

CHFP025

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XXXXXXXXXXXXXXXXXXXX (note 1)

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

The number and class of the shares acquired or to be acquired is: 991,666 Ordinary Shares of £1.00

The assistance is to be given to: (note 2) Global Heating Products plc,

See Rider B

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

Global Heating Products plc

See Rider C

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

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

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

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

☒ 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) ☒ 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)

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

(b) ~~It is intended to commence the winding up of this company within 12 months of that date, and it is~~
~~hereby 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 ☒ 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

Pentagon House, Derby

Day Month Year
on

1	0	0	3	2	0	0	1	4
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before me KATH ANDERSON Solicitor KR Anderson

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

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
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

OLD BAXI HOLDINGS LIMITED

Company No 3879158

Rider B

The execution, delivery and performance of the Subsidiary of its obligations under:

- (a) a composite guarantee and debenture between the Charging Companies (as defined therein) and The Royal Bank of Scotland plc as security trustee (the "**Security Trustee**") for certain Secured Parties (as defined therein), to be dated on or around the date hereof, pursuant to which the Subsidiary (together with the other above-referred Charging Companies) shall (a) guarantee payment to the Security Trustee of all monies owing at the time or at any time after the date of the composite guarantee and debenture by each Group Company (as defined therein) other than itself to the above-referred Secured Parties; and (b) grant fixed and floating charges in favour of the Security Trustee over all of its assets and undertakings by way of security for the payment and discharge of the Secured Obligations (as defined therein) (the "**Composite Guarantee and Debenture**");
- (b) a trade mark and patents charge by the Subsidiary as Charging Company (as defined therein) (together with the other specified group companies (therein defined as the "Charging Companies")) and the Security Trustee (as defined therein) to be dated on or about the date hereof pursuant to which the Subsidiary (together with each of the other Charging Companies) shall grant a first fixed charge in favour of the Security Trustee (as defined therein) over certain of its intellectual properties specified therein (the "IP Charge");
- (c) an inter company loan agreement between, *inter alia*, Baxi Holdings Limited and GHP Midco Limited and Global Heating Products plc as borrowers and the Subsidiary (together with the other specified group companies therein defined as the "Lenders"), to be dated on or around the date hereof pursuant to which the Subsidiary and the other Lenders shall make available to the borrowers a revolving credit facility to be used by Global Heating Products plc and the other borrowers to discharge their obligations under the Finance Documents (as defined therein), payments of loan stock, costs and expenses associated with the Acquisition (as defined therein) and for other general corporate purposes of the group (the "**Inter-Company Loan Agreement**");
- (d) an indenture to be entered into between Global Heating Products plc (Registered No. 5014835) (name to be changed to Heating Finance plc) either, Deutsche Trustee Company Limited or Bank of New York and the Subsidiary constituting senior subordinated notes of Global Heating Products plc (Registered No. 5014835) (name to be changed to Heating Finance plc) (the "**Notes**"), pursuant to which the Subsidiary shall jointly and severally with other persons guarantee to each holder of such Notes all sums payable in connection with such Notes (the "**Indenture**"); and
- (e) a purchase agreement between Global Heating Products plc (Registered No. 5014835) (name to be changed to Heating Finance plc), the Subsidiary, The

Royal Bank of Scotland plc and others (the "**Purchase Agreement**") in which the Subsidiary makes certain representations and warranties to The Royal Bank of Scotland plc as to its constitution, standing, business and other matters and jointly and severally with other persons indemnifies The Royal Bank of Scotland plc from certain losses, liabilities, costs, claims, damages and expenses in relation to such representations, warranties and other matters in connection with the issue of the Notes referred to above.

OLD BAXI HOLDINGS LIMITED

Company No 3879158

Rider C

1. By executing the Composite Guarantee and Debenture, the Subsidiary:
 - (a) guarantees payment to the Security Trustee of all monies owing at the time or at any time after the date of the Composite Guarantee and Debenture under all or any of the Secured Documents by any Group Company (both terms as defined therein), including Global Heating Products plc,;
 - (b) covenants with the Security Trustee (as agent and trustee for the Secured Parties) that it shall, to the extent that the same have fallen due and have not been paid pursuant to the terms of the Facility Agreements (as defined therein), pay to the Security Trustee on demand all costs and expenses incurred by the Security Trustee in relation to the Composite Guarantee and Debenture and each Security Accession Deed (as defined therein) and the protection or enforcement of the Security Trustee's rights thereunder and under each Security Accession Deed.
 - (c) charges with full title guarantee, as continuing security for the payment of the Secured Obligations (as defined therein) in favour of the Security Trustee:
 - by way of legal mortgage all estates or interests in the Legally Mortgaged Property (as defined therein);
 - by way of fixed charge all estates or interests in any freehold, leasehold and other immovable property now or at any time during the continuance of the security belonging to the Subsidiary (other than the above-referred Legally Mortgaged Property) and the proceeds of sale thereof and all buildings and trade and other fixtures from time to time on any such property belonging to or charged to the Subsidiary;
 - by way of fixed charge all plant, machinery, vehicles, computers and office and other equipment owned by the Subsidiary both present and future;
 - by way of fixed charge all book debts and other debts now and from time to time due or owing to the Subsidiary the Debts (as defined therein) and (subject to certain provisions contained therein) all monies which the Subsidiary receives in respect thereof;
 - by way of fixed charge (subject to certain conditions contained therein) all balances standing to the credit of any current, deposit or other account of the Subsidiary with the Security Trustee or any

other Secured Party (as defined therein) or with other bankers, financial institutions or similar third parties;

- by way of fixed charge the Securities (as defined therein);
 - by way of fixed charge the goodwill of the Subsidiary and its uncalled capital at the time or at any time after the date of the Composite Guarantee and Debenture in existence;
 - by way of fixed charge all copyrights, patents, patent applications, licences, trade marks, tradenames, know-how and inventions or other rights of every kind deriving therefrom at the time or at any time after the date of the Composite Guarantee and Debenture belonging to the Subsidiary and all fees, royalties and other rights of every kind deriving from such copyrights, patents, trade marks, tradenames, know-how and inventions; and
 - by way of floating charge the whole of the Subsidiary's undertaking and all its property, assets and rights, whatsoever and wheresoever, present and future, other than any property or assets from time to time or for the time being effectively mortgaged, assigned or charged to the Security Trustee by way of fixed charge by the Composite Guarantee and Debenture.
- (d) covenants that without the prior written consent of the Security Trustee it shall not nor shall it agree or purport to:
- (i) create or permit to subsist any Encumbrance (other than a Permitted Encumbrance) as defined in the Senior Credit Agreement whether in any such case ranking in priority to or pari passu with or after the security created by the Composite Guarantee and Debenture; or
 - (ii) sell, discount, factor, transfer, lease, lend or otherwise dispose of, whether by means of one or a number of transactions related or not and whether at one time or over a period of time, the whole or any part of its undertaking or assets except as permitted under the Facility Agreements (as defined therein);
- (e) agrees, at the request of the Security Trustee to execute in favour of the Security Trustee, or as it may direct, such further or other legal assignments, transfers, mortgages, charges or other documents as in any such case the Security Trustee shall stipulate over the Subsidiary's estate or interest in any property or assets of whatsoever nature or tenure and wheresoever situate, for the purpose of more effectively perfecting or protecting the security intended to be provided under the Composite Guarantee and Debenture hereby or for facilitating (if and when such security has become enforceable) the enforcement of such security.

2. By executing the IP Charge the Subsidiary:

- (a) charges by way of first fixed charge in favour of the Security Trustee all the Charged Property (as defined therein); and
 - (b) from time to time will execute in favour of the Security Trustee further assignments, transfers, charges or other documents as the Security Trustee shall stipulate in respect of the above-referred Charged Property for the purpose of more effectively providing security to the Security Trustee for the payment or discharge of the Secured Obligations (as defined therein).
- 3. By executing the Inter-Company Loan Agreement the Subsidiary makes available to the Borrowers (as defined therein) a revolving credit facility, the purpose of which is to enable the above-referred Borrowers to discharge their obligations under the Finance Documents (as defined therein), payments of loan stock, costs and expenses associated with the Acquisition (as defined therein) and for other general corporate purposes of the Group (as defined therein).
- 4. By executing the Indenture, the Subsidiary shall jointly and severally with other persons guarantee to each holder of such Notes all sums payable in connection with such Notes.
- 5. By executing the Purchase Agreement, the Subsidiary makes certain representations and warranties to The Royal Bank of Scotland plc as to its constitution, standing, business and other matters and jointly and severally with other persons indemnifies The Royal Bank of Scotland plc from certain losses, liabilities, costs, claims, damages and expenses in relation to such representations, warranties and other matters in connection with the issue of the Notes.

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The Directors
Old Baxi Holdings Limited
Pentagon House
Sir Frank Whittle Road
Derby DE21 4XA

10 March 2004

Our ref: B19/C20

Dear Sirs

Auditors' report to the directors of Old Baxi Holdings Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Old Baxi Holdings Limited ("the Company") dated 10 March 2004 in connection with the proposal that the Company's subsidiary undertaking, Valor Limited, should give financial assistance for the purchase of the ordinary shares of the Company's ultimate holding company, Baxi Group Limited. This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We have enquired into the state of the Company's affairs in order 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.

Yours faithfully



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors