

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

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THE PETERS FRASER & DUNLOP GROUP LIMITED

(as adopted by Special Resolution passed on 18th April 1988
and amended by Special Resolutions passed on
31st May 1990 and 9th October 1996)

1. PRELIMINARY

The regulations contained in Table A as prescribed by the regulations made under section 8 of the Companies Act 1985 ("the Act") in force at the date of the adoption of these Articles of Association shall apply to the Company insofar as these Articles do not exclude or modify Table A. A reference herein to any regulation is to that regulation as set out in Table A.

2. ISSUE OF SHARES

Subject to the provisions of the Act, all unissued shares shall be at the disposal of the Directors and they may allot, grant rights, options or warrants to subscribe or otherwise dispose of them to such persons, at such times, and on such terms as they think proper.

3. TRANSFER OF SHARES

3.1 Subject to the provisions of Regulation 24 any shares may at any time be transferred:

(a) to any person with the consent (which consent may be unconditional or subject to any terms or conditions and in the latter case any share so transferred shall be held subject to such terms and conditions) of a majority in number of the



members having a right to attend and vote at general meetings of the Company being a majority together holding not less than 90 per cent in nominal value of the shares giving a right to attend and vote at general meetings; or

(b) by any individual member (not being in relation to the shares concerned a holder thereof as a trustee of any Family Trusts or any Pension Trusts) to be held upon Family Trusts or Pension Trusts related to such individual member.

3.2 Where shares are held by trustees, the trustees and their successors in office may (subject to the provisions of Article 3.1) transfer all or any of the Relevant Shares as follows:

(a) to the trustees for the time being concerned on any change of trustees;

(b) to the trustees for the time being of any other trusts being Family Trusts or Pension Trusts in relation to the Original Transferor pursuant to the terms of such Family Trusts or Pension Trusts or discretion vested in the trustees thereof or any other person; and

(c) to the Original Transferor if at the time of the transfer he or she remains a director or employee of the Company or any of its wholly-owned subsidiaries.

3.3 If and whenever any of the Relevant Shares come to be held otherwise than upon Family Trusts or upon Pension Trusts, except in circumstances whereunder a transfer thereof is authorised to be and is to be made to the person or persons entitled thereto, it shall be the duty of the trustees holding such shares to notify the Directors in writing that such event has occurred and the trustees shall be bound, if and when required in writing by the Directors so to do, to give a Transfer Notice (as defined in Article 4) in respect of the shares concerned.

3.4 For the purposes of this Article:

(a) the expression "Privileged Relation", as regards any Original Transferor, means and includes all the lineal descendants in direct line of that individual and for the purposes aforesaid a step-child or adopted child or illegitimate child of any person shall be deemed to be a lineal descendant of such person;

(b) the expression "Family Trusts", as regards any Original Transferor, means trusts (whether arising under a settlement declaration of trust or

other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than that individual and/or Privileged Relations of that individual and so that for the purposes aforesaid a person shall be deemed to be beneficially interested in a share if such share or the income thereof is or may become liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are or may become liable to be exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons;

(c) the expression "Original Transferor" means the individual by whom or at whose direction the Relevant Shares were originally transferred to trustees to be held for the purposes of the applicable Family Trusts or Pension Trusts and includes any of Mr T M B Sissons, Mr A S Jones and Miss P O Kavanagh in relation to the shares to be registered in the names of trustees of the A D Peters & Company Limited Retirement Benefits Scheme (no 2);

(d) the expression "Pension Trusts", as regarding any "Original Transferor", means trusts to provide retirement benefits for that individual or any other employee of the Company or any subsidiary of the Company;

(e) the expression "the Relevant Shares" means and includes (so far as the same remain for the time being held by the trustees of any Family Trusts or any Pension Trusts) the shares originally transferred to such trustees and any additional shares issued to such trustees by way of capitalisation or acquired by such trustees in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred.

4. PRE-EMPTION ON TRANSFER

4.1 Except in the case of a transfer of shares expressly authorised by Article 3 (hereinafter called a "Permitted Transfer"), the right to transfer shares or any interest in shares in the Company shall be subject to the following restrictions and provisions.

4.2 Before transferring any shares or any interest therein the person proposing to transfer the same (hereinafter called "the Proposing Transferor") shall give a notice in writing (hereinafter called "a Transfer Notice") to the Company that he desires to

transfer such shares. The Transfer Notice shall constitute the Directors his agent for the sale of the shares therein mentioned (together with all rights then attached thereto) at the Prescribed Price during the Prescribed Period on the basis set out in the following provisions of this Article and shall not be revocable except with the consent of the Directors.

4.3 If not more than one month before the date on which the Transfer Notice was given the Proposing Transferor and the Directors shall have agreed a price per share as representing the fair value thereof or as being acceptable to the Proposing Transferor and not more than the fair value thereof or if a bona fide offer shall have been received from a third party and shall remain open for acceptance for the shares comprised in the Transfer Notice (but subject to the right of the Directors to satisfy themselves that such offer is for a bona fide sale for the consideration stated in the transfer without any deduction rebate or allowance whatsoever to the purchaser) then such price shall be the Prescribed Price (subject to the deduction therefrom where the Prescribed Price has been agreed with the Directors of any dividend or other distribution declared or made after such agreement and prior to the said date). Otherwise upon the giving of the Transfer Notice the Directors shall request the Auditors to determine and certify the sum per share considered by them to be the fair value thereof as at the said date and the sum per share so determined and certified shall be the Prescribed Price. The Auditors shall act hereunder at the cost and expense of the Company as experts and not as arbitrators and their determination shall be final and binding on all persons concerned and, in the absence of fraud, the Auditors shall be under no liability to any such person by reason of their determination or certificate or by anything done or omitted to be done by the Auditors for the purpose thereof or in connection therewith.

4.4 If the Prescribed Price was agreed as aforesaid prior to the said date the Prescribed Period shall commence on such date and expire twelve weeks thereafter. If the Prescribed Price was not so agreed the Prescribed Period shall commence on such date and expire two months after the date on which the Auditors shall have notified the Directors of their determination of the Prescribed Price pending which the Directors shall defer the making of the offer hereinafter mentioned.

*4.5 All shares included in any Transfer Notice shall by notice in writing be offered by the Company to New Qualifying Shareholders selected by the Directors

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As amended by Special Resolution passed on 9th October 1996

for purchase at the Prescribed Price in such proportions as the Directors think fit. Such offer shall limit a time (not being less than 21 days) within which it must be accepted or in default will lapse. Any shares not so accepted shall by notice in writing be offered by the Company to all members (other than the member to whose shares the Transfer Notice relates) for purchase at the Prescribed Price on the terms that in case of completion the shares so offered shall (in accordance with but subject to the provisions of Article 4.6) be sold to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holdings of shares of the same class. Such offer shall limit a time (not being less than 21 days) within which it must be accepted or in default will lapse. Any shares not so accepted may be offered by the Directors to such persons as they may think fit for purchase at the Prescribed Price. For the purposes of this Article 4, the expression "New Qualifying Shareholders" shall mean such senior executive employees of the Company or of any subsidiary of the Company as the Directors may determine or, if the Directors so determine, any trust established by the Company for the purpose of encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of employees of the Company or any subsidiary of the Company.

4.6 If the Company shall within the Prescribed Period find New Qualifying Shareholders, members or such other persons as aforesaid (each such person being hereinafter called "a Purchaser") to purchase the shares concerned or any of them and give notice in writing thereof to the Proposing Transferor he shall be bound, upon payment of the Prescribed Price, to transfer such shares to the respective Purchasers. Every such notice shall state the name and address of the Purchaser concerned and the number of shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Directors not being less than three days nor more than ten days after the date of such notice.

4.7 If a Proposing Transferor shall fail or refuse to transfer any shares to a Purchaser hereunder the Directors may authorise one of their number to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Purchaser to be registered as the holder of such shares. The receipt of the Company for the purchase money shall constitute a good discharge to the Purchaser (who shall not be bound to see to the application thereof) and after the Purchaser has been registered in purported exercise of the aforesaid powers the validity of

the proceedings shall not be questioned by any person. The Company shall not pay the purchase money to the Proposing Transferor until he shall have delivered his share certificate (or a suitable indemnity in lieu) and the necessary transfers to the Company.

5. BARE NOMINEES

No share shall be held by any member as a bare nominee for and no interest in any share shall be sold to any person unless a transfer of such share to such person would rank as a Permitted Transfer. If the foregoing provision shall be infringed the holder of such share shall be bound to give a Transfer Notice in respect thereof.

*6. COMPULSORY TRANSFERS

6.1 A person entitled to a share in consequence of the bankruptcy of a member shall be bound at any time, if and when required in writing by the Directors so to do, to give a Transfer Notice in respect of such share.

6.2 The Directors may at any time require a member or the legal personal representatives of a member to give a Transfer Notice in respect of some or all (in the absolute discretion of the Directors save as specifically provided in this Article) of the shares to which he is or they are entitled in the following cases:-

(a) where a member or if a member is a trustee the Original Transferor is in the opinion of the Directors (acting in their absolute discretion) carrying on or concerned or engaged or interested directly or indirectly (whether as a principal, shareholder, partner, employee, agent or otherwise) in any trade or business competing in any way with the trade or business of the Company or any subsidiary of the Company as then carried on; or

(b) where a member or if a member is a trustee the Original Transferor has died.

7. INFORMATION CONCERNING TRANSFERS AND SHAREHOLDINGS

7.1 For the purpose of ensuring that a transfer of shares is a Permitted Transfer or that no circumstances have arisen whereby a Transfer Notice is required to be

* As substituted by Special Resolution passed on 31st May 1990

given hereunder the Directors may from time to time require any member or the legal personal representatives of any deceased member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may think fit regarding any matter which they may deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the Directors within a reasonable time after such requirement the Directors shall be entitled to refuse to register the transfer in question or (if no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the shares concerned.

7.2 In the case where the Directors have duly required a Transfer Notice to be given in respect of any shares and such Transfer Notice is not duly given within a period of one month, or such longer period as the Directors may allow for the purpose, such Transfer Notice shall (except and to the extent that a Permitted Transfer of any of such shares shall have been lodged) be deemed to have been given on such date after the expiration of the said period as the Directors may by resolution determine and the foregoing provisions of these Articles shall take effect accordingly.

8. PROCEEDINGS AT GENERAL MEETINGS

8.1 A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy and entitled to vote. Regulation 46 shall be modified accordingly.

8.2 A resolution in writing executed or approved by telegram, telefax or telex by or on behalf of the holders of the whole of the issued Ordinary Shares shall be as valid and effectual as if the same had been duly passed at a General Meeting and may consist of several documents in the like form, each executed by or on behalf of one or more persons, but a resolution so executed shall not be effective to do anything required by law to be done in General Meeting or by Special or Extraordinary Resolution. In the case of a corporation the resolution may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be modified accordingly.

9. ALTERNATE DIRECTORS

9.1 Any Director (other than an alternate Director) may appoint any

other Director, or any other person approved by resolution of the Directors and willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him. The same person may be appointed as the alternate Director of more than one Director.

9.2 An alternate Director shall be entitled:

(a) to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, save that it shall not be necessary to give notice of such meeting to an alternate Director who is absent from the United Kingdom;

(b) to attend, be counted in the quorum for and vote at any such meeting at which the Director appointing him is not personally present; and

(c) generally at such meeting to perform all the functions of his appointor as a Director in his absence.

If an alternate Director is himself a Director or attends any such meeting as an alternate Director for more than one Director, then his voting rights shall be cumulative.

9.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director; but, if a Director retires but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his reappointment.

9.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.

9.5 An alternate Director shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.

9.6 Save as otherwise provided in these Articles, an alternate Director shall not have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.

9.7 An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his

appointor as such appointor may by notice in writing to the Company from time to time direct.

9.8 Regulations 65 to 69 shall not apply.

10. DIRECTORS

10.1 The Directors shall not be subject to retirement by rotation.

Regulations 73 to 75 and the last two sentences of Regulation 79 shall not apply and Regulations 76, 78 and 80 shall be modified accordingly.

10.2 A resolution in writing signed or approved by telegram telefax or telex by all the directors shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors; but a resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity. Regulation 93 shall not apply.

10.3 A Director may be counted in the quorum and may vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company provided that he may not vote on any matter relating to a claim or proposed claim against him or against any person with whom he has a joint liability pursuant to the Agreement to be dated 11th April 1988 whereby the Company is to acquire the issued share capitals of Fraser & Dunlop Limited, Fraser & Dunlop (Scripts) Limited and A.D. Peters (Holdings) Limited. Regulation 94 shall be modified accordingly.

*11. ACCOUNTS AND DOCUMENTS

A member who is an employee or director of the Company or any Subsidiary of the Company, subject to such conditions and regulations as the Directors may determine having regard to any obligation binding upon the Company to keep confidential information supplied to it by other persons, may inspect personally or by his agent at any time and may from time to time any account or book or document of the Company (and take and retain copies thereof). Regulation 109 shall not apply.

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As amended by Special Resolution passed on 9th October 1996

12. INDEMNITY

Subject to the provisions of and so far as may be permitted by law but without prejudice to any indemnity to which such officer may otherwise be entitled, every Director, Auditor, Secretary or other officer of the Company shall be indemnified by the Company against all costs, charges, losses, expenses, and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him the Court. Regulation 118 shall not apply.