

## Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

**155(6)b**

\*ABQLFZS2\*

A14 17/05/2008 155

COMPANIES HOUSE

The assistance is for the purpose of ~~XXXXXX~~ [reducing or discharging a liability incurred for the purpose of that acquisition] † (note 1)

Please do not write in this margin

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

The number and class of the shares acquired or to be acquired is See annexure 2

The assistance is to be given to (note 2) Interfloor Operations Limited (CRN 5518878)  
whose registered office is at Broadway, Haslingden, Rossendale, Lancashire,  
BB4 4LS (the "Purchaser")

The assistance will take the form of

See part II of annexure 3

The person who [has acquired] ~~XXXXXX~~ † the shares is  
the Purchaser

† delete as appropriate

The principal terms on which the assistance will be given are

See annexure 4

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is Nil

The amount of cash to be transferred to the person assisted is £ See annexure 5

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

Please do not  
write in this  
margin

The date on which the assistance is to be given is See annexure 6

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

~~X~~ We have formed the opinion, as regards this 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)

delete either (a) or  
(b) as appropriate

(a) ~~X~~ We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date\* (note 3)

(b) ~~XXXXXX We have formed the opinion that this company will be unable to pay its debts in full within 12 months of 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)~~

And ~~X~~ 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 Snow Hill  
London EC1A 2AL

Declarants to sign below

Day Month Year  
on 

1	6	0	5	2	0	0	8
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before me SARAH-JANE GRIFFIN of CMS  
A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths  
Cameron McCreana LLP

*[Signatures]*

## 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  
Companies House  
37 Castle Terrace  
Edinburgh  
EH1 2EB

**INTERFLOOR INDUSTRIES LIMITED**  
**(registered number 4417189)**  
**(the “Company”)**

**FORM 155(6)b**

**ANNEXURE 1**

The names and addresses of all directors of the Company are as follows

**Philip Reeder** of Barham Farmhouse, East Hoathly, Lewes, East Sussex BN8 6QL

**Stephen Downey** of Chandlers Cottage, Flawith, Alne, York, Yorkshire YO61 1SF

**Martyn Taylor** of Ardenode, Broom Way, Weybridge, Surrey, KT13 9TQ

**Bernard Mrozek** of 19 Lower House Green, Lumb, Rossendale, BB4 9HU

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**FORM 155(6)b**

**ANNEXURE 2**

Terms defined in this statutory declaration (including the other Annexures) have the same meaning in this Annexure unless otherwise stated or the context otherwise requires

The number and class of shares acquired are

(a) 850,000 ordinary A shares of £1 00 each in the Company, and

(b) 133,500 ordinary B shares of £1 00 each the Company,

(together, the "**Target Shares**")

**INTERFLOOR INDUSTRIES LIMITED**

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**FORM 155(6)b**

**ANNEXURE 3**

**Part I**

Terms defined in this statutory declaration (including the other Annexures) shall have the following meanings unless otherwise stated or the context otherwise requires

**"Acquisition"** means the acquisition by the Purchaser of the Target Shares,

**"Borrower"** means the Purchaser or any other company which becomes a borrower in accordance with clause 30 (Changes to the Obligors) of the Senior Facilities Agreement,

**"Charging Company"** means Stikatak Limited (CRN 1763122), a wholly-owned subsidiary of the Company,

**"Company Intra-Group Loan Agreement"** means the intra-group loan agreement dated 19 August 2005 between, among others, the Purchaser and certain other members of the Group whereby certain members of the Group, including the Company, agree to provide a loan facility to the Purchaser,

**"Debenture"** means the debenture dated 19 August 2005 made between, among others, the Purchaser and certain of its subsidiaries as charging companies in favour of the Security Trustee,

**"Finance Documents"** means the Senior Finance Documents, the Mezzanine Loan Note Instrument and the Mezzanine Loan Notes,

**"Group"** means the Parent, the Purchaser and each of their respective subsidiaries (including the Company) from time to time,

**"Guarantor"** means the companies, listed in part 1 of schedule 1 of the Senior Facilities Agreement as original guarantors and each party that becomes a guarantor under the Senior Facilities Agreement unless such party has ceased to be a Guarantor in (accordance with clause 30 (Changes to the Obligors) of the Senior Facilities Agreement,

**"Hedging Agreement"** means any master agreement, confirmation, schedule or other agreement entered into or to be entered into by the Purchaser and Kaupthing Bank hf as hedge counterparty,

**"Intercreditor Deed"** means the intercreditor deed dated 19 August 2005 and made between, among

others, the Parent, the other obligors including the Purchaser, Kaupthing Bank hf in various capacities including as Security Trustee and Senior Agent, the lenders under the Senior Facilities Agreement, the Mezzanine Note Holders and the Investors,

**"Investor Documents"** means the Shareholders Agreement, the constitutional documents of the Parent, the Investor Loan Note Instrument and the Investor Loan Notes,

**"Investor Loan Note Instrument"** means the instrument pursuant to which the Investor Loan Notes are constituted,

**"Investor Loan Notes"** means the £22,820,222 unsecured subordinated loan notes due 2015 of the Purchaser,

**"Investors"** means EAC Fund III Limited Partnership, EAC Fund III GmbH & Co Beteiligungs KG and Hutton Collins Mezzanine Partners LP,

**"Keyman Insurance Assignment"** means the assignment of keyman life policies entered into by the Parent in favour of the Security Trustee,

**"Mezzanine Loan Note Instrument"** means the loan note instrument constituting £8,000,000 Series A Notes 2014 and £4,000,000 Series B Notes 2015 made 19 August 2005 by the Purchaser,

**"Mezzanine Loan Notes"** means the loan notes issued pursuant to the terms of the Mezzanine Loan Note Instrument,

**"Mezzanine Note Holders"** means those persons whose names are entered and appear in the register of holders of Mezzanine Loan Notes as a holder of any Mezzanine Loan Note,

**"Parent"** means Interfloor Group Limited (formerly Masai Holdings Limited),

**"Parent Debenture"** means a debenture between the Parent, the Purchaser and the Security Trustee,

**"Purchaser"** means Interfloor Operations Limited (formerly Masai Operations Limited),

**"Secured Obligations"** means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of any member of the Group to the Security Trustee and/or the other Secured Parties (or any of them) under or pursuant to any Senior Finance Document (including all monies covenanted to be paid under the Debenture), provided that no obligation or liability shall be included in the definition of **"Secured Obligations"** to the extent that, if it were so included, the Debenture (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985,



**"Secured Parties"** means each Finance Party as defined under the Senior Facilities Agreement,

**"Security Assets"** means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to the Debenture,

**"Security Trustee"** means Kaupthing Bank hf as security trustee under the Senior Finance Documents,

**"Senior Agent"** means the agent of the other Finance Parties under the Senior Facilities Agreement,

**"Senior Facilities Agreement"** means the senior sterling term and multicurrency revolving facilities agreement dated 19 August 2005 made between, among others, (1) the Parent (2) the Purchaser, (3) the parties listed in part 1 of schedule 1 thereto as the original guarantors (4) Kaupthing Bank hf as arranger (5) the financial institutions listed in part 2 and part 3 of schedule 1 thereto as the original lenders (6) Kaupthing Bank hf as agent (7) Kaupthing Bank hf as security trustee and (8) Kaupthing Bank hf as issuing lender (as amended or novated from time to time including, without limitation, by an increase in the facilities) pursuant to which the lenders make available to the Purchaser

- (a) a facility A term loan of £20,000,000 to be applied towards financing the Acquisition or payment of all fees, costs and expenses in connection with the Acquisition and refinancing certain financial indebtedness of the Company and its subsidiaries to third parties,
- (b) a facility B term loan of £20,000,000 to be applied towards the same purposes as paragraph (a) above,
- (c) a facility C term loan of the USD equivalent of £15,000,000 to be applied towards the same purposes as paragraph (a) above, and
- (d) a multicurrency revolving credit facility of £10,000,000 to be applied towards the general corporate and working capital purposes of the Group

