

155(6)a

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

Company number

Name of company

* EAST MIDLANDS INSTRUMENT COMPANY LIMITED (the "Company")

1/WWe 0 KEVEN PAUL BINGHAM OF 5 Gainas Avenue, Gainsborough, Lincolnshire, DN21 2RA;
ROBERT HIND of Thorpелands Avenue, Forest Town, Mansfield, Nottinghamshire, NG19 0PF;
STEVEN WATSON of Ashdene, Brackenhill Road East, Lound Haxey, Doncaster, South
Yorkshire, DN9 2LU

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

The business of the company is:

[illegible][illegible]

3. ~~in the large 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

~~XXXXXXXX~~ [company's holding company East Midlands Holdings

Limited)†

The assistance is for the purpose of [that acquisition] ~~[reducing or discharging a liability incurred for the~~

~~XXXXXXXXXXXXXXXXXXXX~~

The number and class of the shares acquired or to be acquired is: 75,000 Ordinary Shares
of £1.00 each

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

Cobbetts Solicitors
Trafalgar House
29 Park Place
Leeds
LS1 2SP

DX 14085 Leeds Park
1496432-1/SLB

For official Use
General Section

Post room



A07
COMPANIES HOUSE

0545
28/04/05


The assistance is to be given to: (note 2) East Midlands Holdings Limited (CRN: 03196639)
(the "Purchaser")

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:

Please see Appendix 1.

S.W.  ~~XXXXXXXXXX~~
The person who ~~has acquired~~ will acquire the shares is:

† delete as
appropriate

the Purchaser

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

Please see Appendix 2

The amount of cash to be transferred to the person assisted is £ Please see Appendix 3

The value of any asset to be transferred to the person assisted is £ Please see Appendix 3

The date on which the assistance is to be given is Within 8 weeks of the date hereof

Please do not write in this margin

S.W. K.P.B. WSP

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

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

found to be unable to pay its debts. (note 3)

(a) 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

S.W. K.P.B. WSP

(b) [This 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)

S.W. K.P.B. WSP

And 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 Cobbetts, 27 King Street,
Leeds, LS1 2HL

Declarants to sign below

Day Month Year
on 15 04 2005

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.

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

EAST MIDLANDS INSTRUMENT COMPANY LIMITED
("the Company")

Company Number: 03196642

APPENDICES TO FORM 155(6)a

APPENDIX 1

All capitalised items in this Appendix shall have the meanings given to them in Appendix 4, unless otherwise defined.

Form of Assistance

The assistance will take the form of the execution and entering into by the Company of the following documentation (as the same may be amended, increased, novated and/or replaced, varied, supplemented or substituted from time to time) and the Company complying with and fulfilling its obligations thereunder, which will be entered into directly or indirectly, for the purpose of the Acquisition and the Refinance:

- 1 a form of composite guarantee to be granted by (inter alia) the Company to the Bank to guarantee all monies due to the Bank from time to time (the "**Guarantee**");
- 2 a form of debenture proposed to be granted by the Company to the Bank granting fixed and floating charges over all the property, assets and undertaking of the Company to secure all monies due by the Company to the Bank from time to time (the "**Debenture**");
- 3 a form of legal charge proposed to be granted by the Company to the Bank granting a fixed charge over the property owned by the Company at Laughton Road, Gainsborough to secure all monies due by the Company to the Bank from time to time (the "**Charge**");
- 4 the forms of assignment proposed to be entered into by the Company in favour of the Bank assigning all of the Company's interest in each keyman life policy on the lives of [Keven Bingham, Stephen Watson and Robert Hind] respectively (the "**Keyman Assignments**");

(together documents 1-4 inclusive above are referred to as the "**Bank Documents**");

- 5 a form of inter-creditor agreement proposed to be entered into by the Bank, the Vendors and the Group pursuant to which certain rights between the parties thereto including in respect of the payment of monies by the Company and each other member of the Group (as applicable) to the Bank and the Vendors (the "**Intercreditor**");
- 6 an inter company loan agreement proposed to be made between the Parent (1) as borrower and the Company and EMIC1996 (2) as lender (the "**Loan Agreement**") providing for intra group lending in satisfaction of monies owed by the Parent to the Bank;

(together the Bank Documents and documents 5 and 6 inclusive above are referred to as the "**Finance Documents**");

- 7 the payment of all and any costs incurred by any Group Company in relation to the Acquisition and the Refinance (the "**Deal Costs**").

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

APPENDICES TO FORM 155(6)a

APPENDIX 2

- 1 The principal terms on which the financial assistance will be given are:
- 1.1 the terms of the Debenture whereby the Company charges to the Bank all its assets and undertaking as security for all liabilities of the Company to the Bank whether present or future and pursuant to which the Company –
 - 1.1.1 as primary obligor and not merely as surety, covenants with the Bank that it will pay or discharge the Bank Obligations (as defined below) (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each relevant obligor to the Bank including, but not limited to, those under the Bank Documents in each case together with all costs, charges and expenses incurred by the Bank in connection with the protection, preservation or enforcement of its respective rights thereunder or any other document evidencing or securing any such liabilities; and
 - 1.1.2 as beneficial owner, as security for the payment, discharge and performance of the same, charge in favour of the Bank substantially all its assets and undertaking by way of fixed and floating charges by way of security for the same;
 - 1.2 by executing the Charge the Company will as security for the payment and discharge of the Bank Obligations (as defined below) grant a first fixed charge by way of a legal mortgage over the property known as land and buildings on the north west side of Laughton Lane Morton Gainsborough DN21 3ET (registered at the Land Registry under title number LL131830).
 - 1.3 the terms of the Guarantee whereby the Company:
 - 1.3.1 guarantees to the Bank as principal obligor and not merely as surety the prompt performance by each relevant obligor of all obligations to the Bank including, but not limited to, those under the Bank Documents and the other documents referred to therein and all liabilities present and future of any Group Company pursuant to, under, or in connection with the Bank Documents as and when the same shall become due; and
 - 1.3.2 undertakes that it will on demand upon a default in the payment of any sum due under or in connection with the Bank Documents pay such sum; as if it was expressed to be the primary obligor, together with interest payable thereon (the "Bank Obligations").
 - 1.4 the terms of the Assignments whereby the Company assigns its interest in [] keyman life policies to the Bank and provide security for all present and future indebtedness and liabilities (whether actual by contingent) of the Company to the Bank
 - 1.5 the terms of the Loan Agreement whereby the Company and EMIC1996 make available a loan facility to the Parent and pursuant to which the Company and EMIC1996 will, among others, make available to the Parent a revolving credit facility to be used by the Parent to, inter alia, make payments when due under the Finance Documents and the other documents referred to therein, provided that the Company and EMIC1996 shall only be obliged to make advances if, inter alia, the aggregate of all monies standing to the credit of its bank accounts exceeds the amount of the proposed advance and the Company and EMIC1996 respectively are solvent;

- 1.6 the terms of the Intercreditor, whereby the Company (among others) acknowledges the regulation of payments under the Shareholder Loans;
- 1.7 the basis on which the Deal Costs will be paid, being all and any costs incurred by the Parent, the Company or EMIC1996 in relation to the Acquisition and the Refinance.

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

APPENDICES TO FORM 155(6)a

APPENDIX 3

The amount of any advances made from time to time by the Company and EMIC1996 to the Parent under the terms of the Loan Agreement.

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

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APPENDIX 4

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

"Acquisition" means the buyback by the Parent of 75,000 ordinary shares of £1.00 each in the Parent from the Vendors pursuant to a *Sale and Purchase Agreement* dated on or about today's date and made between, among others, the Vendors and the Parent;

"Bank" means Clydesdale Bank PLC (trading as Yorkshire Bank);

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

"EMIC1996" means East Midlands Instrument Company (1996) Limited;

"Facilities" means the facilities made available by the Bank to the Parent, comprising the term loans of £330,000 and £420,000 and the overdraft facility of £300,000, BACS facility of £400,000, and business card facility of £22,500 made available to the Parent;

"Group" means at any time the Parent and any of its respective subsidiaries from time to time, and **"Group Company"** means any of them;

"Parent" means the Company's parent company, East Midlands Holdings Limited;

"Refinance" means the refinance of the facilities provided by the Royal Bank of Scotland and Royal Bank of Scotland Commercial Services to the Company at the time of the acquisition by the Parent of the entire issued share capital of the Company pursuant to an agreement made between the Company (1), the Parent (2) and M Gibson, R A Perkins, C J Pye, E K Buckley and G Verity (3) dated 4 July 1996 ("**1996 Acquisition**") for the purpose of reducing or discharging liability incurred by the Company in connection with the 1996 Acquisition.

"Sale and Purchase Agreement" means the sale and purchase agreement dated on or about today's date and entered into between the Parent (1) and the Vendors (2);

"Shareholder Loans" means the individual loans from each of the Vendors to the Company as governed by individual loan agreements dated on or about today's date respectively;

"Vendors" means Brian Pettinger, John Pettit and Christopher Ringsell.



BAKER TILLY

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AUDITORS' REPORT TO THE DIRECTORS OF EAST MIDLANDS INSTRUMENT COMPANY LIMITED ("the Company") PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985

It is our responsibility to make a report to the Company in accordance with Section 156(4) of The Companies Act 1985. Our work has been undertaken so that we might state to the Company those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or for the opinions we have formed.

We have examined the attached statutory declaration of the directors dated 15 April 2005 in connection with the proposal that the Company should give financial assistance for (i) the purchase of 75,000 £1 ordinary shares in its holding company, East Midlands Holdings Limited, ("EMHL") and (ii) reducing or discharging liabilities incurred by the Company in connection with the historic acquisition by EMHL of the entire 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 basis of 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.

BAKER TILLY
Registered Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

15 April 2005

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