

**CALDER GROUP LIMITED**  
Company Number 3491252 (the "Company")

Minutes of a Meeting of the Board of Directors of the Company held at the offices of Shearman & Sterling (London) LLP located at Broadgate West, 9 Appold Street, London, EC2A 2AP on 8 March 2006 at **2pm.**

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PRESENT:                John Kristian Lars McBride (Chairman)  
                             William Buist-Wells  
                             Ben Travers

IN ATTENDANCE:       Simon Cliff (Shearman & Sterling (London) LLP)

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**1. CHAIRMAN AND QUORUM**

The Chairman noted that due notice of the meeting had been given to each director and that a quorum was present in accordance with the articles of association of the Company. Accordingly, the Chairman declared the meeting duly convened and constituted.

**2. DECLARATION OF INTEREST**

Pursuant to section 317 of the Companies Act 1985 and the Company's articles of association, each of the Directors who were so interested, declared their interest in the matters to be considered by the meeting arising by virtue of their directorships or shareholdings in the parent holding company of the Company and subsidiaries of the Company who were entering into the transactions outlined in the memorandum of advice to the Directors dated on or around the date hereof (the "**Explanatory Memorandum**") attached as schedule 2 to these minutes and as prepared by Shearman & Sterling (London) LLP.

The Chairman advised the meeting that by virtue of the Articles of Association of the Company, Directors who were so interested were nonetheless entitled to vote on the above matters and count towards the quorum of the meeting.

**3. BACKGROUND**

The Chairman drew the attention of those present to the Explanatory Memorandum, previously circulated to the Directors, a copy of which was now produced to the meeting.

The Chairman indicated that any terms defined in the Explanatory Memorandum were to be adopted for the purposes of this meeting.

**4. BUSINESS OF THE MEETING**

- (a) The Chairman reported to the meeting that the main purpose of the meeting was to consider and if thought fit approve the transaction referred to in the Explanatory Memorandum and enter into certain documents in connection therewith.
- (b) It was noted that the Explanatory Memorandum:
  - (i) set out details of the background of the Acquisition;
  - (ii) summarised the Facilities;

- (iii) summarised the provisions for the giving of the financial assistance contained in the Assistance Documents;
  - (iv) gave details of the financial assistance provisions of the Companies Act 1985 and the procedures to be followed to enable the financial assistance contained in the Assistance Documents to be given by certain of the UK Target Companies (including the Company and its UK subsidiaries listed in Schedule 1 to these minutes (the “UK Subsidiaries”));
  - (v) explained the responsibilities of the Directors of the Company in relation to the giving of the financial assistance comprised in the Assistance Documents to which they are a party.
- (c) It was noted that before the Company and its UK Subsidiaries could execute the Finance Documents:
- (i) the board had to consider whether it was in the interests of the Company to execute the Finance Documents; and
  - (ii) the Company and the Directors had to comply with the procedures stipulated in Sections 155 to 158 Companies Act 1985 in relation to the financial assistance to be given by the Company and its UK Subsidiaries.

## 5. PRODUCTION OF DOCUMENTS

- (a) Latest drafts of the following documents were produced to the meeting:
- (i) the RBS Facilities Agreement;
  - (ii) the Mezzanine Facilities Agreement;
  - (iii) the Invoice Discounting Facilities Agreement;
  - (iv) the Guarantee;
  - (v) the Debentures;
  - (vi) the Intercreditor Agreement;
  - (vii) the Intra-Group Loan Agreement;
  - (viii) Share Security Agreement;
  - (ix) The CGL Loan Agreement;
  - (x) The Hedging Arrangements;
  - (xi) the Net Asset Letter;
  - (xii) the Board Memorandum;
  - (xiii) the Statutory Declarations;
  - (xiv) the Auditor’s Reports;

- (xv) the Cashflow Projections;
- (xvi) the CIML Loan Agreement;
- (xvii) the Letter of Support; and
- (xviii) the Fee Letter

(the documents at (i) to (x), the CIML Loan Agreement and the Fee Letter above being collectively known as the "**Finance Documents**").

## 6. CONSIDERATION OF DOCUMENTS

### 6.1

- (a) The meeting considered the contents of the Explanatory Memorandum and the terms and provisions of the Finance Documents in detail.
- (b) The Chairman referred the meeting to paragraph 2(b) of the Explanatory Memorandum and the Company's potential liability under the Guarantee.
- (c) The meeting then considered the terms of the other Finance Documents and the Hedging Arrangements. Particular note was made of the covenants contained in the Finance Documents with which the Company would have to comply for the duration of the Facilities, and the obligations undertaken by the Company thereunder.
- (d) The Chairman noted that the articles of association contained no restriction on the giving of financial assistance by the Company.

