

Page 1

Please do not
write in this
margin

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

The assistance is to be given to (note 2) See Appendix 3

See Appendix 4

† delete as appropriate

See Appendix 5

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

UTOPIA GROUP LIMITED

Company Number 5479695

Form 155(6)b in respect of Barrhead International Limited

Appendix 1

- 1 Stephen Cox of 27 Birksdale Way, Lostock, Bolton, BL6 4PQ
- 2 Joanne Brooke of No 2 Avoncroft Court, Galton Way, Hadzor, Droitwich, Worcestershire WR9 7DJ
- 3 Theresa Eaton of 6 Leapgate Avenue, Stourport-on-Severn, Worcestershire DY13 9GN
- 4 Elizabeth Green of Bryn Awel, Upper Hengred, Oswestry, Shropshire SY10 7ET

UTOPIA GROUP LIMITED

Company Number 5479695

Form 155(6)b in respect of Barrhead International Limited

Appendix 2

938,407 ordinary shares of £1 each in the Company

UTOPIA GROUP LIMITED

Company Number 5479695

Form 155(6)b in respect of Barrhead International Limited

Appendix 3

The assistance is to be given to Utopia Bathroom Group Limited (company number 06285982) whose registered office is at Utopia House, Springvale Avenue, Springvale Business Park, Bilston, West Midlands WV14 0QL (the "**Purchaser**")

The person who will acquire the shares is the Purchaser

UTOPIA GROUP LIMITED

Company Number 5479695

Form 155(6)b in respect of Barrhead International Limited

Appendix 4

The execution of the following documents by the Company's subsidiary Barrhead International Limited ("**Subsidiary**") (as each such document may be amended and restated, novated, supplemented or assigned from time to time and shall include any amendment by way of increase to any facility or guarantee amount)

- 1 a facilities agreement to be dated on the date hereof and made between (1) Utopia Bathroom Group Limited (as the Principal Borrower) (2) The Original Borrowers (as defined therein and which includes the subsidiary) (3) The Original Guarantors (as defined therein and which includes the Subsidiary) and (4) The Royal Bank of Scotland plc (as Lender) ("**Lender**") ("**Facilities Agreement**"),
- 2 an intra-group loan agreement (which includes a letter of support) to be dated on the date hereof and made between (1) Utopia Bathroom Group Limited, as borrower and (2) the subsidiaries of Utopia Bathroom Group Limited as detailed therein, as lenders (including the Subsidiary) ("**Intra-group Loan Agreement**"),
- 3 an intercreditor agreement to be dated on the date hereof and made between (1) Utopia Bathroom Group Limited, (2) the Obligors (as detailed therein and including the Subsidiary), (3) the Lender (4) the Managers (as detailed therein) and (5) the Vendors (as detailed therein) ("**Intercreditor Agreement**"),
- 4 a cross guarantee to be dated on the date hereof and made between, amongst others (1) the Subsidiary and (2) Ian Hall as security trustee for the Beneficiaries (as defined therein) ("**Vendor Cross Guarantee**"),
- 5 a Scottish floating charge over all property in Scotland owned by the Company to be dated the date hereof and to be entered into between (1) the Lender and (2) the Subsidiary ("**Floating Charge**")

UTOPIA GROUP LIMITED

Company Number 5479695

Form 155(6)b in respect of Barrhead International Limited

Appendix 5

The principal terms on which the assistance will be given are

1. The Facilities Agreement

Pursuant to the terms of the Facilities Agreement the Subsidiary (in its capacity as an Obligor) will give various indemnities, guarantees, undertakings, representations and warranties (as detailed therein) to the Lender. The indemnities and guarantees given by the Subsidiary are as set out below

1.1 The Subsidiary irrevocably and unconditionally

- (a) guarantees to the Lender punctual performance by the Obligors (other than itself) of all obligations of each Obligor under the Finance Documents,
- (b) undertakes with the Lender that whenever an Obligor (other than itself) does not pay any amount when due under or in connection with any Finance Document, that Guarantor (as defined therein) shall, on demand, pay that amount as if it was the principal obligor, and
- (c) indemnifies the Lender immediately on demand against any cost, loss or liability suffered by the Lender if any payment 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 the Lender would otherwise have been entitled to recover

1.2 The provisions of clause 18 of the Facilities Agreement (*Tax gross up and indemnities*) shall apply to each Obligor (including the Subsidiary) as they apply to Utopia Bathroom Group Limited as Principal Borrower

1 3 The Lender shall have the right at any time or times after the occurrence of an Event of Default which is continuing, and without notice to an Obligor

- (a) to combine or consolidate all or any sums of money now or hereafter standing to the credit of the then existing accounts of an Obligor with the Lender with the liabilities of that Obligor to the Lender, and/or
- (b) set-off or transfer any sum or sums standing to the credit of any one or more of such accounts in or towards satisfaction of any of the liabilities of that Obligor to the Lender on any other account, or in any other respect,

whether any such liabilities are actual or contingent and regardless of the place of payment, booking branch or currency of any amount or liability. If any amounts or liabilities are in different currencies, the Lender may convert any such amount or liability at a market rate of exchange in its usual course of business for the purpose of the set-off.

All terms used in this paragraph 1 are as defined in the Facilities Agreement

2. The Intra-group Loan Agreement

Pursuant to the terms of the Intra-group Loan Agreement

2 1 The proceeds of each Advance shall be used solely

- (a) to enable each Borrower (as the case may be) to pay any amounts due to The Royal Bank of Scotland plc pursuant to the Facilities Agreement,
- (b) to enable the Borrower to pay any amounts under the Investment Documents,
- (c) to enable each Borrower to pay any amounts of deferred consideration due in respect of the acquisition of Utopia Group Limited by Utopia Bathroom Group Limited, and
- (d) in respect of a particular Advance, for such other purposes as the relevant Lender may agree in writing

2 2 Each of the Lenders shall, upon request by a Borrower (other than itself) at any time and so far as the Lenders are able, lend such sums as that Borrower considers

necessary to allow it to fund its working capital requirements and to make payment of all sums due or to become due by that Borrower pursuant to the Facilities Agreement

All terms used in this paragraph 2 are as defined in the Intra-group Loan Agreement

3. The Intercreditor Agreement

Pursuant to the terms of the Intercreditor Agreement the parties thereto agree to the ranking of certain payments and the regulating of the priority of security In particular the Principal Borrower and each Group Company (including the Subsidiary) undertakes that, at all times prior to the Discharge Date, it shall not (except as permitted by Clause 3 of the Intercreditor Agreement (*Permitted Payments*))

- (a) pay, repay, prepay, redeem, satisfy, make any distribution in respect of, or purchase or otherwise acquire, any Subordinated Debt, or give directly or indirectly any assistance (including, without limitation, the taking of any participation, the giving of any guarantee or indemnity or Encumbrance or the making of any deposit) to a third party to enable it to do any of the above, or
- (b) discharge any Subordinated Debt by set-off or any right of combination of accounts or any similar right, or
- (c) create any Encumbrance over any of its assets as security directly or indirectly for any Subordinated Debt (other than under the Subordinated Security Document), or
- (d) take or omit any action whereby the subordinations contemplated by this Agreement may be impaired, or
- (e) save as specifically permitted under clause 27 28 of the Intercreditor Agreement (*Amendments*) of the Facilities Agreement, amend, vary, waive, release or supplement any term of any of the Manager Documents or the Vendor Documents

All terms used in this paragraph 3 are as defined in the Intercreditor Agreement

4. Vendor Cross Guarantee

Pursuant to the terms of the Vendor Cross Guarantee, the Subsidiary

- 4.1 jointly and severally, unconditionally and irrevocably guarantees that all Guaranteed Liabilities will be paid or satisfied The Subsidiary will immediately have to pay the

amount guaranteed when the Security Trustee demands payment. The Security Trustee does not need to demand payment from the Borrower first. The Security Trustee may make one or more demands for payment,

4.2 The Subsidiary will also be jointly and severally responsible for all costs and expenses the Security Trustee properly incurs in enforcing or trying to enforce the Vendor Cross Guarantee, and

4.3 The Subsidiary may not take off any amount for tax or a similar charge unless it has to do so by law. If this is necessary, the Subsidiary must pay the Security Trustee the extra amount needed to make sure that the Security Trustee receives the full amount of the Security Trustee's demand.

All capitalised terms not defined elsewhere in these appendices shall have the meaning given to them in the Vendor Cross Guarantee.

5. The Floating Charge

Pursuant to the terms of the Floating Charge as a continuing security for the payment and discharge of the Company's Obligations (including obligations under the Facilities Agreement) (as defined in the Floating Charge), the Company grants to the Lender a floating charge over the whole of the property (including uncalled capital) which is or may be from time to time while the floating charge is in force comprised in the property and undertaking of the Company.

6 Any reference to the Facilities Agreement, Intra Group Loan Agreement, Intercreditor Agreement, and Floating Charge shall be a reference to such document as amended, restated, novated, supplemented from time to time and the Subsidiary acknowledges that further advances may be made under the Facilities Agreement and that further and/or supplemental security may be provided by the Subsidiary.

UTOPIA GROUP LIMITED

Company Number 5479695

Form 155(6)b in respect of Barrhead International Limited

Appendix 6

Nil at the date hereof, subject to any amounts pursuant to the Intra-group Loan Agreement, up to a maximum amount of £70,000,000

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT
Telephone +44 (0) 121 265 5000
Facsimile +44 (0) 121 232 2725
www.pwc.com/uk

The Directors
Utopia Group Limited
Springvale Business Park
Springvale Avenue
Wolverhampton
WV14 0QL

Our ref AC2

26 September 2007

Dear Sirs

Report of the Independent Auditor to the directors of Utopia Group Limited (Company No 5479695 (the "Company")) pursuant to Section 156(4) of the Companies Act 1985

We report on the attached statutory declaration dated 26 September 2007, prepared pursuant to the Companies Act 1985, in connection with the proposal that the Company's subsidiary undertaking, Barrhead International Limited, should give financial assistance for the purchase of all the issued share capital of the Company. This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We have enquired into the state of the Company's affairs 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 statutory 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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors