

## Declaration 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

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

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

\* insert full name  
of company

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

Pursuant to section 155(6) of the Companies Act 1985

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

For official use

Company number

5433486

Name of company

\* Direct Group Investment Limited ("Company")

XWe SEE ANNEXURE 1

† delete as appropriate

~~XXXXXX~~ [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

(a) 

(b) ~~Redacted information authorized under section 552(a)(4) of the instructions to National Archives and Records Administration~~

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

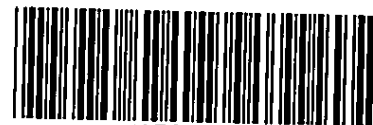
(c) something other than the above §

This company is [the] ☒ holding company of\* Direct Group Holdings Limited  
(Company number 4513083) ("**Relevant Subsidiary**") \_\_\_\_\_ which is  
proposing to give financial assistance in connection with the acquisition of shares  
in [this company] { x \_\_\_\_\_

DLA Piper UK LLP  
101 Barbirolli Square  
Manchester  
M2 3DL

For official Use  
General Section

WEDNESDAY



A19

\*AEGJCRXN\*  
08/08/2007  
COMPANIES HOUSE

248

Please do not  
write in this  
margin

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

☒ 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

[illegible]

Declared at 101 BARBICROLLI SQUARE,  
MANCHESTER

*[Signature]*

on 

Day	Month	Year
02	08	2007



before me James

*David L. Clark*

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

- 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**

**DIRECT GROUP INVESTMENT LIMITED**

**ANNEXURES TO FORM 155(6)b**

**ANNEXURE 1**

Name	Derek Coles
Address	Alderholt Mill Farm Sandleheath Road Alderholt Fordingbridge Hampshire SP6 2EG

Name	Scott William Hough
Address	Flat 93 The Edge Clowes Street Manchester M3 5ND

Name	Richard Murthwaite Watson
Address	Rose House Orchard Close Barford Norfolk NR9 4AZ

**Company Number: 5433486**

**DIRECT GROUP INVESTMENT LIMITED**

**ANNEXURES TO FORM 155(6)b**

**ANNEXURE 2**

395 000 preferred ordinary shares of £1 each, 415,000 "A" ordinary shares of £1 each, 190,000 "B" ordinary shares of £1 each and 229,948 deferred shares in the capital of the Company

**DIRECT GROUP INVESTMENT LIMITED**

**ANNEXURES TO FORM 155(6)b**

**ANNEXURE 3**

Unless otherwise defined in this form 155(6)b or annexure 5, each defined term in this annexure 3 shall have the meaning as set out in the document to which it relates

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

**1. The Senior Facilities Agreement**

Pursuant to the terms of the Senior Facilities Agreement the Original Lenders will provide to the Purchaser, inter alia, a term loan facility for funding the Acquisition, it being noted that the Senior Facilities Agreement contained rights of set-off in favour of the Original Lenders and the Relevant Subsidiary will amongst other things

- 1.1 irrevocably and unconditionally jointly and severally (with each other Guarantor)
  - 1.1.1 guarantee to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents,
  - 1.1.2 undertake with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor, and
  - 1.1.3 indemnify each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover
- 1.2 give various representations, warranties, undertakings and indemnities to the Finance Parties and agree to pay certain costs fees and expenses to the Finance Parties

**2. The Ancillary Facility Documents**

Pursuant to the terms of the Business Overdraft Facility Letter and the CAS Overdraft Facility Letter, Barclays shall provide, inter alia, working capital facilities to, inter alia, the Purchaser and the Relevant Subsidiary

**3. The CAS Guarantee**

Pursuant to the terms of the CAS Guarantee the Relevant Subsidiary will

- (a) irrevocably and unconditionally jointly and severally (with each other Participant) guarantee to the Bank the payment to the Bank by each other Participant all that Participant's Indebtedness to the Bank, and

- (b) give various representations, warranties, undertakings and indemnities to the Bank and agree to pay certain costs fees and expenses to the Bank

#### **4. CAS 2000**

Under the terms of the CAS 2000, the Relevant Subsidiary will, amongst other things

- (a) irrevocably authorise the Bank to pay and apply all or part of any money standing to the credit of any Account of the Relevant Subsidiary in or towards discharge of all or any part of any Indebtedness owed by any Participant to the Bank, and
- (b) give various representations, warranties, undertakings and indemnities to the Bank and agree to pay certain costs fees and expenses to the Bank

#### **5. The Intercreditor Deed**

By executing the Intercreditor Deed the Relevant Subsidiary will, amongst other things

- 5 1 acknowledge the arrangements made between the Finance Parties and the Investors which regulate the ability of the Relevant Subsidiary to make payments to those parties and the priorities between the parties,
- 5 2 agree that intercompany debts are postponed and subordinated to the liabilities owed by the Obligors to the Finance Parties, and
- 5 3 give various representations, warranties, undertakings, covenants and indemnities and agree to pay certain costs, fees and expenses to the Finance Parties

#### **6. The Debenture**

Pursuant to the terms of the Debenture, the Relevant Subsidiary will, amongst other things

- 6 1 covenant 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,
- 6 2 create 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, and
- 6 3 execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Trustee may reasonably specify (and in such form as the Security Trustee may reasonably require in favour of the Security Trustee or its nominee(s))
  - 6 3 1 to create and perfect the Security created or intended to be created under or evidenced by the Security Documents or for the exercise of any rights, powers and remedies of the Security Trustee or the Finance Parties provided by or pursuant to the Finance Documents or by law,
  - 6 3 2 to confer on the Security Trustee or confer on the Finance Parties Security over any property and assets of the Relevant Subsidiary located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Security Documents

**7. 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 agrees to use reasonable endeavours to meet any shortfall in the working capital requirements of, inter alia, the Purchaser

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 of shares in the Company

All capitalised terms have the meaning given in Annexure 5 to this Form 155(6)b



**Company Number: 5433486**

**DIRECT GROUP INVESTMENT LIMITED**

**ANNEXURES TO FORM 155(6)b**

**ANNEXURE 4**

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 £52,000

All capitalised terms have the meaning given in Annexure 5 to this Form 155(6)b

**DIRECT GROUP INVESTMENT LIMITED**

**ANNEXURES TO FORM 155(6)b**

**ANNEXURE 5**

Unless otherwise defined in this form 155(6)b, each defined term in this annexure 5 shall have the same meaning as set out in the documents to which it relates

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 Agreement,

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

**"Barclays"** means Barclays Bank PLC,

**"Business Overdraft Facility Letter"** means the letter to be addressed to the Parent from Barclays pursuant to which Barclays agrees to provide to the Overdraft Companies an overdraft facility of up to £500,000 and ancillary facilities of up to £4,350,000,

**"CAS Overdraft Facility Letter"** means the letter to be addressed to the Parent and signed by the Overdraft Companies from Barclays which sets out the terms of the £500,000 overdraft facility which Barclays agrees to provide to the Overdraft Companies pursuant to the terms of the Business Overdraft Facility Letter

**"CAS Cross Guarantee"** means the cross guarantee to be entered into by the Overdraft Companies in favour of Barclays pursuant to which each of the Overdraft Companies guarantees the obligations of the other Overdraft Companies pursuant to the CAS 2000, Business Overdraft Facility Letter and CAS Overdraft Facility Letter

**"CAS 2000"** means the CAS 2000 master agreement to be entered into between the Overdraft Companies and Barclays which sets out certain terms relating to the provision of the overdraft facilities more specifically detailed in the Business Overdraft Facility Letter and CAS Overdraft Facility Letter by the Bank to the Overdraft Companies

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

**"Debenture"** means a debenture to be given by the Parent, the Company and certain of the Company's subsidiaries (including the Relevant Subsidiary) in favour of the Security Trustee pursuant to which the Company grants fixed and floating charges over its assets and undertaking in order to secure the Secured Obligations (as defined in the Debenture),

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

**"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 (including the Relevant Subsidiary) (3) for the provision of loan facilities to be made available by the Relevant Subsidiary and other Group Companies to the Purchaser,

**"Intercreditor Deed"** means the intercreditor deed to be made between the Parent, the other Obligors (including the Relevant Subsidiary), the Security Trustee, the Agent, the Arranger the Original Lenders, the Original Ancillary Lender, the Original Hedge Counterparty, the Investor Loan Note Holders, the parties to the Company Intra-Group Loan Agreement, the Investors and the shareholders of the Purchaser,

**"Overdraft Companies"** means the Parent, the Company, the Relevant Subsidiary, Direct Group Limited and Direct Group Property Services Limited,

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

**"Senior Facilities Agreement"** means the facilities agreement to be entered into between the Purchaser, the Company, the Relevant Subsidiary and others as Original Guarantors, Barclays Leveraged Finance as Arranger, certain financial institutions as Original Lenders and Barclays Bank PLC as Original Ancillary Lender, Original Hedge Counterparty, Agent and Security Trustee under which the Lenders agree to make available to the Purchaser term loans,

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

**"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



KPMG Audit PLC  
1 The Embankment  
Neville Street  
Leeds LS1 4DW  
United Kingdom

Tel +44 (0) 113 231 3000  
Fax +44 (0) 113 231 3200  
DX 724440 Leeds

**Private & confidential**

The Directors  
Direct Group Investment Limited  
Direct House  
4 Sidings Court  
White Rose Way  
Doncaster  
DN4 5NU

Our ref ko/lc

2 August 2007

Dear Sirs

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

We have examined the attached statutory declaration of the directors dated 2 August 2007 in connection with the proposal that Direct Group Holdings Limited, of which the Company is a holding company, should give financial assistance in connection with the acquisition of the entire issued 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 Audit Plc*

KPMG Audit Plc  
Registered Auditor



**KPMG Audit PLC**  
1 The Embankment  
Neville Street  
Leeds LS1 4DW  
United Kingdom

Tel +44 (0) 113 231 3000  
Fax +44 (0) 113 231 3200  
DX 724440 Leeds

**Private & confidential**

The Directors  
Direct Group Investment Limited  
Direct House  
4 Sidings Court  
White Rose Way  
Doncaster  
DN4 5NU

Our ref ko/lc

2 August 2007

Dear Sirs

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

We have examined the attached statutory declaration of the directors dated 2 August 2007 in connection with the proposal that Direct Group Holdings Limited, of which the Company is a holding company, should give financial assistance in connection with the acquisition of the entire issued 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 Audit Plc*

KPMG Audit Plc  
Registered Auditor