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**THE COMPANIES ACTS 1985 AND 1989**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**MEMORANDUM OF ASSOCIATION OF**  
**DAVID HALSALL INTERNATIONAL HOLDINGS<sup>1</sup> LIMITED**

1. The Company's name is DAVID HALSALL INTERNATIONAL HOLDINGS LIMITED.
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:
  - (a) To carry on business as a general commercial company.
  - (b) To purchase or by any other means acquire any freehold, leasehold or other property for any estate or interest whatever and any rights or privileges of any kind over or in respect of any property and any real or personal property or rights whatsoever which may be necessary for, or may be conveniently used with, or may enhance the value of any other property of the Company.
  - (c) To purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, copyrights, secret processes, trade marks, designs, protections and concessions which may appear likely to be advantageous or useful to the Company in pursuit of any trade or business carried on by the Company and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.
  - (d) To acquire or undertake the whole or any part of the business, goodwill and assets of any person, firm or company carrying on or proposing to carry on any of the businesses which the Company chooses to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for limiting competition, or for mutual assistance with any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.
  - (e) To improve, manage cultivate, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

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<sup>1</sup> Amended by Special Resolution dated 29 April 1998



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- (f) To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.
- \*(g) To enter into any guarantee, bond, contract of indemnity or suretyship and otherwise give security or become responsible for the performance of any obligations or the discharge of any liabilities by any person or company in any manner on any terms and for any purposes whatsoever, whether with or without the Company receiving any consideration or advantage and whether or not in furtherance of the attainment of any other object of the Company and in particular (without derogation from the generality of the foregoing) to guarantee, support or secure, by personal covenant or by mortgaging or charging all or any part of the undertaking, real and personal property, assets and revenues (present and future) and uncalled capital of the Company, or by both such methods, or in any other manner whatsoever, the payment or repayment of any money secured by, or payable under or in respect of, any debts, obligations or securities whatsoever and the discharge of any liabilities whatsoever, including but not limited to those of any company which is for the time being an Associated Company (as defined below) of the Company or is otherwise associated with the Company in business.
- \*(h) To lend and advance money or give credit or financial accommodation in any manner on any terms and for any purposes whatsoever, whether with or without interest and whether or not supported by guarantee and/or security, to any person or company, including but not limited to any company which is for the time being an Associated Company (as defined below) of the Company.
- \*(i) To borrow and raise money, and to secure or discharge any debt, obligation or liability, in any manner on any terms and for any purposes whatsoever, and in particular (without derogation from the generality of the foregoing) to secure any debt, obligation or liability by mortgages of or charges upon all or any part of the undertaking, real and personal property, assets, rights and revenues (present or future) and uncalled capital of the Company or by the creation and issue on any terms of debentures, debenture stock or other securities of any description.
- (j) To draw, make, accept, endorse, discount, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable instruments that may be incidental or conducive to the Company's commercial activity.
- (k) To enter into any arrangements with any government or authority (supreme, municipal, local or otherwise) or any corporations, companies or persons, that may seem conducive to the attainment of the Company's object and to obtain from any such government or authority, corporation, company or person, any charters, contracts, decrees, rights privileges or concessions which the Company may think desirable and to carry out, exercise and comply with any such charters, contracts, decrees, rights, privileges and concessions.
- (l) To subscribe for, take, purchase or otherwise acquire and hold shares, stock or other interests in or obligations of any other company or corporation.
- (m) To promote any other company for the purpose of acquiring all or any of the property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.
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- (n) To sell, let, licence, develop or otherwise deal with the whole or any part of the undertaking of the Company, either together or in portions upon such terms as the Company may think fit, with power to accept shares, debentures, or securities of any company purchasing the same.
  - (o) To undertake and perform sub-contracts and also to act in any of the businesses of the Company through or by means of agents, brokers, sub-contractors or others.
  - \* (p) Except insofar as prohibited by Section 151 of the Companies Act 1985, to give, directly or indirectly, whether with or without the Company receiving any consideration or advantage and whether or not in furtherance of the attainment of any other object of the Company, financial assistance of any kind (including but not limited to financial assistance within the meaning of Section 152(1) of the Companies Act 1985) to any person or company in any manner on any terms and for any purposes whatsoever and in particular (without derogation from the generality of the foregoing) to give financial assistance for the purpose of the acquisition of securities in any Associated Company (as defined below) to be made by any person or company or for the purpose of reducing or discharging any liability incurred by any person or company for the purpose of such acquisition.
  - (q) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment subject to the provisions of the Companies Act 1985 (or any statutory modification or re-enactment thereof) to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise.
  - (r) To pay out of the funds of the Company all costs and expenses of or incidental to the promotion formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling or guaranteeing the subscription of any shares or other securities of the Company.
  - (s) To purchase and maintain insurance policies to indemnify the officers and auditor of the Company against any costs, expenses and liabilities arising from negligence, default, breach of duty or trust incurred by them in discharge of their duties or in relation thereto pursuant to the provisions contained in section 310(3) of the Companies Act 1985.
  - (t) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its Directors or employees; to remunerate the Directors of the Company in any manner the Company may think fit and to pay or provide pensions for or make payments to or for the benefit of any persons who are or were at any time in the employment or service of the Company or of any company for the time being the Company's holding company or subsidiary company as defined by Section 736 of the Companies Act or otherwise associated with the Company in business and the wives, widows, families and dependants of any such persons; to make payments towards life insurance; to set up, establish support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons as aforesaid and of their wives, widows, families and dependants, and to set up, establish, support and maintain profit sharing, share option or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary or holding company and to lend money to any such employees or to trustees on their behalf to enable any such schemes to be established or maintained.
  - (u) To distribute any property of the Company in specie among the members.
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- (v) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

\*For the purpose of this Clause it is hereby declared that;

- (i) the expression "company" (except where used in reference to this Company) shall be deemed to include any government or any statutory, municipal or public body, partnership, associations, syndicate or other body of persons, whether incorporated or unincorporated and whether incorporated, domiciled or resident in the United Kingdom or elsewhere;
- (ii) the expression "person" shall include any company as well as any other legal or natural person;
- (iii) the expression "securities" means and includes, any fully, partly or nil paid share, stock, debenture or loan stock, bill, note, warrant, coupon, deposit receipt or certificate, fund or obligation, interest or participatory right of any kind whatsoever;
- (iv) the expressions "and" and "or" shall mean "and/or" where the context so admits and the expressions "other" and "otherwise" shall not be construed ejusdem generis where a wider construction is possible;
- (v) the expression "Associated Company" shall mean any company which is for the time being;
  - (a) a parent undertaking (as defined by Section 21 of the Companies Act 1989) of the Company; or
  - (b) a subsidiary undertaking (as defined by Section 21 of the Companies Act 1989) of the Company or of any parent undertaking of the Company;
  - (c) a company controlled either by the same persons as control the Company (or any parent undertaking of the Company) or by connected persons;
- (vi) the expressions "connected persons" and "control" have the respective meanings attributed to those expressions by Section 839 and 840 of the Income and Corporation Taxes Act 1988; and
- (vii) the objects specified in the different paragraphs of this Clause shall not, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from the terms of any other paragraph, or the name of the Company, or the order in which such objects are stated, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the substantive objects of a separate and independent company. None of the above objects shall be deemed to be subsidiary or ancillary to any other object and may be carried out whether or not in connection with or in furtherance of the attainment of any other object

4. The liability of the members is limited.

5. The Company's share capital is £1000 divided into 1000 shares of £1 each.

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I, the subscriber to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and I agree to take the number of shares shown opposite my name.

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Name and address of the subscriber and number of shares taken by the subscriber

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York Place Company Nominees Limited	One
12 York Place	
Leeds	
LS1 2DS	

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Dated 4 December 1997

Witness to the above signature

Julie Tinkler  
12 York Place  
Leeds  
LS1 2DS

\* Amended by Special Resolution dated 25 March 1998.

**THE COMPANIES ACTS 1985 AND 1989  
COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION OF  
DAVID HALSALL INTERNATIONAL HOLDINGS LIMITED**

(Adopted by Special Resolution passed on 1 April 1999  
and amended by Special Resolution passed on 20 December 1999)

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**1. PRELIMINARY**

- 1.1 The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being called "Table A" in these Articles) shall apply to the Company to the extent that they are not excluded or varied by these Articles. Such Regulations (save as so excluded or varied) and these Articles shall be the regulations of the Company.

1.2 In these Articles :-

"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.

"A Ordinary Shares" means the A Ordinary Shares of £1.00 each in the capital of the Company.

"Appropriate Offer" means

- (a) an offer in cash at the highest price per share paid by any offeror (excluding stamp duty, stamp duty reserve tax and commission) and/or persons acting in concert with the offeror (as such expression is defined in the City Code of Takeovers and Mergers from time to time) for any Equity Shares within the period of three years prior to and on the proposed date of completion of such transfer of shares and otherwise on terms satisfactory to the A Ordinary Shareholders; and
- (b) an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the relevant 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 relevant shares and in the event of disagreement, the calculation of the relevant price shall be referred to the Auditors (acting as experts and not as arbitrators) whose decision shall be final and binding.

"Auditors" means the auditors for the time being of the Company.

"B Ordinary Shares" means the B Ordinary Shares of £1.00 each in the capital of the Company.

"Control" means the right by virtue of holding shares in the Company or by virtue of any contract or arrangement with any holder of shares in the Company to exercise more than 50 per cent of the votes capable of being cast at any general meeting of the Company.

"EBT" David Halsall Employee Benefit Trust

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**"Equity Shares"** means the A Ordinary Shares and the B Ordinary Shares for the time being in issue.

**"Group"** means the Company and any of its subsidiary undertakings.

**"Initial Goodwill"** means goodwill arising on the acquisition by the Company of the entire issued share capital of David Halsall International Limited (company no: 574002).

**"Listing"** means the date of admission of any part of the share capital of the Company to the Official List of The London Stock Exchange Limited or the grant of permission to deal in the same in the Alternative Investment Market of such Stock Exchange or on any recognised investment exchange as that term is used in the Financial Services Act 1986.

**"Operating Profit"** means the audited consolidated profit before interest, tax and amortisation of Initial Goodwill.

**"Profit After Tax"** means the audited consolidated profit after interest and tax but before amortisation of Initial Goodwill and any dividends of the Group.

**"Sale"** means the acceptance of an offer or the making of an agreement which upon the satisfaction of the conditions (if any) of such offer or agreement results in a change of control.

## **2. PRIVATE COMPANY**

The Company is a private company and accordingly no offer shall be made to the public (whether for cash or otherwise) of any shares in or debentures of the Company and no allotment or agreement to allot (whether for cash or otherwise) shall be made of any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public.

## **3. REDEEMABLE SHARES**

Subject to the provisions of the Act any shares may with the sanction of a Special Resolution of the Company in General Meeting be issued on the terms that they are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder of the shares. Regulation 3 of Table A shall not apply.

## **4. ALLOTMENT OF SHARES**

4.1 Subject to the provisions of these Articles the Directors may unconditionally exercise the power of the Company to allot relevant securities (within the meaning of Section 80 of the Act) and the general authority conferred by this Article shall:

- (a) extend to all relevant securities of the Company from time to time unissued during the currency of such authority up to the amount of the authorised share capital of the Company at the date of adoption of these Articles;
- (b) expire on the fifth anniversary of the date of adoption of these Articles of Association unless varied, revoked or renewed by the Company in General Meeting; and
- (c) entitle the Directors to make at any time before the expiry of such authority an offer or agreement which will or may require relevant securities to be allotted after the expiry of the authority.

- 4.2 The share capital of the Company at the date of adoption of these Articles of Association is £70,956 divided into 69,536 A Ordinary Shares of £1.00 each and 1,420 B Ordinary Shares of £1.00 each.

## **5. GENERAL MEETINGS**

- 5.1 A notice convening a General Meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and Regulation 38 in Table A shall be modified accordingly.
- 5.2 All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all that is transacted at an Annual General Meeting with the exception of declaring a dividend, the consideration of the Accounts balance sheets and the reports of the Directors and Auditors and the appointment of, and fixing the remuneration of, the Auditors.
- 5.3 Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any general meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.
- 5.4 Regulation 40 shall be read and construed as if the words "at the time when the Meeting proceeds to business" were added at the end of the first sentence.
- 5.5 Regulation 41 shall be read and construed as if the words "and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved" were added at the end of the clause.

## **6. VOTING**

- 6.1 The holders of the A Ordinary Shares shall be entitled to receive notice of and to attend and vote at General Meetings of the Company and upon any resolution proposed at such General Meeting on a show of hands and on a poll every holder thereof who (being an individual) is present in person or (if a corporation) by a duly authorised representative shall have one vote in respect of each fully paid A Ordinary Share registered in his name.
- 6.2 The holders of B Ordinary Shares shall not be entitled to receive notice of nor to attend nor vote at General Meetings of the Company.

## **7. CONVERSION**

- 7.1 Immediately prior to a Listing or a Sale (but conditionally upon such Listing being obtained or such Sale taking place each of the Equity Shares then in issue shall be converted into one fully paid Ordinary Share ranking pari passu in all respects.
- 7.2 Forthwith upon conversion of any of the Equity Shares (but conditionally and subject as aforesaid) the names of the former holders of the Equity Shares shall be entered in the Register of Members of the Company as the holders of the appropriate numbers of Ordinary Shares credited as fully paid up and
- (a) forthwith upon conversion of the Equity Shares the Company shall give written notice to the former holders of the Equity Shares of the numbers of Ordinary Shares of which they are respectively the holders.



- (b) forthwith upon receipt of such notices, the former holders of the Equity Shares shall deliver to the Company at its registered office for the time being the share certificates in respect of their respective holders of the Equity Shares, and the Company shall, upon receipt of such certificates, deliver to the relevant holders new certificates in respect of the Ordinary Shares arising from such conversion to which they are respectively entitled.

7.3 Following conversion Ordinary Shares shall rank *pari passu* in all respects and shall constitute one class of shares for income, capital and voting rights.

7.4 Immediately prior to the acquisition by a member holding A Ordinary Shares of any B Ordinary Shares shall be converted into one fully paid A ordinary Share and shall rank *pari passu* in all respects with the existing issued A Ordinary Shares and shall include the voting rights.

## **8. DIRECTORS**

8.1 Regulation 64 shall not apply to the Company.

8.2 The number of Directors shall be determined by Ordinary Resolution of the Company, but unless and until so fixed there shall be no maximum number of Directors and the minimum number of Directors shall be one. In the event of the minimum number of Directors fixed or pursuant to these Articles or Table A being one, a sole Director shall have authority to exercise all the powers and discretions by Table A or these Articles expressed to be vested in the Directors generally and Regulation 89 in Table A shall be modified accordingly.

8.3 The Directors shall not be required to retire by rotation and accordingly Regulations 73 to 80 (inclusive) in Table A shall not apply to the Company.

8.4 No person shall be appointed a director at any General Meeting unless either:

- (a) he is recommended by the Directors; or
- (b) not less than fourteen, nor more than thirty five, clear days before the date appointed for the General Meeting notice executed by a member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice executed by that person of his willingness to be appointed.

8.5 Subject to paragraph 8.4 above the Company may, by Ordinary Resolution in General Meeting, appoint any person who is willing to be a director either to fill a vacancy or as an additional Director.

8.6 The Directors may appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number determined in accordance with paragraph 7.2 above as the maximum number of Directors for the time being in force.

## **9. ALTERNATE DIRECTORS**

9.1 An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company

from time to time direct. The first sentence of Regulation 66 in Table A shall be modified accordingly.

- 9.2 A Director, or any such other person as is mentioned in Regulation 65 in Table A, may act as an alternate Director to represent more than one Director. An alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

## **10. DIRECTORS' INTERESTS**

A Director may vote at any meeting of the Directors or of any committee of the Directors on any contract, arrangement or matter in which he is directly or indirectly interested or upon any contract, arrangement or matter arising out of one in which he is interested. If he does so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration. Regulations 94 to 97 of Table A shall not apply to the Company.

## **11. BORROWING POWERS**

The Directors may exercise all 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 of the Act, to grant any mortgage or standard security over the whole or any part of its undertaking, property and uncalled capital 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).

## **12. VACATION OF OFFICE**

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

## **13. INDEMNITY**

- 13.1 Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of, or otherwise in relation to, the duties of his office including any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court. No Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of, or in relation to, the duties of his office. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.
- 13.2 The Directors shall have power on behalf of the Company to purchase and maintain for any Director, Officer or Auditor of the Company insurance against any such liability as is referred to in Section 310(1) of the Act.
- 13.3 Regulation 118 in Table A shall not apply to the Company.

#### 14. SIGNATURE OF INSTRUMENTS OF TRANSFER

The instrument of transfer of any fully paid share shall be signed by or on behalf of the transferor only, but in the case of a partly paid share the instrument of transfer shall also be signed by or on behalf of the transferee. The transferor of any share shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect of that share.

#### 15. TRANSFER OF SHARES

15.1 The Directors shall refuse to register the transfer of any shares in the capital of the Company:

- (a) being a share which is not fully paid, to a person of whom they do not approve;
- (b) on which the Company has a lien;
- (c) to a person who is (or whom the Directors reasonably believe to be) under 18 years of age or a person who does not have (or whom the Directors reasonably believe does not have) the legal capacity freely to dispose of any shares without let, hindrance or court order; or
- (d) not being a transfer permitted by Article 15.5 purported to be made otherwise than in accordance with or as permitted by these Articles.

15.2 The transferor shall remain the holder of the shares concerned until the name of the transferee is entered into the Register of Members in respect thereof.

15.3 For the purpose of this Article the following shall be deemed (but without limitation) to be a transfer by a member of shares in the Company:

- (a) any direction (by way of renunciation or otherwise) by a Member entitled to an allotment or transfer of shares that a share be allotted or issued or transferred to some person other than himself; and
- (b) any sale or any other disposition of any legal or equitable interest in a share or the granting of any mortgage or charge or any other security interests over any share and whether or not the consideration or otherwise and whether or not effected by an instrument in writing.

Regulation 24 in Table A shall not apply to the Company.

15.4 Except as hereinafter provided no B Ordinary Shares or any beneficial interest therein shall be transferred unless and until the rights of pre-emption hereinafter conferred shall have been exhausted. The A Ordinary Shares shall be freely transferable.

15.5 Subject as herein provided the EBT may transfer any B Ordinary Shares held by it to any person (the "Transferee") **PROVIDED THAT** the Transferee shall (prior to any such transfer being registered) give an undertaking to the Company in a form approved by the Directors (such approval not to be unreasonably withheld) that such persons shall as and when required give a Transfer Notice in respect of such shares in accordance with Articles 17 and 18 below.

15.6 Subject to the provisions of these Articles, any Member may at any time transfer any shares in accordance with the provisions of the Act to the Company.

## 16. PRE-EMPTION PROVISIONS

16.1 Any member who desires to sell or transfer B Ordinary Shares or any beneficial interest therein ("the Vendor") otherwise than in accordance with Article 15.5, shall give notice in writing ("the Transfer Notice") to the Company, within 60 days of the adoption of the Company's accounts for the immediately preceding accounting period, that he desires to transfer the same specifying:

- (a) the shares which he desires to sell or transfer;
- (b) whether or not it is conditional upon all and not part only of the shares comprised being sold or offered and in the absence of such stipulation it shall be deemed not to be so conditional.

The Transfer Notice shall constitute the Company the agent of the Vendor for the sale of the B Ordinary Shares comprised in the Transfer Notice and shall not be revocable except with the sanction of the Director.

Prior to the date in 2004 when the audited accounts of the Company are approved by the members of the Company the Transfer Price for the B Ordinary Shares shall be calculated as follows:-

$$\text{Price per share} = \frac{A \times 8}{B}$$

After the date in 2004 when the audited accounts of the Company are approved by the members of the Company the Transfer Price for the B Ordinary Shares shall be calculated as follows:

$$\text{Price per share} = \frac{A \times PE}{B}$$

Where

A = The average annual Profit After Tax over the five accounting periods ending immediately before the date of the Transfer Notice.

B = The number of Equity Shares in issue.

PE =  $(17 \times C) + 5$

C = The lower of (a) the growth in the Operating Profit during the five accounting periods ending immediately before the date of the Transfer Notice expressed as a fraction and (b) 1.

A Transfer Notice shall not be revocable except with the sanction of the Directors.

16.2 The Company shall forthwith upon receipt of a Transfer Notice give notice in writing to each of the members holding A Ordinary Shares and the EBT (a "Relevant Member") informing them that the B Ordinary Shares specified in the Transfer Notice (the "Sale Shares") are available and of the Transfer Price and shall invite him to state in writing within 45 days from the date of the said notice (which date shall be specified therein) whether he is willing to

purchase any and, if so, how many of the Sale Shares. All Sale Shares shall be offered in the first instance to the EBT and insofar as such Sale Shares first offered shall not be allocated in accordance with Article 16.3 below a further offer shall be made to the holders of A Ordinary Shares on terms that, in the case of competition, the Sale Shares so offered shall be sold to Relevant Members holding A Ordinary Shares accepting the offer in proportion (as nearly as may be) to their existing holdings (the "proportionate entitlement"). It shall be open to each Relevant Member who holds A Ordinary Shares to specify if he is willing to purchase Sale Shares in excess of his proportionate entitlement.

16.3 After the expiry of the said period of 45 days or sooner if all the Sale Shares offered shall have been accepted in the manner provided in Article 16.2 above the Directors shall allocate such of the Sale Shares as the EBT has applied for to the EBT and any remaining Sale Shares in the following manner:

- (a) if the total number of shares applied for by Relevant Members holding A Ordinary Shares is equal to or less than the number of the Sale Shares not allocated to the EBT, the Company shall allocate the number applied for in accordance with the applications; or
- (b) if the total number of shares applied for is more than the number of Sale Shares not allocated to the EBT, each Relevant Member holding A Ordinary Shares shall be allocated his proportionate entitlement or such lesser number of Sale Shares for which he may have applied and applications for excess shares shall be allocated (as nearly as may be) in the proportions which applications for excess shares bear to one another;
- (c) subject to the Company being legally able to acquire them, and with the consent of the holders of 75 per cent of the A Ordinary Shares in issue, all Sale Shares not acquired by the EBT will be allocated to the Company, rather than Relevant Members

and in each case the Company shall forthwith give notice of each such allocation (hereinafter called "an Allocation Notice") to the Vendor and each of the persons to whom Sale Shares have been allocated (hereinafter called "a Member Applicant") and shall specify in the Allocation Notice the place and time (being not later than seven days after the date of the Allocation Notice) at which the sale of the Sale Shares shall be completed.

16.4 Subject to Article 16.6, upon such allocations being made as aforesaid, the Vendor shall be bound, on payment of the Transfer Price, to transfer the shares comprised in the Allocation Notice to the Member Applicant named therein at the time and place therein specified. If he makes any default in so doing the Chairman for the time being of the Company or failing him one of the Directors or some other person duly nominated by a resolution of the Board of Directors for that purpose, shall forthwith be deemed to be the duly appointed attorney of the Vendor with full power to execute complete and deliver in the name and on behalf of the Vendor a transfer of the relevant Sale Shares to the Member Applicant and the Directors may receive and give a good discharge for the purchase money on behalf of the Vendor and (subject to the transfer being duly stamped) enter the name of the Member Applicant in the register of members as the holder or holders by transfer of the shares so purchased by him or them. The Directors shall forthwith pay the purchase money into a separate bank account in the Company's name and shall hold such money in trust for the Vendor until he shall deliver up his certificate or certificates for the relevant shares to the Company (or an indemnity in respect thereof reasonably satisfactory to the Company) when he shall thereupon be paid the purchase money. The Company shall have no liability to pay or account for any interest on any such monies.

- 16.5 If the Vendor shall have included in the Transfer Notice a provision that unless all the shares comprised therein are sold none shall be sold then if the total number of shares applied for is less than the number of Sale Shares the Allocation Notice shall refer to such provision and shall contain a further invitation open for 28 days to those persons to whom Sale Shares have been allocated to apply for further Sale Shares and completion of the sale in accordance with the preceding paragraphs of this Article shall be conditional upon such provisions being complied with in full.
- 16.6 In the event of all the Sale Shares not being sold under the Article 16.1 to 16.5 inclusive the Vendor may, at any time within three calendar months after receiving confirmation from the Company that the pre-emption provisions herein contained have been exhausted, transfer any Sale Shares not sold to any person or persons at any price being not less than the Transfer Price **PROVIDED THAT:**
- (a) such person or persons must have been previously approved by the holders of 75per cent of the A Ordinary Shares;
  - (b) if the Vendor stipulated in the Transfer Notice that unless all the shares comprised therein were sold pursuant to this Article none should be sold, the Vendor shall not be entitled, save with the written consent of the holders of 75per cent of the A Ordinary Shares to sell hereunder only some of the Sale Shares comprised in the Transfer Notice to such person or persons; and
  - (c) any such sale shall be a bona fide sale and the Board and/or the Director may require to be reasonably satisfied in such manner as they may require that the Sale Shares are being sold in pursuance of a bona fide sale for the consideration stated in the Transfer Notice without any deduction, rebate or allowance whatsoever to the purchaser and if not so satisfied may refuse to register the instrument of transfer.
- 16.7 At the request of the Company or any Member, the Auditors shall certify the Transfer Price for the purposes of Article 16.1. In so certifying, the Auditors shall act as experts and not as arbitrators and their decision shall be final and binding on the parties.
- 16.8 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 from time to time require any member or the legal personal representatives of any deceased Member or any person named as transferee in any transfer lodged for registration to furnish the Company such information and evidence as the Directors may think fit regarding any matter which they deem relevant to such purpose including (but not limited to) the names and addresses and interests of all persons respectively having interests in the shares from time to time registered in the Member's name. Failing such information or evidence being furnished to the satisfaction of the Directors within 28 days after request the Directors shall refuse to register the transfer in question or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of shares concerned. If such information or evidence discloses that a Transfer Notice ought to have been given in respect of any shares the Directors may by notice in writing require that a Transfer Notice be given in respect of the shares concerned.
- 16.9 Any transfer or purported transfer of any share made otherwise than in accordance with this Article 16 shall be void and of no effect and in any case where, pursuant to this Article 16, a transfer notice shall be deemed to be given in respect of any share(s) the holders of the shares subject to such deemed transfer notice shall not be entitled to attend or vote in respect of those Shares at any general meeting for so long as such deemed transfer notice is outstanding.

## **17. COMPULSORY TRANSFER**

17.1 Any holder of B Ordinary Shares (a "Retiring Member") shall, upon the Retiring Member ceasing for whatever reason to be a director or employee of the Company or any of its subsidiaries, be automatically deemed to have given a Transfer Notice in accordance with Article 16.1 above in respect of all shares then held by such member (or if the holders of A Ordinary Shares so elect shall be required to sell such shares to such other person as they shall determine or to the Company subject to the provisions of the Act) and so that in any case the Transfer Price shall be as follows:-

- (a) in the case of a Good Leaver (as defined in Article 17.2) the Transfer Price calculated in accordance with Article 16.1;
- (b) in the case of a Bad Leaver (as defined in Article 17.2) an amount equal to the greater of (a) the income tax paid by such Retiring Member in respect of his acquisition of the relevant B Ordinary Shares and (b) 1p per B Ordinary Share;

17.2 For the purposes of Article 17.1 above:

- (a) "Good Leaver" means any director or employee of the Company or any of its subsidiaries who ceases to be a director or an employee of the Company or any of its subsidiaries by reason of his death or whom the holders of not less than 75per cent of the A Ordinary Shares then in issue elect to be a Good Leaver;
- (b) "Bad Leaver" means any director or employee of the Company or any of its subsidiaries who ceases to be a director or employee of the Company or any of its subsidiaries unless he is a Good Leaver.

## **18. DRAG ALONG**

18.1 If at any time an Appropriate Offer is made which is accepted by the holders of 75 per cent or more of the A Ordinary Shares, the holders of shares in the Company who have not accepted the Appropriate Offer in respect of the shares held by them and to sell all of the shares held by them in accordance with such Appropriate Offer and the pre-emption rights set out in Article 16 shall not apply to any transfer required to be made hereunder.

18.2 If any person (a "Compulsory Transferor") fails to transfer any shares in accordance with Article 18.1 within 7 days of the Appropriate Offer having been made the directors may (and will if so requested by the holders of not less than 75per cent of the A Ordinary Shares then in issue) authorise any person to execute and deliver on his behalf the necessary stock transfer form and the Company shall receive the purchase money in a trust for the Compulsory Transferor and cause the purchaser to be registered as the holder of such shares (subject to payment of any stamp duty). The receipt of the Company or the purchase money shall be a good discharge to the purchaser (who shall not be bound to see to the application thereof). The Compulsory Transferor shall in such case be bound to deliver up his certificate for such shares to the Company where upon he shall be entitled to receive the purchase price without interest.

## **19. ASSOCIATE DIRECTORS**

19.1 The Directors may from time to time appoint any Manager or other officer or person in the employment of the Company or of any subsidiary company of the Company to be an Associate Director of the Company.

- 19.2 Until otherwise determined by the Company in General Meeting, the number of Associate Directors for the time being shall not exceed four.
- 19.3 An Associate Director appointed under this Article shall not be required to hold any shares in the Company to qualify him for such office.
- 19.4 Save as otherwise agreed between him and the Company the appointment of a person to be an Associate Director shall not affect the terms and conditions of his employment by the Company, whether as regards duties, remuneration or otherwise and (except as stated above) his office as an Associate Director shall be vacated if he becomes of unsound mind or bankrupt or compounds with his creditors or if he becomes prohibited from being a Director by reason of any order made under the Company Directors Disqualification Act 1986 or if he resigns his office, or in the event of his ceasing to be in the employment of the Company or a subsidiary company of the Company in some capacity other than that of an Associate Director or of his being removed from the office of an Associate Director by the Directors.
- 19.5 An Associate Director shall not, whilst he continues to hold office, be subject to re-election by Annual General Meeting or to retirement by rotation. He shall not be taken into account in determining the retirement by rotation of Directors and in calculating the number to form a quorum at any meeting of the Directors, any Associate Director who may be present shall not be counted.
- 19.6 The appointment, continuance in office, removal, powers and duties and remuneration of the Associate Directors or any of them shall be determined by the Directors with full power to make such arrangements as they may think fit.
- 19.7 Any Associate Director shall not except with, and to the extent of the sanction of the Directors:
- (a) have any right to access to the private books of the Company;
  - (b) be entitled to receive notice of, or to attend or vote at Meetings of the Directors; or
  - (c) be entitled to participate in any other respect in the exercise of any of the collective powers or duties of the Directors or the Board, or to exercise any of the powers or rights of a Director individually under the Articles of Association of the Company, including this Article provided that no act shall be done by the Directors which would impose any personal liability on any or all of the Associate Directors either under the Act or otherwise, except with their knowledge.
- 19.8 Any reference to Directors in any clause of these Articles or Table A shall not apply to or include Associate Directors and the appointment of an Associate Director shall not constitute him Director within the meaning of the expression "Director" as defined in the Act.