

Company no: 2764569

THE COMPANIES ACTS 1985 AND 1989  
PUBLIC COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS

OF

AQUARIUS GROUP PLC

Passed on 11 December 1996

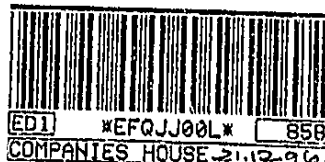
At an extraordinary general meeting of the Company, duly convened and held on 11 December 1996 the following resolutions were duly passed as special resolutions of the Company:

1. That, in connection with the grant by London Stock Exchange Limited ("the London Stock Exchange") of permission for the whole of the ordinary share capital of the Company to be issued pursuant, first, to the completion of the agreements dated 11 December 1996 ("the Flip-up Agreements") entered into between the Company and the shareholders (other than the Company) of Farabay Investments Limited, Aquarius Limited and Capegroom Limited (the "Intermediate Holding Companies") and, second, to a placing of ordinary shares in the Company to be carried out on the Company's behalf by Charterhouse Tilney Securities Limited ("the Placing"), to be admitted to the Official List of the London Stock Exchange and conditional upon such admission becoming effective by the announcement by the London Stock Exchange under paragraph 7.1 of its listing rules on or before 20 December 1996 (or such later date as Charterhouse Tilney Securities Limited and the Company may agree, but in any event not later than 31 January 1997):

- (a) every two issued shares of £1 each in the capital of the Company as at the date of this resolution be consolidated and redesignated as one ordinary share of £2 each and each of the issued ordinary shares of £2 each resulting from such consolidation and redesignation be sub-divided into five ordinary shares of 40 pence each, such ordinary shares of 40 pence each having the rights and being subject to the restrictions set out in the new articles of association to be adopted pursuant to paragraph (c) below;

- (b) the authorised capital of the Company (as amended pursuant to paragraph (a) above) be and is hereby increased by £2,536,000 to £5,072,000 by the creation of an additional 12,680,000 ordinary shares of 40 pence each, ranking pari passu in all respects with the existing ordinary shares of 40 pence each;

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- (c) the regulations contained in the printed document presented to the meeting and marked "A" be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all existing articles of association of the Company;
- (d) for the purposes of section 80 of the Companies Act 1985 ("the Act") the directors be generally and unconditionally authorised to exercise all the powers of the Company to allot, grant options over, offer or otherwise deal with or dispose of relevant securities (within the meaning of the said section 80) up to an aggregate nominal value of £2,742,400, provided that the authority hereby conferred shall be for a period expiring on whichever is the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of this resolution becoming wholly unconditional, unless renewed, varied or revoked by the Company in general meeting, save that the directors may make the allotments of relevant securities referred to in sub-paragraphs (i), (ii) and (iii) of paragraph (e) below notwithstanding the expiry of such power and may at any time before such expiry make a further offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired;
- (e) in accordance with section 95 of the Act the directors be empowered to allot equity securities (as defined in section 94 of the Act) pursuant to the authority conferred upon them by paragraph (d) of this resolution as if section 89(1) of the Act did not apply to any such allotment, provided that such power shall be limited to:
- (i) the allotment of equity securities pursuant to the Placing;
  - (ii) the allotment of equity securities pursuant to an option agreement entered into on 12 November 1996 between the Company and Mr Graham Smith and varied on 11 December 1996;
  - (iii) the allotment of equity securities pursuant to a warrant instrument dated 11 December 1996 executed by the Company and constituting warrants in favour of Gartland Whalley and Barker plc to subscribe for up to 1,355,421 ordinary shares of 40 pence each in the Company; and
  - (iv) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject to such exclusions or other arrangements as the directors may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws or requirements of any recognised regulatory body in any territory; and

- (v) the allotment (otherwise than pursuant to sub-paragraphs (i), (ii), (iii), and (iv) above) of equity securities up to an aggregate nominal value £412,553.20

such power to expire on whichever is the earlier of the conclusion of the next annual general meeting of the Company or the date falling 15 months after the date of this resolution becoming wholly unconditional, unless renewed or extended prior to such expiry, save that the Directors may make the allotments of equity securities referred to in paragraphs (i), (ii) and (iii) above notwithstanding the expiry of such power and the Company may at any time before the expiry of any power contained in this resolution make a further offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired;

- (f) the terms and conditions of the proposed Aquarius Group PLC Unapproved Executive Share Option Scheme ("the Scheme"), the proposed rules of which were presented to the meeting and marked "B", be approved and the directors be and they are hereby authorised to cause the Scheme to be adopted and to give effect thereto with such modifications (if any) as they consider necessary or desirable (whether pursuant to the requirements of Association of British Insurers or otherwise) and to do all acts and things which they may consider necessary or desirable and to do all acts for implementing and giving effect to the same and the directors be authorised to vote and to be counted in a quorum at any meeting at which any matter connected with the Scheme is under consideration notwithstanding that they may be interested in the same in any present or proposed capacity whatsoever, and the provisions of the articles of association of the Company be relaxed accordingly, provided that no director may vote or be counted in a quorum at any meeting on any matter solely concerning his individual rights of participation in the Scheme.

2. That pursuant to section 120 of the Act, the Company be authorised to enter into the Flip-up Agreements which contain arrangements for the transfer of shares and loan stock by Messrs G Smith and L Samols and Mrs V Dyson, each directors of the Company, in the Intermediate Holding Companies to the Company.

3. That, subject to and conditionally on resolution 1 above becoming wholly unconditional, the share capital of the Company be reduced by the reduction to nil of the amount standing to the credit of the share premium account of the Company after the Placing and the completion of the Flip-up Agreements.

4. That with effect from the passing of this resolution the provisions of the Memorandum of Association of the Company are altered with regard to the objects of the Company by deleting clause 4 of such memorandum and by substituting therefor the new clause 4 which is set out in the document produced to the meeting and for the purpose of identification marked "C".

5. That Turner Brothers (Candlewick) Limited, a subsidiary of the Company, be authorised to enter into arrangements for the grant of a lease (the "Lease") for a term of 999 years of its premises at Bessingby Way, Bridlington, at a rent of a peppercorn and to enter into an underlease (the "Underlease") granted by the holder of the 999 year lease for a term of 25 years at an initial rent of approximately £175,000 per annum subject to upwards only rent review every five years, both in substantially the same form as the draft documents produced to the meeting and the directors of the Company be authorised to conclude the Lease and Leaseback on terms not substantially different than those contained in those draft documents.

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Chairman of the meeting