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CHFP025

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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

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

For official use

Company number



00543328

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

Name of company

* William McIlroy Swindon Limited (the "Company")

* insert full name
of company

*/We See Paper Apart 1

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

† delete as
appropriate

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

The business of the company is:

§ delete whichever
is inappropriate

~~(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] Mackays Stores (Holdings) Limited

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: See Paper Apart 2

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

McGrigor Donald
Princes Exchange
1 Earl Grey Street
EDINBURGH
EH3 9AQ
DX: 723301 EDINBURGH 43
mackay2.lfd

For official Use
General Section



SCT ST19D6ZD 0186
COMPANIES HOUSE 28/12/01
COMPANIES HOUSE 20/12/01

The assistance is to be given to: (note 2) Mackays Stores Group Limited

(Company Number SC223864) whose registered office is Caledonia House, Caledonia Street, Paisley, PA3 2JP (the "Purchaser")

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

The assistance will take the form of:

See Paper Apart 3

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

† delete as
appropriate

Mackays Stores Group Limited

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

See Paper Apart 3

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 [] day of December 2001

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

~~/~~ 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) ~~/~~ 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 / 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 ~~/~~ 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

Declarants to sign below

PAISLEY

on

| Day | Month | Year |
|-----|-------|------|
| 1 | 2 | 2001 |

before me Ruth Tobin

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

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
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

William McIlroy Swindon Limited (Company Number 0543328) (the "Company")

Paper Apart 1 to Form 155(6)a

Iain William McGeoch
Easter Blacklaw Farm
Old Glasgow Road
Stewarton
Kilmarnock
Ayrshire
KA3 5JU

John Roderick Murray
Flat 5
20/22 Lynedoch Street
Glasgow
G3 6EU

William McIlroy Swindon Limited (Company Number 0543328) (the "Company")**Paper Apart 2 to Form 155(6)a**

2,054,051 Ordinary 'A' Shares of £0.10 each, 405,742 Ordinary 'B' Shares of £0.10 each; and
4,950,000 Preference Shares of £1 each in the capital of Mackays Stores (Holdings) Limited

William McIlroy Swindon Limited (Company Number 0543328) (the "Company")

Paper Apart 3 to Form 155(6)a

Terms used in this Paper Apart shall have the same meaning given to them herein and in the foregoing Form 155(6)(a) are defined below.

The assistance will take the form of entering into the following documents (as the same may be amended, varied, supplemented, restated or replaced from time to time) and the principal terms on which assistance shall be given are:-

- 1 In connection with the Purchaser's financing arrangements and its finance requirements in relation to the acquisition of the entire issued share capital of the Target, the Target and the Purchaser agree to draw and maintain certain facilities from Clydesdale Bank plc, and, Mackays Stores Limited agree to draw and maintain certain facilities from the HSBC Bank plc, such facilities being set out in the following documents:
 - (a) The Facility Agreement; and
 - (b) The Working Capital Facility Letter.

- 2 It was a condition under each of the Facilities Agreements that the Company, the Target, Mackays Stores Limited and the Purchaser grant certain security to the Banks in respect of all sums due to the Banks. Pursuant to the terms of the Facilities Agreements the Company will enter into:-
 - (a) A Debenture in favour of Clydesdale Bank over all property, book debts, chattels, goodwill and uncalled capital both present and future of the Company.
 - (b) Unlimited group cross guarantee granted in favour of Clydesdale Bank to be given by, inter alia, the Company to secure all liabilities of the Company and the other group companies being parties thereto to the Bank.
 - (c) A Debenture in favour of HSBC Bank over all property, book debts, chattels, goodwill and uncalled capital both present and future by the Company.
 - (d) Unlimited group cross guarantee granted in favour of HSBC Bank to be given by, inter alia, the Company to secure all liabilities of the Company and the other group companies being parties thereto to the Bank.

- 3 An Intercompany Funding Agreement between the Target, the Company, Mackays Stores Limited and the Purchaser pursuant to which each of the Target, the Company, Mackays Stores Limited would make available to the Purchaser and Mackays Stores Limited a revolving credit facility to enable the Purchaser and Mackays Stores Limited, *inter alia*, (a) to repay borrowings incurred by it under the Facilities Agreements, (b) to pay interest on such borrowings, (c) to pay costs and expenses incurred directly or indirectly in connection with the Acquisition, (d) to fund any dividend payments, (e) to reduce or discharge any other liability incurred directly or indirectly for the purpose of or otherwise in connection with the Acquisition and (f) for such other purposes as the Target, the Company, Mackays Stores Limited and the Purchaser may agree in writing.

Definitions

"Acquisition" means the acquisition of the entire issued share capital of the Target by the Purchaser;

"Banks" means the Clydesdale Bank plc and the HSBC Bank plc;

"Facility Agreement" means the £54 million Facility Agreement between the Purchaser and Clydesdale Bank plc ("**Clydesdale Bank**") in terms which the Clydesdale Bank agrees to make available to the Purchaser and each Nominated Subsidiary (i) committed overdraft facility to be applied for financing or refinancing the general working capital requirements of any Nominated Subsidiary and generally for the purpose of funding activities of the Purchaser's Group in the ordinary course of business; (ii) an acquisition facility which shall be used by the Purchaser to finance the Acquisition.

"Facilities Agreements" means the Facility Agreement and the Working Capital Facility Letter.

"Nominated Subsidiaries" means following completion of the Acquisition, the Company, Mackays Stores Limited, and Target and such other subsidiaries as the Clydesdale Bank may from time to time at the request of the Purchaser designate as such in writing.

"Purchaser" means Mackays Stores Group Limited;

"Target" means Mackays Stores (Holdings) Limited;

"Working Capital Facility Letter" means the Working Capital Facility Letter between Mackays Stores Limited and HSBC Bank plc ("**HSBC Bank**") in respect of banking facilities comprising of (i) an extending overdraft of £1 million; (ii) a US\$ overdraft of £1.5 million and (iii) a £3 million letter of credit facility together with any additional facilities associated therewith.



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Glasgow
G2 4QS
United Kingdom

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Private & Confidential

The Directors
William McIlroy Swindon Limited
Caledonia House
Caledonian Street
Paisley
PA3 2JP

Contact Robin Crawford
0141 226 5511

12 December 2001

Dear Sirs

Auditors' reports to the directors of William McIlroy Swindon Limited ('the Company') pursuant to Section 156(4)

We have examined the attached statutory declaration of the directors dated 12 December 2001 in connection with the proposal that the Company should give financial assistance in connection with the purchase of the ordinary shares of the Company's holding company, Mackays Stores (Holdings) Limited. We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

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.

Yours faithfully

KPMG



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Glasgow
G2 4QS
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Fax +44 (0) 141 204 1584
DX GW99 Glasgow-1

Private & Confidential

The Directors
Mackays Stores (Holdings) Limited
Caledonia House
Caledonian Street
Paisley
PA3 2JP

Contact Robin Crawford
0141 226 5511

12 December 2001

Dear Sirs

Auditors' reports to the directors of Mackays Stores (Holdings) Limited ('the Company') pursuant to Section 156(4)

We have examined the attached statutory declaration of the directors dated 12 December 2001 in connection with the proposal that the Company's wholly owned subsidiary, William McIlroy Swindon Limited ('the Subsidiary') should give financial assistance for the purchase of the Company's ordinary shares. We have enquired into the state of the Company's and the Subsidiary's affairs in order to review the bases for the statutory declaration.

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.

Yours faithfully

KPMG