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in black type, or
bold block lettering

*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

(5) 111

839154

Name of company

* Fairey Hydraulics Limited (the "Company") NOW KIA FH LIMITED
C/N. 26/1/98.

Date of creation of the charge

23 January 1998

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

Letter of Offset dated 23 January 1998 executed by the Company in favour
of The Governor and Company of the Bank of Scotland (the "Bank") (the
"Charge")

Formerly
KIA FALEY

Amount secured by the mortgage or charge

HYDRAULICS LTD)

All moneys at the date of the Charge or at any time thereafter owing to
the Bank by the Principal Debtors (as defined in the Charge), or any of
them, in any manner whatsoever and whether actually or contingently
together with interest, discount, commission and all other charges and
expenses subject at all times to the provisions of the Senior Finance
Documents (as defined in the Facilities Agreement dated 23 January 1998
made between Claverham 98 Limited, Claverham Limited, Fairey Hydraulics
Limited, Fairey Hydraulics 1997 Limited and The Governor and Company of
the Bank of Scotland in its various capacities)

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

The Governor and Company of the Bank of Scotland, Broad Street House, 55
Old Broad Street, London, EC2P 2HL

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

Lovell White Durrant
65 Holborn Viaduct
London
EC1A 2DY

A1/AJF/AJAP/139175

Time critical reference

For official use
Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

All moneys at the date of the Charge or at any time thereafter standing to the credit of any account or accounts of the Company in the Bank's books are charged by way of fixed and specific charge

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

Particulars as to commission allowance or discount (note 3)

N/A

Signed Lovell White Dunlop Date 6 February 1998
SOLICITORS
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.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 00839154

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A LETTER OF OFFSET (EXECUTED BY THE COMPANY FORMERLY KNOWN AS FAIREY HYDRAULICS LIMITED) DATED THE 23rd JANUARY 1998 AND CREATED BY F H LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE "PRINCIPAL DEBTORS" (AS THEREIN DEFINED) TO THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND ON ANY ACCOUNT WHATSOEVER AND ALL OTHER CHARGES AND EXPENSES SUBJECT AT ALL TIMES TO THE PROVISIONS OF THE SENIOR FINANCE DOCUMENTS (AS DEFINED IN THE FACILITIES AGREEMENT DATED 23 JANUARY 1998 (AS DEFINED)) WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 6th FEBRUARY 1998.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 11th FEBRUARY 1998.

W. Grandon
W. GRANDON

for the Registrar of Companies



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