

# M

## COMPANIES FORM No. 395

191600/110

### Particulars of a mortgage or charge

# 395

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number

Name of company

\* Tootal Thread Limited (the "Chargor")

Date of creation of the charge

30 March 2004

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

Deed of Accession and Charge made between, amongst others, the Chargor (1), Coats Holdings Plc (2) and The Governor and Company of the Bank of Scotland (as security agent and trustee for the Beneficiaries (3) (the "Accession Deed") pursuant to which the Chargor became a party to the Debenture

Amount secured by the mortgage or charge

See Part II of the attached Schedule

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

The Governor and Company of the Bank of Scotland (as security agent and trustee for the Beneficiaries (as defined in the attached schedule)),  
P.O. Box 39900, Level 7, Bishopsgate Exchange, 155 Bishopsgate, London

Postcode EC2M 3YB

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

Lovells  
Atlantic House  
Holborn Viaduct  
London  
EC1A 2FG

F3/TSA/1317430

Time critical reference

For official Use  
Mortgage Section

Post room



LD3  
COMPANIES HOUSE

0239  
16/04/04

CHFP025

Please do not  
write in  
this margin

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

\*insert full name  
of Company

Short particulars of all the property mortgaged or charged

See Part III of the attached schedule

The attached schedule refers to covenants by, and restrictions on, the Chargor which protect and further define the charges created by the Accession Deed and which must be read as part of those charges.

Please do not write in this margin

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

Particulars as to commission allowance or discount (note 3)

N/A

Signed

*Hovells*  
*Solicitors*

Date

*15 April 2004*

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

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† 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.
- 5 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 CF14 3UZ

## SCHEDULE TO FORM 395 FOR TOOTAL THREAD LIMITED

### Part I

#### Definitions

In this Schedule, references to Clauses and Schedules are to Clauses of, and Schedules to, the Debenture unless otherwise specified. In this Form 395 the following expressions shall have the meanings set out below:

**"Account Bank"** HSBC Bank plc and National Westminster Bank plc or such other bank as the Security Agent may from time to time specify;

**"Act"** the Companies Act 1985;

**"Assets"** in relation to the Chargor, all its undertaking, property, assets, revenues and rights of every description, or any part of them;

**"Beneficiary"** each Senior Finance Party, each Mezzanine Finance Party and each Hedging Bank;

**"Collection Account"** in relation to the Chargor, its account with the Account Bank into which it is required, pursuant to Clause 6.1 (*Collection Account*) (as described in paragraph 1, Part IV of this Schedule), to pay its Receivables;

**"Debenture"** means the debenture dated 30 March 2004 made between Coats Holdings plc (as chargor) and The Governor and Company of the Bank of Scotland (as security agent and trustee for the Beneficiaries);

**"Debenture Date"** 30 March 2004;

**"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 Investment Securities;

**"Facilities Agreement"** the facilities agreement dated 26 March 2004 between Coats Holdings plc (as the Company) (1), the companies listed in Part 1 of Schedule 1 thereto (as Original Borrowers) (2), the companies listed in Part 2 of Schedule 1 thereto (as Original Guarantors) (3), The Governor and Company of the Bank of Scotland (as Mandated Lead Arranger and Bookrunner) (4) and (5), the financial institutions listed in Part 3 and Part 4 of Schedule 1 thereto (as Original Lenders) (6) and The Governor and Company of the Bank of Scotland (as Agent, Issuing Bank and Security Agent) (7), (8) and (9) (each term as defined therein);

**"Finance Document"** each Senior Finance Document, each Mezzanine Finance Document and each Hedging Document;

**"Fixed Charge Asset"** an Asset for the time being comprised within a mortgage or fixed charge created by Clause 3.1 (*Creation of Fixed Security*) (as described in paragraph 1, Part III of this Schedule);

**"Group"** the Parent and its Subsidiaries for the time being;

**"Hedging Bank"** has the meaning given to that term in the Intercreditor Deed;

**"Hedging Document"** has the meaning given to that term in the Intercreditor Deed;

**"Indebtedness"** any obligation for the payment or repayment of money in any currency, whether present or future, actual or contingent, joint or several, whether incurred as

principal or surety or in any other way whatever, and including principal, interest, commission, fees and other charges;

**"Intellectual Property"** in relation to the Chargor, 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 (including in relation to semiconductor products) and, in each case, any extensions and renewals of, and any applications for, such rights;

**"Intellectual Property Rights"** in relation to the Chargor, all and any of its Intellectual Property and all other intellectual property rights, causes of action, interests and assets charged by it pursuant to Clause 3.1 (*Creation of Fixed Security*) (c)(ix) to (xiv) inclusive (as described in paragraph 1(b)(ix) to (xiii), Part III of this Schedule);

**"Intercreditor Deed"** the intercreditor deed dated 26 March 2004 and entered into between, amongst others, The Governor and Company of the Bank of Scotland (as Security Agent and Senior Agent), the Senior Creditors, The Hedging Banks, The Governor and Company of the Bank of Scotland (as Mezzanine Agent), the Mezzanine Creditors, the Investors, Coats Holdings plc (as the Company), the Intercompany Creditors and the Obligors (each term as defined therein);

**"Investment Securities"** all shares, stock, debentures, debenture stock, bonds and other investments (as listed in Part II, Schedule 2 to the Financial Services and Markets Act 2000), whether certificated or uncertificated and whether in registered or bearer form, 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 Investment Securities by way of redemption, repayment, substitution, exchange, bonus or preference, option, rights or otherwise;

**"Land"** includes freehold, 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 and tenant's fixtures);

**"Mezzanine Finance Documents"** the Mezzanine Loan Agreement, any Fee Letter, any Accession Letter, the Security Documents, the Intercreditor Deed, the GPG Undertaking, the Indonesian Guarantee, the Indonesian Dividend Assignments, the Hungarian Guarantee, any Permitted Acquisition Certificate, any Compliant JV certificate, any Transfer Certificate or undertaking delivered pursuant to Clause 25 (*Changes to the Lenders*) of the Mezzanine Loan Agreement, any Capex Certificate, the Mandate Letter and any other document so designated by the Mezzanine Agent and the Company (each such term (other than Mezzanine Loan Agreement) as defined in the Mezzanine Loan Agreement);

**"Mezzanine Finance Party"** The Governor and Company of the Bank of Scotland (as Agent, Security Agent, Mandated Lead Arranger, Bookrunner or Lender (each such term as defined in the Mezzanine Loan Agreement));

**"Mezzanine Loan Agreement"** the mezzanine loan agreement dated 26 March 2004 and entered into between Coats Holdings plc (as the Company and the Borrower), the companies listed in Part 1 of Schedule 1 thereto (as Original Guarantors), The Governor and Company of the Bank of Scotland (as Mandated Lead Arranger and Bookrunner), the financial institutions listed in Part 2 and Part 3 of Schedule 1 thereto (as Original Lenders) and The Governor and Company of the Bank of Scotland (as Agent and Security Agent) (each such term as defined therein);

**"Permitted Security"** has the meaning given to that term in the Facilities Agreement;

**"Realisation Account"** an interest-bearing deposit account in the name of Coats Holdings Plc with a bank nominated by the Security Agent entitled "The Governor and Company of the Bank of Scotland - Realisation Account re Coats Holdings Plc", into which, amongst other things, Net Disposal Proceeds are to be paid under Clause 10.7 (*Disposal and insurance proceeds*) of the Facilities Agreement;

**"Receivables"** in relation to the Chargor, all sums of money receivable by it on or after the Debenture Date consisting of or payable under or derived from any Asset described in Clause 3.1 (*Creation of Fixed Security*) (as described in paragraph 1, Part III of this Schedule);

**"Secured Sums"** all Indebtedness covenanted and undertaken to be paid or discharged by the Chargor to the Security Agent for the Beneficiaries under Clause 2.1 (*Covenant to pay*) (as described in Part II of this Schedule);

**"Security"** any mortgage, charge, pledge, lien, hypothecation, assignment or deposit by way of security or any other agreement, document or arrangement having the effect of providing or giving security or preferential ranking to a creditor (including set off or title retention arrangements which do not arise in the ordinary course of trade);

**"Security Agent"** The Governor and Company of the Bank of Scotland acting as security agent and trustee for the Beneficiaries and includes any successor appointed by the Beneficiaries pursuant to the Finance Documents;

**"Senior Finance Documents"** the Facilities Agreement, any Fee Letter, any Accession Letter, the Security Documents, the Hedging Documents, the Intercreditor Deed, the GPG Undertaking, the Indonesian Guarantee, the Indonesian Dividend Assignments, the Hungarian Guarantee, any Permitted Acquisition Certificate, any Compliant JV Certificate, any Transfer Certificate or undertaking delivered pursuant to Clause 28 (*Changes to the Lenders*) of the Facilities Agreement, any Capex Certificate, the Mandate Letter and any other document designated as such by the Agent and Coats Holdings plc (each such term (other than Facilities Agreement) as defined in the Facilities Agreement);

**"Senior Finance Party"** The Governor and Company of the Bank of Scotland (as Mandated Lead Arranger, Bookrunner, Lender, Agent, Issuing Bank and Security Agent (each term as defined in the Facilities Agreement));

**"Specified Investment Securities"** means, in relation to the Chargor, all Investment Securities:

- (a) which on the Debenture Date or thereafter represent a holding in a Subsidiary of the Chargor or an undertaking which would be its subsidiary undertaking if in section 258(2)(a) of the Act "30 per cent or more" were substituted for "a majority"; or
- (b) which are on the Debenture Date or thereafter held in the name of the Security Agent or its nominee or to its order; or
- (c) the certificates for which are on the Debenture Date or thereafter deposited by the Chargor with the Security Agent or which, if uncertificated, are held in an escrow or other account in favour of the Security Agent or its nominee; and

**"Subsidiary"** an entity of which a person:

- (d) has (directly or indirectly) the power to appoint or remove a majority of the board of directors or to direct the management and policies, whether through the ownership of voting capital, by contract or otherwise; or

- (e) owns directly or indirectly more than fifty per cent. (50%) of the share capital or similar right of ownership; or
- (f) is entitled to receive more than fifty per cent. (50%) of the dividends or distributions,

and any entity (whether or not so controlled) treated as a subsidiary in the latest financial statements of that person from time to time.

## **Part II**

### **Amount secured by mortgage or charge**

All Indebtedness on the Debenture Date or thereafter due, owing or incurred by the Chargor to each Beneficiary, under or pursuant to the Finance Documents whether on or after demand.

## **Part III**

### **Particulars of property mortgaged or charged**

1. By Clause 3.1 (*Creation of fixed security*) the Chargor, with full title guarantee, as security for the payment or discharge of all Secured Sums, charged to the Security Agent:
  - (a) by way of legal mortgage, all Land in England and Wales on the Debenture Date or thereafter vested in it and not registered at HM Land Registry;
  - (b) by way of fixed charge:
    - (i) all other Land which is on the Debenture Date or thereafter becomes, its property;
    - (ii) all interests and rights in or relating to Land or the proceeds of sale of Land on the Debenture Date or thereafter belonging to it;
    - (iii) all plant and machinery on the Debenture Date or thereafter attached to any Land which, or an interest in which, is charged by it under the preceding provisions of Clause 3.1 (as described in paragraphs 1(a) to 1(b)(ii) above (inclusive));
    - (iv) all rental and other income and all debts and claims on the Debenture Date or thereafter due or owing to it under or in connection with any lease, agreement or licence relating to Land;
    - (v) all Specified Investment Securities which are on the Debenture Date or thereafter become, its property;
    - (vi) all Derivative Rights on the Debenture Date or thereafter accruing in respect of its Specified Investment Securities;
    - (vii) all insurance or assurance contracts or policies on the Debenture Date or thereafter held by or otherwise benefiting it which relate to Fixed Charge Assets or which are on the Debenture Date or thereafter deposited by it with the Security Agent, 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);

- (viii) all its goodwill and uncalled capital for the time being;
- (ix) all Intellectual Property belonging to it on the Debenture Date, including any Intellectual Property to which it is not absolutely entitled or to which it is entitled together with others;
- (x) all Intellectual Property that may be acquired by or belong to it after the Debenture Date, including any such Intellectual Property to which it is not absolutely entitled or to which it is entitled together with others;
- (xi) the benefit of all agreements and licences on the Debenture Date or thereafter entered into or enjoyed by it relating to the use or exploitation of any Intellectual Property in any part of the world;
- (xii) all its rights on the Debenture Date or thereafter in relation to trade secrets, confidential information and knowhow in any part of the world;
- (xiii) all its rights and causes of action in respect of infringement(s) (past, present or future) of the rights referred to in Clauses 3.1(c)(x) to (xiii) inclusive (as described in paragraphs 1(b)(ix) to (xii) inclusive (above));
- (xiv) all trade debts on the Debenture Date or thereafter owing to it;
- (xv) all debts owing to it as described in Part V of this Schedule (*Details of Debts Owing to a Chargor by another member of the Group which are subject to a fixed charge*);
- (xvi) all other debts on the Debenture Date or thereafter owing to it, excluding those arising on fluctuating accounts with other members of the Group;
- (xvii) 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 Charge Asset;
- (xviii) all its interests and rights (if any) on the Debenture Date or thereafter in or to any money at any time standing to the credit of any Collection Account;
- (xix) all its interests and rights (if any) in or to any pension funds;
- (xx) all rights, money or property accruing or payable to it on the Debenture Date or thereafter under or by virtue of a Fixed Charge Asset except to the extent that such rights, money or property are for the time being effectively charged by fixed charge under the provisions of Clause 3.1 (as described in this paragraph 1);
- (xxi) all money at any time standing to the credit of any Realisation Account; and
- (xxii) 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.

2. By Clause 4 (*Creation of floating charge*), the Chargor, with full title guarantee (or, in relation to any Assets situated in, or governed by the law of, Scotland, with absolute

warrandice), charged to the Security Agent as security for the payment of all Secured Sums, by way of floating charge:

- (a) all its Assets (except to the extent that such Assets are for the time being effectively charged by any fixed charge contained in Clause 3.1 (*Creation of fixed security*)) including any Assets specified in a notice of reconversion delivered pursuant to Clause 4 (*Reconversion*) of the Debenture; and
- (b) without exception, all its Assets in so far as they are for the time being situated in, or governed by the law of, Scotland,

but in each case so that the Chargor shall not create any Security over any such Asset (whether having priority over, or ranking *pari passu* with or subject to, the floating charge described above) or take any other step referred to in Clause 7 (*Negative pledge and other restrictions*) of the Debenture (as described in paragraph 3, Part IV of this Schedule) with respect to any such Asset. The Chargor agreed that it shall not, without the consent of the Security Agent, sell, transfer, part with or dispose of any such Asset except by way of sale in the ordinary course of its business.

#### Part IV

##### Covenants and Restrictions

1. By Clause 2.1 of the Accession Deed and Clause 6.1 (*Collection Account*) of the Debenture, the Chargor agreed to collect and realise all its Receivables. Immediately on receipt, the Chargor agreed to pay all money so collected into the Collection Account specified from time to time by the Security Agent. The Chargor agreed, pending such payment, to hold all money so received upon trust for the Security Agent.
2. By Clause 2.1 of the Accession Deed and Clause 6.3 (*No derogation*) of the Debenture, save in the ordinary course of business, the Chargor agreed not to purport, without the Security Agent's prior written consent, to charge, factor, discount, assign, postpone, subordinate, release, retrocess or waive its rights in respect of any Receivable in favour of any person or do or omit to do anything which might delay or prejudice its full recovery.
3. By Clause 2.1 of the Accession Deed and Clause 7 (*Negative Pledge and other Restrictions*) of the Debenture, the Chargor agreed that it would not (1) without the prior written consent of the Security Agent (and with the exception of the Permitted Security) or (2) save as permitted under the terms of the Finance Documents:
  - (a) create, or agree or attempt to create, or permit to subsist, any Security or any trust over any of its Assets; or
  - (b) sell, assign, lease, license or sub-license, or grant any interest in, any of its Fixed Charge Assets, or part with possession or ownership of them, or purport or agree to do so.
4. By Clause 2.1 of the Accession Deed and Clause 10.2 (*Negative covenants*) of the Debenture, the Chargor agreed that it shall not without the prior written consent of the Security Agent or as otherwise expressly permitted under the Finance Documents:
  - (a) **No building:** save in the ordinary course of business, carry out any building work on its Land, or make any structural alteration to any building on its Land, or apply for any planning consent for the development or change of use of its Land, or at any time sever, remove or dispose of any fixture on it; or



- (b) **No onerous obligations:** enter into onerous or restrictive obligations affecting its Land or create or permit to arise any overriding interest or any easement, servitude or right whatever in or over it which would be reasonably likely to affect adversely its value or the value of the Security constituted by the Debenture over it; or
  - (c) **No leasing:** exercise any power of leasing in relation to its Land, or knowingly accept surrenders of leases of its Land or agree to do so; or
  - (d) **No lease extensions:** extend, renew on substantially different terms or materially vary any lease or tenancy agreement or give any licence to assign, sublet or underlet in relation to its Land; or
  - (e) **No elections:** make any election to waive the exemption under paragraph 2 of Schedule 10 of the Value Added Tax Act 1994 in its capacity as landlord of any such Land; or
  - (f) **Possession:** knowingly part with possession of its Land (except on the determination of any lease, tenancy or licence granted to it) or except as expressly permitted by the terms of any other Finance Document; or
  - (g) **No sharing:** share the occupation of any Land with any other person or agree to do so.
5. By Clause 2.1 of the Accession Deed and Clause 11.2 (*Negative covenants*) of the Debenture, the Chargor agreed that it would not, without the prior written consent of the Security Agent or as otherwise expressly permitted under the Finance Documents:
- (a) **No disposals etc:** sell, assign, lease, license, sub-license or grant any interest in its Intellectual Property Rights, or purport or agree to do so or part with possession or ownership of them, or allow any third party access to, or the right to use or exploit, any Intellectual Property Rights; or
  - (b) **Contracts:** enter into any contract or arrangement for supply or otherwise whereby any third party obtains any assignment or assignation of or any right or licence in relation to any Intellectual Property Rights on the occurrence or non-occurrence of any future event or circumstance whatever; or
  - (c) **Trade marks:** amend the specification of any registered trade mark included in its Intellectual Property Rights or authorise or permit any third party to register any trade mark which is the same as or confusingly similar to any such trade mark in respect of goods or services which are the same as or similar to the goods or services for which such trade mark is registered; or
  - (d) **Patents:** amend the specification or drawings referred to in any granted patent; or
  - (e) **Security Agent's name:** use the Security Agent's name in or join the Security Agent into any proceedings relating to infringement or ownership of any Intellectual Property Rights.
6. By Clause 2.1 of the Accession Deed and Clause 12.3 (*Negative covenants*) of the Debenture, the Chargor covenanted and undertook with the Security Agent that it shall not, without the prior written consent of the Security Agent consent to its Specified Investment Securities being consolidated, sub-divided or converted or any rights attached to them being varied.

**Part V**

**Details of Debts Owning to a Chargor by another member  
of the Group which are subject to a fixed charge**

<b>Loan From</b>	<b>Loan to</b>	<b>Currency</b>	<b>Amount in Currency ('000s)</b>	<b>Amount GBP ('000s)</b>
Carrington Viyella (Australia) Pty	Tootal Thread Limited	AUD	214	82
CV Elimination Adj. Company	Tootal Thread Limited	GBP	1,267	1,267

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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. 00332517

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEED OF ACCESSION AND CHARGE DATED THE 30th MARCH 2004 AND CREATED BY TOOTAL THREAD LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO EACH BENEFICIARY UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 16th APRIL 2004.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 20th APRIL 2004.

A handwritten signature in black ink, appearing to be 'Pm'.



*Companies House*

— for the record —



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES