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CHWP007

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

155(6)bPlease do not
write in
this margin

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

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2496559

Name of company

* **COLART INTERNATIONAL HOLDINGS LIMITED**

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

* insert full name
of company

I/We ~~Ø~~ **Michael William George Henderson of Hydon Barn, Upper Vann Lane, Hambledon, Surrey GU8****4ED;**

Ø Insert name(s) and
address(es) of all
the directors

† delete as
appropriate

[the sole director][~~all the directors~~][†] of the above company (hereinafter called 'this company') do
solemnly and sincerely declare that:

§ delete whichever
is inappropriate

The business of the company is:

- (a) that of a [~~recognised bank~~][~~licensed institution~~][§] within the meaning of the Banking Act 1979^{xxx}
(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^{§ xxxxxxxxxxxxxx}
(c) something other than the above[§]

The company is [the][~~at~~] holding company of **COLART FINE ART & GRAPHICS LIMITED**
(Registered No. 16193) (the "Subsidiary") which is

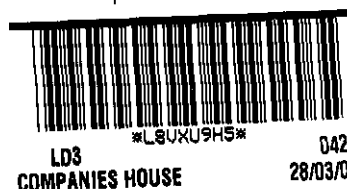
proposing to give financial assistance in connection with the acquisition of shares

in [~~this company~~][†] **COLART INVESTMENTS LIMITED**the holding company of this company.][†]

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

Theodore Goddard 625/8721.73
Box 500
Companies House
21 Bloomsbury Street
London

For official Use
General Section



The assistance is for the purpose of [that acquisition] [~~reducing or discharging a liability incurred for the purpose of the acquisition~~].† (note 1)

Please do not
write in
this margin

The number and class of the shares acquired or to be acquired is: 1,320,000 (one million three hundred and twenty thousand) A ordinary shares of £0.01 each

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

The assistance is to be given to: (note 2) WILHELM BECKER LIMITED (Company No: 1215482) whose registered office is at Goodlass Road, Speke, Liverpool L24 9HJ

The assistance will take the form of:

See Schedule 1

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

† delete as
appropriate

WILHELM BECKER LIMITED

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

See Schedule 2

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is NIL

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

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

The date on which the assistance is to be given is WITHIN 8 WEEKS OF THE DATE HEREOF

I/~~We~~ have formed the opinion, as regards this 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 this 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 this company within 12 months of that date and I/we have formed the opinion that this 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 T CRYAN & CO
128 HIGH STREET
WEALDSTONE, HARROW
MIDDX HA3 7AL
TEL: 0208 427 3491
DX: 80400 WEALDSTONE

Day Month

Year

on

13 03 2002

before me

CHUCK OWEN LUCAS

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

M. A. I.

Chloe

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

FINANCIAL ASSISTANCE DECLARATION SECTION 155(6)(B)

This is the document containing Schedule 1 and Schedule 2 referred to in the Statutory Declaration made on and dated 13 March 2002.

SCHEDULE 1

Form of Financial Assistance

The execution and delivery by the Subsidiary (among others) of the following documents:

1. Amendment and Restatement Agreement

- 1.1 An amendment and restatement agreement to be entered into by, amongst others, this Company, Nordea Bank Finland PLC and the Subsidiary (**the Amendment and Restatement Agreement**) pursuant to which, amongst other things:

(Note: For the purposes of this paragraph 1, terms used in the Amendment and Restatement Agreement shall be used here and shall have the same meaning as in that agreement)

- (a) the original facility agreement dated 11 August 1999 and entered into by the parties to the Amendment and Restatement Agreement (including the Subsidiary) (as amended and restated on 10 April 2000 and 16 January 2002 (**the Original Facility Agreement**)) shall be further amended and restated so that the Original Facility Agreement shall be read and construed for all purposes as set out in Schedule 2 of the Amendment and Restatement Agreement whereby the Banks would make available:

- (i) a term loan facility in the following amounts to the following companies as Borrowers:

(1)	Colart Finance Limited	– GBP 13,700,000.00
(2)	Colart International Holdings Limited	– GBP 12,132,645.97
(3)	Colart Fine Art & Graphics Limited	– GBP 6,692,025.05
		– USD 9,611,550.00
(4)	Colart International S.A.	– EUR 12,570,151.00
(5)	Colart Sweden AB	– SWK 14,794,077.00
(6)	Colart/Americas, Inc.	– USD 5,912,611.22
		– USD 7,400,000.00
		– USD 3,900,000.00
		– USD 3,900,000.00

- (b) a revolving credit facility in the aggregate sum of £16,300,000 million or its equivalent in one or more currencies to the Borrowers; and
- (c) a term loan facility in the sum of £14,400,000 to Colart Finance Limited for the purpose of repaying the Investors' Loan Stock,

and additionally, the Subsidiary 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 Original Facility Agreement and the Amendment and Restatement Agreement and all other sums payable now or in the future to each Finance Party under or in connection with such documents (as such terms are defined in the Debenture and the Amendment and Restatement Agreement).

2. **Deed of Confirmation**

- 2.1 A deed of confirmation (the **Deed of Confirmation**) to be entered into between, amongst others, this Company and the Subsidiary in favour of Nordea Bank Finland PLC pursuant to which the Subsidiary confirms that the first priority debenture dated 11 August 1999 (the **Debenture**) granted in favour of Merita (now known as Nordea Bank Finland PLC) shall continue to have full force and effect as so confirmed.

SCHEDULE 2

Principal terms upon which the Financial Assistance will be given

1. Amendment and Restatement Agreement

- 1.1 Under the Amendment and Restatement Agreement, the Subsidiary will 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 Original Facility Agreement as amended and restated and all other sums payable now or in the future to such Finance Party (which shall include the Arranger, each Bank, each Hedging Bank, the Documentary Credit Bank, the Security Agent and the Facility Agent) under or in connection with such Amendment and Restatement Agreement (as such terms are defined in the Amendment and Restatement Agreement).

2. Deed of Confirmation

The principal terms of the Deed of Confirmation are as follows:

(Note: For the purposes of this paragraph 2, terms used in the Amendment and Restatement Agreement shall be used here and shall have the same meaning as in that document)

- 2.1 By way of confirmation and perfection, each Guarantor and each Chargor confirms that with effect from the Effective Date, the Guarantee (in the Senior Credit Agreement) and the Debenture respectively, shall continue in full force and effect in respect of, inter alia, the Senior Credit Agreement as amended and restated by the Amendment and Restatement Agreement.

3. Debenture

The principal terms of the Debenture are as follows:

(Note: For the purposes of this paragraph 3, terms used in the Debenture shall be used here and shall have the same meaning as in that document)

3.1 Covenant to Pay

The Subsidiary, amongst other things, has covenanted to pay or discharge all present and future liabilities and obligations (whether actual or contingent or 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 documents evidencing or securing any such liabilities (together referred to as the **Secured Liabilities**);

3.2 Security – Fixed Charges

The Subsidiary, as beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994 as security for the payment, discharge and performance of all the Secured Liabilities at any time owed

or due to the Lenders (or any of them), charges in favour of the Security Agent (as agent and trustee for the Lenders):

- (a) by way of first legal mortgage all the property belonging to it as at the date of the Debenture, together with all buildings and Fixtures thereon, the proceeds of sale of all or part thereof and the benefit of any covenants for title given or entered into by such predecessor in title plus any moneys paid or payable in respect of such covenants subject, in the case of any leasehold properties, to any necessary third party's consent to such mortgage being obtained;
- (b) by way of first legal mortgage all estates or interests in any freehold or leasehold property and any rights under any licence or other agreement or document which gives any Chargor a right to occupy or use the property wheresoever situate now belonging to it together with all buildings and Fixtures thereon, the proceeds of sale of all or part thereof and the benefit of any covenants for title given or entered into by such predecessor in title plus any moneys paid or payable in respect of such covenants subject, in the case of any leasehold properties, to any necessary third party's consent to such mortgage being obtained;
- (c) by way of first fixed charge:
 - (i) all present and future estates or interests in any freehold or leasehold property not referred to in sub-paragraphs 1.3.2 (a) and (b) above and any rights under any licence or other document giving the Chargor a right to use or occupy property;
 - (ii) all plant and machinery, computers and vehicles now or in the future owned by the Subsidiary;
 - (iii) all moneys (including interest) from time to time standing to the credit of its present and future accounts with any bank, financial institution or other person and the debts represented thereby;
 - (iv) all the benefits in respect of the Insurances and all claims and returns of premiums in respect thereof;
 - (v) all of its current and future book and other debts, all other moneys due and owing to it or which may become due and owing to it at any time in the future and the benefits of all rights, securities and guarantees of any nature in respect of the same now or in the future held by it including proceeds of sale of the same;
 - (vi) (to the extent not already charged under the terms of the Debenture) all of its rights and benefits under the Relevant Agreements (as defined in the Debenture), all bills of exchange and other negotiable instruments held by it, any distributorship or other licensing agreements or similar agreements entered into by it and any letters of credit issued in its favour;
 - (vii) any interest, claim or entitlement in the assets of any pension fund;
 - (viii) its present or future goodwill;

- (ix) the benefit of all present or future licences, permissions, consents and authorisations (statutory or otherwise) in respect of its business or assets and the right to recover and receive all compensation which may at any time become payable in respect thereof;
- (x) its present and future uncalled capital;
- (xi) its present and future Intellectual Property Rights;
- (xii) all securities and interests owned now or at any time in the future by the Subsidiary.

3.3 Security – Charges on Shares

The Subsidiary as sole beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994 as continuing security for the payment, discharge and performance of all the Secured Liabilities, charges in favour of the Lenders (or any of them):

- (a) mortgages and charges and agrees to mortgage and charge to the Security Agent all Group Shares held now or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first mortgage; and
- (b) mortgages and charges and agrees to mortgage and charge to the Security Agent all the Related Rights accruing to all or any of the Group Shares held now or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first mortgage or charge.

For the purposes of this sub-paragraph 3.3, **Group Shares** shall mean all those shares held by the Company and all of its subsidiaries (including the Subsidiary) (the **Colart Group**) as are specified in Schedule 4 of the Debenture, together with all other stocks, shares, debentures, bonds, warrants, coupons or other securities and investments now or in the future owned by any member of the Colart Group from time to time.

3.4 Security - Assignments

The Subsidiary as sole beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994 as continuing security for the payment, discharge and performance of all the Secured Liabilities, assigns so far as possible and agrees to assign to the Security Agent all its right, title and interest in and to: the Insurances, the Acquisition Agreements, the Hedging Agreements, the Subscription Agreement, and the Intra-Group Loan Agreement (as such agreements are defined in the Debenture).

3.5 Security – Floating Charges

The Subsidiary as sole beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994 as security for the payment, discharge and performance of all the Secured Liabilities, charges in favour of the Security Agent by way of first floating charge all its undertaking and assets

whatsoever and wheresoever both present and future, (subject to all other charges created by the aforementioned clauses of the Debenture).

3.6 Ongoing Commitment

The Subsidiary acknowledged that the security constituted by the Debenture shall be continuing and will secure the total amount outstanding under the Senior Finance Documents regardless of any intermediate payment or part discharge, but only to the extent of the Secured Liabilities.

3.7 Expenses

The Subsidiary has undertaken to pay all reasonable costs, charges and expenses incurred and all payments made by the Security Agent (or any Receiver) whether or not in connection with any act, neglect or default of the Subsidiary or any other Chargor, which sums shall carry interest at the Default Rate from the later of the date when the costs are incurred or become payable until the date that such sums are unconditionally and irrevocably paid and discharged in full. Any sums outstanding shall be deemed to be repayable on demand.

3.8 Indemnity

- 3.8.1 The Subsidiary agreed to indemnify each Lender (or the Receiver) in respect of all liabilities and expenses properly incurred by them in the execution of any or all of their powers, authorities or discretions under the Debenture.

3.9 Further negative pledge provision

The Subsidiary agreed that if any Chargor creates or permits to subsist any Encumbrance in breach of the provisions of Clause 5.2(a) or Clause 8.2(a)(iv) of the Debenture, Clause 22.3(a) (Negative Pledge) of the Facility Agreement then, to the extent possible under applicable law, all the obligations of such Chargor under each of the Senior Finance Documents shall automatically and immediately be secured upon the same assets equally and rateably with the other obligations secured thereon (as such terms are defined in the Debenture).

4. Guarantee

The principal terms of the Guarantee (as contained within Clause 18 of Schedule 2 of the Amendment and Restatement Agreement) are as follows:

(Note: For the purposes of this paragraph 4, terms used in the Amendment and Restatement Agreement shall be used here and shall have the same meaning as in that document)

4.1 Guarantee

Under the terms of the Amendment and Restatement Agreement, the Subsidiary irrevocably and unconditionally (jointly and severally):

- 4.1.1 guarantees to each Finance Party, as principal obligor and not merely as surety, the performance by each other Obligor of all its obligations under and in accordance

with the terms of the Senior Finance Documents and the payment of all sums payable now or in the future to such Finance Party by each other Obligor under or in connection with the Senior Finance Documents when and as the same shall become due;

- 4.1.2 undertakes with each Finance Party that, if and whenever any other Obligor does not pay any amount when due under or in connection with any Senior Finance Document, such Guarantor will on demand by the Facility Agent pay such amount as if such Guarantor instead of the other Obligor were expressed to be the primary obligor; and
- 4.1.3 indemnifies each Finance Party on demand against any loss or liability suffered by it under any Senior Finance Document as a result of any obligation guaranteed by such Guarantor being or becoming unenforceable, invalid or illegal.

4.2 Continuing Guarantee

The Subsidiary acknowledges that this guarantee is a continuing guarantee and shall extend to the ultimate balance of all sums payable by the Obligors or any of them under the Senior Finance Documents regardless of any intermediate payment or discharge in whole or part.

4.3 Waiver of Defences

The Subsidiaries further agrees that except to the extent that any Guarantor is specifically released in writing, the obligations of each Guarantor under the Amendment and Restatement Agreement shall not be affected by any circumstance, act, omission, matter or thing which but for this provision might operate to release or otherwise exonerate such Guarantor from its obligations under the Amendment and Restatement Agreement in whole or in part, to the intent that such Guarantor's obligations under the Agreement shall remain in full force and this guarantee be construed accordingly as if there were no such circumstance, act, omission, matter or thing, (which for the avoidance of doubt shall include any variation (however fundamental and whether or not involving any increase in the liability of any other Obligor) or replacement of any Senior Finance Document or any other document or security so that references to such Senior Finance Document or other document or security in this guarantee shall include each such variation or replacement).

4.4 Additional Security

This guarantee shall be in addition to and shall not in any way be prejudiced by any other security (including, without limitation, the Security Documents) now or after the date of the Amendment and Restatement Agreement held by any Finance Party as security for or capable of being applied against the obligations of any Obligor.

5. **Redemption of the Loan Stock**

- 5.1 On or about the date hereof Colart Finance Limited shall redeem the Unsecured Investors Loan Stock 1999 issued by Colart Finance Limited in accordance with the terms of the First Deed Poll dated 11 August 1999 in the sum of GBP 28,636,110.49.



Arthur Andersen

180 Strand
London
WC2R 1BL

Tel 020 7438 3000
Fax 020 7831 1133

www.andersen.com

Independent auditors' report to the directors of ColArt International Holdings Limited pursuant to section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of ColArt International Holdings Limited ("the Company") dated 13 March 2002 in connection with the proposal that ColArt Fine Art & Graphics Limited, of which the Company is a holding company, should give financial assistance for the purpose of the acquisition of ColArt Investments Limited's shares by Wilhelm Becker Limited and reducing or discharging the liability incurred by ColArt Finance Limited for the purpose of the acquisition of ColArt International Holdings Limited.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the statutory declaration in accordance with applicable law. It is our responsibility under relevant legal and regulatory requirements and United Kingdom Auditing Standards 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
Chartered Accountants
13 March 2002