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CHFP025

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in black type, or
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Note
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

COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

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

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

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

2773587

Name of company

* Transform Holdings Limited (the "Company")

We Michael John Boyle of 21 Summerville Gardens, Stockton Heath, Warrington, Cheshire, WA4 2EG; Nigel John Curry of 1 Furness Lodge Close, Furness Vale, High Peak, Cheshire, SK23 7QR; Magdy Ishak-Hanna of 8A Camstradden Drive East, Glasgow, G61 4AH; James Ramsay of 7 Sands Farm Drive, Burnham, Buckinghamshire, SL1 7LD; Ian Ashley Richardson of Monkswell, The Ridgeway, Northaw, Hertfordshire, EN6 4BH

~~the sole director~~ [all the directors]† of the above 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 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 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: 100 Ordinary Shares
of £1 each

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

Eversheds
Senator House
85 Queen Victoria Street
London

EC4V 4JL

DX83 LON/CH'RY Ln WC2
Doc: 967670

For official Use
General Section

Post room



L02
COMPANIES HOUSE

0871
31/10/02

The assistance is to be given to: (note 2) COVENANT HEALTHCARE LIMITED

Company Number 4144770 of Monkswell, The Ridgeway, Northaw, Hertfordshire, EN6 4BH

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legibly, preferably
in black type, or
bold block
lettering

The assistance will take the form of:

See Appendix 1

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

[†] delete as
appropriate

Covenant Healthcare Limited

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

See Appendix 2

All monies payable in connection with the Costs
(as defined in Appendix 1) provided that it is an
amount not exceeding the distributable profits of
the Company

The amount of cash to be transferred to the person assisted is £

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

4 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)

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

delete either (a) or (b) as appropriate

(a) ~~If~~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 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 ~~if~~ 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 STEAM PACKET HOUSE
CROSS STREET, MANCHESTER

Declarants to sign below

Day Month Year

on 2 4 1 0 2 0 0 2

before me ~~H. K. Morley~~ HELEN MORLEY.

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.
- 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
37 Castle Terrace
Edinburgh
EH1 2EB

TRANSFORM HOLDINGS LIMITED
COMPANY NO. 2773587

APPENDIX 1-155(6)a

1. The entering into of the following (or the documents relating thereto) to which the Company is to be a party (as the same may be amended, varied, supplemented or substituted from time to time), such documents creating obligations given by the Company to secure funding to, amongst others, Covenant Healthcare Limited ("**Covenant**") to be used, amongst other things, to enable Covenant to acquire the entire issued share capital (the "**Shares**") of the Company:-
 - 1.1 an accession deed to be executed by (1) the Company and (2) the Bank of Scotland ("**BoS**"), (the "**Facility Accession Deed**"), pursuant to which the Company will accede as Additional Borrower (as defined in the Facility Accession Deed), to a £33,050,000 multi option facility letter dated 14 June 2002 entered into between (1) BoS and (2) Covenant amongst others, as amended by an addendum to be entered into between (1) BoS and (2) Covenant amongst others (the facility letter dated 14 June 2002 and the addendum together known as the "**Facility Letter**"), pursuant to which, amongst other things, BoS has agreed or will agree to increase the total amount of the multi option facilities from £33,050,000 to £42,100,000 (the "**Facilities**");
 - 1.2 a debenture (the "**Debenture**") to be entered into by the Company in favour of BoS;
 - 1.3 an accession and acknowledgement deed (the "**Guarantee Accession Deed**") to be executed by (1) Covenant, amongst others as Existing Guarantors (as defined in the Guarantee Accession Deed) (2) BoS and (3) the Company and its subsidiary Transform Medical Group (CS) Limited ("**TMG**"), pursuant to which the Company will accede as Additional Guarantor (as defined in the Guarantee Accession Deed) to the composite guarantee dated 17 June 2002 granted by, the Existing Guarantors, in favour of BoS (the "**Guarantee**");
 - 1.4 an accession deed to be entered into by, the Company, in favour of BoS (the "**Inter Creditor Accession Deed**") pursuant to which the Company will accede to an inter creditor agreement dated 17 June 2002 entered into by (1) BoS (2) the companies listed in Schedule 1 therein (being Covenant and certain of its subsidiaries) and (3) the persons listed in Schedule 2 therein as the Subordinated Creditors (the "**Inter Creditor Agreement**");

- 1.5 an intra-group loan agreement granted by the Company and TMG in favour of Covenant ("the **Intra-Group Loan Agreement**").
2. The payment of professional advisers' and other fees, costs and expenses incurred by Covenant and others for the purposes of the acquisition by Covenant of the Shares (the "**Costs**").

APPENDIX 2 –155(6)a

1. By executing the Facility Accession Agreement the Company will:
 - 1.1 affirm and ratify the Facility Letter and agree to act as an Additional Borrower under the Facility Letter, be bound by the terms and provisions of the Facility Letter insofar as they apply to the Borrowers (as defined in the Facility Letter) and as such will have access to those funds made available under the Facilities;
 - 1.2 agree, as security for the Facilities and any other money owing or incurred to BoS by the Borrowers to deliver or procure delivery of the Security Documents (as defined in the Facility Letter) and to grant such further security to BoS as it may require from time to time and procure that any Charging Company (as defined in the Facility Letter) which is created or is acquired by the Borrowers after the date of the Facility Letter will grant such security to BoS as it shall notify to Covenant and all such further security will secure the Facilities and any other money owing or incurred to BoS by the Borrowers; and
 - 1.3 agree that, so long as an Event of Default (as defined in the Facility Letter) has occurred and is continuing any monies from time to time standing to its credit on any account with BoS may be retained as cover for and at any time without notice to the Company applied by BoS in or towards payment or satisfaction of any monies or liabilities then or from time to time due, owing or incurred by the Borrowers to BoS in whatsoever manner, whether presently payable or not, whether actually or contingently, whether solely or jointly with any other person and as principal or surety.
2. By executing the Debenture, the Company will, amongst other things:
 - 2.1 as a principal obligor, covenant with BoS to, on demand in writing, pay and discharge the Secured Liabilities (as defined in the Debenture) which includes all amounts owing under the Facility Letter, when they fall due for payment;
 - 2.2 with full title guarantee, charge in favour of BoS all its assets, property and undertaking by way of mortgage, fixed and floating charges and/or assignment by way of security for the Secured Liabilities;
 - 2.3 undertake to, at its own expense, execute and do all such assurances, acts and things as BoS may reasonably require for effecting or protecting the security intended to be created by the Debenture over the assets secured thereby; and

- 2.4 permit BoS provided on Event of Default (as defined in the Debenture) has occurred and is continuing to set-off monies standing to the credit of the Company on any account with BoS in or towards payment or the satisfaction of any monies or liabilities owed or incurred by the Company to BoS in whatsoever manner, whether presently payable or not, whether actually or continually, whether solely or jointly with any other person and whether as principal or surety.
3. By executing the Guarantee Accession Deed the Company will accede to the Guarantee as an Additional Guarantor and will:
- 3.1 unconditionally guarantee the payment or discharge of the Secured Liabilities (as defined in the Guarantee), which includes all amounts owing under the Facility Letter and shall on demand in writing pay or discharge them to BoS;
- 3.2 undertake that all sums of money which may not be recoverable from the Company on the footing of a guarantee, shall nevertheless be recoverable from the Company as sole or principal debtor and shall be paid by the Company on demand in writing by BoS;
- 3.3 agree to be bound by the terms and provisions of the Guarantee insofar as they apply to the Guarantors (as defined in the Guarantee); and
- 3.4 agree that BoS may at any time, without prior notice to the Company, following an Event of Default (as defined in the Guarantee) that is still subsisting or after any demand has been made under the Guarantee, exercise a right of set-off or retention in respect of all money at any time standing to the credit of the Company's account against payment of all money at any time owing from the Company or other Guarantor (as defined in the Guarantee) to BoS on any account(s) and funds held following the exercise of the right of set-off may be held as security for the Secured Liabilities.
4. By executing the Inter Creditor Accession Deed, the Company will accede to the Inter Creditor Agreement as a Group Company (as defined in the Inter Creditor Agreement) and agree to be bound by all the terms of the Inter Creditor Agreement capable of applying to it and will be party to an agreement which will regulate the subordination of payments due and where applicable the enforcement of the security by the parties thereto.
5. By entering into the Intra-Group Loan Agreement the Company will lend monies to Covenant to enable it to meet its ongoing debt obligations, provided that the

Company shall only be obliged to make advances if it has sufficient cash in its bank accounts to make such advance and the Company is solvent.

6. By paying the Costs the Company will be giving financial assistance directly or indirectly for the purpose of the acquisition of the Shares.

Auditors' report to the directors of Transform Holdings Limited pursuant to section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration (Form 155(6)a) made by the directors of Transform Holdings Limited ("the Company") dated 24 October 2002 in connection with the proposal that the Company shall give financial assistance for the purchase of the whole of the issued share capital of itself being 100 Ordinary shares of £1 each.

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 LLP
Registered Auditor
Belfast

24 October 2002.