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CHFP025

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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

† delete as
appropriate

§ delete whichever
is inappropriate

COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

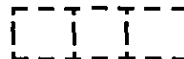
155(6)a

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

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

For official use

Company number



SC139175

Name of company

* **EWM (FINANCIAL SERVICES) LIMITED (the "Company")**

~~We~~ Please see Rider 1

~~The sole director~~ [all the directors]† of the above company do solemnly and sincerely declare that:

The business of the company is:

~~(a) that of a recognised bank licensed institution within the meaning of the Banking Act 1979~~

~~(b) that of a person authorised under section 8 of the Insurance Companies Act 1982 to carry on~~

~~insurance business in the United Kingdom~~

(c) something other than the above§

The company is proposing to give financial assistance in connection with the acquisition of shares in the

~~company~~ [company's holding company] EWM Group

Limited]†

The assistance is for the purpose of [that acquisition] ~~reducing or discharging a liability incurred for the~~

~~purpose of the acquisition~~

The number and class of the shares acquired or to be acquired is: 566,668 A Ordinary shares of
£1 each, 50,000 B Ordinary Shares of £1 each and 47,500 C Ordinary Shares of £1 each

Presenter's name address and
reference (if any) :

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London EC1A 4DD 20460113
MQM/107252.00002
DX 135316 BARBICAN 2

For official Use
General Section

Post room



SCT S6IVKGAL 0243
COMPANIES HOUSE 28/11/02

The assistance is to be given to: (note 2) EWM Topco Limited (Company No. 4542352)
whose registered address is at Mitre House, 160 Aldersgate Street, London
EC1A 4DD

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in black type, or
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lettering

The assistance will take the form of:

Please see Rider 2

The person who ~~has acquired~~ will acquire† the shares is:

† delete as
appropriate

EWM Topco Limited

The principal terms on which the assistance will be given are:

Please see Rider 3

The amount of cash to be transferred to the person assisted is £ Nil

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

The date on which the assistance is to be given is within 8 weeks of the date hereof

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legibly, preferably
in black type, or
bold block lettering

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

I/We have formed the opinion, as regards the 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) [I/We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

(b) ~~[I/We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)]~~

And I/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

3 Noble Street, London

Declarants to sign below

J. Houston

D =

Day Month Year
on

1	5	1	1	2	0	0	2
---	---	---	---	---	---	---	---

before me Andrew M. Nor

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

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
37 Castle Terrace
Edinburgh
EH1 2EB

Company: EWM (FINANCIAL SERVICES) LIMITED
Company No: SC139175

Rider 1 – Form 155(6)a

1. David Oliver Houston of 72 Royal Gardens, Sovereigns Gate, Bothwell, Glasgow G71 8SY
2. Alec Whitaker of The Mews, Eden Mews, Crosby on Eden, Carlisle, Cumbria CA6 4QN

Company: EWM (FINANCIAL SERVICES) LIMITED
Company No: SC139175

Rider 2 – Form 155(6)a

1. The entering into of the following documents (or of the documents relating thereto) to which the Company is to be a party as the same may be amended, varied, supplemented or substituted from time to time, such documents creating obligations given by the Company to secure funding to be granted to EWM Topco Limited by The Governor and Company of the Bank of Scotland (“BoS”) in its various capacities pursuant to:
 - (a) a senior loan agreement to be entered into between, inter alia, (1) BoS as Senior Agent, Senior Term Lender and Senior Revolving Credit Lender and (2) EWM Topco Limited (the “**Senior Loan Agreement**”);
 - (b) a mezzanine loan agreement to be entered into between, inter alia, (1) BoS as Mezzanine Agent and Mezzanine Lender and (2) EWM Topco Limited (the “**Mezzanine Loan Agreement**”);
 - (c) a subordinated loan agreement to be entered into between, inter alia, (1) BoS as Subordinated Loan Agent and Subordinated Lender and (2) EWM Topco Limited (the “**Subordinated Loan Agreement**”);
 - (d) a common terms agreement to be entered into between, inter alia, (1) BoS as Senior Agent, Senior Term Lender, Senior Revolving Credit Lender, Security Trustee, Mezzanine Agent, Mezzanine Lender, Subordinated Loan Agent, Subordinated Lender and Ancillary Facilities Lender, (2) EWM Topco Limited as Principal Borrower and (3) the Approved Companies (as defined therein) (the “**Common Terms Agreement**”).
- 1.1 A guarantee in favour of BoS (in its capacity as Security Trustee for and on behalf of the Security Beneficiaries (the “**Security Trustee**”)) (the “**Guarantee**”) guaranteeing the obligations of the Obligors (other than the Company) to the Security Trustee (on behalf of the Security Beneficiaries).

The “**Security Beneficiaries**” means the Senior Agent, the Senior Term Lenders, Senior Revolving Credit Lenders, the Hedging Bank, the Security Trustee, the Mezzanine Agent, the Mezzanine Lenders, the Subordinated Loan Agent, the Subordinated Lenders and BoS as the Ancillary Facilities Lender.
- 1.2 A debenture in favour of BoS (in its capacity as Security Trustee for and on behalf of the Security Beneficiaries) (the “**Debenture**”).
- 1.3 An intra-group loan agreement between, inter alia, EWM Topco Limited as borrower and the Company and others as lender (the “**Intra-Group Loan Agreement**”).
- 1.4 The Common Terms Agreement.

Company: EWM (FINANCIAL SERVICES) LIMITED
Company No: SC139175

Rider 3 – Form 155(6)a

1. By executing the Guarantee, the Company, inter alia, guarantees to BoS as Security Trustee (on behalf of each other Obligor) the payment of all monies and liabilities which will from time to time be due, owing or incurred to the Security Beneficiaries, (or any of them) by the Obligors (other than the Company), which includes the borrowings of EWM Topco Limited from BoS (in its various capacities) under the Senior Loan Agreement, Mezzanine Loan Agreement and Subordinated Loan Agreement to help fund the acquisition of the entire issued share capital of EWM Group Limited, the Company's ultimate holding company, by EWM Topco Limited (the "**Guaranteed Obligations**").
2. By executing the Debenture, the Company, inter alia, grants fixed and floating charges, in favour of the Security Trustee for and on behalf of the Security Beneficiaries over all assets and undertaking present and future of the Company to secure payment of all monies and liabilities which will from time to time be due, owing or incurred to the Security Beneficiaries.
3. By executing the Intra-Group Loan Agreement, the Company, inter alia, will make available to EWM Topco Limited a revolving credit facility in such amounts as may be required from time to time and EWM Topco Limited agrees to provide working capital facilities to, inter alia, the Company in such amounts as may be required from time to time.
4. By execution the Common Terms Agreement as an Approved Company, the Company will be able to use the funds made available under the Ancillary Facilities and the Senior Revolving Credit Facility, in respect of which, among other things, BoS shall have the right to set off monies standing to the credit of the Company in or towards satisfaction of its own and any of the liabilities of the other Guaranteeing Companies to BoS.
9. In this Statutory Declaration the following terms shall have the meanings set out below:

"Ancillary Facilities" means the ancillary facilities at any time given to an Approved Company by the Ancillary Facilities Lender and the amount of it outstanding at any time;

"Ancillary Facilities Lender" means BoS as provider of the Ancillary Facilities, and its successors and assigns (whether immediate or derivative);

"Approved Company" means each of EWM Topco Limited, EWM Group Limited, EWM Holdings Limited, The Edinburgh Woollen Mill Limited, Gibson & Lumgair (Scotland) Limited, EWM (Financial Services) Limited, Edinglen Limited, MacKinnon of Scotland Limited and The Heather Mills Company Limited;

"Borrower" means the Principal Borrower and the Approved Companies;

"Hedging Arrangements" means the interest rate protection agreements with the Hedging Bank regarding the exposure of the Principal Borrower to interest rates or foreign exchange as may be agreed between the Principal Borrower and the Relevant Agent from time to time;

“Hedging Bank” means BoS or HBOS Treasury Services Plc (as the case may be) as provider of the Hedging Arrangements and its successors and assigns (whether immediate or derivative);

“Insurance Assignment” means the assignment of the Keyman Policies by the Principal Borrower in a form approved by the Relevant Agent;

“Intercreditor Deed” means the subordination agreement made between BoS as the Senior Agent (1), BoS as a Senior Term Lender (2), BoS as a Senior Revolving Credit Lender (3), BoS as Security Trustee (4), BoS as the Hedging Bank (5), BoS as the Mezzanine Agent (6), BoS as a Mezzanine Lender (7), BoS as the Subordinated Loan Agent (8), BoS as a Subordinated Lender (9), BoS as the Ancillary Facilities Lender (10), the persons named in Schedule 1 thereto as equity investors (11) the Principal Borrower (12) and the Obligor (13);

“Keyman Policies” means the life assurance policies incorporating death and critical illness cover on terms satisfactory to the Relevant Agent for each of Philip Day, David Light, David Houston and Alec Whittaker;

“Mezzanine Agent” means, BoS in its capacity as agent for the Mezzanine Lenders and its successors and assigns (whether immediate or derivative);

“Mezzanine Facility” means the mezzanine loan facility made available to the Principal Borrower by the Mezzanine Lenders pursuant to the terms of the Mezzanine Loan Agreement;

“Mezzanine Lenders” means, at any time, the persons having participations at such time in the Mezzanine Facility and the Mezzanine Loan;

“Mezzanine Loan” means, at any time, the principal amount outstanding under the Mezzanine Facility at such time;

“Obligor” means each of EWM Topco Limited, EWM Group Limited, EWM Holdings Limited, The Edinburgh Woollen Mill Limited, The Gibson Group (Scotland) Limited, Gibson & Lumgair (Scotland) Limited, EWM (Financial Services) Limited, Edinglen Limited, MacKinnon of Scotland Limited, The Heather Mills Company Limited, Randotte Place Limited, EWM (EBT) Trustees Limited, Priory Knitwear Limited and Craftcentre Cymru Cyfyngedig;

“Principal Borrower” means EWM Topco Limited;

“Relevant Agent” means each of the Senior Agent, the Mezzanine Agent and the Subordinated Loan Agent;

“Relevant Funder” means each of the Senior Agent, the Senior Term Lenders, the Senior Revolving Credit Lenders, the Ancillary Facilities Lender, the Mezzanine Agent, Mezzanine Lenders, the Subordinated Loan Agent and the Subordinated Lenders;

“Security Documents” means the documents listed under the heading of security in Schedule 1 of the Common Terms Agreement, the Insurance Assignment and any other security granted to the Relevant Funder and/or the Security Trustee which is permitted in accordance with the terms of the Intercreditor Deed;

“Security Trustee” means BoS, in its capacity as security trustee under the Security Documents and its successors and assigns (whether immediate or derivative);

“Senior Agent” means, BoS in its capacity as agent for the Senior Lenders and its successors and assigns (whether immediate or derivative);

“Senior Lenders” means, at any time, the persons having participations at such time in the Senior Term Loan Facility and/or the Senior Revolving Credit Facility and/or the Ancillary Facilities;

“Senior Revolving Credit Facility” means the senior revolving credit facility made available to the Approved Companies by the Senior Revolving Credit Lenders pursuant to the Senior Loan Agreement;

“Senior Revolving Credit Lenders” means, at any time, the persons having participations at such time in the Senior Revolving Credit Facility;

“Senior Term Lenders” means, at any time, the persons having participations at such time in the Senior Term Loan Facility;

“Senior Term Loan Facility” means the senior term loan facility made available to the Principal Borrower by the Senior Term Lenders pursuant to the terms of the Senior Loan Agreement;

“Subordinated Lenders” means, at any time, the persons having participations at such time in the Subordinated Loan Facility and the Subordinated Loan;

“Subordinated Loan” means, at any time, the principal amount outstanding under the Subordinated Loan Facility at such time including any amounts of interest capitalised in accordance with the terms of the Subordinated Loan Agreement;

“Subordinated Loan Agent” means, BoS in its capacity as agent for the Subordinated Lenders and its successors and assigns (whether immediate or derivative);

“Subordinated Loan Facility” means the investment loan facility made available to the Principal Borrower by the Subordinated Lenders pursuant to the terms of the Subordinated Loan Agreement.

**Auditors' report to the directors of EWM (Financial Services) Limited
pursuant to section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of EWM (Financial Services) Limited ("the Company") dated 15 November 2002 in connection with the proposal that the Company should give financial assistance for the purchase of the whole of the issued share capital of EWM Group Limited.

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 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

Ernst & Young LLP
Registered Auditor
Edinburgh
15 November 2002