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Pursuant to section 395 of the Companies Act 1985

CHA 116

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

* insert full name
of company

To the Registrar of Companies

For official use

Company number

112

711835

Name of company

* LYONS TETLEY LIMITED (the "Company")

Date of creation of the charge

19th September, 1995

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

Composite Debenture between, amongst others, the Company and Union Bank of Switzerland as agent and trustee for itself and for each Finance Party (as defined below) (the "Security Agent") (the "Composite Debenture").

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Finance Parties (or any of them) under the Finance Documents (or any of them) together with all reasonable costs, charges and expenses incurred by the Finance Parties (or any of them) in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents for which any Obligor is liable under the Finance Documents on a full indemnity basis except for any obligation which, if it were so included, would result in this Composite Debenture contravening Section 151 of the Companies Act 1985 or any analogous provision of any law in any other jurisdiction (the "Secured Liabilities").

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

Union Bank of Switzerland as Security Agent of 100 Liverpool Street,
London EC2

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

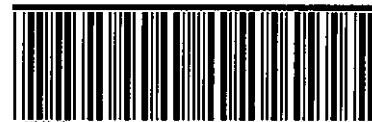
Allen & Overy
One New Change
London
EC4M 900

AEB/HCB/JR/B5:41114.1

Time critical reference

For official use
Mortgage Section

| Post room



PMO *P35WJFH8* 221
COMPANIES HOUSE 09/10/95

Please see Continuation Sheets attached.

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legibly, preferably
in black type, or
bold block
lettering

Particulars as to commission allowance or discount (note 3)

N/A

Signed Allen J Overy

Date 6th October, 1995

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

† delete as
appropriate

- 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.

Continuation Sheet for short particulars of all the property mortgaged or charged

Name of Company: Lyons Tetley Limited

Company Number: 711835

1. The Company, as beneficial owner and as security for the payment of all the Secured Liabilities, charged in favour of the Security Agent (as agent and trustee as aforesaid) to the extent it is legally able to do so by way of first legal mortgage:-
 - (i) all the property belonging to it specified in the Schedule to this Companies Form 395;
 - (ii) all estates or interests in any freehold or leasehold property (except any Security Assets specified in sub-paragraph (i) above); and
2. The Company, as beneficial owner and as security for the payment of all the Secured Liabilities, charged in favour of the Security Agent to the extent it is legally able to do so by way of first fixed charge:-
 - (i) all estates or interests in any freehold or leasehold property belonging to it;
 - (ii) all plant and machinery owned by it and its interest in any plant or machinery in its possession;
 - (iii) its interest in all the Shares and their Related Rights;
 - (iv) all moneys standing to the credit of any account (including its Security Accounts) with any person and the debts represented by them;
 - (v) all benefits in respect of its Insurances and all claims and returns of premiums in respect of them which it is not legally obliged to pay to employees of the Group or any other person in respect of whom such insurances were taken out;
 - (vi) all of its book and other debts, the proceeds of the same and all other moneys due and owing to it and the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to any of the foregoing;
 - (vii) (to the extent that they do not fall within any other sub-paragraph of this paragraph) all of its rights and benefits under the Relevant Contracts, any distributorship or similar agreements entered into by it, any letters of credit issued in its favour and all bills of exchange and other negotiable instruments held by it;
 - (viii) its goodwill;
 - (ix) the benefit of all licences, consents and authorisations (statutory or otherwise) held in connection with its business or the use of any Security Asset specified in any other sub-paragraph in this paragraph and the right to recover and receive all compensation which may be payable to it in respect of them;
 - (x) its uncalled capital; and
 - (xi) its Intellectual Property Rights (including the patents and trademarks specified in Schedule 3 to the Composite Debenture).

Continuation Sheet for short particulars of all the property mortgaged or charged

Name of Company: Lyons Tetley Limited

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PROVIDED THAT:

if in relation to Intellectual Property Rights the subject of a fixed charge under the Composite Debenture, the Company is prohibited, either absolutely or conditionally under the terms and conditions of the relevant Intellectual Property Right from creating mortgages or charges or assignments in relation to that Intellectual Property Right, (including without limitation the condition that consent of a third party is obtained), then none of the fixed charges or floating charge created by the Composite Debenture shall effect such Intellectual Property Rights unless and until, in the case of an absolute prohibition, the prohibition is waived or, in the case of a conditional prohibition, any necessary consent is obtained. Upon such waiver or consent being given the Intellectual Property Rights in question shall ipso facto and without any further act on the part of the Company be and become subject to the fixed security created by the Composite Debenture.

3. The Company, as beneficial owner and as security for the payment of all of the Secured Liabilities, charged in favour of the Security Agent by way of a first floating charge all its assets not otherwise effectively mortgaged or charged by way of fixed mortgage or charged as referred to in paragraphs 1 or 2 above other than the excluded property.
4. The Security Agent may by notice to the Company convert the floating charge created by the Composite Debenture into a fixed charge as regards all or any of the Company's assets specified in the notice if an event of default under the Credit Agreement has occurred and is continuing.
- (c) The Company as beneficial owner agreed in the Composite Debenture that upon the occurrence of an Event of Default under the Credit Agreement the Company would if the Security Agent required assign absolutely all its right and title to and interest in the trade marks registered in Australia owned by the Company to the Security Agent (as agent and trustee as aforesaid) PROVIDED THAT if the Security Agent so required:-
 - (i) upon the Security Agent so requiring an assignment that the Company enter into a licence containing such control provisions as the Security Agent considered reasonably necessary to protect those Intellectual Property Rights with the Security Agent and for the use of those Intellectual Property Rights within a period of ten days; and
 - (ii) upon the expiry of the Security Period, the Security Agent would, at the request and expense of the Company promptly reassign absolutely to the Company its rights and title to and interest in such Intellectual Property Rights.
5. (a) The Company as beneficial owner, as continuing security for the payment, discharge and performance of the Secured Liabilities, assigned and agreed to assign to the Security Agent all its right, title and interest (if any) in and to the Hedging Documents and its rights, title and interest in all representations and warranties made in its favour in the Sale and Purchase Agreement.
- (b) To the extent that any such right, title and interest described in sub-paragraph (a) is not assignable or capable of assignment, the assignment thereof purported to be effected by the Composite Debenture shall operate as, in the case of the Relevant Agreements, an assignment of any and all damages, compensation, remuneration, profit, rent or income which the

Continuation Sheet for short particulars of all the property mortgaged or charged

Name of Company: Lyons Tetley Limited

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Company may derive therefrom or be awarded or entitled to in respect thereof, in each case as continuing security for the payment, discharge and performance of the Secured Liabilities.

6. The following terms used in this Companies Form No. 395 have the meanings set out below:-

"Certificate of Title"

means any certificate of title in relation to the Mortgaged Property provided by Ashurst Morris Crisp dated 28th June, 1995;

"Credit Agreement"

means the £146,000,000 credit agreement dated 28th June, 1995 between Union Bank of Switzerland, the Banks as defined therein and Karand Limited and certain of its subsidiaries as amended by a Waiver Letter dated 28th July, 1995.

"Finance Document"

- (a) the Credit Agreement;
- (b) a Hedging Document;
- (c) a borrower accession agreement;
- (d) a guarantor accession agreement;
- (e) a novation certificate;
- (f) the Intercreditor Deed;
- (g) any Security Document;
- (h) the Fee Letter;
- (i) the hedging letter;
- (j) any deed of priorities entered into pursuant to the reference to subordination agreement in the definition of Local Bank Facility; or
- (k) any other document which the Security Agent and the Company agree should be a Finance Document.

"Finance Party" means a Bank, the Lead Arranger, a Co-Arranger, a Hedging Bank, the Single LC Banks, the Agent or the Security Agent.

"Fixtures"

means all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery on the Mortgaged Property.

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Name of Company: Lyons Tetley Limited

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"Group" means the Extended Group other than Excluded Subsidiaries from time to time.

"Hedging Documents" Union Bank of Switzerland and any other bank or financial institution which becomes party to the Intercreditor Deed as a hedging bank as provider of interest rate hedging facilities to one or more of the Obligors;

"Insurances"

means all contracts and policies of insurance taken out by or on behalf of the Company by any other Group company or (to the extent of its interest) in which the Company has an interest.

"Intellectual Property Rights"

means all know-how, patents, trade marks, service marks, designs, business names, topographical or similar rights, copyrights and other intellectual property monopoly rights and any interests (including by way of licence) in any of the foregoing (in each case whether registered or not and including all applications for the same).

"Obligor"

means the Company, each other member of the Group and each Excluded Subsidiary that, in each case, is a party to a Finance Document.

"Mortgaged Property"

means any freehold or leasehold property the subject of the security created by the Composite Debenture, and in the case of the Company, means such of its freehold or leasehold property which is subject to the security created by the Composite Debenture.

"Related Rights"

means (i) any dividend or interest paid or payable in relation to any Shares, (ii) any stocks, shares, securities, rights, moneys or property accruing or offered at any time (whether by way of redemption, bonus, preference, option rights or otherwise) in relation to or in respect of any of the Shares by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise and (iii) all dividends, interest or other income in respect of any such asset as is referred to (ii) of this paragraph.

"Relevant Contracts" means each of:

- (a) a due diligence report from Lovell White Durrant addressed to the Finance Parties;
- (b) a tax review from Price Waterhouse, addressed to the Finance Parties;
- (c) the report prepared by Price Waterhouse dated 20th June, 1995;
- (d) the report prepared by KPMG Peat Marwick McLintock dated 16th June, 1995-;
- (e) the insurance report of Sedgwick's U.K. Limited;

Continuation Sheet for short particulars of all the property mortgaged or charged
 Name of Company: Lyons Tetley Limited
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- (f) the Certificate of Title;
- (g) the marketing report of COBA; and

"Sale and Purchase Agreement"

means the share sale and purchase agreement signed on or about the date of the Credit Agreement between the vendors and the Company and certain of its Subsidiaries as buyers.

"Security Account"

means an account established under Clause 5 (Security Accounts) of the Composite Debenture.

"Security Agent"

means Union Bank of Switzerland as agent and trustee for itself and each of the Finance Parties.

"Security Assets"

means all assets of the Company the subject of any security created by the Composite Debenture.

"Security Period"

means the period beginning on the date of the Composite Debenture and ending on the date on which the Security Agent is satisfied (acting reasonably) that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full.

"Shares"

stocks, shares, debentures, bonds or other securities and investments now or in the future owned by the Company.

9. In the Composite Debenture and in this Companies Form 395:

- (a) a reference to a charge or mortgage of any freehold or leasehold property includes:
 - (i) all buildings and Fixtures on that property;
 - (ii) the proceeds of sale of any part of that property; and
 - (iii) the benefit of any covenants for title given or entered into by any predecessor in title of the Company in respect of that property or any moneys paid or payable in respect of those covenants.
- (b) a reference to any assets includes, unless the context otherwise requires, present and future assets;

Continuation Sheet for short particulars of all the property mortgaged or charged

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- (c) references to a Finance Document or any other document is a reference to that Finance Document or other document as varied, supplemented or novated;
- (d) references to persons shall be deemed to be references to or to include, as appropriate, their respective successors, transferees and assigns; and
- (e) any reference not defined herein shall bear the meaning as defined in the Credit Agreement.

Note: the Credit Agreement contains restrictions on the ability of the Company to create or permit to subsist other Security Interests on the Security Assets and to dispose of the Security Assets.

Continuation Sheet for short particulars of all the property mortgaged or charged

Name of Company: Lyons Tetley Limited

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SCHEDULE
Real Property

None

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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. 00711835

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A COMPOSITE DEBENTURE DATED THE 19th SEPTEMBER 1995 AND CREATED BY LYONS TETLEY LIMITED FOR SECURING ALL PRESENT AND FUTURE OBLIGATIONS AND LIABILITIES (WHETHER ACTUAL OR CONTINGENT AND WHETHER OWED JOINTLY OR SEVERALLY OR IN ANY OTHER CAPACITY WHATSOEVER) OF EACH OBLIGOR AS DEFINED TO UNION BANK OF SWITZERLAND AS AGENT AND TRUSTEE FOR EACH FINANCE PARTY (AS DEFINED IN THE CREDIT AGREEMENT) (THE "SECURITYAGENT") UNDER THE FINANCE DOCUMENTS WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 9th OCTOBER 1995.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 11th OCTOBER 1995.

A. P. GODDARD

for the Registrar of Companies

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11/10
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C O M P A N I E S H O U S E

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