6.2 The meeting then considered paragraph 4(c) of the Explanatory Memorandum and the factors that the Directors needed to consider before resolving whether or not to enter into the Assistance Documents.

6.3 After further discussions **IT WAS THE UNANIMOUS CONCLUSION** of the meeting that it was in the best interests of the Company to participate in the arrangements summarised in the Explanatory Memorandum and to enter into the Finance Documents and the Hedging Arrangements and to provide the financial assistance contained in the Assistance Documents.

## 7. STATUTORY DECLARATIONS

- (a) The Chairman referred the meeting to paragraph 5 of the Explanatory Memorandum and the requirements for Directors to make Statutory Declarations and the consequences of giving such a Statutory Declaration without having reasonable grounds for the opinion expressed therein.
- (b) Having regard to the Board Memorandum, the Cashflow Projections and the Letter of Support, **THE MEETING CONCLUDED THAT:**
  - (i) the assets of the Company exceeded its liabilities (including its contingent and prospective liabilities);
  - (ii) since the Assistance Documents were unlikely to be enforced, no provision for all or any part of the Company's liability thereunder was required to be made and accordingly that no reduction in the net assets of the Company (or its subsidiaries)]

would result from entering into the Assistance Documents or alternatively to the extent that its net assets would be reduced, the Company would be able to fund the financial assistance in question out of its distributable reserves.

- (c) The Statutory Declaration in Form 155(6)(a) (the "**Form A Statutory Declaration**") was then studied at the meeting - in particular the statement that all the directors had formed the opinion that as regards the initial situation of the Company immediately following the date on which the assistance was proposed to be given by the Company there would be no grounds on which the Company would then be found unable to pay its debts in full, and that the Company would continue to be able to pay its debts as they fell due during the year immediately following the giving of the financial assistance by the Company. Having regard to the information tabled to the meeting **THE MEETING WAS UNANIMOUSLY OF THE VIEW** that the Directors were able to make declarations in these terms.
- (d) The other statements in the Form A Statutory Declaration were noted and approved.
- (e) The Auditors' Report in support of the Form A Statutory Declaration was then studied by the meeting. The Chairman advised the meeting that the Auditors had confirmed that they would deliver the Auditors' Report if the Form A Statutory Declaration in the form produced to the meeting were made by the Directors on the date of the meeting.
- (f) The Statutory Declarations in Form 155(6)(b) (the "**Form B Statutory Declarations**") to be executed in respect of the UK Subsidiaries were then studied by the meeting - in particular the statement that all the Directors had formed the opinion that as regards the initial situation of the Company immediately following the date on which the assistance was proposed to be given by the UK Subsidiaries there would be no grounds on which the Company would then be found unable to pay its debts in full, and that the Company would continue to be able to pay its debts as they fell due during the year immediately following the giving of the financial assistance by the UK Subsidiaries. Having regard to the information tabled to the meeting **THE MEETING WAS UNANIMOUSLY OF THE VIEW** that the Directors were able to make declarations in these terms.
- (g) The other statements in the Form B Statutory Declarations were noted and approved.
- (h) The Auditors' Reports in support of the Form B Statutory Declarations were then studied by the meeting. The Chairman advised the meeting that the Auditors had confirmed that they would deliver the Auditors' Reports if the Form B Statutory Declarations in the forms produced to the meeting were made by the Directors on the date of the meeting.
- (i) It was accordingly **AGREED AND RESOLVED THAT** the financial assistance discussed by the meeting and summarised in the Explanatory Memorandum should be given by the Company.

#### 8. **SHAREHOLDER APPROVAL**

- (a) It was reported that the execution of the Finance Documents and the relevant Assistance Documents by the Company be approved by a special resolution of all shareholders of the Company (the "**Shareholder Approval**"). There was produced to the meeting a draft written resolution for the purposes of the Shareholder Approval.
- (b) It was accordingly **AGREED AND RESOLVED THAT** the written resolutions be approved and be presented to the shareholders for their consideration and approval.

- (c) It was noted that under section 157(4) of the Companies Act 1985 the Shareholder Approval would not be effective unless the Statutory Declarations together with the relevant Auditor's Reports annexed to them were supplied to the members of the Company along with the draft written resolution. Accordingly, the Secretary of the Company was asked to ensure this requirement would be complied with.
- (d) It was noted that once the Shareholder Approval has been obtained the requirements of Section 157(1) of the Companies Act 1985 would be complied with.

9. **RESOLUTIONS**

**IT WAS UNANIMOUSLY RESOLVED**, subject to the Statutory Declarations having been made, the Auditors having delivered the Auditors' Reports and the Shareholder Approval having been obtained, that:

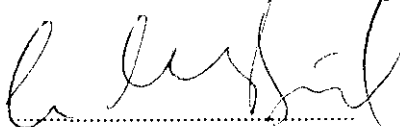
- (a) the transactions contemplated by the Explanatory Memorandum and the terms of the Finance Documents be and they hereby are approved;
- (b) any Director of the Company be, and hereby is, authorised to execute the Finance Documents in the form produced to the meeting subject to such amendments and modifications as the Director executing or witnessing the same may agree and so that the Director's signature on the Finance Documents shall be conclusive evidence of the agreement to such amendments or modifications, and if any document needs to be executed as a deed, that the same be executed under the common seal of the Company or be executed as a deed in accordance with Section 36A(4) Companies Act 1985;
- (c) any Director of the Company be and is hereby authorised to do all acts and things and agree and execute all such other documents as may be required in connection with or as contemplated by the terms of the Finance Documents or as may be necessary or desirable in order to complete them and if any document needs to be executed as a Deed, that the same be executed under the common seal of the Company or executed as a deed in accordance with Section 36A(4) Companies Act 1985;
- (d) any Director or the Secretary of the Company be and they hereby are authorised to sign and deliver all such certificates, notices, letters and agreements and other documents as may be required in connection with the Finance Documents; and
- (e) each Director be severally appointed a representative of the Company for the purposes of and authorised to vote as shareholder of its subsidiaries in connection with the transactions contemplated by the Explanatory Memorandum.

10. **FILING OBLIGATIONS**

The Secretary was instructed to file at the Companies Registry the Statutory Declarations (with the Auditor's Reports) and a copy of the Shareholder Approval.

11. **CLOSE OF MEETING**

There being no further business the Chairman declared the meeting closed.



CHAIRMAN

## **Schedule 1**

### **UK Subsidiaries**

Calder International Holdings Limited with the registered number 3491092;

Calder Industrial Materials Limited with the registered number 28073; and

Leeds Bronze Engineering Limited with the registered number 3491043.

**PROJECT ZEPPLIN**

**MEMORANDUM OF ADVICE TO THE DIRECTORS OF CALDER GROUP LIMITED  
RELATING TO SECTIONS 155-158  
OF THE COMPANIES ACT 1985**

**STRICTLY PRIVATE & CONFIDENTIAL**

## 1. BACKGROUND

- (a) You will be aware that negotiations are well advanced for the acquisition of the entire issued share capital of Calder Holdings Limited (the "**Target**") and certain shares of Calder Group Limited by Stamptree Limited (the "**Parent**") from certain Permira entities and the management sellers (the "**Vendors**") (the "**Acquisition**").

The Target has a number of subsidiaries (the "**Subsidiaries**") and together with the Target the "**Group**") ultimate ownership of which will pass to the Parent when the Parent acquires the Target.

The Parent is wholly-owned by Calder Finco UK Limited ("**Finco**"), which is itself wholly-owned by a Swiss company, Caldergroup Swiss AG ("**Calder Swiss**").

(The Target, and those of its Subsidiaries listed in Schedule 1 (the "**UK Subsidiaries**") are together the "**UK Target Companies**" and each a "**UK Target Company**").

- (b) The Parent is a company which has been established by German Capital GmbH and its co-investors (the "**Investors**"), specifically for the purpose of acquiring the UK Target Companies.

- (c) In order to finance the acquisition of the UK Target Companies:-

- (i) The Investors will inject money by means of equity investments in Calder Swiss in a maximum amount of CHF 3,000,000. Calder Swiss will then acquire €2,710,000 of new shares in Finco, following which Finco will lend €2,710,000 to the Parent; and

- (ii) The Parent has negotiated certain facilities as follows:-

- (A) senior facilities in a maximum aggregate amount of €5,920,000 (or its Sterling equivalent) to be made available to Calder Group Limited and used by Calder Group Limited partly in discharging part of the purchase price payable to the Vendors, partly in discharging existing indebtedness of the UK Target Companies, partly in discharging transaction costs, and partly towards general corporate purposes of the Group following the Acquisition (the "**RBS Facilities**");
- (B) invoice discounting facilities of £12,000,000 (or its equivalent in Euro) to be made available to, amongst others, Leeds Bronze Engineering Limited and Calder Industrial Materials Limited to be used, amongst other purposes, to fund the Acquisition and for short term working capital requirements (the "**Invoice Discounting Facilities**");
- (C) mezzanine facilities in a maximum amount of €17,760,000 (or its Sterling equivalent) to be made available to Calder Group Limited and used by Calder Group Limited for the purpose of, amongst others, discharging the balance of the purchase price payable to the Vendor (the "**Mezzanine Facilities**"),

(together the "**Facilities**").

- (d) It is proposed that:

- (i) the RBS Facilities be made available to Calder Group Limited pursuant to a facilities agreement (the "**RBS Facilities Agreement**") to be entered into between, amongst others, Calder Group Limited as borrower and The Royal Bank of Scotland as lender;
- (ii) the Invoice Discounting Facilities be made available to, amongst others Leeds Bronze Engineering Limited and Calder Industrial Materials Limited pursuant to a



facilities agreement (the "**Invoice Discounting Facilities Agreement**") to be entered into between, amongst others, Leeds Bronze Engineering Limited and Calder Industrial Materials Limited as sellers and RBS Invoice Finance Limited as purchaser; and

- (iii) the Mezzanine Facilities to be made available to Calder Group Limited pursuant to a facilities agreement (the "**Mezzanine Facilities Agreement**") to be entered into between, amongst others, Calder Group Limited as borrower and Calder Finco UK Ltd as lender;

(the RBS Facilities Agreement and the Invoice Discounting Facilities Agreement being together the "**Senior Facilities Agreements**") the original banks (and those from time to time participating in the Facilities) in relation to the Senior Facilities Agreements and the Mezzanine Facilities Agreement and the other finance parties referred to therein being together referred to as the "**Finance Parties**" and the Senior Facilities Agreements and the Mezzanine Facilities Agreement together being referred to as the "**Facilities Agreements**").

## 2. DOCUMENTS TO BE EXECUTED BY THE UK TARGET COMPANIES

- (a) The Finance Parties will not enter into the Facilities Agreements (and hence the Acquisition cannot take place), unless certain of the UK Target Companies enters into:
  - (i) a guarantee (the "**Guarantee**") in relation to the Facilities Agreements pursuant to which certain of the UK Target Companies will guarantee, inter alia, repayment of all sums payable at any time by each obligor under or in connection with the Facilities;
  - (ii) debentures (the "**Debentures**") in favour of The Royal Bank of Scotland plc as security trustee pursuant to which the UK Target Companies acting as obligors in respect of the Facilities Agreements will covenant to pay and discharge all sums payable at any time by each obligor under or in connection with the Facilities (the "**Indebtedness**") on the due date and will create fixed and floating charges over all its assets and undertaking by way of security for the Indebtedness;
  - (iii) an intercreditor agreement (the "**Intercreditor Agreement**") regulating the priority arrangements between, inter alia, the Finance Parties and the Investors and pursuant to which certain of the UK Target Companies will agree that the RBS Facilities will be repaid in full before the Mezzanine Facilities are repaid and that all the Facilities will be repaid in full before the Indebtedness owing to the Investors is repaid;
  - (iv) an intra-group loan agreement between, inter alia, Calder Group Limited as borrower and certain of the UK Target Companies as lenders (the "**Intra-Group Loan Agreement**") pursuant to which the lenders will make available to the borrower a loan of up to £28,000,000 (or its Euro equivalent) to be used in, inter alia, for purposes of meeting its payment obligations under the RBS Facilities Agreement and the Mezzanine Facilities Agreement and pursuant to the Acquisition;
  - (v) a share pledge agreements between Calder International Holdings Limited ("**CIHL**") and The Royal Bank of Scotland as security trustee pursuant to which CIHL will pledge interests held in the shares of Uzimet Holdings BV in favour of the security trustee (the "**Share Security Agreement**");
  - (vi) an intra-group loan agreement between Calder Group Limited and the Parent (the "**CGL Loan Agreement**") pursuant to which Calder Group Limited will make available to the Parent a loan of up to €2,073,645 (or its Sterling equivalent) to be used, inter alia, for purposes of meeting payment obligations in respect of the Acquisition;

