

Company Number: 2469592

THE COMPANIES ACT 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM AND ARTICLES
OF ASSOCIATION
OF
XAAR TECHNOLOGY LIMITED



THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF



XAAR TECHNOLOGY LIMITED

1. The name of the Company is XAAR TECHNOLOGY LIMITED¹.
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:-
 - (a) (i) To carry on within and without the United Kingdom the businesses of importers, exporters, brokers, agents, general merchants and dealers, both retail and wholesale in commodities of every description, commercial and manufactured goods and all goods for household and personal use and consumption, ornament, amusement and recreation and generally in all raw materials, materials, manufactured goods, provisions and general produce, and also the business of wharfingers, storage contractors, carriers, forwarding and shipping agents, storekeepers and warehousemen, and to carry on any other business which is calculated directly or indirectly to enhance the value of any of the Company's business, rights, assets or property, and to carry on the

¹ By Special Resolution passed on 22 June 1990, the name of the Company was changed from Ecoware Limited to Xaar Limited

By Special Resolution passed on 11 September 1997, the name of the Company was changed from Xaar Limited to Xaar Technology Limited

aforesaid businesses, either together as a single business or as separate and distinct businesses in any part of the world.

- (ii) To carry on the business of financiers and industrial bankers, financial consultants, capitalists, financial agents and advisors for commodities, wares, goods, vehicles, apparatus, machinery and articles of every description and in connection therewith or otherwise to advance and loan money to and to purchase accounts on behalf of such persons, companies or firms, concerned in any way whatsoever in the purchase or sale in the manner aforesaid of the aforementioned goods or articles; to carry on the business of guaranteeing or giving security for the payment of money or of financing transactions or the performance of any undertaking or obligation; to carry on the business of financial agents, bill discounters, financiers, company promoters, underwriters and dealers in loans, stocks, shares, annuities and other securities, mortgage brokers and insurance agents.
 - (iii) [No object]
 - (iv) To carry on business as manufacturers, builders, exporters and suppliers of printheads, printers, inks, printing presses, printing equipment, printing machinery and all things incidental thereto.²
- (b) To carry on and undertake any other trade or business which can, in the opinion of the Board of Directors, be advantageously carried on by the Company.
 - (c) To acquire by purchase, hire, lease, exchange or otherwise, or to hold for any estate or interest, any land, buildings, easements, rights, privileges, patents, patent rights, concessions, licences, secret processes, plans, machinery, stock-in-trade and any real or personal property of any kind necessary or convenient for the purposes of or in connection with the Company's business.
 - (d) To erect, alter or maintain any buildings, plant or machinery necessary or convenient for the Company's business and to contribute to or subsidise the erection, construction, alteration and maintenance of any of the above.
 - (e) To acquire by subscription or otherwise and to hold, sell, deal with or dispose of any stock, shares, debentures, debenture stocks, or other securities of any kind whatsoever, guaranteed by any company constituted or carrying on business in any part of the world and debentures, debenture stock and other securities of any kind guaranteed by any government or authority, municipal, local or otherwise, whether at home or abroad, and to subscribe for the same either conditionally or otherwise and to guarantee the subscription thereof and

² Inserted by Special Resolution on 11 September 1997

to exercise and enforce all rights and powers conferred by the ownership thereof.

- (f) To receive money on deposit either without security or secured by debentures, debenture stock (perpetual or terminable), mortgage or other security charged on the undertaking or on all or any of the assets of the Company including uncalled capital, and generally to act as bankers.
- (g) To borrow and raise money in any manner and to secure with or without consideration the repayment of any money borrowed, raised or owing by mortgage, charge, debenture, debenture stock, bond, standard security, lien or any other security of whatsoever nature upon the whole or any part of the Company's property or assets (whether present or future) including its uncalled capital, and also by a similar mortgage, charge, debenture, debenture stock, bond, standard security, indemnity, lien or security of whatsoever nature to secure and guarantee the performance by the Company or any other company or person (including, but without prejudice to the generality of the foregoing) the holding company of the Company or any company which is a subsidiary of such holding company within each case the meaning of Section 736 of the Act, of any obligation or liability it or such person or company may undertake or which may become binding upon it or such person or company, and to secure any securities of the Company by a Trust Deed or other assurance and to enter into partnership or any joint purse arrangement with any person, persons, firm or company.
- (h) To lend money with or without security, and to invest money of the Company upon such terms and conditions as the Company may approve, and to guarantee the dividends, interest and capital of the shares, stocks or securities of any company of or in which the Company is a member or is otherwise interested, and generally as the Directors shall think fit.
- (i) To apply for, purchase or otherwise acquire and hold or use any patents, licences, concessions, copyrights and the like, conferring any right to use or publish any secret or other information and to use, exercise, develop or grant licences in respect of the property, rights or information so acquired.
- (j) To take part in the formation, management, supervision or control of the business or operation of any company or undertaking and for that purpose to appoint and remunerate any directors, accountants, consultants, specialists or agents of any description.
- (k) To employ specialists, consultants and valuers to investigate and examine the condition, prospects, value, character and circumstances of any business concerns and undertakings and generally of any assets, property or rights.
- (l) To establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition or taking over of all or

any of the assets or liabilities of the Company or the promotion of which shall be in any manner calculated to advance directly or indirectly the object or the interests of the Company and to acquire, hold or dispose of shares, stocks or securities issued by or any other obligations of any such other company.

- (m) To draw, accept and negotiate promissory notes, bills of exchange and other negotiable instruments.
- (n) To invest and deal with the monies of the Company not immediately required for the purposes of the business of the Company in or upon such investments and in such a manner as the Company may approve.
- (o) To pay for any property or rights acquired by the Company either in cash or by the issue of fully or partly paid up shares, with or without preferred or deferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise, or by any securities which the Company has power to issue, or partly in one mode and partly in another, and generally on such terms as the Company may determine.
- (p) To accept payment for any property or rights sold or otherwise disposed of or dealt with by the Company, either in cash, by instalments or otherwise, or in fully or partly paid up shares or stock of any company or corporation, with or without preferred or deferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise or in debentures or mortgages or other securities of any company or corporation or partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold, dispose of or otherwise deal with any shares, stock or securities so acquired.
- (q) To enter into arrangements for joint working in business or amalgamate with or enter into any partnership or arrangement for sharing profits, union of interests, reciprocal concession or co-operation with any company, firm or person carrying on or proposing to carry on any business within the objects of the Company or which is capable of being carried on so as to directly or indirectly benefit the Company.
- (r) To purchase or otherwise acquire, takeover and undertake all or any part of the business, property, liabilities and transactions of any person or company carrying on any business which is calculated to benefit the Company or to advance its interests, or possessed of property suitable for the purposes of the Company.
- (s) To sell, develop, manage, improve, turn to account, lease, exchange, let or rent, royalty, share of profits or otherwise, grant licences, easements and other rights in or over, and in any other manner deal with or dispose of the undertaking and all or any of the property and assets for the time being of the Company for such consideration as the Company may think fit.

- (t) To provide for the welfare of persons employed or formerly employed by the Company and to grant pensions, allowances, gratuities and bonuses to officers or ex-officers, employees or ex-employees of the Company or its predecessors in business or of any associated company of the Company or its predecessors in business or the dependants of such persons and to establish and maintain or concur in establishing and maintaining trusts, funds or schemes (whether contributory or non-contributory), with a view to providing pensions or other funds for any such persons as aforesaid or their dependants.
- (u) To subscribe to or otherwise aid the establishment and support of, any schools and any educational, scientific, literary, religious or charitable institutions or trade societies, whether such institutions or societies be solely connected with the business carried on by the Company or its predecessors in business or not, and to institute and maintain any club or other establishment.
- (v) To distribute in specie assets of the Company properly distributable amongst the members, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
- (w) To do all or any of the things hereinbefore authorised, either alone or in conjunction with others, or as factors, trustees or agents for others, or by or through factors, trustees or agents.
- (x) To do all such other things as are incidental to or which the Company may think conducive with the above object or any of them.

The objects set forth in any sub-clause of this clause shall not be restrictively construed but the widest interpretation shall be given thereto, and they shall not, except when the context expressly so requires, be in any way limited to or restricted by reference to or inference from any other object or objects set forth in such sub-clause or from the terms of any other sub-clause or by the name of the Company. None of such sub-clauses or object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-clause, but the Company shall have full power to exercise all or any of the powers and to achieve or to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said sub-clauses.

4. The liability of the Members is limited.

5. The Share Capital of the Company is £5,132,072 divided into 5,132,072 Ordinary Shares of £1 each³.

³ By Special Resolution dated 7 March 1990 the share capital of the Company was increased to £719,733 by the creation of 376,733 "A" Ordinary Shares of £1 each, 41,970 "B" Ordinary Shares of £1 each and 300,030 Cumulative Redeemable Preference Shares of £1 each.

By Ordinary Resolution dated 31 October 1990, the share capital of the Company was increased to £1,633,682 by the creation of 300,000 "A" Ordinary Shares of £1 each and 33,333 "B" Ordinary Shares of £1 each. The 1,633,682 shares are made up of 1,173,284 "A" Ordinary Shares, 130,365 "B" Ordinary Shares and 330,033 Cumulative Redeemable Preference Shares.

By Written Resolution dated 20 February 1991, the share capital of the Company was increased to £1,833,682 by the creation of 200,000 "A" Ordinary Shares of £1 each.

By Written Resolution dated 16 May 1991, the share capital of the Company was increased to £2,172,316 by the creation of 338,634 "A" Ordinary Shares of £1 each.

By Ordinary Resolution dated 24 October 1991, the share capital of the Company was increased to £3,222,118 by the creation of 966,301 "A" Ordinary Shares of £1 each and 83,501 "B" Ordinary Shares of £1 each.

By Ordinary Resolution dated 28 April 1992, the share capital of the Company was increased to £4,022,120 by the creation of 800,002 "A" Ordinary Shares of £1 each. The £4,022,120 shares are made up of 3,478,221 "A" Ordinary Shares of £1 each, 213,866 "B" Ordinary Shares of £1 each and 330,033 Cumulative Redeemable Preference Shares of £1 each.

By Ordinary Resolution dated 3 September 1992, the share capital of the Company was increased to £4,125,555 by the creation of 103,435 "A" shares of £1 each.

On 21 March 1996, the authorised share capital of the Company was increased to £4,315,000 by the creation of 18,344 "A" Ordinary Shares of £1 each, 71,134 "B" Ordinary Shares of £1 each and 99,967 cumulative redeemable preference shares of £1 each. The authorised share capital is made up of 3,600,000 "A" Ordinary Shares of £1 each, 285,000 "B" Ordinary Shares of £1 each and 430,000 cumulative redeemable preference shares of £1 each.

On 4 July 1996, the authorised share capital of the Company was increased to £5,562,072 by the creation of 1,247,072 "A" Ordinary Shares of £1 each. The authorised share capital is made up of 4,847,072 "A" Ordinary Shares of £1 each, 285,000 "B" Ordinary Shares of £1 each and 430,000 cumulative redeemable preference shares of £1 each.

By special resolution dated 11 September 1997, the authorised and issued "B" Ordinary Share capital and "A" Ordinary Share capital was redesignated as Ordinary Share capital and the authorised cumulative redeemable preference share capital was cancelled.

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ARTICLES OF ASSOCIATION
OF
XAAR TECHNOLOGY LIMITED

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

XAAR TECHNOLOGY LIMITED¹

(adopted by a Special Resolution
passed on 22 June 1990 and
amended by Special Resolutions passed on
24 October 1991, 16 May 1995, 4 July 1996,
11 September 1997 and 19 May 1998

PRELIMINARY

1. These regulations constitute the articles of the Company. Table A is excluded for the purposes of section 8(2) Companies Act 1985.
2. The Company is a private company within the meaning of the Companies Act 1985.

INTERPRETATION

3. In these regulations:

the "Act" means the companies Act 1985 including any 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;

¹ Formerly Xaar Limited amended by Special Resolution passed on 11 September 1997

the **"EBT"** means the Xaar Limited Employee Benefit Trust established by the Trust Deed;

the **"EBT Trustees"** means the trustees for the time being of the EBT;

"executed" includes any mode of execution;

"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;

"secretary" means the secretary to 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 **"Trust Deed"** means the deed made between the Company (1) and Xaar Trustee Limited (2) establishing the EBT (as from time to time amended or varied); and

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.

4. **SHARE CAPITAL**

4.1² **Authorised Share Capital**

The share capital of the Company is £5,132,072 divided into 5,132,072 Ordinary Shares of £1 each .

4.2 Deleted 11 July 1997.

4.3 Deleted 11 July 1997.

² Amended by Special Resolution passed on 11 September 1997.

- 4.4 Deleted 11 July 1997.
- 4.5 Deleted 11 July 1997.
- 4.6 Deleted 11 July 1997.
- 4.7 Deleted 11 July 1997.
- 4.8 Deleted 11 July 1997.
5. Subject to the provisions of the Act, and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.
6. Subject to the provisions of the Act, shares may be issued which are to be or are to be liable to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by the articles.
7. The Company may exercise the power of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.
8. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the Company shall not be bound by or recognise any interest in any share except in absolute right to the entirety thereof in the holder.

SHARE CERTIFICATES

9. Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by

several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

10. If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigation evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

11. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) payable at a fixed time or called in respect of that share and for all monies due to the Company and payable by the holder thereof or his estate. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The Company's lien on a share shall extend to any amount payable in respect of it.
12. The Company may sell in such manner as the directors determine any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death of bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
13. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
14. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like line for any monies not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

15. Subject to the terms of allotment, the directors may make calls upon the members in respect of any monies unpaid on their shares (whether in respect of nominal value or premium) and

each member shall (subject to receiving at least fourteen clear days; notice specifying when and where payment is to be made) pay to the Company as required by the notice at the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

16. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
18. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may waive payment of the interest wholly or in part.
19. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it not paid the provisions of the articles shall apply as if the amount had become due and payable by virtue of a call.
20. Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
21. If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
22. If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors

and the forfeiture shall include all dividends or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

23. Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.
24. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys (as defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
25. A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

TRANSFER OF SHARES

26. No member shall sell or dispose of any of the shares registered in his name except in accordance with the provisions of the articles.
27. The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

28. Subject to regulation 29 the right to transfer shares in the Company shall be subject to the following restrictions:
- 28.1 Before transferring any shares the person proposing to transfer the same (hereinafter called the "**offeror**") shall give notice in writing (hereinafter called a "**transfer notice**") to the Company of the number of shares he wishes to transfer (the "**offered shares**"). The transfer notice shall constitute the Company agent of the offeror for the sale of the offered shares (together with all rights then attached) thereto) at the prescribed price (as defined in regulation 28.2) in accordance with the provisions of this regulation and for as long as the transfer notice shall remain unrevoked.
- 28.2 For the purposes of this regulation the prescribed price shall be such sum as the offeror can establish to the reasonable satisfaction of the directors is the amount per share which a third party is prepared to pay on a purchase of the offered shares on an arm's length basis, or failing that such sum as the offeror and the directors shall agree constitutes the market value of the offered shares or, in the event that the offeror and the directors fail to reach agreement within twenty-one days after service of a transfer notice, such sum as the auditors may determine to constitute the market value of the offered shares on the basis of a sale by a willing seller to a willing buyer on the open market (disregarding any effect upon value of the share forming part of a majority or minority holding). The auditors shall act 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 person concerned by reason of their determination or by anything done or omitted to be done by the auditors for the purpose thereof or in connection therewith.
- 28.3 On agreement or determination of the prescribed price the Company shall immediately offer the offered shares either (i) to any person or persons, who may but need be a member of the Company, nominated for these purposes by the holders of three quarters of the issued Ordinary Shares other than the holder of the offered shares (a "**nominated purchaser**") or (ii) to the members of the Company holding shares of the same class as the offered shares (other than the offeror) in each case for purchase at the prescribed price on the terms that in the case of competition the offered shares shall (in accordance with the provisions of regulation 28.4) be sold to the acceptors in proportion to the numbers of shares of the same class then held by them (as nearly as may be without involving fractions or increasing the number sold to any eligible member beyond that applied for by him). Any offer shall limit a period of 21 days within which it must be accepted or in default will lapse (hereinafter referred to as the "**acceptance period**").

- 28.4 Any nominated purchaser or member desiring to acquire all or any of the offered shares at the prescribed price (an "accepting member") shall notify the Company in writing within the acceptance period of the maximum number of the offered shares he is willing to acquire. The Company shall immediately after the expiry of the acceptance period notify the offeror in writing of the accepting members and he shall be bound, upon payment of the prescribed price, to transfer to the accepting members such number of the offered shares as the Company shall specify. The transfer of the shares and payment of the prescribed price shall take place at the place and time (not less than ten nor more than fifteen days after the expiry of the acceptance period) specified by the Company.
- 28.5 If all of the offered shares are not accepted by nominated purchasers or other members of the Company holding shares of the same class as the offered shares, such of the offered shares as shall not have been accepted shall be offered to all other members of the Company in accordance with regulation 28.3 which shall apply to such offer *mutatis mutandis*.
- 28.6 Notwithstanding any provision in these articles if all of the offered shares are not accepted by nominated purchasers or other members of the Company the offeror may be notice in writing to the Company given within ten days of the last day on which they could have been accepted withdraw his transfer notice.
- 28.7 Where any transfer notice is withdrawn in accordance with these articles any acceptance of the offered share by the accepting members and the offer contained in the transfer notice shall be deemed to have been revoked.
- 28.8 If an offeror shall fail or refuse to transfer any shares to an accepting member or to any person hereunder otherwise than as a result of the revocation of his transfer notice in accordance with regulation 28.6 the directors may authorise some other person to execute and deliver on his behalf the necessary form of transfer and the Company may receive the purchase money in trust for the offeror and cause the accepting member or other person to be registered as the holder of such shares. The receipt of the Company for the purchase money shall be good discharge to the accepting member or other person (who shall not be bound to see to the application thereof) and after the accepting member or other person has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.
- 28.9 In the event that any shares are registered in the names of joint holders, the senior shall for the purposes of this regulation 28 be deemed to be the offeror in the event of any transfer

notice being served in respect of the shares; for this purpose seniority shall be determined by the order in which the names stand in the register of members.

28.10 If all the offered shares shall not have been accepted by other members of the Company or by persons selected by the directors under regulation 28.4 and if the offeror does not withdraw his transfer notice in accordance with regulation 28.6 he may at any time within one hundred and twenty days after the expiry of the acceptance period transfer those offered shares which have not been accepted to any person on a bona fide sale at any price (which shall not be less than the prescribed price).

28.11 [NO ARTICLE]

28.12 Notwithstanding any other provision of these regulations the EBT Trustees shall be entitled to transfer any shares held by them from time to time any of the Beneficiaries (as defined in the Trust Deed) and the directors shall have no right to refuse to register any such transfer.

28.13 In the event that (i) a person (the "Offeror") makes an irrevocable bona fide offer (the "Offer") open for acceptance for not less than thirty days (the "Offer Period") to acquire all the shares held by all members of the Company (other than any already held by the Offeror) and (ii) the Offer is accepted by shareholder(s) holding in aggregate shares representing 75 per cent. or more of the total number of Ordinary Shares which would be in issue if all Preference Shares were converted into Ordinary Shares on the date of such offer excluding any shares held by the Offeror or a person connected (within the meaning of section 839 Income and Corporation Taxes Act 1988) with the Offeror, then each member:

- (a) shall be bound to accept the Offer in the Offer Period and to execute all such documents and to do all such other acts or things which are necessary to transfer his Shares to the Offeror in accordance with the terms of the Offer; and
- (b) hereby appoints the Company as his Attorney in his name and on his behalf to accept the Offer and execute all such documents and to do all such other acts or things which the Company as his Attorney deems necessary to transfer the Shares to the Offeror in accordance with the terms of the Offer;

and the aggregate price paid by the Offeror to the holders of Shares shall be treated by them as if it were a surplus distributed to such holders in a liquidation of the Company and shall be divided among the holders of the different classes of Shares accordingly. Any member which receives from such Offeror a greater payment than that to which he is entitled shall

hold the amount of the overpayment in trust for the other members in proportion to their respective entitlements.

- 28.14³ (a) If a Qualifying Offer (as that term is defined in article 28.15) is made by a Qualifying Offeror, the provisions of this article 28.14 shall apply. If this article 28.14 applies, the provisions of articles 28.1 to 28.13 inclusive shall not apply and shall be deemed never to have applied, in each case, in respect of any acceptance of any offer under articles 28.1 to 28.13 and/or any transfer or proposed transfer of shares pursuant to that offer.
- (b) (i) Any ordinary shareholder of the Company ("**Vendor**") may on any date give any shareholder registered as the owner of more than fifty per cent. of the issued ordinary shares of the Company ("**Purchaser**") a notice requiring the Purchaser to purchase all the ordinary shares in the Company held by the Vendor ("**Disposal Shares**").
- (ii) The consideration for the purchase under article 28.14(b)(i) will be the allotment of ordinary shares in the Purchaser to the Vendor, credited as fully paid, of a number equal to the number of the relevant Disposal Shares (subject to Article 28.14(d)).
- (iii) Within 21 days after the date of the notice or such other date as may be agreed between the Vendor and the Purchaser ("**Disposal Date**") the Vendor shall be bound to transfer and the Purchaser shall be bound to purchase the Disposal Shares together with all the rights then attaching or accruing to them free from all encumbrances.
- (c) (i) Any Purchaser may on any date give a notice to any Vendor (as those terms are defined in article 28.14(b)(i)) requiring the Vendor to sell to the Purchaser all of the ordinary shares in the Company held by the Vendor ("**Acquired Shares**").
- (ii) The consideration for the sale under article 28.14(c)(i) will be the allotment of ordinary shares in the Purchaser to the Vendor, credited as fully paid, of a number equal to the number of the relevant Acquired Shares (subject to Article 28.14(d)).

³ Inserted by Special Resolution passed on 11 September 1997.

- (iii) Within 21 days after the date of the notice or such other date as may be agreed between the Purchaser and the Vendor the Vendor shall be bound to transfer and the Purchaser shall be bound to purchase the Acquired Shares together with all rights then attaching or accruing to them free from all encumbrances.
- (d)⁴ If a Qualifying Offer has been made by the Purchaser and during the period in which this article applies, the Purchaser varies its share capital by way of reduction of capital or sub-division or consolidation of capital or issue of shares by way of capitalisation of profits or reserves or by way of rights, the Board of Directors of the Company must ensure that the Board of the Purchaser makes such adjustments to the number of ordinary shares in the Purchaser to be allotted under articles 28.14(b)(ii) and 28.14(c)(ii) as the Board of Directors of the Company considers appropriate (save that, except in the case of a capitalisation issue, no adjustment shall be made without the prior confirmation in writing by the auditors for the time being of the Company that the adjustment is in their opinion fair and reasonable).
- (e)⁵ If, as a result of any variation of capital by the Purchaser described in article 28.14(d), any Vendor would become entitled to fractions of a share, the fractional entitlements shall be rounded down to the nearest whole number of shares.
- (f) No transfer notice as referred to in article 28.1 may be given whilst a Qualifying Offer is open for acceptance.
- 28.15⁶ A. If a Qualifying Offeror makes a Qualifying Offer then the provisions of this Article 28.15 shall apply. If a Qualifying Offer has been both:
- (i) open for acceptance for not less than the period of 10 days from (and including) the date of despatch of any document containing the Qualifying Offer (or such a shorter period as all the members holding shares as at the date of such offer may agree); and

⁴ Substituted by Special Resolution passed on 19 May 1998.

⁵ Substituted by Special Resolution passed on 19 May 1998.

⁶ Inserted by Special Resolution passed on 11 September 1997.

- (ii) accepted by members holding in aggregate shares comprising 90% or more of the total number of Ordinary Shares in issue on the date such offer was made,

then each member who has not accepted the offer shall be bound immediately upon satisfaction of the conditions mentioned in sub-paragraph (i) and (ii) of this Article 28.15A to accept the offer in accordance with its terms and to execute all such documents and to do all such other acts or things which may be necessary or desirable to transfer his shares to the Qualifying Offeror in accordance with the terms of the offer. For such purposes each member hereby irrevocably appoints (in accordance with section 4 of the Powers of Attorney Act 1991) the Company as his attorney and/or agent in his name and on his behalf (subject only to satisfaction of the conditions mentioned) to accept the offer in accordance with its terms and to execute all such documents (including without limitation a form of acceptance relating to such offer) and to do all such other acts and things which the Company may deem necessary or desirable to transfer all the relevant shares to the Qualifying Offeror in accordance with the terms of the offer.

- B. If a Qualifying Offer is made then the provisions of articles 28.1 to 28.13 inclusive shall not apply and shall be deemed never to have applied, in each case, in respect of any acceptance of the offer and/or any transfer or proposed transfer of shares pursuant to the offer.
- C. This article 28.15 applies in respect of any Qualifying Offer made prior to the adoption of this article as well as to any offer made after the adoption of this article.
- D. No transfer notice as referred to in article 28.1 may be given whilst a Qualifying Offer is open for acceptance.
- E. In this article:

"Qualifying Offer" means a general offer to all members of the Company other than in respect of any shares held by the Qualifying Offeror to acquire all the issued shares of the Company held by each member (but such offer need not be extended by the Qualifying Offeror to certain members who have registered addresses in jurisdictions outside the UK where the Qualifying Offeror may decide not to make the offer) which:

- (i) is made for the purpose of establishing a new holding company of the Company;
- (ii) is made on terms that each member of the Company will receive one share in the Qualifying Offeror for each share held in the Company;
- (iii) is made with the intention that each member of the Company will become the registered holder of the same number of shares in the Qualifying Offeror as they are the registered holders of shares in the Company immediately prior to the issue of shares in the Qualifying Offeror;
- (iv) on terms that give to no member of the Company any consideration for the acquisition of the Company's shares other than the issue of shares in the Qualifying Offeror;
- (v) on terms that the rights attaching to the Qualifying Offeror's shares will be the same as those attaching to the Company's shares immediately prior to the acquisition;
- (vi) with the intention that the transfer of the Company's shares in issue at the date of the acquisition should benefit from the relief from stamp duty under Section 77 Finance Act 1986; and
- (vii) on such other terms and conditions as the Qualifying Offeror may stipulate.

"Qualifying Offeror" means a company which has carried on business only in connection with its proposed flotation and the making of an offer for the Company and if deemed appropriate by the offeror, the establishment and operation of a manufacturing company or business in connection with the activities of the Company.

29. Notwithstanding anything in these articles any share may at any time be transferred by a member to any other person with the approval of all of the members of the Company; and

29.1 any member being a corporation may at any time transfer any of the shares held by it:

29.1.1 to any subsidiary of the member; or

29.1.2 to any Company of which the member is a subsidiary or any subsidiary of any such Company;

on terms (in any such case) that if the transferee ceases to be a holding Company or subsidiary as aforesaid it shall retransfer the shares in question to the original transferor save that such a re-transfer shall not be required where the transferee ceases to be holding Company or subsidiary as aforesaid by reason of the liquidation of the transferor;

29.2 any member being a partnership or a member of a partnership may at any time transfer any of the shares held by it as partnership property to any of the members of the partnership;

29.3 any member holding shares as a bare nominee may at any time transfer any of such shares to the beneficial owner or to another nominee of the same beneficial owner, but on any disposal by the beneficial owner of its interest in any shares the member shall, unless such disposal would have been permitted under these Articles if it had been a disposal of shares, be deemed to have served a transfer notice in respect of such shares which shall not be capable of being withdrawn;

29.4 any member may at any time transfer shares to a bare nominee which does not have or acquire any beneficial interest in such shares.

30. The directors may refuse to register the transfer of a share which is not fully paid into a person of whom they do not approve and they may refuse to register the transfer of a share on which the Company has a lien. Subject thereto, the directors shall register any transfer of shares made in accordance with Articles 28 or 29. They may also refuse to register a transfer unless:

30.1 it is lodged at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;

30.2 it is in respect of only one class or shares; and

30.3 it is in favour of not more than four transferees.

31. If the directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

32. The registration of transfers of shares or of transfers or any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the directors may determine.
33. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.
34. The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

TRANSMISSION OF SHARES

35. If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only person recognised by the Company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.
36. A person becoming entitled to a share in consequence of the bankruptcy of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the shares or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the bankruptcy of the member had not occurred.
37. A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the Company or at any separate meeting of the holders of any class of shares in the Company.

ALTERATION OF SHARE CAPITAL

38. The Company may by ordinary resolution:

- 38.1 increase its share capital by new shares of such amount as the resolution prescribes;
- 38.2 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- 38.3 subject to the provisions of the Act, sub-divide its shares, or any of them, into share of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
- 38.4 cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.
39. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including the Company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
40. Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

PURCHASE OF OWN SHARES

41. Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) and make a payment in respect of the redemption or purchase of its own shares, otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares.

GENERAL MEETINGS

- 42.⁷ All general meetings other than annual general meetings shall be called extraordinary general meetings.
43. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any member of the Company may call a general meeting.

NOTICE OF GENERAL MEETINGS

44. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if its is so agreed:
- 44.1 In the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- 44.2 In the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.

The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

⁷ Amended by Special Resolution passed on 11 September 1997.

45. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

PROCEEDINGS AT GENERAL MEETINGS

46. No business shall be transacted at any meeting unless a quorum is present. Two members entitled to vote present in person or by proxy shall be a quorum.
47. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the directors may determine and notify to the members.
48. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.
49. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
50. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
51. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

52. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:

52.1 by the chairman; or

52.2 by at least two members having the right to vote at the meeting; or

52.3 by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

52.4 by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand by a person as proxy for a member shall be the same as a demand by the member.

53. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

54. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands before the demand was made.

55. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be demanded to be the resolution of the meeting at which the poll was demanded.

56. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.

57. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is

demand. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

58. No notice need to be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
59. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members.

VOTES OF MEMBERS

- 60.⁸ Subject to any rights or restrictions attached to any shares on a show of hands, every member holding ordinary shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every ordinary share of which he is the holder.
61. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.
62. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the articles for the deposit of

⁸ Substituted by Special Resolution passed on 11 September 1997.

instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

63. No member shall vote at any general meeting or at any separate meeting of the holders of any class of share in the Company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.
64. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
65. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.
66. An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

"Xaar Limited

I/We _____, of _____, being
a member/members of the above-named Company, hereby appoint
of _____, or failing him, _____ of
_____, as my/our proxy to vote in my/our name[s] and on my/our behalf at the
annual/extraordinary general meeting of the Company to be held on
19 ____, and at any adjournment thereof.

Signed on

19 __."

67. Where it is desired to afford members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

"Xaar Limited

I/We _____, of _____, being
a member/members of the above-named Company, hereby appoint

of _____, or failing him, _____ of _____, as my/our proxy to vote in my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the Company to be held on 19 _____, and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No 1 *for * against

Resolution No 2 * for * against

* Strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed this day of _____ 19 ____."

68. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may:
- 68.1 be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- 68.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- 68.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

69. A vote given or poll demanded by proxy or by the duly authorised representative be of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

NUMBER OF DIRECTORS

70. Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be less than two nor more than nine.

ALTERNATE DIRECTORS

71. Any director (other than an alternate director) may appoint any other director, or any other person willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.
72. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director.
73. An alternate director shall cease to be an alternate director if his appointor ceases to be a director.
74. 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.
75. Save as otherwise provided in the articles, an alternate director shall be deemed for all purposes to be a director and 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.

POWER OF DIRECTORS

76. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all powers of the Company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.
77. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

DELEGATION OF DIRECTORS' POWERS

78. The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying.

APPOINTMENT OF DIRECTORS

79. 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.
80. The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with the articles as the maximum number of directors.

DISQUALIFICATION OF DIRECTORS

81. The office of a director shall be vacated if:

81.1 he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or

81.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or

81.3 he is, or may be, suffering from mental disorder and either:

81.3.1 he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or

81.3.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

81.3.3 he resigns his office by notice to the Company; or

81.3.4 he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

REMUNERATION OF DIRECTORS

82. The directors shall be entitled to such remuneration as the Company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

DIRECTORS' EXPENSES

83. The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or

general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

84. Subject to the provisions of the Act, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.
85. Subject to the provisions of the Act and provided that he has disclosed to the directors the nature and extent of any material interest of his, notwithstanding his office, a director:
- 85.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- 85.2 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- 85.3 shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
86. For the purposes of regulation 85:
- 86.1 general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- 86.2 interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

DIRECTORS' GRATUITIES AND PENSIONS

87. The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

PROCEEDINGS OF DIRECTORS

88. Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Notice of a meeting shall be given to all directors whether or not in the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
89. The quorum for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.
90. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, they may act only for the purpose of calling a general meeting.
91. The directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
92. All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in

the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

93. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee 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.
94. Any director may participate in a meeting of the directors or of a committee of the directors by means of conference telephone or any other communication equipment through which all those participating in the meeting can hear each other, and shall be deemed present at any meeting in which they participated in this manner.
95. Save as otherwise provided by the articles, a director shall not 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 unless his interest or duty arises only because the case falls within one or more of the following paragraphs:
 - 95.1 the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiaries;
 - 95.2 the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - 95.3 his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any of its subsidiaries, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;

- 95.4 the resolution relates in any way to a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes.
- 95.5 the transaction is one in which he is interested solely by virtue of the member which secured his appointment being a party thereto.

For the purposes of this regulation, an interest of a person who is, for any purpose of the Act (excluding any statutory modification thereof not in force when this regulation becomes binding on the Company), connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

96. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
97. The Company may by special resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the articles prohibiting a director from voting at a meeting of directors or of a committee of directors.
98. Where proposals are under consideration concerning the appointments of two or more directors to offices or employments with the Company or any body corporate in which the Company is interested the proposals may be divided and considered in relation to each director separately and (provided he is not for another reason precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
99. If a question arises at a meeting of directors or of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive.

SECRETARY

100. Subject to the provisions of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

101. The directors shall cause minutes to be made in books kept for the purpose:

101.1 all appointments of officers made by the directors; and

101.2 all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

THE SEAL

102. The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

DIVIDENDS

103. Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

104. Subject to the provisions of the Act, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

105. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if

any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

106. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.
107. Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.
108. No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
109. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

ACCOUNTS

110. No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the directors or by ordinary resolution of the Company.

CAPITALISATION OF PROFITS

111. The directors may with the authority of an special resolution of the Company:

- 111.1 subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- 111.2 appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other: but the share premium account the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this regulation, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- 111.3 make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this regulation in fractions; and
- 111.4 authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

NOTICES

112. Any notice to be given to or by any person pursuant to the articles shall be in writing and the Company may give any notice to a member or director either personally or by sending it by post in a prepaid envelope addressed to the member or director at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders.
113. Each member or director shall be entitled to have notices given to him at his registered address, whether such address is within or outside the United Kingdom.

114. A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
115. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.
116. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall, unless the contrary is proved, be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.
117. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, supplied by them for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

WINDING UP

118. If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

119. Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against 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 in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.