

CHFP025

Please do not
write in this
margin

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

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

**To the Registrar of Companies
(Address overleaf - Note 5)**

For official use

Company number

04606078

Note
Please read the notes
on page 3 before
completing this form

Name of company

* Bifold Fluidpower (Holdings) Limited ("Company")

* insert full name
of company

X/We 0 Please see Annexure 1

9 insert name(s) and
' address(es) of all
the directors

† delete as appropriate

~~THE DIRECTORS~~ [all the directors] † of the above company do solemnly and sincerely declare that
The business of the company is

§ delete whichever is inappropriate

[illegible]

(c) something other than the above §

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] ~~XXXXXXXXXXXXXXXXXXXX~~

Limited) †

The assistance is for the purpose of [that acquisition] ██████████
██████████ †

The number and class of the shares acquired or to be acquired is. Please see Annexure 2

Presenter's name address and
reference (if any)
DLA Piper UK LLP
101 Barbirolli Square
Manchester
M2 3DL

DX 14304 MANCHESTER
(Ref LJP/61249/120137/13467876)

For official Use
General Section

Post room

WEDNESDAY



AQ5

AQIGYP7S

02/05/2007

253

COMPANIES HOUSE

The assistance is to be given to (note 2) Bifold Group Limited (company number 06186844) ("Purchaser")
whose registered office is at c/o Bifold Fluidpower Limited, Greengate Industrial Estate, Greenside Way, Middleton,
Manchester M24 1SW

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 Annexure 3

The person who ~~XXXXXXXXXX~~ (will acquire) † the shares is

† delete as
appropriate

Bifold Group Limited (company number 06186844)

The principal terms on which the assistance will be given are

Please see Annexure 4

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

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 eight weeks of the date hereof

delete either (a) or
(b) as appropriate

(a) ~~We~~ 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) [REDACTED] (note 3)

Declared at

Declarants to sign below

101 Barbrdli Square, Manchester

Day Month Year
on 20 04 20 07

before me Chadwick

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

~~Robertson~~
R. Robertson
R. Robertson

- 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

Phadma

Company number: 04606078

BIFOLD FLUIDPOWER (HOLDINGS) LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 1

Name: Gary Terence Jacobson
Address: Highfield
Townfield Lane
Frodsham
Cheshire
WA6 7RQ

Name: Andrew Sebastian Revans
Address: 11 Fernthorpe Avenue
Uppermill
Oldham
OL3 6EA

Name: Michael Thomas Dennis
Address: Wood View
82 Elland Road
Brighouse
West Yorkshire
HD6 2QR

Name: Bernard Charles Egbert Pazzard
Address: 75 Avalon Road
Earley
Reading
RG6 7NR

Company number 04606078

BIFOLD FLUIDPOWER (HOLDINGS) LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 2

All capitalised items in this Annexure 2 shall have the meanings given to them in Annexure 6

The number and class of the shares to be acquired is 7,143 ordinary shares of £1 each and 4,195 "A" ordinary shares of £1 each in the capital of the Company

BIFOLD FLUIDPOWER (HOLDINGS) LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 3

All capitalised items in this Annexure 3 shall have the meanings given to them in Annexure 6

Form of assistance

The assistance will take the form of the execution by the Company of the following documentation (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 Common Terms Agreement
- 2 the Intercreditor Deed
- 3 the Debenture,
- 4 the Corporate Guarantee,
- 5 the Intra-Group Loan Agreement,
- 6 the Working Capital Facility Letter, and
- 7 the Insurance Assignment

BIFOLD FLUIDPOWER (HOLDINGS) LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 4

All capitalised items in this Annexure 4 shall have the meanings given to them in Annexure 6

Terms on which assistance given

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

1. The Common Terms Agreement

Pursuant to the terms of the Common Terms Agreement, a Finance Party may set off any matured obligation due from an Obligor, including, without limitation, the Company, under the Relevant Finance Document (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor

2. The Intercreditor Deed

Pursuant to the terms of the Intercreditor Deed, there are regulated certain rights and obligations of the Group in respect of payments due to creditors and the enforcement of security granted by the Obligors, including, without limitation, the Company, in favour of the Security Trustee for and on behalf of the Security Beneficiaries

3 The Debenture

Pursuant to the terms of the Debenture, the Company

3 1 covenants with the Security Trustee to pay or discharge all or any monies and liabilities which shall from time to time be due, owing or incurred to the Security Beneficiaries by the Company under the Finance Documents, on the due date and in the manner provided in the relevant Finance Document, and

3 2 creates in favour of the Security Trustee fixed and floating charges and/or assigns to the Security Trustee all its assets and undertaking both present and future by way of security for all the Company's liabilities to the Security Beneficiaries (more fully described as the Secured Liabilities as such term is defined in the Debenture) which could be used to discharge liabilities incurred by the Purchaser for the purpose of the Acquisition

4. The Corporate Guarantee

Pursuant to the terms of the Corporate Guarantee, the Company, inter alia

4 1 guarantees to discharge on demand all of the liabilities of each Principal, and any other company which executes an accession agreement to the Corporate Guarantee from time to time, to the Security Beneficiaries (such liabilities more fully described as the Secured Liabilities as such term is defined in the Corporate Guarantee) (which shall be recoverable from the Company as principal debtor),

4 2 agrees that any time or amount claimed by the Security Trustee for and on behalf of the Security Beneficiaries to be included in such obligations which is not recoverable from each Principal shall be recoverable from the Company as principal debtor,

4 3 agrees that (in addition to any lien or rights to which the Security Beneficiaries may be entitled by law) any Security Beneficiary may in certain circumstances set off the whole or any part of the Company's liabilities to such Security Beneficiary under the Corporate

Guarantee against any money or credit balance on any account of the Company with such Security Beneficiary (whether or not that deposit or balance is due to the Company), and

- 4 4 agrees that, despite any term to the contrary in relation to any deposit or credit balance on any account of the Company with any Security Beneficiary, that deposit or balance may, in certain circumstances, be applied by such Security Beneficiary to a separate suspense account and such Security Beneficiary may apply all money so held in settlement of the Secured Liabilities (as defined in the Corporate Guarantee)

which could be used to discharge liabilities incurred by the Purchaser for the purpose of the Acquisition

5. The Intra-Group Loan Agreement

Pursuant to the terms of the Intra-Group Loan Agreement, the Company could be required to provide funds to enable, inter alia, the Purchaser to meet its obligations under or in connection with the Finance Documents and for any purpose in connection with the Acquisition, and the Purchaser agrees to use reasonable endeavours to meet any shortfall in the working capital requirements of the Company

6. The Working Capital Facility Letter

Pursuant to the terms of the Working Capital Facility Letter, BoS shall provide, inter alia, working capital facilities to, inter alia, the Company and its subsidiaries

7. The Insurance Assignment

Pursuant to the terms of the Insurance Assignment, the Company will assign to the Security Trustee all its rights, title and interest in and to the keyman insurance policies over the lives of Andrew Revans and Bernard Pazzard

In entering into the various documents referred to above the Company is entering into obligations and assuming liabilities and giving security in connection with the acquisition of shares in the Company and may in the future be called upon pursuant to any of the documents referred to in this declaration to discharge obligations and/or liabilities arising in connection with the Acquisition

Company number: 04606078

BIFOLD FLUIDPOWER (HOLDINGS) LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 5

All capitalised items in this Annexure 5 shall have the meanings given to them in Annexure 6

The amount of cash to be transferred to the person assisted is amounts due under the Intra-Group Loan Agreement up to a maximum amount of £65,000,000

BIFOLD FLUIDPOWER (HOLDINGS) LIMITED
ANNEXURES TO FORM 155(6)a
ANNEXURE 6

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

"Acquisition" means the acquisition of the whole of the issued share capital of the Company by the Purchaser pursuant to the terms and conditions of the Acquisition Agreements,

"Acquisition Agreements" means the acquisition agreement to be entered into between, inter alia, (1) the Vendors (as listed in schedule 1 thereto) and (2) the Purchaser and the acquisition agreement to be entered into between, inter alia, the Sellers (as listed in schedule 1 thereto) and the Purchaser under which the Purchaser has agreed to purchase the entire issued share capital of the Company,

"BoS" means The Governor and Company of the Bank of Scotland,

"Common Terms Agreement" means the common terms agreement to be made between The Governor and Company of the Bank of Scotland ("BoS") as the Senior Agent (1), BoS as a Senior Lender (2), BoS as the Security Trustee (3), BoS as the Mezzanine Agent (4), BoS as a Mezzanine Lender (5), BoS as the Junior Subordinated Loan Agent (6), BoS as a Junior Subordinated Lender (7), BoS as Working Capital Bank (8), the Purchaser as Borrower (9) and the Companies named in Schedule 1 thereto (including the Company) as Original Obligors (10) (as each such term is defined therein),

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

"Corporate Guarantee" means the unlimited corporate cross guarantee to be executed by the Company and each of the other Obligors in favour of the Security Trustee for and on behalf of the Security Beneficiaries,

"Debenture" means the debenture to be executed by the Company in favour of the Security Trustee for and on behalf of the Security Beneficiaries,

"Finance Parties" and **"Finance Party"** have the meaning ascribed thereto in the Common Terms Agreement,

"Finance Documents" has the meaning ascribed thereto in the Common Terms Agreement,

"Group" means at any time the Purchaser and its Subsidiaries, including, without limitation, the Company and **"Group Company"** means any of them,

"Insurance Assignment" means a deed of assignment of keyman insurance policies in favour of the Security Trustee for and on behalf of the Security Beneficiaries, to be executed by the Company in respect of the keyman insurance policies over the lives of Andrew Revans and Bernard Pazzard,

"Intercreditor Deed" means the intercreditor deed to be made between BoS as Senior Agent (1), BoS as a Senior Lender (2), BoS as the Security Trustee (3), BoS as the Mezzanine Agent (4), BoS as a Mezzanine Lender (5), BoS as Junior Subordinated Loan Agent (6), BoS as a Junior Subordinated Lender (7), BoS as Working Capital Bank (8), the Equity Investors (as defined therein) (9), the Management Loan Note Holders (as defined therein) (10), the Purchaser as Borrower (11) and each of the Original Obligors (including the Company) (12) regulating the subordination of payments due and, where applicable, the enforcement of security by the parties thereto,

"Intra-Group Loan Agreement" means the intra-group loan agreement to be entered into between, inter alia, the Purchaser (1), the Company (2) and certain other Group Companies (3),

"Obligors" means the Purchaser, the companies listed in schedule 1 to the Common Terms Agreement (including the Company) and any Group Company that becomes an Obligor in accordance with the Common Terms Agreement (each an **"Obligor"**),

"Principal" has the meaning ascribed thereto in the Corporate Guarantee,

"Purchaser" has the meaning ascribed thereto on page 2 of this Form 155(6)a,

"Relevant Finance Document" has the meaning ascribed thereto in the Common Terms Agreement,

"Security Beneficiaries" has the meaning ascribed thereto in the Intercreditor Deed,

"Security Documents" has the meaning ascribed thereto in the Common Terms Agreement,

"Security Trustee" means BoS acting in its capacity as security trustee for and on behalf of the Security Beneficiaries under the Security Documents and its successors and assigns (whether immediate or derivative),

"Subsidiary" means

- (i) a subsidiary as defined in Section 736 of the Companies Act 1985, and
- (ii) a subsidiary undertaking as defined in Section 258 and Schedule 10A of the Companies Act 1985, and

"Working Capital Facility Letter" means the working capital facility letter to be made between, inter alios, the Purchaser and the Company (1) and BoS as the Working Capital Bank (as defined therein) (2)



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

Private & confidential

The Directors
Bifold Fluidpower (Holdings) Limited
Greenside Way
Middleton
Manchester
M24 1SW

Our ref Sb/rw

Contact Stuart Burdass
Tel 0161 246 4053

20th April 2007

Dear Sirs

Auditors' report to the directors of Bifold Fluidpower (Holdings) Limited (the 'Company') pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 20th April 2007 in connection with the proposal that the Company should give financial assistance for the purpose of the purchase of the entire issued share capital of the Company (the 'Acquisition') as detailed in the attached statutory declaration

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