



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

155(6)b

Page 1

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

The assistance is to be given to (note 2) PENNBORO LIMITED (REG CO NO 06528233)

SEE RIDER 1

† delete as appropriate

SEE RIDER 2

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

* delete either (a) or (b) as appropriate

RIDER 1

- 1 a guarantee (the "**Seller Guarantee**") to be granted by Rhys Davies & Sons Limited (the "**Subsidiary**") in favour of Gwyn Lawrence Davies (the "**Seller**"),
- 2 a debenture (the "**Seller Debenture**") to be granted by the Subsidiary in favour of the Seller,
- 3 a debenture (the "**Bank Debenture**") to be granted by the Subsidiary in favour of RBS Invoice Finance Limited (the "**Bank**"),
- 4 a loan agreement (the "**Loan Agreement**") to be entered into between the Subsidiary and Pennboro Limited (the "**Purchaser**"),
- 5 two new leases (the "**New Leases**") to be entered into between the Subsidiary and Red Parrot Properties LLP,
- 6 an invoice discounting agreement (the "**ID Agreement**") to be entered into between the Subsidiary and RBS Invoice Finance Limited



03.04.08

RIDER 2

- 1 pursuant to the **Seller Guarantee** the Subsidiary will guarantee the discharge of certain present and future liabilities of the Purchaser to the Seller as described therein,
- 2 pursuant to the **Seller Debenture** the Subsidiary will charge all the Subsidiary's undertaking, property, assets and rights by way of fixed and floating charges, legal mortgage and assignment as therein specified as security for all indebtedness and other liabilities of the Subsidiary to the Seller under the Seller Guarantee,
- 3 pursuant to the **Bank Debenture** the Subsidiary will charge all the Subsidiary's undertaking, property, assets and rights by way of fixed and floating charges, legal mortgage and assignment as therein specified as security for all indebtedness and other liabilities of the Subsidiary to the Bank,
- 4 pursuant to the terms of the **Loan Agreement** the Subsidiary will to make an unsecured loan to the Purchaser in the sum of £3,000,000 Such loan shall be unsecured and shall be interest free and shall be repayable on demand,
- 5 pursuant to the terms of the **New Leases** each of which relates to premises currently occupied by the Subsidiary (being Alloys Wheels Building and Warehouse B (the "Properties") both at Taffs Well, Cardiff) the Subsidiary's occupancy of the Properties shall be subject to upwards only rent review provisions
- 6 pursuant to the terms of the **ID Agreement** the Subsidiary will sell certain of its debts to the Bank in accordance with the Terms of the ID Agreement



03.04.08

Private and Confidential

The Directors
Rhys Davies Holdings Limited
Moy Road Industrial Estate
Taffs Well
Cardiff
CF15 7QR

3rd April 2008

Dear Sirs

Report of the Independent Auditor to the directors of Rhys Davies Holdings Limited pursuant to Section 156(4) of the Companies Act 1985

We report on the attached statutory declaration dated 3rd April 2008, prepared pursuant to the Companies Act 1985, in connection with the proposal that the company's subsidiary undertakings, Rhys Davies & Sons Limited, should give financial assistance in connection with the acquisition of 50,000 of the ordinary shares of the company, Rhys Davies Holdings Limited. 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.

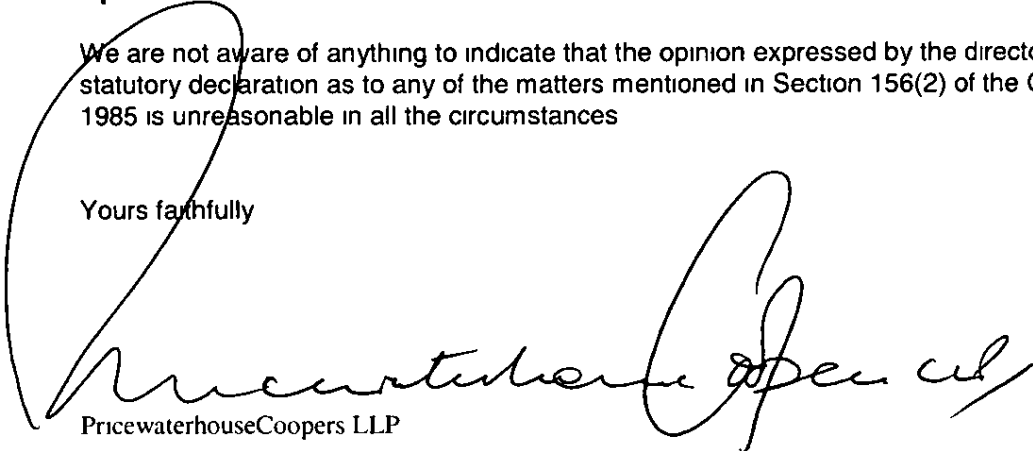
Basis of opinion

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