

ROXBURGH HOLDINGS LIMITED

(Registered No. 2614913)

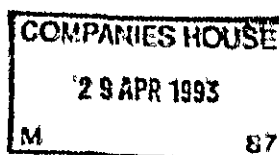
COMPANIES ACT 1985

At an Extraordinary General Meeting of the above Company held at
22 Tyndal Street, on *27th* April 1993 the following Resolutions
London
were passed (Resolutions (1), (2), (3), (4), (5) and (6) as Ordinary Resolutions
and Resolutions (7) and (8) as Special Resolutions) as Resolutions of the
Company:-

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ORDINARY RESOLUTIONS

- (1) THAT the 100 existing Ordinary Shares of 1p each in the capital of the Company registered in the names of R.E. Tozer and C.J. Sawyer be and are hereby converted into 100 "A" Ordinary Shares of 1p each with the rights attached thereto by the new Articles of Association of the Company to be adopted pursuant to Resolution (7) below.
- (2) THAT the 100 existing Ordinary Shares of 1p each in the capital of the Company registered in the name of The Independent Investment Company Public Limited Company be and are hereby converted into 100 "B" Ordinary Shares of 1p each with the rights attached thereto by the new Articles of Association of the Company to be adopted pursuant to Resolution (7) below.
- (3) THAT the 50,000 Second Cumulative Redeemable Participating Preference Shares of £1 each in the capital of the Company be and are hereby converted into 50,000 Cumulative Redeemable Participating Preference Shares of £1 each with the rights attached thereto by the Articles of Association of the Company to be adopted pursuant to Resolution (7) below.



- (4) THAT the share capital of the Company be and is hereby increased to £603,550.08, divided into 160,100 "A" Ordinary Shares of 1p each, 167,130 "B" Ordinary Shares of 1p each, 27,778 Deferred Shares of 1p each and 600,000 Cumulative Redeemable Participating Preference Shares of £1 each, by, firstly, the creation of a further 10,000 "A" Ordinary Shares of 1p each, 94,808 "B" Ordinary Shares of 1p each, and 100,000 Cumulative Redeemable Participating Preference Shares of £1 each all having the rights attached thereto by the Articles of Association of the Company to be adopted pursuant to Resolution (7) below and, secondly, the passing of Resolution (5) below.
- (5) THAT 27,778 of the existing "B" Ordinary Shares of 1p each in the capital of the Company be and are hereby converted into 27,778 Deferred Shares of 1p each with the rights attached thereto by the Articles of Association of the Company to be adopted pursuant to Resolution (7) below.
- (6) THAT in substitution for any existing power under Section 80 of the Companies Act 1985 (as amended by the Companies Act 1989) ("the Act"), but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and are hereby authorised generally and unconditionally, in accordance with Section 80 of the Act:-
- (a) to allot without the authority of the Company in general meeting up to the maximum of £100,748.08 in nominal amount of relevant securities (as defined in Section 80 (2) of the Act) to The Independent Investment Company Public Limited Company ("IIC"); and
 - (b) to issue options to IIC (in respect of 10,000 "B" Ordinary Shares in the capital of the Company) and to each of R.E. Tozer and C.J. Sawyer (in respect of 5,000 "A" Ordinary Shares in the capital of

the Company) (together "the Options") and to allot such shares upon the exercise of the Options.

This authority shall expire on the date five years after the passing of this resolution save that the Company may before such expiry enter into agreements which would or might require such relevant securities to be allotted in pursuance of such options as if the authority conferred hereby had not expired. Any previous authority under Section 80 of the Companies Act 1985 or any statutory predecessor thereof shall henceforth cease to have effect.

SPECIAL RESOLUTIONS

- (7) THAT the Company's Articles of Association be replaced by adopting the Articles produced to the Meeting and initialled for the purpose of identification only by the Chairman of the Meeting as the new Articles of Association of the Company.
- (8) THAT Section 89(1) of the Companies Act 1985 shall not apply to equity securities (as defined in Section 94 of the Companies Act 1985) allotted pursuant to the authority contained in Resolution (6) above."


Chairman


(Chairman)

THE COMPANIES ACT 1985
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of
ROXBURGH HOLDINGS LIMITED
(Registered No. 2614913)

(Adopted by Special Resolution dated 27th April 1993)

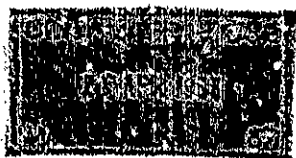
CONSTITUTION

1. The Company is established as a private company within the meaning of Section 1(3) of the Companies Act 1985 in accordance with and subject to the provisions of that Act and of the Memorandum of Association of the Company and of the Regulations contained in Table A, set out in Statutory Instrument 1985 No. 805 as amended by Statutory Instrument 1985 No. 1052 (hereinafter referred to as "Table A") with the exception of Regulations 2, 23, 24, 25, 40, 41, 46, 54, 64, 73 to 87 (inclusive), 89, 93, 94 and 118 of Table A, and of any other Regulations which are inconsistent with the additions and modifications hereinafter set forth.

DEFINITIONS

2. For the purposes of these Articles the following words and expressions shall have the following meanings:-

"the Accounts"	means, in relation to the Company, the audited consolidated profit and loss account of the Company and its subsidiary undertakings in respect of any accounting reference period and the audited consolidated balance sheet thereof as at the
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relevant accounting reference date or, where the Company does not have any subsidiary undertakings, the audited profit and loss account of the Company in respect of such accounting reference period and the audited balance sheet thereof as at such relevant accounting reference date, in either case together with the notes thereto and the directors' and auditors' reports thereon prepared under the historical cost convention, in accordance with generally accepted accounting principles, policies and practices, the Act and all applicable SSAPs and FRS's from time to time applying;

- "the Act" means the Companies Act 1985 (as amended by the Companies Act 1989);
- "Adoption Date" means 25th September 1991 (notwithstanding the actual date of adoption of these Articles);
- "A Shares" means "A" Ordinary Shares of 1p each in the capital of the Company;
- "Asset Sale" means Specified Event (iii);
- "the B Director" means the director of the Company from time to time appointed by the B Shareholders pursuant to Article 4.5.1;
- "B Shares" means "B" Ordinary Shares of 1p each in the capital of the Company;
- "Deferred Shares" means the Deferred Shares of 1p each in the capital of the Company;

"Exit"	means the first to occur of Listing or Takeover or Asset Sale;
"the Fixed Dividend Dates"	means 31st March and 30th September in each of the five twelve month financial years of the Company ending on or prior to 30th September 1996 and the Participating Dividend Date (or, if earlier, the date on which an interim net cash dividend is paid on account of the Preference Dividend) in each financial year thereafter;
"FRS"	means a Financial Reporting Standard issued by the Accounting Standards Board;
"IIC"	means The Independent Investment Company Public Limited Company;
"Listing"	means Specified Event (i);
"the Option Scheme"	means any scheme or agreement which provides for the subscription of shares by or on behalf of employees of the Company or any subsidiary;
"Option Scheme Shares"	means any 'A' Ordinary Shares issued pursuant to the Option Scheme or in respect of which options granted under the Option Scheme may, from time to time, be outstanding;
"the Participating Dividend Date"	means, in each financial year of the Company commencing on or after 1st October 1996, the date falling 7 days after the Accounts for the relevant financial year have

been approved for signature by the Board of directors of the Company PROVIDED THAT in the event that the Accounts for the relevant financial year have not been approved for signature by the Board of Directors on the date four months after the end of such financial year an interim net cash dividend on account of the Preference Dividend will be paid out of the profits of the Company then available for distribution on the date (which date shall be deemed to be the Participating Dividend Date) four months after the end of such financial year at the rate of 25% (exclusive of any related imputed tax credit) on the nominal capital for the time being paid up or credited as paid on the Preference Shares in issue on the Participating Dividend Date. If following the approval of the Accounts for such financial year an overpayment or underpayment of the Preference Dividend shall be proved to have been made the Directors shall (in the case of an underpayment) within 7 days of approval of the relevant accounts, declare and pay a final dividend of an amount equal to any shortfall (together with interest at the rate specified in Article 4.1.5) and (in the case of an overpayment) the amount of any overpayment shall be treated as discharging.

pro tanto the liability of the Company in respect of the next succeeding payment or payments of the Preference Dividend (as the case may be);

"the Post Tax Profits" in respect of any financial year of the Company shall mean the profits of the Company and its subsidiary undertakings (if any) calculated on the historical cost accounting basis as shown in the Accounts in respect of that financial year, but adjusted (if and to the extent necessary) so that the profits are computed:-

- (i) subject to (ii) below after making provision for mainstream corporation tax (at the relevant rate) on such profits;
- (ii) before making any provision for deferred taxation;
- (iii) before making any provision for dividends or any transfer to reserves;
- (iv) before charging or making provision for the amortisation of purchased goodwill (as defined in SSAP No. 22);
- (v) before taking account of any exceptional items or crediting or debiting extraordinary items (as

defined in Part II of SSAP No. 6 and/or FRS 3);

- (vi) after adding back any amount released (for any reason whatsoever) from any provisions made in any previous Accounts;
- (vii) before charging or making any provision for any amount in respect of which no charge or provision would be made but for compliance with SSAP 24;

In the event of there being any dispute as to the amount of "the Post Tax Profits" in respect of any financial year the same shall be determined by the auditors for the time being of the Company, who shall act as experts and not as arbitrators, and whose decision shall (save only in the case of manifest error) be final and binding on the Company and its members;

"the Preference Dividend"

shall mean the net cash cumulative preferential dividend payable on the Preference Shares at the following rates per annum (exclusive of any related imputed tax credit) on the nominal capital for the time being paid up or credited as paid up thereon:-

- (i) in respect of the period commencing on the Adoption Date

and ending on 30th September 1992
(both dates inclusive) - 7.5%;

- (ii) in respect of the 12 month financial year of the Company commencing on 1st October 1992 - 10.0%;
- (iii) in respect of the 12 month financial year of the Company commencing on 1st October 1993 - 12.5%;
- (iv) in respect of the 12 month financial year of the Company commencing on 1st October 1994 - 15.0%;
- (v) in respect of the 12 month financial year of the Company commencing on 1st October 1995 - 15.0%; and
- (vi) in respect of all financial years of the Company commencing on or after 1st October 1996 - a net cash dividend (exclusive of any related imputed tax credit) of an amount equal to $\frac{1}{600,000}$ (rounded up to the nearest whole penny) of the Preference Profit in respect of each Preference Share in issue on the 31st March preceding the relevant Participating Dividend Date;

Provided always that no Preference Dividend shall be payable in respect of any Preference Share for any period prior to its

date of issue and any such Preference Shares shall attract an appropriate proportion of any dividend payable *pro rata* from the date of issue of such Preference Share to the next following Fixed Dividend Date or Participating Dividend Date;

"the Preference Profit"

means 37% of the Post Tax Profits for the relevant financial period;

"Preference Shares"

means Cumulative Redeemable Participating Preference Shares of £1 each in the capital of the Company;

"Redemption Date"

means, in respect of each Preference Share, the day on which such share is redeemed in accordance with the provisions of Article 4.3;

"Redemption Price"

means, in respect of each Preference Share a sum equal to:

- (i) £1 (if such Preference Share is redeemed on or prior to 31st March 1995);
- (ii) £1.33 (if such Preference Share is redeemed after 31st March 1995 but on or prior to 31st March 1996);
- (iii) £1.66 (if such Preference Share is redeemed after 31st March 1996 but on or prior to 31st March 1997); and
- (iv) £2 (if such Preference Share is redeemed after 31st March 1997);

"Return Date"

means the day on which the surplus assets arising on a liquidation, reduction of capital

or otherwise are despatched to the Preference Shareholders;

"Specified Events"

means:-

- (i) any equity in the capital of the Company being admitted to the Official List of the London Stock Exchange, or being permitted to be dealt in in the Unlisted Securities Market (or any successor or replacement market) of the London Stock Exchange or being admitted to any other recognised investment exchange as defined in Section 207 of the Financial Services Act 1986;
- (ii) any person or any person and any one or more persons acting in concert (as such term is defined in the City Code on Take-overs and Mergers) with such person, acquiring shares conferring in the aggregate more than 50% of the total voting rights conferred by all of the shares in the capital of the Company for the relevant time being in issue and conferring the right to vote at all general meetings; provided that an acquisition of shares shall be deemed to include any acquisition by a person of

rights to acquire shares by virtue of an agreement to purchase shares or an option to acquire shares other than any option under the Option Scheme or an irrevocable commitment to accept an offer to be made by him and provided further that the acquisition or holding of any share by either of Mr. C.J. Sawyer or Mr. R.E. Tozer or any person to whom they may transfer shares in accordance with Article 11.8 and the acquisition or holding of any shares in the capital of the Company by any fund, partnership or company managed or advised by Ivory & Sime plc or any of its subsidiaries shall be ignored for these purposes;

- (iii) the whole or a substantial part of the undertaking or assets of the Company and/or its subsidiary undertakings (if any) is disposed of other than to the Company or a wholly owned subsidiary of the Company and for this purpose "a substantial part" means such part of the undertaking as represents or accounts for 75% or more of the

assets, turnover or gross profits of the Company and its subsidiary undertakings (if any) by reference to the latest Accounts;

"SSAP" means a Statement of Standard Accounting Practice;

"subsidiary" shall have the meaning attributed to it by sections 736 and 736A of the Act;

"subsidiary undertaking" shall have the meaning attributed to it by section 258 of the Act;

"Takeover" means Specified Event (ii).

References to "A Shareholders", "B Shareholders", "Deferred Shareholders" and "Preference Shareholders" shall be construed as references to holders for the time being of A Shares, B Shares, Deferred Shares and Preference Shares respectively.

In these Articles where any reference is made to accruals of the Preference Dividend and, as at the date at which such accrual falls to be calculated for the purposes of a redemption of the Preference Shares or a return of capital to the Preference Shareholders but not otherwise, the amount of such accrual cannot be calculated because the relevant Accounts have not yet been prepared, the payment of such accrued dividend shall be deferred until the relevant Accounts have been prepared (provided that if such accounts have not been prepared by 31st January following the Redemption Date or Return Date (as the case may be) the accrued dividend shall be deemed to be a net cash dividend (exclusive of any related imputed tax credit) of 25 pence per share) and such accrued dividend shall become a debt due and payable to the former Preference Shareholder by the Company on the

31st January following the Redemption Date or Return Date (as the case may be).

References in these Articles to the consent of the B Director shall (if there is no B Director in office) be deemed to be the consent of the holders of a majority in number of the B Shares.

SHARE CAPITAL

3. The Share Capital at the date of adoption of these Articles is £603,550.08 divided into 160,100 "A" Ordinary Shares of 1p each, 167,130 "B" Ordinary Shares of 1p each, 27,778 Deferred Shares of 1p each and 600,000 Cumulative Redeemable Participating Preference Shares of £1 each.

SHARE RIGHTS

4. The A Shares, B Shares, Deferred Shares and Preference Shares shall carry the respective rights and privileges and be subject to the respective restrictions and limitations hereinafter set out, *videlicet*:

AS REGARDS INCOME

- 4.1 In respect of any financial year of the Company the profits of the Company for the time being available for distribution shall be applied:-

Preference Shares

- 4.1.1 First in paying to the holders of the Preference Shares the Preference Dividend to be payable in arrears on the Fixed Dividend Dates in each year provided that the profits and reserves distributable in respect of any such period shall be applied in the first place in paying the arrears (if any) of the Preference Dividend outstanding at the relevant time.

- 4.1.2 The Preference Dividend shall accrue day by day and shall be payable without any resolution of the Directors or of the Company in general meeting.
- 4.1.3 In the event of any Preference Share being redeemed during a financial year of the Company, then such share shall be entitled to receive an amount of Preference Dividend *pro rata* according to the number of days in such financial year up to (and including) the Redemption Date.
- 4.1.4 In the event of the profits of the Company available for distribution at any time being insufficient to cover the amount of the Preference Dividend, the profits available as aforesaid shall be applied towards payment of the Preference Dividend and the amount of the shortfall (together with interest at the rate specified in Article 4.1.5) shall be paid out of subsequent profits available for distribution and that prior to any subsequent Preference Dividend and all dividends payable on all other classes of shares in the capital of the Company.
- 4.1.5 In the event that any Preference Dividend is not paid on the Fixed Dividend Dates then such sum shall become forthwith a debt due by the Company and interest shall accrue on the amount of such dividend otherwise payable at the rate of 2% per annum above the base rate from time to time of The Royal Bank of Scotland plc compounded with quarterly rests from such date until payment in full.

- 4.1.6 The Company shall procure that each of its subsidiary undertakings which has profits available for distribution shall from time to time declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of the Preference Dividend.

A Shares and B Shares

- 4.1.7 Second, subject to and conditional upon payment in full of the Preference Dividend and all arrears of the Preference Dividend (together with any associated interest) and subject always to Article 5.2.13 and Articles 4.3.12 to 4.3.14 (inclusive), a dividend comprising the balance of the profits which may be determined in general meeting to be distributed in respect of any financial year shall be distributed amongst the A Shareholders and the B Shareholders *pari passu* as if the same constituted one class of share according to the number of A Shares and/or B Shares respectively held by them.

General

- 4.1.8 Every dividend shall be distributed to the appropriate shareholders *pro rata* according to the number of shares (fully paid or credited as fully paid) respectively held by them.

AS REGARDS CAPITAL

- 4.2 On a return of assets on liquidation, reduction of capital or otherwise the surplus assets of the Company remaining after the payment of its liabilities shall be applied as follows:-

Preference Shares

- 4.2.1 First in paying to the holders of the Preference Shares then in issue (if any) the Redemption Price in respect of each of the Preference Shares held by them respectively together with a sum equal to any arrears, deficiency or accruals of the Preference Dividend (together with any associated interest) calculated down to the Return Date and to be payable irrespective of whether such dividend has been declared or earned or not.
- 4.2.2 Second, and subject to Article 4.2.1, in paying to the holders of A Shares then in issue and the holders of the B shares then in issue *pari passu* as if the same constituted one class of share the sum equal to the amount paid up or credited as paid up (including any premiums) on such shares.

Surplus

- 4.2.3 Third, and subject to Articles 4.2.1 and 4.2.2, the balance of such assets shall belong to and be distributed amongst the holders of the A Shares then in issue and the holders of the B Shares then in issue *pari passu* as if the same constituted one class of share according to the number of A Shares and/or B Shares respectively held by them.

AS REGARDS REDEMPTION

4.3 Voluntary Redemption of Preference Shares by the Company

- 4.3.1 Subject to the provisions of the Act (and provided that the Preference Dividend is not in arrears) the Company shall have the right to redeem Preference

Shares in accordance with the following terms and conditions but not otherwise:

- (i) any redemption (which is a redemption in part) must be of at least 100,000 Preference Shares;
- (ii) no redemptions may be made prior to 31st March 1994;
- (iii) any Preference Share redeemed pursuant to this Article 4.3.1 shall be redeemed at the Redemption Price applicable to such share together with a sum equal to any arrears, deficiency or accruals of the Preference Dividend (together with any associated interest) calculated down to the Redemption Date and to be payable irrespective of whether such dividend has been declared or earned or not.

4.3.2 The Company must advise all of the Preference Shareholders of its intention to redeem pursuant to Article 4.3.1 by giving each of the Preference Shareholders not less than 30 days notice in writing.

4.3.3 In the case of redemption of less than all of the Preference Shares for the time being in issue the Company shall be bound to redeem such a proportion of the Preference Shares of each holder thereof as the aggregate of the Preference Shares to be redeemed bears to the aggregate of the Preference Shares in issue immediately prior to the date on which redemption is to take place.

Redemption of Preference Shares at the Option of the Preference Shareholders

- 4.3.4 At any time (and on one or more occasions) on or after 31st March 1996 a Preference Shareholder may by giving the Company not less than 30 days notice in writing require the Company to redeem (in whole or in part) the Preference Shares held by him at the Redemption Price ruling at the time of such redemption together with a sum equal to any arrears, deficiency or accruals of the Preference Dividend (together with any associated interest) calculated down to the Redemption Date and to be payable irrespective of whether such dividend has been declared or earned or not.

Procedure for Redemption of Preference Shares

- 4.3.5 Any notice of redemption whether served by the Company or a Preference Shareholder shall specify the date fixed for redemption, the number of Preference Shares of the holder in question to be redeemed and the place (within the United Kingdom) at which the relevant share certificates are to be or will be presented for redemption. Forthwith upon the expiry of any such notice the redemption monies payable in respect of such shares (together with all arrears and accruals of the Preference Dividend) shall become a debt due and payable by the Company to the holders of such shares and interest shall accrue on the amount of such debt at the rate of 2% per annum above the base rate from time to time of The Royal Bank of

Scotland plc compounded with quarterly rests from such date until payment in full.

Capital Redemption Reserve

4.3.6 The Company shall establish a Preference Share Capital Redemption Reserve and shall ensure that, subject to Article 4.3.11, all of the distributable profits of the Company (after payment of the Preference Dividend (and any arrears)) shall be transferred to such reserve.

4.3.7 The Preference Share Capital Redemption Reserve shall not at any time exceed the aggregate of £2 multiplied by the aggregate number of Preference Shares in issue at such time.

4.3.8 The Preference Share Capital Redemption Reserve shall be used solely for the purposes of redeeming the Preference Shares and shall not be used for any other purpose save with the consent of the holders of not less than 75% in nominal value of the Preference Shares in general meeting or in writing.

Provisions Following Redemption

4.3.9 Upon the redemption of any Preference Shares the Directors may, pursuant to the authority given by the adoption of this Article 4.3.9, convert and, if necessary, consolidate or sub-divide the authorised but unissued share capital created as a consequence of any such redemption into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares of

such class then in issue or into unclassified shares of the same nominal amount as the shares which have been redeemed.

Redemption Longstop

- 4.3.10 Notwithstanding any other provision of these Articles none of the Preference Shares shall be capable of redemption after 30th June 2099.

AS REGARDS VOTING

4.4 A Shares and B Shares

- 4.4.1 Subject always to Article 4.4.2, at any general meeting of the Company every holder of A Shares and/or B Shares who is present in person (or being a corporation) by representative shall have one vote on a show of hands and on a poll every holder who is present in person or by proxy or (being a corporation) by a representative shall have one vote for each such share held.

- 4.4.2 In the event that an Exit has not occurred on or before 31st March 1997 any holder of B Shares may by notice in writing to the Company advise the Company that with effect from the date of such notice each B Share registered in his name shall, on a poll at any general meeting at which a resolution is to be proposed for the winding up of the Company or amending the Articles of Association of the Company, have 13 votes and on a poll at any such general meeting every holder of B Shares who is present in person or by proxy or (being a corporation) by a representative and, who has so

advised the Company in writing, shall have 13 votes for each such share held.

Preference Shares

4.4.3 The holders of the Preference Shares shall be entitled to receive notice of but shall not be entitled to attend or vote at any general meeting of the Company unless:-

- (i) at the date of the meeting the Preference Dividend on such shares or any part thereof shall have remained unpaid for 3 months or more after the Fixed Dividend Date upon which it shall have become due and payable; or
- (ii) a resolution is to be proposed for the winding up of the Company or the reduction of its share capital or the approval of the purchase of its own shares or the giving by it or by any subsidiary of financial assistance in relation thereto; or
- (iii) a resolution is to be proposed for the variation or abrogation of any of the rights or privileges attached to the Preference Shares; or
- (iv) at the date of the meeting Preference Shares have not been redeemed which should have been redeemed on a date or dates more than 7 days prior to the date of the meeting.

4.4.4 Subject to Article 4.4.5, at any general meeting of the Company at which Preference Shareholders are

entitled to attend and vote, every Preference Shareholder who is present in person (or being a corporation) by representative shall have one vote on a show of hands and on a poll every holder who is present in person or by proxy or (being a corporation) by a representative shall have one vote for each Preference Share held.

- 4.4.5 Where the Preference Shareholders' right to attend and vote at any general meeting arises pursuant to paragraphs (ii) and/or (iii) of Article 4.4.3 the Preference Shareholders shall be entitled to vote at any such meeting only in respect of any such resolution as is mentioned in paragraphs (ii) and/or (iii) of Article 4.4.3.

Resolution to Wind up

- 4.4.6 If the Company is at any time unable to redeem the Preference Shares in accordance with its obligations hereunder then the Directors shall forthwith duly proceed to convene a separate meeting (to be held no later than 28 days after the date on which notice of such meeting is given) of the holders of the Preference Shares for the purposes of considering and if thought fit, passing as an extraordinary resolution the following resolution namely:-

"That the Company be not wound up voluntarily".

- 4.4.7 If such a resolution having been put to the vote, shall not be duly passed as an extraordinary resolution, the Directors shall forthwith duly proceed to convene an

extraordinary general meeting of the Company (to be held no later than 28 days after the date on which notice of such meeting is given) for the purpose of considering and if thought fit, passing as a special resolution, a resolution to the effect that the Company be wound up voluntarily and the person named in the notice convening such meeting be appointed liquidator of the Company.

- 4.4.8 If the Directors do not proceed duly to convene either of the said meetings within 21 days of becoming bound so to do, any Preference Shareholder may himself convene the meeting in question but any meeting so convened shall not be held after the expiration of four months from the date when the Directors first become bound duly to proceed to convene the same. A meeting convened under this Article shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors. Any expenses incurred by the Preference Shareholder concerned by reason of the failure of the Directors duly to convene the meeting in question shall be repaid to such holder by the Company.

INSTITUTIONAL DIRECTOR

- 4.5 4.5.1 (Provided that the B Shares then in issue represent not less than 15% of the entire issued equity share capital of the Company) the holders of the B Shares shall be entitled from time to time to appoint one person as a Director of the Company and to remove from office

any person so appointed and to appoint another person in his place.

4.5.2 (Provided that the B Shares then in issue represent not less than 15% of the entire issued equity share capital of the Company) the holders of the B Shares shall be entitled from time to time to appoint any B Director to any committee of the Board of the Company, the board of any subsidiary of the Company and any committee of any such board.

4.5.3 A B Director (and any alternate Director appointed by him) shall be entitled to make such disclosure to the B Shareholders in relation to the business and affairs of the Company and its subsidiaries as he may in the exercise of his absolute discretion determine.

4.5.4 (Provided that the B Shares then in issue represent not less than 15% of the entire issued equity share capital of the Company) on any resolution of the Company to remove a B Director appointed under this Article 4.5 each B Shareholder shall be entitled to exercise 100,000 votes per share.

The Deferred Shares

4.6 The Deferred Shares shall not carry any rights (whether with respect to dividend, distribution of assets, the right to receive notice of, or attend or vote at, general meetings or otherwise).

VARIATION OF RIGHTS

5. General

5.1 Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act, be varied or

abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate general meeting all the provisions of these presents relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy two-thirds in nominal amount of the issued shares of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any one holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him.

B Shares

5.2 Without prejudice to the generality of this Article and other rights of the holders of the B Shares whether express or implied, the consent of the holders of the B Shares as a class shall be required to, and accordingly the special rights attached to the B Shares shall be deemed to be varied *inter alia*, by:-

5.2.1 (except in terms of Article 4.3) any alteration or reduction or increase of the authorised capital or issued capital of the Company or any of its subsidiaries; or

- 5.2.2 any variation of the rights attached to any of the shares for the time being in the capital of the Company or any of its subsidiaries; or
- 5.2.3 the sale or other disposal (and that whether by one or a series of transactions) of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof; or
- 5.2.4 any alteration or relaxation of the restrictions on the powers of the Directors to cause the Company and the subsidiaries to borrow, give guarantees, grant security or create charges or any other incumbrances on the assets and/or undertaking of the Company or any of its subsidiaries; or
- 5.2.5 the calling of a meeting of the Company for the purpose of considering a resolution for amending, or the passing of a resolution effecting the amendment of the Memorandum or Articles of Association of the Company; or
- 5.2.6 the calling of a meeting of the Company for the purpose of considering a resolution for the winding up of the Company or any of its subsidiaries or the passing of any such resolution; or
- 5.2.7 the purchase or redemption by the Company or any of its subsidiaries (except in terms of Article 4.3) of or the giving of financial assistance by the Company or any of its subsidiaries in connection with the acquisition of or subscription for any shares for the time being comprised in the capital of the Company or any of its subsidiaries; or

- 5.2.8 the selection of an Accounting Reference Date of the Company or any of its subsidiaries other than 30th September; or
- 5.2.9 the acquisition by the Company or any of its subsidiaries of any share or debenture in the capital of any company; or
- 5.2.10 the issue by the Company or any of its subsidiaries of any debenture stock; or
- 5.2.11 the entering into by the Company or any of its subsidiaries of any service contracts or consultancy arrangements with Directors or former Directors of the Company or any variation of existing contracts, after the Adoption Date; or
- 5.2.12 the occurrence of any Specified Event; or
- 5.2.13 the declaring or making or paying of any dividend or distribution by the Company other than the Preference Dividend; or
- 5.2.14 the disposal of the beneficial interest in any share held by the Company or any subsidiary of the Company in the capital of any subsidiary of the Company; or
- 5.2.15 the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company; or
- 5.2.16 the capitalisation by the Company or any subsidiary of any undivided profits (whether or not the same are available for distribution and including profits standing to any reserve) or any sum standing to the credit of its share premium account or any capital redemption reserve; or

- 5.2.17 the creation or grant of any option or other rights to subscribe for shares or securities convertible into shares in the capital of the Company or any of its subsidiaries; or
- 5.2.18 any material change in the nature, scope or scale of the business of the Company and its subsidiaries from the business of Roxburgh Electronics Limited and its subsidiaries as conducted as at the date of adoption of these Articles; or
- 5.2.19 the entering into of any partnership, joint venture or profit sharing agreement or arrangement with any person; or
- 5.2.20 the revocation (in whole or in part) of any call in respect of unpaid moneys on A Shares; or
- 5.2.21 the postponement (in whole or in part) of payment of any call in respect of unpaid moneys on A Shares.

Preference Shares

5.3 Without prejudice to the generality of this Article and other rights of the holders of the Preference Shares, whether express or implied, until the redemption of all the Preference Shares the consent of the holders of the Preference Shares as a class shall be required to, and accordingly the special rights attached to the Preference Shares shall be deemed to be varied *inter alia* by:-

- 5.3.1 any variation of the rights attached to any of the shares for the time being in the capital of the Company or any of its subsidiaries; or
- 5.3.2 the sale or other disposal (and that whether by one or a series of transactions) of the undertaking of the

Company or any of its subsidiaries or any substantial part thereof; or

- 5.3.3 any alteration or relaxation of the restrictions on the powers of the Directors to cause the Company and the subsidiaries to borrow, give guarantees or create charges; or
- 5.3.4 the calling of a meeting of the Company for the purpose of considering a resolution for amending, or the passing of a resolution effecting the amendment of the Memorandum or Articles of Association of the Company; or
- 5.3.5 the calling of a meeting of the Company for the purpose of considering a resolution for the winding up of the Company or any of its subsidiaries or the passing of any such resolution; or
- 5.3.6 the purchase or redemption by the Company or any of its subsidiaries (except in terms of Article 4.3) of or the giving of financial assistance by the Company or any of its subsidiaries in connection with the acquisition of or subscription for any shares for the time being comprised in the capital of the Company or any of its subsidiaries; or
- 5.3.7 the selection of an Accounting Reference Date of the Company or any of its subsidiaries other than 30th September; or
- 5.3.8 the issue by the Company or any of its subsidiaries of any debenture stock; or
- 5.3.9 the occurrence of any Specified Event; or

5.3.10 the capitalisation by the Company or any subsidiary of any undivided profits (whether or not the same are available for distribution and including profits standing to any reserve) or any sum standing to the credit of its share premium account or any capital redemption reserve.

6. Purchase of Own Shares

Subject to Article 5 and the provisions of the Act, the Company may purchase any of its own shares (including any redeemable shares).

7. Reduction of Capital

Subject to Article 5 the Company may reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner and with and subject to any incident authorisation and consent required by law.

SHARES

8. Subject to these Articles, all unissued shares in the Company shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

TRANSFER OF SHARES

9. All transfers of shares shall be effected by instrument in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

10. For the purposes of these presents the renunciation or negotiation of any temporary document of title to any share shall constitute a transfer including the granting of any security over any shares in the capital of the Company.

11. A Shares

11.1 No A Shares in the Company shall be transferred otherwise than in accordance with the provisions of this Article 11.

11.2 Any member wishing to transfer or dispose of any beneficial interest in any A Shares (in this part of this Article called a "Proposing Transferor") shall give the Directors notice in writing (in this part of this Article called a "Transfer Notice") of such desire stating the number of A Shares which he wishes to transfer (in this part of this Article called the "Offered Shares") and shall at the same time (i) nominate the price at which he wishes to transfer the Offered Shares (subject always to Article 11.5.1) and (ii) deposit with the Directors the share certificates in respect of the Offered Shares. Such notice (which shall be irrevocable, save as provided in this part of this Article) shall constitute the Directors as the agents of the Proposing Transferor for the sale of the Offered Shares in accordance with, but subject to, the provisions of this Article. No Transfer Notice shall relate to more than one class of share.

11.3 In this part of this Article "fair value" in relation to the Offered Shares shall mean the price certified in writing by the Auditors of the Company for the time being (or in the event of any holder of B Shares so requiring, an independent firm of Chartered Accountants nominated, failing agreement between the Directors and the holders of 75% of the B Shares in issue, by the President for the time being of the Institute of Chartered

Accountants in Scotland) as being in their opinion the fair value of such shares as between a willing seller and a willing buyer at the date of the certificate provided that the Auditors, or as the case may require, the independent firm of Chartered Accountants, in determining the fair value of any of the Offered Shares shall:-

- 11.3.1 determine the sum which a willing purchaser would offer to a willing seller for the whole of the issued shares of the class proposed to be transferred;
- 11.3.2 divide the resultant figure by the number of issued shares of the class proposed to be transferred; and
- 11.3.3 make such adjustment as they consider necessary to allow for any rights attaching to the shares which may be outstanding and in particular any rights whereunder any person, firm or body corporate may call for the issue of shares or may exercise any right of conversion,

so that there shall be no addition or subtraction of any premium or discount arising in relation to the size of the holding the subject of a Transfer Notice, or in relation to any restrictions on the transferability of shares arising only out of the provisions of these Articles and provided further that the Auditors or as the case may be, the independent firm of Chartered Accountants shall take into account in determining the fair value any *bona fide* offer from any third party to purchase any holdings the subject of a Transfer Notice. In certifying a fair value the Auditors or as the case may require the independent firm of Chartered Accountants shall act as experts and not as arbitrators.

- 11.4 On any occasion on which the fair value of Offered Shares falls to be determined in accordance with this part of this Article, the Directors shall request the Auditors of the Company or, as the case may require, an independent firm of Chartered Accountants, to certify the fair value of those shares as aforesaid and as soon as they receive the certificate they shall deliver a certified copy thereof to the Proposing Transferor. Within seven days of the receipt of the said certified copy, the Proposing Transferor shall (subject to Article 11.6) be entitled, by notice in writing given to the Directors, to cancel the Transfer Notice and *ipso facto* the authority conferred upon the Directors by Article 11.2. The cost of obtaining the certificate shall be borne by the Proposing Transferor.
- 11.5 The following provisions shall apply to every Transfer Notice:-
- 11.5.1 The price at which the Offered Shares are to be sold shall be fixed by Agreement between the Directors and the Proposing Transferor or failing such Agreement within fifteen days of the Transfer Notice having been given, at the fair value.
- 11.5.2 Upon the price being fixed as aforesaid or (as the case so requires) on the expiry of the seven day period mentioned in Article 11.4 without the Proposing Transferor having given notice of cancellation in accordance with that paragraph, the Directors shall forthwith by notice in writing inform every holder of A Shares (other than the Proposing Transferor) of the number and price of the Offered Shares and invite each such holder to apply in writing to the Directors within thirty days of the date of the notice having been

given for such maximum number of the Offered Shares (being all or any thereof) as he shall specify in such application.

- 11.5.3 (i) If the said members apply for all the Offered Shares the Directors shall allocate them to and amongst the applicants in accordance (as nearly as possible) with their applications but in case of competition *pro rata* (as nearly as possible) according to the number of A Shares held by them provided that no applicant shall be obliged to take more than the maximum number of shares specified by him as aforesaid; and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and to the applicants.
- (ii) If the said holders of the A Shares do not apply for all the Offered Shares, the Directors shall forthwith by notice in writing inform every holder of B Shares and invite each such member to apply in writing to the Directors within thirty days of the date of the notice having been given for such maximum number of the Offered Shares for which a transferee or transferees have not at that stage been found ("the Remaining Offered Shares") (being all or any thereof) as he shall specify in such application.

- (iii) If the members specified in paragraph (ii) of this Article 11.5.3 apply for all the Remaining Offered Shares the Directors shall allocate the Offered Shares to and amongst the applicants in accordance (as nearly as possible) with their applications but in case of competition among the holders of the B Shares in respect of the Remaining Offered Shares *pro rata* (as nearly as possible) according to the number of B Shares held by them provided that no applicant shall be obliged to take more than the maximum number of shares specified by him as aforesaid; and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and the applicants.

11.5.4 If the said members do not apply for all the Remaining Offered Shares:-

- (i) if the Transfer Notice contains such stipulation as is referred to in Article 11.5.6 then the Directors shall return the share certificates in respect of the Offered Shares to the Proposing Transferor and advise accordingly the Proposing Transferor and the members who have made application for the Offered Shares; and
- (ii) if the Transfer Notice contains no such stipulation the Directors shall allocate to the applicants for the Offered Shares the number

of the Offered Shares agreed to be taken by them respectively, and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and to the applicants.

11.5.5 If any shares comprised in a Transfer Notice which has not been cancelled in accordance with Article 11.4 do not fall to be allocated in accordance with Article 11.5.3 and paragraph (ii) of Article 11.5.4 such shares may within two months of the expiration of the period of thirty days referred to in paragraph (ii) of Article 11.5.3 be transferred by the Proposing Transferor to any person subject always to Article 11.9 and Article 18 provided that:-

- (i) the price per share payable in respect of such transfer shall be not less than the price per share fixed in accordance with Article 11.5.1;
- (ii) if the Transfer Notice contained such a stipulation as is referred to in Article 11.5.6 the Proposing Transferor shall only be entitled to transfer under this paragraph the exact number of shares comprised in the Transfer Notice.

11.5.6 A Transfer Notice may stipulate that unless all the Offered Shares are applied for pursuant to Articles 11.5.2 and 11.5.3, none shall be sold.

11.5.7 Any application for shares made by a member to the Directors pursuant to Article 11 shall constitute an irrevocable obligation to purchase all or any of the

shares specified in such application at the price per share stated in the invitation by the Directors to submit such application.

- 11.5.8 Completion of any transfer of shares of the Company to be effected in terms of Article 11 shall take place at the Registered Office of the Company or such other place as may be agreed between the parties thereto, and that no later than fifteen days after the giving of notice of allocation by the Directors pursuant to Article 11.5.3 or paragraph (ii) of Article 11.5.4.
- 11.6.1 If any holder (or deemed holder) of A Shares (being an individual) shall become bankrupt, apparently insolvent, absolutely insolvent, or execute a Trust Deed for behoof of creditors or enter into any composition or arrangement with creditors, or, being an employee or consultant of the Company and/or its subsidiaries or any of them shall cease for any reason (other than death) to be such an employee or consultant, (save where such holder continues to be an employee or consultant of the Company or any such subsidiary) or, being a director of the Company and/or any of its subsidiaries such directorship shall for any reason (other than death) be terminated (save where such holder continues to be an employee or consultant of the Company or any such subsidiary) or (being a company) shall have a receiver, administrator, administrative receiver or manager appointed of all or part of its property or undertaking or shall go into liquidation (whether compulsory or

voluntary, other than a members' voluntary liquidation for the purpose of a reconstruction or amalgamation) that holder shall forthwith give notice of the happening of such event to the Directors and shall at the same time deposit with the Directors the share certificates in respect of the shares in the Company then held by that holder. The holder shall be deemed to have given a Transfer Notice or Notices in respect of those shares to the Directors on the date on which such notice is given or (if earlier) on the date on which the happening of such event becomes known to the Directors provided that:-

- (i) the Transfer Notice deemed to have been given as aforesaid shall be deemed to contain such a stipulation as is referred to in Article 11.5.6; and
- (ii) the holder of A Shares deemed to have given the Transfer Notice shall not be entitled to give notice of cancellation under the provisions of Article 11.4.

11.6.2 If any holder of A Shares (being an individual) shall die, then in the event that that member's personal representatives or administrators shall not within six months of the date of such death have transferred all of the A Shares held (or deemed to be held) by such holder immediately prior to his/her death in accordance with Articles 11.8.1 or 11.8.2, his personal representatives shall be deemed to have given Transfer Notices in respect of the A Shares held (or

deemed to be held) by the holder as aforesaid provided that:-

- (i) the Transfer Notices deemed to have been given as aforesaid shall be deemed to contain such a stipulation as is referred to in Article 11.5.6; and
- (ii) the personal representatives deemed to have given the Transfer Notices shall not be entitled to give notice of cancellation under the provisions of Article 11.4.

Subject thereto any member (or personal representative) required to give notice as aforesaid shall accordingly be deemed a Proposing Transferor and the shares held by him (or on his behalf) shall accordingly be Offered Shares.

11.7 If the Proposing Transferor makes default in transferring any shares which he has become obliged to sell under any provision of this Article the Company may receive the purchase money in trust for the Proposing Transferor who shall be deemed to have appointed the Secretary of the Company to execute a transfer of such shares in favour of the applicant. The receipt of the Company for such purchase money shall be a good discharge to the applicant and after his name has been entered on the register in respect of such shares the validity of the proceedings shall not be questioned by any person.

11.8 Article 11.2 shall not apply to any transfer made in accordance with the following provisions of this Article 11.8 and any such transfer shall be registered in accordance with Article 11.9:-

- 11.8.1 Any share transferred by any member or his/her personal representative to a member of his/her family or to any trust (including a bare trustee) under which the beneficiaries comprise either the member or a member of his/her family provided that a transfer in terms of this Article 11.8.1 may only be made with the consent of the B Director and for the purposes of this Article 11.8.1, the expression "a member of his/her family" shall mean wife, husband, widow, widower, brother, sister and any ascendant or descendant in direct line of any of the foregoing including step children, adoptive or illegitimate children;
- 11.8.2 Any share transferred by the trustees acting under a deed of trust either (i) to any person or persons who were beneficiaries under the terms of such deed of trust at the time the trustees were registered in respect of such shares or (ii) in order to give effect to any change of such trustees;
- 11.8.3 Any share transferred by any member (being a body corporate) to a body corporate which is its wholly owned subsidiary or to any holding company of which it is a wholly owned subsidiary or to any other wholly owned subsidiary of that holding company provided that any such share transferred pursuant to this paragraph shall only be transferred subject to an enforceable irrevocable undertaking in a form acceptable to the Directors being granted by the transferee to the effect that such transferee shall, in the event of it ceasing to be related as aforesaid to the

transferor, forthwith transfer or procure that there be forthwith transferred, prior to its ceasing to be related as aforesaid, such shares back to the original transferor;

11.9 No transfer of A Shares shall be registered unless it be first approved by the Directors who shall be bound to approve transfers which are made in accordance with this Article 11.

11.10 Any member who has acquired A Shares in terms of Articles 11.8.1 or 11.8.2 shall without prejudice to the other provisions of this Article 11 for the purposes of Article 11.6 be deemed to hold such shares on the basis that these shares are still registered in the name of the transferor.

11.11 Without prejudice to the other provisions of this Article 11 for the purposes of Article 11.6, the A Shares registered in the name of Caroline Anne Kitchener Tozer and/or Charles Nicholas George Tozer and/or Richard Sebastian Tozer and/or Annabel Mary Albinia Tozer shall be deemed for the purposes of these Articles only to be held by and registered in the name of Edward Richard Tozer and the A Shares registered in the name of Michelle Sawyer and/or James Sawyer and/or Mark Sawyer shall be deemed for the purposes of these Articles only to be held by and registered in the name of Christopher John Sawyer and Article 11.8 shall not operate to disapply Article 11.2 in respect of any transfer of such shares.

12. B Shares

12.1 No B Shares in the Company shall be transferred otherwise than in accordance with the provisions of this Article 12.

12.2 Any member wishing to transfer or dispose of any beneficial interest in any B Shares (in this part of this Article called a

"Proposing Transferor") shall give the Directors notice in writing (in this part of this Article called a "Transfer Notice") of such desire stating the number of B Shares which he wishes to transfer (in this part of this Article called the "Offered Shares") and shall at the same time (i) nominate the price at which he wishes to transfer the Offered Shares (subject always to Article 12.5.1) and (ii) deposit with the Directors the share certificates in respect of the Offered Shares. Such notice (which shall be irrevocable, save as provided in this part of this Article) shall constitute the Directors as the agents of the Proposing Transferor for the sale of the Offered Shares in accordance with, but subject to, the provisions of this Article. No Transfer Notice shall relate to more than one class of share.

12.3 In this part of this Article "fair value" in relation to the Offered Shares shall mean the price certified in writing by the Auditors of the Company for the time being (or in the event of any holder of B Shares so requiring, an independent firm of Chartered Accountants nominated, failing agreement between the Directors and the holders of 75% of the B Shares in issue, by the President for the time being of the Institute of Chartered Accountants in Scotland) as being in their opinion the fair value of such shares as between a willing seller and a willing buyer at the date of the certificate provided that the Auditors, or as the case may require, the independent firm of Chartered Accountants, in determining the fair value of any of the Offered Shares shall:-

12.3.1 determine the sum which a willing purchaser would offer to a willing seller for the whole of the issued shares of the class proposed to be transferred;

12.3.2 divide the resultant figure by the number of issued shares of the class proposed to be transferred; and

12.3.3 make such adjustment as they consider necessary to allow for any rights attaching to the shares which may be outstanding and in particular any rights whereunder any person, firm or body corporate may call for the issue of shares or may exercise any right of conversion,

so that there shall be no addition or subtraction of any premium or discount arising in relation to the size of the holding the subject of a Transfer Notice, or in relation to any restrictions on the transferability of shares arising out of the provisions of these Articles and provided further that the Auditors or as the case may be, the independent firm of Chartered Accountants shall take into account in determining the fair value any *bona fide* offer from any third party to purchase any holdings the subject of a Transfer Notice. In certifying a fair value the Auditors or as the case may require the independent firm of Chartered Accountants shall act as experts and not as arbitrators.

12.4 On any occasion on which the fair value of shares falls to be determined in accordance with this Article, the Directors shall request the Auditors of the Company or, as the case may require, an independent firm of Chartered Accountants, to certify the fair value of those shares as aforesaid and as soon as they receive the certificate they shall deliver a certified copy thereof to the Proposing Transferor. Within seven days of the receipt of the said certified copy, the Proposing Transferor shall (subject to Article 12.6) be entitled, by notice in writing given to the Directors, to cancel the Transfer Notice and *ipso facto* the

authority conferred upon the Directors by Article 12.2. The cost of obtaining the certificate shall be borne by the Proposing Transferor.

12.5 The following provisions shall apply to every Transfer Notice:-

12.5.1 The price at which the Offered Shares are to be sold shall be fixed by Agreement between the Directors and the Proposing Transferor or failing such Agreement within fifteen days of the Transfer Notice having been given, at the fair value.

12.5.2 Upon the price being fixed as aforesaid or (as the case so requires) on the expiry of the seven day period mentioned in Article 12.4 without the Proposing Transferor having given notice of cancellation in accordance with that paragraph, the Directors shall forthwith by notice in writing inform every holder of shares of the same class as the Offered Shares of the Company (other than the Proposing Transferor) of the number and price of the Offered Shares and invite each such holder to apply in writing to the Directors within thirty days of the date of the notice having been given for such maximum number of the Offered Shares (being all or any thereof) as he shall specify in such application.

12.5.3 (i) If the said members apply for all the Offered Shares the Directors shall allocate them to and amongst the applicants in accordance (as nearly as possible) with their applications but in case of competition *pro rata* (as nearly as possible) according to the number of B

Shares held by them provided that no applicant shall be obliged to take more than the maximum number of shares specified by him as aforesaid; and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and to the applicants.

- (ii) If the said holders of the B Shares do not apply for all the Offered Shares, the Directors shall forthwith by notice in writing inform every holder of A Shares and invite each such member to apply in writing to the Directors within thirty days of the date of the notice having been given for such maximum number of the Offered Shares for which a transferee or transferees have not at that stage been found ("the Remaining Offered Shares") (being all or any thereof) as he shall specify in such application.
- (iii) If the said holders of the A Shares apply for all the Remaining Offered Shares the Directors shall allocate the Offered Shares to and amongst the applicants in accordance (as nearly as possible) with their applications but in case of competition among the holders of the A Shares in respect of the Remaining Offered Shares *pro rata* (as nearly as possible) according to the number of A Shares held by them provided that no applicant shall be

obliged to take more than the maximum number of shares specified by him as aforesaid; and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and the applicants.

12.5.4 If the said members do not apply for all the Remaining Offered Shares:-

- (i) if the Transfer Notice contains such stipulation as is referred to in Article 12.5.6 then the Directors shall return the share certificates in respect of the Offered Shares to the Proposing Transferor and advise accordingly the Proposing Transferor and the members who have made application for the Offered Shares; and
- (ii) if the Transfer Notice contains no such stipulation the Directors shall allocate to the applicants for the Offered Shares the number of the Offered Shares agreed to be taken by them respectively, and the Directors shall forthwith give notice in writing of such allocations to the Proposing Transferor and to the applicants.

12.5.5 If any shares comprised in a Transfer Notice which has not been cancelled in accordance with Article 12.4 do not fall to be allocated in accordance with Article 12.5.3 and paragraph (ii) of Article 12.5.4 such shares may within two months of the expiration of the period of thirty days referred to in paragraph (ii) of Article

12.5.3 be transferred by the Proposing Transferor to any person subject to Article 12.9 provided that:-

- (i) the price per share payable in respect of such transfer shall be not less than the price per share fixed in accordance with Article 12.5.1;
- (ii) if the Transfer Notice contained such a stipulation as is referred to in Article 12.5.6 the Proposing Transferor shall only be entitled to transfer under this paragraph the exact number of shares comprised in the Transfer Notice.

12.5.6 A Transfer Notice may stipulate that unless all the Offered Shares are applied for pursuant to Articles 12.5.2 and 12.5.3, none shall be sold.

12.5.7 Any application for shares made by a member to the Directors pursuant to Article 12 shall constitute an irrevocable obligation to purchase all or any of the shares specified in such application at the price per share stated in the invitation by the Directors to submit such application.

12.5.8 Completion of any transfer of shares of the Company to be effected in terms of Article 12 shall take place at the Registered Office of the Company or such other place as may be agreed between the parties thereto, and that no later than fifteen days after the giving of notice of allocation by the Directors pursuant to Article 12.5.3 or paragraph (ii) of Article 12.5.4.

12.6.1 If any holder (or deemed holder) of B Shares (being an individual) shall become bankrupt, apparently

insolvent, absolutely insolvent, or execute a Trust Deed for behoof of creditors or enter into any composition or arrangement with creditors, or, being an employee or consultant of the Company and/or its subsidiaries or any of them shall cease for any reason (other than death) to be such an employee, or consultant (save where such holder continues to be an employee or consultant of the Company or any such subsidiary), or, being a Director of the Company and/or any of its subsidiaries such directorship shall for any reason (other than death) be terminated (save where such holder continues to be an employee or consultant of the Company or any such subsidiary) or (being a Company) shall have a receiver, manager, administrative receiver or administrator appointed of all or part of its property or undertaking or shall go into liquidation (whether compulsory or voluntary, other than a members' voluntary liquidation for the purpose of a reconstruction or amalgamation) that holder shall forthwith give notice of the happening of such event to the Directors and shall at the same time deposit with the Directors the share certificates in respect of the shares in the Company then held by that holder. The holder shall be deemed to have given a Transfer Notice or Notices in respect of those shares to the Directors on the date on which such notice is given or (if earlier) on the date on which the happening of such event becomes known to the Directors provided that:-

- (i) the Transfer Notice deemed to have been given as aforesaid shall be deemed to contain such a stipulation as is referred to in Article 12.5.6; and
- (ii) the holder of B Shares deemed to have given the Transfer Notice shall not be entitled to give notice of cancellation under the provisions of Article 12.4.

12.6.2 If any holder of B Shares (being an individual) shall die, then in the event that that member's personal representatives or administrators shall not within six months of the date of such death have transferred all of the B Shares held (or deemed to be held) by such holder immediately prior to his/her death in accordance with Articles 12.8.1 or 12.8.2, his personal representatives shall be deemed to have given Transfer Notices in respect of the B Shares held (or deemed to be held) by the holder as aforesaid provided that:-

- (i) the Transfer Notices deemed to have been given as aforesaid shall be deemed to contain such a stipulation as is referred to in Article 12.5.6; and
- (ii) the personal representatives deemed to have given the Transfer Notices shall not be entitled to give notice of cancellation under the provisions of Article 12.4.

Subject thereto any member (or personal representative) required to give notice as aforesaid

shall accordingly be deemed a Proposing Transferor and the shares held by him (or on his behalf) shall accordingly be Offered Shares.

- 12.7 If the Proposing Transferor makes default in transferring any shares which he has become obliged to sell under any provision of this Article the Company may receive the purchase money in trust for the Proposing Transferor who shall be deemed to have appointed the Secretary of the Company to execute a transfer of such shares in favour of the applicant. The receipt of the Company for such purchase money shall be a good discharge to the applicant and after his name has been entered on the register in respect of such shares the validity of the proceedings shall not be questioned by any person.
- 12.8 Article 12.2 shall not apply to any transfer made in accordance with the following provisions of this Article 12.8 and any such transfer shall be registered in accordance with Article 12.9:-
- 12.8.1 Any share transferred by any member or his/her personal representative to a member of his/her family or to any trust (including a bare trustee) under which the beneficiaries comprise either the member, or a member of his/her family provided that a transfer in terms of this Article 12.8.1 may only be made with the consent of the B Director and for the purposes of this Article 12.8.1, the expression "a member of his/her family" shall mean wife, husband, widow, widower, brother, sister and any ascendant or descendant in direct line of any of the foregoing including step children, adoptive or illegitimate children.

- 12.8.2 Any share transferred by the trustees acting under a deed of trust either (i) to any person or persons who were beneficiaries under the terms of such deed of trust at the time the trustees were registered in respect of such shares or (ii) in order to give effect to any change of such trustees;
- 12.8.3 Any share transferred by any member (being a body corporate) to a body corporate which is its wholly owned subsidiary or to any holding company of which it is a wholly owned subsidiary or to any other wholly owned subsidiary of that holding company provided that any such share transferred pursuant to this paragraph shall only be transferred subject to an enforceable irrevocable undertaking in a form acceptable to the Directors being granted by the transferee to the effect that such transferee shall, in the event of it ceasing to be related as aforesaid to the transferor, forthwith transfer or procure that there be forthwith transferred, prior to its ceasing to be related as aforesaid, such shares back to the original transferor;
- 12.9 No transfer of B Shares shall be registered unless it be first approved by the Directors, who shall be bound to approve transfers which are in accordance with the terms of this Article 12 and Article 17.
- 12.10 Any member who has acquired B Shares in terms of Articles 12.8.1 or 12.8.2 shall without prejudice to the other provisions of this Article 12 for the purposes of Article 12.6 be deemed to

hold such shares on the basis that these shares are still registered in the name of the transferor.

13. General Provisions Relating to Transfers

- 13.1 For the purpose of ensuring that a transfer of shares is duly authorised hereunder or that no circumstances have arisen whereby a Transfer Notice is required to be given hereunder the Directors may require any member, or the legal personal representatives of a deceased member, the trustee of a bankrupt member or the liquidator of a corporate member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may reasonably require regarding any matter they deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the Directors within a reasonable time after such request or if any such information or evidence discloses that a Transfer Notice ought to be given in respect of any shares, the Directors shall be entitled to serve a Transfer Notice in respect of the shares concerned seeking a transfer and the provisions of Articles 11 and 12 shall take effect accordingly.
- 13.2 If shares cannot be offered to members in accordance with the provisions of Articles 11 and/or 12 in proportion to their existing holdings without division into fractions, the shares representing such fractions shall be offered to such of the members and in such proportion and in such manner as may be determined by the Directors with the approval of the B Director.
- 13.3 The various time periods contained in Articles 11 and/or 12 for the offer to and the acceptance by the holders of any class of shares shall have deemed to have expired notwithstanding that

the requisite number of days has not yet elapsed on receipt by the Directors of responses from each holder of shares of the particular class to whom the Offered Shares have been offered.

- 13.4 Subject to the provisions contained in these presents (excepting Articles 11 and 12) the Preference Shares shall be freely transferable and the Directors shall be bound to register a transfer of Preference Shares on deposit at the Registered Office of the Company of a duly executed share transfer form together with a share certificate representing such shares provided always that the Directors shall not be so bound in respect of any purported transfer of Preference Shares to any competitor of the Company (not being an institutional investor as defined in Article 13.5).
- 13.5 Subject to the provisions contained in these presents (excepting Articles 11 and 12) any share or shares in the capital of the Company (other than A Shares) may at any time be freely transferred by any member whose business is to make, manage or advise upon investments ("an institutional investor") (or a nominee thereof) or a fund, partnership or company managed or advised by an institutional investor or a member of the same group as an institutional investor to any fund, partnership or company (or any nominee thereof) managed or advised by any such institutional investor or to such institutional investor itself or to any institutional investor provided always that any such share transferred pursuant to this paragraph shall be only transferred subject to an enforceable irrevocable undertaking in a form acceptable to the Directors being granted by the transferee to the effect that such transferee shall, in the event of it ceasing to be an institutional investor (or nominee thereof)

forthwith transfer or procure that there be forthwith transferred prior to it ceasing to be an institutional investor such shares to either the original transferor, or another institutional investor and the Directors shall be bound to register a transfer of any such share or shares on deposit at the Registered Office of the Company of a duly executed share transfer form together with a share certificate representing such share or shares.

14. Notwithstanding anything contained in these Articles no sale or transfer of any shares to any person whomsoever (other than a sale or transfer to or by any Ivory & Sime Fund or to Mr. C.J. Sawyer or to Mr. R.E. Tozer or any party to whom either of them may transfer shares in accordance with Article 11.8 hereof) conferring the right to vote at general meetings of the Company which would result if made and registered in a person whether or not then a member of the Company obtaining a controlling interest in the Company (together with one or more persons acting in concert with such person) (the "Specified Shares") shall be made or registered unless before the transfer is lodged for registration the proposed transferee or his nominees has made an offer (stipulated to be open for acceptance for twenty-eight days) to purchase all the other A Shares and B Shares at the Specified Price (as hereinafter defined) and the Preference Shares at their respective Redemption Prices together in each case with a sum equal to any arrears, deficiency or accruals of the Preference Dividend to be calculated to the date of the offer and to be paid irrespective of whether such dividend has been declared or earned or not, which offer every shareholder shall be bound within twenty-eight days of the making of such offer to him either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer).
15. For the purpose of Article 14:-

- (i) the expression "acting in concert" shall have the meaning attributed to it in the City Code on Take-overs and Mergers;
- (ii) the expression "a controlling interest" shall mean shares conferring in aggregate 50% or more of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring at the date of sale or transfer the right to vote at general meetings in all circumstances;
- (iii) the expression "transfer", "transferor" and "transferee" shall include respectively the renunciation of the renounceable letter of allotment, the original allottee and the renouncee under any such letter of allotment;
- (iv) the "Specified Price" shall mean a price per share at least *pari passu* to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. In the event of a disagreement the calculation of the Specified Price shall be referred to an umpire (acting as an expert and not as an arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall be final and binding;

- (v) the expression "Ivory & Sime Fund" shall mean any fund, partnership or company managed or advised by Ivory & Sime plc or any of its subsidiaries.

FORMALITIES OF TRANSFER

- 16. The Directors may decline to register any instrument of transfer unless the instrument of transfer is in respect of only one class of share, is duly stamped and is deposited at the Registered Office of the Company, or at such other place as the Directors may from time to time determine, accompanied by the relevant share certificates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

CO-SALE PROVISIONS

- 17. If at any time any A Shareholder wishes to sell, assign or transfer any A Shares owned by him to any person other than an existing A Shareholder or B Shareholder ("the Purchaser"), then save in the event of a transfer of shares from Mr. C.J. Sawyer to Mr. R.E. Tozer and *vice versa* and save in the event of any transfer in accordance with Article 11.8 each B Shareholder shall have the right to require, as a condition to such sale or disposition, that the Purchaser purchases from the said B Shareholder at the same price per share and on the same terms and conditions two B Shares for each such A Share so sold, assigned or transferred.

COMPULSORY PURCHASE

- 18. At any time after 31st March 1998 in any case where any person or persons acting in concert ("the Offeror") has or have offered to acquire all the A Shares and B Shares in the capital of the Company ("the Offer") and the Offeror has contracted to acquire not less than nine-

tenths of the B Shares (by virtue of acceptances of the Offer or irrevocable commitments to accept the Offer by B Shareholders) ("the B Majority") then provided the Offer involves the acquisition of all of the A Shares on terms no less favourable than those offered to the B Shareholders all of the A Shareholders and all of the B Shareholders who have not already accepted the Offer shall be bound so to do forthwith upon receiving notice from the Offeror that it has obtained the B Majority.

GENERAL MEETINGS

19. No business shall be transacted at any General Meeting unless a quorum is present. 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 provided that at any time when B Shares remain in issue one of such persons as aforesaid must be a holder of B Shares or a proxy for a holder of B Shares or a duly authorised corporate representative of a holder of B Shares.
20. If such a quorum is not present within half an hour from the time appointed for the General Meeting, or if during a General Meeting such a quorum ceases to be present, the General 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 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.
21. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of

any other demand for a poll as hereinafter mentioned) demanded by either:-

- 21.1 the chairman of the meeting; or
- 21.2 not less than five members present in person or by proxy and entitled to vote; or
- 21.3 a member or members present in person or by proxy and representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting; or
- 21.4 a member or members present in person or by proxy and holding shares in the Company conferring rights 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; or
- 21.5 any holder of B Shares or any proxy for a holder of B Shares or any duly authorised corporate representative of holder of B Shares.

CORPORATIONS ACTING BY REPRESENTATIVES

- 22. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.

DIRECTORS

- 23. Subject as hereinafter provided the Directors (including the B Director) shall not be less than two nor more than seven in number. The

Company may by Ordinary Resolution from time to time vary the minimum or maximum number of Directors.

24. A Director shall not be required to hold any shares of the Company by way of qualification for office. A Director who is not a member of the Company shall nevertheless be entitled to receive notice of and attend and speak at General Meetings.
25. The aggregate ordinary remuneration of the Directors (excluding the B Director) as such (other than under any service agreement or consultancy agreement) shall not exceed £1,000 per annum or such other sum as may from time to time be determined by the Company in General Meeting and shall be divisible among the Directors as they may by resolution agree or, failing agreement, equally except that any Directors who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office.
26. The Directors may repay to any Director all such expenses as he may reasonably and properly incur in attending and returning from meetings of the Directors or of any committee or General Meetings or otherwise in or about the business of the Company.
27. Any Director who is appointed to any executive office (including for this purpose the office of Chairman or Deputy Chairman or Vice-Chairman whether or not such office is held in an executive capacity) or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director or who makes any special exertions in going or residing abroad or otherwise, in or about the business of the Company, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

28. Without prejudice to the general power of the Directors under these presents to exercise on behalf of the Company (by establishment or maintenance of schemes or otherwise) all the powers of the Company to give or procure the giving of pensions or other retirement, superannuation, death or disability benefits, annuities or other allowances, emoluments or benefits to or for the benefit of any person and without restricting the generality of their other powers, the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits, annuities or other allowances, emoluments or benefits to any Director, ex-Director, officer or ex-officer of the Company or of any company which is a subsidiary of the Company and to the husbands, wives, widowers, widows, children, families, dependants and personal representatives of any such Director, ex-Director, officer or ex-officer and for the purpose of providing any such pensions or other benefits to establish or contribute to any trust, scheme, association, arrangement or fund or to pay premiums, and shall have power to establish trusts, schemes, associations, arrangements or funds considered to be for the benefit of any such persons aforesaid. A Director, ex-Director, officer or ex-officer shall not be accountable to the Company or the members for any such pension, allowance or other benefit and the receipt of the same shall not disqualify any person from being or becoming a director of the Company.
29. 29.1 Subject to the provisions of the Act, a Director or alternate director may be a party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated (in addition to any other remuneration provided for by or pursuant to any other Article)

in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (unless otherwise agreed) the Director may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

29.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested, and (unless otherwise agreed) shall not be accountable to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of, or from his interest in, such other company. The Directors may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing themselves or any of them to be directors, officers or servants of such other company, or voting or providing for the payment of remuneration to the directors, officers or servants of such other company.

30. 30.1 The Directors may from time to time appoint one or more of their body to be the holder of any executive office or make any appointment by them of a director conditional upon his accepting any executive office (including, where considered

appropriate, the office of Chairman, Deputy Chairman or Vice-Chairman, Managing, Joint Managing, Deputy or Assistant Managing Director or Chief, Deputy Chief or Assistant Chief Executive) on such terms and for such period as they may (subject to the provisions of the Act) determine and without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

30.2 The appointment of any Director to any of the executive offices specially mentioned in Article 30.1 above shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

30.3 The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise in which event the termination of his office if he ceases to be a Director shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

31. The Directors may, with the written approval of the B Director, entrust to and confer upon any Director any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

APPOINTMENT AND RETIREMENT OF DIRECTORS

32. The office of a Director shall be vacated in any of the following events, namely:-

- 32.1 If pursuant to any statutory provision he is removed or prohibited from being a Director.
- 32.2 If he shall resign by writing under his hand left at the Registered Office of the Company or if he shall tender his resignation and the Directors shall resolve to accept the same.
- 32.3 If he shall have a receiving order made against him, become bankrupt, apparently insolvent, be sequestrated, execute a trust deed for his creditors or shall compound with his creditors generally.
- 32.4 If he shall become insane, of unsound mind or otherwise incapax or if an order is made in respect of him under the Mental Health Act 1983 or the Mental Health (Scotland) Act 1984.
- 32.5 If he shall be absent from meetings of the Directors for six months without leave and his alternate Director (if any) shall not during such period have attended in his stead and the Directors shall resolve that his office be vacated.
- 32.6 If, not being the B Director, he shall be removed from office by notice in writing served upon him signed by all his co-Directors, but so that in the case of a Director holding an executive office which automatically determines on his ceasing to be a Director such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages in respect of the consequent termination of his executive office.
- 32.7 In the case of the B Director, if a notice signed by the holders of a 75% majority of the B Shares is served removing him from office in terms of Article 4.5.1.

33. The Directors shall not be liable to retire by rotation. For the avoidance of doubt, no references to retirement by rotation contained in Table A shall apply to the Company.
34. A resolution for the appointment of two or more persons as Directors by a single resolution shall not be considered at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void.
35. No person shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any General Meeting unless not less than seven nor more than fourteen days before the day appointed for the meeting there shall have been left at the Registered Office of the Company, addressed to the Secretary, notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
36. The Company may in accordance with and subject to the provisions of the Act by Ordinary Resolution of which special notice has been given remove any Director from office notwithstanding any provision of these presents or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement, and by Ordinary Resolution appoint another person in place of a Director so removed from office. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled by the Directors as a casual vacancy.

PROCEEDINGS OF DIRECTORS

37. Subject to the provisions of these presents, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit provided that in any one year there shall be convened meetings of Directors in at least ten of the months. Questions arising at any meeting shall be determined by a majority of votes. In case of an equality of votes the chairman of the meeting shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors. Seven working days written notice shall be given for all regular meetings of the Directors. A Director absent or intending to be absent from the United Kingdom may request the Directors that notice of meetings of Directors shall, during his absence be sent in writing to him at his last known address or any other address given by him to the Company for this purpose but in the absence of any such request, it shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from the United Kingdom. A Director may waive notice of any meeting either prospectively or retrospectively.
38. A Director who is unable to attend any meeting of the Directors and has not appointed an alternate Director may authorise any other Director to vote for him at that meeting, and in that event the Director so authorised shall have a vote for each Director by whom he is so authorised shall have a vote for each Director by whom he is so authorised in addition to his own vote. Any such authority must be in writing signed by the appointing Director or by cable, telegram, telex or facsimile which must be produced at the meeting at which the same is to be used and be left with the Secretary for retention.

39. The quorum necessary 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 of which during such period as a B Director holds office as a Director of the Company (unless the B Director at the relevant time or the holders of 75% of the B Shares shall have waived the requirement in writing (which, for the avoidance of doubt may be for any particular meeting or for meetings held during a period of time or otherwise)) one shall be the B Director. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretion for the time being exercisable by the Directors.
40. 40.1 A Director who is in any way whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 317 of the Act.
- 40.2 Subject to such disclosure as aforesaid a Director may vote in respect of any contract or proposed contract or arrangement in which he is interested and if he does so vote his vote shall be counted and he may be counted in ascertaining whether a quorum is present at any meeting at which any such contract or proposed contract or arrangement shall come before the Directors for consideration and may retain for his own absolute use and benefit all profits and advantages accruing to him therefrom.
- 40.3 For the purposes of Articles 40.1 and 40.2:-
- (i) a 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
- (ii) an 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.

40.4 During the period prior to the conversion of all of the B Shares the following matters shall all require the prior written approval of the B Director holding office at the relevant time:-

- 40.4.1 the declaring or making or paying of any dividend or distribution by the Company other than the Preference Dividend;
- 40.4.2 the creation of or any amendment to any contract (whether of employment or for services or any other transaction) made between any holder of A Shares or a person who in relation to such holder of A Shares is a connected person and the Company or any subsidiary of the Company or any variation of the remuneration or other benefits payable thereunder (for the purposes of this Article 40.4.2 connected person shall have the same meaning as that contained in Section 839 of the Income and Corporation Taxes Act 1988);
- 40.4.3 the selection of any accounting reference date other than 30th September;
- 40.4.4 any material change in the nature of the Business of the Company and its subsidiaries as a whole;
- 40.4.5 the effecting of any transaction or matter which would if the share capital of the Company were listed in the London Stock Exchange, have required an

announcement to be made or circular to be issued to shareholders;

40.4.6 the occurrence of any Specified Event;

40.4.7 the approval of the Accounts;

40.4.8 the fixing of any price at which A Shares are to be sold pursuant to Article 11.

41. A resolution in writing signed by all the Directors for the time being in the United Kingdom and all the alternate Directors (if any) for the time being in the United Kingdom whose appointors are for the time being absent from the United Kingdom (provided that their number is sufficient to constitute a quorum) or by all the members for the time being of a committee formed under the next following Article shall be as valid and effective as a resolution passed at a meeting of the Directors or, as the case may be, of such committee duly convened and held and may consist of one or more documents in the like form, each signed by one or more of the Directors or alternate Directors or members of the committee concerned.

BORROWING POWERS

42. 42.1 Subject as hereinafter provided the Directors may exercise all the powers of the Company to borrow money, and to pledge or grant any security over all or any part of its undertaking, property and uncalled capital, and, subject to the Act, to issue debentures, debenture stock and other securities whether terminable, redeemable or perpetual and whether outright or as collateral security for any guarantee, debt, liability or obligation of the Company or of any third party.
- 42.2 The Directors shall restrict the moneys borrowed by the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its

subsidiaries, as by such exercise they can secure) that the aggregate principal amount (including any fixed or minimum premium payable on final repayment) at anyone time outstanding in respect of all moneys borrowed (whether secured or not) by the Company and its subsidiaries (if any) for the time being, but exclusive of any moneys borrowed by the Company from and for the time being owing to any subsidiary or by any subsidiary from and for the time being owing to the Company or another subsidiary, shall not (without the prior written consent of the 'B' Director) at any time exceed the higher of (a) the aggregate of (i) £3,130,000; (ii) the sum of £200,000 borrowed by the Company from IIC and (iii) the sum of up to £200,000 due, contingently, by Roxburgh Electronics Limited ("REL"), a subsidiary of the Company, to Armon Electronics Limited ("Armon") in terms of the agreement between REL and Armon dated of even date with the adoption of these Articles and (b) an amount equal to twice the Adjusted Total of Capital and Reserves.

42.3 For the purposes of Article 42.2:-

- (1) the expression "the Adjusted Total of Capital and Reserves" shall mean the aggregate (as certified or reported on by the auditors of the Company (or in the event of their being unwilling or unable so to certify, an independent firm of Chartered Accountants nominated by the Directors) whose certificate or report shall be conclusive) of:-
 - (i) the amount for the time being paid up or credited as paid up on the issued share capital of the Company; and

- (ii) the total of the amounts standing to the credit of the capital and revenue reserves (including any share premium account, capital redemption reserve, unrealised appreciation on investments and credit balance on revenue accounts) as shown in the latest published audited balance sheet of the Company (or in the event of the Company having any subsidiaries, as shown in a consolidation of the latest published audited balance sheet of the Company and its subsidiaries), but after:-

- (a) making such adjustments as may be necessary or appropriate to reflect any variations since the date of the balance sheet in interests in any subsidiary or in such paid up share capital or reserves and so that for this purpose if the Company proposes to issue or has issued any shares for cash and the issue has been underwritten then the amount (including any premiums) of the subscription moneys so underwritten (not being moneys payable later than three months after the date the underwriting becomes unconditional) shall be deemed to have been paid up at the date when

the underwriting becomes unconditional;

- (b) excluding any sums attributable to outside interests in any subsidiary of the Company and any sums provided for deferred taxation (including such provision as the auditors shall consider appropriate to take account of contingent liabilities to taxation (if any) in respect of chargeable gains calculated by reference to the unrealised appreciation of assets);
- (c) deducting any distributions (other than distributions to the Company or to a subsidiary) out of profits accrued prior to the date of the aforesaid balance sheet and not provided for therein;
- (d) deducting any debit balance on revenue account and any amount referable to goodwill (arising other than on consolidation) or any intangible asset; and
- (e) making such other adjustments (if any) as the Auditors may consider appropriate to provide for the carrying into effect of the transaction for the purposes of

which the Adjusted Total of Capital and Reserves requires to be calculated, or otherwise.

(2) "moneys borrowed" shall be deemed to include the following except in so far as otherwise taken into account:-

- (a) the principal amount for the time being outstanding and owing by the Company or any subsidiary of it in respect of any debenture (within the meaning of Section 144 of the Act) whether issued for cash or otherwise together with any fixed or minimum premium payable thereon on final repayment but excluding any debenture the beneficial interest in which is owned by the Company or a subsidiary;
- (b) the principal amount raised by the Company or a subsidiary by acceptances under any acceptance credit opened on its behalf and in its favour by any bank or accepting house;
- (c) the nominal amount of any share capital and the principal amount of any borrowed moneys and other debts or obligations of any person

or body whether corporate or unincorporated, together in each case with any fixed or minimum premium payable on final repayment, the repayment of which is guaranteed or secured by the Company or a subsidiary but excluding any such share capital which is for the time being beneficially owned by, and any such borrowed moneys or other debts or obligations which are for the time being owing to or by, the Company or a subsidiary;

- (d) the nominal amount of any share capital (not being equity share capital) of a subsidiary owned otherwise than by the Company or another subsidiary;
- (e) the capitalised value of amounts outstanding in respect of finance leases of any fixed asset and the amounts outstanding under any hire purchase contract to which the Company or any of its subsidiaries is a party; and
- (f) the amount of any liability incurred by the Company or any of its subsidiaries pursuant to any

performance bond or, if such liability is not ascertainable, the maximum potential liability thereunder.

- 42.4 For the purpose of Article 42 any Company which it is proposed shall become or cease to be a subsidiary contemporaneously in connection with any relevant transaction shall be treated as if it had already become or ceased to be a subsidiary.
- 42.5 For the purpose of calculating the amount of the Adjusted Total of Capital and Reserves any amount expressed in a currency other than Sterling shall be converted into Sterling at the rate of exchange used for the purposes of the then latest audited accounts and for purposes of calculating the amount of moneys borrowed any amount so expressed and outstanding in any currency other than Sterling shall be converted into Sterling at the latest establishable rate of exchange ruling in London prior to the date on which the calculation falls to be made.
- 42.6 No person dealing with the Company or any subsidiary shall by reason of the foregoing provisions be concerned to see or inquire whether the said limits are observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had at the time when the debt was incurred or security given express notice that the said limit had been or would thereby be exceeded. A certificate by two Directors that the amount of any moneys borrowed is within the said limits shall be conclusive evidence in any question between any such person and the Company.

OBSERVER

43. 43.1 IIC, for so long as it is a shareholder holding not less than 15% of the equity share capital of the Company may, by notice in writing to the Company, appoint one person at any time to be its Observer, such Observer to have the rights granted to an Observer in Article 43.3.
- 43.2 IIC, for so long as it is a shareholder holding not less than 15% of the equity share capital of the Company may, at any time by notice in writing to the Company, remove the Observer appointed by it and appoint another person in his place.
- 43.3 The Observer appointed pursuant to Article 43.1 or 43.2 shall have the right to receive notice of and to attend and be present at all Board Meetings. The Observer may speak at all such meetings but shall have no vote and no authority to bind the Company in any way.

THE SEAL

44. In Regulation 1 of Table A the words "the common seal of the Company" shall be omitted and the words "any seal for the time being adopted by the Company as its common seal" shall be inserted after the words "'the Seal' means".

CALLS ON SHARES

45. In Regulation 12 of Table A the words "save in the case of a call deemed to have been made in terms of Regulation 16 which call shall be irrevocable." shall be inserted after the words "postponed in whole or part".

INDEMNITY

46. Subject to the provisions of and so far as may be consistent with the Act, every Director, Auditor, Secretary or other officer of the Company shall, be entitled to be indemnified out of the assets of the Company

against all costs, charges, losses, expenses and liabilities incurred by him in the execution and/or discharge of his duties and/or the exercise of his powers and/or otherwise in relation to or in connection with his duties or powers of office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which decree or judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which release is granted to him by the Court.