



Registration of a Charge

Company Name: **PRECISION TECHNOLOGIES INTERNATIONAL LIMITED**

Company Number: **04155600**



Received for filing in Electronic Format on the: **19/05/2021**

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Details of Charge

Date of creation: **05/05/2021**

Charge code: **0415 5600 0013**

Persons entitled: **ARBUTHNOT COMMERCIAL ASSET BASED LENDING LIMITED**

Brief description:

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **DMH STALLARD LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 4155600

Charge code: 0415 5600 0013

The Registrar of Companies for England and Wales hereby certifies that a charge dated 5th May 2021 and created by PRECISION TECHNOLOGIES INTERNATIONAL LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 19th May 2021 .

Given at Companies House, Cardiff on 20th May 2021

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

DATED

5 May

2021

(1) ARBUTHNOT COMMERCIAL ASSET BASED
LENDING LIMITED

AND

(2) PRECISION TECHNOLOGIES INTERNATIONAL
LIMITED

MORTGAGE OVER CHATTELS



ARBUTHNOT
COMMERCIAL

Asset Based
Lending

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DATE OF CHATTELS MORTGAGE

5 May

2021

PARTIES

- (1) **ARBUTHNOT COMMERCIAL ASSET BASED LENDING LIMITED** a company incorporated and registered under the laws of England and Wales with limited liability and with registered company number 10915339 whose registered office is at Arbuthnot House, 7 Wilson Street, London EC2M 2SN (**Arbuthnot**); and
- (2) **PRECISION TECHNOLOGIES INTERNATIONAL LIMITED** a company incorporated in England and Wales under number 04155600 whose registered office is at Mariner, Lichfield Road Industrial Estate, Tamworth, Staffordshire, B79 7UL (**Chargor**).

THIS DEED WITNESSES THAT:

1 INTERPRETATION

1.1 Definitions

In this Deed, including the Schedules, the following words and expressions have the following meanings:

Chattels means the equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus, goods, chattels or other tangible movable property described in Schedule 1 (including any component parts of those assets from time to time held by the Chargor (whether or not attached to those assets)), together with all additions, alterations, substitutions, replacements, renewals or modifications of or to those assets from time to time, and all accessories to those assets from time to time (including maintenance and other records, manuals, handbooks, data, drawings and schematics relating to those assets or documents relating to warranties and patent indemnities given by manufacturers or suppliers of those assets).

Encumbrance means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Expenses means any of the following:

- (a) all banking, legal and other costs, charges, expenses and/or liabilities (including VAT thereon) paid or, if earlier, incurred, by or on behalf of Arbuthnot or Receiver, as the case may be, (in each case on a full indemnity basis):
- (i) in relation to the Chattels;
 - (ii) in protecting, preserving, improving, enforcing or exercising (or considering, or attempting, any of the foregoing) any rights under or pursuant to any of the Finance Documents;
 - (iii) in procuring the payment, performance or discharge of the Secured Liabilities; or
 - (iv) in stamping, perfecting or registering any of the Finance Documents (or any Encumbrance or assignment created or purported to be created pursuant thereto); and
- (b) the principal amount of any borrowings, together with interest thereon, and all other expenses and liabilities of Arbuthnot or Receiver paid or incurred from time to time in

relation to the exercise of any of their respective rights or powers referred to or contained in any of the Finance Documents.

Facilities Agreement means the asset based facilities agreement entered into between Arbuthnot and the Chargor dated 15 April 2019 (as amended, varied or supplemented from time to time).

Insurances means the policies of insurance in which the Chargor is interested in respect of the Chattels, details of which are set out in Schedule 2, and any other policies of insurance in which the Chargor may now or hereafter have an interest and **Insurance** shall mean each one of the Insurances.

LPA 1925 means the Law of Property Act 1925.

Receiver means a receiver appointed under this Deed.

Secured Liabilities means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly or severally, as principal or as surety or in any capacity whatsoever) of the Chargor to Arbuthnot on any account whatsoever and howsoever arising (including, without limitation, under the Finance Documents) together with all Expenses.

Security Period means the period beginning on the date of this Deed and ending on the date on which Arbuthnot is satisfied that the Secured Liabilities have been unconditionally and irrevocably discharged in full and that no further Secured Liabilities are capable of being outstanding.

1.2 Interpretation

- (a) Words and phrases which are not defined or construed in this Deed but which are defined or construed in the Facilities Agreement or in the Law of Property Act 1925 or the Insolvency Act 1986 shall be construed as having the meanings ascribed to them therein.
- (b) For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Facilities Agreement and of any side letters between any parties in relation to the Facilities Agreement are incorporated into this Deed.
- (c) In construing this Deed, general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words. In addition, the words "any of" shall be construed as a reference to any one or more (including all) of the rights, assets, liabilities or other things referred to.
- (d) The security constituted by, and the rights of Arbuthnot under, this Deed shall be enforceable notwithstanding any change in the constitution of Arbuthnot or its absorption in or amalgamation with any other person or the acquisition of all or part of its undertaking by any other person.
- (e) The headings in this Deed are inserted for convenience only and shall not affect its construction or interpretation and references to a Clause or Schedule are (unless otherwise stated) to a Clause in, or a Schedule to, this Deed.
- (f) Any reference in this Deed to **this Deed** or to any other agreement or document shall, unless the context otherwise requires, be construed as a reference to this Deed or to

such other agreement or document as the same may from time to time be amended, varied, supplemented, novated or replaced and shall include any document which is supplemental to, is expressed to be collateral with, or is entered into pursuant to or in connection with, the terms of this Deed or of such other agreement or document.

- (g) The illegality, invalidity or unenforceability of any provision of this Deed under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction or the legality, validity or enforceability of any other provision of this Deed.
- (h) Save where the context otherwise requires, the plural of any term includes the singular and vice versa.
- (i) Any reference in this Deed to any statute or statutory provision shall, unless the context otherwise requires, be construed as a reference to such statute or statutory provision as in force at the date of this Deed and as subsequently re-enacted or consolidated and shall also include all instruments, orders and regulations for the time being made thereunder or deriving validity therefrom.
- (j) In this Deed the expressions **Chargor** or **Arbuthnot** shall, unless the context otherwise requires, include their respective assignees, transferees or successors in title, whether immediate or derivative in relation to their respective interests.

- 2 COVENANT TO PAY** The Chargor hereby agrees that it will on demand pay, perform and discharge to Arbuthnot all the Secured Liabilities when due in accordance with the terms of the relevant Finance Document evidencing or giving rise thereto.

3 CHARGING PROVISIONS

3.1 Mortgage

The Chargor, as continuing security for the payment, discharge and performance of all the Secured Liabilities in relation to all of the following assets whether now or in future belonging to the Chargor hereby, in each case with full title guarantee:

- (a) charges to Arbuthnot by way of legal mortgage all of the Chattels detailed in Schedule 1;
- (b) charges (to the extent not validly or effectively charged by way of legal mortgage under clause (a) or assigned under clause (c) to Arbuthnot by way of fixed charges the assets detailed in Schedule 3;
- (c) assigns and agrees to assign by way of security to Arbuthnot all its rights, title and interest in and to:
 - (i) the benefit of all other contracts, guarantees, appointments, warranties relating to the Chattels and all other documents to which the Chargor is a party, which are in its favour or of which it has the benefit (including, in each case, but without limitation, the right to demand and receive all monies payable whatsoever to or for its benefit under or arising from any of them, all remedies provided for in any of them or available at law or in equity in relation to any of them, the right to compel performance of any of them and all other rights, interests and benefits whatsoever accruing to or for its benefit arising from any of them) to the extent not effectively assigned under any other provision of this Deed;

- (ii) all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Chattels; and
- (iii) the benefits arising under the Insurances.

3.2 Further advances

This Deed secures both present and further advances. Arbuthnot covenants to make available advances and further advances to the extent (and on the terms) provided for in any agreement from time to time giving rise to the Secured Liabilities.

4 UNDERTAKINGS, REPRESENTATIONS AND WARRANTIES

The Chargor agrees that, for the entire duration of the security created by this Deed, it will provide on a repeating basis:

- (a) the representations and warranties detailed at Schedule 4; and
- (b) the undertakings detailed at Schedule 5.

5 FURTHER ASSURANCE AND POWER OF ATTORNEY

5.1 Further assurance

At Arbuthnot's request, the Chargor will, at its own expense, immediately sign, seal, execute, deliver and perfect all deeds, debentures and instruments including, without limitation, standard securities, assignments and any other documents needed in relation to assets in Scotland and any other jurisdiction and do all such other acts and things as Arbuthnot or any Receiver appointed under this Deed may require in order to perfect, protect or enforce this security in respect of the Chargor or to facilitate the realisation of any of the Chattels or to use the powers given to each of them in this Deed or to enforce the obligations of the Chargor and/or the rights of Arbuthnot under this Deed and it will take such steps as Arbuthnot shall specify to make such registrations and give such notifications as Arbuthnot may consider appropriate (or which may be specified by applicable law) in relation to this Deed and the Chargor authorises Arbuthnot to effect the same if Arbuthnot so chooses.

5.2 Execution of documents/registration

Without prejudice to Clause 5.1 the Chargor will at the request of Arbuthnot and at the Chargor's own expense, execute a legal mortgage, charge or assignment of any part of the Chattels of the Chargor, subject to or intended to be subject to any fixed security under this Deed in such form as Arbuthnot may require. In every such case the Chargor will then take such other steps as Arbuthnot may require to perfect such legal mortgage, charge or assignment including, without limitation, using all reasonable endeavours to obtain the consent of any landlord or other person required for any legal mortgage.

5.3 Power of attorney

The Chargor, by way of security and in order more fully to secure the performance of its obligations hereunder, irrevocably appoints Arbuthnot, any directors, officers or managers for the time being of Arbuthnot and any other person authorised by the directors of Arbuthnot and any Receiver appointed hereunder, jointly and each of them severally, to be the lawful attorneys of the Chargor for the purposes set out in this Clause 5.3. Such appointment gives each attorney

the power in the Chargor's name and on its behalf to act and to carry out all acts and execute all the deeds, debentures, instruments and other documents required of the Chargor under this Deed in the event of the Chargor not having done so following the relevant request from Arbuthnot. Each attorney so appointed may appoint substitute attorneys to carry out all or any of such purposes. The Chargor agrees to ratify and confirm any instrument, act or thing which any such attorney or substitute attorney may lawfully execute or do in the name or on behalf of the Chargor.

6 APPOINTMENT OF RECEIVER AND THEIR POWERS

6.1 Appointment of a Receiver

The restrictions in Section 109 and Section 91(2) of the Law of Property Act 1925 (restricting, inter alia, the power to appoint a receiver, the maximum rate of a receiver's remuneration and the power to apply to court for an order for sale of mortgaged property) shall not apply to this Deed. At any time after:

- (a) this security becomes enforceable (whether as a consequence of a Termination Event occurring or otherwise);
- (b) the Chargor at any time so requests in writing; or
- (c) Arbuthnot becomes aware of the intention of any party to apply for an administration order to be made in relation to the Chargor or any such application is made,

Arbuthnot may, without further notice to the Chargor, appoint any person to be a Receiver of the Chargor (as Arbuthnot may in its absolute discretion determine is appropriate) in respect of the Chattels of the Chargor. The appointment of a Receiver may extend to the whole or any part of the Chattels. Arbuthnot may, so far as the law permits, remove any Receiver. In case of the removal, retirement or death of any Receiver, Arbuthnot may appoint another in his place. At the time of his appointment (or at any time afterwards) Arbuthnot may fix the remuneration of a Receiver on such basis as Arbuthnot shall determine.

6.2 Joint and several obligations

Arbuthnot may appoint more than one person to act as a Receiver and where it does so those so appointed shall carry out their duties, exercise their rights, and be subject to their obligations jointly as well as severally. References in this Deed to a "Receiver" shall be to each and all of them as appropriate.

6.3 Writing

The appointment of a Receiver or the removal or fixing of the remuneration of a Receiver shall be made in writing and may be signed by any director or officer of Arbuthnot.

6.4 Appointment of Receiver and their powers

- (i) Any Receiver shall be the agent of the Chargor. The Chargor will, and Arbuthnot will not in any way, be responsible for the acts, omissions, losses, misconduct, defaults and remuneration of such Receiver.
- (i) A Receiver shall, without the need for the consent of the Chargor have all of the powers described in this Clause, unless any such powers shall specifically be excluded by the written

terms of his appointment. A Receiver may exercise these powers in such way, at such time and on such terms as he shall think fit, necessary or expedient and whether in his name or the name of the Chargor and without being under any obligation to take or omit to take any action which the Chargor, but for the appointment of the Receiver, would or might have considered to be in the Chargor's interests. A receiver shall have the powers granted by the Law of Property Act 1925 to any receiver appointed under such Act and all the powers of an administrative receiver under Schedule 1 of the Insolvency Act 1986. A Receiver shall also have the power on behalf and at the cost of the Chargor, and in the Chargor's name or otherwise, to do or omit to do anything which the Chargor could do or omit to do or could have done or omitted to do but for any incapacity or the appointment of a liquidator or equivalent officer in relation to the Chargor or its Chattels.

6.5 Arbuthnot's powers

Whether or not a Receiver shall be appointed under this Deed, Arbuthnot may at any time after this security becomes enforceable, and without giving notice, exercise all or any of the powers, authorities and discretions conferred on a Receiver as set out above.

7 CONSEQUENCES OF A TERMINATION EVENT

Following the occurrence of a Termination Event the security constituted by this Deed shall become enforceable.

8 POWER OF POSSESSION AND SALE

At any time after this security has become enforceable, Arbuthnot and/or any Receiver appointed under this Deed may, in their discretion, enter upon and take possession of the Chattels. They may also, at their discretion, when exercising their powers given in this Deed, sell, call in, collect and convert into monies the Chattels or any part of them. By way of extension of these powers such sale, calling in and conversion may be done for such consideration in such form and upon such terms as to payment and otherwise as Arbuthnot or any Receiver shall think fit.

9 ENFORCEMENT OF SECURITY

9.1 Enforcement powers

9.1.1 For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this Deed.

9.1.2 The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this Deed) shall be immediately exercisable at any time after the security constituted by this Deed has become enforceable under Clause 7.

9.1.3 Section 103 of the LPA 1925 does not apply to the security constituted by this Deed.

10 APPLICATION OF MONIES

10.1 Order of Payment

All monies received by Arbuthnot or by a Receiver under or by virtue of this Deed shall be applied (so far as the law permits) in the following order:

- (a) in payment of all costs, charges and expenses of or incidental to the appointment of the Receiver, the payment of his remuneration and the payment and discharge of any other Expenses incurred by or on behalf of the Receiver;
- (b) in or towards payment of any debts or claims which are by statute payable in preference to the Secured Liabilities but only to the extent to which those debts or claims have such preference;
- (c) in payment to Arbuthnot of the Secured Liabilities due to Arbuthnot in such order as Arbuthnot in its absolute discretion thinks fit; and then
- (d) in payment to the Chargor of any surplus (which shall not carry interest) which may be paid into any of the Chargor's bank accounts including an account opened specifically for such purpose. Arbuthnot shall then have no further liability for the surplus.

10.2 Appropriation

Following the enforcement of this Deed, any monies received by Arbuthnot may be appropriated by Arbuthnot in its discretion in or towards the payment and discharge of any part of the Secured Liabilities.

10.3 Suspense accounts

Arbuthnot or the Receiver may credit any monies to a suspense account for so long and in such manner as Arbuthnot may from time to time determine. The Receiver or Arbuthnot may retain the same for such period as the Receiver and Arbuthnot consider expedient.

11 PROTECTION OF THIRD PARTIES

11.1 Third party payments

No person paying or handing over monies to a Receiver and obtaining a discharge shall have any responsibility or liability to confirm the correct application of such monies.

11.2 Third party dealings

No person dealing with Arbuthnot, or a Receiver, need enquire:

- (a) whether any event has happened giving either Arbuthnot or the Receiver the right to exercise any of his powers;
- (b) as to the propriety or regularity of any act purporting or intending to be an exercise of such powers;
- (c) as to the validity or regularity of the appointment of any Receiver purporting to act or to have been appointed as such; or
- (d) whether any of the Secured Liabilities remain unsatisfied.

11.3 Statutory protection

All the protections given to purchasers contained under sections 104 and 107 of the Law of Property Act 1925 shall apply to any person purchasing from or dealing with a Receiver or

Arbuthnot as if the Secured Liabilities had become due and the statutory power of sale and appointment of the Receiver in relation to the Chattels had arisen, on the date of this Deed.

11.4 Express notice

No person dealing with Arbuthnot or any Receiver shall be affected by express notice that any act is unnecessary or improper.

12 CONTINUING AND ADDITIONAL SECURITY

12.1 Continuing security

This security is a continuing security for all the Secured Liabilities notwithstanding any interim settlement of account until a final discharge of this security shall be given by Arbuthnot.

12.2 Non-merger

This security is in addition to, and shall not merge or otherwise prejudice or affect, any other right or remedy of Arbuthnot or any assignment, bill, note, guarantee, Encumbrance, or other security now or in future in favour of Arbuthnot or held by, or available to, Arbuthnot (whether created by the Chargor or any third party).

13 EXPENSES AND INDEMNITIES

13.1 Expenses and interest

All Expenses incurred and all payments made by Arbuthnot or any Receiver in the lawful exercise of the rights created by this Deed shall carry interest at a rate of 2%. Interest under this Deed shall accrue (both before and after judgment) from the date the Expenses were incurred or the sum paid became payable, whichever shall be earlier, until the date the same are paid and discharged in full. Arbuthnot may compound unpaid interest with rests at such times as it may consider appropriate. The amount of all Expenses and payments referred to in this Clause 13.1 and any interest thereon shall be payable by the Chargor on demand.

13.2 General indemnity

The Chargor agrees to indemnify Arbuthnot (and its nominees) and any Receiver on demand against all losses, actions, claims, expenses, demands and liabilities now or in the future incurred by any of them or by any manager, agent, officer or employee for whose liability, act or omission any of them may be answerable for anything done or omitted in the exercise or purported exercise of the rights contained in this Deed or caused by any breach by the Chargor of any of its obligations under this Deed or in connection with the Chattels. Arbuthnot (and its nominees) and any Receiver shall also be entitled to be indemnified out of the Chattels in respect of all losses, actions, claims, expenses, demands and liabilities incurred by them in the execution, or purported execution, of any of the rights vested in them under this Deed.

13.3 Tax indemnity

The Chargor agrees to indemnify Arbuthnot and any Receiver on demand against all present or future stamp or other taxes or duties and any penalties or interest with respect thereto which may be imposed by any competent authority in connection with the execution or enforcement of this Deed or in consequence of any payment made pursuant to this Deed being challenged or declared void for any reason whatsoever.

13.4 Currency indemnity

13.4.1 For the purpose of, or pending, the discharge of any of the Secured Liabilities, Arbuthnot or a Receiver may convert any monies received, recovered or realised under this Deed (including the proceeds of any previous conversion) from their existing currency into such other currency as Arbuthnot or such Receiver may think fit. Any such conversion shall be effected at the then prevailing spot selling rate of exchange of Arbuthnot's bankers for such other currency against the existing currency.

13.4.2 The Chargor jointly and severally agrees to indemnify Arbuthnot against any shortfall between:

- (a) any amount received or recovered by Arbuthnot in respect of any of the Secured Liabilities which is converted in accordance with Clause 13.4.1 into the currency in which such liability was payable; and
- (b) the amount payable to Arbuthnot under this Deed in the currency of such liability.

14 PAYMENTS, DISCHARGE AND SET-OFF

14.1 Payments without deduction

All payments to be made to Arbuthnot under this Deed shall be made free and clear of and (save as required by law) without deduction for or on account of any tax withholding, charges, set-off or counterclaim. All payments shall be made into such account(s) as Arbuthnot may from time to time specify for the purpose.

14.2 Set-off

Without prejudice to any right of set-off or combination of accounts contained in any Finance Document, Arbuthnot may at any time following the occurrence of a Termination Event without notice to the Chargor combine or consolidate all or any amounts standing to the credit of the Chargor's account or accounts with Arbuthnot and/or set off any amount owed by Arbuthnot to the Chargor against any obligation (whether or not matured) owed to Arbuthnot by the Chargor whether or not each is expressed in the same currency.

14.3 Gross-up and tax receipts

If the Chargor is required by law to make a deduction or withholding from any payment made under this Deed, then the sum payable by the Chargor shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, Arbuthnot receives and retains (free from any liability related to such deduction or withholding) a net sum equal to the sum which it would have received and retained had no such deduction or withholding been made or required to be made. The Chargor will pay the amount deducted or withheld to the relevant tax or other authorities within the time allowed for such payment under applicable law and will deliver to Arbuthnot within 30 days of making such payment an original receipt or other evidence issued by the relevant authority showing that payment has been made in full.

14.4 Discharge of security

Upon payment and complete discharge and performance of all the Secured Liabilities under or in relation to this Deed, Arbuthnot shall, at the request and cost of the Chargor, duly discharge this security so far as it relates to the Chargor's Chattels and any further security given by the Chargor in accordance with the terms hereof. Arbuthnot will also, at the request and cost of the Chargor,

transfer to the Chargor any of the Chattels of the Chargor which have been assigned or transferred to Arbuthnot. If any Chattels transferred or assigned to Arbuthnot were fungible, Arbuthnot may transfer to the Chargor assets of the same class, denomination and quality rather than the identical Chattels transferred or assigned to it under this Deed.

14.5 Avoidance of payments

The right of Arbuthnot to payment of the monetary obligations comprised in the Secured Liabilities or to enforce the terms of this Deed shall not be affected by any payment or any act or thing which is avoided or adjusted under the laws relating to bankruptcy or Insolvency Proceedings or under Part VI of the Insolvency Act 1986. Any release, or discharge given or settlement made by Arbuthnot relying on any such payment, act or thing shall be void and of no effect.

15 SERVICE OF NOTICES AND PROCESS

15.1 Chargor's address for service

Unless otherwise provided in this Deed, any written notice from Arbuthnot to the Chargor and any proceedings issued by Arbuthnot requiring service on the Chargor may be given or served by delivering it at or posting it to:

- (a) the Chargor's address set out under its name at the end of this Deed or to such other address of the Chargor advised to and acknowledged by Arbuthnot as being effective for the purposes of service;
- (b) the Chargor's registered office; or
- (c) any address last known to Arbuthnot at which the Chargor carried on business.

It may also be handed to any officer of the Chargor. Such notice may also be given by facsimile transmission or electronic medium to the Chargor's number or address acknowledged by Arbuthnot for communication by such means.

15.2 Time of service on Chargor

Any such notice or process shall be considered served:

- (a) if delivered – at the time of delivery;
- (b) if sent by post – 48 hours from the time of posting;
- (c) if sent by facsimile transmission or electronic medium – at the time of receipt; or
- (d) if handed over – at the time of handing over.

15.3 Service on Arbuthnot

Any notice in writing by the Chargor to Arbuthnot required hereunder shall take effect at the time it is received by Arbuthnot at its registered office or at such other address as Arbuthnot may advise in writing to the Chargor for this purpose unless such notice is received on a day which is not a Business Day, in which case, it shall take effect on the next Business Day.

16 TRANSFERS AND DISCLOSURES

16.1 Transfers by Arbuthnot

This Deed is freely transferable by Arbuthnot to any other party. The Chargor consents to any such transfer (whether by novation, assignment, or otherwise). References in this Deed to the "Arbuthnot" shall include its successors, assignees and transferees and any person to whom this Deed is novated.

16.2 No transfers by the Chargor

The Chargor may not assign or transfer any of its obligations under this Deed nor may it enter into any transaction which would result in any such obligations passing to another person, without the prior written consent of Arbuthnot.

16.3 Disclosure of information

Arbuthnot may disclose any information about the Chargor and any member of the Chargor's Group and any other person connected or associated with it to any members of Arbuthnot's Group and/or to any person to whom Arbuthnot is proposing to transfer or assign, or has transferred or assigned, this Deed and/or any of the Secured Liabilities (or any director, officer, agent or employee thereof or any professional adviser thereto). The Chargor represents and warrants that it has, and (so far as permitted by law) will maintain, any necessary authority by or on behalf of any such persons to agree to the provisions of this Clause.

17 MISCELLANEOUS

17.1 Delays and omissions

No delay or omission on the part of Arbuthnot in exercising any right or remedy under this Deed shall impair that right or remedy or operate as or be taken to be a waiver of it. Any single, partial or defective exercise of any such right or remedy shall not prevent the further exercise of that or any other right or remedy.

17.2 Cumulative rights

Arbuthnot's rights under this Deed are cumulative. They are not exclusive of any rights provided by law. They may be exercised from time to time and as often as Arbuthnot sees fit.

17.3 Waivers

Any waiver by Arbuthnot of any terms of this Deed or any consent or approval given by Arbuthnot under it shall only be effective if given in writing. Such consent and approval shall then only apply for the purpose stated and be subject to any written terms and conditions imposed by Arbuthnot.

17.4 Illegality

If at any time any one or more of the provisions of this Deed is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction then neither the legality, validity or enforceability of the remaining provisions of this Deed nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall be in any way affected or impaired as a result.

17.5 Arbuthnot's certificates

Any certificate signed by a director or authorised officer of Arbuthnot as to the amount of the monetary obligations comprised in the Secured Liabilities at the date of that certificate shall, in the absence of manifest error, be conclusive evidence of that amount and be binding on the Chargor to whom such certificate is addressed.

17.6 Counterparts

This Deed may be executed in any number of counterparts and by different parties on separate counterparts each of which, when executed and delivered, shall constitute an original and all the counterparts together shall constitute but one and the same instrument.

17.7 Paper

The paper on which this Deed is written is, and will remain at all times, the property of Arbuthnot, even after the discharge of this security.

17.8 Access and Inspection

For the purpose of gaining access to or inspecting or (following any Termination Event which is continuing) taking possession of any of the computer equipment, computer data, books, documents and other records included in or relating to the Chattels or for the purpose of taking copies of any of such data, books, documents and records any duly authorised official of Arbuthnot and any Receiver and any person authorised by such Receiver shall have the right at any time to enter upon any premises at which the Chargor carries on business and upon any other premises in which any part or all of such computer equipment, computer data, books, documents and other records are for the time being kept or stored.

17.9 Contracts (Rights of Third Parties) Act 1999

Other than in relation to the provisions of Clause 12, the terms of this Deed may only be enforced by a party to it and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.

18 LAW AND JURISDICTION

18.1 Law

This Deed and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the laws of England and Wales.

18.2 Jurisdiction

- 18.2.1 The Chargor irrevocably agrees for the benefit of Arbuthnot that the courts of England and Wales shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Deed and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 18.2.2 The Chargor irrevocably waives any objection which it might now or hereafter have to the courts referred to in Clause 18.2.1 being nominated as the forum to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Deed and agrees not to claim that any such court is not a convenient or appropriate forum.
- 18.2.3 The submission to the jurisdiction of the courts referred to in Clause 18.2.1 shall not (and shall not be construed so as to) limit the right of Arbuthnot to take proceedings against the Chargor in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.
- 18.2.4 The Chargor hereby consents generally in respect of any legal action or proceeding arising out of or in connection with this Deed to the giving of any relief or the issue of any process in connection with such action or proceeding including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such action or proceeding.

IN WITNESS whereof the Chargor has duly executed this Deed as a deed and intends to deliver and hereby delivers the same on the date first above written and, prior to such delivery, this Deed has been duly signed on behalf of Arbuthnot, in the manner appearing below.

SCHEDULE 1

Chattels

Klingelnberg Precision Measuring Centre, Model P65 S/N 603126 located at 22 Mariner, Lichfield Road Industrial Estate, Tamworth, Staffordshire, B79 7UL

SCHEDULE 2

Chattel Insurances

Chubb European Group SE – Policy Number UKPKND27453

SCHEDULE 3

Fixed charges

- 1 All its Chattels and the benefit of all its rights and claims against any person in respect of the design, construction, repair or replacement of the same.
- 2 The benefit of each of the present and future agreements, licences, options, contracts, guarantees, warranties, easements, agreements for lease, and any other document, in each case, entered into by the Chargor relating to the use, acquisition, exploitation, disposal of or dealings with any of the Chattels.
- 3 All its rights and claims arising in relation to each of the Insurances including the benefit of all claims arising and all money payable under such Insurances.

SCHEDULE 4

Representations and Warranties

The Chargor represents and warrants in favour of Arbuthnot as follows (and these representations and warranties shall survive the execution of this Deed):

1 General

- (a) It is a limited company duly incorporated and validly existing under the laws of England and Wales;
- (b) it has the corporate power to carry on its business as it is now being conducted and own its assets;
- (c) subject to the Legal Reservations, this Deed constitutes legal, valid, binding and enforceable obligations and is an effective security over all and every part of its Chattels in accordance with its terms;
- (d) the entry into, delivery and performance by it of this Deed, will not involve or result in the contravention of:
 - i) its constitutional documents;
 - ii) any law or regulation applicable to it; or
 - iii) any contractual or other obligation that is binding on it or any of its assets;
- (e) the execution of this Deed has been duly authorised by a resolution of its board of directors or by a duly authorised committee of such board;
- (f) all authorisations, consents and licences necessary to enable it to enter into, deliver and perform its obligations under this Deed and to enable it to conduct its business in current form have been obtained;
- (g) no Termination Event has occurred or is continuing;
- (h) no security subsists over any of the Chattels except for the security created by or pursuant to this Deed or any of the Finance Documents or permitted pursuant to the terms of the Facilities Agreement; and
- (i) all third party consents required to ensure effective creation of the security envisaged by this Deed have been obtained.

2 Chattels

- (a) All Chattels material to its business at the date of this Deed are identified in Schedule 1;
- (b) It is the sole beneficial owner of the Chattels and no encumbrances affect the Chattels other than those permitted by Arbuthnot; and

- (c) No covenants, agreements, stipulations, reservations, conditions, interest, rights or other matters whatsoever affect the Chattels, in whole or in part, which have or would be reasonably likely to have a material adverse effect on the value or use of the Chattels or any part of them.

3 Repetition

The representations contained in this Schedule 4 are deemed to be repeated by the Chargor by reference to the facts and circumstances then existing on each day during the Security Period.

SCHEDULE 5

Undertakings

The Chargor agrees that the undertakings in this Schedule 5 remain in effect throughout the Security Period.

1 General Undertakings:

(a) The Chargor must:

- (i) ensure that it has all authorisations, consents and licences necessary to enable it to enter into, deliver and perform its obligations under this Deed and to enable it to conduct its business in its current form;
- (ii) comply with all laws and regulations applicable to it;
- (iii) maintain, preserve, protect and keep good and marketable title to all of the Chattels;
- (iv) maintain and preserve the Encumbrances created by or pursuant to this Deed and the first-ranking priority of such Encumbrances;
- (v) provide Arbuthnot with any notices, reports, accounts, circulars and other documents relating to the Chattels promptly when they are received;
- (vi) on request grant Arbuthnot and any agent of Arbuthnot all reasonable facilities to enable it or them to carry out, at the Chargor's own expense, such investigation of its title to, and other enquiries (including, without limitation, obtaining valuations) concerning, the whole or any part of its Chattels as should be carried out by a prudent mortgagee;
- (vii) promptly on becoming aware of the same, notify Arbuthnot of the occurrence of any Termination Event together with the steps being taken to remedy it (if applicable);
- (viii) immediately upon the execution of this Deed (and promptly upon the acquisition of any Chattels after the date of this Deed), deposit Arbuthnot, all deeds, title documents, certificates, account mandates, signing authorities and other documents constituting or evidencing title to each of the Chattels;
- (ix) at any time after the execution of this Deed, deposit with Arbuthnot any further deeds, title documents, certificates, account mandates, signing authorities and other documents constituting or evidencing title to the Chattels, promptly upon coming into possession of any of them;
- (x) immediately upon the execution of this Deed (and promptly upon the acquisition of any Chattels after the date of this Deed), execute and deliver to Arbuthnot (at the Chargor's expense) in such form and substance as Arbuthnot may reasonably require:
 - (A) all documents required to perfect the Encumbrances created, or purported to be created, by or pursuant to this Deed (including any documents required in connection with any registration formalities);
 - (B) any notices to any third party of any of the charges or assignments contained in this Deed;

- (C) take all such other action as is available to it as may be necessary or as may reasonably be requested by Arbuthnot to create, perfect, protect or maintain any of the Encumbrances created, or purported to be created, by or pursuant to this Deed or to vest title to any Chattels in Arbuthnot or its nominee or any purchaser, or to facilitate the realisation of any Chattels under this Deed or the exercise of any of the rights, powers and remedies of Arbuthnot provided by or pursuant to this Deed or by law, including making all filings and registrations with and paying all taxes and duties to the appropriate authorities (including Companies House, HM Land Registry and the Intellectual Property Office).

(b) The Chargor must not:

- (i) create or permit to subsist any Encumbrances over any of the Chattels other than any Encumbrances permitted pursuant to the terms of the Finance Documents;
- (ii) either in a single transaction or in a series of transactions sell, transfer, licence, lease, grant any option in respect of or otherwise dispose of all or any part of the Chattels or agree or attempt to do so unless such disposal is permitted pursuant to the terms of the Finance Documents.

2 Chattels

The Chargor will keep the Chattels in good and substantial repair and in good working order and condition, normal wear and tear excepted, and will immediately upon request by Arbuthnot affix nameplates or other identifying symbols or numbers indicating Arbuthnot's interest on the Chattels and it will not, without Arbuthnot's prior written consent, alter or remove any identifying symbol or number on the Chattels.

3 Insurances

The Chargor will:

- (a) insure and keep insured those parts of the Chattels as are of an insurable nature against loss or damage by fire and all other risks usually insured against and such other risks (which may include insurance against acts of terrorism) that Arbuthnot shall reasonably require to their full replacement value with insurers approved by Arbuthnot and will comply with all policy terms in respect thereof;
- (b) ensure that if any monies are received by the Chargor under any such Insurance in respect of any of the Chattels such monies shall be treated as part of the Chattels subject only to any rights of third parties having priority and to the requirements of any lease of the Chattels and shall be paid forthwith to Arbuthnot. Pending payment to Arbuthnot, the Chargor shall hold such proceeds on trust for Arbuthnot. The proceeds of any such Insurance shall be applied at the discretion of Arbuthnot either in reducing the Secured Liabilities as have fallen due for payment or towards making good the loss or damage for which the monies became payable; and
- (c) punctually pay all premiums and other sums payable under or in relation to each of the Insurances (and, if requested by Arbuthnot, produce evidence of payment satisfactory to Arbuthnot) and not omit to do or permit anything to be done which may make void, voidable or unenforceable any of the Insurances and not alter the terms of any of the Insurances or allow any of the Insurances to lapse.

ARBUTHNOT

Executed as a deed by

ARBUTHNOT COMMERCIAL ASSET

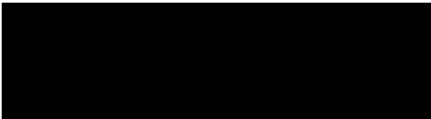
BASED LENDING LIMITED acting by

two directors:

Tim Hawkins

.....

Name of Director



.....

Signature of Director

James Shaw

.....

Name of Director



Signature of Director

CHARGOR

EXECUTED (but not delivered until.....)
the date hereof) **AS A DEED** by.....)
PRECISION TECHNOLOGIES INTERNATIONAL LIMITED ...)
acting by a director James Nicklin)
in the presence of.....)



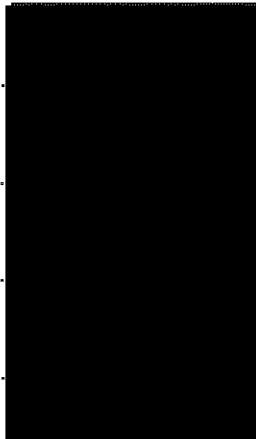
.....
Director's Signature



Witness Signature.....

Lee wardall

Witness Name.....



Witness Address

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Witness Occupation.....