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* insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

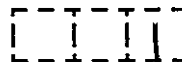
395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number



199318

Name of company

* MBS Distribution Limited

Date of creation of the charge

10th December 1996

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

Guarantee and Debenture

Amount secured by the mortgage or charge

The Secured Liabilities

The Capitalised words used in this Form 395 and Appendix B hereto are defined terms in the Guarantee and Debenture. Please refer to Appendix A for definitions.

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

The Royal Bank of Scotland plc, 36 St Andrews Square, Edinburgh EH2 2YB
as Security Trustee for itself and the Secured Parties

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

Dickson Minto W.S.
Royal London House
22/25 Finsbury Square
London EC2A 1DS

For official use
Mortgage Section

Post room



KLO *K5Y2CRG8* 550
COMPANIES HOUSE 13/12/96

Time critical reference

See Appendix B

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Particulars as to commission allowance or discount (note 3)

Nil

Signed

W. Ben, Schick

Date

13/12/91

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

[†] delete as
appropriate

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.

APPENDIX A

DEFINITIONS

In this Form 395:

"Acquisition Documents"

- (i) the Share Purchase Agreement;
- (ii) the Tax Deed (as defined in the Share Purchase Agreement);
- (iii) the Disclosure Letter (as defined in the Share Purchase Agreement);
- (iv) the Pillar Wedge Group Limited Sale Documents;
- (v) the H & S Aviation Limited heads of agreement;
- (vi) the Residual Environmental Liability Indemnity (as defined in the Share Purchase Agreement);
- (vii) the Residual Property Liability Indemnity (as defined in the Share Purchase Agreement);

"BACS" means Bankers Automated Clearing System;

"Bridging Agent" means The Royal Bank of Scotland plc and its successors as Agent under the Bridging Facility Agreement;

"Bridging Banks" means the Banks from time to time as defined in the Bridging Facility Agreement and **"Bridging Bank"** means any one of the forgoing;

"Bridging Facility Agreement" means the bridging facility agreement dated 10th December 1996 between (1) Vector Industries Limited (2) The Royal Bank of Scotland plc as Agent and Arranger, and (3) the Banks listed therein as amended, supplemented, restated or novated from time to time;

"Bridging Financing Documents" means the Bridging Facility Agreement, the Security Documents, the Intercreditor Deed and any

waiver letter and any other document which the agent and Vector Industries Limited agree shall be designated as a Financing Document.

"Credit Agreement" means the credit agreement dated 10th December 1996 between Vector Industries Limited and others (1), The Royal Bank of Scotland plc as Agent (2), The Royal Bank of Scotland plc as Arranger (3), The Royal Bank of Scotland plc as Clearing Bank (4) and The Royal Bank of Scotland plc and others as Banks (5) as amended, supplemented, restated or novated from time to time;

"Event of Default" means an Event of Default as defined in the Credit Agreement or the Bridging Facility Agreement;

"Financing Documents" means the Senior Financing Documents, the Hedging Documents, the FX and BACS Documents, the Bridging Financing Documents, any waiver letter and any document ancillary or pertaining thereto, this Guarantee and Debenture and any instrument or further charge or document ancillary or pertaining hereto or arising out of the terms of this Guarantee and Debenture and any other document designated as a Financing Document by both the Security Trustee and Vector Industries Limited or otherwise declared or expressed to be a Financing Document by the terms of any other Financing Document;

"FX and BACS Bank" means The Royal Bank of Scotland plc in its capacity as a provider of foreign currency exchange and foreign currency exchange hedging facilities and as provider of BACS facilities to one or more of the Obligors and includes any person to whom any FX and BACS Liabilities may be owing or payable (whether or not matured) from time to time;

"FX and BACS Documents" means any document governing the terms of any foreign exchange, foreign exchange hedging or BACS

facilities provided by the FX and BACS Bank to any member of the Group;

"Group" means the Company, each of its holding companies and each subsidiary of each of its holding companies;

"Hedging Banks" bears the meaning specified in the Intercreditor Deed;

"Hedging Document" means any document governing the terms of any interest rate or currency exchange swap, cap, collar or other arrangement for hedging risk entered into by any member of the Group, including all documents evidencing or supporting the interest rate hedging arrangements referred to in Clause 32.01 (iv) of the Credit Agreement and "Hedging Documents" means all such documents.

"Inter-Creditor Deed" means the intercreditor deed of even date herewith entered into between Vector Industries Limited and others (1), the Senior Banks (2), the Senior Agent (3), the Security Trustee (4), the Bridging Banks (5), the Bridging Agent (6), the Hedging Banks (7), the FX and BACS Bank (8) the Intercompany Creditors (9), the Intercompany Debtors (10), Caradon plc (11) and the Investors (12) (as such terms are defined therein);

"Keyman Policies" means the keyman life assurance policies taken out or to be taken out on Alan Fletcher in the amount of £750,000, Ian Fisher and Andrew Fischer in the amount of £500,000 each and Stephen Smith in the amount of £250,000 for a period of 3 years in each case;

"Obligor" means any person which is or has been a member of the Group and which has or which will have any liability (actual or contingent) and whether alone or jointly with any other person and whether as principal debtor, guarantor or surety or otherwise (or as the equivalent obligor under the laws of any other jurisdiction) to the

Security Trustee, the Senior Agent, the Senior Banks, the Hedging Banks, the FX and BACS Bank, the Bridging Agent and the Bridging Banks or any of them for the payment or repayment of any amounts outstanding or capable of becoming outstanding under the Financing Documents and "Obligors" shall be construed accordingly;

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or as principal debtor, guarantor, surety or otherwise or as the equivalent obligor under the laws of any other jurisdiction) of each Obligor to the Security Trustee, the Senior Banks, the Senior Agent, the Hedging Banks, the FX and BACS Bank, the Bridging Agent and the Bridging Banks or any of them under the Financing Documents together with:-

- (a) all costs, charges and expenses incurred by the Security Trustee or the Senior Agent, the Bridging Agent, or any Senior Bank, Hedging Bank, the FX and BACS Bank or any Bridging Bank in connection with the protection, preservation or enforcement of its respective rights under the Financing Documents;
- (b) any refinancing, novation, refunding, deferral or extension of any of those obligations or liabilities;
- (c) any further advances which may be made by any Senior Bank or any Bridging Bank to any Obligor under any agreement expressed to be supplemental to any of the Financing Documents and all interest, fees and costs in connection therewith;
- (d) any claim for damages or restitution in the event of rescission of any of those obligations or liabilities or otherwise in connection with the Financing Documents;

- (e) any claim against any Obligor flowing from the recovery by an Obligor of a payment or discharge in respect of any of those liabilities on grounds of preference or otherwise; and
- (f) any amounts which would be included in any of the foregoing but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

"Secured Parties" means the Senior Agent, the Senior Banks, the Hedging Banks the FX and BACS Bank, the Bridging Agent and the Bridging Banks;

"Security Documents" means all documents, including any guarantee, executed or to be executed to give the Banks security or any other form of support in connection with the Credit Agreement and/or the Bridging Facility Agreement.

"Security Trustee" means The Royal Bank of Scotland plc;

"Senior Agent" means The Royal Bank of Scotland plc and its successors as Agent under the Credit Agreement;

"Senior Banks" means the Banks as defined in the Credit Agreement and **"Senior Bank"** means any one of the foregoing;

"Senior Financing Documents" means the Credit Agreement, the Security Documents, the Intercreditor Deed, any document evidencing or constituting an ancillary facility and any waiver letter and any other document which the agent and Vector Industries Limited agree shall be designated as a Financing Document;

"Shares" means the shares listed in Appendix D hereto together with all rights including dividends and other distributions, arising in relation thereto;

APPENDIX B

5. CHARGING CLAUSE

(A) The Company with full title guarantee HEREBY CHARGES with the payment and discharge to the Security Trustee of all the Secured Liabilities:

FIRST - The property described in Appendix C hereto together with all buildings and fixtures (including trade fixtures) and fixed plant and machinery from time to time thereon and therein;

SECOND - All other freehold and leasehold property of the Company both present and future together with all buildings and fixtures (including trade fixtures) and fixed plant and machinery from time to time thereon and therein;

THIRD - All plant, machinery, vehicles and other equipment now or hereafter owned by the Company together with the benefit of any obligations and warranties given by the manufacturer or supplier of such plant, machinery or other equipment and the benefit of all maintenance agreements entered into between the Company and any other person in respect of such plant, machinery and other equipment;

FOURTH - The Shares;

FIFTH - All other shares and stock in the capital of any company which as at the date hereof or at any time hereafter is owned by the Company or in which the Company otherwise has an interest together in all cases with all rights arising in relation thereto;

SIXTH - The benefit of all present and future licences (statutory or otherwise) held in connection with the Company's business

or the user of any of the mortgaged property and the right to recover and receive all compensation which may at any time become payable to the Company in respect thereof;

SEVENTH - All licences and patents (including applications and the rights to apply therefor), copyrights, rights in trademarks whether registered or not, trade names, rights in service marks whether registered or not, registered designs, know-how and rights in confidential information now or at any time belonging to the Company;

EIGHTH - The goodwill and the uncalled capital of the Company both present and future;

NINTH - The book debts due or owing to the Company both present and future;

TENTH - All benefits in respect of all contracts and policies of insurance which are from time to time taken out by or (to the extent of such interest) in which the Company has an interest including, without limitation, the Keyman Policies (except to the extent such policies are assigned pursuant to the provisions set out at (C) below.);

ELEVENTH - The stock-in-trade and work-in-progress, prepayments, investments quoted on a recognised stock exchange and cash of the Company both present and future; and

TWELFTH - The undertaking and all other property and assets of the Company both present and future.

- (B) The charges on the property and assets FIRST, SECOND, THIRD, FOURTH, FIFTH, SIXTH, SEVENTH, EIGHTH, NINTH and TENTH described are created as fixed charges and constitute charges by way of legal mortgage on the property

FIRST, SECOND and FOURTH described which is now vested in the Company.

The charges on the property and assets ELEVENTH and TWELFTH described (and also on such of the said property and assets of the Company both present and future as the Security Trustee may have agreed in writing to exclude from the fixed charge or are otherwise not effectively charged hereunder by way of fixed charge) are created as floating charges until the provisions of Condition 14 set out in the Second Schedule to the Guarantee and Debenture become operative when the floating charges shall crystallise and become fixed charges. The charges created by the Guarantee and Debenture shall be a continuing security and shall unless otherwise agreed in writing by the Security Trustee be first charges.

- (C) The Company as security for the payment and discharge of all the Secured Liabilities assigns and agrees to assign to the Security Trustee with full title guarantee all of the Company's right, title and interest, present and future, in and to:-

- (i) the right to receive payment under the Acquisition Documents; and
- (ii) the Keyman Policies; and

undertakes to the Security Trustee promptly to give such notice of this assignment and subsequent assignments under the Guarantee and Debenture as the Security Trustee may require, provided that to the extent (if any) that such right, title and interest are not assignable such assignment will operate as an assignment of proceeds received by the Company under the Acquisition Documents or the Keyman Policies as the case may be as security for the Secured Liabilities.

- (D) The Company authorises the Security Trustee, each Senior Bank, each Hedging Bank, the FX and BACS Bank and each Bridging Bank to hold as security for the Secured Liabilities any balances, credits, deposits, accounts or moneys to which it is entitled on any account with the Security Trustee or that Senior Bank, Hedging Bank, FX and BACS Bank or Bridging Bank and after an Event of Default has occurred to apply any such balances, credits, deposits, accounts or moneys at any time without notice to the Company in satisfaction of any Secured Liabilities.

APPENDIX C

Description of Freehold or Leasehold Property Specifically Charged

1. Unit 1 The Breydon Centre, Padholme Road, Peterborough registered at HM Land Registry under title number CB31593 as more particularly described in the registered lease.

Details of the Lease:-

Date	:	10 May 1979
Parties	:	(1) Bradon Plastics Limited
		(2) Crackley Limited
		(3) Glynwed Limited
Term	:	25 years from 25 March 1979
Current Rent	:	£23,250.00 p.a.

2. Unit 2 Trafford Park, Western Access, Kestral Road, Manchester registered at HM Land Registry under title number GM486754 and more particularly described in the registered lease.

Details of the Lease:-

Date	:	3 October 1988
Parties	:	(1) Fossbuild Limited
		(2) MBS Distribution Limited
Term	:	25 years
Current Rent	:	£45,500.00 p.a.

3. Units BT 368/6A + B, Sandon Way, Sandon Industrial Estate, Regent Road, Liverpool registered at HM Land Registry under title number MS272369 and more particularly described in the registered lease.

Details of the Lease:-

Date	:	10 December 1987
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Parties : (1) The English Industrial Estates Corporation
(2) MBS Distribution Limited

Term : 125 years from 10 October 1987

Current Rent : Peppercorn

4. Unit 6A, Elland Road Industrial Estate, Elland Way, Leeds registered at HM Land Registry under title number WYK24216 and more particularly described in the registered lease.

Details of the Lease:-

Date : 17 August 1981

Parties : (1) Co-operative Insurance Society Limited
(2) Crackley Limited
(3) Glynwood Limited

Term : 25 years

Current Rent : £29,450 p.a.

5. Unit BT1, 379 Princes Way, South Team Valley Industrial Estate, Gateshead Registered at HM Land Registry under title number TY 207915 and more particularly described in the registered lease.

Details of the Lease:-

Date : 20 April 1988

Parties : (1) Intercounting Investments Limited
(2) MBS Distribution Limited
(3) Pillar Merchanting Limited

Term : 25 years

Current Rent : £42,500.00 p.a.

6. BT1/311A Foster Court Team Valley, Newcastle as more particularly described in the lease.

Details of the Lease:-

Date	:	26 July 1996
Parties	:	(1) Terence Bell (2) MBS Distribution Limited
Term	:	3 years
Current Rent	:	£21,000 p.a.



FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 00199318

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A GUARANTEE AND DEBENTURE DATED THE 10th DECEMBER 1996 AND CREATED BY MBS DISTRIBUTION LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM EACH OBLIGOR (AS THEREIN DEFINED) TO THE ROYAL BANK OF SCOTLAND plc AS SECURITY TRUSTEE FOR ITSELF AND THE SECURED PARTIES (AS THEREIN DEFINED) OR ANY OF THEM UNDER THE FINANCING DOCUMENTS (AS THEREIN DEFINED) WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 13th DECEMBER 1996.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 18th DECEMBER 1996.

W. Grandon
W. GRANDON

for the Registrar of Companies

16/12/96



C O M P A N I E S H O U S E

HC026B