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COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

Pursuant to section 155(6) of the Companies Act 1985

Please complete legibly, preferably in black type, or bold block lettering

Note
Please read the notes on page 3 before completing this form.

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number 256000

Name of company

* WINSOR & NEWTON LIMITED

* insert full name of company

ø insert name(s) and address(es) of all the directors

‡/We ø Janet Rosalyn Keightley of 12 The Flintings, Gaddesdon Row, Hemel Hempstead, Herts, HP2 6JD;
Steven Christiaan Pleune of 1 Willow Dene, Pinner, Middlesex, HA5 3LT; and
Christopher Edward Wraight of Marstin Cottage, Pleck Lane, Kingston Blount, Chinnor, Oxon, OX9 4RU.

† delete as appropriate

§ delete whichever is inappropriate

[~~the sole director~~] [all the directors]† of the above company do solemnly and sincerely declare that:

The business of the company is:

~~(a) that of a [recognised bank] [licensed institution]† within the meaning of the Banking Act 1979§~~

~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom§~~

(c) something other than the above§

The company is proposing to give financial assistance in connection with the acquisition of shares in the [~~company~~] [company's holding company COLART INTERNATIONAL HOLDINGS Limited]†

The assistance is for the purpose of [that acquisition] [~~reducing or discharging a liability incurred for the purpose of that acquisition~~]†

The number and class of the shares acquired or to be acquired is: 27,500,002(twenty seven million five hundred thousand and two) ordinary shares of £1 in Colart International Holdings Limited

Presentor's name address and reference (if any):

Dibb Lupton Alsop
125 London Wall
London

EC2Y 5AE
DX: 33866 Finsbury Square

For official Use
General Section

Post room

A07 *AL7UKIZX* 615
COMPANIES HOUSE 18/08/99

The assistance is to be given to: (note 2) COLART FINANCE LIMITED (REGISTRATION NO: 365914), WHOSE REGISTERED OFFICE IS AT WHITEFRIARS AVENUE, WEALDSTONE, HARROW, MIDDLESEX HA3 5RH AND COLART INVESTMENTS LIMITED (REGISTRATION NO: 3659130), WHOSE REGISTERED OFFICE IS AT WHITEFRIARS AVENUE, WEALDSTONE, HARROW, MIDDLESEX HA3 5RH

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

The assistance will take the form of:

SEE SCHEDULE 1

The person who ~~[has acquired]~~ [will acquire]† the shares is:

† delete as appropriate

COLART FINANCE LIMITED (who will acquire 5,668,860 ordinary shares of £1) and COLART INVESTMENTS LIMITED (who will acquire 21,831,142 ordinary shares of £1)

The principal terms on which the assistance will be given are:

SEE SCHEDULE 2

The amount of cash to be transferred to the person assisted is £ nil

The value of any asset to be transferred to the person assisted is £ nil

The date on which the assistance is to be given is within 8 weeks from the date hereof 19

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

* delete either (a) or (b) as appropriate

~~I~~/We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) [~~I~~/We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

(b) [~~It is intended to commence the winding-up of the company within 12 months of that date, and I/we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding-up.~~]* (note 3)

And ~~I~~/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 125 London Wall
London
EC2Y 5AE
the 17th day of August
one thousand nine hundred and ninety nine
before me
A Commissioner for Oaths ~~or~~ Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

Declarants to sign below

J R Illingworth
C E Wright

NOTES

1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.

2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.

3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.

4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.

5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF4 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

Laserform International 1/97

FINANCIAL ASSISTANCE DECLARATION SECTION 155(6)(A)

This is the document containing Schedule 1 and Schedule 2 referred to in the Statutory Declaration dated 11 August, 1999.

SCHEDULE 1

Form of Financial Assistance

The execution and delivery by the Company of the following documents:

1. A facility agreement (the "**Senior Facility Agreement**") to be entered into between ColArt Investments Limited and ColArt Finance Limited ("**Purchasers**") and certain other companies including the Company (as Borrowers and/or Guarantors) and Merita Bank Plc ("**Merita**") as Security Agent, Facility Agent, Arranger and as the Original Bank whereby the Banks would make available:

   1.1 a £45.9 million or its equivalent in one or more currencies term loan facility to the following Borrowers:

   (i) ColArt International Holdings Limited in or towards repayment of its existing borrowings, payment of its dividends and payment to Vendors;

   (ii) ColArt Fine Art and Graphics Limited in or towards repayment of its and its subsidiaries' existing borrowings;

   (iii) Oasis Art & Craft Products Limited in or towards repayment of its existing borrowings;

   (iv) ColArt International S.A. in or towards the repayment of its and its subsidiaries' existing borrowings and towards payment of its dividends;

   (v) ColArt Americas Inc. in or towards repayment of its existing borrowings and towards payment of its dividends; and

   (vi) ColArt Sweden AB in or towards repayment of its existing borrowings.

1.2 a £9.8 million or its equivalent in one or more currencies a revolving credit facility to the Purchasers, the Company and certain of its subsidiaries for their general corporate and working capital purposes,

and additionally, under the Senior Facility Agreement, the Company would as Principal Obligor and not merely as surety, guarantee the performance by each other Obligor of all its obligations under and in accordance with the terms of the Senior Finance Documents and all other sums payable now or in the future to each Finance Party under or in connection with the Senior Finance Documents (as such terms are defined in the Senior Facility Agreement).

2. A first priority debenture (the "**Debenture**") to be entered into between, inter alios, the Purchasers, ColArt International Holdings Limited and certain of its subsidiaries (including the Company) in favour of Merita (as Security Agent) pursuant to which the Company inter alia, would covenant to pay or discharge all present and future liabilities and obligations (whether actual or contingent and whether jointly or severally or in any other capacity whatsoever) of each Obligor to the Lenders (or any of them) under each or any of the Senior Finance Documents together with all costs, charges and expenses incurred by any Lender in connection with the protection, preservation or enforcement of its respective rights under the Senior Finance Documents or any other document evidencing or securing any such liability (as such terms are defined in the Debenture).

3. An Intra-Group Loan Agreement (the "**Intra-Group Loan Agreement**") to be entered into between the Purchasers, ColArt International Holdings Limited and certain of its subsidiaries (including the Company) pursuant to which, inter alia, the Company agrees to lend monies up to £50 million or its equivalent in one or more currencies to the Purchasers to service interest and repay advances and make payments due under the Senior Facility Agreement and the Loan Stock Instruments and also any costs and expenses incurred directly or indirectly in connection with the acquisition by the Purchasers of the shares in the capital of the Target (as such terms are defined in the Intra-Group Loan Agreement).

4. A priority agreement (the "**Priority Agreement**") to be entered into between ColArt Investments Limited, ColArt Finance Limited, ColArt International Holdings Limited and certain of its subsidiaries (including the Company) listed in Schedule 1 as Borrowers and/or Guarantors and/or Inter-Company Creditors and/or Inter-Company Debtors; the financial institutions named in Schedule 2 therein as Hedging Banks; the banks and financial institutions named in Schedule 3 as Senior Creditors; the Investors Agent named in Schedule

4 Part II; the Vendor; and Merita Bank Plc as Senior Agent and Security Agent. Pursuant to the terms of the Priority Agreement, each Obligor:

(i) covenants to pay the Senior Debt to the Senior Creditors and the Hedging Liabilities to the Hedging Banks; and

(ii) agrees to the priority arrangement with respect to the manner in which the Senior Debt, the Hedging Liabilities and the Subordinated Debt should rank vis a vis each other.

(All capitalised terms have the meaning given to them in the Priority Agreement).

SCHEDULE 2

The Principal Terms on which the Financial Assistance will be given

1. Under the Senior Facility Agreement, the Company would as Principal Obligor and not merely as surety, guarantee the performance by each Obligor of all its obligations under and in accordance with the terms of the Senior Finance Documents and all other sums payable now or in the future to each Finance Party under or in connection with the Senior Finance Documents (as such terms are defined in the Senior Facility Agreement).

2. Under the Debenture, the Company covenants to pay or discharge all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Lenders (or any of them) under each or any of the Senior Finance Documents together with all costs, charges and expenses incurred by any Lender in connection with the protection, preservation or enforcement of its respective rights under the Senior Finance Documents or any other document evidencing or securing any such liabilities and will secure such obligations by way of a first, fixed and floating charge over all its undertaking, property and assets whatsoever and wheresoever present and future (which includes, without limitation, the assignment of any of its rights under any contracts, insurance policies, shares in companies it may hold, and any intellectual property rights) (all capitalised terms as defined in the Debenture).

3. By executing the Intra-Group Loan Agreement, the Company will undertake to provide to the Purchasers a loan facility in aggregate up to £50 million or its equivalent in one or more currencies to service interest and repay advances and make payments due under the Senior

Facility Agreement and the Loan Stock Instruments and also any costs and expenses incurred directly or indirectly in connection with the acquisition by the Purchasers of the shares in the capital of the Target (as such terms are defined in the Intra-Group Loan Agreement).

4. By executing the Priority Agreement, the Company will acknowledge the arrangement of priorities between the various parties thereto as set out in the Priority Agreement and covenants to pay the Senior Debt to the Senior Creditors and the Hedging Liabilities to the Hedging Banks in each case, in the manner and to the extent due from it under the terms of the Senior Finance Documents and the Hedging Documents as the case may be (all capitalised terms as defined in the Priority Agreement).

BOARD MEMORANDUM IN CONNECTION WITH THE PROPOSED ARRANGEMENT WHEREBY WINSOR & NEWTON LIMITED (THE COMPANY) WILL GIVE FINANCIAL ASSISTANCE FOR THE ACQUISITION OF THE SHARES OF COLART INTERNATIONAL HOLDINGS LIMITED, PARTICULARS OF WHICH ARE GIVEN IN THE STATUTORY DECLARATION MADE BY THE DIRECTORS THIS DAY PURSUANT TO SECTION 155(6) OF THE COMPANIES ACT 1985 ("THE ACT").

1 Introduction

This memorandum summarises the basis on which the directors of Winsor & Newton Limited ("the Directors") have approved the statutory declaration made this day pursuant to Section 155(6) of the Act.

The Directors have considered all the relevant information presently available which is significant to an appraisal of the directors' statement that:

'...as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts; and that the company will be able to pay its debts as they fall due during the year immediately following that date.'

2 The projections

The directors note that projections have been prepared for the ColArt International Holdings Limited and its subsidiaries (the Group), of which the company is a member, for the twenty nine months ending 31 December 2001 and that that projection shows positive headroom between projected borrowing requirements and projected loan facilities throughout the period of the projection.

There are no intended actions known to the Directors which could materially affect the outcome of the projection that are not dealt with therein.

No financial projection has been prepared for the results of the company alone.

It is also noted that, since it is unlikely that actual events will equate to those projected, the projection serves only as an illustration of one possible outcome from the range of possible outcomes. The projection does not constitute a forecast of the Group's financial results for the periods ending 31 December 1999, 2000 and 2001.

3 Undertaking of financial support

The directors note that ColArt Investments Limited and ColArt Finance Limited, in the Intra-Group Loan Agreement dated 11 August 1999, have provided the company with an undertaking to provide, if necessary, continuing financial support to the company to enable it to meet its liabilities as they fall due, for twelve months from the date of that Agreement.

4 **Events subsequent to 31 August 2000**

The Directors are not aware of any material adverse cash flow aspects that are expected to arise shortly after 31 August 2000 which could materially affect the ability of the Group to meet its liabilities as they fall due.

5 **Conclusion**

Based on their knowledge of the projection prepared by ColArt International Holdings Limited and on the undertaking of financial support provided by ColArt Investments Limited and ColArt Finance Limited, the Directors consider that the company has sufficient working capital for its present requirements and that the company will be able to meet its liabilities as they fall due for a period of 12 months from the date of this memorandum.

6 **Net assets**

As at the close of business on 30 June 1999 the aggregate of the company's assets as stated in its accounting records exceeded the aggregate of its liabilities as so stated.

From our knowledge of events since that date and of the likely course of the company's business as described in the accompanying paper, the directors have formed the opinion that the aggregate of the company's assets will exceed the aggregate of its liabilities immediately before the proposed financial assistance is given and that the giving of such financial assistance will not reduce the net assets of the company.

Signed for and on behalf of the Board of Winsor & Newton Limited

C E U Wright .....

11 August 1999

ARTHUR ANDERSEN

20 Old Bailey
London EC4M 7AN
0171 438 3000 Telephone
0171 489 6060 Facsimile

11 August 1999

The Directors
Winsor & Newton Limited
Whitefriars Avenue
Harrow
Middlesex
HA3 5RH

Direct line 0171 489 6186

Our ref TS/TCMS

Dear Sirs

Auditors' report to the directors of Winsor & Newton Limited pursuant to section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Winsor Newton Limited ('the Company') dated 11 August 1999 in connection with the proposal that the Company should give financial assistance for the purchase of the entire issued ordinary share capital of ColArt International Holdings Limited.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the statutory declaration. It is our responsibility to review the bases for the declaration, based on our enquiries into the state of the Company's affairs, and to provide a report to the directors.

Basis of opinion

We have enquired into the state of the Company's affairs so far as necessary for us to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Arthur Andersen

Arthur Andersen
Chartered Accountants

11 August 1999

Offices in: London Birmingham Bristol Cambridge Croydon Edinburgh Glasgow Leeds Manchester Newcastle Nottingham Reading St Albans St Helier

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

A list of partners is available at 1 Surrey Street London WC2R 2PS (principal place of business)

ARTHUR ANDERSEN

Merita Bank Plc (as Facility Agent)
19 Thomas More Street
London
E1 9YW

20 Old Bailey
London EC4M 7AN
0171 438 3000 Telephone
0171 489 6060 Facsimile

For the attention of Mr Julian Green

Dear Sirs

Report by the auditors of Winsor & Newton Limited to Merita Bank Plc

This report is given in connection with the proposed arrangement whereby Winsor & Newton Limited ('the Company') will give financial assistance for the acquisition of the shares of ColArt International Holdings Limited, particulars of which are given in the attached copy of the statutory declaration made this day by the directors pursuant to section 155(6) of the Companies Act 1985 ('the Act').

The purpose of this report is solely to assist the bank in considering whether the proposed arrangement is permitted under section 155(2) of the Act and it is not intended to be used, quoted or referred to for any other purpose.

We have examined the Board Memorandum dated 11 August 1999 (a copy of which is attached, initialled for identification purposes) for which the directors of the Company are solely responsible and have enquired into the Company's state of affairs so far as necessary for us to review the bases for the Board Memorandum. Our enquiry did not constitute an audit.

We confirm that as at the close of business on 30 June 1999 the aggregate of the Company's assets as stated in its accounting records exceeded the aggregate of its liabilities as so stated.

We are not aware of anything to indicate that the opinion expressed in paragraph 6 of the Board Memorandum is unreasonable in all the circumstances.

Arthur Andersen

Arthur Andersen
Chartered Accountants

11 August 1999

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Cambridge Croydon Edinburgh Glasgow
Leeds Manchester Newcastle Nottingham
Reading St Albans St Helier

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