- (vii) hedging strategy arrangements to be entered into between certain of the UK Target Companies in accordance with strategies to be discussed at the relevant board meeting of the UK Target Companies (the "**Hedging Arrangements**");
- (viii) an intra group loan agreement between Calder Industrial Materials Limited as lender and the Parent as borrower (the "**CIML Loan Agreement**") pursuant to which the lender will fund a loan in maximum amount of £2,700,000 to the borrower to be used to meet payment obligation in respect of the Acquisition; and
- (ix) a fee letter between Calder Group Limited, GermanCapital GmbH and Cognis Capital Partners LLP (the "**Management Parties**" and each a "**Management Party**") pursuant to which Calder Group Limited will pay an annual fee of €300,000 (or its Sterling equivalent) to the Management Parties in return for certain management services (the "**Fee Letter**").

(the Facilities Agreements, the Debentures, the Guarantees the Intercreditor Agreement, the Intra-Group Loan Agreement, the Share Security Agreement, the CGL Loan Agreement, the Hedging Arrangements, the CIML Loan Agreement and the Fee Letter being together the "**Assistance Documents**").

- (b) The Guarantee in relation to the in the Facilities Agreements guarantees all the repayment obligations under the Facilities. Accordingly, each UK Target Company that is a signatory under the Guarantee will be potentially liable for an aggregate principal amount of approximately £28,000,000<sup>1</sup> (or its Euro equivalent) plus interest and costs.

### 3. YOUR RESPONSIBILITIES AS DIRECTOR

- (a) Your responsibilities in relation to the execution of the Assistance Documents by each UK Target Company of which you are a director comprise:-
  - (i) considering, at a board meeting, whether it is in the interests of your UK Target Company to give the guarantee, security, intra-group loans and other assistance recorded by the Assistance Documents or otherwise (the "**Financial Assistance**"); and
  - (ii) making a statutory declaration of solvency (each a "**Statutory Declaration**") confirming under oath that you have formed the view that each UK Target Company of which you are director is solvent and will not become insolvent as a result of entering into the Assistance Documents and will be able to pay its debts as they fall due during the year immediately following the date on which the Financial Assistance is proposed to be given.
- (b) Your responsibility as a director described at paragraph 3(a)(i) above relates to your general duty which applies to any formal decision made by the directors in a board meeting. An explanation of your responsibilities in this regard is set out at paragraph 4 below.
- (c) The requirement to make a Statutory Declaration is a legal requirement whether a company provides financial assistance for the purpose of assisting in the acquisition of its shares, or the shares in its holding company. An explanation of this aspect is set out at paragraph 5 below.

### 4. THE BOARDS' DECISIONS

- (a) The directors of each of the UK Target Companies giving the assistance stipulated by the Assistance Documents will need to meet in order to hold a meeting to consider the execution and delivery of the Assistance Documents and the Statutory Declarations which need to be made by the directors (as to which see paragraph 5 below).

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<sup>1</sup> Total figure for the Facilities

- (b) Because each UK Target Company giving the assistance is being asked to assume liability for all outstandings under the Facilities and because of the magnitude of those obligations it is necessary for you and your fellow directors to consider very carefully whether for that particular UK Target Company a decision to give the Financial Assistance contained in the Assistance Documents may be regarded as proper exercise by your board of the powers vested in it. This is so because an **improper** exercise of such powers can result in personal liability of directors at the suit of the company or a liquidator.
- (c) A board of directors may reasonably conclude that it is a proper exercise of its powers to provide Financial Assistance in the circumstances envisaged if reasonably of the view that:-
  - (i) it is perceived that the UK Target Company may enjoy enhanced business prospects as a result of becoming part of a new independent group;
  - (ii) if applicable, the UK Target Company will have access to working capital facilities forming part of the Facilities for the purposes of its business requirements;
  - (iii) the Cashflow Projections referred to below indicate that the Group will be able to fulfil its obligations under the Facilities and accordingly that it is unlikely that the Assistance Documents will ever be enforced;
  - (iv) the borrower under the Intra-Group Loan Agreement will not be able to request advances from the UK Target Companies acting as lenders under the Intra-Group Loan Agreement if the UK Target Companies are not solvent or do not have sufficient cash in each of their bank accounts to make the relevant advance; and
  - (v) the terms of the Intercreditor Agreement will not prevent the UK Target Company from carrying on its business in the normal way.

#### 5. FINANCIAL ASSISTANCE AND YOUR STATUTORY DECLARATION(S)

- (a) One of the purposes for which monies will be made available under the Facilities is to finance the Acquisition.
- (b) Section 151(1) of the Companies Act 1985 (the "**Act**") provides that a company may not give financial assistance directly or indirectly for the purposes of the acquisition of the shares in that company or any holding company of that company.
- (c) The execution and delivery of the Assistance Documents amounts to the giving of "financial assistance" by certain of the UK Target Companies under Sections 151 and 152 of the Act.
- (d) Section 155 of the Act provides that a private company may nonetheless give financial assistance if the procedures laid down in Sections 156-158 of the Act are complied with PROVIDED THAT (i) the company has net assets which are not reduced or, to the extent that they are reduced, the assistance is provided out of distributable profits; and (ii) the directors of the company giving financial assistance and any holding company of it swear a statutory declaration of solvency in the prescribed form.
- (e) Form 155(6)a is the form of statutory declaration of solvency which is given by directors of a company in relation to the assistance given by that company (whether in relation to the acquisition of its shares or the shares of its ultimate holding company) and Form 155(6)b is the form of statutory declaration of solvency which is given by directors of a company in relation to the assistance given by its subsidiaries.
- (f) Failure to comply with Section 155 of the Act is a criminal offence and security granted in breach of that section is void. The requirements of Section 155 of the Act must therefore be complied with before any of the UK Target Companies enter into the Assistance Documents.
- (g) As outlined above at 5(d), there are two particular aspects to compliance with Section 155 of the Act which concern you as a director of a UK Target Company:-

- (i) The first is that a UK Target Company may not execute the Assistance Documents unless:-

- (A) **it has positive net assets** (i.e. its assets exceed its liabilities - including contingent and prospective liabilities); and
- (B) either (A) those net assets are not reduced by reason of giving the guarantee or (B) to the extent that the net assets are reduced, the financial assistance in question is provided out of distributable profits.

In considering whether your UK Target Company satisfies this test it is necessary to consider whether it needs to make an immediate provision in its accounts in respect of its contingent liability under the Assistance Documents - for instance, if it is likely that the guarantees contained in the Facilities Agreements would be called. If you decide that an immediate provision is required then that UK Target Company's net assets will be regarded as reduced by reason of its entering into the Assistance Documents to the extent of the provision made, and accordingly your UK Target Company would need to have sufficient distributable profits to cover that provision.

It is a requirement of the Facilities that the auditors of the UK Target Companies, Deloitte & Touche LLP (the "**Auditors**"), deliver to the Finance Parties a letter reporting on the net asset position of each of the UK Target Companies as of 31 January 2006 (or as of 8 March 2006 in the case of Calder Group Limited) (a "**Net Asset Letter**"). The Net Asset Letter will state that the Auditors have examined a memorandum of the directors of the relevant UK Target Company confirming the net asset position of that company (a "**Board Memorandum**") and enquired into the state of the affairs of the relevant UK Target Company so far as necessary to review the basis for the opinion set out in paragraph 4 of the relevant Board Memorandum, and that the relevant UK Target Company has net assets at 31 January 2006 (or as of 8 March 2006 in the case of Calder Group Limited) and there is nothing to indicate that the opinion expressed by the directors in paragraph 4 of the relevant Board Memorandum is unreasonable.

- (ii) The second aspect is that, in relation to each UK Target Company of which you are a director, you, together with all of your fellow directors, will be required to join together in making the Statutory Declaration (in the form of Form 155(6)a as referred to in paragraph 5(e) above) in relation to the financial assistance to be given by the UK Target Companies of which you are a director, sworn (or, if you prefer, affirmed) before a solicitor or commissioner of oaths, pursuant to which you and the rest of the directors will express the opinion that:-

"as regards the company's initial situation immediately following the date on which the assistance i.e. the entry into the Assistance Documents is proposed to be given there will be no ground on which the company could then be found unable to pay its debts and that the company will be able to pay its debts as they fall due during the year immediately following that date".

The directors of the Target, and each subsequent holding company of each relevant UK Target Company, will be required to make further Statutory Declarations (in the form of 155(b) as referred to in paragraph 5(e) above) in relation to the financial assistance to be given by each relevant UK Target Company. **This is a declaration of solvency as to the Target/ holding company itself, and not the relevant UK Target Company.**

- (h) Your view of the year ahead is only an assessment to be made on facts and circumstances known to you at the time you make the declaration. You are not being asked to speculate as to what may happen in the future other than by reference to the facts known to you now.

- (i) When making your Statutory Declarations you are required by the Companies Act to take into account the provisions of Section 123(2) of the Insolvency Act 1986 which deem a company to be unable to pay its debts if it is shown that the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities.
- (j) Any director who makes a Statutory Declaration, without having reasonable grounds for the opinion expressed therein at the time of the making of the Statutory Declaration, is liable to imprisonment or a fine or both.
- (k) It is a requirement of Section 155 that each Statutory Declaration be accompanied by a report by the Auditors (an "**Auditors' Report**"). The Auditors' Report will state that the Auditors have enquired into the state of affairs of the relevant company (of which the directors declaring are directors) and that they are not aware of anything to indicate that the opinion expressed by the directors in the relevant Statutory Declaration is unreasonable in all circumstances.
- (l) In considering your view of the year ahead and the necessity to make any provision in respect of the relevant UK Target Company's contingent liability under the Assistance Documents you are entitled to have regard to the cashflow projections relating to members of the Group prepared by Jeff Walker (the "**Cashflow Projections**").
- (m) You are also entitled to have regard to a letter of support (the "**Letter of Support**") from the Parent to the UK Target Companies and certain other Subsidiaries in which the Parent confirms that it will support the UK Target Companies and the relevant Subsidiaries financially in respect of their working capital requirements.

## 6. SHAREHOLDER APPROVAL OF FINANCIAL ASSISTANCE

In considering whether it is appropriate for each UK Target Company of which you are a director to give the Financial Assistance you must have regard to the provisions contained in section 155(4) of the Act that provides that unless the company proposing to give the Financial Assistance is a wholly-owned subsidiary, the giving of the Financial Assistance must be approved by special resolution of the company in general meeting.

## 7. SUMMARY AND QUESTIONS TO ASK YOURSELF

- (a) In considering whether it is appropriate for each UK Target Company of which you are a director to give the Financial Assistance you must consider whether it is in the commercial interests of the relevant UK Target Company to do so.
- (b) You are not entitled to have regard to the fact that providing the Financial Assistance in question benefits the Parent or any of the other UK Target Companies. Each UK Target Company must derive some commercial benefit as a result of the proposed arrangements including its entering into the Assistance Documents.
- (c) You may properly conclude that this is the case if, for instance, you believe that the prospects for that UK Target Company might be enhanced as a result of the Acquisition and taking account of the factors listed in paragraph 4(c) above.
- (d) Essentially, you need to ask yourself the following questions:-

**Question 1:** Are you of the view that providing the Financial Assistance set out in the Assistance Documents will result in the relevant UK Target Company deriving some benefit from the transactions which are then enabled to take place?

**Question 2:** Are you of the view that no immediate provision is required to be made in respect of that UK Target Company's contingent liabilities under the Assistance Documents (in particular under the guarantees)?

**Question 3:** Are you of the view that the relevant UK Target Company's assets exceed its liabilities (including its contingent and prospective liabilities)?

**Question 4:** Are you of the view that the relevant UK Target Company will be able to pay its debts immediately following the giving of the assistance in question and will be able to pay its debts as they fall due in the following year?

- (e) Provided you are able to answer "yes" to all of the above questions you should be able properly to conclude that the relevant UK Target Company may give the Financial Assistance in question and that you are in a position to make the necessary Statutory Declarations.
- (f) You are entitled to take into account the contents of the Cashflow Projections and the Letter of Support in reaching your decision.

## **Schedule 1**

### **UK Subsidiaries**

Calder International Holdings Limited with the registered number 3491092;

Calder Group Limited with the registered number 3491249;

Calder Industrial Materials Limited with the registered number 28073;

Leeds Bronze Engineering Limited with the registered number 3491043;

Fab Cast Holdings Limited with the registered number 2952749;

Calder Group (Trustees) Limited with the registered number 4427519;

Calder Metal Processors Limited with the registered number 1983698;

Associated Lead Manufacturers Limited with the registered number 1428597;

CIM Investments Limited with the registered number 335867;

Fab Cast Engineering Limited with the registered number 1581226; and

Lead Technologies Limited with the registered number 4214033.