inter company loan in the sum of £35,202 between M N H Financial Services Limited and the Company

6 WARRANTIES

- 6.1 The Vendors jointly and severally represent and warrant to the Purchaser that, save as fully and fairly stated in the Disclosure Letter, the Warranties are true and accurate in all respects and that the contents of the Disclosure Letter, and of all accompanying documents, are true and accurate in all respects and fully, clearly and accurately disclose every matter to which they relate.

- 6.2 Each of the Warranties is without prejudice to any other warranty or undertaking and, except where expressly stated, no clause contained in this Agreement governs or limits the extent or application of any other clause.
- 6.3 The rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by completion of the purchase of the Shares, by any investigation made by or on behalf of the Purchaser into the affairs of the Company, by any failure to exercise or delay in exercising any right or remedy or by any other event or matter whatsoever, except a specific and duly authorised written waiver or release.
- 6.4 None of the information supplied by the Company or its professional advisers prior to the date of this Agreement to any of the Vendors or their agents, representatives or advisers in connection with the Warranties or the contents of the Disclosure Letter or otherwise in relation to the business or affairs of the Company, shall be deemed a representation, warranty or guarantee of its accuracy by the Company to the Vendors and shall not constitute a defence to any claim by the Purchaser under the Warranties, and the Vendors waive any and all claims which they might otherwise have against the Company and its officers and employees.
- 6.5 Notwithstanding any rule of law or equity to the contrary, any release, waiver or compromise or any other arrangement of any kind whatsoever to which the Purchaser may agree or effect in relation to one of the Vendors in connection with this Agreement, and in particular, but without limitation, in connection with any of the Warranties, shall not affect the rights and remedies of the Purchaser as regards any other of the Vendors.
- 6.6 Each of the Vendors undertakes, in relation to any Warranty which refers to the knowledge, information, belief or awareness of a Vendor of any similar expression, that he has made full, due and careful enquiry into the subject matter of that Warranty (including without limitation where applicable of the employees, agents and advisers of the Company), and each of them acknowledges that the knowledge, information, belief or awareness of one of the Vendors shall be attributable to the others of them.

7. RESTRICTIVE COVENANTS

- 7.1 In this Clause 7, the following expressions have the following meanings: -

"Employee"

Means any individual who is employed by or provides consulting services to the Purchaser or the Group in connection with the Business (as carried on by the Purchaser), and who works in a

sales, technical, managerial or executive capacity.

"Group"

Means the Purchaser and all or any of the subsidiary or holding companies (as defined in Section 736 of the Companies Act 1985, as supplemented by Section 736A of the Companies Act 1985), for the time being of the Purchaser.

"Restricted Period"

Means 3 years from the date of this Agreement, provided in the case of Kenneth Howlett that if his employment is terminated by the Purchaser other than under Clause 16 (right to terminate summarily) of his Service Agreement, it shall mean (if shorter) the period starting on the date of this Agreement and ending 12 months after the date on which his employment with the Purchaser or the Group ends.

7.2 The Vendors hereby covenants with the Purchaser to be bound by the following restrictions: -

- (a) That the Vendors will not after Completion, divulge or communicate to any person, firm or company (other than the Purchaser or except insofar as the Vendors shall have a statutory duty so to do) or otherwise make or permit to be made use of for its own benefit or for the benefit of others or the detriment or possible detriment of the Purchaser or the Group (a) any of the trade secrets or other confidential information of the Business which it may have received, created or obtained, or (b) information concerning other dealings, transactions or affairs of the Business, or (c) information concerning dealings, transactions or affairs of any client, customer or supplier which has or may come to its knowledge;

This restriction shall continue after Completion without limit in point of time, but shall cease to apply to any information or knowledge, which may come into the public domain other than through any act or default of the Vendors.

- (b) That he or she will not during the Restricted Period (without the prior written consent of the Purchaser): -

7.2 (b) (i) Solicit or persuade any Employee to leave the Purchaser's employment or the employment of the Group;

7.2 (b) (ii) Solicit or endeavour to solicit in competition with the business of the Company or the Group, the custom of, or orders from, any person, firm

or company who has been a customer of the Company at any time during the period of 12 months immediately preceding the date of Completion, or approach, deal with or accept referrals from any person, broker or company who has referred such person, firm or company to the Company.

