

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

**155(6)b**

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488  
15/07/2006

Please do not  
write in this  
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**Please complete  
legibly, preferably  
in black type, or  
bold block  
lettering**

The assistance is to be given to: (note 2) TAYLOR MAXWELL GROUP LIMITED (Company No. 05726000)  
(the "Purchaser") whose registered address is at Taylor Maxwell House, The Promenade, Clifton, Bristol BS8  
3NW.

Please see Appendix 1.

† delete as appropriate

Please see Appendix 2.

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 within 8 weeks of today's date

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

~~X~~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~~ 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) XXXX received a loan from the XYZ company, which was used to pay off its debts to the bank. The loan was made on the condition that the company will be able to pay its debts to the bank.

XXXXXXX\* (note 3)

And ~~X~~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

Narrow Quay House, Narrow Quay, Bristol BS1 4AM

Declarants to sign below

on 

Day	Month	Year
05	07	2006

before me MICHAEL J. JONES  
NICOLA SARAU JONES - Commissioner  
 A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths. MICHAEL J. JONES  
SOLICITOR

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## 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**

Appendix 1 – Form 155(6)(b)

TAYLOR, MAXWELL & CO. LIMITED

(Company Number 00476749)

(the "Company")

The background for financial assistance is as follows:

The Subsidiary is proposing to give financial assistance in connection with the proposed acquisition by the Purchaser of 969,729 ordinary "A" shares of £1.00 each and 65,000 ordinary "B" Shares of £1.00 each in the Taylor Maxwell Holdings Limited ("TMHL") pursuant to an offer document (the "Acquisition").

In order to finance the Acquisition, TMHL, the Company, Michael Douglas & Co. Limited, Taylor Maxwell Timber Limited ("TMT"), Taylor Marketing Corporation Ltd. ("TMC"), the Subsidiary and Added Value Timber Products Limited ("AVTP") (together, with The Vobster Cast Stone Co. Limited, the "Target Group" and each a "Target Group Company") have reached agreement with Lloyds TSB Commercial Finance Limited ("LTCF") to provide invoice discounting and other facilities (the "LTSB Facilities") to certain members of the Target Group for the purpose of financing the Acquisition, refinancing part of the Target Group's indebtedness to Lloyds TSB Bank plc (the "Bank") and to provide working capital. The LTSB Facilities will comprise:

- (a) the provision by LTCF of asset-backed facilities of up to £22,000,000 comprising:
  - (i) up to £15,000,000 (aggregate) confidential invoice discounting facilities to the Company, TMT, TMC, the Subsidiary, and AVTP pursuant to various receivables finance agreements; and
  - (ii) up to £7,000,000 (aggregate) term loan facilities to the Company and TMT pursuant to loan agreements.
- (b) The provision by LTCF of a £750,000 guarantee in favour of the Bank (the "Bank Guarantee").

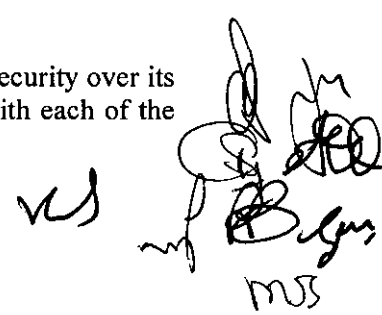
The Purchaser will enter into intra-group loan agreements to be made between:

- (c) the Purchaser (1) and the Company (2) pursuant to which the Company may make loans available to the Purchaser of up to £4,000,000; and
- (d) the Purchaser (1) TMT (2) pursuant to which TMT may make loans available to the Purchaser of up to £3,000,000;

under which the Company and TMT will agree to lend monies to the Purchaser to enable the Purchaser to fund the Acquisition and to meet its working capital needs, including professional advisors fees and any other obligation incurred in connection with the Acquisition (the "Intra-Group Loan Arrangement").

Pursuant to the terms of the LTSB Facilities the Subsidiary is required to create security over its undertakings and assets in favour of LTCF and to enter into cross-guarantees with each of the Bank and LTCF.

The assistance will take the form of the Subsidiary entering into:



- (a) a receivables finance agreement and related terms and conditions under which the Subsidiary will sell to LTCF certain of its book debts (the "**Receivables Finance Agreement**");
- (b) first ranking security over its undertaking and assets including its properties in favour of LTCF on the terms of an all assets debenture (the "**LTCF Debenture**");
- (c) a cross guarantee and indemnity to guarantee the obligations and liabilities of the Principals (as defined therein) in favour of LTCF from time to time (the "**LTCF Guarantee**");
- (d) a deed of priority between LTCF (1) the Bank (2) and the Target Group Companies and the Purchaser (3) to acknowledge the priorities recorded therein (the "**Deed of Priorities**");
- (e) an omnibus guarantee and set off agreement between the Bank (1) and each of the Target Group Companies and the Purchaser (2), pursuant to which the Subsidiary will, among other things, guarantee the obligations of the other Target Group Companies and the Purchaser to the Bank (the "**OGSA**");

(each of those documents referred to in (a) to (e) above being referred to as a "**Financial Assistance Document**" and together the "**Financial Assistance Documents**").

It is a condition precedent to the availability of the LTSB Facilities that the Subsidiary enter into the Financial Assistance Documents.

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**Appendix 2 – Form 155(6)(b)**

**TAYLOR, MAXWELL & CO. LIMITED**

**(Company Number 00476749)**

**(the "Company")**

The principal terms on which the assistance will be given are summarised and separately described below in relation to each individual Financial Assistance Document.

Expressions defined in each Financial Assistance Document shall have the same meanings in that part of this appendix which relates to that particular Financial Assistance Document unless otherwise defined in appendix 1 or this appendix 2. Clause and other document references used in each part of this appendix are to the clause and other references in the particular Financial Assistance Document to which that particular part of this appendix relates.

**1 RECEIVABLES FINANCE AGREEMENT**

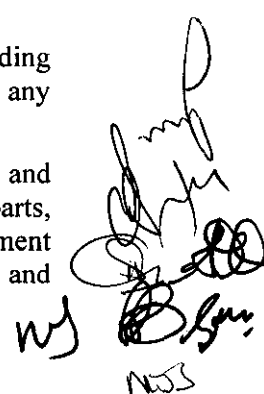
- 1.1 Under the terms of the Receivables Finance Agreement, the Subsidiary will offer to sell all of its current and future book debts to LTCF.

**2 LTCF DEBENTURE**

- 2.1 Under the terms of the LTCF Debenture, the Subsidiary covenants to pay to LTCF all monies (in whatever currency), obligations and liabilities which are from time to time due, owing or incurred by the Subsidiary to LTCF, whether actually or contingently, solely or jointly and whether as principal or surety, including discount charges and interest (as well after as before judgment) commission and other fees and charges at the rates and on the terms agreed between the Subsidiary and LTCF from time to time, together with all Expenses and all amounts owing in respect of Indemnified Events plus, in each case, interest at the rate agreed with the Subsidiary, from the date the same are incurred to the date of payment in full compounded monthly or otherwise in accordance with LTCF's usual practice (the "**Secured Liabilities**").

- 2.2 As continuing security for the payment and/or discharge of the Secured Liabilities, the Subsidiary with full title guarantee charges to LTCF:

- (a) by way of legal mortgage, the property (if any) described in Schedule 2;
- (b) by way of fixed charge any freehold or leasehold property (excluding any property charged by clause 2.1.1) at the date of the LTCF Debenture and in the future owned by the Subsidiary or in which the Subsidiary may have an interest;
- (c) by way of fixed charge, all buildings, fixtures and fittings (including trade fixtures and fittings) from time to time in, on or attached to any of the Subsidiary's freehold or leasehold property;
- (d) by way of fixed charge all the Subsidiary's plant and machinery and other equipment listed in Schedule 3 and all spare parts, replacements, modifications and additions for or to such Equipment and the benefit of all manuals, instructions, warranties and maintenance agreements relating to such Equipment;



