

made as contained on this and the following pages 8 to 30 constitutes a true copy of the Memorandum and Articles of Association of Securities Trust of Scotland public limited company evidencing the alteration to the share capital of the Company made by Ordinary Resolution of the Company duly passed on 28 June 1989.

SC1827

X John E. Young X
Director, for and on behalf of
Martin Currie Investment
Management Limited, Secretaries
of Securities Trust of Scotland
public limited company.

THE COMPANIES ACTS, 1852 to 1917

THE COMPANIES ACTS, 1948 to 1980

A PUBLIC COMPANY LIMITED BY SHARES

Memorandum of Association

OF

SECURITIES TRUST OF SCOTLAND

public limited company

1. The name of the Company is the "Securities Trust of Scotland public limited company".
2. The Company is to be a public company.
3. The Registered Office of the Company will be situated in Scotland.
4. The objects for which the Company is established are—
 - (a) To purchase, sell, or deal in Reversionary, or Contingent, or Life Interests, or in Annuities or Policies of Assurance;
 - (b) To lend or borrow money upon the security of Reversionary, or Contingent, or Life Interests, or Annuities or Policies of Assurance, together or separately, or as or with additional or collateral or substituted security, repayable in one sum or by instalments;
 - (c) To purchase and acquire, hold and sell, or otherwise dispose of, either absolutely or conditionally, lands or houses or other heritages, or Stocks or Shares in any Company, and to take down and erect buildings and to let the same;
 - (d) To lend out the funds of the Company on security, heritable or moveable, real or personal, and to place sums on Debenture or deposit with any Chartered or Incorporated Company having its principal or registered office within the United Kingdom;
 - (e) To invest the funds of the Association in the purchase of, or in loans upon, Stocks, Shares, Debentures, or other securities of any Companies or Corporations;
 - (f) To make and carry into effect arrangement with respect to the union of interests, or amalgamation, either in whole or in part, of the Company with any Corporations, Companies, or persons having objects similar or cognate or otherwise, or to purchase the business of such Corporations, Companies or persons;



- (g) To borrow money over the property, effects, and interests of the Company, or over property, effects, or interests held by the Company in security or otherwise, or on security of any uncalled Capital of the Company;
- (h) To raise money in such manner as the Company shall think fit, and, in particular, by the issue of Debentures or Debenture Stock, perpetual or otherwise, charged upon all or any of the Company's property, both present and future;
- (i) To remunerate any parties for services rendered, or to be rendered, in placing, or assisting to place, any Shares in the Company's Capital, or any Debentures, Debenture Stock, or other security of the Company; and
- (j) To do all such acts and things as may be incidental, or conducive to the attainment of the above objects, or any of them.

5. The liability of the Members is limited.

6. The Capital of the Company is one hundred thousand pounds sterling, divided into twenty thousand shares, of five pounds each, with power to increase the Capital all of which Capital may be afterwards converted into Stock, and to issue any of the original Shares or Stock, or Shares or Stock of increased Capital, as Preference or Preferred or Deferred Shares or Stock, or to convert any Shares or Stock, that have been or may be issued into Preference or Preferred, or Deferred Shares or Stock, and bearing cumulative Dividends or otherwise, or with such preferential rights and privileges as may be determined.

WE, the several persons whose names, addresses, and descriptions are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of Shares in the Capital of the Company set opposite to our respective names.

NAME, ADDRESS, AND DESCRIPTION OF SUBSCRIBER	Number of Shares taken by each Subscriber
CHAS. W. WODROW THOMSON, C.A., 16 So. Charlotte Street, Edinburgh	50
JOHN CAMPBELL, S.S.C., 36 Castle Street, Edinburgh	100
G. MURE STEEL, 4 Atholl Crescent, Edinburgh, Lt.-Col. (retired)	200
FRED. W. CARTER, 5 St. Andrew Square, Edinburgh, Chartered Accountant	100
JOHN ALEX. REID, Advocate, 4 Drummond Place, Edinburgh	100
A. PEDDIE WADDELL, W.S., 4 Great Stuart Street, Edinburgh	100
JAS. B. SUTHERLAND, S.S.C., 10 Windsor Street, Edinburgh	100

Dated the 15th day of February 1889.

Witness to the above Signatures—

A. MCCORMICK,
20 Hill Street, Edinburgh.
Law Clerk.

Notes:

1. The capital of the Company as at 31st January 1973 was £10,000,000 divided into £2,842,500 4½ per cent Preference Stock, 20,020,000 Ordinary Shares of 25p each, 4,000,000 "B" Ordinary Shares of 25p each and 4,610,000 Unclassified Shares of 25p each.
2. By Resolutions passed on 20th June 1979 the authorised share capital of the Company was increased to £13,000,000 by the creation of 12,000,000 Ordinary Shares of 25p each, the 4,610,000 Unclassified Shares of 25p each were classified and designated as 4,610,000 Shares of 25p each and the 4,000,000 "B" Ordinary Shares of 25p each were reclassified and redesignated as 4,000,000 Ordinary Shares of 25p each.
3. By Resolution passed on 15th June 1983 the authorised share capital of the Company was increased to £23,000,000 by the creation of 40,000,000 Ordinary Shares of 25p each.
4. By Resolution passed on 25th June 1986 the authorised share capital of the Company was increased to £43,000,000 by the creation of 80,000,000 Ordinary Shares of 25p each.
5. By Resolution passed on 28th June 1989 the authorised share capital of the Company was increased to £83,000,000 by the creation of 160,000,000 Ordinary Shares of 25p each.

A PUBLIC COMPANY LIMITED BY SHARES

Articles of Association
OF
SECURITIES TRUST OF SCOTLAND
public limited company

PRELIMINARY

1. The Regulations contained in Table "A" in the First Schedule of the Companies Act, 1945, or any substituted Table, shall not apply to the Company, but the following shall be the Articles of the Company.

2. In these Articles:—

"The Act" means the Companies Act, 1948, and any reference to any provision of the Act refers to that provision as modified by any Statute for the time being in force.

"The Company" means Securities Trust of Scotland Limited.

"Dividend" includes bonus.

"Member" means a member of the Company in accordance with the Act and these Articles and includes Shareholders but not Debenture Stockholders.

"Month" means calendar month.

"Secretary" means any person appointed to perform the duties of Secretary of the Company.

"Shareholder" means a member of the Company and includes stockholder and *vice versa*.

"Shares" means the shares from time to time of the Company and includes stock and *vice versa*.

"Writing" includes typewriting, lithography, printing and all other modes of representing or reproducing words in a visible form.

Words importing the singular number shall include the plural and *vice versa*.

Words importing the masculine gender shall include the feminine gender and *vice versa*.

Words importing persons or individuals shall include corporations.

CAPITAL

3. The authorized Share Capital of the Company at the date of the adoption of this Article is £13,000,000 divided into £2,842,500 4½ per cent Preference Stock and 40,000,000 Ordinary Shares of 25 pence each.

- *1 By Resolution passed on 15th June 1963 the authorised share capital of the Company was increased to £23,000,000 by the creation of 40,000,000 Ordinary Shares of 25p each.
- 2 By Resolution passed on 25th June 1986 the authorised share capital of the Company was increased to £43,000,000 by the creation of 80,000,000 Ordinary Shares of 25p each.
- 3 By Resolution passed on 28th June 1999 the authorised share capital of the Company was increased to £83,000,000 by the creation of 160,000,000 Ordinary Shares of 25p each.

4. If at any time the Share Capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up be varied or altered with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of the class; to every such separate General Meeting the provisions of these Articles relating to General Meetings shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll; provided always that if within half an hour from the time appointed for any such separate General Meeting a quorum is not present the meeting shall stand adjourned until the same day in the next week at the same time and place, or to such other day and at such other time or 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 holders of shares of the class concerned present shall be a quorum.

5. (i) Holders of the 4½ per cent. Preference Stock shall have a right to payment out of the profits of the Company of a fixed cumulative preferential dividend at the rate of 4½ per cent. per annum on the amount for the time being paid up or credited as paid up on their holdings. On a winding up or other return of assets holders of the 4½ per cent. Preference Stock shall be entitled in priority to the holders of the Ordinary Shares to a return of the capital paid up or credited as paid up thereon together with a premium equal to the amount, if any, as certified by the Auditors for the time being of the Company, of the excess over such capital of the average of the means of the daily quotation of such Stock published in the official list of The Stock Exchange, London, during the six months immediately preceding the Relevant Date (as hereinafter defined), together also with the payment of all arrears and accruals of the said fixed cumulative preferential dividend calculated down to the date of repayment of capital. In the event of any repayment of capital involving the payment of a part only of the capital paid up or credited as paid up on the 4½ per cent. Preference Stock a part only of the said premium proportionate to the amount of the capital to be repaid on such stock shall become payable. In the event of any premium payable as aforesaid not being a multiple or even penny any fraction of a penny shall be disregarded. Save as aforesaid the holders of the 4½ per cent. Preference Stock shall have no right to participate in the profits and assets of the Company.

(ii) The "Relevant Date" shall mean (in the case of a return of assets on a winding up by the Court otherwise than subsequently to a resolution of the Company in General Meeting for winding up) the date of the lodging in Court of the petition for winding up and (in any other case) the date thirty days prior to the date of passing of the resolution of the Company which gives rise to the return of assets.

(iii) Without prejudice to the provisions of Article 4 the consent in writing of the holders of three-fourths of the 4½ per cent. Preference Stock for the time being issued or the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of such Stock shall be required to any of the following actions:—

- (a) The issue of any shares in the capital of the Company ranking prior to the 4½ per cent. Preference Stock;
- (b) The issue of any shares in the capital of the Company ranking *par passu* with the 4½ per cent. Preference Stock provided that such consent or sanction shall not be required in the issue of any such shares ranking as aforesaid so long as the total nominal amount of such shares and the 4½ per cent. Preference Stock for the time being issued shall not exceed three-fifths of the total nominal amount of the Share Capital for the time being issued;
- (c) An increase in the borrowing powers of the Company beyond the limit specified in Article 32;

- (d) Any alteration of Article 114 or Article 116 in such a way as to permit moneys realised on the sale of any capital assets of the Company in excess of the book price of the same being treated as available for payment of dividends on the shares of the Company;
 - (e) Any alteration of or addition to the objects of the Company contained in its Memorandum of Association; and
 - (f) Any alteration of Article 9 in such a way as to allow the Company to apply its funds in the purchase or acquisition of any investment subjecting the Company to unlimited liability.
6. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Capital of the Company may be issued with such preferred, deferred or other special rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time determine.
7. Subject to any direction to the contrary that may be given by the Company in General Meeting any shares in the Capital of the Company for the time being uncalled shall be issued for such consideration as the Directors may determine and be offered to the holders of the Ordinary Shares in proportion as nearly as circumstances permit to the amount of Ordinary Shares held by them respectively and such offer shall be made by notice specifying the number of shares offered and limiting a time (not less than 14 days) within which the offer, if not accepted, will be deemed to be declined; and after the expiration of such time or on the receipt

of an intimation from the person to whom the offer is made that he declines to accept the shares offered the Directors may dispose of the same in such manner as they think most beneficial to the Company. The Directors shall have power to adjust and settle the rights of any person to a fractional part of a share as they may think proper.

8. Subject to the provisions of Section 58 of the Act any Preference Shares may with the sanction of an Ordinary Resolution be issued on such terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the shares may by Special Resolution determine.

9. No part of the funds of the Company shall be directly or indirectly employed in the purchase of, or in loans upon the security of, the Company's shares, but nothing in this Article shall prohibit transactions mentioned in the proviso to Section 54 (1) of the Act. Nor shall the Company apply its funds or any part thereof in the purchase or acquisition of any investment subjecting the Company to unlimited liability.

9. (A) (i) In exercising the Company's powers of investment the Directors shall not (except as permitted by paragraph (ii) of this Article) make any investment which would result, immediately after such investment has been made, in the value or in the aggregate of the values of the investments in any one company or body corporate (hereinafter called "a separate holding") exceeding 5 per cent of the latest market valuation of the assets of the Company as made by the Directors provided that such percentage may be increased to a percentage not exceeding 8 per cent in not more than five separate holdings.

