

The Companies Act 1985

Company Limited by Shares

Written Resolutions

-of-

CARPETS INTERNATIONAL (UK) LIMITED

We the undersigned, being or representing all the members of the Company for the time being entitled to receive notice of and attend and vote at a general meeting of the Company hereby pass the following resolutions as Written Resolutions of the Company in accordance with the Company's Articles of Association and section 381A of and Schedule 15A to the Companies Act 1985:

Special Resolutions

1. that the provisions (as the same may be amended, varied, supplemented or substituted from time to time) of the documents referred to below which the Company is proposing to enter into and grant in connection with (inter alia) the refinancing of the Company's existing indebtedness be and are hereby approved and (notwithstanding any provisions of the Memorandum and Articles of Association of the Company or any personal interest of any of the Directors) the Directors of the Company be and are hereby empowered, authorised and directed to complete and enter into such documents to which the Company is party, being:
 - 1.1 a facilities agreement to be entered into between the Company (1), Carpet Holdings Limited (the "Parent") as guarantor (2), Burdale Financial Limited ("Burdale") as "Original Purchaser" (3) and Burdale as Facility Agent and Security Agent for the Participants (each as defined therein) (the "Agent") (4), pursuant to which the Participants (as defined therein) have agreed to make available certain facilities to the Company (the "Facilities Agreement") as follows:
 - 1.1.1 a receivables finance facility (the "Receivables Finance Facility") pursuant to which the Agent will from time to time on behalf of the Participants during the Purchase Availability Period purchase Receivables from the Company (each as defined therein);
 - 1.1.2 a revolving credit facility (the "Revolving Credit Facility") pursuant to which the Participants will during the Revolving Availability Period (i) make Revolving Loans available (ii) issue, or procure the issue, of L/Cs for the account of the Company and (iii) buy or sell Foreign Currency spot and/or for delivery at a future date on behalf of the Company (each as defined therein); and
 - 1.1.3 a term loan facility (the "Property Loan Facility") comprising a single Property Loan of up to the lesser of (i) 75% of the Property Valuation and (ii) £4,500,000, during the Term Availability Period (each as defined therein);

and pursuant to which the Company will:

(i) grant a right of set-off to the Participant Parties (as defined therein) to set-off any matured obligation due from the Company under the Finance Documents (as defined therein) (to the extent beneficially owned by that Participant Party) against any matured obligation owed by that Participant Party to the Company; and

(ii) guarantee to each Participant Party the payment of any amounts owed and the performance of all obligations by the Parent under any of the Finance Documents;

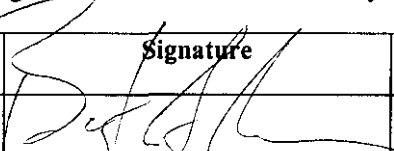
together, these facilities being the "New Facilities", each of which are to be used (i) to refinance the amounts outstanding pursuant to a facility agreement dated 3 April 1998 (as amended) and made between the Company (1) the Parent as Guarantor (2) Fleet National Bank (formerly

BankBoston, N.A.) (3) and the other parties named therein (ii) to pay fees, expenses and other costs arising in connection with the Facilities Agreement and (iii) to fund its general operating, working capital and other proper corporate purposes;

- 1.2 a debenture (the "**Debenture**") to be entered into by the Company in favour of Burdale (as Security Trustee (as defined therein)) pursuant to which, the Company will with full title guarantee and as continuing security for the payment of the Secured Liabilities create fixed and floating charges over substantially all its assets and undertaking in favour of the Security Trustee on its own behalf and on behalf of the Participants absolutely (each as defined in the Facilities Agreement or the Debenture, as appropriate);
- 1.3 a subordination agreement (the "**Deed of Subordination**") between the Company, the Parent, Burdale (in various capacities) and CGW South East Partners III, LP ("**CGW**") pursuant to which CGW will be subordinated in all respects to Burdale in terms of the debts of the Company;
- 1.4 an intra-group loan agreement (the "**Intra-Group Loan Agreement**") between the Parent as borrower and the Company as lender, pursuant to which the Company will make available to the Parent a revolving credit facility of up to £6,000,000 to be used by the Parent, among other things, in servicing and repaying any amounts owing under loan notes issued by the Parent to CGW;
- 1.5 an undertaking (the "**Undertaking**") between CGW, the Parent and the Company pursuant to which CGW will undertake to lend to the Parent (to be lent on to the Company) such amounts, up to a maximum aggregate amount of £1,500,000, as are due and payable and unpaid under the Facilities Agreement;

(together, the "**Finance Documents**").

2. that notwithstanding that the entering into and granting of the Finance Documents (except for the Deed of Subordination and the Undertaking) would constitute financial assistance within the meaning of sections 151-158 (inclusive) of the Companies Act 1985, such entry and grant and the giving of such financial assistance is for the purpose of the business of the Company and is in the best interests of the Company;
3. that the giving of such financial assistance be and is hereby approved and that the Company entering into and/or granting the Finance Documents is hereby approved;

Name of Shareholder	Signature	Date of Signature
Carpet Holdings Limited		27 November 2002