**"Senior Finance Documents"** means the Senior Facilities Agreement, any ancillary document, the Company Intra-Group Loan Agreement, any compliance certificate, any fee letter, any Hedging Agreement, the Intercreditor Deed, any resignation letter, any selection notice, any Transaction Security Document (including, but not limited to, the Debenture), any utilisation request and any other document designated as a "Finance Document" by the Senior Agent and the Parent and "Senior Finance Document" shall mean each such document,

**"Senior Finance Parties"** means the Senior Agent, the Arranger, the Security Trustee, a Lender, the Issuing Bank, a Hedge Counterparty or any Ancillary Lender (each term as defined in the Senior Facilities Agreement unless otherwise defined in this annexure),

**"Shareholders Agreement"** means the subscription and shareholders agreement dated 19 August 2005 and made between the Parent and the Investors,

**"Transaction Security Documents"** means the Debenture, the Parent Debenture, the Keyman Insurance Assignment and the US Share Pledge,

**"US Share Pledge"** means the share pledge dated on or about the date of the Senior Facilities Agreement provided by Duralay International Holdings Limited in favour of the Security Trustee over the entire issued share capital in Duralay USA Inc

Any reference in this statutory declaration (including the other Annexures) to any agreement or instrument is a reference to such agreement or instrument as from time to time amended, novated, restated, varied or assigned from time to time (however fundamentally)

Any reference in this statutory declaration (including the other Annexures) to any persons is to include their successors in title and transferees from time to time

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**FORM 155(6)b**

**ANNEXURE 3**

**Part II**

Terms defined in this statutory declaration (including the other Annexures) have the same meaning in this Annexure unless otherwise stated or the context otherwise requires

The assistance will take the form of the execution, delivery and performance by the Charging Company of the following documents

- (a) an accession letter (the "**Senior Facilities Accession Letter**") to be entered into by the Charging Company, the Parent and the Agent under which the Charging Company will accede to the Senior Facilities Agreement as an Additional Borrower and Additional Guarantor,
- (b) a deed of accession (the "**Debenture Deed of Accession**") to be entered into by the Charging Company, the Parent and the Security Trustee under which the Charging Company will accede to the Debenture as a Charging Company,
- (c) a deed of accession (the "**Company Intra-Group Loan Agreement Accession Deed**") to be entered into by the Charging Company, the Parent and the Purchaser, pursuant to which, the Charging Company will accede to the Company Intra-Group Loan Agreement as a lender, and
- (d) a deed of accession (the "**Intercreditor Accession Deed**") to be entered into by the Charging Company and the Security Trustee pursuant to which the Charging Company will accede to the Intercreditor Deed as an Additional Obligor,

in each case as each such document may from time to time be amended, extended, varied, novated or restated including, without limitation, by any increase, or reduction in any amount made available thereunder and/or any alteration and/or addition to the purposes for which such amount may be used or by any change in the identity of any of the Senior Finance Parties or Mezzanine Note Holders

By executing these documents the Charging Company will, amongst other things, guarantee and provide security for debt provided to the Purchaser, which debt was used to acquire the Target Shares

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**FORM 155(6)b**

**ANNEXURE 4**

Terms defined in this statutory declaration (including the other Annexures) have the same meaning in this Annexure unless otherwise stated or the context otherwise requires

The principal terms on which the assistance is given are

**1. Senior Facilities Agreement**

1 1 By acceding to the Senior Facilities Agreement through the Senior Facilities Accession Letter, the Charging Company (among other things)

1 1 1 guarantees to each Senior Finance Party the punctual performance by each Borrower of all that Borrower's obligations under the Senior Finance Documents (including the obligations incurred by the Borrower for the purposes of the Acquisition to which this form relates),

1 1 2 undertakes with each Senior Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Senior Finance Document, the Charging Company shall immediately on demand pay that amount as if it was the principal obligor, and

1 1 3 provides an indemnity to each Senior Finance Party immediately on demand against any cost, loss or liability suffered by that Senior Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal

**2. The Debenture**

2 1 By acceding to the Debenture through the Debenture Deed of Accession, the Charging Company

2 2 1 covenants in favour of the Security Trustee that it will pay and discharge the Secured Obligations,

2 2 2 creates first fixed and floating charges over all its assets, property and undertaking in favour of the Security Trustee as security for the payment and discharge of its obligations under the Senior Finance Documents including, without limitation, its guarantee of the Borrower's obligations under the Senior Finance Documents as more

specifically detailed in the Debenture,

2 2 3 agrees that it shall from time to time, at the request of the Security Trustee execute in favour of the Security Trustee such further or other legal mortgages, charges, assignments, assignments or other security over all or any of the Security Assets which are subject to or intended to be subject to any fixed security created by the Debenture in favour of the Security Trustee (including for the avoidance of doubt, any arising or intended to arise pursuant to clause 6 (Conversion of floating charge) of the Debenture) in such form as the Security Trustee may reasonably require,

2 2 4 the Secured Obligations include without limitation

(a) any monies borrowed by the Borrower from the Senior Finance Parties and used in connection with the Acquisition, and

(b) any fees, costs and expenses incurred by the Purchaser in connection with the Acquisition

### **3. The Company Intra-Group Loan Agreement**

3 1 By acceding to the Company Intra-Group Loan Agreement through the Company Intra-Group Loan Agreement Accession Deed, the Charging Company, among other things, agrees to lend money to the Purchaser for the purposes of enabling the Purchaser

3 1 1 to pay any amounts (including the payment of principal and interest) due under the Finance Documents,

3 1 2 to pay any amounts due to the Investors under the Investor Documents, and

3 1 3 for such other purposes as agreed by the Charging Company

### **4. The Intercreditor Deed**

4 1 By acceding to the Intercreditor Deed through the Intercreditor Accession Deed, the Charging Company agrees to certain ranking and priority arrangements in respect of sums due and arising from the Purchaser to, inter alia, the Senior Finance Parties and the Mezzanine Note Holders as more particularly set out therein

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**ANNEXURE 5**

Terms defined in this statutory declaration (including the other Annexures) have the same meaning in this Annexure unless otherwise stated or the context otherwise requires

Nil as at the date of this declaration, but subject to the Charging Company's contingent obligations to make advances under the Company Intra-Group Loan Agreement, up to a maximum aggregate amount of £250,000,000

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**FORM 155(6)b**

**ANNEXURE 6**

The date on which the assistance is to be given is within 8 weeks from the date of this declaration



**KPMG LLP**  
St James' Square  
Manchester M2 6DS  
United Kingdom

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DX 724620 Manchester 42

**Private & confidential**  
The Directors  
Interfloor Industries Limited  
Broadway  
Rossendale  
Lancashire  
BB4 4LS

Our ref Sb/jc/sw160508  
Contact Stuart Wood  
Tel 0161 246 4160

16 May 2008

Dear Sirs

**Auditors' report to the directors of Interfloor Industries Limited (the "Company") pursuant to Section 156(4) of the Companies Act 1985 (the "Act")**

We have examined the attached statutory declaration of the directors dated 16 May 2008 in connection with the proposal that Stikatak Limited of which the Company is a holding company, should give financial assistance for the purpose of reducing or discharging a liability incurred in connection with the acquisition of the entire issued share capital of the Company's holding company, ~~Interfloor Industries Limited~~ by Interfloor Operations Limited

T.S

This report is made solely to the Company's directors as a body in accordance with section 156(4) of the Act. Our work has been undertaken so that we as the Company's auditors might state to the Company's directors those matters we are required to state to them in a report under section 156(4) of that Act and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body for our work under section 156(4) of that Act or for this report.

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 Act is unreasonable in all the circumstances.

Yours faithfully

KPMG LLP  
Registered Auditor