

2352435

* The Hamleys Group Limited

XWe a See Appendix 1

COMPANIES HOUSE

The assistance is to be given to: (note 2) Corporal Limited and Soldier Limited
(both of whose registered office is at 2 Foubert's Place, London, W1 7PA)

Please do not
write in this
margin

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

The assistance will take the form of:

See Appendix 2

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

† delete as
appropriate

Soldier Limited

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

See Appendix 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 See Appendix 4

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ibly, preferably
black type, or
old block lettering


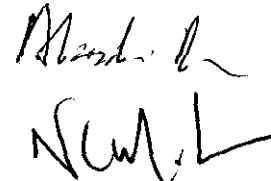
Delete either (a) or
(b) as appropriate

☒ 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) ☒ 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) ~~It is intended to commence the winding up of the company within 12 months of that date, and we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up.]~~* (note 3)

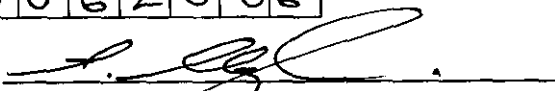
And ☒ we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at ONE NEW CHANGE LONDON

Declarants to sign below



Day Month Year
on

3	0	0	6	2	0	0	6
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before me 

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

THE HAMLEYS GROUP LIMITED

Company Number 2352435

(the Company)

APPENDIX 1

LIST OF DIRECTORS

The names and addresses of all the Directors of the Company are as follows:

Alasdair Dunn
44 Welbeck Avenue
Highfield
Southampton
Hampshire, SO17 1SS

Nicholas Mather
Newells House
Newells Lane
Bosham, Cutmil, Chichester
West Sussex, PO18 8PS

Katherine Osborne
7 Foster Close
Cheshunt
2 Chesunt
Hertfordshire, EN8 9RZ

This is the Appendix 1 referred to in the Form155(6)a declared by the Directors of the Company on 30 June 2006.

APPENDIX 2

FORM WHICH ASSISTANCE WILL TAKE

In this Statutory Declaration (including the appendices) the following expressions have, unless otherwise defined, the following meanings:

Accession Letter means a document substantially in the form set out in Schedule 8 (*Form of Accession Letter*) to the Facilities Agreement.

Additional Borrower means a company that becomes an Additional Borrower in accordance with clause 23 (*Matters concerning the Borrowers*) of the Facilities Agreement.

Additional Sponsor Funds means the amount of cash invested in Corporal pursuant to the terms of the Shareholder Undertaking, either by way of equity subscription or loan.

Agent means The Royal Bank of Scotland plc or such other person as may be appointed agent for the Lender pursuant to clause 24.11 of the Facility Agreement.

Ancillary Facilities Lender means National Westminster Bank PLC or any other person making ancillary facilities available pursuant to the Facilities Agreement.

Ancillary Facilities Letter means each of the letters in the agreed form entered into, or to be entered into, between an Ancillary Facilities Lender and any Facility B Borrower setting out the fees payable, and the terms and conditions on and subject to which the ancillary facilities are made available by such Ancillary Facilities Lender, to such Facility B Borrower.

Arranger means The Royal Bank of Scotland plc.

Beneficiary means the Finance Parties other than the Security Trustee.

Borrowers means Corporal, Soldier, Hamleys, Hamleys of London Limited, Hamleys Financial Services Limited, Hamleys Bear Investment Limited and Hamleys Properties Limited, and **Borrower** means any one of them..

Chargors means the Borrowers or any other company which becomes a party to the Group Debenture, and **Chargor** means any one of them.

Corporal means Corporal Limited (Company No. 4615349) of 2 Foubert's Place, London W1F 7PA.

Corporal-Group Loan Agreement means the loan agreement in the agreed form between Hamleys and certain of its subsidiaries as lenders and Corporal and Soldier as borrower.

Corporal-Soldier Loan Agreement means the loan agreement to be entered into by Corporal as lender and Soldier as borrower.

Delegate means any delegate, agent, attorney or co-trustee appointed by the Security Trustee.

Fee Letter means the letter to be entered into between the Arranger and Corporal (or the Agent and Corporal) setting out any of the fees referred to in Clause 10 (*Fees*) of the Facilities Agreement.

Facilities Agreement means the facilities agreement to be entered into between, among others the Company, Corporal and The Royal Bank of Scotland plc.

Finance Documents means the Facility Agreement, the Ancillary Facilities Letters, any Hedging Documents, any Fee Letter, any Accession Letter, the Security Documents and any other document designated as such by the Agent and Corporal.

Finance Parties means the Agent, the Arranger, the Lender, the LNG Issuer, any Ancillary Facilities Lender, any Hedging Lender and the Hedging Security Lender and the Security Trustee.

Group means Corporal and its subsidiaries from time to time.

Hamleys Group means Hamleys and its subsidiaries from time to time.

Group Debenture means a guarantee and debenture to be entered into by each member of the Group (other than the Immaterial Subsidiaries) in favour of the Security Trustee.

Hamleys means The Hamleys Group Limited (Company no. 2352435) of 2 Foubert's Place, London, W1F 7PA.

Hedging Documents means the documents evidencing the hedging agreements.

Hedging Lender means The Royal Bank of Scotland plc.

Holding means BG Holding ehf, a private limited company incorporated in Iceland with registration number 520603-4330, whose office is at Tungota 6, 101 Reykjavik, Iceland.

Immaterial Subsidiary means Hamleys Employment Services Limited, Hamleys Trustees Limited, House of Toys Limited, Hamleys B.V. and any other subsidiary of Corporal which is exempt from the requirements of clause 19.1.13 (*Guarantees and Security for Subsidiaries*) of the Facilities Agreement by reason of subparagraph (iv) thereof.

Lender means The Royal Bank of Scotland plc or National Westminster Bank PLC.

LNG Issuer means The Royal Bank of Scotland plc.

Obligors means each of Corporal, Soldier, any other Borrowers, the Security Providers which are members of the Group, and any other Member of the Group from time to time party to a Finance Document and **Obligor** means any one of them.

Party means a party to the Facilities Agreement and includes its successors in title, permitted assigns and permitted transferees.

Receiver means a receiver or manager or an administrative receiver appointed under any relevant Security Document.

Secured Obligations means, the obligations undertaken to be paid or discharged in clause 2 of the Group Debenture.

Security Documents means (a) the Group Debenture, (b) the Subordination Deed, (c) the Corporal-Group Loan Agreement, (d) the Shareholder Undertaking, (e) the documents listed in schedule 6 (*Existing Security Documents*) of the Facilities Agreement (the **Existing Security**) (f) the Sponsor Account Charge (g) the Security Trust Agreement and (h) any other document (i) creating a Security Interest or (ii) containing a guarantee, in either case executed by a member of the Group, any

Affiliate of a member of the Group, or any shareholder of a member of the Group, or Holding or Baugur Group hf, in respect of amounts owing to a Finance Party under a Finance Document.

Security Interest means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, standard security, assignment, trust arrangement, transfer of title by way of security for the purpose of providing security, or other security interest of any kind securing any obligation of any person or any other agreement or arrangement having similar effect (including title transfer and/or retention arrangements having a similar effect) and includes any agreement to create any of the foregoing.

Security Provider means each person that is from time to time party to a Security Document pursuant to which it grants a Security Interest over all or substantially all of its assets.

Security Trust Agreement means the security trust agreement to be entered into by, among others, Corporal, Soldier and certain other Finance Parties in respect of (among other things) the trusts upon which the Security Documents are held.

Security Trustee means The Royal Bank of Scotland plc or such other person as may be appointed Security Trustee pursuant to the Security Trust Agreement.

Shareholder Undertaking means the undertaking between, among others, Baugur Group hf, Holding, Corporal, Soldier and the Security Trustee.

Sponsor Account Charge means the deed dated on or about the date hereof between Holding and the Security Trustee.

Soldier means Soldier Limited (company number 4672637), a company incorporated under the laws of England and Wales with its registered office at 2 Foubert's Place, London W1F 7PA.

Subordination Deed means the subordination deed between Corporal, Baugur Group hf, Holding, Talden and the Security Trustee in respect of (among other things) the subordination of, among others, the Additional Sponsor Funds, and the Corporal articles of association.

Talden means Talden Holding S.A.

The assistance will take the form of the execution, delivery and performance by the Company of:

- (a) the Facilities Agreement, whereby the Company will give certain representations and warranties, covenants, indemnities and rights of set-off to the Finance Parties to enable the Finance Parties to make the facilities under the Facilities Agreement available;
- (b) the Group Debenture whereby the Company will, among other things, (i) covenant and guarantee to the Security Trustee to pay all monies and discharge all obligations and liabilities due owing or incurred to the Finance Parties by it or any other Obligor under or pursuant to the Finance Documents and (ii) will provide Security Interests over its assets in favour of the Security Trustee;
- (c) the Corporal - Group Loan Agreement whereby the Company agrees to provide facilities to Corporal in order for Corporal to repay amounts that become due under the Facilities Agreement; and
- (d) the Security Trust Agreement whereby the Company will, among other things, agree to (a) indemnify the Security Trustee in respect of all liabilities, damages, costs, claims, charges or expenses whatsoever properly incurred by the Security Trustee under the Finance Documents (b) and counter-indemnify each Beneficiary for any payment by them in respect of any loss or liability incurred by the Security Trustee under the Finance Documents.

This is the Appendix 2 referred to in the Form155(6)a declared by the Directors of the Company on 30 June 2006.

APPENDIX 3

PRINCIPAL TERMS OF THE ASSISTANCE GIVEN

All capitalised terms in this Appendix 3, unless the contrary intention appears, have the meanings given to them in Appendix 2.

By entering into the Facilities Agreement, the Company will give certain representations and warranties, covenants, indemnities and rights of set-off to the Finance Parties in respect of itself and the other members of the Company.

By entering into the Group Debenture the Company will, amongst other things:

- (a) covenant that it will pay to the Security Trustee all moneys and discharge all obligations and liabilities now or hereafter due, owing or incurred by it to the Finance Parties or any of them including, without limitation, all moneys, obligations and liabilities due, owing or incurred under or pursuant to the Finance Documents;
- (b) irrevocably and unconditionally guarantee (i) the due performance by each other Obligor of all its obligations under or pursuant to the Finance Documents to which it is a party and (ii) the payment of all moneys and discharge of all liabilities now or hereafter due, owing or incurred to the Finance Parties or any of them including, without limitation, all moneys, obligations and liabilities due, owing or incurred under or pursuant to the Finance Documents by each Obligor;
- (c) irrevocably and unconditionally indemnify the Finance Parties against any loss or liability arising from any failure of an Obligor to perform or discharge any purported obligation or liability or from any invalidity or unenforceability of any of the same against an Obligor; and
- (d) as a continuing and further security for the discharge and payment of the secured obligations and with full title guarantee (i) charge to the Security Trustee by way of legal mortgage all freehold property wheresoever situate now owned by the Company or in which the Company has an interest and (ii) create fixed and floating charges (and other security) over all its other assets and undertakings (and all rights in respect thereof) in favour of the Security Trustee and in the manner described in clause 3 of the Group Debenture.

By entering into the Corporal - Group Agreement the Company will, amongst other things, agree to make advances to Corporal for the purposes of repaying amounts due under the Facilities Agreement (which amounts include moneys, obligations and liabilities incurred by Corporal for the purposes of reducing and discharging a liability incurred as a result of the acquisition of the shares of Hamleys).

By entering the Security Trust Agreement the Company will, among other things, agree to (a) indemnify the Security Trustee in respect of all liabilities, damages, costs, claims, charges or expenses whatsoever properly incurred by the Security Trustee under the Finance Documents (b) and counter-indemnify each Beneficiary for any payment by them in respect of any loss or liability incurred by the Security Trustee under the Finance Documents.

This is the Appendix 3 referred to in the Form 155(6)a declared by the Directors of the Company on 30 June 2006.

APPENDIX 4

DATE ON WHICH ASSISTANCE IS TO BE GIVEN

On any date prior to eight weeks from the date of this Statutory Declaration.

This is the Appendix 4 referred to in the Form 155(6)a declared by the Directors of the Company on 30 June 2006.



KPMG LLP
2 Cornwall Street
Birmingham B3 2DL
United Kingdom

Tel +44 (0) 121 232 3000
Fax +44 (0) 121 232 3000
DX 709850 Birmingham 26

The Directors
Hamleys Group Limited
2 Fouberts Place
London
W1F 7PA

Our ref mjb/2jb/app 2a

Contact Matthew Buckingham
0121 232 3036

30 June 2006

Dear Sirs

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

We have examined the attached statutory declaration of the directors dated 30 June 2006 in connection with the proposal that the Company should give financial assistance in connection with the purchase of 100% of the Company's issued share capital.

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 LLP

KPMG LLP
Registered Auditor

Enclosures: