

Oyez

CHFP041

COMPANIES FORM No. 155(6)a

155(6)a

Declaration in relation to assistance for the acquisition of shares.

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
(Address overleaf - Note 5)

For official use

Company number

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00926679

Name of company

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

* PRIMARY FLUID POWER LIMITED

*Insert full name of company

We† Stephen Merrie of 15 Granborne Terrace, Kirkby, Liverpool, L32 2DN

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

§Delete as appropriate

[the sole director] ~~the directors~~ of the above company do solemnly and sincerely declare that:

The business of the company is:

‡Delete whichever is inappropriate

~~(a) that of a recognised bank (licenced 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 ‡

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] ~~company's holding company~~ §

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: 7,800,100 ORDINARY SHARES OF £1.00 EACH BEING THE ENTIRE ISSUED SHARE CAPITAL OF THIS COMPANY

Presenter's name, address and reference (if any):

For official use
General Section

Post room



A18
COMPANIES HOUSE

0302
25/06/05

The assistance is to be given to: (note 2)

PRIMARY FLUID HOLDINGS LIMITED (COMPANY NUMBER: 05428542) and S. BERENDSEN LIMITED (COMPANY NUMBER : 10125510) BOTH OF CADDICK ROAD, KNOWSELY BUSINESS PARK, KNOWSELY, MERSEYSIDE L34 9HP

Please do not
write in
this margin

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

The assistance will take the form of:

SEE ATTACHED ANNEX 1

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

PRIMARY FLUID HOLDINGS LIMITED

*Delete as
appropriate

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

SEE ATTACHED ANNEX 2

The amount of cash to be transferred to the person assisted is £ 2,094,268.00

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 THE DATE HEREOF

Cog 155(6)(a)-2/3

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

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 LIVERPOOL, MERSEYSIDE Declarants to sign below

on Day Month Year
03 06 2005

Carter Levin & Berg
1 Temple Square
24 Dale Street
Liverpool

before me

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

L2 5RU
DX 14230 LIVERPOOL

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 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



The Wilson Henry Partnership

Chartered Accountants

145 Edge Lane • Liverpool • L7 2PG

Telephone 0151 264 8888 • Fax 0151 264 6267 • e-mail: advisors@wilsonhenry.co.uk

PRIVATE & CONFIDENTIAL

The Directors
Primary Fluid Power Limited
Caddick Road
Knowsley
Liverpool
L34 9HP

Our Ref: HSH/PF567

3rd Jun 2005

Dear Sirs

AUDITORS' REPORT TO THE DIRECTORS OF PRIMARY FLUID POWER LIMITED (COMPANY NUMBER 926679) (THE "COMPANY") MADE IN ACCORDANCE WITH SECTION 156(4) COMPANIES ACT 1985

We refer to the statutory declaration made by all the directors of the Company (to which this report is annexed) in respect of the financial assistance which it is proposed that the Company will give to Primary Fluid Holdings Limited (company number 05428542) in connection with its acquisition of the entire issued share capital of the Company.

As the auditors of the Company, we report that we have enquired into the state of affairs of the Company 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

The Wilson Henry Partnership

The Wilson Henry Partnership

Registered to carry on audit work by
the Institute of Chartered Accountants in
England and Wales.
Authorised to carry on investment business by
The Financial Services Authority.

Partners:

Hilene S Henry BSc (Hons) FCA FCCA
Martin L Calcutt CEng BSc MICE FCA FCCA ATII
Peter A Alcock FCA DipM ACIM
David J Kirby BSc (Hons) ACA



Primary Fluid Power Limited

Attachment 1

1. The execution, delivery and compliance with the terms of an inter company loan ("Inter Company Loan") between the Company and Primary Fluid Holdings Limited ("Holdings") to provide an interest-free unsecured loan to Holdings in respect of the consideration to be paid by Holdings for purchase of some of the assets of S. Berendsen Limited ("SBL") by Holdings including shares in the Company ("Purchase");
2. The execution, delivery and compliance with the terms of a guarantee and debenture ('Guarantee and Debenture') in favour of GMAC Commercial Finance Plc ("GMAC") which would create fixed and floating charges over all the business, assets and undertaking of the Company as security for all obligations and liabilities from time to time owing by the Company to GMAC (including, inter alia, pursuant to the Guarantee and Debenture); and to guarantee all monies and liabilities at any time due owing or incurred from and by the Company and indemnify GMAC against the monies obligations and liabilities now or hereafter owed or incurred by the Company to GMAC (b) to permit GMAC at any time to set off any sum standing to the credit of any bank accounts of the Company with GMAC in or towards satisfaction of the Company's liabilities to GMAC;
3. The execution, delivery and compliance with the terms of a facility agreement ("Facility Agreement") between the Company (1) and GMAC (2) to, inter alia, assist in the Purchase;
4. The execution, delivery and compliance with the terms of an invoice discounting agreement ("Invoice Discounting Agreement") between the Company (1) and GMAC (2) to provide an invoice discounting facility to the Company;
5. The execution, delivery and compliance with the terms of an interface agreement ("Interface Agreement") between the Company (1) and GMAC (2) to facilitate the invoice discounting arrangement;
6. The execution, delivery and compliance with the terms of an assignment ("Powerflow Assignment") between the Company (1) and Powerflow Hydraulics Limited ("Powerflow") (2) to assign a debt due to Powerflow from SBL in the sum of £780,000;
7. The execution, delivery and compliance with the terms of a deed of assignment ("Assignment") between the Company (1) and GMAC (2) in respect of the assignment by the Company of a credit insurance policy to GMAC;



8. The execution, delivery and compliance with the terms of a demand guarantee ("Demand") between the Company (1) SBL (2) Berendsen PMC Limited (3) Powerflow (4) Double D Hydraulics Limited (5) and Fluid Power Express Limited (6) as security in support of the loan note in favour of SBL ("together known as the Documents");
9. a loan note ("Loan Note") between the Company (1) and SBL in favour of SBL; and
10. the debt repayment and set off arrangements with SBL.

In entering in to the documents referred to above, the Company is entering in to obligations and assuming liabilities and giving security in connection with the acquisition of the shares in the Company and may in future be called upon pursuant to the documents referred to in this declaration to discharge the obligations and/or liabilities arising in connection with the acquisition of the shares in the Company.



Primary Fluid Power Limited
Attachment 2

The principle terms on which the assistance will be given are:-

1. The principles terms of the Guarantee and Debenture are:-
 - (a) the Guarantee and Debenture is given to GMAC;
 - (b) the Guarantee and Debenture is unlimited;
 - (c) under the Guarantee and Debenture the Company guarantees to discharge on demand the liabilities of each other party to the Guarantee and Debenture to GMAC of any kind (whether present, future, actual or contingent and whether incurred alone or jointly with another and whether a principle or a surety) including interest, banking charges and costs;
 - (d) under the Guarantee and Debenture any amount not recoverable on the basis of a guarantee is nevertheless recoverable from the Company as principle debtor by way of indemnity;
 - (e) the Guarantee and Debenture is a continuing security;
 - (f) under the Guarantee and Debenture the Company agrees that it shall not be entitled to take the benefit of any security held by GMAC in respect of the obligations of any other party to the Guarantee and Debenture and not to prove against any other such party in competition with GMAC;
 - (g) under the terms of the Guarantee and Debenture the Company will grant fixed and floating charges over all of the Company's undertaking and assets to GMAC to secure all sums due from the Company to GMAC from time to time including without limitation the liabilities of the Company from time to time under the Guarantee and Debenture; and
 - (h) the Guarantee and Debenture contains restrictions on the Company's ability to deal with its assets, and obligations on the Company for the preservation of the security, and gives GMAC power to appoint an administrative receiver.
2. The principle terms of the Inter Company Loan are that the Company agrees to provide facilities in the sum of £490,000 sterling to Holdings to assist in the acquisition of the entire issued share capital of the Company on an interest free unsecured basis.



3. Under the terms of the Powerflow Assignment, Powerflow will assign to the Company a debt of £780,000 sterling due to Powerflow from SBL.
4. Under the terms of the Facility Agreement GMAC will make available to the Company a facility of up to £3,000,000 sterling to assist, inter alia, in the Purchase (and related transaction) costs of the Company. The Company is to provide security to support the Facility Agreement and is obliged to pay interest on any sums drawn down and to pay fees in respect of the provision of the facility under the Facility Agreement.
5. Under the Invoice Discounting Agreement GMAC will provide the Company with an invoice discounting facility and the Company covenants to repay such facilities or part thereof and warrants as to, inter alia, its status, the validity of its debts and its powers to enter into the Invoice Discounting Agreement.
6. The principle terms of the Assignment of that company will assign the benefit of a credit insurance policy to GMAC and that the company will continue to pay the premiums payable in respect of such policy, and warrants as to, inter alia, the said policy is valid.
7. The principle terms of the Demand are:-
 - (a) the Demand is given to SBL;
 - (b) the Demand is limited to £1,000,000 sterling plus interest and any amount owing under a loan note between Holdings and SBL;
 - (c) under the Demand the Company guarantees to discharge the liabilities of Holdings to SBL, including interest in respect of any failure by Holdings to make payments of deferred consideration to SBL pursuant to the Purchase.
8. The principle terms of the Interface Agreement are that GMAC will provide the Company with equipment to facilitate the provision of the invoice discounting arrangement and the Company undertakes to pay the fees in respect of the provision of such equipment.
9. The principle terms of the Loan Note are:-
 - (a) the Loan Note is given to SBL;



- (b) under the Loan Note the Company unconditionally guarantees the proper fulfillment of the obligations of Holdings under the Loan Note in the form of the Demand Guarantee.
10. The principle terms of the debt repayment and set off arrangements with SBL are that the Company will set-off monies owed to it by SBL against monies owed by it to SBL and pay any remaining sums to SBL.