

CHFP025

**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

3200469

Name of company

\* Costcutter International Limited

~~X~~We ø Please see Exhibit 1

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

The business of the company is:

[illegible]

(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] Costcutter Holdings Limited

(Company number 5122658)

The assistance is for the purpose of [that acquisition] XXXXXXXX discharging a liability incurred by the

XXXXXXXXXXXXXXXXXXXX t

The number and class of the shares acquired or to be acquired is: Please see Exhibit 2

For official Use  
General Section

Post room



**A33**  
**COMPANIES HOUSE**

211  
23/03/2006

The assistance is to be given to: (note 2) Costcutter Supermarkets Holdings Limited  
(Company number 5625016) Harvest Mills, Common Road, Dunnington, York YO19 5RY ("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 Exhibit 3

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

† delete as  
appropriate

The Purchaser

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

Please see Exhibit 4

The amount of cash to be transferred to the person assisted is £ Please see Exhibit 5

The value of any asset to be transferred to the person assisted is £ None

The date on which the assistance is to be given is Within 8 weeks of today's date



**COSTCUTTER INTERNATIONAL LIMITED**

**Exhibit 1**

1. Nicholas Ivel  
41 Lakeside  
Acaster Malbis  
York YO23 2TY
2. Colin James Graves  
Dunmore  
Bough Beech Road  
Four Elms  
Edenbridge  
Kent TN8 6NE

A handwritten signature in black ink, consisting of a stylized 'M' or 'W' shape with a long, sweeping tail.

**COSTCUTTER INTERNATIONAL LIMITED**

**Exhibit 2**

The entire issued share capital of Costcutter Holdings Limited, being:

- 700,000 A ordinary shares of £1.00 each;
- £300,000 B ordinary shares of £1.00 each; and
- £25,000,000 preference shares of £1.00 each.

A handwritten signature in black ink, consisting of a stylized 'J' followed by a flourish.

**COSTCUTTER INTERNATIONAL LIMITED**

**Exhibit 3**

All undefined capitalised terms within this Exhibit 3 are defined in Exhibit 6 hereto.

Costcutter International Limited (the "**Company**") is proposing to give financial assistance in connection with the acquisition by Costcutter Supermarkets Holdings Limited (Company No. 5625016) ("**Topco**") of the entire issued share capital of the Company's ultimate holding company, Costcutter Holdings Limited ("**Holdings**") from the Seller (the "**Acquisition**").

1. The financial assistance will take the form of the execution, delivery and performance by the Company of the following documents listed at paragraphs 1.1 to 1.9 (as the same may be amended, restated, varied, supplemented, increased or replaced from time to time) in connection with (i) a senior facilities agreement ("**Senior Facilities Agreement**") between amongst others, CSMB Limited ("**Bidco**"), Holdings, Kaupthing Bank hf in its various capacities ("**Kaupthing**") and HSBC Bank plc in its various capacities ("**HSBC**") for the provision of a senior facility A term loan of £20,000,000 ("**A Term Loan**"), a senior facility B term loan of £10,000,000 ("**B Term Loan**"), a senior facility C term loan of £10,000,000 ("**C Term Loan**" and, together with the A Term Loan and the B Term Loan the "**Term Loans**") and a revolving credit facility of £5,000,000 ("**Revolving Credit Facility**"), (ii) a mezzanine facility agreement ("**Mezzanine Facility Agreement**") between, inter alia, Bidco, Holdings and Kaupthing for a sterling mezzanine loan facility of £10,000,000 ("**Mezzanine Facility**") and (iii) an ancillary facilities letter ("**Ancillary Facilities Letter**") between (inter alia) Bidco and HSBC for the provision of a collective net sterling overdraft of up to £3,000,000 ("**Overdraft**"), forward exchange contracts and currency options of up to £500,000 ("**Options**") and to Bidco a daylight facility of up to £21,800,000 ("**Daylight Facility**") (together the Overdraft, the Options and the Daylight facilities are the "**Ancillary Facilities**"; the Senior Facilities Agreement, the Mezzanine Facility Agreement and the Ancillary Facilities Letter are the "**Facility Agreements**"; and the Mezzanine Facility, the Revolving Credit Facility, the Ancillary Facilities and the Term Loans are the "**Facilities**"), all to be used in part to satisfy the consideration payable for the Acquisition:
  - 1.1 A debenture ("**Debenture**") would be given by Holdings, Topco, CSMF Limited ("**Finco**"), Bidco, Costcutter Supermarkets Group Limited ("**Supermarkets**"), the Company, Ebor Foodmarkets Limited ("**Ebor**") and PDQ Limited ("**PDQ**") (together the "**Obligors**") pursuant to which the Obligors would charge the whole of their respective property, undertaking and assets (including by way of fixed and floating charge) in favour of HSBC, as security trustee (the "**Security Trustee**") for the Beneficiaries, to secure, amongst other things, their liabilities to the Beneficiaries from time to time under the Finance Documents and the Mezzanine Finance Documents;
  - 1.2 An HSBC standard form composite cross guarantee ("**HSBC Guarantee**") would be given by the Obligors pursuant to which each Obligor would guarantee the payment of,



