COMPANIES FORM No. 155(6)b

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CHFP025

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

155(6)b

Please do not write in this margin

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

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

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

For official use

Company number 47169

Name of company

* Ash & Lacy Limited

~~I~~/We ø Christopher John Burr of Ashmore House, Norton, Evesham, Worcestershire, WR11 4YL
Howard Caile Everett of 27 Newton Road, Knowle, Solihull, West Midlands B93 9HL
David Leslie Grove of Badgers Halt, Rookery Lane, Lowsonford, Solihull, West Midlands, B95 5EP

† delete as appropriate

~~[the sole director]~~ [all the directors]† of the above company (hereinafter called 'this company') do solemnly and sincerely declare that:

§ delete whichever is inappropriate

The business of this 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 3 or 4 of the Insurance Companies Act 1982 to~~ carry on ~~insurance business in the United Kingdom~~§

(c) something other than the above§

This company is ~~[the]~~ [a] holding company of* Bromford Iron & Steel Company Limited (company number 447036) which is proposing to give financial assistance in connection with the acquisition of shares in [this company] [~~the holding company of this company~~.]†

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

Wragge & Co LLP
55 Colmore Row
Birmingham
B3 2AS

13036 Birmingham 1
1809420/LXT

For official Use
General Section

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The assistance is for the purpose of [~~that acquisition~~] [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

Please do not write in this margin

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

The number and class of the shares acquired or to be acquired is: 50,000,000 ordinary shares of 5 pence each

The assistance is to be given to: (note 2) Hill & Smith Holdings PLC (company number 671474) whose registered office is situate at 2 Highlands Court, Cranmore Avenue, Shirley, Solihull, West Midlands, B90 4LE

The assistance will take the form of:

See paragraph 2.1 of the attached financial assistance summary.

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

Hill & Smith Holdings PLC

† delete as appropriate

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

See paragraph 2.2 of the attached financial assistance summary.

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is nil

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

Please do not write in this margin

The date on which the assistance is to be given is within 8 weeks of the date of this declaration.

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

~~I/~~We have formed the opinion, as regards this 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)

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

(a) ~~[I/~~We have formed the opinion that this 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 this company within 12 months of that date~~, and ~~I/we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding-up.]*~~ (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

Wragge & Co, Colmore Row, Birmingham

Declarants to sign below

	Day	Month	Year
on	13	08	2003

before me ROBERT PAUL BROOKES

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
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

ASH & LACY LIMITED

FINANCIAL ASSISTANCE SUMMARY

1 **Overview**

1.1 Definitions

For the purposes of this summary, the following definitions shall have the following meanings:

"**A&L Acquisition**" means the acquisition by the Purchaser of the A&L Shares;

"**A&L Shares**" means all the issued ordinary shares in the capital of the Target;

"**Act**" means the Companies Act 1985 (as amended from time to time);

"**Barclays**" means Barclays Bank PLC;

"**Current Facilities Agreement**" means the facilities agreement dated 13 September 2000 as amended and restated on 27 July 2001 between, inter alia, the Purchaser as borrower and Barclays as agent, security trustee and ancillary bank, pursuant to which the Bank (as defined therein) has made available to the Purchaser certain loans, one of which has been utilised to finance the A&L Acquisition;

"**New Facilities Agreement**" means a £67,500,000 term and revolving facilities agreement dated on or about the date hereof between, inter alia, the Purchaser as borrower and Barclays as agent, security trustee and ancillary bank, pursuant to which the Banks (as defined therein) make available to the Purchaser certain loans to (inter alia) refinance the Current Facilities Agreement;

"**Purchaser**" means Hill & Smith Holdings PLC (Company number 671474);

"**Security Agreement**" means the security agreement entered into pursuant to the New Facilities Agreement in favour of Barclays acting as security agent;

"**Target**" means Ash & Lacy Limited (previously known as Ash & Lacy plc) (Company number 47169).

1.2 Background

(a) In order to effect the A&L Acquisition, the Purchaser incurred liabilities under the Current Facilities Agreement.

(b) The Purchaser is entering into the New Facilities Agreement. Funds advanced pursuant to the New Facilities Agreement are to be utilised in the refinancing of the Current Facilities Agreement.

(c) The Whitewash Companies are:

(i) Ash & Lacy Limited (also the Target);

(ii) Ash & Lacy Manufacturing Limited;

(iii) Ash & Lacy Perforators Limited;

(iv) Express Reinforcements Limited;

(v) Hawkshead Properties Limited;

(vi) Joseph Ash Limited;

(vii) Ash & Lacy Services Limited;

(viii) Redman Fisher Engineering Limited;

(ix) Eden Material Services (U.K.) Limited;

(x) W. & S. Allely Limited;

(xi) Bromford Iron and Steel Company Limited; and

(xii) Ash & Lacy Pressings Limited.

(each a "**Whitewash Company**").

2 The Form and Terms of the Financial Assistance

2.1 The financial assistance to be given by the Whitewash Companies will take the form of:

(a) the entry into the New Facilities Agreement by the Whitewash Companies pursuant to which each Whitewash Company irrevocably, unconditionally, jointly and severally guarantees, inter alia, the obligations of each borrower under the New Facilities Agreement to Barclays; and

(b) the entry into the Security Agreement by the Whitewash Companies in favour of Barclays acting as security trustee pursuant to which the Whitewash Companies each charge by way of fixed and floating charges its assets and undertaking as security.

2.2 The terms of the financial assistance are as follows:

(a) pursuant to the New Facilities Agreement the Whitewash Companies each agree to be a Guarantor (as defined therein), pursuant to which:

(i) each Whitewash Company guarantees to the Finance Parties (as defined in the New Facilities Agreement) the prompt performance by each borrower under the New Facilities Agreement of all its payment obligations under the Finance Documents (as defined therein);

(ii) if a borrower does not pay any amount due to the Finance Parties, it shall forthwith on demand by Barclays (acting as agent) pay that amount; and

(iii) it will indemnify the Finance Parties on demand against any loss or liability suffered by any of them if any obligations guaranteed is or

becomes unenforceable, invalid or illegal;

(b) pursuant to the Security Agreement, the Whitewash Companies each charge in favour of Barclays acting as security trustee the assets described in the Security Agreement, as security for the payment of all the present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of any of the Obligors (as defined in the New Facilities Agreement) to any Finance Party under each Finance Document (both such terms as defined in the New Facilities Agreement).

2.3 The entry into and performance by each of the Whitewash Companies of its obligations as described in paragraph 2.2 above constitute financial assistance by it, pursuant to section 151(2) of the Act in that it assists the Purchaser in reducing or discharging the liabilities incurred by the Purchaser in relation to the A & L Acquisition.

End of Summary

KPMG Audit Plc
2 Cornwall Street
Birmingham
B3 2DL

Tel 0121 232 3000
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E-mail godfrey.frith@kpmg.co.uk

The Directors
Ash & Lacy Limited
2 Highlands Court
Cranmore Avenue
Shirley
B90 4LE

Our ref gwf/6/rngt/281b

13 August 2003

Dear Sirs

Auditors' report to the directors of Ash & Lacy Limited ("the company") pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of the company dated 13 August 2003 in connection with the proposal that Bromford Iron and Steel Company Limited, of which the company is a holding company, should give financial assistance for the purpose of reducing or discharging indebtedness pursuant to a refinancing of indebtedness incurred by the company's ultimate parent, Hill & Smith Holdings PLC in connection with the purchase of the company's ordinary shares. 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 Audit Plc

KPMG Audit Plc
Registered Auditor

Enclosures:

KPMG Audit Plc, a company incorporated under the UK Companies Acts, is a member of KPMG International, a Swiss association

KPMG Audit Plc is registered to carry on audit work by the Institute of Chartered Accountants in England and Wales.

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