

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

155(6)b

Please do not
write in this
margin

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

0 If name(s) and address(es) of all the directors

† delete as appropriate

~~XXXXXXXXXXXX~~ [all the directors] † of the above company (hereinafter called 'this company') do solemnly and sincerely declare that

§ delete whichever
is inappropriate

The business of this company is

- (c) something other than the above §

This company is ~~not~~ [a] holding company of* Marshalsea Hydraulics Limited (company number 246258) ("Relevant Subsidiary") which is proposing to give financial assistance in connection with the acquisition of shares in [this company] [_____]

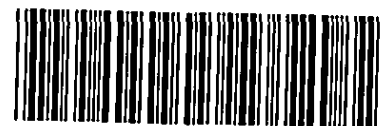
Presentor's name address and
reference (if any)
Addleshaw Goddard
100 Barbirolli Square
Manchester
M2 3AB
OMANR/262953-6

14301 Manchester
2-1793409v1

For official Use
General Section

Post room

WEDNESDAY



A05

AQJH1P7W

02/05/2007

250

COMPANIES HOUSE

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

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 see Annexure 3

† delete as appropriate

Please see Annexure 4

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)

(a) ~~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)

[illegible]

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

101 Barbirolli Square, Manchester

on

| Day | Month | Year |
|-----|-------|------|
| 20 | 04 | 2007 |

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

Declarants to sign below

Declarants to sign below:

Anthony

~~St. J. Penn~~

Blizzard.

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

Phadme

Company number: 04606078

BIFOLD FLUIDPOWER (HOLDINGS) LIMITED
ANNEXURES TO FORM 155(6)b
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)b
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)b
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 Relevant Subsidiary of the following documentation (as the same may be amended, varied, supplemented or substituted from time to time) and the Relevant Subsidiary 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, and
- 6 the Working Capital Facility Letter

BIFOLD FLUIDPOWER (HOLDINGS) LIMITED
ANNEXURES TO FORM 155(6)b
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 Relevant Subsidiary, 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 Relevant Subsidiary, 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 Relevant Subsidiary

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 Relevant Subsidiary 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 Relevant Subsidiary'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 Relevant Subsidiary, 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 Relevant Subsidiary 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 Relevant Subsidiary 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 Relevant Subsidiary's liabilities to such Security Beneficiary under the

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

- 4 4 agrees that, despite any term to the contrary in relation to any deposit or credit balance on any account of the Relevant Subsidiary 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 Relevant Subsidiary 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 Relevant Subsidiary

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 including the Relevant Subsidiary

In entering into the various documents referred to above the Relevant Subsidiary 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)b
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)b
ANNEXURE 6

In this Form 155(6)b, 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 and the Relevant Subsidiary) 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)b,

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

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

"Finance Parties" and **"Finance Party"** have 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 the Relevant Subsidiary, and **"Group Company"** means any of them,

"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 and the Relevant Subsidiary) (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), the Relevant Subsidiary (3) and certain other Group Companies (4),

"Obligors" means the Purchaser, the companies listed in schedule 1 to the Common Terms Agreement (including the Relevant Subsidiaries) 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)b,

"Relevant Subsidiary" has the meaning ascribed thereto on page 1 of this Form 155(6)b,

" 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 Company (1), the Relevant Subsidiary (2) and BoS as the Working Capital Bank (as defined therein) (3)



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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 Marshalsea Hydraulics Limited (a subsidiary of the Company) (the "Subsidiary") should give financial assistance for the purpose of the purchase of the entire issued share capital of the Company, the Subsidiary's ultimate holding 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