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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
marginPlease complete
legibly, preferably
in black type, or
bold block letteringNote
Please read the notes
on page 3 before
completing this form*Insert full name
of company†Insert name(s) and
address(es) of all
the directors§Delete as
appropriate‡Delete whichever
is inappropriate

Pursuant to section 155(6) of the Companies Act 1985

To the Registrar of Companies

For official use

Company number



953504

Name of company

* Instem Computer Systems Limited (the "Company")

I/We† See Annexure 1

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

The business of the 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~~ [a] holding company of* Instem Apoloco Limited (Company
Number: 2126697) (the "Target Subsidiary") which is
proposing to give financial assistance in connection with the acquisition of shares
in ~~this company~~ [Instem Limited (Company Number:
1598518) (the "Target")] the holding company of this company.†

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

Dibb Lupton Alsop
101 Barbirolli Square
Manchester
M2 3DL

For official use
General Section

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

Please do not write in this margin

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

The number and class of the shares acquired or to be acquired is: See Annexure 2

The assistance is to be given to: (note 2) Metsin Limited (Company No: 3328443) whose registered office is situate at Churchill House, 47 Regent Road, Hanley, Stoke on Trent ST1 3RO (the "Purchaser")

The assistance will take the form of:

See Annexure 3

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

†Delete as appropriate

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

See Annexure 4

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is 0.00 (See Annexure 5)

The amount of cash to be transferred to the person assisted is £ 0.00 (See Annexure 5)

The value of any asset to be transferred to the person assisted is £ 0.00 (See Annexure 5)

Please do not
write in this
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The date on which the assistance is to be given is within 8 weeks of the date hereof 19

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

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)

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

(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 Stone in the
County of Stafford
the sixth day of February
One thousand nine hundred and ninety eight
before me M. J. Hardy

Declarants to sign below

[Handwritten signatures of declarants]

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

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.

INSTEM COMPUTER SYSTEMS LIMITED
ANNEXURES TO FORM 155(6)b
ANNEXURE 1

J.L.
RG
ABB
AI
[Signature]

Name: David Gare
Address: Birch House
Crewe Road
Alsager
Cheshire ST7 2JF

Name: David Michael Sherwin
Address: 11 Airdale Spinney
Stone
Staffordshire

M Name: Roger Graham ~~Taylor~~ *Turner*
Address: 136 Eccleshall Road
Stafford
Staffordshire

Name: Anthony Boyd Bonser
Address: Coppice Mill
Stone
Staffordshire

Name: David Elks
Address: 24 The Mead
Trentham
Stoke-on-Trent
Staffordshire

Name: John Anthony Haine
Address: "Whitebeam"
Rock Crescent
Oulton
Stone
Staffordshire

INSTEM COMPUTER SYSTEMS LIMITED
ANNEXURES TO FORM 155(6)b
ANNEXURE 2

7.8.
D.S.
R.S.
A.B.
S.B.
M.S.

The number and class of the shares acquired is 4,953,547 ordinary shares of 10 pence each.

INSTEM COMPUTER SYSTEMS LIMITED
ANNEXURES TO FORM 155(6)b
ANNEXURE 3

JS
/S
RG
AB
SU
[Signature]

All capitalised items in this annexure 3 shall have the meanings given to them in annexure 6.

Form of assistance

The assistance will take the form of the execution by the Target Subsidiary of the following documentation (as the same may be amended, varied, supplemented or substituted from time to time) and the Target Subsidiary complying with and fulfilling its obligations thereunder:-

- 1 the Full Composite Guarantee and Debenture, pursuant to the terms of which the Target Subsidiary:-
 - (i) undertakes to discharge its own liabilities and obligations from time to time to the Bank and guarantees the liabilities and obligations from time to time of all other Group Companies to the Bank, including, without limitation:-
 - (a) the liabilities and obligations of the Purchaser to the Bank under, or as contemplated by, the Facilities Agreement; and
 - (b) the liabilities and obligations of the Purchaser and the Approved Companies to the Bank under, or as contemplated by, the Working Capital Facility Letter and the Indemnity; and
 - (ii) grants to the Bank fixed and floating charges over all the property, assets and undertaking of the Target Subsidiary, as security for all liabilities and obligations of the Target Subsidiary to the Bank (including, without limitation, the Guarantee Liabilities),

it being noted that the Facilities are made available for the purpose of, or may be utilised in respect of, the Acquisition;
- 2
 - (i) the Deed of Accession, pursuant to the terms of which the Target Subsidiary will accede to the terms of the Facilities Agreement;
 - (ii) the Working Capital Facility Letter,

pursuant to the terms of which the Target Subsidiary undertakes certain liabilities and obligations and agrees to certain indemnities in respect of the Facilities, it being noted that the Facilities are made available for the purpose of, or may be utilised in respect of, the Acquisition; and
- 3 the Indemnity, pursuant to the terms of which, the Target Subsidiary indemnifies the Bank against any liabilities incurred by the Bank under the Bank Guarantee.

INSTEM COMPUTER SYSTEMS LIMITED
ANNEXURES TO FORM 155(6)b
ANNEXURE 4

Handwritten signatures and initials in the top right corner, including "J.S.", "K.S.", and "ABR".

All capitalised items in this annexure 4 shall have the meanings given to them in annexure 6.

Terms on which assistance given

The principal terms on which the assistance is given is as follows:-

The Full Composite Guarantee and Debenture

1. Pursuant to the terms of the Full Composite Guarantee and Debenture:-

- (i) the Target Subsidiary undertakes to discharge its own liabilities and obligations to the Bank and guarantees, and is primary obligor for, the liabilities and obligations of all other Group Companies to the Bank; and
- (ii) the Target Subsidiary charges with full title guarantee:-
 - (a) by way of first legal mortgage:-
 - (aa) all its freehold and leasehold interest in the properties title to which is registered at HM Land Registry described in Part 1 of Schedule 2 of the Full Composite Guarantee and Debenture, together with all buildings, fixtures, (excluding in the case of leasehold property landlord's fixtures but including other trade fixtures and excluding in the case of freehold property and leasehold property which is let or sub-let to a third party, tenant's and trade fixtures and fittings of such third party) and fixed plant and machinery at any time thereon; and
 - (bb) all other freehold and leasehold interests in the properties now vested in it but title to which is not registered at HM Land Registry described in Schedule 2 of the Full Composite Guarantee and Debenture, together with all buildings, fixtures, (excluding in the case of leasehold property landlord's fixtures but including other trade fixtures and excluding in the case of freehold property and leasehold property which is let or sub-let to a third party, tenant's and trade fixtures and fittings of such third party) and fixed plant and machinery at any time thereon;
 - (b) by way of first fixed charge:-
 - (aa) all future freehold and leasehold property of the Target Subsidiary together with all buildings, fixtures (excluding in the case of leasehold property landlord's fixtures, but including trade fixtures and excluding in the case of freehold property and leasehold property which is let or sub-let to a third party, tenant's and trade

fixtures and fittings of such third party) and fixed plant and machinery at any time thereon;

- (bb) all estates and interests not at the time of the granting of the Full Composite Guarantee and Debenture effectively charged belonging to the Target Subsidiary at the time of the granting of the Full Composite Guarantee and Debenture or thereafter in or over land wheresoever situate or the proceeds of sale of land and all licences at the time of the granting of the Full Composite Guarantee and Debenture or thereafter held by the Target Subsidiary to enter upon or use land and the benefit of all other agreements relating to land to which the Target Subsidiary is or may become a party or otherwise entitled and all trade and tenants' fixtures, plant and machinery owned by the Target Subsidiary at the time of the granting of the Composite Guarantee and Debenture or thereafter annexed to all freehold and leasehold property its estate or interest in which stands charged hereunder;
- (cc) the goodwill of the Target Subsidiary and its issued but unpaid capital at the time of the granting of the Full Composite Guarantee and Debenture or thereafter in existence and future calls (whether made by the directors of the Target Subsidiary or by a receiver or a liquidator);
- (dd) all copyrights, patents and registered and unregistered designs (including applications and rights to apply therefor), inventions, trademarks and service marks whether registered or not (including all registrations thereof and applications and rights to apply therefor), confidential information and know-how and fees, royalties and other rights of every kind deriving from copyright, patents or inventions or other intellectual property throughout the world at the time of the granting of the Full Composite Guarantee and Debenture or thereafter belonging to or created by or assigned to the Target Subsidiary;
- (ee) all plant and machinery at the time of the granting of the Full Composite Guarantee and Debenture or thereafter belonging to the Target Subsidiary including, without limitation, the plant and machinery specified in Schedule 4 of the Full Composite Guarantee and Debenture (excluding however plant and machinery for the time being forming part of its stock in trade or work in progress);
- (ff) all chattels now or at any time hereafter hired, leased or rented by the Target Subsidiary to any other person together in each case subject to and with the benefit of the related hiring, leasing or rental contract and any guarantee, indemnity or other security for the performance of the obligations of any person under or in respect of such contract;

- (gg) all Receivables;
- (hh) the Insurances, the benefit of any claim to the proceeds of any such Insurances and the right to the return of any such insurance premium in relation to any such Insurance; and
- (ii) the benefit of all licences consents and authorisations (statutory or otherwise) held in connection with its business or the use of any property charged by way of the Full Composite Guarantee and Debenture and the right to recover and receive all compensation which may be payable to it in respect of them; and
- (c) by way of first floating charge all its undertaking and all its property and assets whatsoever and wheresoever situated both present and future, including (without prejudice to the generality of the foregoing) (i) heritable property and all other property and assets in Scotland and (ii) the proceeds of the collection of any Receivables, but excluding any property or assets from time to time or for the time being otherwise effectively mortgaged or charged by way of fixed mortgage or charge under or pursuant to the Full Composite Guarantee and Debenture,

as continuing security for all its liabilities and obligations to the Bank (including, without limitation, the Guarantee Liabilities);

The Deed of Accession

2. Pursuant to the terms of the Deed of Accession, the Target Subsidiary shall accede to the terms of the Facilities Agreement as an Approved Company;

The Facilities Agreement/The Working Capital Facility Letter

3. Pursuant to the terms of:-
 - (i) the Facilities Agreement, the Bank provides to the Purchaser:-
 - (a) the Term Loan Facility; and
 - (b) the Guarantee Facility; and
 - (ii) the Working Capital Facility Letter, the Bank provides the Working Capital Facility to the Purchaser and any Approved Company; and

The Indemnity

4. Pursuant to the terms of the Indemnity, the Target Subsidiary indemnifies the Bank against any liabilities incurred by the Bank under the Bank Guarantee.

INSTEM COMPUTER SYSTEMS LIMITED
ANNEXURES TO FORM 155(6)b
ANNEXURE 5

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All capitalised items in this annexure 5 shall have the meanings given to them in annexure 6.

Amount of Cash Transferred/Value of Asset Transferred

The directors of the Company, after having studied the terms of the Facilities Agreement, the Working Capital Facility Letter, the Deed of Accession, the Full Composite Guarantee and Debenture and the Indemnity are of the opinion that no provision needs to be made in the accounts of the Company in relation to the proposed financial assistance as set out in this statutory declaration.

INSTEM COMPUTER SYSTEMS LIMITED
ANNEXURES TO FORM 155(6)b
ANNEXURE 6

In this Form 155(6)a, and all its annexures, the following terms shall have the following meanings:-

"Acquisition" means the acquisition, inter alia, of the whole of the issued share capital of the Target by the Purchaser pursuant to the terms and conditions of the Offer Document;

"Approved Company" means the Company, the Target Subsidiary and any other Group Company (other than the Purchaser) which has from time to time been approved in writing by the Bank and which has executed and delivered to the Bank a deed of accession in the form of Schedule 6 to the Facilities Agreement (together the **"Approved Companies"**);

"Bank" means The Governor and Company of the Bank of Scotland acting through its branch at 19/21 Spring Gardens, Manchester M2 1FB;

"Bank Guarantee" means the bank guarantee given by the Bank on the date hereof, at the request of the Target Subsidiary, in favour of Midland Bank plc in a maximum aggregate amount of £1,172,200;

"Company" has the meaning ascribed thereto on page 1 of this Form 155(6)b;

"Deed of Accession" means the deed of accession, in the form of Schedule 6 to the Facilities Agreement, entered into between the Purchaser (1), the Target Group Companies (2) and the Bank (3), pursuant to which the Target Group Companies shall accede to the Facilities Agreement as Approved Companies;

"Facilities" means:-

- (i) the Term Loan Facility;
- (ii) the Guarantee Facility; and
- (iii) the Working Capital Facility;

"Facilities Agreement" means the facilities agreement dated 10 November 1997 and entered into by the Purchaser (1) and the Bank (2);

"Full Composite Guarantee and Debenture" means the full composite guarantee and debenture to be executed by the Target Subsidiary and the other Group Companies in favour of the Bank;

"Group" means at any time the Purchaser and its Subsidiaries, including, without limitation, the Company, and **"Group Company"** means any of them;

"Guarantee Facility" means the guarantee facility in the maximum aggregate principal amount of £6,900,000 granted to the Purchaser by the Bank pursuant to the Facilities Agreement;

"Guarantee Liabilities" means the liabilities and obligations of the Target Subsidiary to the Bank under, or pursuant to, the Full Composite Guarantee and Debenture;

"Indemnity" means the indemnity to be executed by the Target Subsidiary, indemnifying the Bank in respect of the Bank Guarantee;

"Insurances" means the policies of insurance in which a Group Company has an interest from time to time;

"Offer" means the mandatory offer made by the Purchaser in accordance with the terms of the Offer Document;

"Offer Document" means the document which was despatched on 17 October 1997 to the shareholders of the Target in connection with the Offer;

"Purchaser" has the meaning ascribed thereto on page 2 of this Form 155(6)b;

"Receivables" means all present and future book debts, rentals, royalties, fees, cash received under the Hedging Arrangements, VAT and all other amounts recoverable or receivable by the Target Subsidiary from other persons due or owing to the Target Subsidiary and the benefit of all rights relating thereto, including, without limitation, negotiable instruments, legal and equitable charges, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights;

"Subsidiary" means:-

- (i) a subsidiary as defined in Section 736 of the Companies Act 1985; and
- (ii) a subsidiary undertaking as defined in Section 258 and Schedule 10A of the Companies Act 1985;

"Target" has the meaning ascribed thereto on page 1 of this Form 155(6)b;

"Target Group Companies" means, at any time, the Target and its Subsidiaries at such time including, without limitation, the Company and the Target Subsidiary;

"Target Subsidiary" has the meaning ascribed thereto on page 1 of this Form 155(6)b;

"Term Loan Facility" means the medium term loan facility in the maximum aggregate principal amount of £6,000,000 granted to the Purchaser by the Bank pursuant to the Facilities Agreement;

"Working Capital Facility" means the working capital facility made available by the Bank to the Purchaser and any Approved Company, which, at the date hereof shall be up to an aggregate maximum principal amount of £3,700,000, as the same may be increased or reduced from time to time at the sole discretion of the Bank; and

"Working Capital Facility Letter" means any letter from time to time in force from the Bank to the Purchaser and any Approved Company for the time being, regulating the terms of the Working Capital Facility.

Auditors' report to the directors of Instem Computer Systems Limited pursuant to section 156(4) of the Companies Act 1985

E&Y. We have examined the attached statutory declarations of the directors of Instem Computer Systems Limited ("the Company") dated 6 February 1998 in connection with the proposal that ~~Instem Computer Systems Limited~~, Apoloco Limited and Instem Apoloco Limited should give financial assistance for the purchase of the whole of the issued share capital of the Company.

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.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
Manchester
6 February 1998