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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

[] [] [] []

2337090

Note

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

Name of company

*

ENCON MANUFACTURING LIMITED

* insert full name
of company

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

I/We § See Appendix 1

† 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 8 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] ENCON GROUP

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: 1182661 / Ordinary Share

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

Hammond Suddards
2 Park Lane
Leeds LS3 1ES

For official Use
General Section

Post room



HLE *H40CF1MN* 48
COMPANIES HOUSE 01/12/97

The assistance is to be given to: (note 2) ENCON LIMITED (Co Number 3411533) whose
registered office is at Brunswick House 1 Deighton Close Wetherby LS22 7GZ
("Newco")

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Please complete
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bold block
lettering

The assistance will take the form of:

See Appendix 2

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

† delete as
appropriate

Newco

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

See Appendix 3

The amount of cash to be transferred to the person assisted is £ None

The value of any asset to be transferred to the person assisted is £ None

The date on which the assistance is to be given is Within 8 weeks of this declaration 19

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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 41 Park Square
Leeds

the 20th day of November
one thousand nine hundred and nineteen

before me Jago D.

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

[Signature]
John Smully
James McKenna

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

APPENDIX 1

Name: Philip Anthony Kirk
Address: 8 Ullswater Rise, Wetherby, West Yorkshire, LS22 6YP

Name: Iain Douglas McKerracher
Address: 13A Kent Road, Harrogate, North Yorkshire, HG1 2LE

Name: John Smellie
Address: 3 Millbrae Gargunnoch, Near Stirling

APPENDIX 2

1. The execution of the following as the same may be amended varied supplemented or substituted from time to time:
 - 1.1 a composite guarantee and debenture containing a first fixed charge over all present and future freehold and leasehold property, book and other debts, securities, goodwill, intellectual property and uncalled capital and a first floating charge over all assets and undertakings both present and future and a mutual cross guarantee of liabilities to The Governor and Company of the Bank of Scotland (referred to in this form as the "Bank") (the "Bank Debenture") to be executed by Newco, the Company and the Group Companies as therein defined and any documents required to be executed by the Bank pursuant to Clause 13.2 of the Debenture;
 - 1.2 an intra group support agreement (the "Intra Group Support Agreement") to be made between Newco (as borrower) and the Company and the Several Companies (therein defined) (as lenders);
 - 1.3 a debenture containing a fixed charge over all present and future freehold and leasehold property, book and other debts, securities, goodwill, intellectual property and uncalled capital and a floating charge over all assets and undertakings both present and future in favour of 3i plc ("3i") acting for itself and as trustee on behalf of the Investors (as therein defined) (the "3i Debenture") to be executed by the Company in favour of 3i ;
 - 1.4 a deed of guarantee and indemnity in favour of 3i acting for itself and as trustee on behalf of the Investors (as therein defined) (the "3i Guarantees") in respect of all monies and liabilities (whether actual or contingent) now or in the future, due, owing or incurred by Newco to 3i to be executed by the Company and the Guarantors (as therein defined);

- 1.5 an intercreditor deed (the "Inter Creditor Deed") between Newco and other members of the Group (as therein defined)(1) the Bank(2), 3i Group Plc(3) 3i Group plc and 3i(4) and the Investors (therein defined)(5);

(each such document as is referred to in the preceding paragraphs of this paragraph 1 of appendix 2 being throughout this form a "Funding Document").

2. The undertaking of liabilities in respect of:

- 2.1 a facility agreement for the provision of a secured term loan facility of up to £12,000,000 and revolving credit facility of up to £7,000,000 (the "Senior Loan Agreement") to be made between Newco (as borrower) and the Bank;
- 2.2 a working capital facility letter for the provision of a working capital facility of up to £3,000,000 (the "Working Capital Letter") to be made between Newco (as borrower) and the Bank;
- 2.3 an investment agreement (the "Investment Agreement") made between Newco(1), the Promoters (as therein defined)(2) 3i, 3i Group plc and 3i Parrell Ventures LP (3) pursuant to which and amongst other things, 3i would provide a secured term loan of up to £13,512.00 to Newco and subscribe for shares in Newco.

APPENDIX 3

1. Under the terms of the Bank Debenture the Company , inter alia, guarantees to the Bank the performance of the obligations of Newco and any other member of the Group (as defined in the Senior Loan Agreement) owing at any time to the Bank. The obligations include obligations under the following:
 - 1.1 the Senior Loan Agreement;
 - 1.2 the Working Capital Letter;
2. Under the terms of the Bank Debenture the Company further charges all of its assets and undertaking as security for the payment and discharge of all moneys, liabilities and obligations owing at any time to the Bank including the obligations in respect of the guarantee outlined in paragraph 1 above.
3. Under the terms of the 3i Guarantee the Company , inter alia, guarantees to 3i plc acting for itself and as trustee for the Investors (as defined therein) the performance of the obligations of Newco owing at any time to 3i plc and the Investors (as defined therein). The obligations include obligations under the Investment Agreement.
4. Under the terms of the 3i Debentures the Company further charges all of its assets and undertaking as security for the payment and discharge of all moneys, liabilities and obligations owing at any time to 3i plc acting for itself and as a trustee for the Investors (as defined therein).
5. Under the terms of the Intra Group Support Agreement, the Company agrees to provide funds to enable Newco to meet its obligations to the Bank and 3i.
6. In entering into the Inter Creditor Agreement the Company and are complying with a condition of the Funding Documents.



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Forster Square
Bradford
BD1 4AS

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DX 11755

The Directors
Encon Manufacturing Limited
Brunswick House
1 Deighton Close
Wetherby
LS22 7GZ

Our ref dmw/050

Contact Damien Wilkinson
01274 725546

20 November 1997

Dear Sirs

Auditors' report to the directors of Encon Manufacturing Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 20 November 1997 in connection with the proposal that the company should give financial assistance for the purchase of shares in Encon Group 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

Registered Auditors