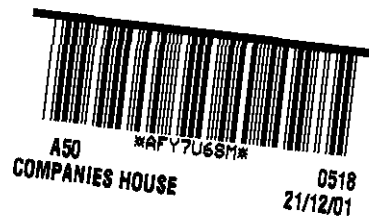


**ARTICLES OF ASSOCIATION**  
**OF**  
**TRIESSE HOLDINGS LIMITED**

(as amended by a special resolutions passed 24<sup>th</sup> November 1999  
and 5<sup>th</sup> December 2001)

**FOX HAYES, SOLICITORS**

Bank House,  
150, Roundhay Road,  
LEEDS LS8 5LD.  
(Ref: MRJ/5954/1)  
(Date: 6.12.01)



THE COMPANIES ACTS 1985 TO 1989

ARTICLES OF ASSOCIATION OF

TRIESSE HOLDINGS LIMITED

PRIVATE COMPANY LIMITED BY SHARES

1 INTERPRETATION

1.1 In these Articles the expression:

"the Act" means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

"the Bank" means the clearing bank which provides the Company with its principal overdraft facility from time to time or if none, then Barclays Bank Plc.

"the "B" Director" means a director appointed pursuant to Article 15.

"the Block Press" means the press in the course of development by the Company for converting waste wood into blocks.

"Family Trust" means a trust created by a Member during his lifetime which does not permit any of the settled property or the income from it to be applied otherwise than for such Member a Relative of such Member or any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income from it when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities) and no power of control over the voting powers conferred by any shares the subject of the

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trust is capable of being exercised by or subject to the consent of any person other than the trustees or the Member or a Relative.

"the Financial Covenant" means a covenant that the aggregate sum of the net assets of each Group Company shall be no less than £1460315: after adding back (1) any amount of capital expenditure and associated capitalised cost written off in respect of the Block Press up to a maximum of £300,000 and (2) any reduction in the net assets arising from a change in accepted accounting practice; and after deducting any profit arising from the transfer of an asset between any of the Group Companies for a value greater than its book value.

"Group Company" shall include the Company and each of its subsidiaries and any holding company and its subsidiaries

"Interest Rate" means 5% per annum above the base lending rate from time to time of the Bank.

"Payment Dates" means 30th September and 1st April in each year.

"Preference Dividend" means a fixed cumulative preferential dividend at the rate of 8% per annum (net of any ACT payable by the Company) accruing on the capital of the A Preference Shares and the B Preference Shares.

"Preference Shares" means the A Preference Shares and the B Preference Shares but not the C Preference Shares unless otherwise specified.

"Relative" means the spouse of the Member and any lineal descendants of the Member.

"Special Director" means the director appointed in accordance with Article 14.

1.2 The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies

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(Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby.

2           **AUTHORISED SHARE CAPITAL**

2.1           The share capital of the Company at the date of adoption of these Articles is £887,750 divided into:-

- 2.1.1          250,000 Ordinary Shares of £1.00 each ("the Ordinary Shares")
- 2.1.2          565,250 8% (net) A Cumulative Redeemable Preference Shares of £1.00 each ("the A Preference Shares")
- 2.1.3          37500 8% (net) B Cumulative Redeemable Preference Shares of £1.00 each ("the B Preference Shares")
- 2.1.4          35000 C Redeemable Preference Shares of £1.00 each ("the C Preference Shares")

3           **RIGHTS OF HOLDERS OF PREFERENCE SHARES**

The Preference Shares shall entitle the holders of such shares to the following rights:-

3.1           **Dividend**

- 3.1.1          The Company shall pay to the holders of the A Preference Shares and of the B Preference Shares the Preference Dividend such dividend in each case to accrue from day to day and to be payable six monthly in arrears on 30th September and 1st April in each year commencing on 30th September 1997 so that any payment due on the 1st April 1997 shall be carried forward and paid on the 30th September 1997 in addition to the payment then due for the 6 months ended on the 30th September 1997.
- 3.1.2          Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act the Preference Dividend shall (notwithstanding regulations 102 to 108 inclusive contained in Table

A or any other provision of these Articles and in particular notwithstanding that there has not been a recommendation of the Directors or resolution of the Company in general meeting) be paid immediately on the due date;

- 3.1.3 If the Preference Dividend is not paid in full then the shortfall shall be a debt due by the Company and shall be payable in priority to any other dividend and the Company shall pay on the date of actual payment interest calculated from the due date of payment (compounded with monthly rests) at the Interest Rate on the amount of the debt.

### 3.2 Voting in General Meetings

3.2.1 The holders of the 'A' Preference Shares, and the 'C' Preference Shares shall be entitled to receive notice of and to attend and speak at general meetings of the Company but shall not be entitled to a vote upon an resolution.

3.2.2 The holders of the 'B' Preference Shares shall be entitled to receive notice of and to attend and speak at general meetings of the Company but shall not be entitled to vote upon any resolution unless:

3.2.2.1 the resolution is one which varies, modifies, alters or abrogates any of the rights, privileges, limitations or restrictions attaching to the Preference Shares; or,

3.2.2.2 the Company shall have committed a Default (which shall not have been rectified in accordance with Article 3.2.4) and the 'B' Preference Shareholders shall have opted to vote by serving notice in writing upon the Company or the Chairman of the meeting of their intention to so vote signed by the holders of not less than three quarters of the 'B' Preference Shares.

3.2.3 The Company shall commit a 'Default' if:

3.2.3.1 any payment of the Preference Dividend is not paid in full on the due date;

3.2.3.2 the Company shall on a Redemption Date fail to redeem all or any of the Preference Share falling to be redeemed on such Redemption Date;

3.2.3.3 the Company or any subsidiary of the Company shall on the due date for payment fail to pay any sum due for payment to a holder of 'B' Preference Shares under the terms of any written agreement between the Company or subsidiary and such holder of 'B' Preference Shares for the repayment of his directors loan or current account with such company; or

3.2.3.4 the management accounts of the Company and its subsidiaries for any month show a breach of the Financial Covenant

3.2.3.5 the Company shall receive a notice given in accordance with Article 20.

**PROVIDED ALWAYS** that the Company shall not be in Default if payment is made under Articles 3.2.3.1, 3.2.3.2 or 3.2.3.3 within 7 days of the due date or Redemption Date as the case may be.

3.2.4 The Default shall be rectified and the voting rights attaching to 'B' Preference Shares shall be extinguished automatically and immediately if:

3.2.4.1 all the Preference Shares shall have been redeemed (whether due for redemption or not); and

3.2.4.2 all other amounts outstanding under any agreement as mentioned in article 3.2.3.3 shall have been repaid (whether due for repayment or not); together with all dividends and interest (if any) accruing thereon up to the date of actual redemption and repayment respectively.

- 3.2.5 During any period in which either the holders of the 'B' Preference Shares still exercise their entitlement to vote in accordance with article 3.2.2 or there shall be a 'B' Director appointed such 'B' Preference Shareholders shall procure that the Company uses all reasonable endeavours to rectify the Company's Default as provided by Article 3.2.4 and so to extinguish the 'B' Preference Shareholders' entitlement to vote
- 3.2.6 When entitled to vote pursuant to Article 3.2.2 every holder of 'B' Preference Shares who is present in person or by proxy at a general meeting of the Company shall have either on a show of hands one vote or on a poll such number of votes for each 'B' Preference Share of which he is the registered holder as equals the additional number of votes required which when aggregated with all votes that all the holder of 'B' Preference Shares shall have (including by virtue of any holding they may have of Ordinary Shares) gives 75% of the total votes available to all shareholders entitled to attend and vote at such meeting divided by the total number of 'B' Preference Shares in issue.
- 3.2.7 Save as provided in Article 3.2.6 every holder of Ordinary Shares who is present in person or by proxy at a general meeting of the Company shall have one vote and on a poll every holder present in person or by proxy shall have one vote for each ordinary share registered in his name.'

### 3.3 Redemption

The Preference Shares shall be redeemed on the following terms (and for the purposes of this clause 3.3 only the definition of "Preference Shares" shall include the C Preference Shares:

- 3.3.1 The Preference Shares shall be redeemed by the Company (pro rata to the number of Preference Shares held by each holder of such shares) in the amounts and on the dates given in the table below or if earlier on a Marketing or Sale:

Redemption Date	Number of Shares
1 April 2003	123,750 A Preference Shares
30 September 2003	123,750 A Preference Shares
1 April 2004	123,750 A Preference Shares
30 September 2004	123,750 A Preference Shares
1 April 2005	70,250 A Preference Shares
1 April 2005	37,500 B Preference Shares
1 April 2005	37,000 C Preference Shares

and each such date or the date of such Marketing or Sale shall be referred to as "the Redemption Date" and each such date excluding the date of Marketing or Sale shall be referred to as "the Normal Redemption Date".

- 3.3.2 Upon or as soon as reasonably practicable thereafter the Redemption Date the holders of the



relevant Preference Shares shall deliver to the Company at its registered office the certificates for the Preference Shares held by the them and upon such delivery the Company shall pay to such holder (or in the case of joint holders to the holder whose name stands first in the register of members in respect of such shares) the amount due to him in respect of such redemption and issue a fresh certificate for the balance of his Preference Shares.

- 3.3.3 There shall be paid on each Preference Share redeemed the amount paid up on such share together with in each case a sum equal to any arrears deficiency or accruals or interest in respect of the Preference Dividend on such share to be calculated down to the Redemption Date and to be payable irrespective of whether or not such dividend has been declared or earned and if not paid all such sums shall be a debt due from the Company to the holders of the relevant Preference Shares and shall carry interest from the Redemption Date (compounded with monthly rests) at the Interest Rate on the amount not paid.
- 3.3.4 The receipt of the registered holder for the time being of any Preference Shares for the money payable on redemption of such shares shall constitute an absolute discharge to the Company in respect of such redemption.
- 3.3.5 The Company may at any time redeem the whole or any part of the Preference Shares then outstanding pro rata to the number of shares held by each holder of such shares and the provisions of this Article shall have effect mutatis mutandis save that the Redemption Date shall be that date specified in a notice served by the Company on the holders of the Preference Shares in which the Company shall give

not less than 28 days' notice to the holders of the Preference Shares of such redemption.

3.3.6 For the purposes of this article 3.3:

3.3.6.1 "Marketing" shall mean the admission of all or part of the Share Capital of the Company to the official list of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited or the commencement of dealings on the Alternative Investment Market; and

3.3.6.2 "Sale" shall mean the obtaining of shares conferring in aggregate more than 50% of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue (other than by virtue of Article 3.2.2) and conferring the right to vote at all general meetings by any person other than an existing member of the Company at the date of adoption of these Articles.

3.3.7 Notwithstanding any of the provision of these Articles no B Preference Shares shall be redeemed until all of the Preference Shares (other than the C Preference Shares) have been redeemed and none of the C Preference Shares shall be redeemed until all of the A Preference Shares and the B Preference Shares have been redeemed.

#### 4 CAPITAL

On a return of assets on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be applied first in repaying to the holders of Preference Shares the capital paid up on the Preference Shares together with a sum equal to any accruals and arrears of the Preference Dividend on such shares whether earned or declared or not calculated down to the date of return of capital and any interest due thereon secondly in repaying the holders of C Preference

Shares the capital paid up on the C Preference Shares and thirdly any surplus shall be paid to the holders of the Ordinary Shares pro rata to the amounts paid up or credited as paid up on their Ordinary Shares.

## 5 MISCELLANEOUS POWER

- 5.1 The Company shall procure that each of its subsidiaries 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
- 5.2 The Company shall be authorised at any time subject to the Act:
  - 5.2.1 to issue redeemable shares; or
  - 5.2.2 to purchase any of its own shares (including redeemable shares); or
  - 5.2.3 to make payments in respect of the purchase of any of its own shares otherwise than out of its distributable profits or the proceeds of a fresh issue of shares to the extent permitted by the Act.

## 6 ALLOTMENT OF SHARES

- 6.1 All shares the Directors propose to issue shall first be offered to the holders of the Ordinary Shares in proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company in General Meeting shall by Special Resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than fourteen days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have,

within the said period, accepted all the shares offered to them; such further offer shall be made in like terms in the same manner and limited by the same period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions and any shares released from the provisions of this Article by any such Special Resolution as aforesaid shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the subscribers therefor than the terms on which they were offered to the Members. The foregoing provision shall have effect subject to Sections 80A and 379A of the Act.

6.2 The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights over, to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital at the date of adoption of these Articles at any time during the period of five years from such date and the Directors may, after that period allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period.

6.3 In accordance with Section 91(1) of the Act Sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.

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## SHARES

7.1

The Company shall have a first and paramount lien on every share for all monies (whether presently payable or not) called upon or payable at a fixed time in respect of that share, and the Company shall also have a first and paramount lien on all shares registered in the name of any person (whether solely or jointly with others) for all moneys owing to the Company, from him or his estate either alone or jointly with any other person whether as a member or not and whether such monies are presently payable or not. The Directors may at any time declare any share to be wholly or partly exempt from the provisions of this Article. The Company's lien on a share shall extend to any amount payable in respect of it and Regulation 8 in Table A shall be modified accordingly.

7.2

The liability of any Member in default in respect of a call upon the shares of the Company shall be increased by the addition at the end of the first sentence of Regulation 18 in Table A of the words "and all expenses which may have been incurred by the Company by reason of such non payment".

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## PROCEEDINGS AT GENERAL MEETINGS

8.1

A quorum for a General Meeting of the Company shall be either three Members present either in person or by proxy or if the B Preference Shares are entitled to vote thereat the quorum shall be two, one of whom shall be a holder of B Preference Shares.

8.2

If a quorum is not present within half an hour of the time appointed for a General Meeting, the Meeting, if convened on the requisition of Members (other than the holders of B Preference Shares entitled to vote thereat), shall be dissolved.

8.3

In any case where originally convened by holders of B Preference Shares entitled to vote thereat, it

shall stand adjourned for one week and to the same time and place one week later, and at the adjourned meeting the quorum shall be one or more holders of the B Preference Shares. In all other cases the meeting shall stand adjourned to such day, 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 adjourned General Meeting shall be dissolved. Regulation 41 of Table A shall not apply to the Company.

- 8.4 In the event of an equality of votes the Chairman shall not have a second or casting vote and Regulation 50 shall not apply to the Company.

#### 9 APPOINTMENT AND RETIREMENT OF DIRECTORS

- 9.1 The maximum number of Directors shall be ten. Regulation 64 in Table A shall not apply to the Company.
- 9.2 The Directors shall not be subject to retirement by rotation. Regulations 73 to 77 (inclusive) and 80 in Table A shall not apply to the Company and the final two sentences of Regulation 79 of Table A shall not apply to the Company.

#### 10 ALTERNATE DIRECTORS

- 10.1 Any Director may appoint any other Director to be an alternate Director and may remove from the office of alternate Director any alternate Director so appointed by him.
- 10.2 Any Director may subject to the reasonable consent of the other Directors such consent not to be unreasonably withheld or delayed appoint any person to be an alternate Director and remove from the office of alternate Director any alternate Director so appointed by him.

- 10.3 An alternate Director shall have one vote for every Director so represented by him (in addition to his own vote) but when so acting shall count as only one Director for the purpose of determining whether a quorum is present.

11 DISQUALIFICATION AND REMOVAL OF DIRECTORS

A Director shall be required to vacate his office if he becomes incapable by reason of illness or injury of managing or administering his property and affairs and Regulation 81 in Table A shall be modified accordingly.

12 BORROWING POWERS

The Directors may exercise all of the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to Section 80, 80(A) and 379(A) of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

13 PROCEEDINGS OF DIRECTORS

- 13.1 A quorum for the purposes of transacting business at a meeting of the Board of Directors of the Company shall be three or (if appointed) the B director.

- 13.2 If a quorum is not present within one hour of the appointed time then save in cases of real emergency (in which case such meeting shall be deemed nevertheless to be quorate but only to the extent of business necessitated by the emergency) the

meeting shall be adjourned to the same time one week later and at the adjourned meeting any two Directors shall form a quorum.

13.3 In the event of an equality of votes at a meeting of the Directors the Chairman shall not be entitled to a second or casting vote and Regulation 88 shall not apply to the Company.

13.4 Subject to disclosing his interest therein, a Director shall be entitled to vote at any meeting of the Directors or of a committee of Directors on any resolution concerning or relating to a matter in which he has directly or indirectly any kind of interest whatsoever or any duty which conflicts or may conflict with the interests of the Company and in relation to any such resolution as aforesaid, he shall (whether or not he shall vote on the same), be taken into account in calculating the quorum present at the meeting and Regulations 94 to 97 (inclusive) in Table A shall not apply to the Company.

13.5 Any Director (including an alternate Director) may participate in a meeting of the Directors, or a committee of the Directors of which he is a member by means of conference telephone, or other similar communicating equipment, whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting.

#### 14 THE SPECIAL DIRECTOR

14.1 The holders of the B Preference Shares shall be entitled to appoint and remove one director of the Board of the Company ("the Special Director") who shall be approved in advance by the other Directors which approval shall not be unreasonably, refused



or delayed. The Special Director shall during his lifetime be Kenneth David Waller

- 14.2 The Special Director shall be entitled to notice of and to attend all Board meetings and shall be entitled to one vote save that at any time during which there is a B Director in office the Special Director shall not be entitled to vote.

15 THE B DIRECTOR

- 15.1 The holders of a majority of the B Preference Shares shall at any time when the B Preference Shares be entitled to vote in accordance with Article 3.2 by notice in writing served upon the Company at its registered office be entitled to appoint and remove a second director of the Company or nominate the Special Director as the Director appointed pursuant to this Article 15.

- 15.2 At any time during which a B Director is in office:

- 15.2.1 no meeting of the board shall be quorate unless the B Director is present;

- 15.2.2 the B Director shall have 75% of the votes at any meeting of the board at which the B Director is present and the remaining directors shall have 25% of the votes; and

- 15.2.3 if the B Director so requires some of or all the other directors of the Company shall forthwith resign as directors.

- 15.3 The B Director shall be such person as is nominated by the holders of the majority of the B Preference Shares and may already be a director of the Company in which case at any meeting of the board only his votes as the B Director shall be counted.

- 15.4 Without prejudice to the obligations of the holders of the B Preference Shares under article 3.2.7 the B Director shall not be taken to be in breach of his fiduciary duty to act in the best interest of the Company by reason only that, in the performance

of his duties and in the exercise of his powers, he has regard to the interest and acts upon the wishes of the B Preference Shareholders unless no honest and reasonable director could have formed the view that, in so doing, the director was also promoting the interests of the Company as a whole.

- 15.5 The B Director shall retire automatically upon the extinguishment of the entitlement to vote of the B Preference Shareholders save where he is the only director of the Company in which case he shall continue to act only to procure the appointment of such additional director(s) as shall be nominated by ordinary resolution of the Company and the B Director shall then resign if requested to do so by such additional Director(s).

16 GRATUITIES AND PENSIONS

The Directors may exercise the powers of the Company conferred by paragraph 3.18 of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them by reason of the exercise of such powers and Regulation 87 in Table A shall not apply to the Company.

17 INDEMNITY

- 17.1 Subject to the provisions of Section 310 of the Act and in addition to any indemnity to which they may otherwise be entitled whether pursuant to Table A or otherwise every Director, Secretary or other official of the Company shall be entitled to be indemnified by the Company against all losses and liabilities sustained or incurred by him in the execution of his duties or in the exercise of his powers or otherwise in connection with his office including but without prejudice to the generality of the foregoing, any liability incurred by him in

defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding of omission or any material breach of duty on his part or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court from liability in respect of any act or omission, done or alleged to have been done by him as an officer or employee of the Company and from liability for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto.

- 17.2 The Directors shall have power to purchase and maintain for any Director, officer, or official of the Company insurance against any such liability as is permitted in Section 310(1) of the Act.

## 18 TRANSFER OF SHARES

- 18.1 Unless in any particular case all the Members from time to time shall otherwise agree in writing no shares of the Company shall be disposed of or transferred except pursuant to the provision of this Article and Article 19 hereof.

- 18.2 The Directors may in their absolute discretion and without assigning any reason therefor save in the case of transfer in accordance with Article 19 decline to register the transfer of any share whether or not it is fully paid and the first sentence of Regulation 24 in Table A shall not apply to the Company.

- 18.3 Notwithstanding any other provisions of these Articles the Preference Shares may be transferred or transmitted and the Directors shall be obliged to register the transfer as follows.

- 18.3.1 from a Member to a Relative of such Member;

- 18.3.2 from the Member to the trustees of a Family Trust of such Member;
- 18.3.3 from a Relative of a Member to another Relative of such Member;
- 18.3.4 from the trustee of a Family Trust to new trustees on a change of trustees;
- 18.3.5 from the Member to the personal representatives of his estate or from such persons to a Relative or Family Trust.

## 19 PRE-EMPTION RIGHTS

19.1 Save where pursuant to Article 18.3 before transferring or agreeing to transfer any share or any interest therein (including for this purpose the assignment of the beneficial interest in, or the creation of any charge or other security interest over, such share or the renunciation or assignment of any right to receive or subscribe for such share) the person proposing to transfer the same (hereinafter referred to as the "Vendor") shall notify the Directors of the Company in writing of his wish to do so. Such notification (hereinafter called "the Transfer Notice") shall not be revocable except with the sanction of the Directors and shall:-

- 19.1.1 specify the number and class of shares which the Vendor wishes to transfer ("the Sale Shares") (which, where appropriate, may be all or part only of the shares then held by the Vendor);
- 19.1.2 specify the price (or prices if more than one class of shares is included in a Transfer Notice) at which the Vendor wishes to sell the Sale Shares and the identity of the person who has indicated a willingness to purchase the Sale Shares at such price; and
- 19.1.3 constitute the Directors his agent for the sale of all the Sale Shares at the Sale Price.

- 19.2 In respect of each class of share comprised in the Transfer Notice the Directors shall forthwith upon receipt of the Transfer Notice give to the Members (other than the Vendor) holding shares of the same class notice in writing stating that number and Sale Price of the Sale Shares of such class and offering each of them a number of the Sale Shares of such class pro rata as nearly as may be in proportion to the existing number of shares of such class then held by them respectively and inviting each of them to notify the Directors in writing within 30 days from the date of the notice whether he is willing to purchase and if so what maximum number of the Sale Shares (which maximum number may for the avoidance of doubt exceed the pro rata entitlement of such shareholder pursuant to such offer) he wishes to purchase. Where the Sale Price is to be determined in accordance with paragraph 19.12 the Directors shall serve the notice referred to in this paragraph 19.2, forthwith upon the receipt by them of the amount of such Sale Price.
- 19.3 If any such Member or Members fail to accept his or their pro rata entitlement pursuant to the offer referred to in paragraph 19.2 then the Directors shall within 7 days of the expiry of the 30 day period mentioned in paragraph 19.2 allocate those Sale Shares not so accepted to the Member or Members who have accepted the shares originally offered to them and expressed a willingness to purchase further shares pro rata as nearly as may be in proportion to the existing number of shares of the same class then held respectively as between such Members (provided that no Member shall be required to purchase more than the maximum number indicated by him pursuant to paragraph 19.2).

- 19.4 If the Directors do not dispose of all the Sale Shares pursuant to paragraphs 19.2 and 19.3 then the Directors shall forthwith offer those Sale Shares not so allocated (in this paragraph 19.4 and paragraph 19.5 "the Remaining Shares") to the Members (other than the Vendor) holding any other class of equity securities (as defined in Section 94 of the Act) of the Company through giving such Members notice in writing stating the number and Sale Price of the Remaining Shares and offering each Member a number of such Remaining Shares pro rata as nearly as may be in proportion to the existing number of such other equity securities then held by them respectively. The offer in respect of the Remaining Shares shall invite each offeree Member to notify the Directors in writing within 30 days from the date of the notice whether he is willing to purchase and if so what maximum number of the Remaining Shares (which maximum number may for the avoidance of doubt exceed the pro rata entitlement of such shareholder pursuant to such offer) he wishes to purchase.
- 19.5 If any offeree Member or Members in respect of the Remaining Shares fail to accept his or their pro rata entitlement pursuant to the offer referred to in paragraph 19.4, then the Directors shall within 7 days of the expiry of the 30 day period mentioned in paragraph 19.4 allocate those Remaining Shares not so accepted to the Member or Members who have accepted the Remaining Shares originally offered to them and expressed a willingness to purchase further Remaining Shares pro rata as nearly as may be in proportion to the existing number of such other equity securities then held respectively as between such Members (provided that no Member shall be required to purchase more than the maximum

number indicated by him pursuant to paragraph 19.4).

- 19.6 If the Directors do not dispose of all the Sale Shares to the Members pursuant to paragraphs 19.2 to 19.5 inclusive then the Directors (other than the Vendor or any nominee thereof) shall be entitled:
- 19.6.1 to nominate a third party or third parties to purchase the unsold Sale Shares at a price not less than the Sale Price; and/or
- 19.6.2 subject to Section 171 to 177 of the Act to cause the Company to purchase such shares at such price for which purpose the Company is so authorised and in which event all subsequent time periods which shall otherwise apply under this Articles shall be suspended for a period of 42 days whilst the Company endeavours to comply with the provisions of the Act in respect of such purchase.
- 19.7 Within 45 days of the date of service of the Directors' notice referred to in paragraph 19.2 above (or within 90 days of such date if the provision of paragraphs 19.4 and 19.5 operate), the Directors shall notify the Members (including the Vendor) of the allocation of the Sale Shares (or part thereof) amongst the Members (other than the Vendor) who shall have expressed his or their willingness to purchase as aforesaid or a third party or parties or the Company pursuant to paragraph 19.6.
- 19.8 Upon such allocation being made the Vendor shall (subject as herein provided) be bound upon payment of the Sale Price to transfer the shares so sold to the purchaser or purchasers.
- 19.9 The Vendor shall be bound to transfer the Sale Shares comprised in any notice served pursuant to paragraph 19.7 to the purchaser or purchasers named therein at the time and place therein specified;

and if he shall fail to do so the Chairman of the Company or some other person appointed by the Directors shall be deemed to be appointed Attorney of the Vendor with full power to execute, complete and deliver in the name and on behalf of the Vendor transfers of the Sale Shares to the purchaser or purchasers thereof against payment of the price to the Company. On payment of the price to the Company the purchaser or purchasers shall be deemed to have obtained a good receipt for such payment and on execution and delivery of the transfers the purchaser or purchasers shall be entitled to insist upon his name or their names being entered in the Register of Members as the holder or holders by transfer of the Sale Shares. The Company shall forthwith pay the price into a separate bank account in the Company's name and shall hold such price in trust for the Vendor.

19.10 In the event that not all of the Sale Shares are disposed of pursuant to this Article the Vendor shall be at liberty during the period of 60 days following the notice served pursuant to paragraph 19.7 to transfer to any persons and at any price not being less than the price fixed as the Sale Price all or part of the Sale Shares comprised in the Transfer Notice not allocated by the Directors pursuant to this Article.

19.11 In the event that any Member:

19.11.1 dies; or

19.11.2 'other than K D Waller'

who has been in the employment of the Company or of any of its subsidiaries after the date which is one month after the date of adoption of these Articles or who has been a Director of the Company or of any of its subsidiaries ceases such employment or vacates or is removed from such office and for the purpose of this paragraph a person shall cease to be such an employee if he ceases for any reason



whatsoever to be employed including (but without prejudice to the generality of the foregoing) by reason of resignation (other than by reason of constructive dismissal) or breach of contract but excluding any cessation of employment resulting from wrongful or unfair dismissal;

then in any such event ("a Relevant Event") the Member (or in the event of death or insolvency his authorised representative) in question shall either give a Transfer Notice within 30 days of the Relevant Event or if no such Transfer Notice has been served within the said 30 days, the Directors may at any time thereafter upon resolution passed by them give notice requiring such person within 7 days to give a Transfer Notice in respect of all the shares (or for those which a Transfer Notice has not previously been given) and which are registered in the name of that shareholder or, as a result of the Relevant Event, in the name of his authorised representative and if he does not do so at the end of such 7 days he shall then be deemed to have served a Transfer Notice pursuant to paragraph 19.1 in respect of all the shares (of any class) then registered in his name save that the Sale Price shall be calculated in accordance with Article 19.12.

19.12

For the purpose of this Article "the Sale Price" means in relation to the Sale Shares a price to be agreed between the Vendor (or in the event of death or insolvency his authorised representative) and the Directors or failing agreement within fourteen days of service or deemed service of the Transfer Notice, to be established by an independent Chartered Accountant ("the Valuer") (acting as expert and not as arbitrator) agreed upon by the Vendor (or in the event of death or insolvency his authorised representative) and the Directors or in

default of agreement within seven days appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of the Vendor (or in the event of death or insolvency his authorised representative) or the Directors, as the fair market price (or prices as the case may be) of the number and class of shares to be so sold assuming a willing vendor and a willing purchaser of all the issued shares in the Company of the same class as the Sale Shares calculated on the basis of the business as a going concern at the date of the Transfer Notice and attributing to the Sale Shares the same proportion of the total fair market price of all such class of shares as the number Sale Shares bear to total of such shares in issue. Any fees and expenses of the Valuer shall be borne as to one half by the Vendor and as to the other half amongst the purchaser or purchasers (if any) of the Sale Shares in proportion to the number of Sale Shares to be purchased by them respectively or if there are no such persons such remaining half shall also be borne by the Vendor.

19.13

Where a Transfer Notice in respect of any share is deemed to have been given under any provisions of these Articles and the circumstances are such that the Directors are unaware of the facts giving rise to the same such Transfer Notice shall be deemed to have been received by the Directors on the date on which the Directors (as a whole) receive actual notice of such facts (or for the purpose of paragraph 19.11 the date on which the Directors pass any such resolution as is therein mentioned) and the provisions of this Article 19 shall apply accordingly.

20 Additional Voting Rights

- 20.1 The Company shall procure that the holders of the 'B' Preference Shares are provided with consolidated management accounts for the Company and its subsidiaries for each of the following periods:

1 April 2001 to 30 September 2001  
1 October 2001 to 31 March 2002  
1 April 2002 to 30 September 2002  
1 October 2002 to 31 March 2003  
1 April 2003 to 30 September 2003  
1 October 2003 to 31 March 2004  
1 April 2004 to 30 September 2004  
1 October 2004 to 31 March 2005

- 20.2 The holders of the 'B' Preference Shares shall be entitled to send a notice to the Company in accordance with Article 3.2.3.5 if:

- 20.2.1 any of the above management accounts shows that the Company has not made a profit before deduction of tax, exceptional items and extraordinary items; or  
20.2.2 there is a breach of any of the provisions of this Article 20 by the Company.

- 20.3 The management accounts shall be accurate and prepared in accordance with the format in use prior to 31 August 2001 (or as varied with the written agreement of the holders of the 'B' Preference Shares) save that the stock figures in all the management accounts shall be the figure as adjusted to reflect the results of a physical stock take as at the last day of the period to which the accounts relate.

- 20.4 The management accounts shall be delivered to the holders of the 'B' Preference Shares within 28 days of the end of the period to which they relate.

- 20.5 The Company will procure that the holders of the 'B' Preference Shares and their agents have full access to the books and records of the Company and its subsidiaries to enable them to review and/or audit the management accounts.

- 20.6 The holders of the 'B' Preference Shares shall only be entitled to send a notice in accordance with Article 20.2.1 if it is delivered to the registered office of the Company under 28 days of receipt of by holders of the 'B' Preference Shares of the management accounts to which it relates.