

155(6)b

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

The assistance is to be given to (note 2) ISG Holdings Limited (Co No 06138636)

See Schedule 2 to this Form 155(6)(b)

† delete as appropriate

See Schedule 3 to this Form 155(6)(b)

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

~~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)

[illegible]

Declarants to sign below

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

Ret
J. J. Harney
R. A. Connell

- 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 -

or, for companies registered in Scotland -

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

Ideal Stelrad Group Limited in respect of Caradon Radiators Bidco2 Limited

Schedule 1 to the Statutory Declaration (form 155(6)(b)) dated 19 April 2007

Richard Andrew Connell of Lower Roundhurst, Tennyson's Lane Roundhurst, Haslemere, Surrey, GU27 2BN; **Trevor Terence Harvey** of 7 Whickham Lodge, Whickham, Newcastle Upon Tyne, NE16 4RY; and **George John Letham** of 18 Merchiston Gardens, Edinburgh, EH10 5DD.

All Capitalised terms in this Schedule 1 to this Statutory Declaration (form 155(6)(a)) shall have the meanings given to it in Schedule 4 of this Statutory Declaration (form 155(6)(a)), unless otherwise defined herein

Schedule 2 to the Statutory Declaration (form 155(6)(b)) dated 19 April 2007

The execution, delivery and performance by the Financial Assistance Subsidiary of its obligations under.

- 1 an accession letter dated on or about the date hereof (the "**Senior Accession Letter**") pursuant to which the Financial Assistance Subsidiary will accede to a £260,000,000 senior facilities agreement dated 4 April 2007 between, amongst others, Ideal Stelrad Group Limited, Bandwood Limited, Termo Teknik Ticaret ve Sanayi A S., The Royal Bank of Scotland plc (as Arranger, Agent, Security Agent and Issuing Bank), BNP Paribas (as Arranger) and the Lenders defined therein, (the "**Senior Facilities Agreement**") under which the Obligors grant guarantees and indemnities in respect of the liabilities of each Obligor to the Senior Finance Parties,
- 2 an accession letter dated on or about the date hereof (the "**Mezzanine Accession Letter**") pursuant to which the Financial Assistance Subsidiary will accede to a £30,000,000 mezzanine facility agreement dated 4 April 2007 between, amongst others, Ideal Stelrad Group Limited, Bandwood Limited, The Royal Bank of Scotland plc (as Mezzanine Arranger and Mezzanine Agent), BNP Paribas (as Mezzanine Arranger) and the Mezzanine Lenders defined therein ("**Mezzanine Lenders**") (the "**Mezzanine Facility Agreement**") under which the Obligors grant guarantees and indemnities in respect of the liabilities of each Obligor to the Mezzanine Finance Parties,
- 3 the terms of a debenture dated on or about the date hereof between the Financial Assistance Subsidiary and The Royal Bank of Scotland plc (as Security Agent), pursuant to which the Financial Assistance Subsidiary charges its assets and undertaking present and future as security for the obligations of each Obligor under the Senior Facilities Agreement, the Mezzanine Facility Agreement and the other Finance Documents (the "**Debenture**"),
- 4 the terms of a share pledge over all the shares in Termo Teknik Ticaret ve Sanayi A S. to be entered into on or about the date hereof between Caradon Radiators Bidco2 Limited (as pledgor) and The Royal Bank of Scotland plc (as Security Agent) (the "**Turkish Share Pledge**") which was required pursuant to the terms of the Senior Facilities Agreement and the Mezzanine Facility Agreement,
- 5 the terms of a share pledge over all the shares in Henrad N V. to be entered into between Caradon Radiators Bidco2 Limited and Stelrad Limited (each a pledgor) and The Royal Bank of Scotland plc (as Security Agent) (the "**Belgian Share Pledge**") which was required pursuant to the terms of the Senior Facilities Agreement and the Mezzanine Facility Agreement;
- 6 the terms of a share pledge over all the shares in Caradon Stelrad B V. to be entered into between Caradon Radiators Bidco2 Limited (as pledgor) and The Royal Bank of Scotland plc (as Security Agent) (the "**Dutch Share Pledge**") which was required

pursuant to the terms of the Senior Facilities Agreement and the Mezzanine Facility Agreement;

- 7 the terms of an intercompany loan agreement to be entered into on or about the date hereof between, Ideal Stelrad Group Limited and each of the Subsidiaries of Ideal Stelrad Group Limited which are incorporated under the laws of the England and Wales (other than Bandwood Limited) (as Lender) and Bandwood Limited (as Borrower) (the "**Upstream Intercompany Loan Agreement**") pursuant to which the lenders will make available to the Borrower a facility to enable the Borrower to service its obligations under the Senior Finance Documents and the Mezzanine Finance Documents,
- 8 the Senior Accession Letter and the Mezzanine Accession Letter pursuant to which the Financial Assistance Subsidiary will accede to an intercreditor deed dated 4 April 2007 entered into between, amongst others, Ideal Stelrad Group Limited, Bandwood Limited, Termo Teknik Ticaret ve Sanayi A S., The Royal Bank of Scotland plc (as amongst other things, Agent, Mezzanine Agent and Security Agent), BNP Paribas (as Senior Lender and Mezzanine Lender) and the Lenders (the "**Intercreditor Agreement**") whereby the Financial Assistance Subsidiary enters into certain priority and subordination arrangements,

(each of those documents being in such form as may be amended, supplemented, novated and/or replaced from time to time) together with the performance by the Financial Assistance Subsidiary of other acts (including without limitation the payment of all fees (the "**Fees**") to professionals, third parties and others in connection with the New Acquisition) in connection with the acquisition of the shares and the financing of that acquisition or the execution of any other documents ancillary to the documents listed above.

All Capitalised terms in this Schedule 2 to this Statutory Declaration (form 155(6)(b)) shall have the meanings given to it in Schedule 4 of this Statutory Declaration (form 155(6)(b)), unless otherwise defined herein.

Ideal Stelrad Group Limited in respect of Caradon Radiators Bidco2 Limited

Schedule 3 to the Statutory Declaration (form 155(6)(b)) dated 19 April 2007

The principal terms on which the assistance is given are:

- 1 By executing the Debenture in favour of The Royal Bank of Scotland plc (as Security Agent on behalf of the Secured Parties) the Financial Assistance Subsidiary:
 - (a) grants an indemnity to the Security Agent in respect of certain costs, expenses, liabilities and losses incurred;
 - (b) as primary Obligor covenants that it will on demand pay the Indebtedness when it falls due for payment;
 - (c) charges in favour of the Security Agent with full title guarantee the following assets, both present and future, from time to time owned by it or in which it has an interest:
 - (i) by way of first legal mortgage all freehold and Material Leasehold Property (including the property specified in schedule 2 of the Debenture) together with all buildings and fixtures (including trade fixtures) on that property; and
 - (ii) by way of first fixed charge.
 - (1) all the Subsidiary Shares and Investments and all corresponding Distribution Rights;
 - (2) all other interests (not charged under sub-paragraph (i) above) in any freehold or leasehold property, the buildings and fixtures (including trade fixtures) on that property, all proceeds of sale derived therefrom and the benefit of all warranties and covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;
 - (3) all plant, machinery, vehicles, computers, office and other equipment and the benefit of all contracts, licences and warranties relating thereto;
 - (4) all Book Debts and all rights and claims against third parties and against any security in respect of those Book Debts,
 - (5) all debts and monetary claims (other than Book Debts) and all rights against third parties in respect of those debts and claims;
 - (6) all monies standing to the credit of its accounts (including the Collection Accounts) with any bank, financial institution or other person and all rights related to those accounts,

- (7) all its Intellectual Property,
 - (8) all rights and interest in the Hedging Agreement;
 - (9) the benefit of all consents and agreements held by it in connection with the use of any of its assets;
 - (10) its goodwill and uncalled capital,
 - (11) if not effectively assigned by the clause dealing with assignment in the Debenture, all its rights and interests in (and claims under) the Assigned Agreements.
- (d) charges with full title guarantee in favour of the Security Agent by way of first floating charge all its present and future assets not effectively charged by way of first fixed charge under sub-paragraph (a) above or assigned under the clause dealing with assignment in the Debenture;
- (e) assigns absolutely with full title guarantee to the Security Agent, all its rights, title and interest in the Assigned Agreements, provided that on payment or discharge in full of the Indebtedness the Security Agent will at the request and cost of the Financial Assistance Subsidiary re-assign the relevant rights, title and interest in the Assigned Agreements to the Financial Assistance Subsidiary (or as the Financial Assistance Subsidiary may direct),
- (f) covenants that, except as permitted by the Senior Facilities Agreement and the Mezzanine Facility Agreement or with prior consent of the Security Agent, it shall not:
 - (i) create or permit to subsist any Security or Quasi-Security over all or any part of the Charged Property;
 - (ii) sell, discount, factor, transfer, lease out, lend or otherwise dispose of, all or any part of the Charged Property (other than Floating Charge Assets on arm's length terms in the ordinary course of trading) or the right to receive or to be paid the proceeds arising on the disposal of the same; or
 - (iii) dispose of the equity of redemption in respect of all or any part of the Charged Property;
- (g) permits the Security Agent or any Secured Party to set off any matured obligation due and payable by the Financial Assistance Subsidiary under the Finance Documents to the Security Agent or any Secured Party against any matured obligation owed by the Security Agent or any Secured Party to the Financial Assistance Subsidiary, regardless of the place of payment, booking branch or currency of either obligation

- 2 The Debenture contains a covenant for further assurances to do all such acts or execute all such documents as the Security Agent may reasonably specify for perfecting the security intended to be created by the Debenture over the assets secured thereby and shall remain in full force and effect notwithstanding any amendments, variations or novations from time to time of the Finance Documents or the Mezzanine Finance Documents or any assignment, transfer or novation of the rights and obligations of any Lender or the Security Agent.
- 3 By executing the Turkish Share Pledge, the Financial Assistance Subsidiary pledges all of the shares it holds in Termo Teknik Ticaret ve Sanayi, which represents 85% of the issued share capital in Termo Teknik Ticaret ve Sanayi, in favour of the Security Agent.
- 4 The Turkish Share Pledge contains a covenant for further assurances to do all such acts or execute all such documents as the Security Agent may reasonably specify for perfecting the security intended to be created by the Turkish Share Pledge over the assets secured thereby and shall remain in full force and effect notwithstanding any amendments, variations or novations from time to time of the Finance Documents or the Mezzanine Finance Documents or any assignment, transfer or novation of the rights and obligations of any Lender or the Security Agent
- 5 By executing the Belgian Share Pledge, the Financial Assistance Subsidiary pledges all of the shares it holds in Henrad N V. which, together with the share pledged by Stelrad Limited pursuant to the Belgian Share Pledge, represents 100% of the issued share capital in Henrad N V., in favour of the Security Agent
- 6 The Belgian Share Pledge contains a covenant for further assurances to do all such acts or execute all such documents as the Security Agent may reasonably specify for perfecting the security intended to be created by the Belgian Share Pledge over the assets secured thereby and shall remain in full force and effect notwithstanding any amendments, variations or novations from time to time of the Finance Documents or the Mezzanine Finance Documents or any assignment, transfer or novation of the rights and obligations of any Lender or the Security Agent
- 7 By executing the Dutch Share Pledge, the Financial Assistance Subsidiary pledges all of the shares it holds in Caradon Stelrad B V , which represents 100% of the issued share capital in Caradon Stelrad B V , in favour of the Security Agent.
- 8 The Dutch Share Pledge contains a covenant for further assurances to do all such acts or execute all such documents as the Security Agent may reasonably specify for perfecting the security intended to be created by the Turkish Share Pledge over the assets secured thereby and shall remain in full force and effect notwithstanding any amendments, variations or novations from time to time of the Finance Documents or the Mezzanine Finance Documents or any assignment, transfer or novation of the rights and obligations of any Lender or the Security Agent

- 9 By executing the Upstream Intercompany Loan Agreement, the Financial Assistance Subsidiary will make a loan available to Bandwood Limited to, amongst other things, service its obligations under the Senior Finance Documents and the Mezzanine Finance Documents
- 10 By executing the Senior Accession Letter the Financial Assistance Subsidiary irrevocably and unconditionally jointly and severally.
- (a) guarantees to each Finance Party the due and punctual performance of all the obligations of each Obligor under the Finance Documents and agrees to pay on demand, each amount due by each Obligor which is due but unpaid;
 - (b) grants an indemnity to the Security Agent in respect of certain costs, expenses, liabilities and losses incurred,
 - (c) agrees that its guarantee and indemnity obligations will not be affected by (amongst other things) any act, circumstance, omission, matter or thing which would otherwise reduce, release or prejudice any of such obligations or prejudice diminish such obligations,
 - (d) permits the Security Agent or any Secured Party to set off any matured obligation due and payable by the Financial Assistance Subsidiary under the Finance Documents to the Security Agent or any Secured Party against any matured obligation owed by the Security Agent to the Financial Assistance Subsidiary, regardless of the place of payment, backing branch or currency of either obligation
- 11 By executing the Mezzanine Accession Letter the Financial Assistance Subsidiary irrevocably and unconditionally jointly and severally
- (a) guarantees to each Mezzanine Finance Party the due and punctual performance of all the obligations of each Obligor under the Mezzanine Finance Documents and agrees to pay on demand, each amount due by each Obligor which is due but unpaid;
 - (b) grants an indemnity to the Security Agent in respect of certain costs, expenses, liabilities and losses incurred;
 - (c) agrees that its guarantee and indemnity obligations will not be affected by (amongst other things) any act, circumstance, omission, matter or thing which would otherwise reduce, release or prejudice any of such obligations or prejudice diminish such obligations,
 - (d) permits the Security Agent or any Secured Party to set off any matured obligation due and payable by the Financial Assistance Subsidiary under the Mezzanine Finance Documents to the Security Agent or any Secured Party against any matured obligation owed by the Security Agent to the Financial

Assistance Subsidiary, regardless of the place of payment, backing branch or currency of either obligation

- 12 By executing the Senior Accession Letter and the Mezzanine Accession Letter whereby the Financial Assistance Subsidiary accedes to the Intercreditor Agreement the Financial Assistance Subsidiary
- (a) covenants to pay the amounts owing under the Senior Finance Documents and Mezzanine Finance Documents,
 - (b) agrees to subordinate its rights to repayment of monies due from certain subsidiaries to it pursuant to the right of subrogation in certain circumstances and to the ranking of priority between the Finance Parties and certain of the Obligors; and
 - (c) indemnifies the Lenders, the Mezzanine Lenders and Security Agent for certain costs, claims, expenses and liabilities under the Intercreditor Agreement

All Capitalised terms in this Schedule 3 to this Statutory Declaration (form 155(6)(b)) shall have the meanings given to it in Schedule 4 of this Statutory Declaration (form 155(6)(b)), unless otherwise defined herein.

Schedule 4 to the Statutory Declaration (form 155(6)(b)) dated 19 April 2007

In this form 155(6)(b).

Accession Letter means a document substantially in the form set out in the schedules to the Senior Facilities Agreement

Acquisition Documents means each of (i) the Original Acquisition Agreement and any document originally specified as an "Acquisition Document" relating to the Original Acquisition (ii) the Intermediate Acquisition Agreement, the Guaranteed Loan Note Instrument and Guaranteed Loan Notes and (iii) the New Acquisition Agreement

Acquisitions Facility means the acquisition term loan facility made or to be made available under the Senior Facilities Agreement.

Additional Borrower means a company which becomes a Borrower in accordance with the terms of the Senior Facilities Agreement or the Mezzanine Facility Agreement.

Additional Guarantor means a company which becomes a Guarantor in accordance with the terms of the Senior Facilities Agreement or the Mezzanine Facility Agreement

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company,

Agent means The Royal Bank of Scotland plc

Ancillary Document means each document relating to or evidencing the terms of an Ancillary Facility.

Ancillary Facility means any ancillary facility made available by an Ancillary Lender in accordance with the terms of the Senior Facilities Agreement.

Ancillary Lender means each Lender (or Affiliate of a Lender) which makes available an Ancillary Facility in accordance the terms of the Senior Facilities Agreement.

Arrangers means The Royal Bank of Scotland plc and BNP Paribas

Assigned Agreements means the Acquisition Documents, the Insurances, and any other agreement designated as an Assigned Agreement by Ideal Stelrad Group Limited and the Security Agent

Bandwood Intercompany Loan Agreement has the meaning given to it in Schedule 2 to this form

Belgian Share Pledge has the meaning given to it in Schedule 2 to this form

Book Debts means all book and other debts arising in the ordinary course of trading other than Excluded Book Debts.

Borrower means an Original Borrower or an Additional Borrower under the Senior Facilities Agreement or the Mezzanine Facility Agreement unless it has ceased to be a Borrower in accordance with the terms of the Senior Facilities Agreement or where applicable the Mezzanine Facility Agreement and, in respect of an Ancillary Facility only, any Affiliate of a Borrower that becomes a borrower of that Ancillary Facility with the prior approval of the relevant Lender pursuant to the terms of Senior Facilities Agreement.

Borrowings has the meaning give to that term in Clause 27.1 of the Senior Facilities Agreement and Clause 26.1 of the Mezzanine Facility Agreement.

Charged Property means the assets mortgaged, charged or assigned to the Security Agent by the Debenture

Charging Company means Ideal Stelrad Group Limited, each of the Original Guarantors and each company which grants security over its assets in favour of the Security Agent by executing an accession deed under the Senior Facilities Agreement

Closing Date means the date on which completion of the New Acquisition and the refinancing of the Original Acquisition and the Intermediate Acquisition occurs

Company has the meaning given to it on page 1 of this form

Compliance Certificate means a certificate substantially in the form set out in the schedules to the Senior Facilities Agreement and the Mezzanine Facility Agreement

Collection Accounts means the accounts of the Charging Companies set out in schedule 5 of the Debenture and/or such other accounts as the relevant Charging Company and the Security Agent shall agree or (following the occurrence of a Declared Default) as the Security Agent shall specify.

Debenture has the meaning given to it in Schedule 2 to this form.

Declared Default means an Event of Default which is continuing and which has resulted in the Agent exercising any of its rights of acceleration under the Senior Facilities Agreement or the Mezzanine Agent exercising any of its rights of acceleration under the Mezzanine Facility Agreement

Distribution Rights means all dividends, distributions and other income paid or payable on an Investment or Subsidiary Share, together with all shares or other property derived from that Investment or Subsidiary Share and all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to that Investment or Subsidiary Share (whether by way of conversion, redemption, bonus, preference, option or otherwise).

Dutch Share Pledge has the meaning given to it in Schedule 2 to this form

Event of Default means Event of Default as defined in the Senior Facilities Agreement and the Mezzanine Facility Agreement

Excluded Book Debts means any Book Debts which arise under agreements or contracts where under the terms thereof, any rights or title there under may not be subject to the Security contemplated under the terms of the Debenture.

Existing Debt means all Financial Indebtedness of the Group and the Group existing on the Closing Date

Facility means a Term Facility or the Revolving Facility

Facility A1 means the term loan facilities made available to Bandwood Limited under the Senior Facilities Agreement.

Facility A2 means the term loan facilities made available to Termo Teknik Ticaret ve Sanayi A.S. under the Senior Facilities Agreement

Facility A3 means the term loan and guarantee facility made available under the Senior Facilities Agreement.

Facility B1 means the term loan facilities made available under the Senior Facilities Agreement

Facility B2 means the term loan facilities made available under the Senior Facilities Agreement

Facility C1 means the term loan facilities made available under the Senior Facilities Agreement.

Facility C2 means the term loan facilities made available under the Senior Facilities Agreement.

Fee Letter means:

- (b) any letter or letters dated on or about the date of the Senior Facilities Agreement between the Arrangers and Ideal Stelrad Group Limited (or the Agent and Ideal Stelrad Group Limited or the Security Agent and Ideal Stelrad Group Limited) setting out any of the fees referred to in the Senior Facilities Agreement, and
- (c) any other agreement setting out fees referred to in the Senior Facilities Agreement

Finance Documents the Senior Facilities Agreement, any Accession Letter, any Ancillary Document, any Compliance Certificate, any Fee Letter, the Hedging Letter, any Hedging Agreement, the Intercreditor Agreement, any Resignation Letter, any Selection Notice, any Transaction Security Document, any Utilisation Request and any other document designated as a "Finance Document" by the Agent and Ideal Stelrad Group Limited

Finance Parties means the Senior Finance Parties and the Mezzanine Finance Parties.

Financial Indebtedness means, at any time:

- (a) Borrowings, and

(b) indebtedness arising under any agreements in relation to Subordinated Debt.

Floating Charge Assets means an asset charged under the floating charge provisions of the Debenture.

Group means Ideal Stelrad Group Limited and each of its Subsidiaries for the time being

Guarantor means an Original Guarantor or an Additional Guarantor under the Senior Facilities Agreement or the Mezzanine Facility Agreement, unless it has ceased to be a Guarantor in accordance with the terms of the Senior Facilities Agreement or the Mezzanine Facility Agreement

Hedging Agreement means any master agreement, confirmation, schedule or other agreement entered into or to be entered into by Ideal Stelrad Group Limited or any other Borrower and a hedge counterparty on ISDA standard terms for the purpose of hedging interest rate liabilities in relation to the Term Facilities in accordance with the Hedging Letter delivered to the Agent under the terms of the Senior Facilities Agreement and the Mezzanine Facility Agreement.

Hedging Letter means a letter dated on or about the date of the Senior Facilities Agreement and the Mezzanine Facility Agreement between Ideal Stelrad Group Limited and the Arrangers setting out the hedging strategy agreed in relation to the Facilities and the Mezzanine Facility wherein it shall be confirmed that the Group may continue with such hedging agreements as may currently exist in relation to the Existing Debt and whether or not the counterparties thereto are Lenders but otherwise with such Lenders as Ideal Stelrad Group Limited may select.

Holding Company means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

Ideal Stelrad Intercompany Loan Agreement has the meaning given to it in Schedule 2 to this form

Indebtedness means all money or liabilities due, owing or incurred to any Secured Party by any Charging Company or any other Obligor under any Finance Document at present or in the future, in any manner whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all interest accruing thereon and including all liabilities in connection with any notes, bills or other instruments accepted by any Secured Party for or at the request of an Obligor and all losses incurred by any Secured Party in connection therewith except for any money or liability which, if it were so included, would cause the infringement of section 151 of the Companies Act 1985.

Insurances means all policies of insurance and all proceeds of them either now or in the future held by, or written in favour of, a Charging Company or in which it is otherwise interested, but excluding any third party liability or public liability insurance, any directors and officers insurance and any business interruption insurance

Intellectual Property means Intellectual Property as defined in the Senior Facilities Agreement and the Mezzanine Facility Agreement.

Intercreditor Agreement has the meaning given to it in Schedule 2 to this form

Intermediate Acquisition means the acquisition by Caradon Boilers Bidco3 Limited of the Intermediate Target Shares on the terms of the Intermediate Acquisition Agreement

Intermediate Acquisition Agreement means the share sale and purchase agreement dated 31 July 2006 relating to the sale and purchase of the Intermediate Target Shares and made between Caradon Boilers Bidco3 Limited and the vendors named therein.

Intermediate Target means each of Keston Holdings Limited (Registration Number 0795957) and Keston Boilers Limited (Registration Number 3544589)

Intermediate Target Group means each of the Intermediate Targets and its Subsidiaries

Intermediate Target Shares means all of the shares of the Intermediate Target

Investment means any stock, share, debenture, loan stock, security, interest in any investment fund and any other comparable investment (whether or not marketable) whether owned directly by or to the order of a Charging Company or by any trustee, fiduciary or clearance system on its behalf (including, unless the context otherwise requires, the Subsidiary Shares)

Issuing Bank means The Royal Bank of Scotland plc.

Lender has the meaning given to it in the Senior Facilities Agreement

Material Leasehold Property means any leasehold property in which each Charging Company may have an interest other than any leasehold property which has a term of 21 years or less to run or has a rack-rent payable in respect thereof.

Mezzanine Accession Letter has the meaning given to it in Schedule 2 to this form

Mezzanine Agent means The Royal Bank of Scotland plc

Mezzanine Arrangers means The Royal Bank of Scotland plc and BNP Paribas

Mezzanine Facility has the meaning given to the term Facility under the Mezzanine Facility Agreement

Mezzanine Facility Agreement has the meaning given to it in Schedule 2 to this form.

Mezzanine Finance Documents has the meaning given to that term in the Mezzanine Facility Agreement.

Mezzanine Finance Parties has the meaning given to that term in the Mezzanine Facility Agreement

Mezzanine Lenders has the meaning given to it in the Mezzanine Facility Agreement.

New Acquisition means the acquisition of the shares of Ideal Stelrad Group Limited by ISG Holdings Limited pursuant to the terms of the New Acquisition Agreement

New Acquisition Agreement means the share purchase agreement dated on or about the date of the Senior Facilities Agreement relating to the sale and purchase of the shares of Ideal Stelrad Group Limited and made between Ideal Stelrad Group Limited and the Vendors (as defined therein).

Obligor means a Borrower or a Guarantor

Original Acquisition means the acquisition by Bandwood Limited of the Original Target Shares on the terms of the Original Acquisition Agreement

Original Acquisition Agreement means the share purchase agreement dated 5 May 2005 relating to the sale and purchase of the Original Target Shares and made between the Vendors as defined therein

Original Borrower means Bandwood Limited and Termo Teknik Ticaret ve Sanayi A.S.

Original Guarantor means Ideal Stelrad Group Limited, BladePark Ltd, Corkgrove Ltd, Bandwood Ltd, Caradon Radiators Holdings Limited, Caradon Radiators Bidco2 Limited, Ideal Stelrad Ltd, Stelrad Ltd, Caradon Boilers Holdings Ltd, Caradon Boilers Bidco3 Limited, Ideal Boilers Ltd, Keston Holdings Ltd and Keston Boilers Ltd.

Original Target means each of Caradon Radiators Holdings Limited (Registration number 03983137) and Caradon Boilers Holdings Limited (Registration number 04048959).

Original Target Shares means all of the shares of the Original Target.

Quasi-Security means a transaction whereby the Obligor or Ideal Stelrad Group Limited

- (a) sell, transfer or otherwise dispose to any person who is not a member of the Group of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor;
- (b) sell, transfer or otherwise dispose of any of its receivables to any person who is not a member of the Group on recourse terms,
- (c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset

Romanian Share Pledge has the meaning given to it in Schedule 2 to this form

Receiver means a receiver and manager of (if the Security Agent so specifies in the relevant appointment) receiver in each case appointed under the Debenture.

Resignation Letter means a document substantially in the form set out in the schedules to the Senior Facilities Agreement or the Mezzanine Facility Agreement.

Revolving Facility means the revolving credit facility made available under the Senior Facilities Agreement.

Second Lien Facility means a second lien term loan facilities made available under the Senior Facilities Agreement

Secured Parties means the Senior Finance Parties and the Mezzanine Finance Parties

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Security Agent means The Royal Bank of Scotland plc.

Selection Notice means a notice substantially in the form set out in the schedules to the Senior Facilities Agreement given in accordance with the terms of the Senior Facilities Agreement in relation to a *Term Facility*

Senior Accession Letter has the meaning given to it in Schedule 2 to this form

Senior Facilities Agreement has the meaning given to it in Schedule 2 to this form

Senior Finance Parties means the Finance Parties as defined in the Senior Facilities Agreement.

Structure Memorandum means the structure paper entitled "Project Plumber Tax Memorandum Structure" and dated on or about the date of the Senior Facilities Agreement describing the Group and the New Acquisition and prepared by Ernst & Young in the agreed form and addressed to, and/or capable of being relied upon by, the Arrangers and the other Finance Parties to the extent agreed by Ernst & Young and the Arrangers.

Subordinated Debt means any loans made to Ideal Stelrad Group Limited or any other member of the Group which are subordinated to the Facilities and the Mezzanine Facilities pursuant to the terms of the Intercreditor Agreement (other than the Mezzanine Facility) including for the avoidance of doubt loans made by one member of the Group to another member of the Group as specified in the Structure Memorandum.

Subsidiary means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation,
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,
- (d) and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to

control a majority (by number of votes) of the composition of its board of directors or equivalent body

Subsidiary Shares means all shares owned by a Charging Company in its Subsidiaries including those listed in the Schedule 3 of the Debenture

Term Facilities means Facility A1, Facility A2, Facility A3 (to the extent borrowed by way of term loans) Facility B1, Facility B2, Facility C1, Facility C2, the Second Lien Facility or an Acquisitions Facility.

Transaction Security Document means each of the documents listed in Part IV of Schedule 2 of the Senior Facilities Agreement together with any other document entered into by Ideal Stelrad Group Limited or any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents, or the Mezzanine Finance Documents.

Turkish Share Pledge has the meaning given to it in Schedule 2 to this form.

Upstream Intercompany Loan Agreement has the meaning given to it in Schedule 2 to this form

Utilisation Request means a notice substantially in the form set out in the schedules to the Senior Facilities Agreement

Any defined term used in this Schedule and not defined herein shall have the meaning given to that term in the Senior Facilities Agreement, the Mezzanine Facility Agreement or the Intercreditor Agreement (as the case may be)

If and to the extent the terms of this Schedule conflict with the terms defined in the Senior Facilities Agreement, the Mezzanine Facility Agreement or the Intercreditor Agreement (together the "**Documents**") the terms defined in those Documents will prevail

Ideal Stelrad Group Limited in respect of Caradon Radiators Bidco2 Limited

Schedule 5 to the Statutory Declaration dated 19 April 2007

Such amounts as the Financial Assistance Subsidiary may be required to advance in accordance with the Upstream Intercompany Loan Agreement

All Capitalised terms in this Schedule 5 to this Statutory Declaration (form 155(6)(b)) shall have the meanings given to it in Schedule 4 of this Statutory Declaration (form 155(6)(b)), unless otherwise defined herein

IDEAL STELRAD GROUP LIMITED

Company no: 05419451

(the "Company")

MEMORANDUM

This Memorandum is given in connection with the proposal arrangements whereby the Company will give financial assistance for the acquisition of its own shares, particulars of which are given in the statutory declaration made by the directors this day pursuant to section 155(6) of the Companies Act 1985 (the "Act")

- 1 As at the close of business on 28 February 2007, which is the latest practicable date before the memorandum is signed, the aggregate of the Company's assets as stated in its accounting records exceeded the aggregate of its liabilities as so stated.
- 2 Based on the Company's knowledge of events since that date and of the likely course of the Company's business and having received advice from its financial advisers, the Company has formed the opinion that to the best of its knowledge and belief the aggregate of the Company's assets will exceed the aggregate of its liabilities immediately before the proposed financial assistance is given and that the giving of such financial assistance will not reduce the net assets of the Company

SIGNED FOR AND ON BEHALF OF THE COMPANY



DATED 19 April 2007

COMPANIES HOUSE

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF IDEAL
STELRAD GROUP LIMITED (the "Company") PURSUANT TO SECTION
156(4) OF THE COMPANIES ACT 1985**

We report on the attached statutory declaration of the directors dated 19 April 2007, prepared pursuant to the Companies Act 1985, in connection with the proposal that financial assistance be given by Caradon Radiators Bidco2 Limited, a subsidiary of the Company for the purchase of 3,974,168 ordinary shares in the Company

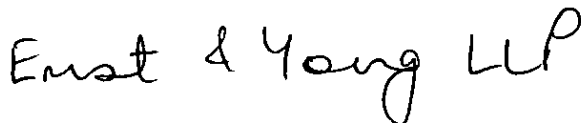
This report is made solely to the directors in accordance with Section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors those matters we are required to state to them in an auditors' report under section 156(4) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors, for our audit work, for this report, or for the opinions we have formed.

Basis of opinion

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



Ernst & Young LLP
Registered Auditor
London
19 April 2007

