

CHFP025

Declaration in relation to assistance for the acquisition of shares

155(6)a

Company number

Name of company

* CLINPHONE GROUP LIMITED

XWeo STEVE JAMES KENT of Filling Water House, Staploe, St Neots,
Cambridgeshire PE19 5JA

SCOTT DOUGLAS BROWN of 117 Westfields Avenue, Barnes, London SW13 0AY

~~XXXXXXXXXXXX~~ [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 1975;
(b) that of a person authorised under section 3XXX of the Insurance Companies Act 1972 as carrying
on the business of the underwriter.

(c) something other than the above§

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

[company] [XXXXXXXXXXXXXXXXXXXXXXXXXXXX]

The assistance is for the purpose of ~~the 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: 67,000 A Ordinary Shares
and 33,000 B Ordinary Shares in the capital of the Company

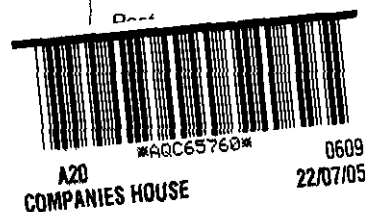
Presentor's name address and reference (if any) :

Browne Jacobson LLP
44 Castle Gate
Nottingham

NG1 7BJ

DX 718130 DXExch

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General Section



The assistance is to be given to: (note 2) CASTLEGATE 211 LIMITED (Company No.04292514)
(the, "Purchaser")

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

The assistance will take the form of:

See Appendix 1

The person who [has acquired] ~~XXXXXXX~~ the shares is:

† delete as
appropriate

The Purchaser

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

See Appendix 2

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

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

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

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

☒ 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) ☒ 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 the directors 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 ☒ 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

44 Castle Gate
Nottingham

Declarants to sign below

on

Day	Month	Year
20	07	2005

before me J Davey (JANET DAVEY)
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

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CLINPHONE GROUP LIMITED

APPENDICES TO FORM 155(6)a

APPENDIX 1

All capitalised items in this Appendix 1 shall have the meanings given to them in Appendix 3

Form of Assistance

The assistance will take the form of (i) the continued performance by the Company of the Bank Debenture and (ii) the execution, delivery and performance of its obligations thereunder by the Company of the following documentation to which it is to become party (as the same may be amended, varied, supplemented or substituted from time to time) and the Company complying with and fulfilling its obligations thereunder:

- 1 the Bank Composite Guarantee;
- 2 the Bank Support Agreement;
- 3 the Subordination Deed; and
- 4 the Working Capital Letter and Ancillary Facility Letter.

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CLINPHONE GROUP LIMITED

APPENDICES TO FORM 155(6)a

APPENDIX 2

All capitalised items in this Appendix 2 shall have the meanings given to them in Appendix 3.

Terms on which Assistance Given

The principal terms on which the assistance is to be given are as follows:

1 Bank Composite Guarantee

Pursuant to the terms of the Bank Composite Guarantee the Company:

- (i) undertakes to discharge its own liabilities and obligations from time to time to the Bank and guarantees to the Bank as principal obligor and not merely as surety the prompt performance by each relevant Obligor of all the liabilities and obligations from time to time of all the other Obligors (as the case may be) including under or as contemplated by the Finance Documents together with the payment of all sums payable under or in connection with the Finance Documents as and when the same shall become due (including sums due in connection with discharging liabilities incurred in connection with the Acquisition);
- (ii) undertakes that it will on demand pay to the Bank the whole and any part of such sum, together with interest payable thereon; and
- (iii) gives an indemnity to the Bank against any loss or liability suffered by it under the Finance Documents as a result of any obligation guaranteed by it becoming or being unenforceable, invalid or illegal.

2 Bank Debenture

Pursuant to the Bank Debenture the Company has as primary obligor and not merely as surety, covenanted with the Bank that it would pay or discharge all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each relevant Obligor under the Finance Documents in each case together with all costs charges and expenses (including for the avoidance of doubt sums due in connection with the discharge of liabilities incurred in connection with the acquisition) and as beneficial owner has granted fixed and floating charges in favour of the Bank over the whole of its property, assets and undertaking to secure all liabilities and obligations from time to time of the Company to the Bank including under the Bank Composite Guarantee.

3 Bank Support Agreement

Pursuant to the Bank Support Agreement the Company agrees to provide facilities to the other Obligors to assist them to discharge all their liabilities and obligations from time to time to the Bank including under the Finance Documents.

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4 **Subordination Deed**

Pursuant to the Subordination Deed the Bank, the Investors, (inter alia) the Company and other Group Companies regulate their respective rights in relation to the funding and security documents referred to in that deed to which the Company is to be a party.

5 **Working Capital Agreements**

Pursuant to the Working Capital Letter and the Ancillary Facility Letter the Company authorise the Bank at any time in its sole discretion to apply monies standing to the credit of any of the Company's accounts with the Bank in and towards satisfaction of any indebtedness to the Bank in respect of the Finance Documents.

In executing, delivering and performing the documents referred to above, the Company is entering into obligations, assuming liabilities, waiving rights and giving security in connection with the refinancing of the Acquisition and may in the future be called upon pursuant to any of the documents referred to in this statutory declaration to discharge obligations and/or liabilities, to waive rights and to give effect to security arising in connection with the discharge of liabilities incurred for the purpose of the Acquisition.

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CLINPHONE GROUP LIMITED
APPENDICES TO FORM 155(6)a

APPENDIX 3

Amount of Cash Transferred

The amount of any advances made from time to time by the Company under the terms of the Bank Support Agreement up to a maximum amount of £40,000,000.

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APPENDICES TO FORM 155(6)a

APPENDIX 4

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

"Acquisition" means the acquisition of the whole of the issued share capital of the Company by the Parent on 28 February 2002;

"Ancillary Facilities Letter" means an ancillary facilities agreement to be made between the Bank (1) and the Company (2) for the provision of a £4,047,700 forward exchange contracts and currency options facility, a £200,000 foreign cheques for negotiation facility and a US\$1,100,000 standby letters of credit facility to the Company by the Bank;

"Bank" means HSBC Bank plc acting through its branch at 31 Granby Street, Leicester, LE1 6EP;

"Bank Composite Guarantee" means the unlimited inter company composite guarantee to be executed by each of the Purchaser, the Parent, the Company and the Subsidiary in favour of the Bank;

"Bank Debenture" means the debenture executed by the Company in favour of the Bank on 13 September 2001;

"Bank Support Agreement" means the intra group funding agreement to be entered into by each of the Purchaser, the Parent, the Company and the Subsidiary;

"Facility Agreements" means the Loan Agreement, the Working Capital Letter and the Ancillary Facilities Letter;

"Finance Documents" means the Facilities Agreements, the Bank Debenture and the Bank Composite Guarantee;

"Group" means at any time the Purchaser, the Parent, the Company and the Subsidiary and "Group Company" means any of them and "Group Companies" shall be construed accordingly;

"Investors" has the same meaning given thereto in the Subordination Deed;

"Loan Agreement" means the agreement for the Loan Facility to be made between the Bank (1) and the Purchaser (2);

"Loan Facility" means the £7,000,000 term loan facility and the £5,000,000 revolving credit facility to be made available to the Purchaser by the Bank;

"Obligor" has the meaning given thereto in the Bank Composite Guarantee;

"Parent" means Castlegate 211 Limited (company number 04292514);

"Purchaser" means Clinphone Holdings Limited (company number 05204138);

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"Subordination Deed" means the subordination deed to be entered into by the Bank (1) the Investors (2), each member of the Group (3);

"Subsidiary" means Castlegate 284 Limited (company number 04927157);

"Working Capital Facility" means the working capital facility of up to £2,000,000 to the Group to finance their working capital requirements; and

"Working Capital Agreements" means the Working Capital Letter and the Ancillary Facilities Letter;

"Working Capital Letter" means a working capital facility letter to be made between the Bank (1) and each member of the Group (2);



Accountants &
business advisers

**AUDITORS' REPORT TO THE DIRECTORS OF CLINPHONE GROUP LIMITED PURSUANT TO
SECTION 156(4) OF THE COMPANIES ACT 1985**

We have examined the attached statutory declaration of the directors of Clinphone Group Limited ("the Company") dated *20 July 2005* in connection with the proposal that the Company should give financial assistance for the purpose of reducing or discharging a liability incurred in connection with the purchase of 67,000 "A" ordinary shares and 33,000 "B" ordinary shares in the Company.

Basis of opinion

We have enquired into the state of the Company's affairs so far as necessary for us 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.

PKF (UK) LLP

PKF (UK) LLP

Registered Auditors

Nottingham

Date: *20 July 2005*