(ii) It shall not be necessary for the Directors to effect changes of investment merely because of appreciations or depreciations in the value of the investments of the Company the limits prescribed by paragraph (i) of this Article shall be exceeded nor by reason of the said limits being exceeded as a result of:—

- (a) the subscription by the Company of moneys by way of rights attaching to any separate holding; or
- (b) the receipt by the Company of any bonus or benefit in the nature of capital; or
- (c) any scheme or arrangement for amalgamation, reconstruction, conversion or exchange; or
- (d) any redemption.

(iii) The restriction on investment under paragraph (i) of this Article shall not apply to:—

- (a) the acquisition of securities issued or guaranteed by the Government of the United Kingdom, or the Government of the United States of America; or
- (b) the investment in a company or body corporate which is or would in consequence of such investment become a subsidiary of the Company, and which carries on a business similar to that of the Company and has under its Articles of Association restrictions on investment not less restrictive than those imposed under this Article.

10. The Company may exercise the powers of paying commissions conferred by Section 53 of the Act, provided that the rate per cent, or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said Section and the rate of the commission shall not exceed the rate of 10 per cent. of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per cent. of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

11. Except as required by law, the Company shall not be bound to recognise any person as holding any share upon any name, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

SHARE CERTIFICATES

12. Every person whose name is entered as a member in the Register of Members shall be entitled without payment to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares of any one class or several certificates each for one or more of his shares of such class upon payment of one shilling for every certificate after the first or such less sum as the Directors shall from time to time determine, except that where a holder of shares sells or otherwise disposes of part only of his holding he shall be entitled to receive a certificate for the balance of his holding without payment of any fee. Every certificate shall specify the shares to which it relates and the amount paid up thereon and shall be under Seal and bear the autographed signatures of at least one Director of the Company and the Secretary or other Officer of the Company authorised by the Directors to sign unless the Directors shall by resolution have determined that such signatures may be dispensed with in which event the affixing of the Seal shall be controlled by the Auditors, Transfer Auditors or Bankers of the Company. Provided that in respect of any holding of any class of shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

13. If a share certificate be defaced, lost or destroyed, it may be renewed on payment of a fee of 5p or such less sum and on such terms (if any) as to evidence and indemnity and the payment of out of pocket expenses of the Company of investigating evidence as the Directors think fit.

LIEN ON SHARES

14. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called 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 (other than fully paid shares) standing registered in the name of each member (whether solely or jointly with others) for his debts, liabilities, and engagements (solely or jointly with any person), to or with the Company whether the period for the payment, fulfilment or discharge thereof shall have actually arrived or not; but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

15. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists, is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or to the person entitled thereto by reason of his death or bankruptcy.

16. To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

17. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

18. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and may by the conditions of allotment thereof make payable at fixed times, provided that no call shall exceed one-fourth of the nominal

value of the shares or be payable at less than one month from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

19. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments.

20. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

21. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for the payment thereof to the time of the actual payment at such rate not exceeding 10 per cent. per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

22. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same became payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

23. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and in the times of payment.

24. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) 5 per cent. per annum, as may be agreed upon between the Directors and the member paying such sum in advance.

25. A member shall not be entitled to receive any dividend or to be present or to vote on any question, either personally or by proxy, at any General Meeting or upon a poll, or to be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares held by him, whether alone or jointly with any other person.

TRANSFER OF SHARES

26. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

27. Subject to such of the provisions of these Articles as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the Directors may approve.

28. The Directors may decline to register the transfer of a share (not being a fully paid share) to a person of whom they shall not approve, and they may also decline to register the transfer of a share in which the Company has a lien.

29. The Directors may also decline to register any instrument of transfer in any of the following cases:—

- (a) the instrument of transfer is accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may deem necessary to show the title of the transferor to make the transfer; and
- (b) the instrument of transfer is in breach of any law or rule of law.

30. If the Directors refuse to register a transfer they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

31. The registration of transfers may be suspended and the Register of Members closed at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.

TRANSMISSION OF SHARES

32. In case of the death of a member the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having an interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

33. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member but for his death or bankruptcy, as the case may be.

34. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall signify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

35. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages as if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership on members at meetings of the Company.

Provided always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within twenty days the Directors may thereupon withhold payment of all dividends, or other sums payable in respect of the share until the requirements of the notice have been complied with.

FORFEITURE AND Surrender OF SHARES

36. If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued, and all expenses that may have been incurred by the Company by reason of such non-payment.

37. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the service of the notice) on or before which the payment required by the notice is to be made, and shall name the sum on the account of non-payment as or before the next appointed day the amount of which the call was made shall be due and be forfeited.

38. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect.

39. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

40. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares, together with interest thereon at such rate not exceeding 10 per cent. per annum as the Directors shall think fit from the date of forfeiture until payment, but this liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

41. A statutory declaration in writing that the declarant is a Director or Secretary or other Officer of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

42. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

43. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

44. The Company may by Ordinary Resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.

45. The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations, as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit.

46. The Directors may from time to time fix the minimum amount of stock transferable, but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

47. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting or otherwise of the Company and other matters as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

ALTERATION OF CAPITAL

48. The Company may from time to time by Ordinary Resolution increase the Share Capital by such sum, to be divided into shares of such amount, as the Resolution shall prescribe.

49. The Company may by Ordinary Resolution:—

- (a) Consolidate and divide its Share Capital into shares of larger amount than its existing shares;
- (b) Subdivide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association, subject, nevertheless, to the provisions of Section 61(1)(d) of the Act;
- (c) Cancel any shares which at the date of the passing of the Resolution have not been taken or agreed to be taken by any person.

50. The Company may by Special Resolution reduce its Share Capital in any manner and with, and subject to, any incident authorised, and consent required, by law.

GENERAL MEETINGS

51. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place in Scotland as the Directors shall appoint provided that it shall be held not later than sixteen weeks after the end of the Company's financial year.

52. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

53. The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or, in default, may be convened by such requisitioners, as provided by Section 132 of the Act. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

54. An Annual General Meeting and a meeting called for the passing of a Special Resolution shall be called by twenty-one days' notice in writing at the least, and a meeting of the Company other than an Annual General Meeting or a meeting for the passing of a special Resolution shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in General Meeting, to such persons as are entitled to attend such meeting.

55. The accidental omission to give notice of a meeting, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

56. 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, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the Auditors.

57. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, three members present in person shall be a quorum.

58. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

59. The Chairman, if any, of the Board of Directors shall preside as chairman at every General Meeting of the Company, or if there is no such Chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.

60. If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairman of the meeting.

61. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

62. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:—

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or by proxy; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn.

63. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

64. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

65. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

VOTES OF MEMBERS

66. On a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every complete £1 nominal of 4½ per cent Preference Stock and one vote for every complete £1 nominal of Ordinary shares held by him. Provided that the 4½ per cent Preference Stock shall not entitle the holders thereof to receive notice of or attend or vote at any General Meeting of the Company by virtue of their holdings unless either:-

(a) at the date of the notice convening the meeting the dividend thereon is at least six months in arrear, or

(b) the business of the meeting includes the consideration of a resolution for winding up the Company or any resolution varying or altering any of the special rights and privileges attached to the 4½ per cent Preference Stock in either of which cases they shall be entitled to vote on any such resolution.

67. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

68. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may, on a poll, vote by proxy.

69. No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

70. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

71. On a poll votes may be given either personally or by proxy.

72. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorised in writing. A proxy need not be a member of the Company.

73. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company or at such other place within the United Kingdom as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

74. An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:—

I, We
"SECURITIES TRUST OF SCOTLAND LIMITED
of
being a member, members of SECURITIES TRUST OF
of
SCOTLAND LIMITED, hereby appoint
or failing him
as my/our proxy to vote for me/us and on
my/our behalf at the (Annual or Extraordinary, as the case may be) General Meeting
of the Company to be held on the day of 19 ,
and at any adjournment thereof.

This form to be used in favour of* the resolution,
against

Signed this day of 19 .

*Strike out whichever is not desired. Unless otherwise instructed the proxy will vote as he thinks fit."

75. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

76. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

77. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

DIRECTORS

78. Until otherwise determined by the Company in General Meeting, the number of the Directors shall be not less than four nor more than ten.

79. The remuneration of the Directors other than the Managing Director, if any, shall be £10,000 or such other sum as shall from time to time be determined by the

Company in General Meeting and such sum shall be divided among the Directors as they shall agree and determine. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company. The Directors shall be entitled to grant special remuneration to any Director who may be sent abroad on or who devotes special attention to the business of the Company.

80. The qualification of a Director shall be the holding in his own right of at least £125 nominal of Ordinary Shares. A Director may act before acquiring the qualification but must acquire the same within two months after his appointment or election.

81. A Director of the Company may be or become a Director or other officer, of or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other company unless the Company otherwise direct.

BORROWING POWERS

82. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge 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 but the Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies (if any) so as to secure that the aggregate of the amounts for the time being remaining undischarged of moneys so borrowed together with any moneys borrowed or secured by any subsidiary companies and for the time being outstanding (other than inter-company borrowing) shall not at any time without the previous sanction of the Company in General Meeting exceed in the aggregate the nominal amount of the issued and paid up Share Capital of the Company and the amount of all the published reserve funds of the Company. No such sanction shall be required to the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding notwithstanding that the same may result in such limit being exceeded. In addition the Directors may borrow for temporary purposes but so that the total amount so borrowed together with any other sums so borrowed by any subsidiary companies (other than inter-company borrowing) shall not exceed in the aggregate 20 per cent. of the like amount.

POWERS AND DUTIES OF DIRECTORS

83. The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in General Meeting, subject, nevertheless, to any regulations of these Articles, to the provisions of the Act, and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting; but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

84. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and directions (not exceeding those vested

in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

85. The Company may exercise the powers conferred by Section 35 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.

86. (1) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 199 of the Act.

(2) A Director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so his vote shall not be counted, nor shall he be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to:—

- (a) any arrangement for giving any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (c) any contract by a Director to subscribe for or underwrite shares or debentures of the Company; or
- (d) any contract or arrangement with any other Company in which he is interested only as an officer of the Company or as holder of shares or other securities;

and these prohibitions may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, arrangement or transaction, by the Company in General Meeting.

(3) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and in such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any such profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

(4) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

(5) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

87. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

88. The Directors shall cause minutes to be made in books provided for the purpose:-

- (a) of all appointments of officers made by the Directors;
- (b) of the names of the Directors present at each Meeting of the Directors and of any committee of the Directors;
- (c) of all resolutions and proceedings at all meetings of the Company, and of the Directors, and of committees of Directors.

Any such Minutes of any meeting of the Directors, or of any committee of Directors, or of the Company, if purporting to be signed by the Chairman thereof, or by the Chairman of the next succeeding meeting of the same body, shall be sufficient evidence of the facts stated therein without any further proof.

89. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his wife or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

DISQUALIFICATION OF DIRECTORS

90. No person who has attained the age of 70 years shall be eligible for election to the office of a Director of the Company. A Director shall vacate his office as a Director immediately following the conclusion of the Annual General Meeting next following his attaining age of 70 years and a Director so vacating office shall not be eligible for re-election as a Director. The office of Director shall also be vacated if the Director:-

- (a) ceases to hold Share Capital sufficient to qualify him for office or fails to acquire the same within two months after his election or appointment; or
- (b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) becomes prohibited from being a director by reason of any order made under Section 188 of the Act; or
- (d) becomes of unsound mind; or
- (e) resigns his office by notice in writing to the Company; or
- (f) shall for more than six months have been absent without permission of the Directors from meetings of the Directors held during that period.

ROTATION OF DIRECTORS

91. At the Annual General Meeting in each year one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office and for this purpose a Director retiring on account of his having attained the age of 70 years shall not be taken into account in determining the number of Directors to retire.

92. The Directors to retire in every year shall be those who have longest been in office since their last election, but as between persons who become Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

93. A retiring Director (subject to the provisions of these Articles and of the Act) shall be eligible for re-election.

94. The Company at the meeting at which a Director retires in accordance with the foregoing provisions may fill the vacated office by electing a person thereto, and in default of such election the retiring Director shall, if offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost or unless such Director has attained the age of 70 years.

95. No person other than a Director retiring at the meeting shall unless recommended by the Directors be eligible for election to the office of Director at any General Meeting unless not less than fourteen nor more than twenty-one days before the date appointed for the meeting there shall have been left at the Registered Office of the Company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

96. The Company may from time to time by Ordinary Resolution increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.

97. The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

98. The Company may by Ordinary Resolution, of which special notice has been given in accordance with Section 142 of the Act, remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.

99. The Company may by Ordinary Resolution appoint another person in place of a Director removed from office under the immediately preceding Article, and without prejudice to the powers of the Directors under Article 97 the Company in General Meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. A person appointed in place of a Director so removed or to fill such a vacancy shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

PROCEEDINGS OF DIRECTORS

100. The Directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from the United Kingdom.

101. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be two.

102. The continuing Directors may act notwithstanding any vacancy in their body and even though their number is reduced below the minimum number fixed by or pursuant to these Articles provided that if their number should remain below such minimum number for a period of more than three months the continuing Directors thereafter may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting of the Company, but for no other purpose.

103. The Directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

104. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors. Save as aforesaid the meetings and proceedings of a committee consisting of more than one member shall be governed by the provisions of these Articles regulating the proceedings and meetings of the Directors.

105. All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

106. A resolution in writing, signed by all the Directors for the time being entitled to receive notice of a meeting of the Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held.

MANAGING DIRECTOR

107. The Directors may from time to time appoint one or more of their body to the office of Managing Director for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Director so appointed shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of Directors, but his appointment shall be automatically determined if he ceases from any cause to be a Director.

108. A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine.

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

MANAGER AND SECRETARY

110. The Manager and Secretary shall be appointed by the Directors for such term, on such remuneration and upon such conditions as they may think fit; and any Manager or Secretary so appointed may be removed by them. Any appointment of a Secretary shall be subject to the provisions of Sections 177 to 179 of the Act.

THE SEAL

111. The Directors shall provide for the safe custody of the seal, which shall be used only by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf, and save as otherwise provided in Article 12, every instrument to which the seal shall be annexed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose.

DIVIDENDS AND RESERVE

112. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
113. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.
- 113A. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to or subsequent to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Article shall mutatis mutandis apply to any capitalisation to be effected in pursuance of Article 121.

114. No dividend shall be paid otherwise than out of the profits of the Company available for dividend. Appreciation of capital assets and moneys realised on the sale of any capital assets in excess of the book price of the same shall not be profits available for dividend.

115. The Directors may, before recommending any dividend or making any distribution of profits, set aside out of the profits of the Company available for dividend such sums as they think proper as a Revenue Reserve to meet contingencies or for special dividends or for equalising dividends or for any distribution by way of bonus, capitalisation of profits, or for repaying, improving and maintaining any of the property of the Company, or for redeeming debt or for writing down investment or for such other purposes as the Directors shall in their absolute discretion think conducive to the interests of the Company, and may invest the several sums so set aside upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Revenue Reserve into such special funds or sections as they think fit, and may employ the Revenue Reserve or any part thereof in the business of the Company, and that without being bound to keep the same separate from the other assets.

116. The Directors may establish either or both of (1) a reserve to be called "The Capital Reserve", and (2) a reserve to be called "The Reserve for Depreciation", and all moneys realised on the sale of any capital assets of the Company in excess of the book price of the same shall (except in the case of partial realisation of an asset when such moneys may be used to write down the cost of the remainder of the asset until it is reduced to nil) be credited either to the credit of the Capital Reserve or to the Reserve for Depreciation, which Capital Reserve or Reserve for Depreciation shall be used to reduce the book cost of the Company's capital assets, the expenses of issues of capital and of debentures or otherwise debts or any discount on debentures or otherwise stock issued or for any purpose to which the capital of the Company may be applied. Neither the Capital Reserve nor the Reserve for Depreciation shall be available for dividend nor shall it be used for any revenue purpose of the Company. Any losses on the sale of capital assets may be credited to the debit of either the Capital Reserve or the Reserve for Depreciation except in so far as the Directors shall in their discretion decide to make good the same out of the other funds of the Company. The Directors may invest the Capital Reserve or Reserve for Depreciation in such investments as they think fit (other than shares of the Company) and from time to time may deal with and vary such investments and dispose of all or any part thereof, with full power to employ the Capital Reserve or Reserve for Depreciation in the business of the Company, and that without keeping it separate from the other assets, and may divide the said Reserves into separate accounts if they think fit.

117. Subject to the rights of preference, if any, attached to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid but an amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as if it were a particular date such share shall rank for dividend accordingly.

118. The Directors may declare when and dividend payable at any particular all sums of money (if any) presently payable by them as the Company or account of calls or otherwise in relation to the shares of the Company.

119. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder, or in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable in respect of the shares held by them as joint holders.

120. No dividend shall bear interest against the Company.

CAPITALISATION OF RESERVES

121. The Directors may, with the sanction of the Company in General Meeting, from time to time capitalise any sum or sums representing the whole or any part of the profits for the time being undivided of the Company or the whole or any part of any reserve fund or any sum carried to reserve or the whole or any part of any share premium account or capital redemption reserve fund and on any such sanction being given the Directors shall give effect thereto and they shall appropriate and distribute such sum or sums for or amongst the holders of the Ordinary Shares on the footing that the same shall be received as capital and in such manner as may be directed by the Resolution and failing any such direction they shall apply the same in paying up shares, debentures or debenture stock or other obligations of the Company as shall be equal in nominal amount to the amount so capitalised, and shall distribute such shares, debentures, debenture stock or other obligations of the Company among the holders of the Ordinary Shares rateably according to the amounts paid up on the issued Ordinary Shares held by them respectively but provided always that a share premium account or capital redemption reserve fund shall, for the purposes of this Article, be applied only in paying up of unissued shares to be issued to such holders as shares credited as fully paid up. Where any difficulty arises in regard to distribution the Directors may settle such difficulty as they think expedient and in particular may issue fractional certificates or may appoint at their sole discretion a Trustee to take up the total number of shares represented by the sum of any fractional parts and may fix the value of the distribution of such shares, debentures or debenture stock or any part thereof and may determine that such payments shall be made to any members entitled to such fractional parts upon the footing of the value so fixed in order to adjust the rights of all parties. Where deemed requisite for the purpose of constructing the title of allottees to any shares of the Company issued and allotted in consequence of such capitalisation the Directors may appoint any person to contract with the Company on behalf of the parties entitled to receive the said shares for the allotment to them respectively of such shares and any agreement made under such authority shall be effective and be filed in accordance with the provisions of the Act.

ACCOUNTS

122. The Directors shall cause proper books of account to be kept with respect to:-

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place; and
- (b) the assets and liabilities of the Company.

123. The books of account shall be kept at the Registered Office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

124. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute.

125. The Directors shall from time to time, in accordance with Sections 148, 150 and 157 of the Act, cause to be prepared and to be laid before the Company in General Meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in those sections.

126. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting together with a copy of the Auditor's report shall, not less than twenty-one days before the date of the meeting, be sent to every member and debenture holder of the Company and four copies of each of these documents shall at the same time be forwarded to the Secretary of the Share and Loan Department of The Stock Exchange, London, and to the Secretary of any other Stock Exchange in the official list of which all or any of the Company's shares or debentures may at the Company's request be quoted.

AUDIT

127. Auditors shall be appointed and their duties regulated in accordance with Sections 159 to 162 of the Act.

NOTICES

128. A notice may be given by the Company to any member either personally or by sending it by post to him or to his registered address, or (if he has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the Company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected at the expiration of 24 hours after the same is posted, and in proving such service it shall be sufficient to prove under the hand of any Manager, Secretary or other officer of the Company that the notice was properly addressed and posted.

129. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register of Members in respect of the share.

130. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased, or trustee of the bankruptcy, or by any like description, at the address, if any, within the United Kingdom supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

131. Notice of every General Meeting shall be given in any manner hereinbefore authorised to:—

- (a) every member entitled to attend and vote at the meeting except such of those members as (having no registered address within the United Kingdom) have not supplied to the Company an address within the United Kingdom for the giving of notices to them;
- (b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting; and
- (c) the Auditor for the time being of the Company.

No other person shall be entitled to receive notices of General Meetings.

132. The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

WINDING UP

133. If the Company shall be wound up the liquidator may, with the sanction of an Extraordinary Resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

134. Every Director, Managing Director, Agent, Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against 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 443 of the Act, in which relief is granted to him by the Court.