amongst other things, all present and future indebtedness, monies, obligations and liabilities of each other Obligor to HSBC including but not limited to under the Ancillary Facilities Letter;

- 1.3 A transaction guarantee ("**Transaction Guarantee**") would be entered into by the Obligors and the Security Trustee, pursuant to which the Obligors would guarantee the payment of, amongst other things, all present and future indebtedness, monies, obligations and liabilities of the Obligors to the Beneficiaries;
- 1.4 An intra-group loan agreement (the "**Bidco Intra-Group Loan Agreement**") would be entered into between, amongst others, Bidco, Finco, Topco, Holdings and certain of its subsidiaries including the Company (the "**Companies**"), whereby the Companies as lenders, if requested, will lend to the Companies as borrowers such sums as necessary (but in any event up to the aggregate maximum amount permitted therein) to meet their payment obligations as appropriate in connection with:
- (i) reducing or discharging any obligations or liabilities incurred under the Transaction Documents;
  - (ii) all and any costs, expenses, fees or other charges or liabilities incurred directly or indirectly in connection with reducing or discharging any obligations or liabilities incurred under the Transaction Documents;
  - (iii) or such sums required to meet the Companies' general working capital requirements from time to time;
- 1.5 A composite cross guarantee and debenture, pursuant to an instrument constituting B Loan Notes in Topco ("**B Loan Note Guarantee and Debenture**") between the Obligors and the B Note Trustee pursuant to which the Obligors would charge the whole of their respective property, undertaking and assets in favour of the B Note Trustee, the B Noteholders and the B Designated Noteholders as security for amounts due, owing or incurred to the B Note Trustee, the B Noteholders and the B Designated Noteholders pursuant to or in respect of, inter alia, the B Loan Notes and pursuant to which each Obligor would guarantee to the B Note Trustee the payment of the same;
- 1.6 A composite cross guarantee and debenture, pursuant to an instrument constituting PIK A Loan Notes in Finco ("**PIK A Loan Note Guarantee and Debenture**") between the Obligors and the PIK A Trustee, pursuant to which the Obligors would charge the whole of their respective property, undertaking and assets in favour of the PIK A Trustee, the A Designated Noteholders and the A Noteholders as security for amounts due, owing or incurred to the PIK A Trustee, the A Designated Noteholders and the A Noteholders pursuant to or in respect of, inter alia, the PIK A Loan Notes, and pursuant to which each Obligor would guarantee to the PIK A Trustee the payment of the same;
- 1.7 A composite cross guarantee and debenture pursuant to an instrument constituting Zero Coupon Loan Notes in Topco ("**Zero Coupon Guarantee and Debenture**") between the Obligors and the Zero Coupon Trustees pursuant to which the Obligors would charge the whole of their respective property, undertaking and assets in favour of the Zero Coupon Trustees, the Zero Coupon Noteholders and the Designated Zero

Coupon Noteholders as security for amounts due, owing or required to the Zero Coupon Trustees, the Zero Coupon Noteholders and the Designated Zero Coupon Noteholders pursuant to or in respect of, inter alia, the Zero Coupon Loan Notes, and pursuant to which each Obligor would guarantee to the Zero Coupon Trustees the payment of the same;

- 1.8 An intercreditor agreement (the "**Intercreditor Deed**") to be entered into between the Obligors, HSBC and Kaupthing as senior lenders, HSBC as working capital bank, senior agent and Security Trustee, Kaupthing as Mezzanine Lender, mezzanine agent and investor, Colin Graves, Nicholas Ivel, David Thompson and Angela Barber as investors, the PIK A Trustee, the B Note Trustee and the Zero Coupon Trustees (together with the Obligors, the "**Intercreditor Parties**") regulating their rights, responsibilities, claims, priorities and subordination against and in respect of the Intercreditor Parties.
- 1.9 Pursuant to the PIK A Loan Note Guarantee and Debenture, the B Loan Note Guarantee and Debenture and the Zero Coupon Loan Note Guarantee and Debenture, an intercreditor agreement (the "**Loan Note Intercreditor Deed**") is to be entered into between, amongst others, Topco, Finco, the A Noteholders, the PIK A Trustee, the B Noteholders, the B Note Trustee, the Zero Coupon Noteholders and the Zero Coupon Trustees regulating their rights, responsibilities, claims, priorities and subordination against and in respect of each other.
2. The entry into of, and performance of obligations pursuant to, the documents listed at paragraphs 1.1 to 1.9 above by the Company will constitute financial assistance under s151 of the Companies Act 1985 to Topco in connection with the Acquisition.



**COSTCUTTER INTERNATIONAL LIMITED**

**Exhibit 4**

All undefined capitalised terms within this Exhibit 4 are defined in Exhibit 6 hereto.

1. By executing the Senior Facilities Agreement (as defined in Exhibit 3) the Company will, amongst other things, give certain representations and warranties, undertakings and covenants to Kaupthing and HSBC (together the "**Banks**") in respect of the Term Loans and the Revolving Credit Facility (each as defined in Exhibit 3) to enable them to make the Term Loans and the Revolving Credit Facility available, and will pay certain costs, fees and expenses to the Banks.
2. By executing the Mezzanine Facilities Agreement (as defined in Exhibit 3) the Company will, amongst other things, give certain representations and warranties, undertakings and covenants to the Mezzanine Lenders in respect of the Mezzanine Facility to enable the Mezzanine Lenders to make the Mezzanine Facilities (as defined in Exhibit 3) available and to pay certain costs, fees and expenses to the Mezzanine Lenders.
3. By executing the Ancillary Facilities Letter (as defined in Exhibit 3) the Company will, amongst other things, give certain representations and warranties, undertakings and covenants to the Ancillary Lenders in respect of the Ancillary Facilities (as defined in Exhibit 3) to enable the Ancillary Lenders to make the Ancillary Facilities available and to pay certain costs, fees and expenses to the Ancillary Lenders.
4. By executing the Debenture (as defined in Exhibit 3) each of the Obligors (as defined in Exhibit 3) including the Company, will (inter alia), as security charge by way of fixed charge all present and future freehold and leasehold property vested in it and charge by way of fixed equitable charge (inter alia) all book debts and other monetary debts and securities and intellectual property rights and plant, vehicles and machinery and chattels and the other items referred to therein and charge by way of floating charge the whole of its undertaking and assets in favour of the Security Trustee for and on behalf of the Beneficiaries (both as defined in Exhibit 3). In support of their obligations therein, the Obligors will also enter into various undertakings (including, without limitation, undertakings to enter into additional security and/or guarantee documents as may be required from time to time by the Security Trustee (as defined in Exhibit 3) under the *further assurance provisions in the Debenture*), *covenants and indemnities* and agree to pay certain fees, costs and expenses to the Security Trustee;
5. By executing the HSBC Guarantee (as defined in Exhibit 3) each of the Obligors, including the Company, will, amongst other things:
  - (a) guarantee to HSBC that it will on demand pay to HSBC and perform and discharge the payment of, amongst other things, all monies, liabilities due or incurred by each other Obligor to HSBC whether now or in the future due from each or any Obligor to HSBC; and



- (b) give various undertakings, covenants and indemnities in favour of, and agree to pay certain fees, costs and expenses to, HSBC.
- 6. By executing the Transaction Guarantee (as defined in Exhibit 3) each of the Obligors, including the Company, will, amongst other things:
  - (a) guarantee to the Security Trustee that it will on demand pay to the Security Trustee and perform and discharge the payment of, amongst other things, all monies, liabilities and other obligations due or incurred by each other Obligor to the Beneficiaries whether now or in the future and whether incurred in any manner whatsoever due from the Obligors to the Beneficiaries; and
  - (b) give various undertakings, covenants and indemnities in favour of, and agree to pay certain fees, costs and expenses to, the Security Trustee.
- 7. By executing the Bidco Intra-Group Loan Agreement (as defined in Exhibit 3) the Company as a lender will, if requested, lend to the other Companies as borrowers such sums as necessary (but in any event up to the aggregate maximum amount permitted therein) to meet their payment obligations as appropriate in connection with:
  - (i) reducing or discharging any obligations and liabilities incurred under the Transaction Documents;
  - (ii) all and any costs, expenses, fees or other charges or liabilities incurred directly or indirectly in connection with reducing or discharging and obligations or liabilities incurred under the Transaction Documents;
  - (iii) or such sums required to meet the Companies' general working capital requirements from time to time.
- 8. By executing the B Loan Note Guarantee and Debenture (as defined in Exhibit 3) the Obligors, including the Company, will, inter alia, provide continuing security by charging with full title guarantee all of its property, undertaking and assets by way of fixed and floating charges and a guarantor for the obligations of, inter alia, itself and Topco (including Topco's obligations under the B Loan Note Instrument) in favour of the B Note Trustee;
- 9. By executing the PIK A Loan Note Guarantee and Debenture (as defined in Exhibit 3) the Obligors, including the Company, will, inter alia, provide continuing security by charging with full title guarantee all of its property, undertaking and assets by way of fixed and floating charges and a guarantor for the obligations of, inter alia, itself and Finco (including Finco's obligations under the PIK A Loan Note Instrument) in favour of the PIK A Trustee;
- 10. By executing the Zero Coupon Guarantee and Debenture (as defined in Exhibit 3) the Obligors, including the Company, will, inter alia, provide continuing security by charging with full title guarantee all of its property, undertaking and assets by way of fixed and floating charges and act as a guarantor for the obligations of, inter alia, itself and Topco,

including Topco's obligations under the Zero Coupon Loan Note Instrument in favour of the Zero Coupon Trustees; and

11. By executing the Intercreditor Deed (as defined in Exhibit 3), the Obligor, including the Company, inter alia: (1) acknowledge the arrangements between the Intercreditor Parties (as defined in Exhibit 3); (2) amongst other things, agree that inter-company debts are postponed and subordinated to the liabilities of Holdings and Bidco to the Banks; and (3) give various representations, warranties and indemnities to the Banks.
12. By executing the Loan Note Intercreditor Deed (as defined in Exhibit 3), Topco, Finco, the A Noteholders, the PIK A Trustee, the B Noteholders, the B Note Trustee, the Zero Coupon Noteholders and the Zero Coupon Trustees acknowledge the arrangements between themselves.

Company No. 3200469

**COSTCUTTER INTERNATIONAL LIMITED**

**Exhibit 5**

Such sums as may be transferred from time to time pursuant to the Bidco Intra-Group Loan Agreement (as defined in Exhibit 3) up to a maximum aggregate amount of £110,000,000.

A handwritten signature in black ink, consisting of stylized, cursive letters, likely representing the initials 'KS'.

**COSTCUTTER INTERNATIONAL LIMITED**

**Exhibit 6**

**Defined Terms**

Acquisition Document	means the acquisition agreement entered into on or about the date of this statutory declaration between the Sellers and Topco, the disclosure letter from certain of the Sellers to Topco dated on or about the date of this statutory declaration, the Vendor Note Documents and any other document designated as an "Acquisition Document" by HSBC as agent for the other Finance Parties and Topco;
Ancillary Document	means each document relating to or evidencing the terms of any Ancillary Facility made available by an ancillary lender;
Ancillary Lender	each lender making available any facilities pursuant to the Ancillary Facilities Letter;
A Designated Noteholders	the holders from time to time of any PIK A Loan Notes issued pursuant to the PIK A Note Instrument or the holders of any loan note issued pursuant to a loan note instrument executed by Finco (and as amended from time to time) who are identified as being A Designated Noteholders;
A Noteholders	the persons whose names are for the time being entered into the company register of Finco as the holders of the PIK A Loan Notes;
B Designated Noteholders	the holders from time to time of any B Loan Notes issued pursuant to the B Loan Note Instrument or the holders of any loan note issued pursuant to a loan note instrument executed by Topco (and as amended from time to time) who are identified as being B Designated Noteholders;
B Loan Notes	the fixed rate secured B loan notes issued by Topco pursuant to B Loan Note Instrument



	from time to time;
B Loan Note Instrument	the instrument constituting the B Loan Notes;
B Noteholders	the persons whose names are for the time being entered into the company register of Topco as the holders of the B Loan Notes;
B Note Trustee	Nicholas Ivel as security trustee for the B Noteholders and the B Designated Noteholders;
Beneficiaries	HSBC as senior lender, working capital bank, issuing bank, senior agent and security trustee and Kaupthing as senior lender, mezzanine lender, mezzanine agent and hedge counterparty and each of their permitted transferees and assigns from time to time;
Constitutional Documents	the memorandum and articles of association of Topco;
Designated Zero Coupon Noteholders	the holders from time to time of any Zero Coupon Loan Notes issued pursuant to the Zero Coupon Loan Note Instrument or the holders of any loan note issued pursuant to a loan note instrument executed by Topco (and as amended from time to time) who are identified as being Designated Zero Coupon Noteholders
Finance Documents	means the Senior Facilities Agreement, any accession letter to the Senior Facilities Agreement, any Ancillary Document, the Bidco Intra-Group Loan Agreement, any compliance certificate pursuant to the Senior Facilities Agreement, any fee letters between HSBC and Topco pursuant to the Senior Facilities Agreement, any Hedging Agreement, the Intercreditor Deed, any Resignation Letter from an Obligor, any interest-period selection notice substantially in the form set out in Schedule 3 (Part 2) and given in accordance with clause 13 of the Senior Facilities Agreement, any Transaction Security Document, any utilisation request and substantially in the form set out at Schedule 3 (Part 1) of the Senior Facilities Agreement any other document designated as

	a Finance Document by HSBC and Topco;
Finance Parties	means HSBC as agent and issuing bank, the Security Trustee, Kaupthing and HSBC as arrangers, lenders and Ancillary Lender, the Mezzanine Lenders or any hedge counterparty;
Guaranteed Loan Notes	the guaranteed loan notes issued by Topco and guaranteed by HSBC;
Hedging Agreement	means any master agreement, confirmation, schedule or other agreement entered into or to be entered into by any borrower of the Term Loans and a hedge counterparty in accordance with an appropriate hedging strategy to be entered into by Bidco and a hedging counterparty in accordance with the terms of the Senior Facilities Agreement;
Investment Agreement	means the investment agreement dated on or about the date of this statutory declaration between Nicholas Ivel, Angela Barber, Colin Graves, David Thompson, Topco and Kaupthing;
Lender	means the Banks and any bank, financial institution, trust, fund or other entity which has become a party to the Senior Facilities Agreement in accordance with clause 27 of the Senior Facilities Agreement;
Loan Note Documents	the PIK A Loan Notes, the PIK A Loan Note Instrument, the PIK A Loan Note Guarantee and Debenture, the B Loan Notes, the B Loan Note Instrument, the B Loan Note Guarantee and Debenture, the Zero Coupon Loan Notes, the Zero Coupon Loan Note Instrument and the Zero Coupon Guarantee and Debenture in agreed form and any other documents entered into pursuant to them;
Loan Note Holders	the holders of any Guaranteed Loan Notes, PIK A Loan Notes, B Loan Notes or Zero Coupon Loan Notes from time to time;
Management Services Agreement	means the management services agreement entered into between Holdings and Topco on or about the date of this statutory declaration pursuant to which Topco provides certain

	services to Topco, Holdings and each of their respective subsidiaries for the time being;
Mezzanine Finance Documents	means the Mezzanine Facility Agreement, any accession letter to the Mezzanine Facility Agreement, any Transaction Security Document, the Intercreditor Deed, any fee letters setting out any of the fees referred to in the Mezzanine Facility Agreement, any utilisation request or request relating to the selection of an interest period for a utilisation under the Mezzanine Facility Agreement and any other document which is designated a Mezzanine Finance Document or Finance Document by Bidco, the mezzanine agent under the Mezzanine Facility Agreement and HSBC;
Mezzanine Lenders	the Lenders as defined under the Mezzanine Facility Agreement;
PIK A Loan Notes	the fixed rate secured PIK A loan notes issued by Finco pursuant to the PIK A Loan Note Instrument from time to time;
PIK A Loan Note Instrument	the instrument constituting the PIK A Loan Notes;
PIK A Trustee	Kaupthing Bank hf (as security trustee for itself, the A Designated Noteholders and the A Noteholders);
Resignation Letter	a resignation letter substantially in the form set out at Schedule 7 to the Senior Facilities Agreement;
Sellers	Colin Graves of 1 Dunmore, Bough Beech Road, Four Elms, Edenbridge, Kent, TN8 6NE, Executors of Julia Graves, Nicholas Ivel of 41 Lakeside, Acaster Malbis, York YO23 2TY, David Thompson of 9 Plume Close, Market Weighton, York YO43 3GJ, Angela Barber of Orchard House, Bolton, York YO41 5QS, Nicholas John Shaw of Addleshaw Goddard, 100 Barbirolli Square, Manchester M2 3AB and Alan Douglas Sturrock of Addleshaw Goddard, 100 Barbirolli Square, Manchester M2 3AB as trustees of the CJ Graves Accumulation and



Maintenance Trust, Nicholas John Shaw of Addleshaw Goddard, 100 Barbirolli Square, Manchester M2 3AB as trustee of the J Graves Accumulation and Maintenance Trust, Colin Graves of 1 Dunmore, Bough Beech Road, Four Elms, Edenbridge, Kent TN8 6NE and Nicholas John Shaw of Addleshaw Goddard, 100 Barbirolli Square, Manchester M2 3AB as trustees of the CJ Graves Settlement No 1, Nicholas John Shaw of Addleshaw Goddard, 100 Barbirolli Square, Manchester M2 3AB and John Geoffrey Rushworth of Wincel Lodge, Tompsets Bank, Forest Row, East Sussex RH18 5LL as trustees of the Julia Graves Settlement No 1;

Transaction Documents

means the Finance Documents, Acquisition Documents, Investment Agreements, Mezzanine Finance Documents, Loan Note Documents, Vendor Note Documents, Management Services Agreement and Constitutional Documents;

Transaction Security Documents

means the Debenture, the Transaction Guarantee, any assignment by way of security delivered pursuant to clause 25.26 of the Senior Facilities Agreement, together with any other document entered into by any Obligor creating or expressed to create any security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents or the Mezzanine Finance Documents;

Vendor Note Documents

the Guaranteed Loan Notes and the instruments constituting the Guaranteed Loan Notes;

Zero Coupon Loan Notes

the zero coupon secured loan notes issued by Topco pursuant to the Zero Coupon Loan Note Instrument;

Zero Coupon Loan Note Instrument

the instrument constituting the Zero Coupon Loan Notes;

Zero Coupon Noteholders

the persons whose names are for the time being entered into the company register of Topco as the holders of the Zero Coupon Loan

Notes;

Zero Coupon Trustees

Colin Graves and Nicholas Shaw as security trustees for the Zero Coupon Noteholders and the Designated Zero Coupon Noteholders.

**PricewaterhouseCoopers LLP**  
Benson House  
33 Wellington Street  
Leeds LS1 4JP  
Telephone +44 (0) 113 289 4000  
Facsimile +44 (0) 113 289 4460  
[www.pwc.com/uk](http://www.pwc.com/uk)

The Directors  
Costcutter International Limited  
Harvest Mills  
Dunnington  
York  
YO19 5RY

13 March 2006

Dear Sirs

**Auditors' report to the directors of Costcutter International Limited pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Costcutter International Limited (the "Company") dated 13 March 2006 in connection with the proposal that the Company should give financial assistance for the purchase of 700,000 A ordinary shares of £1 each, 300,000 B ordinary shares of £1 each and 25,000,000 preference shares of £1 each in the Company's ultimate holding company, Costcutter Holdings Limited, by Costcutter Supermarkets Holdings Limited, particulars of which are given in the attached statutory declaration. This report including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

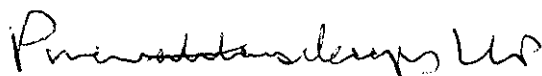
**Basis of opinion**

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.

Yours faithfully



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors