

SC 242849

Dated

2003

- (1) M8 Group Limited
- (2) Kevin Hague
- (3) Luke Jensen
- (4) James McFarlane
- (5) Anthony Best
- (6) Christian Dosch
- (7) James Mc Farlane Sr
- (8) Anthony Preston
- (9) Charles Wilson
- (10) John Preston Estates Limited

**M8 GROUP LIMITED
SHAREHOLDERS' AGREEMENT**

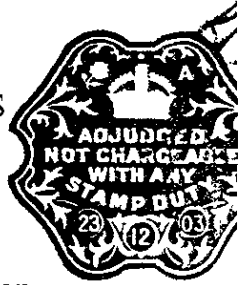


SCT SQYQ4RRS 0005
COMPANIES HOUSE 15/01/04

This agreement is between:

N.C.A. 1

- (1) M8 Group Limited (Registered in Scotland Company Number SC242849)
("The Company")
- (2) Kevin Hague of 51 Benbow House, 24 New Globe Walk, London SE1 9DS
- (3) Luke Jensen of 42 Clonmel Road, London, SW6 5BJ
- (4) James McFarlane of 26 Regent Terrace, Edinburgh EH7 5BS
- (5) Anthony Best of 182 Ebury Street, London SW1 8UP
- (6) Christian Dosch of Mylius str 31, 60323, Frankfurt, Germany
- (7) James McFarlane Sr of Balfunning House, Balfunning Estate, Balfroun Station,
Near Drymen, Stirlingshire, G63 0NF
- (8) Anthony Preston of 29 East Downs Road, Bowdon, Cheshire, WA14 2LG
- (9) Charles Wilson of 51 Ennismore Gardens, London, SW7 1AH
- (10) John Preston Estates Limited (Registered Company Number 221596)



Definitions

"The Company": M8 Group Limited

"The Executive Shareholders": Kevin Hague, Luke Jensen and Jim McFarlane

"Subsidiaries": Greenfingers Trading Limited, Petplanet.co.uk Limited, Thinknatural.com Limited and any other subsidiary companies

"The Shareholders": Anthony Best, Christian Dosch, Kevin Hague, Luke Jensen, James McFarlane, James McFarlane Sr., Anthony Preston, Charles Wilson and John Preston Estates Limited

"Shareholders' Consent": the consent of Shareholders representing at least 85% of the issued share capital of the Company confirmed by written communication (to include e-mail)

It is agreed as follows:

1. Share subscription

1.1 The parties listed in Schedule 1 agree to subscribe to new shares to be issued by the Company as per the numbers of shares and consideration set out in Schedule 1 resulting in a percentage interest in the capital as set out in the same schedule.

1.2 Shareholdings before and after the subscription are also set out in Schedule 1

2. Completion

2.1 Completion of the subscription shall take place when all of the following shall have taken place:

- (a) Board and shareholders' resolutions shall be passed to:
 - a. Increase the authorised share capital of the Company
 - b. Authorise the allotment of the shares to be issued

- (b) All the Shareholders have paid to the Company the full consideration amounts as set out in Schedule 1

3. The Business of the Company

3.1 The Business of the Company is the retail of consumer goods primarily via mail order and the internet either directly or through majority owned subsidiaries

3.2 Wholly owned subsidiaries at the date of this agreement are:

- (a) Greenfingers Trading Limited Registered Number SC231986
- (b) Petplanet.co.uk Limited Registered Number SC197870
- (c) Thinknatural.com Limited Registered Number SC231669

3.3 The Company will from time to time further develop its business through the creation or acquisition of new activities and subsidiaries and the disposal of subsidiaries

4. Financial Information

4.1 The company undertakes to provide the following to the Shareholders:

4.1.1 No later than 28 days after the end of each quarter quarterly management accounts

4.1.2 As soon as practical (and in any event no later than 6 months after the end of the relevant financial period) the audited annual accounts

4.1.3 No later than 28 days before the beginning of each financial year a forecast budget including profit & loss and cash flow information

4.1.4 Such other information as to the financial affairs and business of the Company as the Shareholders may reasonably request from time to time and in particular to explain any material variations between budgeted and actual figures

5. Undertakings

5.1 Each of the Shareholders and the Company undertake to the other Shareholders that except with Shareholders' Consent (such consent not to be unreasonably withheld or delayed) the Company will not:

5.1.2 effect a members voluntary winding-up or otherwise take any steps to have itself wound up

5.1.3 sell any material proportion of its assets other than on an arm's length basis

5.1.4 provide any loans to any other parties other than to a Subsidiary

5.1.5 issue any financial instrument comprising warrants or options or giving rise to any rights of the share capital of the company

6. Matters requiring Shareholder Consent

6.1 The following matters will require Shareholder Consent (such consent not be unreasonably withheld or delayed)

6.1.1 The carrying out by any Executive Shareholder of any professional activity other than the Business of the Company for which he would in any three month period engage more than 10 hours' time

6.1.2 Any repayment in excess of £225,000 in any 12 month period of subordinated loans outstanding to Executive Shareholders and related companies as listed in Schedule 2. Should the number of Executive Shareholders in full time employment with the company be reduced from its current number of three, then the £225,000 threshold in this clause would be reduced proportionately.

6.1.3 Payment in any 12 month period of any remuneration (including any bonuses or advantages in kind but excluding health insurance) to any Executive Shareholder in excess £75,000 or such that the aggregate of subordinated loan repayments under Clause 6.1.2 and of remuneration to all Executive Shareholders in the period exceeds £225,000. Should the number of Executive Shareholders in full time employment with the company be reduced from its current number of three, then the £225,000 threshold in this clause would be reduced proportionately.

6.1.4 Any payments to an Executive Shareholder other than in the normal course of business (normal course of business to include loan repayments and remuneration as set out in Clauses 6.1.2 and 6.1.3 and reimbursement of allowable business expenses)

6.1.5 *The appointment of new Directors to the Board of the Company*

6.1.6 The approval of and any modification to the employment and service contracts of the Executive Shareholders

7. Restrictive covenants

7.1 Each of the Shareholders undertakes that he will not whilst he remains a Shareholder in the Company and for a period of 12 months thereafter without Shareholder Consent:

7.1.2 solicit for employment or employ any person who is, or has been in the previous 12 months, an employee of the Company

7.1.3 make use of or disclose any confidential information appertaining to the business of the company other than during the course of acting on the business of the Company

7.2 Each of the Executive Shareholders undertakes that he will not whilst he remains a Shareholder in the Company and for a period of 6 months thereafter without Shareholder Consent be engaged, concerned or interested (except as a holder of a

beneficial interest of less than 1%) in any business in direct competition with the Company or any of its subsidiaries

8. Capital increases

In the event of a capital increase, each Shareholder will have a right to subscribe at equal terms to a number of shares sufficient to maintain his beneficial ownership at a level equivalent to that before the capital increase. Such right will have to be exercised within 4 weeks of having been notified by the company of the terms of the planned capital increase.

9. Disposal of shares

9.1 In the event of any Shareholder disposing of all or part of his shares, other Shareholders will be given a right of first refusal to acquire such shares. The Shareholder wishing to sell his shares will notify the other Shareholders of the minimum price at which he will be planning to dispose of his shares. The other Shareholders will have a period of two weeks to offer to buy the shares at such a minimum price, with the maximum number of shares available to any Shareholder being in proportion to his share of the beneficial interest in the proportion of the company not offered for sale. If after this period all shares on offer have not been purchased (or committed to be purchased), the unsold shares will be offered to the existing Shareholders for a further period of a week (with the proportion of shares available for purchase by any Shareholder equal to the proportion of shares he will have purchased (or committed to purchase) in the previous week).

9.2 In the event of a sale of shares by any Executive Shareholder the same terms (price of shares and proportion of shareholdings sold) will be offered to all Shareholders. In the event of such a sale the Executive Shareholders will provide full disclosure of any relationship with the acquiring party and undertake that such sale would be on an arm's length basis.

9.3 In the event of a sale of shares by the Executive Shareholders with shares sold representing more than 25% of their beneficial interest, then all Shareholders will have to offer an equivalent proportion of their shareholding for sale on equivalent terms.

10. Governing Law and Jurisdiction

10.1 This Agreement shall be governed by and construed in accordance with English Law

10.2 Each of the Parties irrevocably submits for all purposes in connection with this Agreement to the exclusive jurisdiction of the courts of England

Schedule 1

Share subscription

	Number of shares	Consideration	% interest
Anthony Best	8334	£250,000	7.14%
Christian Dosch	1667	£50,000	1.43%
Anthony Preston	1667	£50,000	1.43%
Charles Wilson	3333	£100,000	2.86%
John Preston Estates Limited	1666	£50,000	1.43%

Shareholdings before the subscription

	Number of shares	% interest
Kevin Hague	24,870	24.87%
Luke Jensen	24,870	24.87%
James McFarlane	24,870	24.87%
Christian Dosch	10,000	10.00%
James McFarlane Sr	15,390	15.39%
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	100,000	100.00%

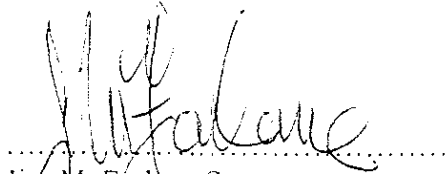
Shareholdings after the subscription

	Number of shares	% interest
Kevin Hague	24,870	21.32%
Luke Jensen	24,870	21.32%
James McFarlane	24,870	21.32%
Anthony Best	8,334	7.14%
Christian Dosch	11,667	10.00%
James McFarlane Sr	15,390	13.19%
Anthony Preston	1,667	1.43%
Charles Wilson	3,333	2.86%
John Preston Estates Limited	1,666	1.43%
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	116,667	100.00%

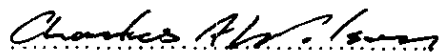
Schedule 2

**Outstanding Subordinated Loans From Shareholder Executives and from Calico
Publishing Limited**

	Loan Amount
Kevin Hague	£420,000
Jim McFarlane	£215,333
Calico Publishing Limited	£116,667


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Jim McFarlane Sr

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Anthony Preston


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Charles Wilson

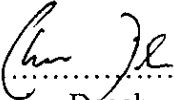
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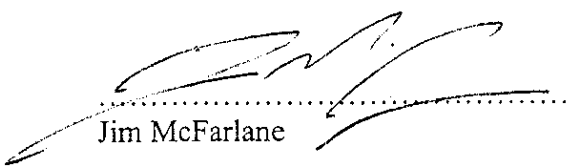
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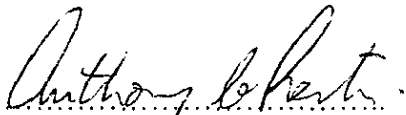
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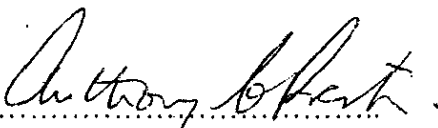

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Jim McFarlane

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Jim McFarlane Sr



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Anthony Preston

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Charles Wilson


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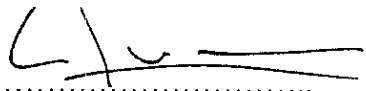

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Anthony Best

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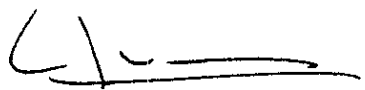
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Luke Jensen

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Jim McFarlane