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CHFP025

COMPANIES FORM No. 155(6)a

Declaration in relation to
assistance for the acquisition
of shares

155(6)a

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

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

2836088

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

Name of company

* Draefern Holdings Limited (the "Company")

* insert full name
of company

*/We See Annexure 1

insert name(s) and
address(es) of all
the directors

† delete as
appropriate

~~the sole director~~ [all 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] (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§

The company is proposing to give financial assistance in connection with the acquisition of shares in the

[company] [company's holding company]

limited†

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: 50,000 Ordinary Shares of
£1 each

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

Macfarlanes
10 Norwich Street
LONDON
EC4A 1BD

DX: 138 Chancery Lane
VH/569805/1823834

For official Use
General Section

Post room



LD5
COMPANIES HOUSE

0192
03/04/02

The assistance is to be given to: (note 2) Epoch 2 Limited of 20 Bedfordbury London

WC2N 4BL

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 Annexure 2

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

† delete as
appropriate

Epoch 2 Limited

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

See Annexure 3

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

The value of any asset to be transferred to the person assisted is £ Zero

The date on which the assistance is to be given is today or within next 8 weeks

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 10 Norwich St London EC4A 1BD

Declarants to sign below

Imimus

[Signature]

Day Month Year
on

1	9	0	3	2	0	0	2
---	---	---	---	---	---	---	---

before me Chris Garry Denton Wilde Sapre

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

ANNEXURES

Annexures to the Statutory Declaration made by all the directors of Draefern Holdings Limited (the "Company") in respect of financial assistance to be given by the Company to Epoch 2 Limited ("Epoch 2") in relation to the acquisition of the entire issued share capital of the Company (the "Acquisition")

ANNEX 1

- 1 Ian Thornley of Hill House, Graffam, West Sussex GU28 0NL
- 2 Jonathan Hardy of 9 Brooklands Crescent, Fulwood, Sheffield, S10 4GE

ANNEX 2

The financial assistance takes the form of the following:

- 1.1 **Guarantee:** the execution and delivery by the Company of a guarantee granted by the Company pursuant to the Senior Credit Agreement to which the Company acceded by way of the Accession Document (the "Guarantee"). By means of the Guarantee the Company has guaranteed, inter alia, the obligations of the Obligors under the Senior Finance Documents. The obligations of the Obligors under the Senior Finance Documents include obligations in respect of facilities used for the purpose of financing the acquisition by Epoch 2 of shares in the Company.
- 1.2 The Guarantee includes guarantees and indemnities granted by the Company to the Senior Finance Parties providing Epoch 2 and others with:
 - (a) term loan and invoice discounting facilities pursuant to the Senior Credit Agreement and the Sales Ledger Financing Agreement respectively;
 - (b) the Hedging Agreements; and
 - (c) the Intercreditor Deed.
- 2 **Priority:** priority and subordination arrangements entered into by the Company with (among others) certain of the Senior Finance Parties pursuant to the Intercreditor Deed.
- 3 **Upstream Repayments Loan Facility:** an inter-company revolving loan facility (the "Upstream Repayments Facility") granted, inter alios, by the Company in favour of Epoch 2 pursuant to a facility agreement (the "Upstream Repayments Facility Agreement") to enable Epoch 2 to satisfy its obligations under the Senior Credit Agreement.
- 4 **Set-off:** the right of any Senior Finance Party as set out in the Senior Credit Agreement to set off any amounts standing to the credit of any Obligor's accounts with that Senior Finance Party.
- 5 **Debenture:** the execution and delivery by the Company of a Security Accession Deed pursuant to which the Company would accede to the Debenture. By means of the Debenture the Company covenants to pay the Indebtedness and give fixed

and floating charges over all its assets as security for all its obligations under the Senior Credit Agreement.

Definitions

"Accession Document" means an agreement substantially in the form set out in schedule 7 of the Senior Credit Agreement under which a Group Company becomes a Guarantor and/or a Borrower and becomes a party to the Intercreditor Deed;

"Acquisition" means the acquisition of the Target Assets in accordance with the Acquisition Document;

"Acquisition Documents" has the meaning given to it in the Senior Credit Agreement;

"Ancillary Lender" means a Lender which has agreed to make available Ancillary Facilities under an Ancillary Facility Letter (until all amounts outstanding under those Ancillary Facilities have been discharged and it no longer makes those Ancillary Facilities available);

"Arranger" means Barclays Leveraged Finance;

"Book Debts" means all book and other debts and monetary claims;

"Borrower" means Epoch 2 Limited and any Group Company who becomes a borrower under the Senior Credit Agreement.

"Cash Collateral Account" means a cash collateral account as defined in the Senior Credit Agreement;

"Charged Property" means the assets, property, goodwill and undertaking of a Charging Company mortgaged, charged or assigned to the Security Agent by the Debenture;

"Charging Company" means the companies listed in schedule 1 to the Debenture and each company which grants security over its assets in favour of the Security Agent by executing a Security Accession Deed;

"Collection Accounts" means the accounts of the Charging Companies set out in schedule 5 of the Debenture or in schedule 1 of any relevant Security Accession Deed and/or such other accounts as the relevant Charging Company and the Security Agent shall agree or (following the occurrence of a Declared Default) as the Security Agent shall specify;

"Completion" means completion of the acquisition of the Target Assets in accordance with the Acquisition Documents;

"Debenture" means the debenture dated on or about the date of the Senior Credit Agreement between, inter alios, the Parent and the Security Agent;

"Declared Default" means an event of default which has resulted in the Facility Agent exercising any of its rights under clause 21.2 of the Senior Credit Agreement;

"Distribution Rights" means all dividends, distributions and other income paid or payable on an Investment or Subsidiary Share, together with all shares or other property derived from that Investment or Subsidiary Share and all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to that

Investment or Subsidiary Share (whether by way of conversion, redemption, bonus, preference, option or otherwise);

"DHL" means Draefern Holdings Limited

"DL" means Draefern Limited;

"ERRB" means Excel Resourcing (Recruitment Consultants) Bournemouth Limited

"ERRC" means Excel Resourcing (Recruitment Consultants) Limited;

"Facility Agent" means Barclays Bank PLC;

"Group" means the Parent and its Subsidiaries from time to time;

"Group Company" means a member of the Group;

"Guarantors" means the Original Guarantors, (upon Completion) the New Guarantors and each other Group Company which becomes a guarantor under the Senior Credit Agreement;

"Guarantee" means the guarantee given by the Company by means of the Accession Document;

"Hedging Agreement" shall have the meaning given to it in the Senior Credit Agreement;

"Hedging Lender" means a Lender (or affiliate) in its capacity as provider and/or interest rate hedging under any Hedging Agreement;

"Indebtedness" means all money or liabilities due, owing or incurred to any Secured Party by any Charging Company or any other Obligor at present or in the future, in any manner whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all interest accruing thereon and including all liabilities in connection with any notes, bills or other instruments accepted by any Secured Party for or at the request of an Obligor and all losses (as defined in the Senior Credit Agreement) incurred by any Secured Party in connection therewith except for any money or liability which, if it were so included, would cause the infringement of section 151 of the Companies Act 1985;

"Insurances" means all policies of insurance and all proceeds of them either now or in the future held by, or written in favour of, a Charging Company or in which it is otherwise interested, but excluding any third party liability or public liability insurance and any directors and officers insurance;

"Investments" means any stock, share, debenture, loan stock, security, interest in any investment fund and any other comparable investment (whether or not marketable) whether owned directly by or to the order of a Charging Company or by any trustee, fiduciary or clearance system on its behalf (including, unless the context otherwise requires, the Subsidiary Shares);

"Invoice Discounting Lender" has the meaning given to it in the Senior Credit Agreement;

"Intellectual Property" means all patents and patent applications, trade and/or service marks and trade and/or service mark applications (and all goodwill associated with such applications), all brand and trade names, all copyrights and rights in the nature of copyright, all registered designs and applications for registered designs, design rights, computer programmes, all trade secrets, know-how and all other intellectual property rights now or in the future owned by the relevant Charging Company throughout the world or in which the relevant Charging Company shall have an interest together with the benefit of all present and future licences and agreements entered into

or the benefit of which is enjoyed by the relevant Charging Company and ancillary and connected rights relating to the use or exploitation of any of the aforementioned rights;

"Intercreditor Deed" means the intercreditor deed dated on or about the date of the Senior Credit Agreement and entered into between, amongst others, each of the parties to the Senior Finance Documents (other than the Arranger) and each of the Equity Investors;

"Intra Group Loan" means any loan made by one Group Company to another Group Company;

"Lender" means the lenders under the Senior Credit Agreement;

"New Guarantors" means the companies listed in part 2 of Schedule 2 to the Senior Credit Agreement;

"Obligors" means the Parent, each Borrower and each Guarantor;

"Offer" has the meaning given to it in the Senior Credit Agreement;

"Original Guarantors" means the companies listed in part 1 of Schedule 2 to the Senior Credit Agreement;

"Parent" means De Facto 975 Limited;

"Premises" means all freehold and leasehold property from time to time owned by a Charging Company or in which a Charging Company is otherwise interested;

"R4S" means Right4Staff Limited;

"Sales Ledger Financing Agreement" means the sales ledger financing agreement dated on or before the date of the Senior Finance Documents and made between R4S, DL, ERRC, TWSL, ERRB, DHL and the Invoice Discounting Lender;

"Security Accession Deed" means a deed executed by a Group Company substantially in the form set out in Schedule 7 to the Debenture, with those amendments which the Security Agent may approve or reasonably require;

"Security Agent" means Barclays Bank PLC as security trustee for itself and the other Secured Parties;

"Secured Parties" means the Senior Finance Parties;

"Senior Credit Agreement" means the credit agreement dated on or about the date of this deed under which the certain lenders have made available £17 million of facilities to Epoch 2 Limited and certain other Group Companies;

"Senior Finance Documents" shall have the meaning given to it in the Senior Credit Agreement;

"Senior Finance Parties" shall have the meaning given to it in the Senior Credit Agreement;

"Subsidiaries" has the meaning given to it in the Senior Credit Agreement;

"Subsidiary Shares" means all shares owned by a Charging Company in its Subsidiaries;

"Target Assets" has the meaning given to it in the Senior Credit Agreement; and

"TWSL" means Total Work Services Limited

"Vendor" means AHL Europe Limited.

ANNEX 3

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

A **The Guarantee**

6 The guarantees and indemnities referred to in paragraph 1.2 of Annex 2 are set out in Clause 16 of the Credit Agreement pursuant to which each Guarantor irrevocably and unconditionally and jointly and severally:-

- (a) guarantees to each Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Senior Finance Documents;
- (b) undertakes with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Senior Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if the guarantee given under clause 16.1(a) of the Credit Agreement or any obligation guaranteed by it is or becomes unenforceable, invalid or illegal.

7 The obligations of each Guarantor under clause 16.1 of the Credit Agreement (the "Guarantee Obligations"):-

- (a) will not extend to cover any indebtedness which, if they did so extend would cause the infringement of section 151 of the Companies Act 1985 (in the case of an Obligor incorporated in the United Kingdom) or any similar enactments or provisions in any other jurisdiction (in the case of an Obligor incorporated outside the United Kingdom);
- (b) are a continuing security and will extend to the ultimate balance of all amounts payable by each Obligor under any Senior Finance Document, regardless of any intermediate payment or discharge in whole or in part; and
- (c) are in addition to and are not in any way prejudiced by any other security now or subsequently held by any Finance Party.

8 The Guarantee Obligations shall not be discharged, diminished or in any way adversely affected as a result of any of the following (whether or not known to any Obligor or Finance Party):-

- (a) any time, consent or waiver given to, or composition made with, any Obligor or any other person;
- (b) any amendment to, or replacement of, any Senior Finance Document (however fundamental) or any other agreement or security;

- (c) the taking, variation, compromise, renewal, release or refusal or neglect to perfect or enforce any right, remedies or security against any Obligor or any other person;
- (d) any purported obligation of any Obligor or any other person to any Finance Party (or any security for that obligation) becoming wholly or partly void, invalid, illegal or unenforceable for any reason;
- (e) any incapacity, lack of power, authority or legal personality or any change in the constitution of, or any amalgamation or reconstruction of, any Obligor, Finance Party or other person;
- (f) any Obligor or other person becoming insolvent going into receivership or liquidation, having an administrator appointed or becoming subject to any other procedure for the suspension of payments to or protection of creditors or similar proceedings;
- (g) any change in the constitution of any Finance Party or as a result of the amalgamation or consolidation by a Finance Party with any other person; or
- (h) any other act, omission, circumstance, matter or thing which, but for this provision, might operate to release, reduce or otherwise exonerate the relevant Guarantor from any of its obligations under clause 16.1 of the Credit Agreement.

9 If, notwithstanding clause 16.2(b) of the Credit Agreement, the Guarantee Obligations cease to be continuing obligations:-

- (a) each Finance Party may continue any account or open one or more new accounts with any Obligor and the liability of each Guarantor shall not be reduced or affected in any way by any subsequent transactions or receipts or payments into or out of any such account; and
- (b) each Guarantor will remain liable in relation to all indebtedness referred to in clause 16.1(a) of the Credit Agreement as at the date of determination (whether demanded or not) and whether or not any other Obligor is then in default under the Senior Finance Documents.

10 Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this clause of the Credit Agreement. This waiver applies irrespective of any law or any provision of a Senior Finance Document to the contrary.

11 Subject to clause 16.7 of the Credit Agreement, until all amounts which may be or become payable by any Obligor under or in connection with any Finance Document have been irrevocably paid in full each Guarantor undertakes not to exercise any rights which it may have:-

- (a) to be subrogated to or otherwise share in any security or monies held, received or receivable by any Finance Party or to claim any right of

contribution in relation to any payment made by any Guarantor under this agreement;

- (b) to enforce any of its rights of subrogation and indemnity against any Obligor or any co-surety;
- (c) following a claim being made on any Guarantor under clause 16.1 of the Credit Agreement to demand or accept repayment of any monies due from any other Obligor to any Guarantor or claim any set-off or counterclaim against any other Obligor; or
- (d) to claim or prove in a liquidation or other insolvency proceeding of any Obligor or any co-surety in competition with any Finance Party.

12 Following the making of a demand on any Guarantor under clause 16.1 of the Credit Agreement, that Guarantor will (at its own cost) promptly take such of the steps or action as are referred to in clause 16.6 of the Credit Agreement as the Facility Agent may from time to time stipulate.

13 Each Guarantor shall promptly pay to the Facility Agent an amount equal to any set-off, proof or counterclaim exercised by it against another Obligor or any co-surety and shall hold in trust for, and promptly pay or transfer to, the Facility Agent any payment, distribution or benefit of security received by it, whether arising as a result of a breach of clause 16.6 of the Credit Agreement or compliance with directions given under clause 16.7 of the Credit Agreement.

14 Until all amounts which may be or become payable by any Obligor under or in connection with any Senior Finance Document have been irrevocably paid in full, any amount received or recovered by any Finance Party from a Guarantor in relation to any amount due and payable by any Obligor under any Senior Finance Document may be held by the recipient in a suspense account. Amounts deposited in any such account shall accrue interest at the Facility Agent's usual rate for deposits of a similar amount and nature from time to time and interest accrued shall be credited to that account.

B The Debenture

The Security referred to in paragraph 5 of Annex 2 is to be created by the Company executing the Debenture in favour of the Security Agent for the Secured Parties.

Under the terms of the Debenture:

15 Each Charging Company as primary obligor covenants with the Security Agent (for the benefit of itself and the other Secured Parties) that it will on demand pay the Indebtedness when it falls due for payment.

16.1 Each Charging Company, as security for the payment of the Indebtedness, charges in favour of the Security Agent with full title guarantee the following assets, both present and future, from time to time owned by it or in which it has an interest:-

- (a) by way of first legal mortgage:

- (i) all freehold and leasehold property (including the property specified in Schedule 2 to the Debenture) together with all buildings and fixtures (including trade fixtures) on that property; and
 - (ii) all the Subsidiary Shares and Investments and all corresponding Distribution Rights.
- (b) by way of first fixed charge all other interests (not charged under clause 3.1(a) of the Debenture) in any freehold or leasehold property, the buildings and fixtures (including trade fixtures) on that property, all proceeds of sale derived therefrom and the benefit of all warranties and covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreement relating to land;
 - (c) by way of first fixed charge all plant, machinery, vehicles, computers, office and other equipment and the benefit of all contracts, licences and warranties relating thereto;
 - (d) by way of first fixed charge all Book Debts and all rights and claims against third parties and against any security in respect of Book Debts;
 - (e) by way of first fixed charge all debts and monetary claims (other than Book Debts) and all rights against third parties in respect of such debts and claims;
 - (f) by way of first fixed charge all monies standing to the credit of its accounts (including the Cash Collateral Accounts, the Nominated Accounts and the Collection Accounts) with any bank, financial institution or other person;
 - (g) by way of first fixed charge all its Intellectual Property Rights;
 - (i) by way of first fixed charge the benefit of all consents and agreements held by it in connection with the use of any of its assets;
 - (j) by way of first fixed charge its goodwill and uncalled capital; and
 - (k) by way of first fixed charge all its rights and interests in (and claims under) the Assigned Agreements (to the extent not effectively assigned by clause 3.3 (Security Assignment) of the Debenture).

16.2 As further security for the payment of the Indebtedness, each Charging Company charges with full title guarantee in favour of the Security Agent (for the benefit of itself and the other Secured Parties) by way of first floating charge all its present and future assets not effectively charged by way of first fixed charge under clause 3.1 (Fixed Charges) of the Debenture or assigned under clause 3.3 (Security Assignment) of the Debenture, including any heritable property and all other assets in Scotland.

16.3 As further security for the payment of the Indebtedness, each Charging Company assigns absolutely with full title guarantee to the Security Agent all its rights, title and interest in the Assigned Agreements, provided that on payment or discharge in full of the Indebtedness the Security Agent will at the request and cost of that

Charging Company re-assign the Assigned Agreements to that Charging Company (or as it shall direct).

16.4 Until the occurrence of a Declared Default, but subject to clause 8.8 (Assigned Agreements) of the Debenture, the relevant Charging Company may continue to deal with the counterparties to the relevant Assigned Agreements.

17 If:

- (a) a Declared Default has occurred; or
- (b) the Security Agent is reasonably of the view that any legal process or execution is being enforced against any Floating Charge Asset or that any Floating Charge Asset is in danger of being seized or otherwise in jeopardy,

the Security Agent may, by notice to any Charging Company, convert the floating charge created under this deed into a fixed charge as regards those assets which it specifies in the notice. Each relevant Charging Company shall promptly execute a fixed charge or legal assignment over those assets in the form which the Security Agent requires.

18 If any Charging Company creates (or purports to create) any Security Interest (except as permitted by the Senior Credit Agreement or with the prior written consent of the Security Agent) on or over any Floating Charge Asset without the prior consent in writing of the Security Agent, or if any third party levies or attempts to levy any distress, attachment, execution or other legal process against any Floating Charge Asset, the floating charge created under this deed will automatically (without notice) and immediately be converted into a fixed charge over the relevant Floating Charge Asset.

19

- (a) There shall be excluded from the charge created by clause 3.1 (Fixed Charges) and from the operation of clause 5 (Further Assurance) any leasehold property held by a Charging Company under a lease which either precludes absolutely or conditionally (including requiring the consent of any third party) that Charging Company from creating any Charge over its leasehold interest in that property (each an "Excluded Property") until the relevant condition or waiver has been satisfied or obtained.
- (b) In respect of each Excluded Property, each relevant Charging Company undertakes to apply for the relevant consent or waiver of prohibition or condition:
 - (i) in the case of such property owned by a Charging Company at the date of this deed within fourteen days of the date of this deed; and
 - (ii) in the case of such property acquired after the date of this deed, within fourteen days from the date on which it is acquired,

in respect of each Excluded Property which provides that the relevant third party will not unreasonably withhold its consent to charging, to use

all reasonable endeavours to obtain that consent as soon as possible and to keep the Security Agent informed of the progress of its negotiations.

- (c) Forthwith upon receipt of the relevant waiver or consent, the relevant formerly Excluded Property shall stand charged to the Security Agent under clause 3.1 (Fixed Charges) of the Debenture. If required by the Security Agent at any time following receipt of that waiver or consent, the relevant Charging Company will execute a valid legal mortgage in such form as the Security Agent shall reasonably require.

20.1 The security constituted by the Debenture is to be a continuing security notwithstanding any intermediate payment or settlement of all or any part of the Indebtedness or any other matter or thing.

20.2 The security constituted by the Debenture is to be in addition and shall neither be merged in nor in any way exclude or prejudice or be affected by any other security or other right which the Security Agent and/or any other Secured Party may now or after the date of this deed hold for any of the Indebtedness, and this security may be enforced against each Charging Company without first having recourse to any other rights of the Security Agent or any other Secured Party.

21.1 (a) Each Charging Company will, at its own expense, promptly following request by the Security Agent, execute such deeds and other agreements and otherwise take whatever action the Security Agent may reasonably require:-

- (i) to perfect and/or protect the security created (or intended to be created) by the Debenture;
- (ii) to facilitate the realisation or enforcement of such security;
- (iii) to facilitate the exercise of any of the Security Agent's rights, powers or discretions under the Debenture; and/or
- (iv) to confer on the Security Agent security over any assets of that Charging Company (in whatever jurisdiction situated) equivalent or similar to the security intended to be conferred by the Debenture,

including the conversion of charges to assignments, equitable security to legal security, the execution of any transfer, conveyance, assignment or assurance whatsoever and the giving of all notices, orders, instructions and directions whatsoever.

- (b) Any security document required to be executed by a Charging Company under Clause 5.1 of the Debenture will contain clauses corresponding to and no more onerous than the provisions set out in this deed.

21.2 (a) In relation to any property charged by way of legal mortgage under this deed situated in England and Wales, each Charging Company hereby applies to the Chief Land Registrar for a restriction to be entered on the Register of Title of all that real property (including any unregistered properties subject to compulsory first registration at the date of this deed)

and agrees to apply for such a restriction, when requested to do so by the Security Agent, in the following terms:

“Except under an Order of the Registrar, no disposition by the proprietor of the land, no charge or other security interest is to be registered without the consent of the proprietor for the time being of [the charge hereby created]”.

- (b) Subject to the terms of the Senior Credit Agreement, the Lenders are under an obligation to make further advances to Obligors and this security has been made for securing those further advances. The Security Agent hereby applies to the Chief Land Registrar in the following terms:

“[Description of Lenders] are under an obligation to make further advances and application is made to the Registrar for a note to be entered on the register to that effect.”

- (c) In respect of any part of the Charged Property title to which is registered at H.M. Land Registry, it is certified that the security created by this deed does not contravene any of the provisions of the memorandum or articles of association of any Charging Company.

21.3 Each Charging Company as registered proprietor appoints the Security Agent as its agent to apply for the particulars of this deed and of the Secured Parties interest in its existing trade marks and trade mark applications and any future trade marks or trade mark applications registered or to be registered in the United Kingdom in the name of that Charging Company, to be made on the Register of Trade Marks under section 25(1) of the Trade Marks Act 1994, and each Charging Company agrees to execute all documents and forms required to enable those particulars to be entered on the Register of Trade Marks.

22 No Charging Company may:

- (a) create or agree to create or permit to subsist any Security Interest over all or any part of the Charged Property;
- (b) sell, transfer, lease out, lend or otherwise dispose of all or any part of the Charged Property (other than Floating Charge Assets on arm's length terms in the ordinary course of trading or as otherwise permitted under the Senior Credit Agreement) or the right to receive or to be paid the proceeds arising on the disposal of the same, or agree or attempt to do so; or
- (c) dispose of the equity of redemption in respect of all or any part of the Charged Property,

except as permitted by the Senior Credit Agreement or with the prior written consent of the Security Agent.

C **Priority**

By acceding to the Intercreditor Deed, the Company will, amongst other things, agree that the repayment of any sums owed to it by other members of its group

will be subordinated to sums owed by such members of the group to the Secured Parties.

D Upstream Repayments Loan

By executing the Upstream Repayments Facility Agreement, the Company will together with ERRC, ERRB, TWSL, DL and R4S make available to Epoch 2 a revolving loan facility of up to £9,000,000 in aggregate to be used by Epoch 2 to make payments when due to the Secured Parties but on the basis that the Company will only be obliged to make advances under the Upstream Repayments Facility if, inter alia, it has the cash resources and the Company is not in liquidation or administration or the subject of a creditor's voluntary arrangement.

E Set-off

- 1 The right of set off referred to in paragraph 4 of Annex 2 is set out in Clause 23 of the Senior Credit Agreement, pursuant to which:

Any Senior Finance Party may at any time (without notice to the relevant Obligor):

- (a) set-off or otherwise apply amounts standing to the credit of any Obligor's accounts with that Senior Finance Party (irrespective of the terms applicable to those accounts and whether or not those amounts are then due for repayment to that Obligor); and
- (b) set-off any other obligations (whether or not then due for performance) owed by that Senior Finance Party to the relevant Obligor,

against any matured liability (or after an Event of Default has occurred and is continuing, against any liability) of the relevant Obligor to the relevant Senior Finance Party under the Senior Finance Documents.

- 2 A Senior Finance Party may exercise its rights under clause 23.1 of the Senior Credit Agreement (Set-Off Rights) notwithstanding that the amounts concerned may be expressed in different currencies and each Senior Finance Party is authorised to effect any necessary conversions at a market rate of exchange selected by it.

- 3 If the relevant obligation or liability is unliquidated or unascertained, the Senior Finance Party may set-off the amount which it estimates (in good faith) will be the final amount of that obligation or liability once it becomes liquidated or ascertained.

F Amendments

The Company's obligations as described above continue in relation to the Senior Finance Documents as they may be amended, modified, varied or restated from time to time and all references to Senior Finance Documents shall be construed to mean all such documents as amended, modified, varied or restated from time to time.



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The Directors
Draefern Holdings Limited
Draefern House
Dunston Court
Dunston Road
Chesterfield, S41 8NL

Your ref

Our ref dy/586

Contact Keith Durward
020 73114286

19 March 2002

Dear Sir

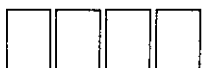
Auditors' report to the directors of Draefern Holdings Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 19 March 2002 in connection with the proposal that the company should give financial assistance for the purchase of the company's own entire issued share capital. We have enquired into the state of the company's affairs 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

KPMG



KPMG, a partnership established under English law, is a member of KPMG International, a Swiss association

KPMG is registered to carry on audit work and authorised to carry on investment business

by the Institute of Chartered Accountants in England and Wales. The principal place of

business is 8 Salisbury Square, London EC4Y 8BB where a list of partners' names is open to inspection