7.2 (b) (iii) Either on his own account or on behalf of any other person, firm or company, carry on or be directly or indirectly engaged, concerned or interested, at any time during the Restricted Period, in any asset finance business within a radius of 50 miles of Blackburn.

(c) That he or she will not for a period of 10 years either directly or indirectly be engaged or concerned or interested in, whether as officer, employee, agent, shareholder or in any other capacity, any company or business using the name M. N. H. Asset Finance Limited or any similar name.

7.3 The provisions of Clause 7.2 (a) to 7.2 (c) are separate and severable and shall be construed and enforceable accordingly.

8. GENERAL

8.1 This Agreement shall be binding upon and enure for the benefit of the successors in title of the parties and the benefit of this Agreement and of the Tax Deed may be assigned by the Purchaser.

8.2 The Vendors shall execute and perform all such further acts, deeds or assurances as may be required for effectually vesting in the Purchaser and otherwise for fulfilling the provisions of this Agreement.

8.3 The provisions of this Agreement insofar as the same shall not have been performed at Completion, shall remain in full force and effect notwithstanding Completion.

8.4 No delay or omission by the Purchaser in exercising any right, power or remedy shall operate as a waiver thereof, and any single or partial exercise thereof shall not preclude any other or further exercise thereof or the exercise of any right, power or other remedy. The rights and remedies of the Purchaser hereunder are cumulative and not exclusive of any right or remedy provided by law.

8.5 No announcement shall be made by the Vendors in connection with this Agreement.

8.6 This Agreement shall be governed by and interpreted and construed in accordance with English Law and the parties submit to the jurisdiction of the English Courts.

- 8.7 The liabilities of the Vendors under the Warranties and the Tax Deed shall be limited to the amount of the Consideration and shall cease at the end of 12 calendar months after the date hereof in respect of the Warranties and six years after the date hereof in respect of the Tax Deed should by such time the Purchaser not have given written notice to the Vendors that there has been a breach thereof specifying with particularity the full details of such breach and quantifying the same.

9. NOTICES

Any notice to be given hereunder shall be in writing and delivered by hand or by first class recorded delivery post or by facsimile letter addressed and sent to the party to be served (in the case of the Vendors) at the address given herein and (in the case of the Purchaser) at its registered office for the time being. Notice delivered by hand shall be deemed to have been served at the time of actual delivery. Notice sent by post shall be deemed to have been served at the expiry of 48 hours after posting. Notices sent by facsimile shall be deemed to have been served on production of a transmission report from the machine which sent the facsimile indicating that the facsimile was sent in its entirety to the facsimile number of the recipient.

10. ENTIRE AGREEMENT

This Agreement, the Disclosure Letter and the Tax Deed constitute the entire agreement between the parties relating to the sale and purchase of the Shares and supersede all previous negotiations, understandings and agreements (whether written or oral) between the parties in relation to the same. It is expressly agreed that no variations or additions to this Agreement shall be effective unless made in writing, signed for and on behalf of the parties or their successors or solicitors (as the case may be), and expressed to be such a variation or addition.

AS WITNESS the signature of the parties or their duly authorised representatives on the date shown on the first page.

SCHEDULE 1

Vendors' Holdings

(1) Vendors' Names & Addresses	(2) Holdings of Shares	(3) Cash Consideration	(4) Deferred Consideration	(5) Loan Note Consideration
Kenneth Howlett 8 Chisholme Close, Greenmount, Bury, BL8 4HH	1,500	£7,200	£30,000	£5,300
Justine Kartina Laura Howlett 8 Chisholme Close, Greenmount, Bury, BL8 4HH	1,500	£7,200	£30,000	£5,300

SCHEDULE 2

Details of the Company

Company Number:	03120261
Date of Incorporation:	31 October 1995
Share Capital:	Authorised £18,000
	Issued and Allotted £3,000 Ordinary £1.00 and £15,000 Preference £1.00
Registered office:	East Park Lodge, East Park Road, Blackburn, Lancashire, BB1 8DW
Directors:	Mark Nicholas Hindle and Kenneth Howlett
Secretary:	Mark Nicholas Hindle
Accounting Reference Date:	31 st October

SCHEDULE 3

Warranties

1. CORPORATE

- 1.1 The information relating to the Company contained in Schedule 2 is true and complete in all respects.
- 1.2 There are no agreements or arrangements in force, other than this Agreement, which grant to any person the right to call for the issue, allotment or transfer of any share or loan capital of the Company.
- 1.3 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.
- 1.4 All returns, particulars, resolutions and documents required by any legislation to be filed with the Registrar of Companies or any other authority anywhere in the world in respect of the Company, have been duly filed and were correct.

2. ACCOUNTS

- 2.1 The Last 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 Last Accounts, are the same as those adopted in preparing the audited accounts of the Company in respect of the last 3 preceding accounting periods.
- 2.2 The Last Accounts:-
 - (a) Give a true and fair view of the assets, liabilities and commitments of the Company at the Last Accounts Date and its profits or losses for the financial period ended on that date;
 - (b) Comply with the requirements of the Companies Acts and other relevant statutes;
 - (c) Comply with all generally accepted United Kingdom accounting principles and practices applicable to a United Kingdom company;
 - (d) Are not affected by any extraordinary, exceptional or non-recurring item;
 - (e) Properly reflect the financial position of the Company as at their date;

- (f) Make full provision or full reserve for all actual liabilities and capital commitments of the Company outstanding at the Last Accounts Date;
 - (g) Make proper provision (or note in accordance with good accounting practice) for all contingent liabilities;
 - (h) Make provision reasonably regarded as adequate for all bad and doubtful debts;
 - (i) Make full provision or reserve for all Taxation liable to be assessed on the Company or for which it may be accountable in respect of the period ended on the Last Accounts Date.
- 2.3 All accounts, books, ledgers, financial and other records of whatsoever kind of the Company, are in its possession and have been fully, properly and accurately kept and completed and give a true and fair view of its financial position.
- 2.4 The Accumulated Profit and Loss Account gives a true and fair view of the accumulated losses of the Company as at the date of Completion and the Company has not incurred any losses nor will it be liable for any losses as a result of any matters which exists at or arises out or are referable to a period prior to the date of Completion, save to the extent that such losses are reflected in the Accumulated Profit and Loss Account.
- 2.5 The accumulated losses of the Company as at the date of this Agreement and as provided in the Accumulate Profit and Loss Account are £44,000.

3. FINANCIAL

- 3.1 The Company did not have any capital commitments outstanding at the Last Accounts Date, and the Company has not since then incurred or agreed to incur any capital expenditure or commitments or disposed of any capital assets.
- 3.2 Since the Last Accounts Date, the Company has not paid or declared any dividend or made any other payment, which is, or is treated as, a distribution for the purposes of ICTA Part VI Chapter II.
- 3.3 The Company has not since the Last Accounts Date, repaid or become liable to repay any indebtedness in advance of its stated maturity.
- 3.4 There are no liabilities (including contingent liabilities) which are outstanding on the part of the Company, other than those liabilities disclosed in the Last Accounts, or incurred in the ordinary and proper course of trading since the Last Accounts Date.

- 3.5 No part of the amounts included in the Last Accounts as owing by any debtor remains unpaid or has been released on terms that any debtor pays less than the full book value of his debt.
- 3.6 There is not now outstanding in respect of the Company, any guarantee or agreement for indemnity or for suretyship given by or for the accommodation of the Company.

4. TAXATION

- 4.1 Save as provided for in the Last Accounts, there is no existing contingent or deferred liability for Taxation, including (but without prejudice to the generality of the foregoing) liability for Taxation which would arise:-
- (a) On the Company ceasing to trade or;
 - (b) On its ceasing to use or occupy any asset for the purposes of its trade or;
 - (c) On its disposing of any asset at its book value as shown in the Last Accounts or;
 - (d) Which might arise as a result of the execution or Completion of this Agreement or by reason of the Company otherwise ceasing to be a member of a group of companies or;
 - (e) Which might arise if any other person fails to pay any tax charged, assessed or payable by such other person (including any liability for Taxation which might arise as a result of two or more such events)

But excluding any liability for Taxation which arises solely as the result of the realisation by the Company of trading stock or work in progress in the ordinary course of its business, and no material changes in the assets and liabilities as shown in the Last Accounts have occurred since the Last Accounts Date which might result in any such liability.

- 4.2 The Company has duly complied with all requirements imposed upon it by the Taxation Statutes.
- 4.3 The Company is not liable and has not since the Last Accounts Date been liable to pay any interest, penalty, fine or sum of a similar nature in respect of Taxation, and there is in existence no Inland Revenue charge over or in respect of any of the Company's assets.
- 4.4 The Company is not in dispute with the Inland Revenue, HM Customs and Excise or any other fiscal authorities (whether of the UK or elsewhere) and is not aware of any circumstances which may give rise to such a dispute and, in particular, (but without prejudice to the generality of the foregoing), the Company has not within the last 6

years been a party to, entered into or been involved with any artificial scheme for the avoidance or deferral of Taxation.

- 4.5 The Company is duly registered and is a taxable person for the purposes of value added tax, and is not a member of a group.
- 4.6 Since the Last Accounts Date, no expenditure has been incurred or is or has become liable to be incurred after that date, which will not be wholly deductible in computing the taxable profits of the Company, 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.

5. TRADING

- 5.1 Since the Last Accounts Date, the business of the Company has been continued in the ordinary and normal course, and there has been no deterioration of its turnover, its financial or trading position, or its prospects.
- 5.2 The Company is not, nor has it agreed to become, a member of any joint venture, consortium, partnership or other unincorporated association.
- 5.3 The Company is not engaged in any litigation or arbitration proceedings, as plaintiff or defendant or third party; there are no such proceedings pending or threatened, either by or against the Company, and there are no circumstances, which are likely to give rise to any litigation or arbitration.
- 5.4 There is no dispute with any government or any agency or body acting on behalf of such government or any other authority in the United Kingdom or elsewhere in relation to the affairs of the Company, and there are no facts or circumstances which may give rise to any such dispute.
- 5.5 There are no claims pending or threatened or capable of arising, against the Company, by any employee, independent contractor or any other third party in respect of any accident, disease, illness or injury, which are not fully covered by insurance.
- 5.6 The Company has conducted and is conducting its business in all respects in accordance with all applicable laws and regulations, whether of the United Kingdom or elsewhere.
- 5.7 There are no outstanding authorities (express or implied) by which any person may enter into any contract or commitment to do anything on behalf of the Company.

- 5.8 The Disclosure Letter contains accurate particulars of all subsisting contracts to which the Company is a party at the date of this Agreement.
- 5.9 The Company is not, nor will it with the lapse of time, become in default in respect of any obligation or restriction binding upon it.
- 5.10 The Company has not manufactured, sold or supplied products or services 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.
- 5.11 The Company is not subject to any liability or obligation (save as may be implied by law) to service, repair, maintain, take back or otherwise do or not do anything in respect of any goods that have been or are hereafter delivered by it.
- 5.12 The Company is not a party to, nor have its profits or financial position during the 3 years prior to the date of this Agreement, been affected by any contract or arrangement which is not of an entirely arm's length nature.

6. EMPLOYMENT

- 6.1 Full particulars of the identities, dates of commencement of employment, or appointment to office and terms and conditions of employment of all the employees and officers of the Company, including without limitation profit sharing, commission or discretionary bonus arrangements, are fully and accurately set out or referred to in the Disclosure Letter.
- 6.2 Since the Last Accounts Date or (where employment or holding of office commenced after that date) since the commencing date of such employment or holding of office, no change has been made or agreed to be made in the rate of remuneration, or the emoluments or pension benefits or any officer, ex-officer or employee of the Company.
- 6.3 The Company is not under any legal or moral liability or obligation, or a party to any ex-gratia arrangement or promise to pay pensions, gratuities, superannuation allowances or the like, or otherwise to provide "relevant benefits" within the meaning of ICTA s612, or for any of its past or present officers or employees or their dependants, and there are no retirement benefit or pension or death benefit, or similar schemes or arrangements in relation to or binding on the Company, or to which the Company contributes.

7. ASSETS

- 7.1 The Company has disposed of all of the fixed assets included in the Last accounts and all of the fixed assets acquired since the Last

Accounts and in respect of such fixed assets the Company has not and will not incur any losses except as reflected in the Accumulated Profit and Loss Account.

- 7.2 The Company has not created or granted or agreed to create or grant any mortgage, charge, encumbrance or other security interest in respect of its undertaking or assets, and none of its undertaking or assets is subject to any option or right of pre-emption
- 7.3 The Company is now, and has at all material times been adequately covered against accident, damage, injury, third party loss (including product liability), loss of profits and other risks normally insured against by persons carrying on the same business as that carried on by the Company.
- 7.4 All insurances are currently in full force and effect and nothing has been done or omitted to be done which could make any policy of insurance void or voidable, or which is likely to result in an increase in premium.
- 7.5 No claim is outstanding or may be made under any of the insurance policies, and no circumstances exist which are likely to give rise to a claim.

8. TITLE TO THE SHARES

- 8.1 Each Vendor has full power and authority to enter into and perform this Agreement and the Tax Deed which constitute, or when executed will constitute, binding obligations on that Vendor in accordance with their respective terms.
- 8.2 The Shares are fully paid or are credited as fully paid and together with the Preference Shares constitute and will at Completion constitute the whole of the issued and allotted share capital of the Company.
- 8.3 There is no pledge, lien, option or other encumbrance on, over or affecting the Shares; there is and, at Completion, will be no agreement or arrangement to give or create any such encumbrance; no claim has been nor will be made by any person to be entitled to any of the foregoing.
- 8.4 The Vendors will be entitled to transfer the full legal and beneficial ownership of the Shares to the Purchaser on the terms of this Agreement without the consent of any third party.
- 8.5 The Preference Shares are fully paid or credited as fully paid and have been validly issued and allotted by the Company and the Vendors shall indemnify and hold harmless the Company and the Purchaser against all losses, costs, claims, demands, actions, expenses, charges and liabilities incurred or payable by the Company or the Purchaser arising out of any

failure to correctly and validly issue and allot the Preference Shares or any failure to file all necessary documents with Companies House.

9. PROPERTY

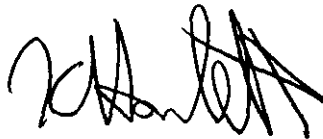
The Company's occupation of the Property, whether by lease or licence or howsoever, has been validly terminated and there are no liabilities on the part of the Company with respect to the Property.

10. GENERAL

- 10.1 All information given by any of the Vendors, the Vendors' Solicitors or the Vendors' accountants to the Purchaser, the Purchaser's Solicitors or the Purchaser's accountants, relating to the business activities, affairs or assets or liabilities of the Company, was, when given and is now, accurate and comprehensive in all respects.
- 10.2 There are no material facts or circumstances in relation to the assets, business or financial condition of the Company, which have not been fully and fairly disclosed in writing to the Purchaser or the Purchaser's Solicitors, and which, if disclosed, might reasonably have been expected to affect the decision of the Purchaser to enter into this Agreement.

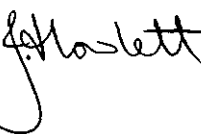
SIGNED by
KENNETH HOWLETT
in the presence of: -



)
)
) 

SIGNED by
JUSTINE KATRINA
LAURA HOWLETT
in the presence of:-



)
)
) 

SIGNED
for and on behalf of
HAYDOCK FINANCE LIMITED
in the presence of: -



)
)
) 
)