

Company No: 3517451

The Companies Act 2006
Public Limited Company

ARTICLES OF ASSOCIATION

(Adopted by Special Resolution passed on 21 June 2010)

of

HIFX PLC

Incorporated on 26 February 1998

TUESDAY



Interpretation

In these Articles, if not inconsistent with the subject or context:

'Act' means the Companies Act 1985, as amended or re-enacted from time to time

'A' Shares 'B' Shares, 'C' Shares, 'D' Shares and 'E' Shares means the 'A' Shares of £1 each in the Company, 'B' Shares of £1 each in the Company, 'C' Shares of £1 each in the Company, 'D' Shares of £1 each in the Company and 'E' Shares of £1 each in the Company

'Acting in Concert' has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended).

'Asset Sale' means the disposal by the Company of all, or the majority of, its business and assets

'Equity Shares' means the 'A' Shares 'B' Shares, 'C' Shares and 'E' Shares

'Flotation' means 51% or more of the company's shares being admitted to listing on the Financial Services Authority's (FSA) list of securities that have been admitted to listing and traded on an investment exchange

'Sale' means an Asset Sale or Share Sale

'Share Sale' means the sale of any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the buyer of those shares and persons Acting in Concert with him together acquiring not less than 51% of the voting rights in the Company, but shall not include any sale of shares in the capital of the Company between the holders of A Shares, B Shares and/or C Shares

'Table A' means Table A in the Schedule to the Companies (Tables A-F) Regulations 1985.

Table A

1. The regulations contained in Table A apply to the Company except in so far as they are excluded by or inconsistent with these Articles.
2. Any proposed amendment to or variation of these Articles or of the Memorandum of Association of the Company shall be deemed to be a variation of the rights attached to the 'A' Shares, the 'B' Shares the 'C' Shares, the 'D' Shares and the 'E' Shares.
3. Regulations 2, 8, 17, 23, 24, 32(a), 39, 40, 41, 50, 64, 65, 73 to 80 inclusive, 89, 94, 97 and 118 of Table A do not apply to the Company.

Share Capital

4. The Company does not have power to issue share warrants to bearer.
5. The provisions of section 89(1) of the Act do not apply to the Company.
6. The capital of the Company (at the date of adoption of these Articles) is £874,308, comprising and divided into 37,350 'A' Shares of £1 each, 18,205 'B' Shares of £1 each, 15,410 'C' Shares of £1 each, 800,000 'D' Shares of £1 each and 3,343 'E' Shares of £1 each.

7. The 'A' Shares, 'B' Shares, 'C' Shares, 'D' Shares and 'E' Shares constitute different classes of shares for the purposes of the Act but, except as in these Articles expressly provided, confer upon the holders the same rights and rank *pari passu* in all respects
8. Unissued shares shall be allotted only as follows.
- (i) every allotment shall be in proportion to the number of 'A' Shares, 'B' Shares, 'C' Shares, 'D' Shares and 'E' Shares already in issue;
 - (ii) on the occasion of each allotment the 'A' Shares, the 'B' Shares, the 'C' Shares, the 'D' Shares and the 'E' Shares shall be allotted at the same price (not being at a discount) and on the same terms as to date for payment;
 - (iii) no shares of any class shall be issued otherwise than to members holding shares of the same class without the prior written consent of all the members;
 - (iv) as between holders of shares of a class, the shares of that class being allotted shall be allotted in proportion to their existing holdings of shares of that class or in such other proportions between them as all the members holding shares of that class agree in writing
9. The holders of 'D' Shares shall not be entitled to receive a dividend on such 'D' Shares. The holders of 'E' Shares, shall only be entitled to receive dividends in the event of a Flotation or a Share Sale, and thereafter shall be entitled to receive dividends on the same terms as the 'A' Shares, 'B' Shares and 'C' Shares as if the same constituted the same class of shares
10. The Company shall have a first and paramount lien on every share for all moneys (whether presently payable or not) called or payable at a fixed time and in respect of that share. 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 moneys 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

Return of Capital

11. The proceeds arising on a return of assets on liquidation or otherwise the assets of the Company remaining after payment of its liabilities, shall be distributed as follows:
- (i) firstly, in paying to the holders of 'A' Shares, 'B' Shares and 'C' Shares the aggregate sum of £30,000,000, pro rata to the number of shares held by them as if the same constituted one class of Share; and
 - (ii) secondly, in paying the balance to the holders of 'A' Shares, 'B' Shares, 'C' Shares and 'E' Shares, pro rata to the number of shares held by them as if the same constituted one class of Share

For the avoidance of doubt, the holders of 'D' Shares shall not be entitled to receive any such proceeds

Share Sale and Flotation

12. The proceeds arising in relation to a Share Sale or Flotation, where the Equity Shares the subject of the Share Sale or Flotation represent 100% of the Equity Shares in issue in the capital of the Company, shall be distributed as follows:
- (i) firstly, in paying to the holders of 'A' Shares, 'B' Shares and 'C' Shares the aggregate sum of £30,000,000, pro rata to the number of shares held by them as if the same constituted one class of Share; and
 - (ii) secondly, in paying the balance to the holders of 'A' Shares, 'B' Shares, 'C' Shares and 'E' Shares, pro rata to the number of shares held by them as if the same constituted one class of Share.
13. The proceeds arising in relation to a Share Sale or Flotation, where the Equity Shares the subject of the Share Sale or Flotation represent less than 100% but more than 51% of the

Equity Shares in issue in the capital of the Company (such percentage being the "Share Percentage"), shall be distributed as follows.

- (i) firstly, in paying to the holders of 'A' Shares, 'B' Shares and 'C' Shares, being the subject of the Share Sale or Flotation, such amount as equals £30,000,000 multiplied by the Share Percentage, pro rata to the number of shares held by them as if the same constituted one class of Share; and
- (ii) secondly, in paying the balance to the holders of 'A' Shares, 'B' Shares, 'C' Shares and 'E' Shares, being the subject of the Share Sale or Flotation, pro rata to the number of shares held by them as if the same constituted one class of Share.

14. For the avoidance of doubt, the holders of 'D' Shares shall not be entitled to receive any such proceeds.

Redemption Rights

- 15 The Company may redeem such number of 'D' Shares as it resolves to do so, at any time after the date hereof
- 16 Where 'D' Shares are to be redeemed in accordance with article 15, the Company shall give to the holders of the 'D' Shares falling to be redeemed prior notice in writing of the redemption ("Company Redemption Notice") The Company Redemption Notice shall specify the particular 'D' Shares to be redeemed and the date fixed for redemption and shall be given not less than 20 nor more than 28 Business Days prior to the date fixed for redemption.
17. If the Company is at any time redeeming less than all the 'D' Shares from time to time in issue, the number of 'D' Shares to be redeemed shall (unless agreed otherwise in writing by the holder(s) of the 'D' Shares) be apportioned between those holders of the 'D' Shares then in issue pro rata according to the number of 'D' Shares held by them respectively at the date fixed for redemption.
- 18 On the date fixed for redemption, each of the holders of the 'D' Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such 'D' Shares (or an indemnity, in a form reasonably satisfactory to the board, in respect of any lost certificate) in order that the same may be cancelled Upon such delivery, the Company shall pay to the holder the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption monies.
19. If any certificate delivered to the Company pursuant to article 18 includes any 'D' Shares not falling to be redeemed on the date fixed for redemption, a new certificate in respect of those 'D' Shares shall be issued to the holder(s) thereof as soon as practicable thereafter (and, in any event, within 20 Business Days thereafter)
20. There shall be paid on the redemption of each 'D' Share an amount of £1 per share, and such amount shall, subject to the Company having available profits or other monies which may be lawfully applied for such redemption, at that time become a debt due from and immediately payable by the Company to the holders of such 'D' Shares

Transfer of Shares

21. The instrument of transfer of any share shall be executed by or on behalf of the transferor. In the case of a partly-paid share, the instrument of transfer must also be executed by or on behalf of the transferee The transferor 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 it.
22. No transfer of any shares or any interest in shares shall be made unless the following provisions are complied with in respect of the transfer:
- (A) A member, or person entitled to shares by way of the death or bankruptcy of a member, who wishes to transfer shares or any interest in shares ("the Vendor") shall give to the Company notice in writing ("the Transfer Notice"). A Transfer Notice shall constitute the directors the Vendor's agents for the sale of the shares specified in it ("the Sale Shares") at a price ("the Sale Price") which is agreed upon by the Vendor and the directors or, in the absence of agreement, which the auditors of the Company (acting as experts and not as arbitrators) certify to be in their opinion the

fair value of the Sale Shares, as at the date of the Transfer Notice, as between a willing seller and a willing buyer contracting on arm's length terms, having regard to the fair value of the business of the Company and its subsidiaries as a going concern but without taking into account (if it be the case) that the Sale Shares constitute a minority interest

- (B) The auditor's certificate shall be binding upon all parties
- (C) If the auditors are asked to certify the Sale Price the Company shall within 7 days of the issue of the auditors' certificate send a copy to the Vendor. The Vendor shall be entitled, by notice in writing given to the Company within 28 days of the copy being sent to him, to withdraw the Transfer Notice. The cost of obtaining the certificate shall be borne by the Vendor. A Transfer Notice shall not otherwise be revocable without the consent of all the directors of the Company, who may impose such condition upon any consent as they think fit, including a condition that the Vendor bears all associated costs
- (D) Upon the Sale Price being agreed or certified and provided the Vendor does not withdraw the Transfer Notice in accordance with paragraph (C), the directors shall promptly, by notice in writing.
 - (i) if the Sale Shares are either 'D' Shares or 'E' Shares offer the Sale Shares to the holders of the 'A' Shares, the 'B' Shares and the 'C' Shares, as if the same constituted one class of shares) at the Sale Price pro rata to their existing holdings. The offer shall be open for a period of 28 days from the date of the notice ("the Acceptance Period"). If the offerees within the Acceptance Period apply for all of the Sale Shares the directors shall allocate the Sale Shares or such of the Sale Shares as are applied for amongst the applicants for any of the Sale Shares, in the case of competition in proportion to their then existing holdings of shares (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by him).
 - (ii) if the Sale Shares are 'C' Shares offer the Sale Shares.
 - (a) first to the holder of the 'B' Shares at the Sale Price. The offer shall be open for a period of 28 days from the date of the notice ("the First Acceptance Period"),
 - (b) second to the remaining holders of the 'C' Shares at the Sale Price pro rata to their existing holdings. The offer shall be open for a period of 28 days from the date of the notice ("the Second Acceptance Period"). If the offerees within the Second Acceptance Period apply for all of the Sale Shares the directors shall allocate the Sale Shares or such of the Sale Shares as are applied for amongst the applicants for any of the Sale Shares, in the case of competition in proportion to their then existing holdings of shares (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by him), and
 - (c) third to the holder of the 'A' Shares at the Sale Price. The offer shall be open for a period of 28 days from the date of the notice ("the Third Acceptance Period").
 - (iii) if the Sale Shares are 'B' Shares offer the Sale Shares
 - (a) first to the holders of the 'C' Shares pro rata to their existing holdings at the Sale Price. The offer shall be open for a period of 28 days from the date of notice ("the First Acceptance Period"). If the offerees within the First Acceptance Period apply for all of the Sale Shares the directors shall allocate the Sale Shares or such of the Sale Shares as are applied for amongst the applicants for any of the Sale Shares, in the case of competition in proportion to their then existing holdings of shares (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by him); and

- (b) second to the holder of the 'A' Shares at the Sale Price. The offer shall be open for a period of 28 days ("the Second Acceptance Period")
- (iv) if the Sale Shares are 'A' Shares offer the Sale Shares:
 - (a) first to the holder of the 'B' Shares at the Sale Price. The offer shall be open for a period of 28 days from the date of the notice ("the First Acceptance Period"); and
 - (b) second to the holders of the 'C' Shares at the Sale Price pro rata to their existing holdings. The offer shall be open for a period of 28 days from the date of the notice ("the Second Acceptance Period"). If the offerees within the Second Acceptance Period apply for all of the Sale Shares the directors shall allocate the Sale Shares or such of the Sale Shares as are applied for amongst the applicants for any of the Sale Shares, in the case of competition in proportion to their then existing holdings of shares (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by him)
- (E) If within the relevant acceptance period applications are received from one or more of the holders ("the Transferees") in respect of all or any of the Sale Shares, the directors shall promptly give notice in writing ("the Acceptance Notice") to the Vendor specifying the number of Sale Shares applied for and the place and time (being not earlier than 7 and not later than 28 days after the date of the Acceptance Notice) at which the sale shall be completed
- (F) The Vendor shall be bound to transfer the Sale Shares, or such of the Sale Shares as are applied for, to the Transferees at the time and place specified in the Acceptance Notice and payment of the Sale Price for the Sale Shares (or, if some only of the Sale Shares have been applied for, the corresponding proportion of the Sale Price for all the Sale Shares) shall be made to the directors as agents for the Vendor. If the Vendor fails to transfer the Sale Shares, or such of the Sale Shares as are applied for, the chairman of the Company or some other person appointed by the directors shall be deemed to have been 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, or such of the Sale Shares as are applied for, to the Transferees against payment of the Sale Price, or the corresponding proportion of the Sale Price, to the Company. On payment to the Company, the Transferees shall be deemed to have obtained a good discharge for this payment. On execution and delivery of the transfers, the Transferees shall be entitled to require their names to be entered in the register of members as the holders by transfer of the Sale Shares or such of the Sale Shares as are applied for. If any Sale Shares (other than 'E' Shares) are transferred to the holder of shares of the other class, they shall automatically be redesignated, on registration of the transfer, as shares of the other class unless all the issued shares of the Company would then be of only one class. For the avoidance of doubt, upon the transfer of 'E' Shares, whether to a holder of shares of another class or otherwise, the 'E' Shares shall not automatically be redesignated as another class but shall remain as 'E' Shares. The Company shall pay the price into a separate bank account in the Company's name and hold it in trust for the Vendor, after deducting any fees or expenses falling to be borne by the Vendor. After the names of the Transferees have been entered in the register of members in purported exercise of the above powers, the validity of the proceedings shall not be questioned by any person
- (G) If the offer of the Sale Shares at the Sale Price is accepted in part only within the Acceptance Period, the Vendor shall be at liberty during the period of 6 months following the expiry of the Acceptance Period to transfer all or any of the remaining Sale Shares to any person at a price not being less than a due proportion of the Sale Price. The directors may require to be satisfied that the Sale Shares not applied for are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance of any kind to the purchaser

and, if not satisfied, may refuse to register the instrument of transfer. A director who is, or is nominated by, the Vendor shall not be entitled to vote at any board meeting at which a resolution to the sale is proposed

- (H) If the offer of the Sale Shares at the Sale Price is not accepted in whole or in part within the Acceptance Period, the Vendor shall be at liberty during the period of 6 months following the expiry of the Acceptance Period to transfer all or any of the Sale Shares to any person at a price not being less than the Sale Price. The directors may require to be satisfied that the Sale Shares are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance of any kind to the Purchaser. If not satisfied, the directors may refuse to register the relevant instrument of transfer. A director who is, or is nominated by, the Vendor shall not be entitled to vote at any board meeting at which a resolution relating to the sale is proposed.
- (I) Upon transferring any of the Sale Shares to the Transferee or to a third party in accordance with the provisions of this article the Vendor shall procure that all directors appointed by it to the board of the Company resign and, pending registration of the transfer, shall assist (if necessary) in procuring that directors nominated by the transferee are appointed in their place.
- (J) Notwithstanding the above, the directors may decline to register a transfer of a share on which the Company has a lien.
- (K) The restrictions on transfer contained in this article shall not apply to:
 - (i) a transfer approved in writing by all the members;
 - (ii) any transfer by an 'A' Shareholder other than a Transfer Notice given pursuant to paragraph (M);
 - (iii) a transfer by a corporate member ("the transferor company") to an associated company ("the transferee company") (that is to say, a holding company or wholly-owned subsidiary of the transferor company and any other wholly-owned subsidiary of any holding company). If the transferor company and the transferee company cease to be associated, the transferee company shall be deemed to have given a Transfer Notice immediately prior to that event in respect of all shares transferred to it unless it retransfers the shares to the transferor company; or
 - (iv) a transfer by a corporate member to a company formed to acquire the whole or a substantial part of its undertaking and assets as part of a scheme of amalgamation or reconstruction. It must be proved to the reasonable satisfaction of the directors that the transfer bona fide falls within one of these exceptions.
- (L) For the purpose of this article the following shall be deemed to be a relevant event:
 - (i) a direction (by way of renunciation, nomination or otherwise) by a member entitled to an allotment or transfer of shares to the effect that all or any of the shares be allotted, issued or transferred to some person other than himself,
 - (ii) a sale or other disposition of any beneficial interest in a share (whether or not for consideration) by a member otherwise than in accordance with the above provisions and whether or not made in writing;
 - (iii) a corporate member entering into liquidation (other than a member's voluntary liquidation for the purpose of reconstruction or amalgamation) or an administrative receiver or a receiver being appointed over any of its assets of an administration order being made against it;
 - (iv) the death or bankruptcy of a member, or
 - (v) an employee who is a member ceasing to be employed by the Company for any reason. The Transfer Notice shall be deemed to relate to all the shares held by the member referred to.

- (M) If a relevant event occurs in relation to a member, he shall be deemed to have given a Transfer Notice in respect of all shares of each class held by him or by any nominee for him immediately prior to the event
- (N) If a corporate member (other than an 'A' Shareholder) cease to be controlled by the person who at the time when it became a member had control, the member shall be deemed immediately prior to that event to have served a Transfer Notice in respect of all the shares held by it, unless all the other holders of shares otherwise agree in writing. For the purposes of this paragraph, a person shall be deemed to have control of a corporation if the corporation is a subsidiary of that person or would have been a subsidiary if that person had itself also been a corporation.
- (O) Any Transfer Notice deemed to have been given under paragraph (K)(iii), (M) or (N) of this article shall be deemed to contain a provision, binding on the Company, that unless all the Sale Shares comprised in it are sold by the Company pursuant to this article none shall be sold. Paragraph (C) of this article shall not apply in so far as it entitles the Vendor to withdraw the Transfer Notice. Where a member gives a Transfer Notice in circumstances where a Transfer Notice would otherwise be deemed to have been given by him he shall not be entitled to withdraw it.
- (P) For the purpose of ensuring that a transfer of shares is duly authorised, or that no circumstances have arisen whereby a Transfer Notice is deemed to have been given, the directors may require a member, the legal representatives of a deceased member, the liquidator of a corporate member or a person named as transferee in a transfer lodged for registration to furnish to the Company such information and evidence as the directors think fit regarding any matter they deem relevant to that purpose. If the information or evidence is not furnished to the satisfaction of the directors within a reasonable time after the request, the directors shall be entitled to refuse to register the transfer in question. In a case where no transfer is in question or if the information or evidence discloses that a Transfer Notice ought to be given in respect of any shares, the directors shall be entitled within a reasonable time to require, by notice in writing given to the registered holder, that a Transfer Notice be given in respect of the shares concerned. A director who is, or is nominated by, the Vendor or the holder of the shares concerned shall not be entitled to vote at any board meeting at which a resolution considering the registration of a transfer or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the shares concerned is proposed. If the directors require that a Transfer Notice be given and it is not duly given within one month from the date of its being required, the Transfer Notice shall be deemed to have been given at the expiration of the month and the provisions of this article shall take effect accordingly.
- (Q) Subject to paragraph (P) of this article, the directors shall register any transfer made pursuant to or permitted by this article but shall refuse to register any other transfer.

General Meetings

- 23 The powers of consolidation, division, sub-division and cancellation of the share capital of the Company conferred by regulations 32(b), (c) and (d) of Table A shall be exercised by special resolution
- 24. No business shall be transacted at any general meeting unless the requisite quorum is present. Three members present in person or by proxy (or, in the case of a corporate member, by representative) shall be a quorum for all purposes, provided that, whilst the issued share capital of the Company is divided into 'A', 'B', 'C', 'D' and 'E' Shares, one member is the holder of an 'A' Share one member is the holder a 'B' Share and the other the holder of a 'C' Share. Where all the holders of a class have waived in writing the quorum requirement in relation to that class, the waiver shall be effective for the meeting or particular business, or otherwise, as specified in the waiver.
- 25. If within half an hour from the time appointed for a general meeting a quorum is not present, the meeting shall stand adjourned to the same day (or, if that day is a holiday, to the next following working day) in the next week but one and at the same time and place or to such

other date, time and place as the directors determine (not being more than 30 days nor less than 10 days after the date appointed for the general meeting unless agreed by the holders of not less than nine tenths in nominal value of the shares entitled to vote at the meeting) If at the adjourned meeting a quorum of one 'A' shareholder, one 'B' shareholder and one 'C' shareholder is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

26. Where a meeting is adjourned under article 25 for 10 days or more, not less than 7 days' notice of the adjourned meeting shall be given as in the case of an original meeting
27. The 'A' Shares shall not confer the right to vote, either on a show of hands or on a poll, upon a resolution for the appointment or removal from office of a 'B' director (as defined in article 38).
28. The 'B' Shares shall not confer the right to vote, either on a show of hands or on a poll, upon a resolution for the appointment or removal from office of an 'A' director (as defined in article 36)
29. The 'C' Shares shall not confer the right to vote, either on a show of hands or on a poll, upon a resolution for the appointment or removal from office of an 'A' director (as defined in article 36 or a 'B' director (as defined in article 38).
30. If at a meeting a holder of any 'A' Shares is not present in person or by proxy, the votes exercisable on a poll in respect of the 'A' Shares held by members who are present in person or by proxy shall be pro tanto increased so that their 'A' Shares shall together entitle them to the same aggregate number of votes as could be cast in respect of all the 'A' Shares if all the holders were present.
31. If at a meeting a holder of any 'B' Shares is not present in person or by proxy, the votes exercisable on a poll in respect of the 'B' Shares held by members who are present in person or by proxy shall be pro tanto increased so that their 'B' Shares shall together entitle them to the same aggregate number of votes as could be cast in respect of all the 'B' Shares if all the holders were present.
32. If at a meeting a holder of any 'C' Shares is not present in person or by proxy, the votes exercisable on a poll in respect of the 'C' Shares held by members who are present in person or by proxy shall be pro tanto increased so that their 'C' Shares shall together entitle them to the same aggregate number of votes as could be cast in respect of all the 'C' Shares if all the holders were present.
33. Subject to any other provisions in these Articles, concerning voting rights, the 'D' Shares (if there are any in issue) shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company
34. Subject to any other provisions in these Articles, concerning voting rights, the 'E' Shares (if there are any in issue) shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company until immediately before a Share Sale or Flotation, at which time each holder of E Shares shall become entitled to attend either in person or by proxy, any general meeting of the Company and on a show of hands shall have one vote and on a poll shall have one vote for every such share in respect of which he is a holder

Directors

35. Of the directors holding office at the date of adoption of these Articles, none shall be designated as 'A' directors L N Butcher as a 'B' director and S P Taylor and M Knowles as 'C' directors. Their appointment shall be treated as having taken place under articles 39 and 40 respectively
36. The directors shall unless otherwise determined by a special resolution of the Company be not more than eight in number.
37. The holders of a majority of the 'A' Shares may from time to time appoint that number of directors as equals the total number of directors who are not 'A' directors. Each director appointed under this article is designated an 'A' director

38. Each 'A' director may at any time be removed from office by the holders of a majority of the 'A' Shares.
39. The holders of a majority of 'B' Shares may from time to time appoint any person to be a director but not more than one person shall at any time hold office by virtue of an appointment by the holders of 'B' Shares under this article. The director appointed under this article is designated a 'B' director.
40. Each 'B' director may at any time be removed from office by the holders of a majority of the 'B' Shares.
41. Each of S P Taylor and M Knowles shall be designated 'C' directors
42. The directors appointed by the 'C' Shareholders on the date of adoption of these Articles shall be deemed 'C' directors
43. The holder(s) of 'D' Shares and/or 'E' Shares shall not have the right to appoint a director and no director shall be designated as either a 'D' director or an 'E' Director
44. An appointment or removal shall be made in writing under the hands of the holders for the time being of the shares in whom the power of appointment or removal is vested, or their duly authorised agents, and shall take effect on and from the date on which notice in writing of it is lodged at the registered office of the Company or delivered to the secretary or to a meeting of the directors.
45. Regulation 82 of Table A shall be amended by the addition of the following:
The remuneration shall be divided amongst the directors in such proportions and manner as the directors unanimously determine or in default of a determination equally, except that any director holding office for less than a year or other period for which remuneration is paid shall rank in the division in proportion to the fraction of the year or other period during which he held office. A director who, at the request of the directors, performs special services or goes or resides abroad for any purpose of the Company may receive such extra remuneration by way of salary, commission or participation in profits, or partly in one way and partly in another, as the directors determine
46. A director does not require a shareholding qualification, but is nevertheless entitled to notice of and to attend and speak at any general meeting

Powers and Duties of Directors

47. Subject to the provisions of the Act, a director may contract with and participate in the profits of any contract or arrangement with the Company as if he were not a director. A director may vote in respect of the contract or arrangement, where he has previously disclosed his interest to the Company, or in respect of his appointment to any office or place of profit under the Company. He may also be counted in the quorum at any meeting at which the matter is considered

Alternate Directors

48. A director (other than an alternate director) may appoint any person to be an alternate director and may remove from office an alternate director appointed by him. When an alternate director is also a director or acts as an alternate director for more than one director, he shall have one vote for every director represented by him (in addition to this own vote if he is himself a director). When acting, he shall be considered as two directors for the purpose of making a quorum if the quorum exceeds two.

Disqualification of Directors

49. Regulation 81 of Table A shall be amended by substituting the following for paragraphs (c) and (e):
- (c) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder or discharging his duties as a director, or
 - (e) he is otherwise duly removed from office.

A director shall not be required to vacate his office or be ineligible for re-election, and no person shall be ineligible for appointment as a director, by reason only of his attaining or having attained any particular age

Proceedings of Directors

- 50 Regulation 88 of Table A shall be amended by substituting for the sentence:

It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom

the following sentence:

Notice of every meeting of directors shall be given to each director, including directors who are absent from the United Kingdom and have given the Company their addresses outside the United Kingdom. Directors who are absent from the United Kingdom shall be entitled to receive 14 days' notice of every meeting.

51. Questions arising at any meeting of the directors or of any committee shall be decided by a majority of votes of the directors present. The chairman shall have a second or casting vote and regulation 88 of Table A shall be modified accordingly, but.

- (i) if at a meeting of the directors or of a committee any 'A' director is not present in person or represented by an alternate director, the votes of the 'A' directors present in person or represented by an alternate director shall be pro tanto increased so that they are entitled to cast the same aggregate number of votes as could be cast by the 'A' directors if they were all present.
- (ii) if at a meeting of the directors or of a committee any 'B' director is not present in person or represented by an alternate director, the votes of the 'B' directors present in person or represented by an alternate director shall be pro tanto increased so that they are entitled to cast the same aggregate number of votes as could be cast by the 'B' directors if they were all present.
- (iii) if at a meeting of the directors or of a committee any 'C' director is not present in person or represented by an alternate director, the votes of the 'C' directors present in person or represented by an alternate director shall be pro tanto increased so that they are entitled to cast the same aggregate number of votes as could be cast by the 'C' directors if they were all present.

52. The quorum necessary for the transaction of business at any meeting of the directors or of any committee is one 'A' director one 'B' director and one 'C' director. Regulation 89 of Table A shall be amended accordingly.

53. The words 'of filling vacancies, or' shall be omitted from regulation 90 of Table A.

Capitalisation of Profits

54. The words 'special resolution' shall be substituted for the words 'ordinary resolution' in regulation 110 of Table A. On any occasion when shares are allotted and distributed credited as fully paid under the provisions of regulation 110 of Table A (as amended by this article) the shares allotted to holders of 'A' Shares shall be or be designated 'A' Shares, the shares allotted to the holders of 'B' Shares shall be or be designated 'B' Shares, the shares allotted to holders of 'C' Shares shall be or be designated 'C' Shares, the shares allotted to holders of 'D' Shares shall be or be designated 'D' Shares and the shares allotted to holders of 'E' Shares shall be or be designated 'E' Shares

Notices

- 55 Any notice required by these Articles to be given by the Company may be given by any visible form on paper, including telex, facsimile and electronic mail. A notice communicated by immediate transmission shall be deemed to be given at the time it is transmitted to the person to whom it is addressed. Regulations 111 and 112 of Table A shall be amended accordingly

Indemnity

56. Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director, secretary, auditor or other officer of the Company is 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 any liability incurred by him (a) in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding or admission of any material breach of duty on his part, or (b) in connection with any application in which relief is granted to him by the court from liability in respect of any act or omission done or alleged to be done by him as an officer or employee of the Company. The Company may purchase and maintain for any person to whom this article applies insurance against any liability in respect of which he is entitled to be indemnified.