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LD8
COMPANIES HOUSE

0194
24/08/05

Please do not
write in this
margin

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

The assistance is to be given to: (note 2) Masal Operations Limited, Company number
5518878, registered address at 26 Finsbury Square, London EC2A 1DS

See Annexure C

† delete as appropriate

Masal Operations Limited

See Annexure D

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

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) ~~X~~We intend to commence the winding up of the company within 12 months of that date, and ~~X~~we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up]* (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

NORTON ROSE
KEMPSON HOUSE
CAMOMILE STREET
LONDON EC3A 7AN

Day Month Year

on

19082005

before me

ROBERT BAY

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

Declarants to sign below

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



KPMG LLP
Consumer & Industrial Markets
St James' Square
Manchester M2 6DS
United Kingdom

Tel +44 (0) 161 246 4000
Fax +44 (0) 161 246 4040
DX 724620 Manchester 42
jon.cameron@kpmg.co.uk

Private & confidential
The Directors
Interfloor Group Limited
Broadway
Haslingden
Rossendale
BB4 4LS

Our ref jc/005

14 August 2005

Dear Sirs

Auditors' report to the directors of Interfloor Group Limited (Company no: 04417189) ("Company") pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 14 August 2005 in connection with the proposal that Duralay International Holdings Limited (Company no: 03189091), of which this Company is a holding company, should give financial assistance for the purchase of 100% of the ordinary share capital of the Company.

This report is made solely to the Company's directors as a body in accordance with section 156(4) of the Companies Act 1985. 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 Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully

KPMG LLP
Registered Auditor

ANNEXURE A TO FORM 155(6)(b)

This is annexure A referred to in the form 155(6)(b) dated 19 August 2005 given by Interfloor Group Limited, company number 4417189 (the "Company") in respect of Duralay International Holdings Limited, company number 3189091, (the "Company's Subsidiary")

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

Bernard Mrozek of 19 Lower House Green, Lumb, Rossendale, Lancashire, BB4 9UH

Handwritten signatures and initials in the bottom right corner, including what appears to be 'R', 'SD', and a vertical mark.

ANNEXURE B TO FORM 155(6)(b)

This is annexure B referred to in the form 155(6)(b) dated 19 August 2005 given by Interfloor Group Limited, company number 4417189 (the "Company") in respect of Duralay International Holdings Limited, company number 3189091, (the "Company's Subsidiary")

The number and class of shares acquired or to be acquired:

- (a) 850,000 ordinary A shares of £1.00 each in the Company; and
- (b) 133,500 ordinary B shares of £1.00 each in the Company.

RA 73M
SW

ANNEXURE C TO FORM 155(6)(b)

This is annexure C referred to in the form 155(6)(b) dated 19 August 2005 given by Interfloor Group Limited, company number 4417189 (the "Company") in respect of Duralay International Holdings Limited, company number 3189091, (the "Company's Subsidiary")

Definitions

"Acquisition" means the acquisition by Bidco of all the issued share capital of the Company;

"Agreements" means the Senior Facilities Agreement and the Mezzanine Loan Note Instrument;

"Bidco" means Masal Operations Limited;

"Borrower" means Masal Operations Limited or a company which becomes a borrower in accordance with clause 30 (*Changes to the Obligors*) of the Senior Facilities Agreement;

"Company Intra-Group Loan Agreement" means the intra-group loan agreement to be dated on or about the date of the Agreements between, among others, the Borrower and certain other members of the Group, including the Company's Subsidiary, whereby certain members of the Group, including the Company's Subsidiary, agree to provide a loan facility to the Borrower;

"Debenture" means a debenture between the Company and certain of its subsidiaries (including the Company's Subsidiary) as charging companies and 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 Company and each of their respective subsidiaries (including the Company's Subsidiary) from time to time;

"Guarantor" means the companies, including the Company's Subsidiary, 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 Bidco and Kaupthing Bank hf as hedge counterparty;

"Intercreditor Deed" means the intercreditor deed to be dated on the same date as the Agreements between, among others, the Parent, the other obligors including the Company's Subsidiary, 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 or are to be constituted;

"Investor Loan Notes" means the £22,625,222 unsecured subordinated loan notes due 2015 of Bidco;



"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 to be 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 on or about the date of the Agreements by Bidco;

"Mezzanine Loan Notes" means the loan notes to be 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 Masai Holdings Limited;

"Parent Debenture" means a debenture between the Parent, the Borrower and the Security Trustee;

"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 to be dated on or about the date hereof between, among others, (1) the Parent (2) the Borrower; (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 Borrower:

