

Company Number: 2591134

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

**WRITTEN RESOLUTION OF
COATS FINANCE CO LIMITED**

Passed 25 MARCH 2004

We, the undersigned, being the sole member of the above named Company for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by our duly authorised representatives) pursuant to section 381A of the Companies Act 1985 and the articles of association hereby resolve that the following resolution be passed and agree that the same shall have effect as if passed as a special resolution at a general meeting duly convened and held:-

SPECIAL RESOLUTIONS

THAT:

1. the wording contained in the draft Articles of Association annexed hereto be approved and adopted with effect from the termination of this meeting as the Articles of Association of the Company; and
2. the wording contained in the draft Memorandum of Association annexed hereto be approved and adopted with effect from the termination of this meeting as the Memorandum of Association of the Company.

signed on behalf of
COATS LIMITED
acting by

)
)
)

Christy W. Neely
.....
Authorised signatory



Company No: 2591134

The Companies Acts

Company Limited by Shares

MEMORANDUM OF ASSOCIATION

of

COATS FINANCE CO LIMITED

(Adopted by a Special Resolution on 25 March 2004)

CMS Cameron McKenna
Mitre House, 160 Aldersgate Street, London EC1A 4DD
Telephone: 0207-367 3000 Fax: 0207-367 2000
DX 135316 Barbican 2

Company No: 2591134

The Companies Acts
Company Limited By Shares

MEMORANDUM OF ASSOCIATION
of
COATS FINANCE CO LIMITED

1. The Company's name is "**COATS FINANCE CO LIMITED**".
2. The Company's registered office is situated in England and Wales.
3. The Company's objects are:
 - 3.1 to carry on all or any of the following businesses: representatives, agents, factors, distributors, importers, exporters, manufacturers and wholesale and retail dealers for or on behalf of any company or as principals in and about every kind of marketable product, process, materials and services of whatever description, and for these purposes to negotiate and handle contracts and agreements of all kinds, to act as representatives and agents of and for any individual, company, firm, association, authority, organisation or other body in any part of the world and for any purpose whatever, to tender for and to place contracts, investments and other rights, to act for and to provide all kinds of services, agencies and consultancies to all or any parties or prospective parties to any contract or other agreement, and to carry on business as advertising and publicity agents, sales promoters, marketing and market research specialists, direct selling and mail order specialists, exhibition and display contractors and promoters, merchandising agents, warehousers, storers, packers, customs house brokers, shipping and forwarding agents, clearing agents, wharfingers, insurance brokers, carriers, hauliers and providers of all kinds of facilities in connection with or ancillary to any of the above businesses;
 - 3.2 to carry on the business of an investment and holding company and to invest and deal in shares, stocks, debentures and securities of any kind issued or guaranteed by any body of whatever nature and wheresoever constituted or carrying on business;
 - 3.3 to employ the funds of the Company in the development and expansion of the business of the Company and all or any of its subsidiary or associated companies and in any other company whether now existing or hereafter to be formed and engaged in any like business of the Company or any of its subsidiary or associated companies or in any other industry ancillary thereto or in any business which can conveniently be carried on in connection therewith;

- 3.4 to co-ordinate the administration, policies, management, supervising, control, research, development, planning, manufacture, trading and any and all other activities of, and to act as financial advisers and consultants to, any company or companies or group of companies now or hereafter formed or incorporated or acquired which may be or may become related or associated in any way with the Company or with any company related or associated therewith and either without remuneration or on such terms as to remuneration as may be agreed;
- 3.5 to advance and lend money with or without security and to guarantee the performance of the contracts or obligations or the repayment of capital, principal, dividends, interest or premiums payable on any stock, shares, securities or debentures of, or other investments in, any company or person and in particular (but without limiting the generality of the foregoing) of any company which is for the time being the Company's holding company (as defined by section 736 Companies Act 1985) or another subsidiary (as defined by that section) of the Company's holding company and to give all kinds of indemnities;
- 3.6 to organise, incorporate, reorganise, finance, aid and assist, financially or otherwise, companies, corporations, syndicates, partnerships, associations and firms of all kinds and to underwrite or guarantee the subscription of, shares, stocks, debentures, debenture stock, bonds, loans, obligations, securities or notes of any kind, and to make and carry into effect arrangements for the issue, underwriting, resale, exchange or distribution thereof;
- 3.7 to carry on the business of land and property developers of every and any description and to acquire by purchase, lease, concession, grant, licence or otherwise such lands, buildings, leases, underleases, rights, privileges, stocks, shares and debentures in public or private companies, corporate or unincorporate, policies of insurance and other such property as the Company may deem fit and shall acquire the same for the purposes of investment and development and with a view to receiving the income therefrom; and to enter into any contracts and other arrangements of all kinds with persons having dealings with the Company on such terms and for such periods of time as the Company may from time to time determine, on a commission or fee basis or otherwise, and to carry on any other trade or business, whatever, of a like and similar nature;
- 3.8 to carry on all kinds of promotion business and, in particular, to form, constitute, float, lend money to, assist, manage and control any companies, associations or undertakings whatsoever and to market, advertise or promote goods, services, material (tangible or intangible) or any other thing whatsoever;
- 3.9 to vary the investments and holdings of the Company as may from time to time be deemed desirable;
- 3.10 to act as trustee of any kind including trustee of any deeds constituting or securing any debentures, debenture stock or other securities or obligations and to undertake and execute any trust or trust business (including the business of acting as trustee under wills and settlements), and to do anything that may be necessary or assist in the obtaining of any benefit under the estate of an individual, and also to undertake the office of executor, administrator, secretary, treasurer or registrar or to become manager of any business, and to

keep any register or undertake any registration duties, whether in relation to securities or otherwise;

- 3.11 to provide technical, cultural, artistic, educational, entertainment or business material, facilities, information or services and to carry on any business involving any such provision;
- 3.12 to carry on the business of commission agents, factors, general merchants and dealers in every description of goods, exporters and importers, concessionaires, wholesale and retail traders, carriers, warehousemen, designers, advertising contractors or agents, or trustees, brokers or agents for any company;
- 3.13 to manufacture, develop, process, refine, repair, purchase, sell, export, import, deal in or let on hire all kinds of goods, substances, articles, services and material (tangible or intangible) of any kind which may be advantageous to the Company or which any of the customers or other companies having dealings with the Company may from time to time require;
- 3.14 to provide services of any kind including the carrying on of advisory, consultancy, brokerage and agency business of any kind;
- 3.15 to acquire and carry on any business carried on by a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company;
- 3.16 to enter into any arrangements with any government or authority or person and to obtain from any such government or authority or person any legislation, orders, rights, privileges, franchises and concessions and to carry out, exercise and comply with the same;
- 3.17 to purchase, take on lease or in exchange, hire, renew, or otherwise acquire and hold for any estate or interest, and to sell, let, grant licences, easements, options and other rights over or otherwise deal with or dispose of, in whole or in part, any lands, buildings, machinery, rights, stock-in-trade, business concerns, choses in action, and any other real and personal property of any kind including all of the assets of the Company and to perform any services or render any consideration and to construct, equip, alter and maintain any buildings, works and machinery necessary or convenient for the Company's business and in each case for any consideration (including in particular but without detracting from the generality of the foregoing for any securities or for a share of profit or a royalty or other periodical or deferred payment);
- 3.18 to enter into partnership or any other arrangement for sharing profits or joint venture or cooperation with any company carrying on, engaged in or about to carry on or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit the Company, and to subsidise or otherwise assist any such company;
- 3.19 to invest money of the Company (or any of its subsidiaries) in any investments and to hold, sell or otherwise deal with investments or currencies or other financial assets and to carry on the business of an investment company;
- 3.20 to lend or advance money or otherwise give credit or provide financial accommodation to any company with or without security and to deposit money with any company and to carry on the business of a banking, finance or insurance company;

- 3.21 for any reason whatsoever to mortgage, charge, pledge or otherwise secure, either with or without the Company receiving any consideration or advantage, all or any part of the undertaking, property, assets, rights and revenues present and future and uncalled capital of the Company and to guarantee, indemnify or otherwise support or secure, either with or without the Company receiving any consideration or advantage and whether by personal covenant or by mortgaging, charging, pledging or otherwise securing all or any part of the undertaking, property, assets, rights and revenues present and future and uncalled capital of the Company or by any or all such methods or by any other means whatsoever, the liabilities and obligations of any person, firm or company including but not limited to any company which is for the time being the holding company or a subsidiary undertaking (both as defined in the Companies Act 1985 as amended) of the Company or of the Company's holding company as so defined;
- 3.22 to borrow and raise money and accept money on deposit and to secure or discharge any debt or obligation of or binding on the Company or any other company and in particular by mortgaging or charging all or any part of the undertaking, property and assets (present or future) and the uncalled capital of the Company, or by the creation and issue, on such terms as may be thought expedient, of securities of any description;
- 3.23 notwithstanding any other provisions of the Memorandum or Articles of Association of the Company and notwithstanding any personal interest, the Board of Directors of the Company is specifically empowered and authorised to take any action whatsoever, either with or without the Company receiving any consideration or advantage, direct or indirect, in respect of any facilities made or to be made available to the Company's holding company (as defined in Section 736 of the Companies Act 1985) or any subsidiary undertaking (as defined in Section 258 of the Companies Act 1985) of such holding company for general working capital or other corporate purposes of any such company (including, without limitation, in connection with any restructuring, rescheduling or refinancing of such company's existing facilities). Such action shall include, without limitation, the giving of any guarantee and/or security in respect of any obligations of such company to any person providing such facilities. Each such act as aforesaid shall be constituted an additional main object of the Company and all other provisions of the Memorandum and Articles of Association of the Company shall be construed and deemed amended to give full effect to the provision of this paragraph of the Memorandum of Association of the Company;
- 3.24 to undertake interest rate and currency swaps, options, swap option contracts, forward exchange contracts, forward rate agreements, futures contracts or other financial instruments including hedging agreements and derivatives of any kind and all or any of which may be on a fixed and/or floating rate basis and/or in respect of Sterling, any other currencies, basket of currencies including but not limited to European Currency Units (as the same may from time to time be designated or constituted) or commodities of any kind and in the case of such swaps, options, swap option contracts, forward exchange contracts, forward rate agreements, futures contracts or other financial instruments including hedging agreements and derivatives of any kind that may be undertaken by the Company on a speculative basis or otherwise;
- 3.25 to undertake any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or

equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or combination of these transactions and whether for the purposes of risk management, on a speculative basis or otherwise;

- 3.26 to draw, make, accept, indorse, discount, execute, issue, negotiate and deal in promissory notes, bills of exchange, shipping documents and other instruments and securities (whether negotiable, transferable or otherwise) and to buy, sell and deal in foreign currencies;
- 3.27 to buy, sell, export, manufacture and deal in all kinds of goods, stores and equipment whether in connection with any of the above activities or otherwise and to act as agents for all purposes;
- 3.28 to apply for, purchase or otherwise acquire any patents, licences, concessions, privileges and like rights, conferring a non-exclusive or exclusive or limited right to use, or any secret or other information as to any invention which is capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop, grant licences in respect of, or otherwise turn to account, the rights and information so acquired;
- 3.29 to apply for and take out, purchase or otherwise acquire, sell, licence, transfer, deal or trade in any way in trade marks and names, service marks and names, designs, patents, patent rights, inventions, secret processes, know-how and information and any form of intellectual property and to carry on the business of an inventor, designer or research organisation;
- 3.30 to sell, improve, manage, develop, lease, mortgage, let, charge, dispose of, turn to account, or otherwise deal with all or any part of the undertaking or property or rights of the Company, and to sell the undertaking of the Company, or any part thereof for such consideration as the Company may think fit, and in particular for cash, shares, debentures or debenture stock or other obligations, whether fully paid or otherwise, of any other company;
- 3.31 to issue and allot securities of the Company for cash or in payment or part payment for any real or personal property purchased or otherwise acquired by the Company or any services rendered to the Company or as security for any obligation or amount (even if less than the nominal amount of such securities) or for any other purpose;
- 3.32 to give any remuneration or other compensation or reward for services rendered or to be rendered in placing or procuring subscriptions of, or otherwise assisting in the issue of, any securities of the Company or in or about the formation of the Company or the conduct or course of its business, and to establish or promote, or concur or participate in establishing or promoting, any company, fund or trust and to subscribe for, underwrite, purchase or otherwise acquire securities of any company, fund or trust and to carry on the business of company, fund, trust or business promoters or managers and of underwriters or dealers in securities, and to act as director of, and as secretary, manager, registrar or transfer agent for, any other company;

- 3.33 to grant or procure the grant of donations, gratuities, pensions, annuities, allowances, or other benefits, including benefits on death, to any directors, officers or employees or former directors, officers or employees of the Company or any company which at any time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company or of any predecessor in business of any of them, and to the relations, connections or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the Company or whom the board of directors of the Company considers have any moral claim on the Company or to their relations, connections or dependants, and to establish or support any funds, trusts, insurances or schemes (including in particular but without detracting from the generality of the foregoing any trust or scheme relating to the grant of any option over, or other interest in, any share in the capital of the Company or of any other company, or in any debenture or security of any corporation or company, including the Company) or any associations, institutions, clubs or schools, or to do any other thing likely to benefit any such persons or otherwise to advance the interests of such persons or the Company or its members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of such persons or the Company or its members or for any national, charitable, benevolent, educational, social, public, general or useful object;
- 3.34 to promote or assist in promoting any company or companies in any part of the world and to subscribe shares therein or other securities thereof for the purpose of carrying on any business which the Company is authorised to carry on, or for any other purpose which may seem directly or indirectly calculated to benefit the Company;
- 3.35 to amalgamate with any other company in any manner whatsoever (whether with or without a liquidation of the Company);
- 3.36 to procure the Company to be registered or recognised in any country or place in any part of the world;
- 3.37 to cease carrying on or wind-up any business or activity of the Company, and to cancel any registration of and to wind-up or procure the dissolution of the Company in any state or territory;
- 3.38 to compensate for loss of office any directors or other officers of the Company and to make payments to any persons whose office, employment or duties may be terminated by virtue of any transaction in which the Company is engaged;
- 3.39 to pay out of the funds of the Company the costs, charges and expenses of and incidental to the formation and registration of the Company, and any company promoted by the Company, and the issue of the capital of the Company and any such other company and of and incidental to the negotiations between the promoters preliminary to the formation of the Company, and also all costs and expenses of and incidental to the acquisition by the Company of any property or assets and of and incidental to the accomplishment of all or any formalities which the Company may think necessary or proper in connection with any of the matters aforesaid;

- 3.40 to effect insurances against losses, damages, risks and liabilities of all kinds which may affect the Company or any subsidiary of it or company associated with it or in which it is or may be interested;
- 3.41 to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers, employees or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund and to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability. For the purposes of this clause "holding company" and "subsidiary undertaking" shall have the same meanings as in the Companies Act 1985 (as amended);
- 3.42 to act as directors or managers of or to appoint directors or managers of any subsidiary company or of any other company in which the Company is or may be interested;
- 3.43 to contribute by donation, subscription, guarantee or otherwise to any public, general, charitable, political or useful object whatsoever;
- 3.44 to distribute among the members in cash, specie or kind any property of the Company, or any proceeds of sale or disposal of any property of the Company, 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;
- 3.45 to do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees, subsidiaries or otherwise;
- 3.46 to carry on any other activity and do anything of any nature which in the opinion of the board of directors of the Company is or may be capable of being conveniently carried on or done by the Company in connection with the above, or may seem to the Company calculated directly or indirectly to enhance the value of or render more profitable all or any part of the Company's undertaking, property or assets or otherwise to advance the interests of the Company or any of its members; and
- 3.47 to do all such things as in the opinion of the board of directors of the Company are or may be incidental or conducive to the above objects or any of them.

And it is hereby declared that for the purposes of this clause 3:-

- (a) the word "company" shall (except where referring to this Company) be deemed to include any person or partnership or other body of persons,

whether incorporated or not incorporated, and whether formed, incorporated, resident or domiciled in the United Kingdom or elsewhere;

- (b) "associated companies" shall mean any two or more companies if one has control of the other or others, or any person has control of both or all of them;
- (c) "securities" shall include any fully, partly or nil paid or no par value share, stock, unit, debenture or loan stock, deposit receipt, bill, note, warrant, coupon, right to subscribe or convert, or similar right or obligation;
- (d) "and" and "or" shall mean "and/or";
- (e) "other" and "otherwise" shall not be construed ejusdem generis where a wider construction is possible; and
- (f) the objects specified in each paragraph of this clause shall, except if at all where otherwise expressed, be in no way limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company or the nature of any business carried on by the Company or the order in which such objects are stated, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company.

4. The liability of the members is limited.

5. The share capital of the Company at the time of adoption of this memorandum is:

50,000,000 1995 preference shares of £1 each

50,000,000 1996 preference shares of £1 each

150,000,000 redeemable preference shares of £1 each

500,000 ordinary shares of £1 each

140 1997 preference shares of £500,000 each

i.e. a total of 320,500,000

Company No: 2591134

The Companies Acts

Company Limited by Shares

ARTICLES OF ASSOCIATION

of

COATS FINANCE CO LIMITED

(Adopted by a Special Resolution on 25 March 2004)

CMS Cameron McKenna
Mitre House, 160 Aldersgate Street, London EC1A 4DD
Telephone: 0207-367 3000 Fax: 0207-367 2000
DX 135316 Barbican 2

The Companies Acts

Company Limited By Shares

ARTICLES OF ASSOCIATION

(adopted by a special resolution on 25 March 2004)

- of -

COATS FINANCE CO LIMITED

(Company number 2591134)

1. Preliminary

Regulations numbered 40, 41, 53, 64, 65, 73, 74, 75, 76, 77, 78, 79, 80, 81, 88, 89, 90, 91, 93, 94 and 118 of Table A in the Companies (Tables A to F) Regulations 1985 (S1 1985 No. 805) ("Table A") shall not apply to the Company. The remaining regulations of Table A shall, together with the following regulations, constitute the articles of association of the Company.

2. Shares

- 2.1 The Company may give, whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company in accordance with the provisions of the Companies Act 1985.
- 2.2 The shares in the capital of the Company from time to time shall be under the control of the directors who may allot, grant options over, or otherwise deal with or dispose of any relevant securities (as defined by section 80(2) Companies Act 1985 (the "Act")) of the Company to such persons and generally on such terms and in such manner as they think fit.
- 2.3 The general authority conferred by paragraph 2.2 of this article shall extend to all relevant securities of the Company which are unissued at the date of adoption of these articles, and shall expire on the fifth anniversary of such date unless varied or revoked or renewed by the Company in general meeting.
- 2.4 The directors shall be entitled under the general authority conferred by this article 2 to make, at any time before the expiry of such authority, any offer or agreement which will or may require relevant securities to be allotted after the expiry of such authority.

3. Further provisions relating to shares

- 3.1 The provisions of section 89(1) and section 90 sub sections (1) to (6) of the Act shall not apply to the Company.
- 3.2 The transferor of a share shall be deemed to remain the holder of it until the name of the transferee is entered in the register of members in respect of such share.

- 3.3 Subject to the provisions of articles 3.4 and 8.2, the directors may in their absolute discretion refuse to register any transfer of any share whether or not it is a fully paid share without giving any reason for such refusal.
- 3.4 Notwithstanding anything contained in these Articles, the Directors shall not decline to register any transfer of shares, nor may they suspend registration thereof where such transfer:
- 3.4.1 is to any bank or institution to which such shares have been charged by way of security, or to any nominee of such a bank or institution (a "Secured Institution"); or
 - 3.4.2 is delivered to the Company for registration by a Secured Institution or its nominee in order to perfect its security over the shares; or
 - 3.4.3 is executed by a Secured Institution or its nominee pursuant to the power of sale or other power under such security,
 - 3.4.4 and furthermore notwithstanding anything to the contrary contained in these Articles no transferor of any shares in the Company or proposed transferor of such shares to a Secured Institution or its nominee and no Secured Institution or its nominee shall be required to offer the shares which are or are to be the subject of any transfer aforesaid to the shareholders for the time being of the Company or any of them, and no such shareholder shall have any right under the Articles or otherwise howsoever to require such shares to be transferred to them whether for *consideration or not*.
- 3.5 The Company shall have no lien on any shares which have been charged by way of security to a Secured Institution (as defined in Article 3.4.1 above) and the provisions of Articles 8 to 11 of Table A relating to liens over shares shall not apply in respect of any such shares."

4. General meetings

- 4.1 No business shall be transacted at any meeting unless a quorum is present. If and for so long as the Company shall have one member, that member or a proxy for such member or a duly authorised representative of a corporation which is the member, shall be a quorum. If and for so long as the Company shall have more than one member, two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.
- 4.2 If at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, or if any votes shall not be counted which ought to have been counted, the error shall not affect the result of the relevant resolution unless it be pointed out at the same meeting and not in that case unless it shall, in the opinion of the chairman of the meeting, be of sufficient magnitude to affect the result of the relevant resolution.
- 4.3 A resolution in writing signed or approved by letter, facsimile transmission or telex by or on behalf of all the members or all the holders of a class of shares (as the case may be) for the time being entitled to vote on the relevant resolution shall be as valid and effective as if it had been passed at a general meeting of the Company or a separate meeting of such class (as the case may be) duly convened and held and when signed or approved may consist of several documents each signed or approved by one or more of the persons aforesaid.

- 4.4 Any director or the secretary of a corporation which is a member shall be deemed to be a duly authorised representative of that member
- 4.4.1 for the purpose of agreeing to short notice of, or attending and voting at, any general meeting of the Company and
- 4.4.2 without prejudice to the generality of the foregoing, for the purpose of regulation 54 of Table A and article 4.1.

4.5 If, within half an hour from the time appointed for holding a general meeting, a quorum is not present the meeting (if convened upon the requisition of members) shall be dissolved. In any other case the meeting shall stand adjourned to the same time, place and day in the next week or otherwise as the directors may determine. If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

5. Directors

- 5.1 Unless otherwise determined by the Company in general meeting the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than two.
- 5.2 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. It shall not be necessary to give notice of a meeting to a director who is absent from 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. An alternate director shall be entitled in the absence of his appointor(s) to a separate vote on behalf of each absent appointor; and any such vote(s) shall, if he is a director, be in addition to his own vote.
- 5.3 The quorum for meetings of the directors 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.

For the avoidance of doubt, neither:

- 5.3.1 one alternate representing two or more directors; nor
- 5.3.2 a director who is also an alternate director for one or more other directors, shall by himself constitute a quorum.
- 5.4 Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the directors and willing to act, to be an alternate director and may remove from office any alternate director so appointed by him.
- 5.5 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.
- 5.6 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 the number (if any) fixed by or in accordance with these articles as the maximum number of directors.

- 5.7 The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but if the number of directors is reduced below the number fixed by or in accordance with these articles, the directors or director may act only for the purpose of filling vacancies or of calling a general meeting.
- 5.8 The directors may appoint one of their number to be 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 the 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.
- 5.9 A director or former director shall not be accountable to the Company or the members for any benefit of any kind referred to in regulation 87 of Table A and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.
- 5.10 Notwithstanding section 293 of the Act, a person who has attained the age of 70 shall be capable of being appointed or elected a director and a director shall not be required to vacate his office at the conclusion of the annual general meeting commencing next after he attains that age. It shall not be necessary
- 5.10.1 to give special notice of a resolution appointing a director who has attained the age of 70 or
- 5.10.2 for the notice of any resolution appointing such a person to state the age of the person proposed to be appointed as a director.
- 5.11 Subject to the Act and provided he has disclosed his duty or interest to the directors, a director (including an alternate director) may vote as a director in regard to any matter, contract or arrangement in which he has, directly or indirectly, an interest or duty which is material and he shall be included in determining the quorum for any meeting at which such matter, contract or arrangement is considered.
- 5.12 The office of a director shall be vacated if the director:
- 5.12.1 ceases to be a director by virtue of any provision of the Act or becomes prohibited by law from being a director; or
- 5.12.2 becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 5.12.3 becomes in the opinion of the other directors incapable by reason of mental disorder (within the meaning of the Mental Health Act 1983) of discharging his duties as a director; or
- 5.12.4 resigns his office by notice in writing to the Company; or
- 5.12.5 absents himself from meetings of the directors during a continuous period of six months without leave of absence from the directors and within three months they resolve that by reason of such absence he vacates his office; or
- 5.12.6 is removed from office pursuant to article 8.1.

6. Directors' meetings and resolutions

- 6.1 A resolution in writing signed or approved by letter or facsimile transmission by each director or his alternate who was entitled at the relevant time to receive notice of a meeting of the directors or of a committee of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors (or, as the case may be, of that committee) duly convened and held and when signed or approved as aforesaid may consist of several documents in similar form each signed or approved by one or more of the persons aforesaid.
- 6.2
- 6.2.1 Any director or other person may participate in a meeting of the directors or a committee of the directors of which he is a member by means of a conference telephone or similar communicating equipment whereby all persons participating in the meeting can hear each other. Resolutions and decisions of the kind normally made or taken at a physical meeting of the directors or a committee of the directors in accordance with these articles can accordingly be so made or taken in circumstances where none or only some of the directors or other persons is or are physically present with each other. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is.
- 6.2.2 In determining whether the quorum requirements fixed by or in accordance with these articles are fulfilled as regards the transaction of business at any meeting of the directors or of a committee of the directors, the following shall be counted in the quorum:
- (a) in the case of a resolution approved by a meeting of the directors or of a committee of the directors held by telephone communication, all directors participating in such meeting; and
 - (b) in the case of a meeting of the directors or of a committee of the directors, the directors actually present at such meeting and any other director in telephone communication with such meeting.
- 6.2.3 References in paragraphs (a) and (b) above to a director shall include references to an alternate director who at the relevant time is entitled to receive notice of and to attend a meeting of the directors or, as the case may be, the relevant committee of the directors.

7. Additional powers of directors

- 7.1 Subject to the provisions of the Act, the directors may at any time, without any sanction or approval given by the members of the Company in general meeting, declare and pay dividends, including interim and final dividends, in accordance with the respective rights of the members. Regulation 103 of Table A shall be modified accordingly. Any two directors for the time being of the Company are hereby appointed as and shall constitute a committee of the directors appointed pursuant to regulation 72 of Table A with full authority to exercise all powers of the directors under these articles to declare and pay dividends.

- 7.2 Subject to the provisions of the Act, the directors may at any time, without any sanction or approval given by the members of the Company in general meeting, capitalise any sums standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account (in each case whether or not such sum is available for distribution) by appropriating such sum to the holders of ordinary shares registered at a specified date in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend on the ordinary shares and applying such sum on their behalf in paying up in full unissued ordinary shares (or, with the approval of an ordinary resolution of the Company subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment credited as fully paid to them in the proportions aforesaid. The directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation and allotment, with full power to the directors to make such provisions as they think fit as regards fractional entitlements which would arise on the aforesaid basis, including provisions for rounding or ignoring fractional entitlements. The directors may authorise any person to enter on behalf of all the members interested in any such capitalisation and allotment into an agreement with the Company providing for any such capitalisation and allotment and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

8. Majority shareholders' rights

- 8.1 Any person or persons for the time being holding a majority of the ordinary shares of the Company in issue may from time to time by notice to the Company remove from office any or all of the directors and may in like manner appoint any person or persons as a director or directors of the Company. Any such notice shall be in writing and signed by or *on behalf of the holder or holders of such majority and shall take effect on and from the time at which it is received at the registered office of the Company or handed to the chairman of any meeting of the directors.*
- 8.2 The directors shall have no power pursuant to article 3.3 to refuse to register any duly executed transfer of a fully paid share where such transfer has been approved by notice in writing to the Company signed by or on behalf of any person or persons for the time being holding a majority of the ordinary shares of the Company in issue, and accordingly the directors shall be bound to, and shall, register such a transfer without delay.

9. Indemnity

Subject to the provisions of the Act but without affecting any indemnity to which a director may otherwise be entitled:

- 9.1.1 no director or other officer of the Company shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in consequence of the execution of the duties of his office or in relation thereto; and
- 9.1.2 every director or other officer of the Company shall be indemnified out of the assets of the Company against any losses or liabilities incurred by him:
- (a) in defending any civil or criminal proceedings in which he is acquitted or judgment is given in his favour; and

(b) 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; and

(c) in or about the execution of the duties of his office or otherwise in relation thereto.

10. Signature by or on behalf of members and service of notices

10.1 In the case of:

10.1.1 a member which is a corporation the signature of:

(a) any director or the secretary of that corporation; or

(b) any other person authorised in that behalf, either generally or in a particular case, by notice in writing to the Company signed by a director or the secretary of that corporation; and

10.1.2 a share registered in the name of joint holders, the signature of any one of such joint holders,

shall be deemed to be and shall be accepted as the signature of the member or members concerned for all purposes including the signature of any form of proxy, resolution in writing, notice or other document signed or approved pursuant to any provision of these articles.

10.2 Any notice to the Company pursuant to article 5.12, 8.1, 8.2 or 10.1 shall be delivered to or sent by facsimile transmission addressed to the Company at its registered office and marked for the attention of the chairman or the secretary, or handed to the chairman of a general meeting or a meeting of the directors, and shall take effect on and from:

10.2.1 the time at which it is received at such office or is handed to the chairman of the relevant meeting, as the case may be; or

10.2.2 if a later time is specified in the notice for that purpose, that later time.