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COMPANIES FORM No. 155(6)b

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

155(6)b

Please 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

For official use

Company number

[] [] [] [] [] [] [] []

2769705

Name of company

* BALS ENGINEERING GROUP LIMITED

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

* insert full name
of company

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

I/We Ø STEPHEN JACKSON OF 39 HIGHSIDE DRIVE, HUMLEDON HILL, SUNDERLAND, SR3 1UL,
ROBERT POWELL OF DERRY JANE HOUSE, STOCKS HILL BELTON, DONCASTER, SOUTH
YORKSHIRE, DN9 1PE, DEREK SCHOLEY OF 228 OAKWOOD LANE, LEEDS, YORKSHIRE, LS8 2PF,
AND JOHN GIBSON OF 72 HEPON DRIVE, SANDAL, WAKEFIELD, WEST YORKSHIRE, WF2 6SP
WHO TOGETHER WITH GUNTER BALS OF BURGWEG 23, KIRCHHUMDEN 57399, GERMANY AND
MICHAEL JOHN KELLY OF THREEWAYS TRANWELL WOODS, MORPETH, NORTHUMBERLAND, NE61 6AQ
COMPRISE

† delete as
appropriate

~~XXXXXXXXXXXX~~
[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 this 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§

This company is [the] [X] holding company of* BALS INDUSTRIAL ACCESSORIES LIMITED

which is

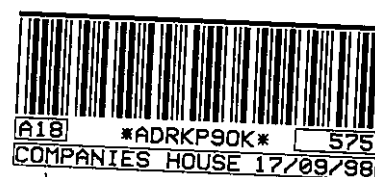
proposing to give financial assistance in connection with the acquisition of shares

in [this company] [

~~the holding company of this company.]†~~

Presentor's name address and
reference (if any):
WARD HADAWAY
SANDGATE HOUSE
102 QUAYSIDE
NEWCASTLE UPON TYNE
NE1 3DX
REF. MAH.BAL001.35

For official Use
General Section



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

Please do not
write in
this margin

The number and class of the shares acquired or to be acquired is: 53,345 cumulative convertible preferred ordinary shares of £1.00 each and 395,592 ordinary shares of 10 pence each in the share capital of the Company

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

The assistance is to be given to: (note 2) BALS ENGINEERING LIMITED WHOSE REGISTERED OFFICE IS AT SANDGATE HOUSE, 102 QUAYSIDE, NEWCASTLE UPON TYNE, NE1 3DX

The assistance will take the form of:

SEE RIDER A

The person who ~~has acquired~~ ^{will acquire}† the shares is:

BALS ENGINEERING LIMITED

† delete as
appropriate

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

SEE RIDER B

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 ON OR ABOUT 2 SEPTEMBER 19 98 ML

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 it's 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 The Queens Hotel, City
Square Leeds
the 18th day of September
one thousand nine hundred and NINETY EIGHT

before me N Heggie
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


F.A. G. Can
D. S. Crowley
D. R. H.

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.

MM,

Rider A

Bals Industrial Accessories Limited (the "**Subsidiary**") guaranteeing and continuing to guarantee to the Governor & Company of the Bank of Scotland (the "**Bank**") all present and future borrowing, liabilities and obligations of Bals Engineering Limited to the Bank pursuant to the terms of a guarantee to be made between (1) the Subsidiary, (2) the Bank, (3) Bals Electrical Engineering Limited, and (4) Bals Engineering Group Limited (the "**Subsidiary Guarantee**") and the execution of the Guarantee by Bals Industrial Accessories Limited and the assumption of all liabilities of Bals Industrial Accessories Limited thereunder.

MM.

Rider B

Under the Subsidiary Guarantee the Subsidiary, Bals Electrical Engineering Limited and Bals Engineering Group Limited covenant to the Bank to pay, perform, discharge and guarantee the payment, performance and discharge of all actual, contingent, several and joint present and future borrowings, liabilities and obligations of Bals Engineering Limited to the Bank in the terms contained in the Subsidiary Guarantee.