- (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 on or about the date of the Agreements 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 to be dated on or about the date hereof provided by the Company's Subsidiary in favour of the Security Trustee over the entire issued share capital in Duralay USA Inc.;

The assistance will take the form of the execution, delivery and performance by the Company's Subsidiary of:

- (a) the Senior Facilities Agreement, which includes (among other things):
 - (i) a guarantee from (among others) the Company's Subsidiary to each Senior Finance Party of 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);
 - (ii) an undertaking from (among others) the Company's Subsidiary 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, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
 - (iii) an indemnity immediately on demand from (among others) the Company's Subsidiary to each Senior Finance Party 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,
- (b) the Debenture under which the Company and certain of its subsidiaries including, without limitation, the Company's Subsidiary (among other things):
 - (i) covenant in favour of the Security Trustee that they will pay and discharge the Secured Obligations;
 - (ii) create first fixed and floating charges over all their assets, property and undertaking in favour of the Security Trustee as security for the payment and discharge of their

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obligations under the Senior Finance Documents including, without limitation, their guarantee of the Borrowers' obligations under the Senior Finance Documents;

- (iii) agree that they 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 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;
- (c) the Company Intra-Group Loan Agreement;
- (d) the US Share Pledge;
- (e) the Intercreditor Deed, pursuant to which the parties thereto agree to certain ranking and priority arrangements in respect of sums due and arising from Bidco to, inter alia, the Senior Finance Parties and the Mezzanine Note Holders;
- (f) all other mortgages, charges, pledges, guarantees, assignments or other security entered into by the Company or any of its subsidiaries in respect of amounts owed under the Finance Documents;

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.

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ANNEXURE D TO FORM 155(6)(b)

This is annexure D referred to in the form 155(6)(b) dated 19 August 2005 given by Interfloor Group Limited, company number 4417189 (the "Company") in respect of Duralay International Holdings Limited, company number 3189091, (the "Company's Subsidiary")

Definitions

Terms defined in annexure C to the form 155(6)(b) declared by the directors of the Company shall have the same meanings when used in this annexure D.

The principal terms on which the assistance is given are:

- 1.1 by executing the Senior Facilities Agreement, the Company's Subsidiary (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, that Guarantor 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,
- 1.2 by executing the Debenture, the Company's Subsidiary:
 - 1.2.1 covenants in favour of the Security Trustee that it will pay and discharge the Secured Obligations;
 - 1.2.2 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;
 - 1.2.3 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, assignations 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;
 - 1.2.4 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 Borrower in connection with the Acquisition;
- 1.3 by executing the Company Intra-Group Loan Agreement, the Company's Subsidiary, among other things, agrees to lend money to the Borrower for the purposes of enabling the Borrower:
 - (a) to pay any amounts (including the payment of principal and interest) due under the Finance Documents;
 - (b) to pay any amounts due to the Investors under the Investor Documents; and
 - (c) for such other purposes as agreed by the Company's Subsidiary.
- 1.4 the Intercreditor Deed, pursuant to which the parties thereto agree to certain ranking and priority arrangements in respect of sums due and arising from Bidco to, inter alia, the Senior Finance Parties and the Mezzanine Note Holders;
- 1.5 pursuant to the Intercreditor Deed, the parties thereto agree to certain ranking and priority arrangements in respect of sums due and owing from the Company's Subsidiary and Bidco to, inter alia, the Senior Finance Parties and the Mezzanine Note Holders; and
- 1.6 by executing the US Share Pledge, the Company's Subsidiary, among other things, agrees to charge its shareholding in Duralay USA Inc. in favour of the Security Trustee for the purpose of providing the Security Trustee with security for the payment and discharge of the Borrower's obligations under the Finance Documents.

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ANNEXURE E TO FORM 155(6)(b)

This is annexure E referred to in the form 155(6)(b) dated 19 August 2005 given by Interfloor Group Limited, company number 4417189 (the "Company") in respect of Duralay International Holdings Limited, company number 3189091, (the "Company's Subsidiary")

Definitions

Terms defined in annexure C to the form 155(6)(b) declared by the directors of the Company shall have the same meanings when used in this annexure E.

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

Handwritten signatures and initials, including "R", "S", and "M".

ANNEXURE F TO FORM 155(6)(b)

This is annexure F referred to in the form 155(6)(b) dated 19 August 2005 given by Interfloor Group Limited, company number 4417189 (the "Company") in respect of Duralay International Holdings Limited, company number 3189091, (the "Company's Subsidiary")

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

7/11/05
M
S.D.