

S157696

DATED 27 June 2007

FLIGHTS ORCHARD ORGANICS LTD

- and -

BOXFRESH ORGANICS LTD

- and -

D T WALKER & D L REECE

- and -

J R DAVENPORT & M HAMILTON

SHARE PURCHASE AGREEMENT

Certified to be a true copy of the original
Dated this 10th day of March 2008
T A Matthews.....
T A Matthews 6 King Street Hereford HR4 9BS

T A MATTHEWS
6 KING STREET
HEREFORD
HR4 9BS
DMB/20 06 07

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Share purchase agreement

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THIS AGREEMENT is made on

27 June

2007

BETWEEN

| | | |
|-----|------------------|---|
| (1) | The Purchaser | FLIGHTS ORCHARD ORGANICS LTD whose registered office is situate at 33 Bridge Street Hereford HR4 9DQ (Company Number 5157696) |
| (2) | The Company | BOXFRESH ORGANICS LTD whose registered office is at Unit 5c Rodenhurst Business Park Roddington Shrewsbury Shropshire S4 4QU |
| (3) | The Vendors | DESMOND THOMAS WALKER and DEBRA LOUISE REECE both of 6 Roddington Court Roddington Shropshire SY4 6QL |
| (4) | The Shareholders | JOHN ROBERT DAVENPORT of Flights Orchard Farm Falcon Lane Ledbury Herefordshire HR8 2JN and MICHAEL HAMILTON of Hazelbrae Auberrow Road Wellington Hereford |

RECITALS

- (1) The Company (short details of which are set out in Part 1 of Schedule 2) is a private company limited by shares and, at the date of this agreement, has an authorised share capital of £500 divided into 500 ordinary shares of £1.00 each, all of which have been issued as fully paid and are registered in the names of the Vendors
- (2) The Vendors are beneficially entitled to the shares in the numbers set out in the third column of Schedule 1 and have the right to sell, or procure the sale of, them free from all liens, charges and incumbrances
- (3) The Vendors have agreed with the Purchaser to sell, or procure the sale of, the BoxFresh Shares to the Purchaser on the terms and conditions contained in this agreement

IT IS AGREED as follows

1 Definitions and interpretation

1.1 In this agreement and in the schedules (unless the context otherwise requires), the following words and expressions have the following meanings

'the Accounting Date'

31st December 2005

'Agreed Form'

in relation to any document, the draft of that document which is either annexed to this agreement or which has been initialled by the Vendors' Solicitors and the Purchaser's Solicitors by way of identification

'Associate'

In relation to any Vendor or Shareholder

- (a) his issue, spouse, brother, sister, or parent, or
- (b) any company with which he or any of his relatives as detailed in (a) above is or may be associated, or
- (c) any partnership of which he is a member

and for the purposes of (b) above 'associated' shall have the meaning ascribed to it in the Companies Act 1985 Section 346

| | |
|------------------------------|--|
| 'the BoxFresh Shares' | 500 ordinary £1 00 shares in the capital of the Company details of which are set out in column 3 of Schedule 1 |
| 'CAA 2001' | the Capital Allowances Act 2001 |
| 'the Companies Acts' | the Companies Acts 1985 and 1989 the Companies Consolidation (Consequential Provisions) Act 1985 the Criminal Justice Act 1993 Part V and the Financial Services and Markets Act 2000 |
| 'the Completion Date' | the date of actual completion of the matters provided for in clauses 4 1 to 4 5, and 'Completion' shall be construed accordingly |
| 'Environmental Legislation' | all national or local statutes, codes or other laws or legislation concerning health safety, or matters related to pollution or protection of the environment, and all decisions, rules, regulations, ordinances, orders, notices and directives of the European Community, the United Kingdom Parliament and any other official bodies having jurisdiction in respect of such matters |
| 'the Flights Shares' | 40 "C" Ordinary £1 00 shares in the capital of the Purchaser details of which are set out in column 4 of Schedule 1 |
| 'Incumbrance' | any mortgage, charge (whether fixed or floating) pledge, lien, option, right of pre-emption, right of retention of title or any other form of security, interest or any obligation (including any conditional obligation) to create any of the same |
| 'the Purchaser's Solicitors' | T A Matthews of 6 King Street, Hereford HR4 9BS |

| | |
|---------------------------------------|---|
| 'the Revenue' | all fiscal authorities (national, municipal or local) whether of the United Kingdom or elsewhere |
| 'the Shareholders' Agreement' | the shareholders' agreement in Agreed Form to be entered into by the Vendors and the Shareholders and delivered in accordance with clause 4 |
| 'the Shareholders' Disclosure Letter' | the letter and its annexures dated with today's date delivered immediately before the execution of this Agreement and addressed by the Shareholders to the Vendors disclosing various matters relating to the Warranties |
| 'SSAP' | any Statement of Standard Accounting Practice in force at the Completion Date |
| 'Taxation' or 'Tax' | any form of taxation, duty, levy, impost, charge, national insurance or other similar contribution, or rates (whether created or imposed by any governmental, state, federal, local, municipal or other body, and whether in the United Kingdom or elsewhere), including without limitation |
| | <ul style="list-style-type: none">(a) any obligation to repay (in whole or part) any payment for group or consortium relief, and(b) any related penalty, interest, fine or surcharge |
| 'the Vendors' Disclosure Letter' | the letter and its annexures dated with today's date delivered immediately before the execution of this Agreement and addressed by the Vendors to the Shareholders disclosing various matters relating to the Warranties |
| 'the Vendors' Solicitors' | Dickinson Dees LLP of Camden House, Prince's Wharf, Teesdale, Stockton on Tees TS17 6QY |
| 'the Warranties' | the warranties given by the Vendors and the Shareholders and referred to in clause 5 and Schedule 3 |

1 2 Expressions in the singular shall include the plural and in the masculine shall include the feminine and vice versa, and references to persons shall include corporations and vice versa

1 3 References to any statute or statutory provision shall be construed as references to that statute or statutory provision as amended, re-enacted or modified in its operation by any other statute or statutory provision (whether before or after the date of this agreement), and shall include

1 3 1 any provisions of which they are re-enactments (whether with or without modification), and

1 3 2 any subordinate legislation made under the relevant statute

1 4 References to recitals, clauses and schedules are references to recitals and clauses of, and schedules, to this agreement

1 5 Expressions defined in the Income and Corporation Taxes Act 1988, the Taxation of Chargeable Gains Act 1992, the Capital Allowances Act 2001 or in the Companies Acts shall wherever used in this agreement have the meanings given to them in the relevant statute (unless the context otherwise requires) and, in the case of any inconsistency, the defined terms used in the Companies Acts shall prevail

1 6 The headings used in this agreement are inserted for convenience only and shall not affect its construction or interpretation

1 7 The Schedules form part of this agreement

2 Sale and purchase of BoxFresh Shares

2 1 Subject to the terms of this agreement

2 1 1 each of the Vendors shall sell the number of BoxFresh Shares set opposite his name in column (3) of Schedule 1 with full title guarantee, and

2 1 2 the Purchaser shall purchase the BoxFresh Shares

free from all claims or third party rights for the consideration detailed in clause 3

2 2 The Purchaser shall not be obliged to complete the purchase of any of the BoxFresh Shares unless the purchase of all of the BoxFresh Shares is completed simultaneously

3 Consideration

3 1 The consideration payable for the BoxFresh Shares ('the Purchase Price') shall be the allotment of the Flight Shares to the Vendors in the numbers stated in Column 4 of Schedule 1 hereto

3 2 The Flight Shares shall be allotted credited as fully paid at par and shall rank pari passu in all respects with the existing issued ordinary shares of £1 each in the Purchaser

4 Completion

Completion of the sale and purchase of the BoxFresh Shares shall take place at the offices of the Purchaser's Solicitors (or such other place as the parties may agree) immediately after this agreement

has been executed by the parties and exchanged ('the Completion Date') when and where the matters referred to in clauses 4 1 to 4 5 shall be carried out

4 1 The Vendors will deliver to the Purchaser

- 4 1 1 transfers of the BoxFresh Shares duly executed by the registered holders in favour of the Purchaser accompanied by their respective share certificates,
- 4 1 2 the Shareholders' Agreement duly executed by the Vendors,
- 4 1 3 the certificates of incorporation, statutory books (including minute books), common seal (if any) and all books of account and other records of the Company complete and (where appropriate) written up to date,
- 4 1 4 the Vendor's Disclosure Letter duly executed by the Vendors,
- 4 1 5 the Shareholders' Disclosure Letter acknowledged as having been received by the Vendors, and
- 4 1 6 the resignation as a director of Debra Louise Reece in the form approved by the Purchaser

4 2 The Vendors will procure that a board meeting of the Company shall be held at which

- 4 2 1 those persons nominated by the Purchaser shall be appointed as directors and secretary of the Company , and
- 4 2 2 the transfers of the BoxFresh Shares (subject to stamping) shall be approved for registration

4 3 The Purchaser shall allot to the Vendors credited as fully paid and free from encumbrances the Flight Shares in the numbers set against their names in Column 4 of Schedule 1

4 4 The Purchaser will deliver to the Vendors duly executed certificates for the Flight Shares

4 5 The Shareholders will deliver to the Vendors -

- 4 5 1 the Shareholders' Agreement duly executed by the Shareholders,
- 4 5 2 the Shareholders' Disclosure Letter duly executed by the Shareholders, and
- 4 5 3 the Vendors' Disclosure Letter acknowledged as having been received by the Shareholders

5 **Warranties**

5 1 The Vendors severally warrant to the Shareholders in relation to the Company in the terms set out in Part 1 of Schedule 3, and that all information contained or referred to in the Vendor's Disclosure Letter is true, accurate, and fairly presented, and nothing has been omitted which renders any of such information incomplete or misleading

5 2 The Vendors agree that the warranties referred to in clause 5 1 shall remain in full force and effect notwithstanding Completion

5 3 The Shareholders severally warrant to the Vendors in the terms set out in Part 2 of Schedule 3 and that all information contained or referred to in the Purchaser's Disclosure Letter is true accurate and fairly presented and nothing has been omitted which renders any of such information incomplete or misleading

5 4 The Shareholders agree that the warranties referred to in Clause 5 3 shall remain in full force and effect notwithstanding completion

5 5 Notwithstanding anything to the contrary contained in this agreement the Warranties shall be qualified by the provisions of this clause 5

5 5 1 The Shareholders shall not be liable in respect of any claim under the Warranties to the extent that the matter or matters giving rise to such claim are fairly disclosed in the Shareholders' Disclosure Letter

5 5 2 The Vendors shall not be liable in respect of any claim under the Warranties to the extent that the matter or matters giving rise to such claim are fairly disclosed in the Vendors' Disclosure Letter

5 5 3 The Purchaser shall not be liable in respect of any claim under the Warranties unless such claim shall have been made -

5 5 3 1 on or before the first anniversary of the date hereof in which case the Purchaser shall be liable for the whole of the amount of the claim, or

5 5 3 2 after the first anniversary but before the second anniversary of the date hereof in which case the Purchaser shall be liable for one half of the claim

and for the avoidance of doubt the Purchaser shall not be liable in respect of any claim made after the second anniversary of the date hereof

5 5 4 The Shareholders shall not be liable in respect of any claim under the Warranties unless such claim shall have been made

5 5 4 1 on or before the first anniversary of the date hereof in which case the Shareholders shall be liable for the whole of the amount of the claim, or

5 5 4 2 after the first anniversary but before the second anniversary of the date hereof in which case the Shareholders shall be liable for one half of the claim

and for the avoidance of doubt the Shareholders shall not be liable in respect of any claim made after the second anniversary of the date hereof

5 6 The Shareholders warrant to the Vendors that -

5 6 1 all the Flights Shares to be issued to the Vendors pursuant to this agreement shall be properly and effectively allotted and issued to them in accordance with -

5 6 1 1 the Purchaser's articles of association, and

5 6 1 2 any other applicable laws, regulations, documents or obligations,

- 5 6 2 as soon as practicable after the issue of the Flights Shares the Vendors' names shall be entered in the register of members of the Purchaser in respect of such Flights Shares issued to each of them,
- 5 6 3 all the Flights Shares shall be issued credited as fully paid, and
- 5 6 4 all the Flights Shares shall rank pari passu in all respects with the existing issued ordinary shares of £1 each in the capital of the Purchaser as from the Completion Date

5 7 The Vendors shall have the right to rescind this Agreement if the Shareholder breaches clause 5 6 but not otherwise

6 Costs

All costs and expenses incurred by, or on behalf of, the parties to this agreement in connection with its negotiation, preparation and execution shall be borne solely by the party incurring them and the other parties have no liability in respect of those costs and expenses

7 Notices

- 7 1 Any notice to be given for the purposes of this agreement shall either be delivered personally or sent by first class recorded delivery post or facsimile transmission
- 7 2 The address for service of the Vendors shall be the address of the Vendors' Solicitors, or such other address as may be notified by the Vendors to the Purchaser from time to time and the address for service of the Shareholders shall be the address of the Purchaser's Solicitors or such other address as may be notified by the Shareholders to the Vendors from time to time
- 7 3 The address for service of the Company and the Purchaser shall be their respective registered offices for the time being
- 7 4 A notice shall be deemed to have been served as follows
 - 7 4 1 if personally delivered, at the time of delivery,
 - 7 4 2 if sent by recorded delivery post, at the expiration of 48 hours after the notice was delivered into the custody of the postal authorities, and
 - 7 4 3 if sent by facsimile transmission, at the expiration of 12 hours after despatch
- 7 5 In proving such service, it shall be sufficient to prove that personal delivery was made, or that the envelope containing such notice was properly addressed and delivered into the custody of the postal authorities as a pre-paid recorded delivery letter or that the facsimile transmission was properly addressed and despatched
- 7 6 Notice given to the Vendors pursuant to clause 7 2 above shall be deemed to be notice to all the Vendors, and any notice by the Vendors shall be given by either one of them on behalf of them both

8 Governing law and jurisdiction

8 1 This agreement shall be governed by, and construed in all respects in accordance with the Laws of England and Wales

8.2 The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction in connection with, this agreement

9 Publicity

No announcement or other disclosure, concerning the matters governed by this agreement, shall be made before or after Completion by any party to this agreement (whether to the press, employees, customers or suppliers) except in a form agreed between the parties or otherwise as required by law

10 General

10.1 This agreement shall (except for any obligation fully performed prior to, or at, the Completion Date) continue in full force and effect after the Completion Date notwithstanding Completion

10.2 All of the parties to this agreement will before, upon and after the Completion Date do all acts and things, and sign and execute all documents and deeds, necessary for the purpose of implementing the terms of this agreement