- (e) by way of fixed charge, any other plant, machinery, vehicles, computer equipment, furniture, tools and other equipment not disposed of in the ordinary course of the Subsidiary's business not listed in Schedule 3 and all spare parts, replacements, modifications and additions for or to such Equipment and the benefit of all manuals, instructions, warranties and maintenance agreements relating to such Equipment;
- (f) by way of fixed charge, all Non Vesting Invoices and all cash in respect thereof;
- (g) by way of fixed charge, all Other Invoices required by LTCF to be paid into a Nominated Account and all cash in respect thereof;
- (h) by way of fixed charge, any credit balance on any Nominated Account;
- (i) by way of fixed charge, all the Subsidiary's goodwill and uncalled capital present and future;
- (j) by way of fixed charge, all the Subsidiary's Intellectual Property from time to time not disposed of in the ordinary course of the Subsidiary's business;
- (k) by way of fixed charge, all Securities from time to time owned by the Subsidiary or in which it has an interest;
- (l) by way of fixed charge, all loan capital, indebtedness or liabilities on any account or in any manner owing to the Subsidiary from any Subsidiary of the Subsidiary or a member of the Subsidiary's Group;
- (m) by way of fixed charge, all the Subsidiary's rights and claims (including to the return of premiums) under all insurance policies in which the Subsidiary has an interest from time to time;
- (n) by way of floating charge, all the Subsidiary's property, assets and rights from time to time not subject to a fixed charge under the LTCF Debenture (including any property or assets situated in Scotland).

2.3 Under the terms of the LTCF Debenture the Subsidiary will, upon LTCF's request, grant LTCF such further Security Interests in the Charged Assets in such form and on such terms as LTCF may require and do whatever other acts or things LTCF may require in relation to the Charged Assets in order to secure the Secured Liabilities, to perfect or protect the Security Interests created by the LTCF Debenture or to facilitate the realisation of the Charged Assets.

### 3 LTCF GUARANTEE

3.1 Under the terms of the LTCF Guarantee the Subsidiary (amongst others) guarantees the due performance for the obligations of each of the companies listed in the schedule to the LTCF Guarantee under the LTSB Facilities and to indemnify LTCF against all losses which LTCF may suffer or incur by reason of any failure of any of the companies to comply with any terms of the LTSB Facilities.

3.2 The liability of the Subsidiary under the LTCF Guarantee is joint and several.

Handwritten signatures and initials, including 'MJS' at the bottom.

**4 DEED OF PRIORITIES**

- 4.1 Under the Deed of Priorities, the Subsidiary will agree to the priority arrangements agreed between the Bank and LTCF.

**5 OGSA**

- 5.1 Under the terms of the OGSA the Subsidiary will guarantee to the Bank payment of all monies and liabilities, whether actual or contingent now, or at any time after the date the OGSA is entered into, due owing or incurred from or by one or more of the companies listed in Schedule 1 to the OGSA to the Bank without limitation.
- 5.2 The Subsidiary indemnifies the Bank in respect of any monies and liabilities which, but for the circumstances set out in sub-clause 4.1 of the OGSA would form all or part of the companies' liabilities and which cannot be received or cannot for the time being be recovered by the Bank from any of the companies for any reason whatsoever so that such monies shall nevertheless be recoverable from the Subsidiary and each of the companies as though each were a principal debtor in respect of an equivalent aggregate amount.
- 5.3 Under the terms of the OGSA the Subsidiary will charge to the Bank its Credit Balances as security for the Secured Obligations. In addition, under the terms of the OGSA the Bank may from time to time without notice combine or consolidate all or any of the Subsidiary's accounts with the Bank with all or any of the Principal Liabilities and the Bank may set off or transfer any sums standing to the credit of any of the Subsidiary's accounts in or towards satisfaction of any Principal Liabilities.
- 5.4 The Subsidiary's liabilities under the OGSA are joint and several.

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The Directors  
Taylor Maxwell & Co Limited  
The Promenade  
Clifton  
BRISTOL BS8 3NW

5 July 2006

Dear Sirs

**Auditors' report to the directors of Taylor Maxwell & Co Limited pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Taylor Maxwell & Co Limited (the "Company") dated 5 July 2006 in connection with the proposal that the Company's subsidiary undertaking, Taymax Independent Plywood Limited, should give financial assistance for the purchase of the shares of the Company's holding company, Taylor Maxwell Holdings 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.

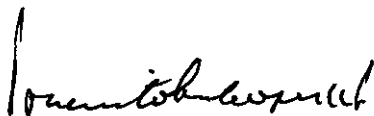
**Basis of opinion**

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*