

Declaration in relation to assistance for the acquisition of shares.

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

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

03341262

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

Name of company

* DEFENCE SYSTEMS EURASIA LIMITED

*Insert full name of company

We†

NOEL ALBERT PHILP OF 27 TREVOR PLACE, LONDON, SW7 1LD

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

DAVID JOHN SEATON OF WHISTLEBROOK HOUSE, WINDMILL CLOSE, IVINGHOE, BUCKINGHAMSHIRE, LU7 9EW

CHRISTOPHER DAVID BEESE OF THE OLD POST OFFICE, WILSFORD, PEWSEY, WILTSHIRE, SN9 6HB

JEROME E HOFFMAN OF FLAT 88, 55 EBURY STREET, LONDON, SW18 0PB

§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 of a recognised bank or 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] § ARMOR HOLDINGS LIMITED

The assistance is for the purpose of [that acquisition] ~~[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: 11,239,543 ORDINARY SHARES OF £1.00 EACH IN ARMOR HOLDINGS LIMITED

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

For official use
General Section

Post room

A13
COMPANIES HOUSE0683
09/12/03

The assistance is to be given to: (note 2)

ARMORGROUP (UK) LIMITED
BRIERLY PLACE, NEW LONDON ROAD,
CHELMSFORD, ESSEX
CM2 0AP

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 1

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

ARMORGROUP (UK) LIMITED
BRIERLY PLACE, NEW LONDON ROAD,
CHELMSFORD, ESSEX
CM2 0AP

*Delete as
appropriate

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

See Appendix 2

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 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 /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 **JONES DAY GOULDENS
10 OLD BAILEY
LONDON EC4M 7NG**

Declarants to sign below

on Day Month Year

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2 | 5 | 1 | 1 | 2 | 0 | 0 | 3 |
|---|---|---|---|---|---|---|---|

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 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

COMPANIES FORM No. 155(6)a

DEFENCE SYSTEMS EURASIA LIMITED (the "Company")

These are the appendices to the declaration on Companies Form 155(6)a made by all the directors of the Company on 25 November 2003.

Raymond *N.A. PHILL*

D. J. Scott *DJ SEATON.*

Chen
Quame

John

Appendix 1

The assistance will take the form of:

1. a guarantee by the Company of the obligations of ArmorGroup (UK) Limited under an agreement in respect of a US\$25,000,000 multicurrency term, revolving and ancillary credit facility (as amended from time to time) (the **"Facilities Agreement"**) entered into between, amongst others, ArmorGroup (UK) Limited and Barclays Bank plc (as security agent), as well as a guarantee of the obligations of the other Obligors under, and as defined in, the Facilities Agreement. The guarantee is incorporated in the Facilities Agreement, and the Company will assume these obligations in becoming a party to the Facilities Agreement;
2. the execution by the Company of a debenture granting security in the form of fixed and floating charges in favour of Barclays Bank plc (as security agent) on behalf of the lenders under the Facilities Agreement;
3. the execution by the Company of a pledge of its shares in its subsidiary, Armor Group Eurasia ZAO, in favour of Barclays Bank plc (as security agent) on behalf of the lenders under the Facilities Agreement;
4. the execution by the Company of an intercreditor deed, acknowledging the manner in which the Intercreditor Lenders (as defined therein) have agreed to regulate the priority of their claims against ArmorGroup (UK) Limited and the Company (amongst others);
5. the execution by the Company of a security trust deed, acknowledging the holding of the Trust Property (as defined therein) by Barclays Bank plc as security agent on trust for the Security Beneficiaries (as defined therein);
6. the entry into of an intra-group loan agreement with, amongst others, ArmorGroup International Limited, ArmorGroup (UK) Limited and ArmorGroup International Inc., enabling the Company to assist them in meeting their obligations under the Facilities Agreement; and
7. the giving or entry into of any other resolutions, notes, deeds, agreements, consents, forms, letters, notices, certificates, acknowledgements, instructions and other documents (whether of a like nature or not) ancillary to, and to give effect to, any of the agreements mentioned in paragraphs 1 - 6 above.

Appendix 2

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

1. GUARANTEE

- 1.1 ArmorGroup (UK) Limited is proposing to acquire Armor Holdings Limited (the "**Acquisition**"). In connection with the Acquisition, an agreement in respect of a US\$25,000,000 multicurrency term, revolving and ancillary credit facility (as amended from time to time) (the "**Facilities Agreement**") will be entered into between amongst others, ArmorGroup (UK) Limited, the other lenders named therein (the "**Lenders**"), and Barclays Bank plc as security agent for the Lenders (the "**Security Agent**").
- 1.2 The Company is required to become a party to the Facilities Agreement. Under clause 21.1 of the Facilities Agreement, the Company is obliged to give a joint and several guarantee (the "**Guarantee**") in favour of each Finance Party (as defined in the Facilities Agreement):
- (a) for the punctual performance by ArmorGroup (UK) Limited as well as the other Obligors (as defined therein) of their obligations under the Facilities Agreement;
 - (b) to immediately pay any amount due from any of the Obligors in connection with the Facility Agreement to any Finance Party on demand; and
 - (c) to indemnify each Finance Party immediately on demand against any cost, loss or liability suffered if any obligation guaranteed by the Company is or becomes unenforceable or illegal.

2. DEBENTURE

- 2.1 In connection with its Guarantee, the Company is required to execute a debenture (the "**Debenture**") granting security in the form of fixed and floating charges in favour of the Security Agent.
- 2.2 The Debenture will amongst other things, require the Company to grant in favour of the Security Agent, security by way of a first legal mortgage over any real property owned by the Company specified in part 1 of schedule 2 (Details of Security Assets) to the Debenture, as well as all other real property owned by

it and all licences to enter upon or use land and the benefit of all other agreements relating to land.

2.3 The Debenture will amongst other things, require the Company to grant in favour of the Security Agent, security by way of first fixed charge over the following assets at any time owned by the Company:

- (a) all plant and machinery;
- (b) all computers, vehicles, office equipment and other equipment, as well as the benefit of all contracts, licences, agreements and warranties relating to the above;
- (c) the shares specified in part 2 (Charged Securities) of schedule 2 (Details of Security Assets) to the Debenture, as well as all other stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or "investments" (as defined in part II of schedule II to the Financial Services and Markets Act 2000) now or in future owned (legally or beneficially) by the Company or in which the Company has an interest at any time;
- (d) the Security Accounts (as defined in the Debenture) and all monies at any time standing to the credit of the Security Accounts, as well as all monies standing to the credit of the Company from time to time on any and all of its accounts with any bank, financial institution or other person, in each case, together with all interest from time to time accrued or accruing on such monies;
- (e) all intellectual property;
- (f) the benefit of all licences, consents, agreements and authorisations held or used in connection with the business of the Company;
- (g) any letters of credit, bills of exchange or negotiable instruments which may be held by the Company; and
- (h) the goodwill and all uncalled capital of the Company.

2.4 In addition, the Debenture requires the Company to assign (subject to certain exceptions) all of its present and future right, title and interest in and to the Insurances (as defined therein), all claims under the Insurances and all proceeds

of the Insurances, as well as all other book debts, VAT and monetary claims and other amounts which, may at any time, be recoverable or receivable by, or due or owing to, the Company.

- 2.5 The Debenture will also involve the Company granting security, by way of a first floating charge, over all of its present and future assets and undertakings which are not effectively charged by way of first fixed mortgage or charge, as well as any of its heritable property and other property and assets in Scotland.
- 2.6 The security granted by the Company under the Debenture is continuing, and will extend to the balance of all monies, indebtedness, liabilities and obligations which may be owed under the Debenture.
- 2.7 The security granted by the Company under the Debenture will be immediately enforceable if an Event of Default (as defined therein) occurs and has not been waived in writing. After it has become enforceable, the Security Agent has the absolute discretion to enforce all or any part of this security in such manner as it sees fit.

3. SHARE PLEDGE

- 3.1 By way of security, the Company will execute a pledge of its shares in its subsidiary, Armor Group Eurasia ZAO, in favour of the Security Agent, on behalf of the lenders under the Facilities Agreement. The Company will also grant security in favour of the Security Agent over all related rights (including dividends and all other distributions and bonus or scrip rights) pertaining to those shares to which the Company is, or may become entitled.

4. INTERCREDITOR DEED

- 4.1 The Company will enter into an intercreditor deed with amongst others, ArmorGroup (UK) Limited and the Security Agent. In doing so, the Company will acknowledge the manner in which the Interc Creditor Lenders (as defined therein) have agreed to regulate the priority of their claims against ArmorGroup (UK) Limited and the other Obligor (as defined therein).

5. SECURITY TRUST DEED

- 5.1 The Company will enter into a security trust deed with, amongst others, ArmorGroup (UK) Limited and the Security Agent. In doing so, the Company

will acknowledge that the Trust Property (as defined therein) will be held by the Security Agent on trust for the Security Beneficiaries (as defined therein).

6. INTRA-GROUP LOAN AGREEMENT

- 6.1 Additionally, the Company will enter into an intra-group loan agreement to provide loan facilities to ArmorGroup International Limited, ArmorGroup (UK) Limited and Armor International Inc. (the "**Borrowers**") on and subject to the terms set out therein.
- 6.2 The intra-group loan agreement will oblige the Company (together with Armor Holdings Limited and certain of its subsidiaries) to make available to the Borrowers loan facilities of up to a total of US\$5,000,000. Under the intra-group loan agreement, the Borrowers may request an advance from the date of the agreement, until 2 business days before the Final Repayment Date (as defined therein), and any advances made to them will bear interest at a rate above Barclays Bank plc's base rate, or at such other rate as may be agreed from time to time.
- 6.3 The proceeds of the loan facilities may only be used to enable the Borrowers to pay any amounts due from them under the Facilities Agreement, or in respect of such other purposes as may be agreed to in writing.

7. ANCILLARY DOCUMENTS

The Company may also be required to execute other resolutions, notes, deeds, agreements, consents, forms, letters, notices, certificates, acknowledgements, instructions and other documents (whether of a like nature or not) ancillary to, and to give effect to, the agreements mentioned in paragraphs 1 - 6 above.



KPMG LLP

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London EC4Y 8BB
United Kingdom

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DX 38050 Blackfriars

The Directors
Defence Systems Eurasia Limited
5th Floor Egginton Ho
25-28 Buckingham Gate
London
SW1E 6LD

28 November 2003

Dear Sirs,

**REPORT OF THE AUDITORS TO THE DIRECTORS OF DEFENCE SYSTEMS
EURASIA LIMITED (THE "COMPANIES") PURSUANT TO SECTION 156(4) OF
THE COMPANIES ACT 1985**

We have examined the attached statutory declaration of the Directors dated 28 Nov '03 in connection with the proposal that the Company should give financial assistance for the purchase of the Company's ultimate holding company's ordinary shares.

Basis of opinion

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 affairs of the Company 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 the attached statutory declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.



KPMG LLP
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Registered in England No OC301540
Registered office:
8 Salisbury Square,
London EC4Y 8BB



*REPORT OF THE AUDITORS TO THE DIRECTORS
OF DEFENCE SYSTEMS EURASIA LIMITED (THE
"COMPANIES") PURSUANT TO SECTION 156(4) OF
THE COMPANIES ACT 1985*

Yours faithfully

A handwritten signature in black ink, appearing to read 'KPMG LLP', written over a dotted line.

KPMG LLP

Registered Auditor