

No. 2264869

THE COMPANIES ACTS 1985 and 1989

PRIVATE COMPANY LIMITED BY SHARES

RESOLUTIONS

of

ADVANCED COMPOSITES GROUP LIMITED

AT AN EXTRAORDINARY GENERAL MEETING of the Company duly convened and held at Post-mill House, 26 Colmore Circus, Birmingham on the 13th day of February 1992 the following resolutions were duly passed as Special Resolutions of the Company:-

ORDINARY RESOLUTION

- (1) That the authorised share capital of the Company be and is hereby increased from £1,050,000 to £1,210,528 by the creation of a further 160,528 ordinary shares of £1 each ranking pari passu in all respects with the existing ordinary shares of £1 each in the capital of the Company.

SPECIAL RESOLUTIONS

- (2) That the regulations contained in the printed document (produced to the meeting and signed for the purpose of identification by the Chairman) be and they are hereby adopted as the articles of association of the Company in substitution for and to the exclusion of all the existing articles of association of the Company.
- (3) That the directors be and they are hereby generally authorised

pursuant to section 80 of the Companies Act 1985 at any time and from time to time during the period of five years from the date of this resolution to allot or grant rights to subscribe for all unissued shares of the Company up to the amount of the authorised but unissued share capital of the Company on the date of any such allotment as though the provisions of Section 89 of the Companies Act 1985 did not apply thereto.

- (4) That notwithstanding regulation 8 of the articles of association of the Company adopted by resolution (4) above ("Regulation 8") the directors be and they are hereby authorised to allot and issue the following shares as though Regulation 8 did not apply thereto:-

<u>Allottee</u>	<u>Number of Shares</u>
Derbyshire County Council	157,896

- (5) That notwithstanding regulation 8 of the articles of association of the company adopted by resolution (4) above ("Regulation 8") the directors be and they are hereby authorised to allot and issue the following shares as though Regulation 8 did not apply thereto:-

<u>Allottee</u>	<u>Shares</u>
Andrew Burrows	1316 ordinary shares
Derek Butterworth	1316 ordinary shares

.....*[Signature]*.....

Secretary

Note: Resolution (2) is the resolution referred to as resolution (4) in resolutions (4) and (5) above.

2264869

These are the new articles
of association adopted by a
special resolution dated 13th
February 1992.

R. H. H. H.

The Companies Acts 1985 and 1989

C O M P A N Y L I M I T E D B Y S H A R E S

NEW
ARTICLES OF ASSOCIATION
OF
ADVANCED COMPOSITES GROUP LIMITED



RS

The Companies Acts 1985 and 1989

C O M P A N Y L I M I T E D B Y S H A R E S

NEW

ARTICLES OF ASSOCIATION

of

ADVANCED COMPOSITES GROUP LIMITED

INTERPRETATION

1. The regulations contained or incorporated in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (hereinafter referred to as "Table A") other than regulations 1, 2, 3, 35, 54, 73 to 79 inclusive, 89, 94 to 97 inclusive and 118 of Table A shall, subject to the modifications hereinafter expressed, apply to the Company and, together with the Articles hereinafter contained, shall constitute the regulations of the Company.

2. (A) In these regulations and in the Articles adopting the same:

RS "the Act" means the Companies Act 1985 as amended by the Companies Act 1989 and any further statutory modification or re-enactment thereof for the time being in force;

"the Articles" means the articles of the Company;

"clear days" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"executed" includes both signature under hand and execution under seal;

"office" means the registered office of the Company;

"the holder" in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

"the seal" means the common seal of the Company;

"the secretary" means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

"the United Kingdom" means Great Britain and Northern Ireland.

Unless the context otherwise requires, words or expressions contained in these regulations bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these regulations become binding on the Company.

Any reference to any statutory provision shall be deemed to include a reference to all and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.

(B) For the purpose of these Articles the expression "the Council" shall mean the Derbyshire County Council the expression "DEB" shall mean Derbyshire Enterprise Board (Investments) Limited and the expression "member of the DEB Group" shall mean:

(i) the Council or DEB or any subsidiary or holding company or subsidiary of a holding company of DEB; or

(ii) any person firm authority or organisation (whether or not incorporated) which is the successor in title to or in whom is vested or by whom responsibility is assumed for the whole or a substantial part of the functions assets and liabilities of a member of the DEB Group.

(C) In these Articles the expression "the Subscription Agreement" means a Subscription Agreement dated 26th August 1988 and made between the Company (1) R.M. Sloman Esq and Mrs. B.D. Sloman (2) DEB (3) and the Council (4) and "the Loan Agreement" means a Loan Agreement dated on or about 14 February and made between the same parties.

(D) In these Articles the expression "post tax profits" means the profits of a company revealed by its audited accounts after deduction of all taxation and provision for taxation and the expression "extraordinary items" shall be construed as if qualified by the words "other

than any research and development costs treated as such items".

(E) In these Articles Formula A shall mean:

<u>Accounting Period</u>	<u>Target Value For Accounting Period</u> £
1st September 1990 to 31st August 1991	13.22 million
1st September 1991 to 31st August 1992	14.50 million
1st September 1992 to 31st August 1993	15.99 million
1st September 1993 to 31st August 1994	17.60 million
1st September 1994 to 31st August 1995	19.38 million

for [Instructions needed: was this amended by Special Resolution at time DEB loan was made?]

(F) In these Articles Formula B shall mean:

$$40 - \frac{20(A - B)}{B}$$

Where:

A is the Actual Value (Redemption) or Actual Value (Conversion) whichever is appropriate;

B is the relevant Target Value (Redemption) or Target Value (Conversion) whichever is appropriate;

(G) In these Articles "Deferred Shares" means the Deferred Shares in the capital of the Company resulting from the conversion of Preference Shares pursuant to Article 4(E). The Deferred Shares shall confer on the holders thereof:

(a) no right to participate in any dividend declared by the Company;

(b) on a return of assets, on liquidation or otherwise, the right to receive the amount paid up or credited as paid up on such shares after the holders of the Ordinary Shares have received the sum of £1,000 per Ordinary Share but no further sums whatsoever; and

- (c) no right to receive notice of or to attend or vote at any general meeting of the Company.

PRIVATE COMPANY

3. The Company is a private company and accordingly the provisions of Section 81 of the Act shall apply to the Company.

SHARE CAPITAL

4. The share capital of the Company at the date and time of the adoption of these Articles is £1,210,528 divided into 1,000,000 8% Cumulative Convertible Redeemable Preference Shares of £1 each (in these Articles referred to as Preference Shares) and 210,528 Ordinary Shares of £1 each (in these Articles referred to as "Ordinary Shares").

The rights attaching to the said respective classes of shares shall be as follows:

(A) As regards income:

- (1) First, in paying to the holders of the Preference Shares a fixed cumulative preferential cash dividend (hereinafter in these Articles referred to as the "Fixed Dividend" at the rate of 8% per annum (or such other rate as is stipulated in the Subscription Agreement) net of advance corporation tax on the amounts for the time being subscribed therefor (including any premium) to be paid half yearly in equal amounts on the 30th November and the 31st May in each year in respect of the half years ended on 31st August and 28th February respectively provided that:
 - (a) The first such payment of dividend thereon shall be made on 31st May 1989 pro rata in respect of the period commencing on the date of allotment of the Preference Shares and ending on 28th February 1989;
 - (b) Such dividend shall be paid out of the profits of the Company available for distribution and, notwithstanding any other provision of these Articles shall be paid if and so far as in the opinion of the Directors the profits of the Company available for distribution justify such payment and without waiting for the same to be declared or resolved to be distributed by the Company in general meeting;
- (2) Subject to proviso (3) below, on each such 30th November or 31st May the amount of the Fixed Dividend payable on that date shall ipso facto and without any resolutions of the Directors or

of the Company in general meeting (and notwithstanding anything contained in regulations 102 to 104 inclusive of Table A) become a debt due from and immediately payable by the Company to the holders of the Preference Shares;

- (3) In the event that whether by reason of any principle of law or otherwise the Company is unable to pay in full on any such 30th November or 31st May (each of which dates is in this proviso (3) referred to as a "dividend date"), any amount of the Fixed Dividend to the holders of the Preference Shares which would otherwise require to be paid pursuant to this Article on that dividend date (referred to in this paragraph as "the relevant preference dividend") then the following provisions shall apply:

- (i) on the due dividend date the Company shall pay to such holders on account of the relevant preference dividend the maximum sum (if any) which can be properly paid by the Company;
- (ii) on every succeeding dividend date the Company shall pay to such holders on account of the balance of the relevant preference dividend for the time being remaining outstanding, and until the relevant preference dividend shall have been paid in full, the maximum sum (if any) which on each such succeeding dividend date respectively can be properly paid by the Company;
- (iii) if on any due dividend date the Company shall not pay the maximum sum (if any) which can properly be paid by the Company in respect of the relevant preference dividend (other than interest treated as forming part thereof) then compound interest shall be payable from that date on the amount by which the sum actually paid on that date falls short of the sum which could properly have been paid on that date at the rate of 2% above the base rate of the National Westminster Bank PLC from time to time with rests on the last day of each month until such amount is actually paid (but without prejudice to the right of the holders of the Preference Shares to require payment of such amount in accordance with the provisions of this Article). Such interest shall be payable in accordance with the foregoing provisions of this proviso (3) as if it formed part of the relevant preference dividend;

(iv) every sum which shall become payable by the Company on any dividend (or other) date in accordance with the foregoing provisions of this proviso (3) shall on that dividend (or other) date ipso facto, and without resolutions of the Directors or of the Company in general meeting (and notwithstanding anything contained in regulations 102 to 104 inclusive of Table A) become a debt due from and immediately payable by the Company to the holders of the Preference Shares;

- (4) No dividends shall be declared or paid on any other class of shares in respect of any accounting period of the Company unless and until the Fixed Dividend on the Preference Shares shall have been actually paid in full in respect of that accounting period and in respect of all previous accounting periods of the Company and regulations 102 and 103 of Table A shall have effect subject to the foregoing provisions of this proviso;
- (5) Subject to the payment of the Fixed Dividend any further profits which the Company may determine to distribute in respect of any accounting period shall be distributed equally amongst the holders of the Ordinary Shares;
- (6) The holders of the Preference Shares shall be entitled to the Fixed Dividend but the Preference Shares shall not confer any further or other right to participate in the profits of the Company.

(B) As regards capital:

On a return of assets on liquidation or otherwise the surplus assets of the Company remaining after the payment of its liabilities and available for distribution amongst the Members shall be applied:

- (1) First, in paying to the holders of the Preference Shares the amounts subscribed therefor (including any premium) together with a sum equal to any arrears deficiency or accruals of the Fixed Dividend calculated down to the date of return of capital and to be payable irrespective of whether such dividends have been declared or earned;
- (2) Subject thereto the balance of such assets shall belong to and be distributed equally amongst the holders of the Ordinary Shares.

(C) As regards voting:

- (1) On a show of hands every Member who (being an individual) is present in person (or being a corporation) is present by representative or proxy (not being himself a Member) shall (except as hereinafter provided) have one vote, and on a poll every Member who is present in person or by proxy or (being a corporation) is present by a representative shall (except as hereinafter provided) have one vote for every £1 in nominal value of the shares in the capital of the Company of which he is holder provided that the Preference Shares shall entitle the holders thereof to receive notice of all general meetings but shall not entitle such holders to the general voting rights set out above nor to attend a general meeting unless at the date of the notice or requisition to convene the meeting or at the date fixed for the meeting:
 - (a) the Fixed Dividend or any part thereof is three months or more in arrear and so that for this purpose the Fixed Dividend shall be deemed to be payable on the days hereinbefore provided for payment thereof; or
 - (b) the Company has failed to redeem any Preference Shares on the date fixed for the redemption thereof and has not subsequently redeemed the same; or
 - (c) the special rights attached to the Preference Shares have been varied or have been purported to be varied without the prior consent or approval of the holders of such shares in accordance with Article 7 and the holders of such shares have not subsequently consented or approved such variation or purported variation in writing; or
 - (d) the Company has failed to lay audited accounts before the Members in general meeting within six months of its accounting reference date and has not subsequently laid the same before the members in General Meeting; or
 - (e) there shall have occurred any breach by the Company of the Company's covenants on its part to be performed or of the Shareholders' Covenants by the Shareholders (which expressions are defined in the Subscription Agreement) which (if capable of remedy) is

not remedied to the reasonable satisfaction of the holders of the Preference Shares (acting in good faith) within 28 days after written notice to the Company and/or the Shareholders (defined as aforesaid) requiring such breach to be remedied; or

- (f) monthly consolidated profit and loss management accounts of the Company and its subsidiaries have disclosed net cash outflow of £200,000 or more over budgeted net cash outflow for two consecutive periods of 3 months (and for the purpose of this paragraph and Article 4(C)(2) below "net cash outflow" means the amount by which the cash payments of the Company and its subsidiaries exceeds the cash receipts of the Company and its subsidiaries and "budgeted net cash outflow" means the net cash outflow contemplated by the cashflow projections of the Company and its subsidiaries approved by the holders of the Preference Shares in accordance with the terms of covenant 4.1.1 or if applicable 4.1.2 of the Fifth Schedule to the Subscription Agreement);

when and upon written notice to that effect signed by or on behalf of any holder of Preference Shares being given to the Company at its registered office, the holders of the Preference Shares shall be entitled to attend and vote at that general meeting. Where at the date of a notice to convene a General Meeting of the Company or at the date fixed for the meeting Article 4(C)(1)(f) applies the holders of Preference Shares shall be entitled to attend and vote at that meeting and at all subsequent general meetings of the Company until the condition contained in Article 4(C)(2) has been satisfied. Such holders present in person or by proxy or by representative shall whether on a show of hands or on a poll be entitled as a class to the number of votes which is one more than the number of votes exercisable by all the other members of the Company and each individual holder shall be entitled to the same proportion of that number of votes as the proportion of Preference Shares he holds to the number of Preference Shares in issue on that date.

- (2) The condition of this Article 4(C)(2) is that the net cash outflow of the Company and its subsidiaries as revealed by the monthly consolidated profit and loss accounts of the Company and its subsidiaries disclose net cash

outflow of less than £100,000 over budgeted net cash outflow for two consecutive periods of three months.

(D) As regards redemption:

Subject to the provisions of Part V of the Act the following provisions shall apply as regards the redemption of the Preference Shares:

- (1) The Company shall redeem on 31st December 1995 the Preference Shares of each holder thereof on that date (unless otherwise agreed in writing by that holder or unless redeemed earlier pursuant to Article 4 (D) (12)).
- (2) For the purpose of calculating the redemption value of the Preference Shares the Company shall be valued by reference to such of the following bases as are applicable:
 - (i) (a) whether or not the Ordinary Shares have been admitted to the Official List of The Stock Exchange or permission has been granted to deal in the ordinary share capital of the Company in the Unlisted Securities Market or the Third Market, at a value calculated by multiplying the post tax profits of the Company and its subsidiaries (excluding extraordinary items) for the accounting period of the Company ending immediately prior to the date fixed for redemption (as disclosed by the audited consolidated profit and loss account of the Company and its subsidiaries for that accounting period) by the multiple last published prior the date fixed for redemption in the Financial Times as the estimated price/earnings ratio for the "other industrial materials sector" as compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries but
 - (b) if the post tax profits referred to in (a) above are 10% or more lower than the post tax profits of the Company and its subsidiaries (excluding extraordinary items) for the accounting period immediately before the accounting period referred to in (a) above (as disclosed by the audited consolidated profit and loss account of the Company and its subsidiaries for that accounting period) at a value

calculated by multiplying the average of the post tax profits of the Company and its subsidiaries (excluding extraordinary items) for the two accounting periods of the Company immediately prior to the date fixed for redemption (as disclosed by the audited consolidated profit and loss accounts of the Company and its subsidiaries for those accounting periods) by the multiple last published prior the date fixed for redemption in the Financial Times as the estimated price/earnings ratio for the "other industrial materials sector" as compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries; or

- (ii) if a purchaser has acquired or agreed to acquire (other than by way of a further issue of shares) prior to the date fixed for redemption more than 50% of the issued equity share capital of the Company, at a value calculated by multiplying the price or value per share paid or agreed to be paid by the number of Ordinary Shares in issue on the date fixed for redemption.
- (3) (a) Where the value of the Company calculated as at the date fixed for redemption by reference to such basis in Article 4(D) (2) as gives the highest value for the Company ("the Actual Value (Redemption)") exceeds the target value of the Company for the accounting period ending immediately prior to the date fixed for redemption calculated by reference to Formula "A" ("the Target Value (Redemption)") the value attributable to the Preference Shares as a class ("the provisional redemption value") shall be calculated by multiplying the Actual Value (Redemption) by the conversion percentage calculated by reference to Formula "B" ("the Conversion Percentage") PROVIDED ALWAYS that such Conversion Percentage shall not be reduced below such figure as would result in the Conversion Percentage of the Actual Value (Redemption) amounting to less than 40% of the relevant Target Value (Redemption).
- (b) Where the Target Value (Redemption) is equal to or exceeds the Actual Value (Redemption) the provisional redemption value shall be

calculated by multiplying the Actual Value (Redemption) by 40%.

- (4) The value per share at which the Preference Shares shall be redeemed ("the Redemption Value") shall be the higher of:
 - (a) the provisional redemption value attributable to the Preference Shares as a class referred to in Article 4(D)(3) above divided by 1,000,000 (one million); and
 - (b) £2.00
- (5) If and so often as the Company shall redeem pursuant to the foregoing provisions of this Article less than all the Preference Shares for the time being outstanding, the Company shall redeem (as nearly as may be) such proportion of the Preference Shares of each holder thereof as the aggregate number of such shares then to be redeemed bears to the total number of Preference Shares then in issue;
- (6) On the date or dates fixed for the redemption of any Preference Shares (in these Articles "the date of redemption") the Company shall be entitled and bound to redeem the same and each registered holder of Preference Shares to be redeemed shall be bound on receipt of 14 days prior written notice from the Company to surrender to the Company the certificate for his shares which are to be redeemed in order that the same may be cancelled and upon such delivery and against such registered holder's receipt for the redemption money payable to him the Company shall pay to him such redemption money;
- (7) The Company shall in case of redemption of all the shares comprised in any such certificate cancel the same and in any other case it shall either (a) endorse on such certificate a memorandum of the number of shares redeemed and return it to the such registered holder or (b) cancel such certificate and issue to such registered holder a new certificate free of charge for the balance of the shares comprised in the cancelled certificate;
- (8) If any registered holder of Preference Shares any of whose shares are liable to be redeemed pursuant to this Article fails or refuses to deliver up his certificate for such shares the Company may retain the redemption money until such delivery up or until delivery of an indemnity in respect thereof satisfactory to the

Company but shall within seven days thereafter pay the redemption money to such registered holder;

- (9) In the case of redemption of any Preference Shares there shall be paid by the Company in addition to its Redemption Value a sum equal to the aggregate of all arrears of the Fixed Dividend on all Preference Shares of the holder any of whose Preference Shares are to be redeemed and any accruals of the Fixed Dividend on the Preference Shares which are to be redeemed, such arrears or accruals to be calculated down to the date of redemption and to be payable whether or not such dividends have been declared or earned;
- (10) As from the date of redemption fixed for any Preference Share all dividends shall cease to accrue on such share unless on the presentation of the certificate relating thereto the Company fails to make payment of the money due on such redemption in which case dividends shall be deemed to have continued and shall continue to accrue from the date of redemption to the date of payment;
- (11) If following the redemption of any Preference Shares pursuant to this Article or Article 4(E) the nominal amount of the issued share capital of the Company is less than the authorised share capital the difference to the extent of the nominal amount of Preference Shares so redeemed shall, by virtue of this provision, be designated as unclassified shares each of a like nominal amount (as nearly as may be) as any unclassified shares then forming part of the authorised share capital of the Company or if there are no such unclassified shares, of a like nominal amount (as nearly as may be) as the Ordinary Shares then in issue;
- (12) Subject to the provisions of Part V of the Act the Preference Shares may be redeemed in whole or in part at the option of the holders thereof (but subject to the written agreement of the Company) upon the happening of any one of the following events:
 - (a) a sale of a controlling interest as defined in Article 14; or
 - (b) a listing of all or part of the Company's equity share capital on The Stock Exchange or on an equivalent placing of equity share capital of the Company on the Unlisted Securities Market or Third Market or similar

institution pursuant to an application made by the Company; or

- (c) the appointment of a receiver of the whole or any part of the property and assets of the Company or any of its subsidiaries; or
- (d) the variation of the special rights attached to the Preference Shares without the prior consent or approval of the holders of such shares in accordance with Article 7

and the provisions of Article 4(D)(1) to (11) (inclusive) shall apply mutatis mutandis.

(E) As regards Conversion:

- (1) Each holder of Preference Shares shall be entitled from time to time by notice in writing to the Company (a "Conversion Notice") to convert into Ordinary Shares such of the Preference Shares held by him on such date (being not more than 30 days nor less than 14 days from the date of the Conversion Notice) ("the date of conversion") as are specified in such Conversion Notice in the following circumstances:

- (a) within a period of 28 days from the happening of any of the events set out in Article 4(D)(12)(a) to (c); or
- (b) at any time after 31st December 1995 if the Fixed Dividend is in arrears; or
- (c) in any event at any time after 30th June 1996.

- (2) A conversion pursuant to Article 4(E)(1) above shall be on the following basis:

- (a) where the target value of the Company for the accounting period ending immediately prior to the date of conversion calculated by reference to Formula "A" ("the Target Value (Conversion)") is equal to or exceeds the value of the Company calculated by reference to such basis in Article 4(D)(2) when substituting the words "the date of conversion" for "the date fixed for redemption" as gives the highest value for the Company ("the Actual Value (Conversion)");
- for every Preference Share to be converted a number of Ordinary Shares (or fraction of an Ordinary Share) calculated by reference

to the following formula (together with a number of Deferred Shares (if any) determined in accordance with Article 4(E)(3)):

$$\frac{X}{1,500,000}$$

Where "X" is the number of Ordinary Shares in issue immediately prior to conversion (excluding any Ordinary Shares arising from any previous conversion of Preference Shares);

- (b) where the Actual Value (Conversion) exceeds the Target Value (Conversion):

for every Preference Share to be converted a number of Ordinary Shares (or fraction of an Ordinary Share) calculated by reference to the following formula (together with a number of Deferred Shares (if any) determined in accordance with Article 4(E)(3)):

$$\frac{XY}{1,000,000 (100 - Y)}$$

where "X" is the number of Ordinary Shares in issued immediately prior to conversion (excluding any Ordinary Shares arising from any previous conversion of Preference Shares); and

"Y" is the Conversion Percentage calculated by reference to Formula "B" above for the accounting period ending immediately preceding the date of conversion PROVIDED ALWAYS that such Conversion Percentage shall not be reduced below such figure as would result in the Conversion Percentage of the Actual Value (Conversion) amounting to less than 40% of the relevant Target Value (Conversion).

- (c) The numbers or fractions of Ordinary Shares calculated as above for all Preference Shares of each holder thereof to be converted shall be aggregated and rounded up or down to the nearest whole Ordinary Share (half an Ordinary Share being rounded up).
- (3) Where the nominal value of the Ordinary Shares resulting from a conversion of Preference Shares to Ordinary Shares is less than the nominal value of the Preference Shares converted those

Preference Shares shall in addition to that number of Ordinary Shares convert into such number of Deferred Shares as is equal to the difference between the nominal value of those Preference Shares and the nominal value of the Ordinary Shares into which they convert.

- (4) The persons entitled to Ordinary Shares resulting from the conversion shall send to the Company with the relevant Conversion Notice the certificates in respect of their holdings of Preference Shares and forthwith after the date of conversion the Company shall issue to such persons respectively certificates for the Ordinary Shares resulting from the conversion and for the balance (if any) of the Preference Shares held by them.
- (5) The Ordinary Shares resulting from the conversion shall be credited as fully paid up and shall for the purposes of dividends, voting and return of capital rank pari passu in all respects with the remaining issued Ordinary Shares.
- (6) Notwithstanding any other provision of these Articles the Directors are hereby authorised pursuant to Section 80 of the Act for the purposes of a conversion pursuant to Article 4(E) to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £1,000,000 at any time prior to 1st August 1993 as if neither the provisions of Article 7 or 8(B) applied thereto. The Company may, before such date, make any offer, agreement or arrangement which would or might require relevant securities to be allotted after such date and the Directors may allot relevant securities pursuant to such offer, agreement or other arrangement as if the authority given by this Article 4(E)(7) had not expired.
- (7) The provisions of this Article 4(E)(1) to (6) shall constitute an agreement made at the date of adoption of these Articles by the Company pursuant to the authority conferred by Article 4(E)(7) to allot up to a maximum of 1,000,000 Ordinary Shares on the terms set out in Article 4(E)(1) to (6).

5. Subject to the provisions of Articles 7 and 8 and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, all shares shall be issued to such persons and upon such terms and conditions and with such rights, priorities, privileges or restrictions as the resolution creating or issuing such shares or effecting the increase in the authorised share capital of the

Company shall prescribe but, in the absence of any such prescription, all shares whether forming part of the existing or any increased capital shall be at the disposal of the Directors who may issue them, subject to Section 80 of the Act to such persons at such times and generally on such terms and conditions and with such rights, priorities, privileges or restrictions as they may think fit.

6. (A) No shares shall be issued to any infant, bankrupt or person suffering from mental disorder (as that expression is used in regulation 81(c) of Table A);
- (B) Subject to the provisions of Part V of the Act the Company may issue shares upon terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the holder of such shares;
- (C) Regulation 6 of Table A shall be altered by inserting after the words "one or more of his shares" the words and brackets "(save that shares of different classes may not be included in the same certificate)";
- (D) So long as any of the Preference Shares are held by any member of the DEB Group no shares shall be issued (without the prior written consent of DEB and the Council) to any person (other than a member of the DEB Group) who is not a party to the Subscription Agreement unless he enters into an agreement in writing under seal with DEB and the Council agreeing to be bound by the provisions of the Subscription Agreement (save for the Warranties) in the same manner as the Shareholders (as therein defined).

CLASS RIGHTS

7. Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the shares of that class but not otherwise. To every such separate meeting all the provisions of these Articles relating to General Meetings of the Company or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present that Member who is present shall be a quorum) and that the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively Provided that, without prejudice to the generality of this Article, the special rights attached to the Preference Shares shall be deemed to be varied:

- (A) by any alteration or increase or reduction of the authorised or issued share capital of the Company (except on conversion or redemption of Preference Shares) or of any of its subsidiaries, or by any variation of the rights attached to any of the shares for the time being in the capital of the Company or of any of its subsidiaries; or
- (B) by the amalgamation, merger, consolidation, sale or other disposition without the prior written consent of DEB and the Council of the undertaking property or assets of the Company or of any of its subsidiaries or any material part or parts thereof other than to a wholly owned subsidiary of the Company or to the Company itself and whether by a single transaction or series of transactions whether related or not other than the sale or realisation of the current assets of the Company and its subsidiaries in the ordinary course of trading and for the purposes of this sub-clause the expression "material" shall mean undertaking property or assets equal to 10% of the net assets of the Company and its subsidiaries as shown in the then latest published audited consolidated balance sheet of the Company and its subsidiaries; or
- (C) by the expenditure of more than £100,000 in any 12 month period on any new project without the prior written consent of DEB and the Council or of a Special Director; or
- (D) by any alteration of the restrictions contained in these Articles on the powers of the Directors of the Company and its subsidiaries to borrow, give guarantees or create charges; or
- (E) by the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock (whether secured or unsecured) of the Company or any of its subsidiaries; or
- (F) by the presentation of a petition by the Company or any of its subsidiaries or an order being made on a petition by the Company or any of its subsidiaries or a meeting of the members of the Company being called for the purpose of considering a resolution, for the winding up of the Company or any of its subsidiaries; or
- (G) by any material alteration in the nature of the business of the Company or any of its subsidiaries; or
- (H) by any issue of share capital by a subsidiary of the Company otherwise than to the Company or to a wholly-owned subsidiary of the Company; or

- (I) by the Company selling, transferring, assigning or otherwise disposing, whether directly or indirectly, of any part of its interest in any share capital, loan capital, mortgage, charge, debt or other obligation of any subsidiary of the Company, except to or in favour of the Company, or any wholly-owned subsidiary of the Company, except in the ordinary course of business; or
- (J) by any alteration of the Memorandum of Association of the Company or these Articles; or
- (K) by any alteration in the accounting period or accounting reference date of the Company; or
- (L) by the appointment of any additional Director of the Company otherwise than pursuant to Article 19; or
- (M) by the removal from office of a Special Director otherwise than pursuant to Article 19(B); or
- (N) by the declaration of any dividend (interim or otherwise) otherwise than pursuant to Article 4(A) (1) or otherwise than with the prior written consent of a majority in nominal value of the holders of the Preference Shares.
- (O) by the calling of an extraordinary general meeting of the Company or any of its subsidiaries other than on 21 days notice save where no special resolution is to be proposed in which case 14 days notice shall suffice

FURTHER ISSUES OF SHARES

- 8. (A) Sub-section (1) of Section 89 and Section 90 of the Act shall not apply to any allotment of shares in the Company.
- (B) Subject always to Article 7 if the Directors shall determine to make an issue of any shares of the Company they shall unless the Company shall by Special Resolution otherwise direct be bound to make an offer (stipulated to be open to acceptance within 28 days) to each Member for the time being holding Ordinary Shares of such a proportion of the shares which the Directors determine to issue as the aggregate nominal value of Ordinary Shares for the time being held by such Member bears to the aggregate nominal value of all Ordinary Shares in issue immediately prior to the issue of the shares and any such Member shall be bound within 28 days of the making of such offer to him either to accept or reject in writing such offer in full or in part (and in default of so doing shall be deemed to have rejected the offer in full). After the expiration of that time, or on the receipt of an intimation from any Member to whom the offer is made that he rejects the offer in whole or in part, the

Directors shall offer the shares so rejected or deemed to have been rejected in like manner to such of the other Members holding Ordinary Shares as accepted the original offer in full. If any of the shares comprised in such further offer are rejected or if deemed to be rejected the Directors shall offer the shares so rejected or deemed to have been rejected in like manner to each Member for the time being holding Preference Shares. If any of the shares comprised in such further offer are rejected or if deemed to be rejected, the Directors shall offer the shares so rejected or deemed to have been rejected to such of the other Members holding Preference Shares as accepted in full the first offer to the holders of Preference Shares. If any of the shares comprised in such further offer are rejected or if deemed to be rejected the Directors may dispose of those shares in such manner as they think most beneficial to the Company. Provided that such shares shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the Members.

LIEN

9. The lien conferred by regulation 8 of Table A shall extend also to fully paid shares and to all shares registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of several joint holders and shall be a first and paramount lien for all moneys and liabilities whether presently due and payable or not.

TRANSFER OF SHARES

10. The transferor of any share shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

11. (A) No share may be transferred by any Member (without prior written consent of DEB and the Council) (other than a member of the DEB Group) to any transferee who is not a party to the Subscription Agreement unless such proposed transferee enters into an agreement in writing under seal agreeing in consideration of the transfer of such shares to be bound by the provisions of the Subscription Agreement (save for the Warranties) in the same manner as the party proposing to transfer such shares.

(B) No share may be transferred to an infant, bankrupt or person suffering from mental disorder (as that expression is used in regulation 81(c) of Table A).

12. (A) Subject to Article 11 the Directors shall register any transfer of any shares made in the circumstances

prescribed in Article 13 but in any other circumstances the Directors shall refuse to register any transfer of any such share whether or not it is a fully paid share.

- (B) Any directions (by way of renunciation, nomination or otherwise) by a Member entitled to an allotment of shares to the effect that such shares or any of them be allotted or issued to some person other than that Member or any sale or other disposition for consideration or otherwise by whomsoever made and whether effected by an instrument in writing or not of a beneficial interest in a share other than any such sale or other disposition in favour of an existing Member shall for the purposes of these Articles be deemed to be a transfer and accordingly the Directors shall decline to register such person as the holder thereof except where the proposed transferee is a person to whom a transfer of shares may be made by a Member pursuant to Article 13.
13. (A) Subject to the provisions of Articles 11 and 12 and to the following provisions of this Article any share may at any time be transferred without restriction as to price or otherwise in the following circumstances:
- (1) by a Member to any other Member;
 - (2) by any Member which is a body corporate to any other company which is a subsidiary or holding company (as defined by Section 736 of the Act) of such Member or to any other subsidiaries of such holding company;
 - (3) to any other person with the consent of all the other members for the time being of the Company;
 - (4) by a member of the DEB Group to another member of the DEB Group;
 - (5) by a Member to a member of the family (being a spouse, child or grandchild) of such Member;
 - (6) to any person or persons acting as Trustee or Trustees of any Trust created by a Member whether by deed or by Will (or, upon any change of Trustees of any such Trust, to a new Trustee or Trustees), Provided that the only persons who are beneficially interested in such Trust are the Member concerned and members of his family (as defined above) (or any of them) and the voting rights conferred by such shares are not exercisable by or subject to the consent of any person other than such Trustee or Trustees or such Member or members of his family;

- (7) by the Trustee or Trustees of any such Trust to any beneficiary thereunder, being the Member concerned or a member of his family (as defined above);
- (8) to the legal representatives of a deceased Member where, pursuant to his Will or the laws of intestacy, the persons beneficially entitled to the share(s) concerned (whether immediately or contingently) are members of the family of the deceased Member and by such personal representatives to members of the family of such deceased Member;
- (9) by the Council and/or DEB to any person firm corporation authority or association (whether or not incorporated).

Provided that any Transfer of a share pursuant to sub-paragraph (2) or (4) above shall be on terms that if the Transferee ceases to be in the relationship therein mentioned with the original Transferor it shall forthwith retransfer the share(s) in question to the original Transferor; failure so to retransfer such shares within 28 days of the Transferee ceasing to be in the said relationship with the original Transferor shall result in the shares in question being deemed to be the subject of a Transfer Notice pursuant to sub-clause (L) in this Article.

- (B) Except in the case of a transfer of Ordinary Shares expressly authorised by sub-clause (A) of this Article any Member wishing to sell, transfer or otherwise dispose of any Ordinary Share or the beneficial interest therein ("the Transferor") shall give notice in writing (a "Transfer Notice") to the Company that he desires to transfer or dispose of the same and where the Transferor has a bona fide purchaser in prospect he shall be entitled to specify in the Transfer Notice the identity of the proposed purchaser and the price per share offered by the proposed purchaser if the Auditors confirm that in their opinion such proposed purchaser is ready willing and able to pay such price for the shares offered by the Transfer Notice (such confirmation not to be unreasonably withheld). Such notice shall constitute the Company as Agent for the sale of the Ordinary Share to any Member willing to purchase the same ("the Transferee") at the price determined in accordance with sub-clause (G) of this Article ("the Fair Value"). A Transfer Notice may include several Ordinary Shares and in such case shall operate as if it were a separate notice in respect of each. A Transfer Notice may also state that it is conditional upon all and not part of the Ordinary Shares comprised in it being sold or transferred.

- (C) Upon receipt of a Transfer Notice and with a view to finding a Transferee for the Ordinary Shares comprised in the Transfer Notice, the Directors shall within 14 days of the Fair Value being agreed or certified in accordance with Sub-clause (G) of this Article give notice in writing thereof (an "Offer Notice") to all the Members and shall first offer such Ordinary Shares to the Members then holding the remaining Ordinary Shares in proportion to their then holdings of Ordinary Shares. Such offer ("the First Offer") shall be limited to a time of twenty eight days ("the Offer Period") from the date of the Offer Notice and shall if not accepted within such time be deemed to be declined. The First Offer shall give the Members to whom it is made the right to claim the Ordinary Shares offered in addition to their due proportion. If any such Members do not accept their due proportion the unaccepted Ordinary Shares shall be distributed amongst those claiming additional Ordinary Shares in proportion as nearly as may be to their said holdings but no Member shall be bound to take more Ordinary Shares than those he has claimed.
- (D) The Offer Notice shall also contain a further offer ("the Second Offer") offering to the Members then holding Preference Shares in proportion to their then holdings of Preference Shares, such of the Ordinary Shares comprised in the Transfer Notice which have not been taken up or agreed to be taken up under the First Offer within the Offer Period. The Second Offer shall likewise be limited to the Offer Period and if not accepted within such time shall be deemed to be declined; the provisions of sub-clause (C) of this Article regarding claims for additional unaccepted Ordinary Shares shall (mutatis mutandis) apply to the Second Offer also.
- (E) The Offer Notice shall also contain a further offer ("the Third Offer") offering to the remaining members (if any) in proportion to their then holdings of shares, such of the Ordinary Shares comprised in the Transfer Notice which have not been taken up or agreed to be taken up under the First Offer or the Second Offer within the Offer Period. The Third Offer shall be limited to the Offer Period and if not accepted within such time shall be deemed to be declined; the provisions of sub-clause (C) of this Article regarding claims for additional unaccepted Ordinary Shares shall (mutatis mutandis) apply to the Third Offer also.
- (F) If the Company shall within the Offer Period find a Transferee or Transferees for the Ordinary Share(s) offered for sale and shall give notice thereof to the Transferor he shall be bound upon payment of the Fair Value fixed in accordance with sub-clause (G) of this Article to transfer the Ordinary Share(s) to the

Transferee or Transferees, and the sale and purchase shall be completed at a place and time to be appointed by the Directors being not later than 14 days after the expiry of the Offer Period.

- (G) (1) The Fair Value for the Ordinary Shares specified in the Transfer Notice shall, in the case of a Transfer Notice which identifies a proposed purchaser and specifies the price offered by the proposed purchaser, be the price per share so specified and, in any other case, shall be either the value thereof agreed between the Transferor and the Directors within 14 days after the Transfer Notice has been given, or in default of agreement within such time, such value as the Auditors shall, on the application of the Transferor or the Directors, certify in writing to be the price which in their opinion a willing buyer would offer to a willing seller for the Ordinary Share(s) comprised in the Transfer Notice on the open market. In so certifying the Auditors shall be considered to be acting as experts and not as arbitrators and their decision shall be final and binding on the parties. PROVIDED THAT in any circumstances where a Transfer Notice has been deemed to have been given pursuant to sub-clause (L) of this Article, the calculation of the Fair Value shall be referred to the Auditors forthwith upon the said Notice being deemed to have been given;
- (2) The cost of obtaining an Auditors Certificate pursuant to this Article shall be borne by the Company provided that if any Member shall within 12 months of revoking a Transfer Notice serve a further Transfer Notice in respect of any of the Ordinary Shares comprised in such earlier notice the cost of obtaining a certificate relating to such further Transfer Notice shall be borne wholly by such Member.
- (H) In the event of the Auditors certificate being issued as to the Fair Value, the Company shall forthwith give notice to the Transferor of the sum so certified and (save where a Transfer Notice is given pursuant to sub-clause (K) or is deemed to be given pursuant to sub-clause (L) of this Article) within a period of seven days after service of such notice the Transferor may by further notice in writing to the Company revoke the Transfer Notice as to the whole (but not part only) of the Ordinary Shares comprised therein. After the expiration of such period of seven days a Transfer Notice shall not be revocable except with the sanction of the Directors.

- (I) If the Transferor, after having become bound to transfer his Ordinary Share(s) as aforesaid, makes default in transferring the same, the Company may receive the purchase money tendered by the Transferee(s) and the proposed Transferor shall be deemed to have appointed any one Director or the Secretary of the Company as his agent and Attorney to execute a transfer of the Ordinary Share(s) to the Transferee(s) and upon the execution of such transfer the Company shall hold the purchase money in trust for the Transferor. The receipt of the Company for the purchase money shall be a good discharge to the Transferee(s) and after his or their name(s) have been entered on the Register of Members in purported exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person.
- (J) If the Directors shall not by the expiry of the Offer Period, find a Transferee for all the Ordinary Shares offered from amongst the Members of the Company in accordance with the foregoing provisions of this Article, or if the Company shall within the relevant period give the Transferor notice in writing that the Company has no prospect of finding purchasers of such Ordinary Shares or any of them the Transferor shall be at liberty within a period of three months from the end of the Offer Period, on a bona fide sale or transfer subject to the provisions of Article 11, and the following provisions of this Article to sell and/or transfer the Ordinary Share(s) or the beneficial interest therein (or where there are more Ordinary Shares than one, those not placed) to any person at any price being not less than the Fair Value provided that:
- (1) if the Transfer Notice shall state that the Transferor is not willing to transfer part only of the Ordinary Shares comprised in the Transfer Notice he shall be entitled under this sub-clause (J) to transfer all but not part of such Ordinary Shares; and
 - (2) if a proposed purchaser was named in the Transfer Notice and the Fair Value is the price specified in the Transfer Notice as having been offered by the proposed purchaser they may only be sold/transferred to the proposed purchaser so named and the Directors may require to be satisfied in such manner as they may reasonably think fit that such Ordinary Shares are being transferred in pursuance of a bona fide sale or transfer for the consideration stated in the Transfer Notice without any deduction, rebate or allowance whatsoever to the Transferee and the Directors, if not so satisfied, may refuse to register or approve the transfer.

- (K) (1) Any person (other than a person specified in sub-clause (A) of this Article and other than Mr. R.M. Sloman in consequence of the death of Mrs. B.D. Sloman) entitled to an Ordinary Share in consequence of the death or bankruptcy of a Member shall be bound at any time if and when required in writing by the holders of the majority in nominal value of the Ordinary Shares so to do, to give a Transfer Notice in respect of all the Ordinary Shares then registered in the name of the deceased or bankrupt Member;
- (2) Notwithstanding the foregoing provisions of this Article any Member who is or whose spouse is a Director or employee of the Company or any of its subsidiaries and any Member whose interest in any Ordinary Shares derives directly or indirectly from a Director or employee of the Company or any of its subsidiaries pursuant to a transfer by such Director or employee under any of sub-paragraphs (5) to (8) (inclusive) of paragraph (A) of this Article shall, upon such Director or employee ceasing to hold office as a Director or to be employed by the Company or any of its subsidiaries (in the event that such person so ceases to be a Director or employee otherwise than as a result of death, normal retirement or ill health) and if required by the holders of a majority in nominal value of the Ordinary Shares (excluding the Director or employee so ceasing to hold office or be employed and his or her spouse), give a Transfer Notice in respect of all the Ordinary Shares then registered in his or their respective names and notwithstanding anything to the contrary contained in this Article, the Fair Value in respect of such Ordinary Shares shall be that value certified in accordance with Sub-clause (G) of this Article provided that if the Director or employee concerned is Mr. R.M. Sloman no such Transfer Notice shall be deemed to be received until the expiry of 6 months from the date of his ceasing so to hold office or be employed by the Company unless he otherwise consents in writing and he shall be at liberty until that time to identify the proposed purchaser and the price per share offered by the proposed purchaser. During such period of 6 months the Company shall afford reasonable facilities to Mr. R.M. Sloman to acquaint a prospective purchaser with the business of the Company and any member of the DEB group which is the beneficial owner of any shares in the Company shall give reasonable co-operation to Mr. Sloman in relation to any discussions which such proposed purchaser may wish to have with them in connection therewith PROVIDED

FURTHER THAT the provisions of this Article 13(K)(2) shall not apply to the removal of Mrs. B.D. Sloman from any Directorship or employment with the Company or any of its subsidiaries (but for the avoidance of doubt it shall apply in respect of any shares held by Mrs. B.D. Sloman upon Mr. R.M. Sloman so ceasing to be an employee or Director of the Company).

- (L) Any transfer or purported transfer of any Ordinary Share made otherwise than in accordance with this Article shall be void and of no effect and in any case where, pursuant to this Article, a Transfer Notice shall be required to be given in respect of any Ordinary Share(s) and such Transfer Notice is not duly given within a period of 14 days, such Transfer Notice shall be deemed to have been given at the expiration of the said period or at the expiry of 14 days after the Directors first became aware of the default and the provisions of this Articles shall take effect accordingly.
- (M) The provisions of sub-clauses (B) to (L) inclusive of this Article shall apply in relation to a transfer of Preference Shares as they apply to a transfer of Ordinary Shares and accordingly in relation to such a transfer the references to "Ordinary Shares" shall be construed as references to "Preference Shares" and vice versa.

FURTHER LIMITATION ON TRANSFER OF CONTROL

- 14. (A) Notwithstanding any other provision contained in these Articles no sale or transfer of any shares (hereinafter called "the specified shares") conferring the right to vote at all times at General Meetings of the Company which would result if made and registered in a person or persons (other than a Shareholder at the date of adoption of these Articles) obtaining a controlling interest in the Company shall be made or registered without the previous written consent of each Institution, unless, before the transfer is lodged for registration, the proposed transferee or transferees or his her or their nominees has or have made an Offer (stipulated to be open to acceptance within 28 days) to purchase at the specified price (as hereinafter defined) the whole of the shares registered in the name of any such Institution which has withheld its consent to such sale or transfer which offer the said Institution shall be bound within 28 days after the making of such offer to it either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer).
- (B) For the purposes of this Article the expression "a controlling interest" shall mean shares conferring in

the aggregate 50% or more of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring the right to vote at all times at all General Meetings. All other regulations of the Company relating to the transfer of shares and the right to registration of transfers shall be read subject to the provisions of this Article. Notwithstanding any other provision in this Article, no transfer of any share shall, after registration of such transfer, be deemed to be invalid by reason only that it was made in contravention of the foregoing provisions if the Directors shall prior to the registration thereof have obtained from the transferor and transferee a Statutory Declaration that so far as the transferor and the transferee respectively are aware the transfer is not being made directly or indirectly in pursuance of any arrangement for the sale or acquisition of a controlling interest in the Company and will not result in such a controlling interest being acquired by any person or persons.

(C) For the purposes of this Article (and without prejudice to Article 12):

(1) the expressions "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renouncee under any such letter of allotment; and

(2) "the specified price" shall mean:

(a) in the case of Ordinary Shares a price per share at least equal to that offered or paid or payable by the proposed transferee or transferees or his her or their nominees for the specified shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the specified shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the specified shares and in the event of disagreement the calculation of the specified price shall be referred to an umpire (acting as expert and not as arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall be final and binding;

(b) in the case of Preference Shares a price per share at least equal to the open market value thereof and in the event of disagreement the ascertainment of the specified price shall be referred to an umpire (acting as expert and not as arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall be final and binding.

(3) the expression "Institution" shall mean a holder for the time being of Preference Shares.

PROCEEDINGS AT GENERAL MEETINGS

15. Regulation 41 of Table A shall be read and construed as if there were added at the end thereof the words "and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the Meeting, the Meeting shall be dissolved".

16. At any General Meeting of the Company, a poll may be demanded by one or more Members present in person or by proxy and having the right to vote at the Meeting and sub-clauses (b) (c) and (d) of regulation 46 of Table A shall be modified accordingly.

ALTERNATE DIRECTORS

17. The following provisions apply to the Company by way of variation of Regulations 65 to 69 inclusive of Table A

- (A) The appointment of an alternate Director shall automatically terminate on the happening of any event which, if he were a Director, would cause him to vacate the office of Director or if his appointor shall cease for any reason to be a Director otherwise than by retiring and being re-appointed at the same Meeting.
- (B) An alternate Director shall be repaid by the Company such expenses as might properly be repaid to him if he had been a Director. An alternate Director shall be entitled to be indemnified by the Company to the same extent as if he were a Director.
- (C) A Director or any other person approved by the Directors (such approval not to be unreasonably withheld) (save in the case of the alternate Director of a Special Director where no such approval shall be required but who shall only be appointed after consultation with the Directors) may act as alternate

Director to represent more than one Director and an alternate Director shall be entitled at Meetings of the Directors or any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director.

APPOINTMENT AND REMOVAL OF DIRECTORS

18. (A) The Directors shall not be required to retire by rotation.
- (B) The provisions of Section 293 of the Act shall apply to the Company.
19. (A) Notwithstanding any limitation on the number of Directors fixed in accordance with these Articles, DEB and the Council jointly shall be entitled so long as a member of the DEB Group holds any of the issued share capital of the Company from time to time to appoint as a Director of the Company at any time and from time to time such person as it thinks fit (after consultation with the Directors) (in these Articles referred to as a "Special Director") and severally to remove from office any persons so appointed and jointly to appoint any another person in his or their place. In addition notwithstanding any limitation on the number of Directors fixed in accordance with these Articles the Council shall be entitled so long as any member of the DEB Group holds any of the issued share capital of the Company from time to time to appoint as a Director of the Company (whether or not a Special Director has been appointed by DEB and the Council jointly) at any time and from time to time such person as it thinks fit (after consultation with the Directors) (in these Articles also referred to as a "Special Director") and to remove from office any person so appointed and to appoint any other person in his or her place
- (B) In the case of a Special Director appointed by the Council alone such notices need only be signed by or on behalf of the tenant. Such appointment shall be effected by a notice or notices in writing signed on behalf of DEB and the Council and given to the Company at the office and such removal shall be effected by a notice or notices in writing signed on behalf of DEB or the Council and given to the Company at the office in the case of a jointly appointed Special Director
- (C) The remuneration to be paid to the Special Directors shall be payable by the Company and shall be such sum as may be agreed between them and the Company or, failing agreement, such reasonable sum as shall be determined by the Auditors as fair and proper remuneration for the duties performed.

20. (A) Subject to the provisions of Article 7 the Company may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional director.
- (B) Subject to the provisions of Article 7 the Directors shall have power at any time and from time to time, to appoint any person who is willing to act to be a Director either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next following Annual General Meeting of the Company and shall then be eligible for re-election.
- (C) The Chairman of the Board of Directors shall not have a second or casting vote and regulation 88 of Table A shall be varied accordingly.

21. In addition and without prejudice to the provisions of Section 303 and 304 of the Act the Company may, by Extraordinary Resolution remove any Director (except a Special Director) before the expiration of his period of office and may, if thought fit, by Ordinary Resolution appoint another person in his stead. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.

BORROWING POWERS

22. Subject as hereinafter provided the Directors may exercise all the powers of the Company (whether express or implied) to borrow and/or secure the payment of money, to guarantee the payment of money and the fulfilment of obligations and the performance of contracts and to mortgage or charge the property assets and uncalled capital of the Company and (subject to Section 80 of the Act) to issue debentures, debenture stock and all other securities whether outright or as security for any debt liability or obligation of the Company or of any third party but so that:

- (A) the Directors of the Company shall procure that the aggregate of the amounts for the time being remaining undischarged by virtue of any of the foregoing operations and of the amounts for the time being remaining undischarged by virtue of any like operations by any subsidiary of the Company (including any liability whether ascertained or contingent under any guarantee for the time being in force, but excluding (1) loans, mortgages and charges between the Company and any of its subsidiaries or between any of the said subsidiaries and (2) performance bonds and guarantees given in respect of liabilities incurred in the normal course of business by subsidiaries of the Company) shall not without the previous sanction of

the holders of a majority in nominal value of the Preference Shares exceed twice the sum which is equal to the aggregate of the nominal amount of the share capital of the Company for the time being issued and paid up or credited as paid up and the amounts for the time being standing to the credit of the capital and revenue reserves and the share premium account of the Company and all its subsidiaries all as shown by the then latest audited consolidated balance sheet of the Company and its subsidiaries after making the following adjustments:

- (1) deducting any debit balance on profit and loss account; and
- (2) excluding any amounts arising from the writing up of the book values of any capital assets; and
- (3) excluding any amounts attributable to goodwill or other intangible assets; and
- (4) excluding any amounts attributable to minority interests in subsidiaries; and
- (5) taking account of any increase or decrease in the issued and paid up share capital of the Company since the date to which the said balance sheet was made up; and
- (6) excluding any amounts set aside for future taxation; and
- (7) deducting the amount of any dividend or other distribution declared or made after the date of the said balance sheet;

and making such other adjustments as the Auditors for the time being of the Company shall consider appropriate;

- (B) for the purposes of this Article the expression "borrowing" shall (without limiting the generality of the foregoing) include all liabilities under hire purchase, leasing (excluding short term leasing and finance agreements relating to company cars provided for the use of employees of the Company or any subsidiaries of the Company from time to time) and credit sale agreements and acceptance credits;
- (C) the borrowing of any sum of money intended to be applied within 3 months in the repayment (with or without premium) of any monies then already borrowed and outstanding, and applied for that purpose within that time shall not until such application be taken into account as borrowed monies;

- (D) no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded;
- (E) except with the previous sanction of the holders of a majority in nominal value of the Preference Shares no mortgage or charge shall be created on any part of the undertaking property or assets of the Company or any subsidiary of the Company except for the purpose of securing moneys borrowed from the principal bankers to the Company with interest thereon and bank charges.

POWERS AND PROCEEDINGS OF DIRECTORS

23. Subject to the Act, a Director may vote at a meeting of Directors or of a committee of Directors (and may be counted in the quorum present at any such meeting) on any resolution concerning any matter in which he has, directly or indirectly an interest which conflicts or may conflict with the interests of the Company provided that at or prior to such meeting he complies in respect of such a matter with the disclosure provisions of Section 317 of the Act.

24.1 Each Special Director shall be given 14 days prior written notice of all meetings for the transaction of business of the Directors specifying the time and place and brief details of the business to be transacted at the meeting unless in the case of emergency each Special Director consents in writing to short notice (such consent not to be unreasonably withheld).

24.2 If either Special Director fails to attend a meeting for the transaction of business of the Directors called in accordance with Article 24.1 that meeting will be adjourned to the next business day (excluding Saturdays) at the same hour and place specified in the notice.

24.3 Except at the adjournment of a meeting for the transaction of business of the Directors held in accordance with Article 24.2 (in which case the quorum necessary for the transaction of the business of the Directors shall be any two Directors) the quorum necessary for the transaction of the business of the Directors shall be two unless a Special Director or his alternate has been appointed in which event the quorum shall be three of whom one shall be a Special Director. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.

25. So long as a member of the DEB Group holds any of the issued share capital of the Company, DEB may appoint such person as it thinks fit to attend and observe at meetings of the Directors and accordingly notice of all meetings of Directors shall be given to DEB as if it were itself a Director of the Company.

26. Subject to the provisions of Articles 7 and 19, the Directors shall be entitled to such remuneration (if any) by way of fee as shall from time to time be determined by resolution of the Directors and the Directors (including alternate Directors) shall also be entitled to be paid their reasonable travelling, hotel and other expenses of attending and returning from meetings of the Company or otherwise incurred while engaged on the business of the Company or in the discharge of their duties and regulations 82, 83 and 84 of Table A shall be amended accordingly. Provided that any such remuneration of any Director shall not exceed the maximum amount which he may receive without breach of the Subscription Agreement.

27. Subject always to the provisions of Article 7, any Director who, by request of the Directors performs special services for any purpose of the Company which in the opinion of the Directors is outside the normal scope of such Director's duties shall receive such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine, which shall be charged as part of the Company's ordinary revenue expenses. Provided that any such remuneration of any Director shall not exceed the maximum amount which he may receive without breach of the Subscription Agreement.

WINDING UP

28. In regulation 117 of Table A, the words "with the like sanction" shall be inserted immediately before the words "determine how the division."

INDEMNITY

29. Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto PROVIDED THAT this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.