

# G

CHFP004

**COMPANIES FORM No. 155(6)a**  
**Declaration in relation to**  
**assistance for the acquisition**  
**of shares.**

# 155(6)a

Please do not  
write in this  
margin

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

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

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

For official use

Company number

2882777

**Note**

Please read the  
notes on page 3  
before completing  
this form.

\* insert full name of  
company

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

Name of company

\* **DAN NETWORK SOLUTIONS LIMITED**

I/We<sup>†</sup> Philip Gamble of Old Home Farmhouse, Butlers Cross, Aylesbury, Bucks, HP17 0UZ  
and

Helen Denise Gamble of Old Home Farmhouse, Butlers Cross, Aylesbury, Bucks, HP17 0UZ

† delete as  
appropriate

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

§ delete whichever  
is inappropriate

(a) ~~that a recognised bank, licensed institution~~ † within the meaning of the Banking Act 1979 §  
(b) ~~that of a person authorised under section 3 or 4 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~~

Limited] †

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

The number and class of the shares acquired or to be acquired is: sixty eight ordinary  
shares of £1 each

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

LAYTONS  
Saint Bartholomews  
Lewins Mead  
Bristol BS1 2NH  
DX 7895 Bristol  
RGB/Y1837/2284346

For official Use  
General Section

Post room



The assistance is to be given to: (Note 2) Paragon Communications Limited registered  
number 4171940. Registered office: Third Floor, Saint Bartholomews, Lewins Mead,  
Bristol BS1 2NH

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 Schedule 1 and Schedule 3 attached

(2285792)

The person who ~~has acquired~~ [will acquire]<sup>†</sup> the shares is:  
Paragon Communications Limited

<sup>†</sup> delete as  
appropriate

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

See Schedule 2 and Schedule 3 attached

(2285792)

The amount of cash to be transferred to the person assisted is £ 310,000

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 25 April 2001

Please do not  
write in this  
margin

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

\* 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) ~~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) xxx~~

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 6 St. Andrew Street  
London EC4A 3LX

Declarants to sign below

Day Month Year

on 

25	04	2001
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before me Stephen Kipl

Alan  
Robert Gumble

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  
DX: 33050  
Cardiff

or, for companies registered in Scotland:-

The Registrar of Companies  
Companies House  
37 Castle Terrace  
Edinburgh  
EH1 2EB  
DX: 235  
Edinburgh

# DAN NETWORK SOLUTIONS LIMITED

## SCHEDULE 1

### FORM OF FINANCIAL ASSISTANCE

1. The execution of a guarantee and debenture ("Guarantee and Debenture") to be given by the Company in favour of Industrial Mezzanine Fund, L.P. ("the Lender") to guarantee and secure, inter alia, the obligations of Paragon Communications Limited (4171940) ("the Parent") to the Lender including those under or as contemplated by a Mezzanine Credit Agreement between the Parent and the Lender providing for a £850,000 term loan which will assist the Parent in acquiring 68 ordinary shares of £1 each in the capital of the Company under the terms of an acquisition agreement entered into between Dan Technology Holdings PLC and the Parent.
2. The execution of a business finance agreement ("Business Finance Agreement") with NMB-Heller Limited ("NMB") in respect of receivables financing facilities to be made available to the Company by NMB.
3. The execution of a fixed charge over book debts ("the Fixed Charge over Book Debts") in favour of NMB as a condition precedent to the Business Finance Agreement.
4. The execution of an inter-company loan agreement with the Parent ("the Inter-Company Loan Agreement") pursuant to which the Company will make available to the Parent loans to be used by the Parent to finance part of the consideration payable by it in respect of the Acquisition.
5. The payment of expenses incurred by the Parent and the Company relating to the proposed purchase by the Parent of the shares in the Company.

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## **DAN NETWORK SOLUTIONS LIMITED**

### **SCHEDULE 2**

#### **THE PRINCIPAL TERMS ON WHICH THE FINANCIAL ASSISTANCE WILL BE GIVEN**

The terms of:-

1. the Guarantee and Debenture by which the Company undertakes to pay and discharge its own indebtedness and liabilities and to guarantee the payment and discharge of the indebtedness and liabilities of the Parent to the Lender; and secures its obligations to the Lender by way of fixed and floating charges over all its undertaking, property and assets whatsoever and wheresoever, present and future;
2. the Company will pursuant to the Business Finance Agreement receive payment advances of up to 70% of the value of invoices notified to NMB by the Company with a discounting charge of 2.0% per annum over the base rate of Barclays Bank PLC from time to time and a service charge of 0.5%;
3. the Company will pursuant to the Fixed Charge over Book Debts charge all Debts and Related Rights (as both terms are defined therein) as a continuing security for the payment and discharge of the Company's obligations under the Business Finance Agreement;
4. the Inter-Company Loan Agreement by which the Company makes available a loan to the Parent;
5. the payment of the expenses incurred by the Parent and the Company relating to the proposed purchase by the Parent of the shares of the Company.

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### SCHEDULE 3

#### **DAN NETWORK SOLUTIONS LIMITED (the Company)** **Company Number 2882777**

Words and expressions used in this Schedule shall, unless otherwise defined in this Schedule, have the meaning ascribed to them in the Guarantee and Debenture.

References to clauses are to be construed as references to the Clauses of the Guarantee and Debenture (as defined below).

#### **The Form of Financial Assistance**

The assistance will take the form of:

1. the execution, delivery and performance of a guarantee and debenture as the same may be amended, varied, supplemented or substituted from time to time (the **Guarantee and Debenture**) by the Company in favour of Industrial Mezzanine Fund L.P. (the **Lender**) pursuant to which:
  - (a) the Company guarantees that it shall on demand pay all moneys at any time due or owing by any Charging Group Company (other than the Company) to the Lender pursuant to the terms of any of the Financing Documents; and
  - (b) the Company grants fixed and floating charges over all of its properties, assets and undertakings in favour of the Lender as continuing security for the obligations and liabilities of the Company to the Lender under or pursuant to any of the Financing Documents, including the Guarantee and Debenture

and by the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the Guarantee and Debenture.

#### **The Principal Terms of the Financial Assistance**

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

1. under the terms of the Guarantee and Debenture:
  - (a) The Company hereby guarantees to the Lender that it shall on demand pay to the Lender in the currency in which the same falls due for payment under the terms of the relevant Financing Documents, all moneys which are now or at any time hereafter shall have become due or owing by the Charging Group Companies (other than the Company) to the Lender pursuant to the Financing Documents or by the Company to the Lender on any account whatsoever.
  - (b) The Company hereby covenants with the Lender that it shall, to the extent that the same have fallen due and have not been paid pursuant

to the terms of the Mezzanine Credit Agreement, on demand pay to the Lender all costs and expenses incurred by the Lender in relation to the Guarantee and Debenture and the protection or enforcement of the Lender's rights hereunder.

- (c) The Company acknowledges and agrees that the Guarantee is a continuing security and shall remain in full force and effect until all moneys, obligations and liabilities referred to in the Guarantee and Debenture have been paid, discharged or satisfied in full notwithstanding the liquidation or other incapacity or any change in the constitution of the Company or any other Charging Group Company or in the name and style of either of them or any settlement of account or other matter whatsoever.
- (d) The Company acknowledges that if any purported obligation or liability to the Lender of any or all of the Charging Group Companies which if valid would have been the subject of the Guarantee is not or ceases to be valid or enforceable against any or all of such companies on any ground whatsoever whether or not known to the Lender including but not limited to any defect in or want of powers of any or all of such companies or irregular exercise thereof or lack of authority by any person purporting to act on behalf of any or all of such companies or any legal or other limitation (whether under the Limitation Acts or otherwise), disability, incapacity or any change in the constitution of or any amalgamation, reconstruction or liquidation of any or all of such companies, the Company shall nevertheless be liable to the Lender in respect of that purported obligation or liability as if the same were fully valid and enforceable and the Company was the principal debtor in respect thereof. The Company acknowledges that it agrees to keep the Lender fully indemnified against all damages, loss, costs and expenses arising from any failure of any or all of such companies to carry out any such purported obligation or liability.
- (e) the Company acknowledges and agrees that the liability of the Company shall not be affected nor shall the Guarantee and Debenture be discharged or diminished by reason of:
  - (i) any present or future bill, note, guarantee, indemnity, mortgage, charge, pledge, lien or other security or right or remedy held by or available to the Lender becoming wholly or in part void, voidable or unenforceable on any ground whatsoever or by the Lender from time to time dealing with, exchanging, varying, realising, releasing or failing to perfect or enforce any of the same; or
  - (ii) the Lender compounding with, discharging, releasing or varying the liability of or granting any time, indulgence or concession to any or all of the Charging Group Companies (other than the Company) or any other person or renewing,

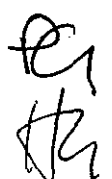
determining, varying or increasing any bill, promissory note or other negotiable instrument, accommodation, facility or transaction in any manner whatsoever or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from the Company or any other Charging Group Company, or any other person; or

- (f) the Company acknowledges and agrees that any money received in connection with the Guarantee and Debenture may be placed to the credit of a suspense account with a view to preserving the right of the Lender to prove for the whole of its claim against any or all of the Charging Group Companies (other than the Company) or any other person liable or may be applied by the Lender in or towards satisfaction of such of the moneys, obligations or liabilities of the Company under the Guarantee and Debenture as the Lender may from time to time conclusively determine.;
- (g) the Company hereby agrees to pay interest to the Lender for the account of the Lender on all sums demanded under the Guarantee and Debenture from the date of demand until actual payment (as well after as before any judgment)

2. Under the terms of the Guarantee and Debenture, the Company with full title guarantee, as continuing security for the payment of the Secured Obligations, charges in favour of the Lender:

The Company, with full title guarantee, as continuing security for the payment of the Secured Obligations hereby charges in favour of the Lender:

- (a) by way of legal mortgage all estates or interests in the freehold, leasehold and other immovable property and the proceeds of sale thereof and all buildings and trade and other fixtures on any such property belonging to or charged to the Company from time to time ;
- (b) by way of fixed charge all estates or interests in any freehold, leasehold and other immovable property now or at any time during the continuance of the security belonging to the Company (other than the Legally Mortgaged Property) and the proceeds of sale thereof and all buildings and trade and other fixtures from time to time on any such property belonging to or charged to the Company;
- (c) by way of fixed charge all plant, machinery, vehicles, computers and office and other equipment owned by the Company both present and future;
- (d) by way of fixed charge all book debts and other debts now and from time to time due or owing to the Company and all moneys which the Company receives in respect thereof;

SMU 



- (e) by way of fixed charge all balances standing to the credit of any current, deposit or other account of the Company with the Lender (including *inter alia* any account designated a realisations account for the proceeds of disposals of any of the assets of the Company) or with other bankers financial institutions or similar third parties;
- (f) by way of fixed charge all stocks, shares, debentures, bonds, notes and loan capital of:
  - (i) any Subsidiary; and
  - (ii) any other body corporate;

and all rights to subscribe for, redeem, convert other securities into or otherwise acquire any of the same which may now or hereafter belong to the Company, together with all dividends, interest and other income and all other rights of whatsoever kind deriving from or incidental to any of the foregoing;

- (g) by way of fixed charge the goodwill of the Company and its uncalled capital now or at any time hereafter in existence;
- (h) by way of fixed charge all copyrights, patents, patent applications, licences, trade marks, trade names, know-how and inventions or other rights of every kind deriving therefrom now or at any time hereafter belonging to the Company and all fees, royalties and other rights of every kind deriving from such copyrights, patents, trade marks, trade names, know-how and inventions; and
- (i) by way of floating charge the whole of the Company's undertaking and all its property, assets and rights, whatsoever and wheresoever, present and future, other than any property or assets from time to time or for the time being effectively mortgaged or charged to the Lender by way of fixed charge;

8mu HZ.  
PC.

**Grant Thornton****REPORT BY THE AUDITORS OF DAN NETWORK SOLUTIONS LIMITED  
("THE COMPANY") TO THE FOLLOWING PARTIES ("THE LENDORS")**

Industrial Mezzanine Fund, L.P. ("IFG")  
69-71 Warnford Court  
Throgmorton Street  
London EC2N 2AT

NMB-Heller Limited ("NMB")  
Enterprise House  
Bancroft Road  
Reigate  
Surrey RH2 7RT

This report is given in connection with the proposed arrangement whereby the Company will give financial assistance for the purchase of its own shares, particulars of which are given in the statutory declaration made today by the directors pursuant to Section 155(6) of the Companies Act 1985 ("the Act").

The purpose of this report is to assist the lenders in considering whether the proposed arrangement is permitted under Section 155(2) of the Act and it is not intended to be used, quoted or referred to for any other purpose.

We have examined the Board Memorandum dated 25 April 2001 for which the directors are solely responsible and have enquired into the Company's state of affairs so far as necessary for us to review the bases for the Board Memorandum. Our enquiry did not constitute an audit under the provisions of the Act.

We confirm that as at the close of business on 31 March 2001 the aggregate of the Company's assets as stated in its accounting records exceeded the aggregate of its liabilities as so stated.

We are not aware of anything to indicate that the opinion expressed in paragraph 2 of the Board Memorandum is unreasonable in all the circumstances.

GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

AYLESBURY  
25 April 2001

**Grant Thornton**

**Auditor's report to the directors of Dan Network Solutions Limited ("the Company") pursuant to Section 156(4) of the Companies Act 1985.**

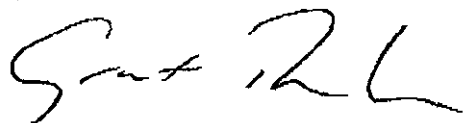
We have examined the attached statutory declaration of the Directors dated 25 April 2001 in connection with the proposal that the Company should give financial assistance for the purchase of the Company's ordinary shares.

**Basis of opinion**

We have enquired into the state of the Company's affairs in order to review the basis 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.



GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

AYLESBURY

Dated 25 April 2001