

CHFP025

Declaration in relation to assistance for the acquisition of shares

155(6)a

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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

SC 133850

Note

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

Name of company

* Plastic Technology Services Limited

* insert full name
of company

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

XWeo Ian Wallace, Terreglestown House, Terregles Road, Dumfries, DG2 9RW;
and
William James Hewitson, The Hollies, Peatford, Lockerbie, Dumfries &
Galloway

† delete as appropriate

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

The business of the company is:

§ delete whichever
is inappropriate

[illegible][illegible]

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] [XXXXXXXXXXXXXXXXXXXXXX]

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

XXXXXXXXXXXXXXXXXXXXX
BUREAU OF PRISON INDUSTRIES

The number and class of the shares acquired or to be acquired is: 60,000 ordinary shares
of £1 each

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

Tods Murray LLP
66 Queen Street
Edinburgh
EH2 4NE

ED58 Edinburgh
DGB.FMB.W00617.1004

For official Use
General Section

Post room



The assistance is to be given to: (note 2) PTS (Scotland) Limited (SC266414) whose
registered office is at 29 York Place, Edinburgh, EH1 3HP

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

The assistance will take the form of:

1. a floating charge by the Company (wherein it is named Polymer Processors Limited) in favour of The Royal Bank of Scotland plc (the "Bank") over the whole of the Company's property (including uncalled capital) dated 7th and registered as a charge on 15th, both days in April 1992 (the "Floating Charge"); and
2. a guarantee by the Company in favour of the Bank in respect of the obligations of PTS (Scotland) Limited (the "Guarantee").
3. an inter-company loan by the Company to PTS (Scotland) Limited (SC266414) (the "Inter-Company Loan")

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

† delete as
appropriate

PTS (Scotland) Limited (SC266414)

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

Please see Schedule annexed to this Form 155(6)a

The amount of cash to be transferred to the person assisted is £ 300,000

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 within 8 weeks of the date hereof

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold 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 the~~
~~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 Edinburgh

Declarants to sign below

Day Month Year
on 19 05 2004

J Wallace
William J Hewison

before me Fiona Murray Buchanan *Fiona M Buchanan* Notary Public

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

This is the Schedule referred to in the foregoing Form 155(6)a

Under the terms of the Floating Charge:

- 1 the Company has granted 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 Company's property and undertaking in security of the Secured Sums;
- 2 the Company has agreed that the Floating Charge shall, except as may otherwise be previously agreed in writing by the Bank and subject to sub-section (2) of section 464 of the Companies Act 1985 as the same shall from time to time be amended or re-enacted (the "Act"), rank in priority to any fixed security within the meaning of sub-section (1) of section 486 of the Act, other than a fixed security in favour of the Bank, which shall be created by the Company after the date of the Floating Charge and in priority to any other floating charge, and, subject to that, no such fixed security or other floating charge shall (except with the previous agreement of the Bank in writing) rank in priority to or equally with the Floating Charge;
- 3 the Company has agreed that it shall not (without the written consent of the Bank) create or allow to come into being any security or charge upon any part of the property (including heritable, real and leasehold property wherever situated) assets, undertaking or uncalled capital of the Company or any of its subsidiary companies and has agreed that no debentures, debenture stock or loan capital shall be created or issued and generally no monies shall be borrowed or raised or the payment thereof secured in any manner of way by the Company or any of its subsidiary companies;
- 4 the Company has agreed to insure all of its property and corporeal assets and those of its subsidiary companies for their full replacement value and to note the Bank's interest in any such policy;
- 5 the Company has agreed that it will not sell or otherwise dispose of any part of its heritable, real or leasehold property or that of its subsidiary companies except with the written consent of the Bank, that it will not grant a lease or sub-lease for a period exceeding three years of any of its heritable, real or leasehold property or that of its subsidiary companies and that it will not sell or dispose of any of its other property or assets or those of its subsidiary companies unless in the ordinary course of its or their business; and
- 6 the Company has agreed not to call up or receive in advance of calls any of its uncalled capital without the written consent of the Bank and to pay any amount received by it in respect of uncalled capital to the Bank to be applied in or towards satisfaction of the Secured Sums.

In the Floating Charge, "**Secured Sums**" means all sums of money which are at the date of the Floating Charge or may at any time or from time to time be or become due to the Bank by the Company and/or which the Company are at the date of the Floating Charge or may at any time or from time to time be or become liable or responsible to the Bank in any manner of way or in any respect whatsoever, whether alone or jointly with any other person or persons, and whether as principal debtors or guarantors or sureties, including, in particular but without prejudice to the foregoing generality, sums of principal, interest, discounts, commissions, charges, costs and expenses, whether on or in connection with or arising out of any current or other account, order, draft, bill, promissory note, letter of credit or guarantee (whether granted by the Bank on behalf of the Company or granted by the Company to the Bank) or any one or more of any such or otherwise however.

Under the terms of the Guarantee:

- 1 the Company, in consideration of the Bank giving time or credit or banking facilities to the Debtor, guarantees to discharge on demand the Obligations of the Debtor with Interest from the date of demand;
- 2 the Company agrees that any item or amount claimed by the Bank to be included in the Obligations of the Debtor which is not recoverable from the Company under the Guarantee for any reason on the basis of a guarantee shall nevertheless be recoverable from the Company as principal debtor by way of indemnity and the Company agrees to discharge its liability in respect of that item or amount on demand with Interest from the date of demand;
- 3 the amount recoverable from the Company under the Guarantee shall not exceed the aggregate of £900,000.00 and Interest on that sum since the date on which such interest was last compounded in the books of the Bank together with Interest on that aggregate from the date of demand plus Expenses;
- 4 the Company has agreed to pay Expenses to the Bank on demand;
- 5 the Guarantee will not be affected by the Bank granting the Debtor or any other person any time or indulgence or granting to the Debtor any new or increased facility or the Bank increasing any rate of interest or charge. The Guarantee will also not be affected by any renewal, variation or termination of any agreement or arrangement with or liability of the Debtor or any other person or if the Bank renews, varies, releases or refrains from enforcing any security or guarantee from the Debtor or any other person or compounds with the Debtor or any person;
- 6 the Company's liability under the Guarantee shall not be affected by the absence or by any defective excessive or irregular exercise of borrowing powers of the Debtor or by anything that would not have released or reduced its liability to the Bank had it been a principal debtor instead of a guarantor;
- 7 the Company has agreed not to participate in any security held by the Bank or money received by the Bank in respect of the Obligations of the Debtor or to compete with the Bank in making any claim against the Debtor or any co-guarantor or their respective estates or to make any claim in insolvency proceedings of the Debtor or any co-guarantor or to enforce any security from or against the Debtor or any co-guarantor until the Obligations of the Debtor have been discharged in full;
- 8 the Guarantee is in addition to any other guarantee or security present or future held by the Bank in respect of the Obligations of the Debtor and shall not affect such other guarantee or security or any contractual or legal rights of the Bank, even if such other guarantee or security is void, unenforceable or not completed or perfected;
- 9 the Company shall remain liable under the Guarantee notwithstanding any settlement between the Bank and the Company until any security given or payment made to the Bank by the Debtor or any other person cannot be avoided or reduced under the applicable insolvency law and the Bank is entitled to retain any security held by it for the liability of the Company until it is satisfied that it will not have to make any repayment under such insolvency law; and
- 10 the Company has agreed that the Bank shall have a lien on all its property held by the Bank and that the Bank may without notice exercise set-off or similar rights against any deposit or credit balance (whether or not due) on any account of the Company with the Bank in discharge of the Company's liability under the Guarantee. The Company has also agreed that

no deposit or credit balance shall be repayable until all the liability of the Company to the Bank under the Guarantee has been discharged.

In the Guarantee:

"Expenses" means all reasonable expenses (on a full indemnity basis) directly incurred by the Bank in connection with enforcing or exercising any power under the Guarantee with Interest from the date they are incurred.

"Debtor" means PTS (SCOTLAND) LIMITED (Company Number SC266414).

"Interest" means interest at the rate(s) applicable to the Obligations of the Debtor.

"Obligations" means liabilities to the Bank of any kind (whether present or future actual or contingent and whether incurred alone or jointly with another) including interest banking charges and commission.

Under the terms of the Inter-Company Loan:

- 1 the Company will lend the sum of £300,000 to PTS (Scotland) Limited;
- 2 the Inter-Company Loan will be used by PTS (Scotland) Limited to repay a short term overdraft facility of £300,000 between PTS (Scotland) Limited and the Bank;
- 3 the Inter-Company Loan will be made available to PTS (Scotland) Limited in a single tranche and will not accrue interest; and
- 4 the Inter-Company Loan will be repayable on demand made by the Company on terms to be mutually agreed between the Company and PTS (Scotland) Limited.

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EDINBURGH
EH1 3HP

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Our Ref: BD/TD



MCDONALD GORDON & CO LTD

**CHARTERED CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS**

DIRECTORS: BRIAN P. M. DUFFY
RAYMOND PATERSON FCCA

19 May 2004

The Directors
Plastic Technology Services Ltd
Garroch Business Park
Garroch
DUMFRIES
DG2 8PN

Dear Sirs

Auditors' report to the directors of Plastic Technology Services Limited pursuant to Section 156(4) of the Companies Act 1985 (the "Act")

We have examined the attached statutory declaration of the directors of Plastic Technology Services Limited (the "**Company**") dated 19 May 2004 in connection with the proposal that the Company should give financial assistance for the purchase of its own shares.

Basis of opinion

We have enquired into the state of the Company's affairs so far as necessary 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 Act is unreasonable in all the circumstances.

Yours faithfully

McDonald Gordon & Co Ltd