10.3 Notwithstanding any rule of law or equity to the contrary, any release, waiver or compromise, or any other arrangement of any kind whatever, which any party to the agreement may agree to, or effect, in connection with this agreement in relation to another party (particularly affecting the Warranties) shall not affect the that party's rights and remedies as regards any other party

10.4 This agreement contains the whole agreement between the parties relating to the transactions provided for in this agreement and supersedes all previous agreements (if any) between such parties in respect of such matters, and each of the parties to this agreement acknowledges that, in agreeing to enter into this agreement, it has not relied on any representations or warranties except those contained in this agreement and those contained in the Vendors' Disclosure Letter and the Shareholders' Disclosure Letter

10.5 This agreement may be executed in any number of counterparts each in the like form, all of which taken together shall constitute one and the same document and any party may execute this agreement by signing any one or more of such counterparts

SCHEDULE 1

| Vendor's Name | Vendor's Address | No & class of shares in the Company ("the BoxFresh Shares") | No & class of Shares in the Purchaser to be allotted (the Flights Shares') |
|----------------------|---|--|---|
| Des Walker | 6 Roddington Court Roddington, Shropshire SY4 6QL | 250 ordinary £1 | 20 "C" Ordinary £1 Shares |
| Debra Reece | 6 Roddington Court, Roddington Shropshire SY4 6QL | 250 ordinary £1 | 20 "C" Ordinary £1 shares |

SCHEDULE 2

Part 1 - The Company

| | |
|---------------------------|--|
| Registered Number | 5755073 |
| Registered Office | Unit 5c Rodenhurst Business Park Rodington Shrewsbury Shropshire SY4 4QU |
| Date of Incorporation | 24 th March 2006 |
| Directors | Desmond Thomas Walker |
| Secretary | Debra Louise Reece |
| Accounting Reference Date | 31 st March |
| Auditors | N/a |
| Authorised Share Capital | £500 |
| Issued Share Capital | £500 |
| Mortgages/Charges - | None |
| • Mortgagee | |
| • Date Created | |
| • Date Registered | |
| • Amount Secured | |

Part 2 – The Purchaser

| | |
|---------------------------|--|
| Registered Number | 5157696 |
| Registered Office | 33 Bridge Street Hereford HR4 9DQ |
| Date of Incorporation | 18 th June 2004 |
| Directors | John Robert Davenport and Michael Hamilton |
| Secretary | Michael Hamilton |
| Accounting Reference Date | 31 st March |
| Auditors | N/A |
| Authorised Share Capital | £1,500 00 |
| Issued Share Capital | £160 00 |
| Mortgages/Charges - | |
| • Mortgagee | Rent deposit |
| • Date Created | 10 th November 2006 |

- Date Registered 18th November 2006
- Amount Secured £7,500 00

SCHEDULE 3

Part 1 – Warranties given by the Vendors

The Warranties referred to in clauses 5.1 and 5.2 are as follows, except as provided for in this agreement or fairly disclosed in the Disclosure Letter

1 Corporate matters

- 1.1 The information contained in Part 1 of Schedule 2 is true and accurate in all respects
- 1.2 As far as the Vendors are aware, the Company has complied with all applicable provisions of the Companies Acts and the European Communities Act 1972
- 1.3 The register of members and all other statutory books and minute books of the Company
 - 1.3.1 have been properly kept,
 - 1.3.2 are up to date, and
 - 1.3.3 contain accurate records of all matters required to be dealt with in them

2 The Shares and share capital

- 2.1 There are no agreements or other arrangements in force which provide for the present or future issue, allotment or transfer of shares in the Company
- 2.2 The BoxFresh Shares constitute the whole of the issued and allotted share capital of the Company and are beneficially owned by the Vendors free of all liens, charges and incumbrances, or interests in favour of, or claims made by or which could be made by, any other person

3 Capacity of Vendors

- 3.1 The Vendors are entitled to sell the full legal and beneficial interest in the BoxFresh Shares to the Purchaser on the terms set out in this agreement
- 3.2 This agreement constitutes and imposes valid legal and binding obligations on each Vendor, and is fully enforceable in accordance with their terms

4 Accounts

- 4.1 There is attached to the Disclosure Letter a true and complete copy of the most recent management accounts of the Company
- 4.2 The management accounts attached to the Disclosure Letter have been carefully prepared and accurately represent in all material respects the assets and liabilities, turnover, profits and losses of the Company for the period as at the date of such management accounts

5 Borrowings and lending

5 1 The total amount borrowed by the Company from its bankers does not exceed the amount stated in the Disclosure Letter

5 2 Except as disclosed in the Disclosure Letter the Company does not have outstanding

5 2 1 any borrowing or indebtedness in the nature of borrowing including any bank overdrafts, or

5 2 2 any Incumbrance, guarantee or similar obligation

6 Assets

6 1 The Company is the owner of, and has good marketable title to, all assets included in the management accounts referred to in paragraph 4 1 above

6 2 There is no Incumbrance or agreement to create an Incumbrance over the whole or any part of the undertaking, property, assets, goodwill or uncalled capital of the Company

6 3 The Company has not agreed to acquire any asset (including stock), on terms that the property in such asset does not pass until full payment is made or all indebtedness incurred in connection with that acquisition discharged

6 4 Details of all contracts entered into by the Company for the maintenance of any of the Company's assets are included in the Disclosure Letter

6 5 All assets used in connection with the business of the Company are owned by it absolutely and are held free from any lease, hire purchase or conditional sale agreement, bill of sale, or other agreement for payment on deferred terms

6 6 The assets held under the hire purchase, lease or rental agreements listed in the Disclosure Letter comprise all assets used in the business of the Company which are not owned by it and which are necessary for the business of the Company to continue as it is carried on at present

7 Insurances

7 1 There are existing and have for the whole of the period the Company has been trading valid policies of insurance for full replacement values against all liabilities, risks and losses (including but not limited to the losses caused by any unlawful act on the part of any person) against which it is normal or prudent to insure, in respect of all property owned by, and in the business carried on by, the Company

7 2 All premiums due in respect of the Company's insurance policies have been paid in full

7 3 As far as the Vendors are aware nothing has been done, or has been omitted to be done, which could result in any of the Company's insurance policies being, or becoming, void or voidable

7 4 The Vendors are not aware of any circumstances, which would or might entitle the Company to make a claim under any of its insurance policies, or which would or might be required to be notified to the insurers under any of its insurance policies

8 Disputes/litigation

- 8 1 As far as the Vendors are aware, the Company is not engaged in any litigation, or criminal or arbitration proceedings, and no litigation proceedings are pending or threatened by, or against, the Company and the Vendors do not know of any facts which are likely to give rise to the same
- 8 2 As far as the Vendors are aware, the Company is not subject to any order or judgment given by any court or governmental agency
- 8 3 As far as the Vendors are aware, none of the Vendors, the Company, the directors of the Company or any of its employees, is the subject of any investigation, inquiry, process or request for information, in respect of any aspect of the activities of the Company and no such procedures are pending or threatened, and the Vendors do not know of any facts which are likely to give rise to any such procedure
- 8 4 As far as the Vendors are aware, there is no dispute with any revenue or other official department in the United Kingdom or elsewhere in relation to the affairs of the Company, and there are no facts which may give rise to such dispute

9 Compliance with statutes and licences

- 9 1 The Company has obtained all licences, consents, approvals, permissions, permits, test and other certificates, and authorities (public or private), necessary for the carrying on of its business in the places and in the manner in which such business is now carried on
- 9 2 All of the licences, consents, approvals, permissions, permits, certificates and authorities referred to in clause 9 1 are valid and subsisting, and the Vendors know of no reason, or of any facts or circumstances, which (with or without the giving of notice or lapse of time) would be likely to give rise to any reason why any of them should be suspended, cancelled, revoked or not renewed
- 9 3 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)

10 Contracts and arrangements

- 10 1 There is not now outstanding with respect to the Company, or to which the Company is a party
 - 10 1 1 any long term, unusual or onerous contract, or any contract not made in the ordinary course of business and there are no contracts or obligations, practices arrangements or agreements outstanding of a nature or magnitude calling for special attention,
 - 10 1 2 any franchise joint venture, consortium or other partnership arrangement or agreement,
 - 10 1 3 any arrangement (contractual or otherwise) between the Company and any third party, which will, or may, in accordance with its terms, be terminated as a result of any change in the central management or shareholders of the Company, or of the sale and purchase provided for in this agreement, or of compliance with any other provision of this agreement,

- 10 1 4 any agreement or arrangement which cannot readily be fulfilled or performed by the Company in accordance with its terms, and without undue or unusual expenditure or effort, or without making a loss,
- 10 1 5 any agreement containing covenants limiting or excluding its right to do business or compete (or both) in any area, or any field, or with any person, firm or company,
- 10 1 6 any agreement or arrangement which involves, or is likely to involve, obligations or liabilities which, by reason of their nature or magnitude, ought reasonably to be made known to an intending purchaser of the Shares

10 2 The Vendors have no knowledge, information or belief that on or after Completion, or as a result of the proposed acquisition of the Company by the Purchaser

- 10 2 1 any supplier of the Company or will cease, supplying the Company, or may substantially reduce its supplies to the Company, or
- 10 2 2 any customer of the Company has terminated, or will terminate, any contract with the Company, or cease, or materially reduce, its business with it

11 Employees

11 1 The details of all the Employees of the Company and conditions of employment included in the Disclosure Letter are true and accurate in all respects

11 2 The Disclosure Letter contains full and accurate particulars of the names and addresses, dates of birth, dates of commencement of employment or appointment to office, salaries, terms and conditions of employment, of all of the employees and officers of the Company

11 3 There are not now outstanding any service agreement or contract between the Company and any of its directors, officers, executives or employees which the Company cannot terminate by giving 12 weeks' notice or less without giving rise to any claim for damages or compensation (other than a statutory redundancy payment)

12 Pensions

The Company is not under any obligation to contribute towards any pension scheme in respect of any of its employees

13 The Property

Full details of all property used by the Company in connection with its business and the arrangements by which it is used are contained in the Disclosure Letter

14 Taxation

14 1 General

14 1 1 All returns, computations and payments, which should be, or should have been, made by the Company for any tax purpose, have been prepared on a proper basis and submitted within the prescribed time limits, and are up to date and correct

14 1 2 The books and records of the Company are up to date, and contain sufficient detail in appropriate form to enable the Taxation liability of the Company to be established, and to determine the Tax consequences which would arise on any disposal or realisation of any asset owned by the Company

14 2 PAYE and other withholding tax

14 2 1 All income tax under the PAYE system, and payments due in respect of employees' national insurance contributions, have been deducted from all payments made by the Company, and duly paid by the Company to HM Revenue and Customs (together with any employer's contribution) in the appropriate manner

14 2 2 All payments by the Company, which ought to have been made under deduction of Tax, have been so made and the Company has accounted to HM Revenue and Customs for the Tax so deducted

14 3 VAT

14 3 1 For the purposes of this paragraph, 'the VAT legislation' means the Value Added Tax Act 1994 and all regulations made or imposed under it, and any other statutes or other provisions relating to VAT

14 3 2 The Company is registered as a taxable person for the purposes of the VAT legislation

14 3 3 The Company has complied in all respects with the VAT legislation and has made and maintained full, complete, correct and up-to-date records, invoices and other documents appropriate, or requisite, for the purposes of such legislation

14 3 4 The Company is not in arrears with any payment or returns due under the VAT legislation and has not been in default in respect of any prescribed accounting period

14 3 5 The Company is not liable to any abnormal or non-routine payment of VAT, nor to any forfeiture or penalty, nor to the operation of any penal provision, and has not been required by the Commissioners of Customs and Excise or by HM Revenue and Customs to give security under the Value Added Tax Act 1994 Schedule 11 paragraph 4

14 3 6 The Company is not treated as a member of a group of companies for VAT purposes

15 Vendors' interests

15 1 No Vendor has any interest (direct or indirect) in any other company or business which competes or has competed, or is in the future likely to compete with any business now carried on by the Company or intends to acquire any such interest

15 2 No indebtedness contract or arrangement is outstanding between the Company and any Vendor or director of the Company (directly or indirectly)

15 3 There is not now outstanding, and has not at any time during the past 3 years been outstanding, any contract or arrangement to which the Company is a party and in which any Vendor, or any director of the Company, is or has been interested (whether directly or indirectly)

15 4 The Company is not a party to any contract or arrangement which was not of an entirely arm's length nature nor has such a contract or arrangement affected its profits or financial position during the past 3 years

16 Miscellaneous

All information contained in the Disclosure Letter and all information or documents concerning the Company supplied in writing to the Purchaser, its solicitors or accountants by the Company, or the Vendors or its or their agents during the course of negotiations leading to execution of this agreement, is true accurate and complete in all material respects

SCHEDULE 3

Part 2 – Warranties given by the Shareholders

The Warranties and undertakings referred to in clauses 5 3 and 5 4 are as follows, except as provided for in this agreement or fairly and fully disclosed in the Disclosure Letter

1 Corporate matters

1 1 The information contained in Part 2 of Schedule 2 is true and accurate in all respects

1 2 As far as the Shareholders are aware the Purchaser has complied with all applicable provisions of the Companies Acts and the European Communities Act 1972

1 3 The register of members and all other statutory books and minute books of the Purchaser

1 3 1 have been properly kept,

1 3 2 are up to date, and

1 3 3 contain accurate records of all matters required to be dealt with in them

2 The Shares and share capital

2 1 There are no agreements or other arrangements in force which provide for the present or future issue, allotment or transfer of shares in the Purchaser

2 2 The Flights Shares constitute 20% of the whole of the issued and allotted share capital of the Purchaser

3 Capacity of Flights to Allot the Flights Shares

3 1 The Purchaser is entitled to allot the Flights Shares to the Vendors on the terms set out in this agreement

3 2 This agreement constitutes and imposes valid legal and binding obligations on the Purchaser and on each Shareholder fully enforceable in accordance with their terms

4 Accounts

- 4 1 There is attached to the Disclosure Letter a true and complete copy of the most recent accounts of the Purchaser
- 4 2 The accounts referred to in paragraph 4 1 above are attached to the Disclosure Letter and
 - 4 2 1 comply with the requirements of the Companies Acts,
 - 4 2 2 have been prepared in accordance with good accounting practice, and comply with all current SSAPs and financial reporting standards applicable to a United Kingdom company

5 Borrowings and lending

- 5 1 The total amount borrowed by the Purchaser from its bankers does not exceed the amount stated in the Disclosure Letter
- 5 2 Except as disclosed in the Disclosure Letter the Purchaser does not have outstanding
 - 5 2 1 any borrowing or indebtedness in the nature of borrowing including any bank overdrafts, or
 - 5 2 2 any Incumbrance, guarantee or similar obligation

6 Assets

- 6 1 The Purchaser is the owner of, and has good marketable title to, all assets included in the accounts referred to in paragraph 4 1 above
- 6 2 There is no Incumbrance or agreement to create an Incumbrance over the whole or any part of the undertaking, property, assets, goodwill or uncalled capital of Flights
- 6 3 The Purchaser has not agreed to acquire any asset (including stock), on terms that the property in such asset does not pass until full payment is made or all indebtedness incurred in connection with that acquisition discharged
- 6 4 Details of all contracts entered into by the Purchaser for the maintenance of the Purchaser's assets are included in the Disclosure Letter
- 6 5 All assets used in connection with the business of the Purchaser are owned by it absolutely and are held free from any lease, hire purchase or conditional sale agreement, bill of sale, or other agreement for payment on deferred terms
- 6 6 The assets held under the hire purchase, lease or rental agreements listed in the Disclosure Letter comprise all assets used in the business of the Purchaser any which are not owned by it and which are necessary for the business of the Purchaser to continue as it is carried on at present

7 Insurances

- 7 1 There are existing and have for the whole of the period the Purchaser has been trading valid policies of insurance for full replacement values against all liabilities, risks and losses

(including but not limited to the losses caused by any unlawful act on the part of any person) against which it is normal or prudent to insure, in respect of all property owned by, and in the business carried on by the Purchaser

- 7 2 All premiums due in respect of the Purchaser's insurance policies have been paid in full
- 7 3 As far as the Shareholders are aware nothing has been done, or has been omitted to be done, which could result in any of the Purchaser's insurance policies being, or becoming, void or voidable
- 7 4 The Shareholders are not aware of any circumstances, which would or might entitle the Purchaser to make a claim under any of its insurance policies, or which would or might be required to be notified to the insurers under any of its insurance policies

8 Disputes/litigation

- 8 1 As far as the Shareholders are aware the Purchaser is not engaged in any litigation, or criminal or arbitration proceedings, and no litigation proceedings are pending or threatened by, or against the Shareholders and the Shareholders do not know of any facts which are likely to give rise to the same
- 8 2 As far as the Shareholders are aware the Purchaser is not subject to any order or judgment given by any court or governmental agency
- 8 3 As far as the Shareholders are aware none of the Purchaser's shareholders or directors or any of its employees, is the subject of any investigation, inquiry, process or request for information, in respect of any aspect of the activities of the Purchaser and no such procedures are pending or threatened, and the Purchaser does not know of any facts which are likely to give rise to any such procedure
- 8 4 As far as the Shareholders are aware there is no dispute with any revenue or other official department in the United Kingdom or elsewhere in relation to the affairs of the Purchaser, and there are no facts which may give rise to such dispute

9 Compliance with statutes and licences

- 9 1 The Purchaser has obtained all licences, consents, approvals, permissions, permits, test and other certificates, and authorities (public or private), necessary for the carrying on of its business in the places and in the manner in which such business is now carried on
- 9 2 All of the licences, consents, approvals, permissions, permits, certificates and authorities referred to in clause 9 1 are valid and subsisting, and the Purchaser knows of no reason, or of any facts or circumstances, which (with or without the giving of notice or lapse of time) would be likely to give rise to any reason why any of them should be suspended, cancelled, revoked or not renewed
- 9 3 The Purchaser 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)

10 Contracts and arrangements

- 10 1 There is not now outstanding with respect to the Purchaser or to which the Purchaser is a party

- 10 1 1 any long term, unusual or onerous contract, or any contract not made in the ordinary course of business and there are no contracts or obligations, practices arrangements or agreements outstanding of a nature or magnitude calling for special attention,
- 10 1 2 any franchise joint venture, consortium or other partnership arrangement or agreement,
- 10 1 3 any arrangement (contractual or otherwise) between the Purchaser and any third party, which will, or may, in accordance with its terms, be terminated as a result of any change in the central management or shareholders of the Purchaser or of the sale and purchase provided for in this agreement, or of compliance with any other provision of this agreement,
- 10 1 4 any agreement or arrangement which cannot readily be fulfilled or performed by the Purchaser in accordance with its terms, and without undue or unusual expenditure or effort, or without making a loss,
- 10 1 5 any agreement containing covenants limiting or excluding its right to do business or compete (or both) in any area, or any field, or with any person, firm or company, or
- 10 1 6 any agreement or arrangement which involves, or is likely to involve, obligations or liabilities which, by reason of their nature or magnitude, ought reasonably to be made known to an intending purchaser of the Flights Shares

10 2 The Purchaser has no knowledge, information or belief that or after Completion, or as a result of the proposed allotment of the Flights' Shares to the Vendors,

- 10 2 1 any supplier of the Purchaser or will cease, supplying the Purchaser or may substantially reduce its supplies to the Purchaser, or
- 10 2 2 any customer of the Purchaser has terminated, or will terminate, any contract with the Purchaser or cease, or materially reduce, its business with it

11 Employees

- 11 1 The details of all the Employees of the Purchaser and conditions of employment included in the Disclosure Letter are true and accurate in all respects
- 11 2 The Disclosure Letter contains full and accurate particulars of the names and addresses, dates of birth, dates of commencement of employment or appointment to office, salaries, terms and conditions of employment, of all of the employees and officers of the Purchaser
- 11 3 There are not now outstanding any service agreement or contract between the Purchaser and any of its directors, officers, executives or employees which the Purchaser cannot terminate by giving 12 weeks' notice or less without giving rise to any claim for damages or compensation (other than a statutory redundancy payment)

12 Pensions

The Purchaser is not under any obligation to contribute towards any pension scheme in respect of any of its employees

13 The Property

Full details of all property used by the Purchaser in connection with its business and the arrangements by which it is used are contained in the Disclosure Letter

14 Taxation

14 1 General

- 14 1 1 All returns, computations and payments, which should be, or should have been, made by the Purchaser for any tax purpose, have been prepared on a proper basis and submitted within the prescribed time limits, and are up to date and correct
- 14 1 2 The books and records of the Purchaser are up to date, and contain sufficient detail in appropriate form to enable the Taxation liability of the Purchaser to be established, and to determine the Tax consequences which would arise on any disposal or realisation of any asset owned by the Purchaser

14 2 PAYE and other withholding tax

- 14 2 1 All income tax under the PAYE system, and payments due in respect of employees' national insurance contributions, have been deducted from all payments made by the Purchaser and duly paid by the Purchaser to HM Revenue and Customs (together with any employer's contribution) in the appropriate manner
- 14 2 2 All payments by the Purchaser which ought to have been made under deduction of Tax, have been so made and the Purchaser has accounted to HM Revenue and Customs for the Tax so deducted

14 3 VAT

- 14 3 1 For the purposes of this paragraph, 'the VAT legislation' means the Value Added Tax Act 1994 and all regulations made or imposed under it, and any other statutes or other provisions relating to VAT
- 14 3 2 The Purchaser is registered as a taxable person for the purposes of the VAT legislation
- 14 3 3 The Purchaser has complied in all respects with the VAT legislation and has made and maintained full, complete, correct and up-to-date records, invoices and other documents appropriate, or requisite, for the purposes of such legislation
- 14 3 4 The Purchaser is not in arrears with any payment or returns due under the VAT legislation and has not been in default in respect of any prescribed accounting period
- 14 3 5 The Purchaser is not liable to any abnormal or non-routine payment of VAT, nor to any forfeiture or penalty, nor to the operation of any penal provision, and has not been required by the Commissioners of Customs and Excise or by HM Revenue and Customs to give security under the Value Added Tax Act 1994 Schedule 11 paragraph 4
- 14 3 6 The Purchaser is not treated as a member of a group of companies for VAT purposes

15 Shareholders' interests

- 15 1 No Shareholder has any interest (direct or indirect) in any other company or business which competes or has competed, or is in the future likely to compete with any business now carried on by the Purchaser or intends to acquire any such interest
- 15 2 No indebtedness contract or arrangement is outstanding between the Purchaser and any Shareholder or director of the Purchaser (directly or indirectly)
- 15 3 There is not now outstanding, and has not at any time during the past 3 years been outstanding, any contract or arrangement to which the Purchaser is a party and in which any Shareholder, or any director of the Purchaser is or has been interested (whether directly or indirectly)
- 15 4 The Purchaser is not a party to any contract or arrangement which was not of an entirely arm's length nature nor has such a contract or arrangement affected its profits or financial position during the past 3 years

16 Miscellaneous

- 16 1 All information contained in the Disclosure Letter and all information or documents concerning the Purchaser supplied in writing to the Vendors, their solicitors or accountants by The Purchaser or the Shareholders or its or their agents during the course of negotiations leading to execution of this agreement, is true accurate and complete in all material respects

EXECUTED AS A DEED by FLIGHTS)
ORCHARD ORGANICS LIMITED acting)
by the signature of two authorised officers)

Director

Director/Company Secretary

EXECUTED AS A DEED by BOXFRESH)
ORGANICS LIMITED acting by the signature)
of two authorised officers)

Director

Director/Company Secretary

EXECUTED AS A DEED by DESMOND)
THOMAS WALKER in the presence of -)

Witness

Name

Deere
DEBRA REECE

Address

6 RUMINATOR COURT
RUMINATOR SY4 4QL
COMPANY DIRECTOR

Occupation

EXECUTED AS A DEED by DEBRA
LOUISE REECE in the presence of -)

Witness

D. I. REECE
6 RUMINATOR COURT
RUMINATOR SY4 4QL
COMPANY DIRECTOR

Occupation

EXECUTED AS A DEED by MICHAEL
HAMILTON in the presence of -)

Witness

Name

Address

Occupation

EXECUTED AS A DEED by JOHN
ROBERT DAVENPORT in the presence of -)

Witness

Name

Address

Occupation