

054645174

**395****M**

COMPANIES FORM No. 395

**Particulars of a mortgage or charge**

CHFP041

**A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.**Please do not  
write in  
this marginPlease complete  
legibly, preferably  
in black type or  
bold block  
lettering\* Insert full name  
of company

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies  
(Address overleaf - Note 6)

For official use

Company number

3

5845368

Name of company

\*Precision Technologies Group Limited (the Company)

Date of creation of the charge

13 July 2007

Description of the instrument (if any) creating or evidencing the charge (note 2)

Debenture dated 13 July 2007 between the Company (1) and Landsbank1  
Commercial Finance (LCF) (2) (the Debenture)

Amount secured by the mortgage or charge

All moneys, obligations and liabilities, howsoever arising, now or at any time in the future due, owing or incurred by the Obligors to LCF on any account whatsoever (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, including without limitation all interest (as well after as before any demand made or judgment given), fees, charges, expenses, legal fees and accounting fees chargeable to and payable by the Obligors under or in relation to any such moneys, obligations and/or liabilities (the **Secured Obligations**)

Names and addresses of the mortgagees or persons entitled to the charge

Landsbank1 Commercial Finance of Beaufort House, 15 St Botolph Street,  
London

Postcode EC3A 7QR

Presenter's name, address and  
reference (if any)

Speechly Bircham LLP  
6 St Andrew Street  
London  
EC4A 3LX  
DX 54 Chancery Lane  
Ref AJK/TCC/319953

Time critical reference

For official use (02/2006)  
Mortgage Section

Post room

FRIDAY



LD2

\*L3HVERLQ\*

27/07/2007

380

COMPANIES HOUSE

COM395/1

Short particulars of all the property mortgaged or charged

Please see attached continuation sheets

N B The Debenture contains covenants and restrictions which protect and further define the mortgages and charges therein contained Please see the attached continuation sheets for further details

Please do not  
write in  
this margin

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

A fee is  
payable to  
Companies House  
in respect of each  
register entry for a  
mortgage or  
charge  
(See Note 5)

† Delete as  
appropriate

Particulars as to commission allowance or discount (note 3)

NIL

Signed

*Spencer R. ...*

Date 26 July 2007

On behalf of ~~[company]~~ [mortgagee/chargee] †

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395) If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398) A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No 398 is submitted
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given
- 3 In this section there should be inserted the amount or rate per cent of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his
  - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
  - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return The rate of interest payable under the terms of the debentures should not be entered
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge Cheques and Postal Orders are to be made payable to **Companies House**
- 6 The address of the Registrar of Companies is - Companies House, Crown Way, Cardiff CF4 3UZ

**Companies Form 395 – Particulars of a mortgage or charge  
Pursuant to section 395 of the Companies Act 1985**

Company number 5845368

To the Registrar of Companies  
Precision Technologies Group Limited (the "**Company**")

Continuation Sheets

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Short particulars of all the property mortgaged or charged (continued)

**1. Creation of security**

**1 1 Assignment**

The Company, with full title guarantee, as security for the payment or discharge of all Secured Obligations, assigns to LCF all of its rights, claims, title and interest from time to time in respect of any sums payable to it pursuant to the Insurance Policies

**1 2 Mortgage of Plant, Machinery and Equipment**

The Company, with full title guarantee, as security for the payment or discharge of all Secured Obligations, mortgages and charges to LCF all of the Company's Plant, Machinery and Equipment

**1 3 Fixed Security**

The Company, with full title guarantee, as security for the payment or discharge of all Secured Obligations, charges to LCF the following

- (a) by way of legal mortgage, all Land in England and Wales now vested in it and registered at the Land Registry or which will be subject to first registration at the Land Registry upon the execution and delivery of the Debenture, including the Land described under its name in Schedule 1 (*Registered Land to be Mortgaged*) of the Debenture,
- (b) by way of legal mortgage, all other Land in England and Wales now vested in it and not registered at the Land Registry,
- (c) by way of first fixed charge

- (a) all other Land which is now, or in the future becomes, its property,
- (b) all interests and rights in or relating to Land or the proceeds of sale of Land now or in the future belonging to it,
- (c) all plant and machinery now or in the future attached to any Land which, or an interest in which, is charged by it under the preceding provisions of clause 1 3 of the Debenture,
- (d) all income of any kind whatsoever and all debts and claims now or in the future due or owing to it under or in connection with any lease, agreement or licence relating to Land,
- (e) all Debts,
- (f) all Specified Investments which are now, or in the future become, its property,
- (g) all Derivative Rights now or in the future accruing in respect of its Specified Investments,
- (h) all Investments (other than Specified Investments) which are now, or in the future become, its property and all Derivative Rights now or in the future accruing in respect of those Investments,
- (i) where Investments are held in a Relevant System, all its rights against the operator of the Relevant System or any participant in respect of such Investments,
- (j) all insurance or assurance contracts or policies now or in the future held by or otherwise benefiting it which relate to Fixed Security Assets or which are now or in the future deposited by it with LCF, together with all its rights and interests in such contracts and policies (including the benefit of all claims arising and all money payable under them) apart from any claims which are otherwise subject to a fixed charge or assignment (at law or in equity) in the Debenture,
- (k) all its goodwill and uncalled capital for the time being,
- (l) all Specified Intellectual Property belonging to it,
- (m) all other Intellectual Property presently belonging to it, including any Intellectual Property to which it is not absolutely entitled or to which it is entitled together with others, in each case other than under any licence,
- (n) all Intellectual Property that may be acquired by or belong to it in the future, including any such Intellectual Property to which it is not absolutely entitled or to which it is entitled together with others, in each case other than any licence,

- (o) all its rights now or in the future in relation to trade secrets, confidential information and knowhow in any part of the world enjoyed now or in the future, in each case other than any licence,
- (p) all its rights and causes of action in respect of infringement(s) (past, present or future) of the rights referred to in subparagraphs (c)(xi) to (xiv) inclusive of clause 1.3 of the Debenture, in each case other than any licence,
- (q) the benefit of all instruments, guarantees, charges, pledges and other security and all other rights and remedies available to it in respect of any Fixed Security Asset except to the extent that such items are for the time being effectively assigned under clause 1 (*Assignment*) of the Debenture,
- (r) any beneficial interest, claim or entitlement it has in any pension fund now or in the future,
- (s) all rights, money or property accruing or payable to it now or in the future under or by virtue of a Fixed Security Asset except to the extent that such rights, money or property are for the time being effectively assigned or charged by fixed charge under the foregoing provisions of the Debenture,
- (t) all its interests, rights and receipts in respect of moneys at any time standing to the credit of the Account,
- (u) all moneys at any time standing to the credit of any of its other bank accounts, and
- (v) the benefit of all licences, consents and authorisations held in connection with its business or the use of any Asset and the right to recover and receive all compensation which may be payable in respect of them

#### 1.4 Creation of floating charge

The Company, with full title guarantee, charges to LCF as security for the payment or discharge of all Secured Obligations, by way of floating charge

- (a) all its Assets (now or in the future owned) except to the extent that such Assets are for the time being effectively assigned by way of security by virtue of clause 1 (*Assignment*) or effectively mortgaged or charged under clauses 1.2 (*Mortgage of Plant, Machinery and Equipment*) or 1.3 (*Fixed security*), including any Assets comprised within a charge which is reconverted under clause 5.4 (*Reconversion*) of the Debenture, and
- (b) without exception, all its Assets in so far as they are for the time being situated in Scotland,

but in each case so that the Company shall not create a Security Interest (other than a Permitted Security Interest) over any such Asset (whether having priority over, or

ranking pari passu with or subject to, this floating charge) or take any other step referred to in clause 2 (*Negative pledge and other restrictions*) of the Debenture with respect to any such Asset, and the Company shall not, without the consent of LCF, sell, transfer, part with or dispose of any such Asset except by way of sale in the ordinary course of its business except as otherwise permitted under the Finance Documents

## **2 Negative pledge and other restrictions**

The Company shall not, without the prior written consent of LCF

- (a) create or permit to subsist any Security Interest or any trust over any of its Assets, except for Permitted Security Interests, or
- (b) sell, assign, lease, license or sub-license, or grant any interest in, any of its Fixed Security Assets, or part with possession or ownership of them, or purport or agree to do so

## **3. Further assurance**

3.1 The Company shall promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as LCF may specify and in such form as LCF may require (but on terms no more onerous than those contained in the Debenture) in favour of LCF or its nominee(s) in order to

- (a) perfect or protect the security created or intended to be created by the Debenture (which may include the execution of a mortgage, charge, assignment, transfer, notice, instruction or other security over all or any of the Assets which are, or are intended to be, the subject of the security constituted by the Debenture),
- (b) confer on LCF security over any Assets of the Company located in any jurisdiction outside England and Wales which is (to the extent permitted by local law) equivalent or similar to the security intended to be conferred by or pursuant to the Debenture, and/or
- (c) facilitate the realisation of the Assets subject to the security conferred or intended to be conferred by this Debenture or the exercise of any rights vested in LCF, any Receiver, administrator or nominee, including executing any transfer, conveyance, charge, assignment or assurance of all or any of the Assets which are the subject of the security constituted by the Debenture, making any registration and giving any notice, order or instructions

3.2 The Company shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on LCF by or pursuant to the Debenture. Without prejudice to the generality of clause 3 of the Debenture, at the request of LCF the Company will promptly execute a legal mortgage, charge or assignment over any of the Assets subject to or intended to be subject to any fixed security created by this Debenture in favour of LCF in such form as LCF may require

- 3.3 Without prejudice to the Company's obligations under paragraph (b) of clause 14.1 (*Positive Covenants*) of the Debenture, the Company irrevocably authorises LCF to effect such registrations, renewals, payments and notifications or carry out such acts or things at the expense of the Company as shall, in the opinion of LCF, be necessary or prudent to protect LCF's interests in relation to the Intellectual Property or to protect or maintain the Intellectual Property or any of them. The Company shall give LCF all such assistance as it may request.

#### 4. Definitions

**Accession Deed:** a deed substantially in the form set out in Schedule 7 (*Form of Accession Deed*) of the Credit Facilities Agreement under which a member of the Group becomes an Additional Obligor,

**Account** the account maintained by the Company with the Account Bank, with account numbers

- (a) sort code 400520, the Company's GBP account number 11557033,
- (b) sort code 400515, the Company's USD account number 67249422, and
- (c) sort code 400515, the Company's euro account number 67250100,

and includes any replacement account or sub-division or sub-account of any such account and "**Accounts**" shall be construed accordingly

**Account Bank** HSBC Bank plc or such other bank as may be agreed between LCF and the Company

**Act** the Companies Act 1985

**Additional Client** any person that becomes a Client under the Credit Facilities Agreement in accordance with clause 22.2.8 (*Additional Obligors*)

**Additional Obligor** an Additional Client or an Additional Guarantor,

**Additional Guarantor:** any person that becomes a Guarantor under the Credit Facilities Agreement in accordance with clause 22.2.8 (*Additional Obligors*) and pursuant to an Accession Deed

**Additional Security Documents:** any documents constituting a Security Interest in favour of LCF that may be executed and delivered by an Additional Obligor from time to time under clause 24.2 (*Additional Obligors*) of the Credit Facilities Agreement

**Advance:** a cash advance made or to be made to a Client by LCF under the Inventory Facility or a Term Loan Borrower under the Term Loan Facilities in accordance with clause 7 (*Advances under the Facilities*) of the Credit Facilities Agreement or, as the context may admit or require, the principal amount of that cash advance for the time being outstanding (and **Advances** is to be construed accordingly)

**Assets** in relation to the Company, all its undertaking, property, assets, revenues and rights of every description (including, but not limited to, the Other Debts and Non-vesting Debts), or any part of them, present and future, and any interest therein

**Bank Guarantee:** a guarantee, in such form as may be acceptable to LCF (acting reasonably), in an amount not exceeding £2,000,000, issued or to be issued by LCF to such person for the time being as LCF may agree following a Request by a member of the Group (and **Bank Guarantees** shall mean one or more such guarantees as the context may permit or require)

**Clients:** the Original Clients and the Additional Clients and **Client** means any one or more of them

**Credit Facilities Agreement** the credit facilities agreement dated 13 July 2007 made between the Parent (1) Milnrow Investments Limited (2) the companies listed in part 1 (*Original Clients*) of schedule 1 (*Original Parties*) thereto (including the Company) (3) the companies listed in part 2 (*Plant and Machinery Loan Borrowers*) of schedule 1 (*Original Parties*) (4) the companies listed in part 3 (*Original Guarantors*) of schedule 1 (*Original Parties*) thereto (5) and LCF (6)

**Debts:** has the meaning ascribed to it in the Debt Purchase Agreements

**Debt Purchase Agreement** the debt purchase agreements, made or to be made between a Client and LCF in relation to the assignment, subrogation or other transfer by that Client to LCF of all Debts and Debt Purchase Agreements shall mean any or all of the same at that time being in force as the context may require

**Derivative Rights** all dividends, interest or distributions and all other rights and benefits of an income nature accruing at any time in respect of any Investments

**Directors' Warranty** the warranty or warranties executed or to be executed, in a form acceptable to LCF, by each of Mark Franckel, Adrian Ferranti and Adam Maher and such other persons as LCF may require

**Finance Documents** the Credit Facilities Agreement, the Debt Purchase Agreements, the Security Documents, the Directors' Warranty, the Subordination Agreement any Bank Guarantee, any Third Party Guarantee and any other document from time to time designated as such by LCF

**Fixed Security Asset** an Asset for the time being comprised within an assignment created by clause 4.1 (*Assignment*) or by a mortgage or charge created by clause 4.2 (*Mortgage of Plant, Machinery and Equipment*) or clause 4.3 (*Fixed security*) of the Debenture

**Floating Charge Asset** an Asset for the time being comprised within the floating charge created by clause 4.4 (*Creation of Floating Charge*) of the Debenture

**Guarantors:** the Original Guarantors and the Additional Guarantors

**Group** the Parent and all of its Subsidiaries from time to time, and member of the Group is to be construed accordingly



**Insurance Policy** any contract or policy of insurance of the Company (including all cover notes) of whatever nature, which is from time to time taken out by or on behalf of the Company or (to the extent of its interest) in which the Company has an interest at any time

**Intellectual Property** in relation to the Company, all its patents (including supplementary protection certificates), utility models, registered and unregistered trade marks (including service marks), rights in passing off, copyright, database rights, registered and unregistered rights in designs, domain names and, in each case, any extensions and renewals of, and any applications for, such rights charged by it pursuant to paragraphs (c)(xii) to (xvi) inclusive of clause 4.3 (*Fixed security*) of the Debenture but excluding in each case any legal and/or equitable interest of the Client under any licence

**Investments** all shares, stock, debentures, debenture stock, bonds and other investments (as listed in Part III of the Financial Services and Markets Act 2000 (Regulated Activities Order 2001, SI 2001/544 (as amended)), whether certificated or uncertificated and whether in registered or bearer form (whether or not marketable) now or in the future owned at law or in equity by the Client, including all depository interests representing any of them and including all rights and benefits of a capital nature accruing at any time in respect of any Investments by way of redemption, repayment, substitution, exchange, bonus or preference, option, rights or otherwise

**Investor Loan Notes:** the unsecured convertible loan notes made between the Investors and the Parent of £195,000, £250,000 and £500,000

**Investors:** (1) Delnor Limited, a company incorporated in England with registered number 5985883 and whose registered office is at 10 Norwich Street, London EC4A 1BD and (2) Daniel Pasini and Alok Oberoi

**Land** freehold and leasehold, and any other estate in, land and (outside England and Wales) immovable property and in each case all buildings and structures upon and all things affixed thereto (including trade fixtures)

**Non-vesting Debts** all Debts that are intended to, but which do not for any reason, vest absolutely and effectively in LCF under the Debt Purchase Agreement together with the Related Rights to such Debts

**Original Clients:** the companies listed in Part 1 (*Original Clients*) of Schedule 1 (*Original Parties*) of the Credit Facilities Agreement (each an **Original Client**)

**Original Guarantors** the companies listed in Part 3 (*Original Guarantors*) of Schedule 1 (*Original Parties*) of the Credit Facilities Agreement (each an **Original Guarantor**)

**Original Security Documents:** the documents listed in Part 2 (*Original Security Documents*) of Schedule 2 (*Pre-Conditions documents*) of the Credit Facilities Agreement

**Other Debts** all present and future book and other debts of the Company, all moneys from time to time standing to the credit of any account of the Company and

all moneys whether arising under contracts or in any other manner due, owing or incurred to the Company (and including owing to LCF) other than

- (a) Debts absolutely and effectively vested in LCF under the Debt Purchase Agreement, and
- (c) Non-vesting Debts

**Parent** Precision Technologies Group Limited

**Permitted Security Interests:** any of the following

- (a) Security Interests arising under the Finance Documents,
- (b) (subject always to the provisions of the Subordination Agreement) Security Interests held by Renold,
- (c) liens securing obligations not more than 30 days overdue, arising solely by operation of law in the ordinary course of trading,
- (d) Security Interests constituted by title retention provisions contained in a supplier's standard conditions of supply of goods, where the goods in question are supplied on credit and are acquired by the relevant member of the Group in the ordinary course of trading, and/or
- (e) any other Security Interest that LCF agrees in writing from time to time may be a Permitted Security Interest,

**Plant, Machinery and Equipment** all equipment and machinery and all other assets of a similar nature whatsoever, wherever situate, which are now, or at any time after the date of the Debenture become, the property of the Company, including trade fixtures but excluding any trade fixtures not owned by the Company

**Receiver** a receiver and manager appointed under clause 20 (*Appointment of a Receiver or an Administrator*) of the Debenture including (where the context requires or permits) any substituted receiver and manager

**Related Rights** the meaning ascribed to it in the Debt Purchase Agreement

**Relevant System** the meaning given to that term by the Uncertificated Securities Regulations 2001 and includes the CREST system and also any other system or facility (whether established in the United Kingdom or elsewhere) providing means for the deposit of, and clearance of transactions in, Investments

**Security Documents:** the Original Security Documents and the Additional Security Documents, together with any other document designated as such by LCF from time to time,

**Security Interest:** any mortgage, pledge, lien, charge (whether fixed or floating), security assignment, security transfer, hypothecation, standard security or any other security agreement, retention of title or encumbrance of any kind or any other arrangement (whether relating to existing or future assets) having substantially the

same economic affect as any of the foregoing (including, without limitation, the deposit of monies or property with a person with the primary intention of affording such person a right of set-off or lien),

**Specified Intellectual Property** the Intellectual Property listed in Schedule 2 (*Specified Intellectual Property*) of the Debenture

**Specified Investments** all Investments that at any time

- (a) represent a holding in a Subsidiary of the Client,
- (b) are held in the name of the Client or its nominee or to its order, or
- (c) that the Client has deposited certificates for with the LCF or which, if uncertificated, are held in an escrow or other account in favour of LCF or its nominee

**Subordination Agreement** the subordination and stand-still agreement dated the same date as the Credit Facilities Agreement and made between LCF (1), the Investors (2) and the Parent (3) in relation to the Investor Loan Notes

**Subsidiary** a subsidiary within the meaning of section 736 of the Companies Act 1985 and/or a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985,

**Term Loan Borrowers:** the Property Loan Borrower, the Over Advance Borrower and the Plant and Machinery Loan Borrowers (as defined in the Credit Facilities Agreement) and **Term Loan Borrower** shall mean one or more of them as the context may permit or require

**Term Loan Facilities:** the Over Advance Facility, the Plant and Machinery Loan Facility and the Property Loan Facility (as defined in the Credit Facilities Agreement) made available to the Term Loan Borrowers by LCF, in a maximum principal amount not exceeding the Term Loan Facility Limit (as defined in the Credit Facilities Agreement), upon and subject to the terms and conditions of the Credit Facilities Agreement

**Third Party Guarantee:** a guarantee, in such form as may be acceptable to LCF (acting reasonably), in an amount not exceeding the Issuance Facility Limit (as defined in the Credit Facilities Agreement), issued or to be issued by LCF to such person for the time being as LCF may agree at the Request (as defined in the Credit Facilities Agreement) of certain members of the Group (and **Third Party Guarantees** shall mean one or more such guarantees as the context may permit or require)

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## CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No 05845368

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 13th JULY 2007 AND CREATED BY PRECISION TECHNOLOGIES GROUP LTD FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE OBLIGORS TO LANDSBANKI COMMERCIAL FINANCE ON ANY ACCOUNT WHATSOEVER WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 27th JULY 2007

GIVEN AT COMPANIES HOUSE, CARDIFF THE 1st AUGUST 2007.



*Companies House*

— for the record —



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES