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SC 1829

COMPANIES ACT 1985 (AS AMENDED)

A PUBLIC COMPANY LIMITED BY SHARES

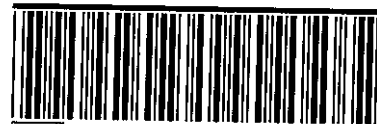
ARTICLES OF ASSOCIATION

OF

SECURITIES TRUST OF SCOTLAND plc

(Adopted pursuant to a Special Resolution passed on 29 June, 1999)

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COMPANIES HOUSE 06/07/99

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**COMPANIES ACT 1985 (AS AMENDED)**

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**A PUBLIC COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

**OF**

**SECURITIES TRUST OF SCOTLAND plc**

(Adopted pursuant to a Special Resolution passed on 29 June, 1999)

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**PRELIMINARY**

**1. Non-application of statutory regulations**

The regulations contained in Table A in the Schedule to The Companies (Tables A to F) Regulations and in any Table A applicable to the Company under any former or subsequent enactment relating to companies shall not apply to the Company except insofar as they are repeated or contained in these Articles.

**2. Definitions**

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

**1985 Act** means the Companies Act 1985;

**1989 Act** means the Companies Act 1989;

**Articles** means these Articles of Association as from time to time amended;

**Auditors** means the auditors for the time being of the Company;

**clear days** in relation to a period of notice means that period excluding the day when the notice is given or deemed to be given and excluding the day for which it is given or on which it is to take effect;

**Company** means Securities Trust of Scotland plc or such other name by which the Company may for the time being be registered in accordance with the Statutes;

**Directors** means the directors of the Company or (as the context may require) those of such directors present at a duly convened meeting of the directors of the Company at which a quorum is present;

**dividend** includes bonus;

**employees' share scheme** means employees' share scheme as defined in Section 743 of the 1985 Act;

**group** means group as defined in Section 53 of the 1989 Act;

**holder or member**, in relation to shares, means the member whose name is entered in the Register of Members as the holder of shares;

**the London Stock Exchange** means The London Stock Exchange Limited;

**month** means calendar month;

**Office** means the registered office for the time being of the Company;

**paid** includes credited as paid;

**parent company** means parent company as defined in Section 258 of the 1985 Act;

**recognised clearing house** means recognised clearing house as defined in Section 207(1) of the Financial Services Act 1986;

**recognised investment exchange** means recognised investment exchange as defined in Section 207(1) of the Financial Services Act 1986;

**Register of Members** means the register of members to be kept pursuant to Section 352 of the 1985 Act;

**the Regulations** means The Uncertificated Securities Regulations 1995 (SI 1995 No 95/3272);

**Seal** means the common seal of the Company;

**Secretary** includes a deputy or assistant secretary, and any person appointed by the Directors to perform the duties of the Secretary and where two or more persons are appointed to act as joint secretaries shall include any one of those persons;

**Securities Seal** means an official seal kept by the Company by virtue of Section 40 of the 1985 Act;

**Statutes** means the 1985 Act and the 1989 Act and every other Act for the time being in force and affecting the Company;

**subsidiary** means subsidiary as defined in Section 736 of the 1985 Act;

**subsidiary undertaking** means subsidiary undertaking as defined in Section 258 of the 1985 Act and, for the avoidance of doubt, shall be deemed to include a subsidiary;

**Transfer Office** means the place where the Register of Members is situate for the time being;

**transmission event** means death, bankruptcy or any other event giving rise to the transmission of a person's entitlement to a share by operation of law;

**undertaking** means undertaking as defined in Section 259 of the 1985 Act;

**United Kingdom** means Great Britain and Northern Ireland;

**in writing** means written or produced by any visible substitute for writing, or partly one and partly another; and

**year** means calendar year.

3. **Interpretation**

In these Articles:

- (a) the expression "debenture" and "debenture-holder" shall include "debenture stock" and "debenture stockholder" respectively;
- (b) the expression "member present in person" shall be deemed to include the presence of a proxy of a member or an authorised representative of a corporate member and cognate expressions shall be construed accordingly;
- (c) any reference to days of notice shall be construed as meaning clear days;
- (d) any reference to a meeting shall not be taken as requiring more than one person to be present in person if any quorum requirement can be satisfied by one person;
- (e) words importing the masculine gender only shall include the feminine and neuter genders;
- (f) words importing the singular number only shall include the plural and vice versa;
- (g) any reference to a person shall be construed as including a reference to an undertaking;
- (h) reference to any statute or statutory provision shall (if not inconsistent with the subject or context) include any statutory modification or re-enactment thereof for the time being in force;

- (i) save as aforesaid, any words or expressions defined in the 1985 Act or the 1989 Act or the Regulations shall (if not inconsistent with the subject or context) bear the same meaning in these Articles; and
- (j) where for any purpose an ordinary resolution of the Company is expressed to be required under the provisions of these Articles, a special or extraordinary resolution shall also be effective; and where an extraordinary resolution is so expressed to be required, a special resolution shall also be effective.

## **BUSINESS**

### **4. Business activities**

Any activity or kind of business which the Company is either expressly or by implication authorised to undertake may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance, whether such activity or kind of activity or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with the same.

## **CAPITAL**

### **5. Share capital**

The authorised share capital of the Company at the date of adoption of these Articles is £13,000,000 divided into £2,842,500 4.50 per cent Preference Stock and 40,630,000 Ordinary Shares of 25 pence each.\*

### **6. Redeemable shares and shares with special rights**

Subject to the provisions of the Statutes:

- 
- \*1. 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.
  - 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 1989 the authorised share capital of the Company was increased to £83,000,000 by the creation of 160,000 Ordinary Shares of 25p each.
  - 4. By Resolution passed on 29 June 1999 the authorised share capital of the Company was reduced to £80,080,000 by cancelling and extinguishing £2,843,000 4.50 per cent Preference Stock.

- (a) shares may be issued on terms that they are, or are to be liable, to be redeemed at the option of the Company or the holder on such terms and in such manner as the Company, before the issue thereof, may determine by ordinary resolution; and
- (b) without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to sub-paragraph (a) above, any shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, conversion, return of capital or otherwise as the Company may by ordinary resolution determine.

#### VARIATION OF CLASS RIGHTS

7. (a) **Method of varying class rights**

Whenever the share capital of the Company is divided into different classes of shares, the rights attached to any class may, subject to the provisions of the Statutes and unless otherwise expressly provided by the rights attached to the shares of that class, be modified, varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so modified, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate general meeting all the provisions of the Statutes and of these Articles relating to general meetings of the Company and to the proceedings thereat shall, so far as applicable, mutatis mutandis apply, except that the necessary quorum shall be two persons together holding or representing by proxy at least one-third in nominal amount of the issued shares of the class (but so that, if at any adjourned meeting a quorum as above defined is not present, any holder of shares of the class present in person or by proxy shall be a quorum), that any holder of shares of the class present in person or by proxy may demand a poll and that every other such holder shall on a poll have one vote for every share of the class held by him. The provisions of this Article 7(a) shall apply to the

modification, variation or abrogation of the rights attached to some only of the shares of any class as if the shares concerned and the remaining shares of such class formed separate classes.

**(b) When class rights deemed to be varied**

Unless otherwise expressly provided by the rights attached to any shares, those rights shall be deemed not to be modified, varied or abrogated by the creation or issue of further shares ranking pari passu with or subsequent to the first-mentioned shares or by the purchase by the Company of its own shares.

**ALTERATION OF CAPITAL**

**8. Increase in capital**

The Company may from time to time by ordinary resolution increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe.

**9. New shares**

All new shares shall be subject to the provisions of the Statutes and of these Articles with reference to allotment, payment of calls, forfeiture, lien, transfer, transmission and otherwise.

**10. (a) Alterations permitted by ordinary resolution**

The Company may by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (ii) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes) provided that:
  - (A) in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each share resulting from the sub-division shall be the same as it was in the case of the



share from which the shares resulting from the sub-division are derived; and

(B) the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;

(iii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled.

(b) **Fractions arising**

Upon any consolidation of fully paid shares into shares of larger nominal value, the Directors may settle any difficulty which may arise with regard thereto and in particular may, as between the holders of shares so consolidated, determine which shares are consolidated into each consolidated share and in the case of any shares registered in the name of one holder (or joint holders) being consolidated with shares registered in the name of another holder (or joint holders) may (on behalf of the holders) make such arrangements for the allocation, acceptance or sale of the consolidated share to any person (including, subject to the provisions of the Statutes, the Company) and for the distribution to the holders entitled thereto of any net proceeds received in respect thereof as may be thought fit (except that any amount otherwise due to a holder, being not more than £3.00 or such other sum as the Directors may from time to time determine, may be retained for the benefit of the Company) and for the purpose of giving effect thereto may appoint some person to transfer the consolidated share or any fractions thereof and to receive the purchase price thereof and any transfer made in pursuance thereof shall be effective and, after such transfer has been registered, no person shall be entitled to question its validity.

**11. Power to reduce capital**

Subject to the provisions of the Statutes and to any rights attaching to any shares, the Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner.

**12. Power to purchase own shares**

Subject to the provisions of the Statutes, the Company may purchase any of its own shares (including any redeemable shares). Neither the Company nor the Directors shall be required to select the shares to be purchased rateably or in any other particular manner as between the holders of shares of the same class or in accordance with the rights as to dividends or capital conferred by any class of shares. Every contract for the purchase by the Company of, or under which it may become entitled or obliged to purchase, its own shares shall, in addition to such authorisations as may be required by the Statutes, be sanctioned by an extraordinary resolution passed at a separate general meeting of the holders of each class of shares in issue convertible into equity share capital of the Company. To any such separate general meeting the provisions of those Articles relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply with the exceptions contained in Article 7(a).

## **SHARES**

**13. Allotment**

Subject to the provisions of the Statutes relating to authority, pre-emption rights and otherwise, of any resolution of the Company in general meeting passed pursuant thereto and of these Articles, all unissued shares in the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Directors who may allot (with or without conferring a right of renunciation), grant options over, offer or otherwise deal with or dispose of them to such persons, at such times and on such terms and conditions as they may determine.

**14. Commissions**

In addition to all other powers of paying commissions, the Company may exercise the powers of paying commissions conferred by the Statutes to the full extent

thereby permitted. Such commissions 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.

15. **Renunciation**

The Directors may at any time after the allotment of any share, but before any person has been entered in the Register of Members as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

16. (a) **Interests not recognised**

Except as required by law or these Articles, the Company shall not be bound by or 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 otherwise provided by these provided by these Articles or by law) any other right in respect of any share, except an absolute right to the entirety thereof in the holder or, in the case of a share warrant, in the bearer of the warrant for the time being.

(b) **Trusts may be recognised**

The Company shall be entitled, but shall not be bound, to recognise in such manner and to such extent as it may think fit any trusts in respect of any of the shares of the Company. Notwithstanding any such recognition, the Company shall not be bound to see to the execution, administration or observance of any trust, whether express, implied or constructive, in respect of any shares of the Company and shall be entitled to recognise and give effect to the acts and deeds of the holders of such shares as if they were the absolute owners thereof. For the purpose of this Article 16(b), "trust" includes any right in respect of any shares of the Company other than an absolute right thereto in the holder thereof for the time being or such other rights in the case of transmission thereof as are mentioned in these Articles.

## **CERTIFICATES**

### **17. (a) Authentication and form of certificates**

For so long as required by the regulations of the London Stock Exchange, every certificate for shares, warrants, debentures or other securities of the Company held in certificated form shall be issued under the Seal (or under a Securities Seal) provided that nothing in this Article 17(a) shall require any such certificates to be sealed if neither the Statutes nor the regulations of the London Stock Exchange require such certificates to be sealed. Every such certificate shall specify the number, class and distinguishing number (if any) of the shares, debentures or other securities held in certificated form, to which it relates and the amount paid up thereon. No certificate shall be issued in respect of shares, debentures or other securities of more than one class. No certificate need be issued in respect of shares, debentures or other securities held by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange in respect of which the Company is not required by law to complete and have ready for delivery a certificate.

### **(b) Evidence of title to securities**

Nothing in these Articles shall require title to any securities of the Company to be evidenced or transferred by a written instrument, the regulations from time to time made under the Statutes so permitting. The Directors shall have power to implement any procedures as they may think fit and as may accord with the Statutes and any regulations made thereunder for the recording and transferring of title to securities and for the regulation of those procedures and the persons responsible for or involved in their operation.

### **18. Members' rights to certificates**

Subject to the provisions of Article 17, every person whose name is entered as a member in the Register of Members in respect of shares held in certificated form shall be entitled without payment to a certificate therefor:

- (i) in the case of issue, within one month (or such longer period as the terms of issue shall provide) after allotment;

- (ii) in the case of a transfer of fully paid shares, within two months after lodgement of a transfer; or
- (iii) in the case of a transfer of partly paid shares, within two months after lodgement of a transfer;

or (upon payment of such reasonable charges (if any) for every certificate after the first as the Directors shall from time to time determine) to several certificates, each for one or more of his shares of any one class held in certificated form provided that the Company shall not be bound to register more than four persons as the joint holders of a share held jointly by several persons in certificated form and the Company shall not be bound to issue more than one certificate for each class of share so held and delivery of a certificate to one of such persons shall be deemed sufficient delivery to all.

**19. Delivery of certificate to broker or agent**

Delivery of a certificate for shares to a broker or agent acting in regard to the purchase or transfer of shares to which it relates shall be sufficient delivery to the purchaser or transferee, as the case may be.

**20. Transfer of a part**

Where a member transfers some only of the shares comprised in a certificated holding, the old certificate shall be cancelled and a new certificate for the balance of such shares issued in lieu without charge to the extent that such balance is to be held in certificated form.

**21. Cancellation and replacement of certificates**

- (a) Any two or more certificates representing shares of any one class held by any member may, at his request, be cancelled and a single new certificate for all such shares issued in lieu upon payment of such reasonable charge (if any) as the Directors may from time to time determine.
- (b) If any member shall surrender for cancellation a share certificate representing shares held by him in certificated form and request the Company to issue in

lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request upon payment of such reasonable charge (if any) as the Directors may from time to time determine.

- (c) If a share certificate in respect of shares held in certificated form is damaged, defaced, worn out or alleged to have been lost, stolen or destroyed, it may be replaced by a new certificate on request subject to (in the case of damage, defacement or wearing out) delivery up of the certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions (if any) as to evidence and indemnity as the Directors think fit. Any such replacement certificate shall be issued without charge save that, in the case of alleged loss, theft or destruction, the person to whom a new certificate is issued shall pay to the Company any exceptional out of pocket expenses incidental to the investigation of evidence of loss, theft or destruction and the preparation of the requisite form of indemnity as aforesaid.
- (d) In the case of shares held jointly by several persons, any such request as is referred to in this Article 21 may be made by any one of the joint holders.

## **CALLS ON SHARES**

### **22. Power to make calls**

The Directors may, subject to the terms of allotment thereof, from time to time make such calls upon the members as they think fit in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium). Each member shall (subject to being given 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 required to be paid in instalments. A call may be either revoked or postponed by the Directors in whole or in part at any time before receipt by the Company of a sum due thereunder. Without prejudice to the lien created by Article 36 a person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer in respect of which the call was made.

23. **Time when call made**

A call shall be deemed to have been made at the time when the resolution of the Directors making the call was passed.

24. **Liability of and receipts by joint holders**

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof and all interest and expenses properly due to the Company in accordance with the Articles and any one of such persons may give an effective receipt for any return of capital payable in respect of such share.

25. **Interest payable**

If a sum called in respect of a share is not paid on or before 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 payment thereof to the time of actual payment at such rate as may be fixed by the terms upon which such shares have been issued or, if no such rate is fixed, at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, three (3) per cent per annum above the base lending rate of the Company's bankers from time to time or, in the absence of such a base lending rate, twenty (20) per cent per annum) as the Directors may determine together with all expenses incurred by the Company by reason of such non-payment, but the Directors shall be at liberty, in any case or cases, to waive payment of such interest and expenses, wholly or in part. No dividend, or other payment or distribution, in respect of any such share shall be paid or distributed and no other rights, which would otherwise normally be exercisable in accordance with these Articles by a holder of fully paid shares, may be exercised by the holder of any share so long as any such amount, or any interest, costs, charges or expenses payable in accordance with this Article 25 in relation thereto, remains unpaid.

26. **Deemed calls**

Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or (whether by instalment or otherwise) at any fixed date 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 becomes payable. In the 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.

**27. Differentiation in calls**

Subject to the terms of issue, the Directors may at any time and from time to time differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

**28. Payment of calls in advance**

The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him, and such payment in advance of calls shall extinguish pro tanto the liability on the shares in respect of which it is made. The Company may pay interest upon the moneys so received (until and to the extent that the same would but for such advance become payable) at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, three (3) per cent per annum below the base lending rate of the Company's bankers from time to time or, in the absence of any such base lending rate, fifteen (15) per cent per annum) as the member paying such sum and the Directors shall agree. No sum paid up in advance of call shall entitle the holder of a share in respect thereof to any portion of a dividend, or other payment or distribution, subsequently declared in respect of any period prior to the date upon which such sum would, but for such payment, become payable. The Directors may at any time repay moneys paid up in advance of calls upon giving to the member not less than one month's notice in writing.

**FORFEITURE, SURRENDER AND LIEN**

**29. Notice requiring payment of call on default**

If a member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is



unpaid together with any accrued interest and any costs, charges and expenses incurred by the Company by reason of such non-payment.

30. **Content of notice**

The notice referred to in Article 29 shall name a further day (being not less than fourteen (14) days from the date of service of the notice) on or before which, and the place where, the payment (together with interest and expenses) required by the notice is to be made and shall state that, in the event of non-payment in accordance therewith, the shares on which the call or instalment of the call was made will be liable to be forfeited.

31. **Forfeiture for non-compliance**

If the requirements of any such notice referred to in Article 29 are not complied with, any share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest, costs, charges and expenses due in respect thereof has been received by the Company, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and other payments or distributions declared in respect of the forfeited share and not actually paid before forfeiture. Forfeiture shall be deemed to occur at the time of the passing of the said resolution of the Directors. The Directors may accept a surrender of any share liable to be forfeited hereunder.

32. **Notice of forfeiture**

When any shares have been forfeited in accordance with these Articles, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share, or the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture or surrender with the date thereof, shall forthwith be made in the Register of Members opposite to the entry of the share but no forfeiture shall be, in any manner, invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

33. **Annulment of forfeiture**

Notwithstanding any forfeiture or surrender of a share pursuant to these Articles, the Directors may, at any time before the forfeited or surrendered share has been

sold, re-allotted or otherwise disposed of or cancelled, annul such forfeiture or surrender upon such terms as they think fit.

**34. Sale of forfeited shares**

A share forfeited or surrendered pursuant to these Articles shall be deemed to be the property of the Company and may (subject to the provisions of the Statutes) be sold, re-allotted or otherwise disposed of, either to the person who was, before such forfeiture or surrender, the holder thereof or entitled thereto in consequence of a transmission event or to any other person upon such terms and in such manner as the Directors shall think fit and whether with or without all or any part of the amount previously paid on the share being credited as paid. For the purpose of giving effect to any such sale or other disposal, the Directors may authorise some person to transfer the share so sold or otherwise disposed of to the purchaser thereof or other person becoming entitled thereto. The Company shall not exercise any voting rights in respect of such share, and any such share not sold, re-allotted or otherwise disposed of in accordance with the foregoing shall be cancelled by resolution of the Directors within the period specified in, and otherwise in accordance with the provisions of, the Statutes.

**35. Extinction of rights**

A member, all or any of whose shares have been forfeited or surrendered, shall cease to be a member in respect of the forfeited or surrendered shares but shall, notwithstanding the forfeiture or surrender or cancellation of the shares, remain liable (unless payment is waived in whole or in part by the Directors) to pay to the Company all moneys which, at the date of forfeiture or surrender, were presently payable by him to the Company in respect of the shares, with interest thereon at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, three (3) per cent per annum above the base lending rate of the Company's bankers from time to time or, in the absence of such base lending rate, twenty (20) per cent per annum) as the Directors may determine from the date of forfeiture or surrender until payment is received. The Directors may waive payment of such interest either wholly or in part and the Directors may enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or for any consideration received on their disposal.

**36. Company to have lien on shares**

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 or times in respect of such share. The Company shall also, insofar as is permitted by the Statutes, have a first and paramount lien on all shares (other than fully paid shares) standing registered in the name of a member (whether solely or jointly) for all the debts and liabilities of such member, or his estate, to the Company. The lien shall apply (i) notwithstanding that those debts and liabilities have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member; (ii) whether or not the period for the payment or discharge of the same shall have actually arrived; and (iii) notwithstanding that the same are joint debts or liabilities of such member, or his estate, and any other person, whether a member of the Company or not. The Company's lien (if any) on a share shall extend to all dividends and other payments or distributions payable or distributable thereon or in respect thereof. The Directors may waive any lien which has arisen and may declare any share to be exempt, wholly or partially, from the provisions of this Article 36.

**37. Enforcement of lien by sale**

The Company may sell, in such manner as the Directors think fit, any share 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 (14) days after a notice in writing stating and demanding payment of the sum presently payable, and giving notice of the intention to sell in default of such payment, shall have been given to the holder for the time being of the share or the person entitled thereto by reason of a transmission event. For the purpose of giving effect to any such sale, the Directors may authorise any person to transfer the shares sold to the purchaser.

**38. Application of proceeds**

The net proceeds of a sale pursuant to the provisions of Article 37, after payment of the costs thereof, shall be received by the Company and applied in or towards payment or satisfaction of the debts or liabilities in respect of which the lien exists, so

far as the same are presently payable, and any residue shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale and upon surrender, if required by the Directors, of the certificate for the shares being sold) be paid to the person entitled to the shares at the time of the sale.

**39. Giving effect to the sale**

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company 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. Such declaration, and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate (if any) delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall 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 relating to the forfeiture, surrender, sale, re-allotment or other disposal of the share.

## **TRANSFER OF SHARES**

**40. Form and execution of transfers**

Except as may be provided by any procedures implemented pursuant to Article 17(b), (i) all transfers of shares which are held in certificated form shall be effected by instrument in writing in any usual or common form, or in any other form acceptable to the Directors. The instrument of transfer shall be executed by, or on behalf of, the transferor and (except in the case of fully paid shares) by, or on behalf of, the transferee and (ii) all transfers of shares which are not held in certificated form shall be effected by means of a relevant system. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

**41. Suspension of registration**

The registration of transfers may be suspended and the Register of Members closed, at such times and for such period as the Directors may from time to time determine and either generally or in respect of any class of shares, provided that the Register of Members shall not be closed for more than thirty days in any year and notice of such closing shall be given by advertisement in accordance with the Statutes.

**42. Notice of refusal to register**

The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of a share held in certificated form which is not a fully paid share unless such share is quoted or listed on the London Stock Exchange. The Directors may also decline to register any transfer of a share on which the Company has a lien. If the Directors refuse to register a transfer pursuant to any provision of these Articles they shall, within two months after the date on which (i) the transfer was lodged with the Company (in the case of shares held in certificated form); or (ii) the Operator - instruction was received by the Company (in the case of shares held in uncertificated form), send to the transferee notice of the refusal.

**43. Requirements for registration of transfer**

The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register a transfer of any share unless the relevant instrument of transfer:

- (i) is in respect of only one class of share (in the case of shares held in certificated form); and
- (ii) is (in the case of shares in certificated form) duly stamped, or adjudged or certified as not chargeable to stamp duty, and is deposited at the Transfer Office, or at such other place as the Directors may from time to time determine, accompanied by the relevant share certificate(s) (unless one has not been issued) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and

- (iii) is in favour of not more than four transferees jointly (whether the transfer is of shares of certificated or uncertificated form).

In the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of share certificates will only be necessary if, and to the extent that, certificates have been issued in respect of the shares in question.

**44. Retention of transfers**

All instrument of transfer which are registered may be retained by the Company, but any instruments of transfer which the Directors refuse to register shall (except in the case where fraud or any other crime involving dishonesty is suspected in relation to such transfer) be returned to the person lodging it when notice of refusal is given.

**45. No fee payable for registration of transfers**

No fee will be charged by the Company in respect of the registration of any instrument of transfer, confirmation, probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares.

**46. Renunciations recognised and new transfer procedures**

Nothing in these Articles shall preclude the Directors:

- (i) from recognising a renunciation of the allotment of any share by the allottee in favour of some other person; or
- (ii) if empowered by these Articles to authorise any person to execute an instrument of transfer of a share, from authorising any person to transfer that share in accordance with any procedures implemented pursuant to Article 17(b).

## DESTRUCTION OF DOCUMENTS

47. (a) **Permitted times for destruction**

The Company shall be entitled to destroy:

- (i) all share certificates which have been cancelled at any time after the expiration of one year from the date of such cancellation;
- (ii) all notifications of change of name and address and all dividend mandates which have been cancelled or have ceased to have effect at any time after the expiration of two years from the date of recording of such notification or, as the case may be, the date of such cancellation or cessation;
- (iii) all instruments of transfer of shares which have been registered at any time after the expiration of six years from the date of registration thereof; and
- (iv) any other documents on the basis of which any entry in the Register of Members has been made at any time after the expiration of six years from the date of the first entry in the Register of Members in respect thereof.

(b) **Presumptions as to validity**

It shall conclusively be presumed in favour of the Company that (1) every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made; (2) that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered; (3) every share certificate so destroyed was a valid and effective document duly and properly cancelled; and (4) every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company provided always that:

- (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without express notice of any claim

(regardless of the parties thereto) to which the document might be relevant;

- (ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid, or in any other circumstances, which would not attach to the Company in the absence of this Article 47;
- (iii) references in this Article 47 to the destruction of any document include references to the disposal thereof in any manner; and
- (iv) references in this Article 47 to an instrument of transfer shall be deemed to include references to any document constituting the renunciation of an allotment of any shares in the Company by the allottee in favour of some other person.

#### **TRANSMISSION OF SHARES**

48. (a) **Transmission**

In case of the death of a member, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing in this Article 48 shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.

(b) **Registration on death, bankruptcy, etc**

Subject to the provisions of Article 48(a), any person becoming entitled to a share in consequence of a transmission event may (subject as hereinafter provided), upon giving to the Company such evidence as the Directors may reasonably require to show his title to the share, (1) be registered as holder of the share in a representative capacity or (2) be registered himself as holder of the share or (3) transfer such share to some other person. The Directors shall,



in any 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 before the occurrence of the transmission event.

(c) **Election for registration**

The intimation to the Company, by or on behalf of any person becoming entitled to a share in accordance with Article 48(b) of the evidence therein required, shall be deemed to be a request by such person to be registered as the holder of the share in a representative capacity unless such person shall otherwise elect as aftermentioned, provided always that such registration shall not impose any personal liability upon such person in respect of the share. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing in a form reasonably acceptable to the Directors signed by him stating that he so elects and, if he shall elect to have another person registered and if such share is held in certificated form, he shall testify his election by executing to that person a transfer of the share. If he shall elect to have another person registered and such share is held in uncertificated form, he shall transfer such share to that person by way of a relevant system. 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 transmission event, as aforesaid, had not occurred and the notice or transfer were a transfer made by that member. The Directors may at any time give notice requiring a person becoming entitled to a share on a transmission event to elect to be registered himself or to be registered in his representative capacity or to transfer the share and, if the notice is not complied with within sixty days, the Directors may withhold payment of all dividends and other moneys payable in respect of the share until the requirements of the notice have been complied with.

(d) **Rights of persons entitled by transmission**

Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a registered share in consequence of a transmission event (upon supplying to the Company such evidence as the Directors may

reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the registered holder of the share, but he shall not be entitled (except with the approval of the Directors) to receive notices of or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a member, unless and until he shall have become a member in respect of the share.

#### **UNTRACED SHAREHOLDERS**

**49. (a) Power to dispose of shares of untraced shareholders**

The Company shall be entitled to sell, in such manner and for such price as the Directors think fit, any share held by a member or any shares to which a person is entitled in consequence of a transmission event if and provided that:

- (i) for a period of twelve (12) years before the giving of notice pursuant to sub-paragraph (iii) below, no cheque or warrant for amounts payable in respect of the share, sent and payable in a manner authorised by these Articles has been cashed and no communication in respect of the share has been received by the Company from the member or person concerned;
- (ii) during that period at least three cash dividends (whether interim or final) in respect of the share have become payable and no dividend in respect of the share has been claimed;
- (iii) the Company has, after the expiration of that period, by advertisement in both a leading national daily newspaper and in a newspaper circulating in the area in which the last known address of the member or the address at which service of notices may be effected in the manner authorised by these Articles is located and by notice to the Quotations Department of the London Stock Exchange if shares of the class concerned are listed or dealt in or otherwise traded on that exchange, given notice of its intention to make such sale; and

(iv) the Company has not, during the further period of three months after the date (or, if they are published on different dates, the last date) of such advertisements and prior to the sale of the share, received any communication in respect of the share from the member or person concerned.

**(b) Power to dispose of additional shares**

The Company shall also be entitled to sell, in the manner provided for in this Article 49, any share ("additional share") issued during the said period or periods of 12 years and 3 months in right of any share to which Article 49(a) applies or in right of any share issued during either of such periods, provided that the requirements of sub-paragraphs (i) (but modified to exclude the words "for a period of 12 years before the giving of notice pursuant to sub-paragraph (iii) below"), (iii) (but modified to exclude the words "after the expiration of that period") and (iv) of Article 49(a) are satisfied in respect of such additional share.

**(c) Sale procedure and application of proceeds**

To give effect to any such sale, the Directors may appoint any person (i) to execute, as transferor, an instrument of transfer of the said shares if the said shares are held in certificated form; or (ii) to transfer the said shares by means of a relevant system if the said shares are held in uncertificated form, and such instrument of transfer or such transfer, as the case may be, shall be as effective as if it had been executed or effected, as the case may be, by the registered holder of, or person entitled in consequence of a transmission event to, such shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating to the said transfer. The Company shall be indebted to the former member or other person previously entitled to the said shares for an amount equal to the net proceeds of sale and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount which shall be a permanent debt of the Company. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds of

sale. The net proceeds of sale may be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the Directors may from time to time think fit.

## **STOCK**

### **50. Conversion into stock**

Subject to the provisions of these Articles, the Company may, from time to time, by ordinary resolution, convert any fully paid shares into stock or reconvert any stock into fully paid shares of any denomination. If and whenever any shares of any class in the capital of the Company for the time being shall have been issued and be fully paid, and at that time the shares of that class previously issued shall stand converted into stock, such further shares and shares issued prior to the conversion of the shares of that class into stock but which were not fully paid at the date of conversion, upon being fully paid, shall ipso facto be converted into stock transferable in the same units as the existing stock of that class.

### **51. Transfer of stock**

The holders of stock may transfer the same or any part thereof, unless otherwise directed by ordinary resolution of the Company, in the same manner and subject to the same regulations as those subject to which the shares from which the stock arose might, prior to conversion, have been transferred (or as near thereto as circumstances permit), but no stock shall be transferable except in such units (not being greater than the nominal amount of the shares from which the stock arose) as the Directors may from time to time determine.

### **52. Rights of stockholders**

The holders of stock shall according to the amount of the stock held by them have the same rights, privileges and advantages as regards dividends, return of capital, voting and other matters as if they held the shares from which the stock arose; but no such right, privilege or advantage (except as regards participation in the dividends, profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such right, privilege, or advantage. All the provisions of these Articles applicable to paid up shares shall

apply to stock, and the words "share" and "member" shall include "stock" and "holder of stock" respectively.

### **WARRANTS**

**53. Warrants to subscribe for shares**

The Company may, subject to the provisions of the Statutes and of these Articles, issue warrants to subscribe for shares in the Company. Such warrants shall be issued upon such terms and subject to such conditions as may be resolved upon the Directors including, without prejudice to the foregoing generality, terms and conditions which provide that, on a winding up of the Company, a holder of warrants may be entitled to receive out of the assets of the Company available in the liquidation pari passu with the holders of shares of the same class as the shares in respect of which the subscription rights conferred by the warrants can be exercised such a sum which he would have received had he exercised the subscription rights conferred by his warrants prior to the winding up but under deduction of the price (if any) payable on exercise of such subscription rights.

### **WRITTEN RESOLUTIONS OF THE COMPANY**

**54. Written resolutions of the Company**

Subject to the provisions of the Statutes, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general or class meetings (or, being corporations, by their duly authorised representatives) shall be as valid and effectual as if the same had been passed at a general or class meeting of the Company duly convened and held and may consist of one or more documents in like form each signed by one or more members (or, being corporations, by their duly authorised representatives), as the case may be.

### **GENERAL AND CLASS MEETINGS**

**55. Types of general meetings**

An annual general meeting shall be held not more than eighteen months after incorporation of the Company and subsequently once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding annual general meeting) and place as may be determined by the Directors. All other general meetings shall be called extraordinary general meetings.

56. **Extraordinary general meetings**

The Directors may, whenever they think fit, and shall, on requisition in accordance with the Statutes, proceed to convene an extraordinary general meeting in accordance with the Statutes.

57. **Separate class meetings**

All the provisions of the Statutes and of these Articles relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply to any separate meeting of the holders of shares of any class held otherwise than pursuant to Article 7. For the purposes of any such separate class meeting, an extraordinary resolution is a resolution duly passed by a majority consisting of not less than three-fourths of the votes given upon the resolution at such meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution shall have been duly given.

## **NOTICE OF GENERAL MEETINGS**

58. **Period of notice**

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by not less than twenty one clear days' notice in writing and any other general meeting shall be called by not less than fourteen days' notice in writing. The notice shall be given in the manner hereinafter mentioned to the Auditors and to all members other than such as are not under the provisions of these Articles entitled to receive such notices from the Company provided that the Company may determine that only those persons entered in the Register of Members at the close of business on a day determined by the Company, such day not being more than 21 days before that notice of meeting is sent, shall be entitled to receive such a notice. For the purposes of determining which persons are entitled to attend and vote at a meeting and how many votes such persons may cast, the Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered in the Register of Members in order to have the right to attend or vote at the meeting. The notice shall also be given to every other person

who, by virtue of the Statutes or these Articles, is entitled to receive such notices from the Company; provided that a general meeting, notwithstanding that it has been called by shorter notice than that specified above, shall be deemed to have been duly called (and the business thereat duly transacted) if it is so agreed:

- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (ii) in the case of any other general meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right; and

Provided also that the accidental omission to give notice to, or the non-receipt of notice by any person entitled thereto, shall not invalidate the proceedings at any general meeting.

59. **Contents of notice**

- (a) Every notice calling a general meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.
- (b) In the case of an annual general meeting, the notice shall also specify the meeting as such.
- (c) In cases where instruments of proxy are sent out with notices, the accidental omission to send such instruments of proxy to, or the non-receipt of such instruments of proxy by, any person entitled to receive notice shall not invalidate the proceedings at any general meeting.
- (d) In the case of any general meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as an extraordinary

resolution or as a special resolution, the notice shall contain a statement to that effect.

60. **Routine business**

Routine business shall mean and include only business transacted at an annual general meeting of the following classes, that is to say:

- (i) sanctioning or declaring dividends;
- (ii) receiving and/or adopting the accounts, the reports of the Directors and Auditors and other documents required to be annexed to the accounts;
- (iii) appointing or re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in general meeting);
- (iv) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed;
- (v) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement by rotation or otherwise; and
- (vi) renewing, limiting, extending, varying or granting any authority of or to the Directors, pursuant to the Statutes, to allot relevant securities.

61. **Notice of resolutions**

The Directors shall, on the requisition of members in accordance with the provisions of the Statutes, but subject as therein provided:

- (i) give the members entitled to receive notice of the next annual general meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting;
- (ii) circulate to the members entitled to have notice of any general meeting, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.



## PROCEEDINGS AT GENERAL MEETINGS

62. **Quorum**

No business, other than the appointment of a chairman of the meeting, shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Save as otherwise provided in these Articles, two persons entitled to vote upon the business to be transacted, each being a member, the proxy of a member or a duly authorised representative of a corporation which is a member shall be a quorum.

63. **If quorum not present**

If within fifteen minutes from the time appointed for a general meeting (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to the same day in the next week (or, if that day is a holiday, the next business day thereafter), 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 such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the members present or by proxy and entitled to vote at such meeting shall be a quorum.

64. **Chairman**

The chairman of the Directors, failing whom the deputy chairman (if any), failing whom the vice chairman (if any) shall preside as chairman at a general meeting. If there be no such chairman or deputy chairman or vice-chairman, or if at any meeting none of them be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director is present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.

65. **Attendance of Directors**

A Director shall be entitled to receive notice of, and to attend and speak at, any general meeting or class meeting, notwithstanding that he is not a member of the Company.

66. **Adjournments**

The chairman of the meeting may with the consent of any general meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place. In addition, the chairman of the meeting may at any time without the consent of the meeting adjourn the meeting to another time or place if it appears to him that:

- (i) the number of persons wishing to attend cannot be conveniently accommodated in the place(s) appointed for the meeting; or
- (ii) the unruly conduct of persons attending the meeting prevents or is likely to prevent the orderly continuation of its business; or
- (iii) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

67. **Time and place of adjourned meetings**

When a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more, or sine die, notice of the adjourned meeting shall be given in like manner 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.

68. **Amendments to resolutions**

If an amendment shall be proposed to any resolution under consideration, but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special or extraordinary resolution no amendment thereto (other than an amendment to correct a patent error) may in any event be considered or voted upon. In the case of a resolution duly proposed as an ordinary resolution, no amendment thereto (other than an amendment to correct a patent error) may be considered or voted upon unless, at least forty eight hours prior to the time appointed for holding the meeting or adjourned meeting at which such resolution is to be proposed, notice in writing of the terms of the amendment and intention to move the same has been lodged at the office.

69. **Methods of voting**

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 or on the withdrawal of any other demand for a poll as hereinafter mentioned) demanded by either:

- (i) the chairman of the meeting; or
- (ii) not less than two persons present in person or by proxy and having the right to vote at the meeting;
- (iii) a member or members present in person or by proxy representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy 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.

70. **Declaration of result and conduct of poll**

A demand for a poll may be withdrawn at any time before the conclusion of the meeting or the taking of the poll, whichever is the earlier. If a demand for a poll is withdrawn, the result of a show of hands declared before the demand was made shall remain valid. Unless a poll is duly demanded (and the demand is not withdrawn) a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is duly demanded (and the demand is not withdrawn), it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

71. **Chairman's casting vote**

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 not be entitled to a casting vote in addition to the votes to which he may be entitled as a member or as a proxy or authorised representative of a member.

72. **When poll to be taken**

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 either immediately or at such subsequent time (being not more than fourteen (14) days after the date of the meeting at which the poll was demanded) and place as the chairman may direct. Unless the chairman otherwise directs, no notice need be given of a poll not taken immediately.

73. **Continuance of meeting**

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

**VOTES OF MEMBERS**

74. **Right to vote**

Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares and to the provisions of these Articles, on a show of hands every member present in person (but excluding for this purpose, the proxy of a member) and entitled to vote shall have one vote, and on a poll every member present in person or by proxy and entitled to vote shall have one vote for every share held by him.

75. **Votes of joint holders**

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy or (if such senior member is a corporation) by authorised representative, 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 in respect of the joint holding.

76. **Member under incapacity**

A member who is a patient for any purpose of any statute relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs, 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 such court, and any such committee, receiver, curator bonis or other person may, on a poll, vote by proxy, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Transfer Office, or at such other place (if any) as is specified for the delivery of instruments of proxy in accordance with these Articles, not less than forty eight hours before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at, or on the same day as, the

meeting or adjourned meeting) for the taking of the poll at which it is desired to vote.

**77. Calls in arrears**

No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to attend or vote at a general meeting or separate class meeting of the Company either personally or by proxy or (if the member is a corporation) by authorised representative, to exercise any other right conferred by membership in relation to general meetings of the Company if any call or other sum presently payable by him to the Company in respect of shares in the Company remains unpaid.

**ADMISSIBILITY OF VOTES**

**78. Objections to voting**

If (i) any objection shall be raised to the qualification of any person to vote or to the admissibility of any vote or (ii) any votes have been counted which ought not to have been counted or which might have been rejected or (iii) any votes are not counted which ought to have been counted, the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error raised or pointed out in due time shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

**79. Supplementary provisions on voting**

On a poll votes may be given either personally or by proxy or (if the member is a corporation) by authorised representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

## PROXIES

80. **Proxy need not be a member**

A proxy need not be a member of the Company and a member may appoint more than one proxy to attend on the same occasion provided that he may appoint only one proxy in respect of the same shares.

81. **Appointment and form of proxy**

An instrument appointing a proxy shall be in writing in any usual or common form, or in any other form which the Directors may prescribe or accept, and shall be executed by, or on behalf of, the appointor. A corporation may execute a proxy under its common seal and/or the hand of a duly authorised officer or person. The Directors may, but shall not be bound to, require evidence of the authority of any person executing an instrument appointing a proxy on behalf of the appointor. The signature on such instrument need not be witnessed. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll but shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting, and shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit.

82. **Delivery of form of proxy**

An instrument appointing a proxy (together with any evidence of authority required by the Directors pursuant to Article 81) must be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any documents accompanying the notice convening the meeting or any notice of any adjournment (or, if no place is specified, to the Transfer Office) not less than forty eight hours before the time appointed for the holding of the meeting or adjourned meeting or, in the case of a poll taken otherwise than at, or on the same day as, the meeting or adjourned meeting, not less than twenty four hours before the time appointed for the taking of the poll at which it is to be used, and in default shall not be treated as valid, provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered in relation to any subsequent meetings to which it relates. No instrument appointing a proxy shall be

valid after the expiration of twelve months from the date stated in it as the date of its execution, except a power of attorney containing a power to act and vote for a member at meetings of the Company, and such a power, if once duly intimated to the Company, shall not require to be again deposited at the Transfer Office of the Company. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or in the poll concerned.

**83. Issue of forms of proxy**

Subject to the provisions of the Statutes, the Directors may, if they think fit, at the expense of the Company, issue forms of proxy for use by the members with or without prepaid postage and with or without inserting therein the names of any of the Directors or any other person as proxies. In cases where instruments of proxy are sent out with notices, the accidental omission to send such instruments of proxy to, or the non-receipt of such instruments of proxy by, any person entitled to receive notice shall not invalidate the proceedings at any general meeting.

**84. Rights of proxy**

An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll but shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting, and shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit.

**85. Validity of forms of proxy**

An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. When two or more valid but differing instruments appointing a proxy are received in respect of the same share for use at the same meeting, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that share and, if the Company is unable to determine which was last received, the one which was last executed shall be treated as replacing and revoking the other or others as regards that share, and, if the Company is unable to determine which was last executed, none of them shall be treated as valid in respect of that share.



86. **Revocation of proxy etc**

A vote cast or poll demanded by proxy or by the duly authorised representative of a corporation shall not be invalidated by the revocation of the authority of the person voting or demanding a poll (such revocation being deemed to include revocation of the proxy or of the authority under which the proxy was executed or the death or insanity of the appointing member) or transfer of the shares in respect of which the vote is given or poll is demanded unless notice in writing of the revocation or transfer shall have been received by the Company at the Transfer Office or such other place (if any) as is specified for the delivery of instruments of proxy in accordance with these Articles at least forty eight hours before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at, or within forty eight hours of, the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

**INCORPORATED MEMBERS ACTING BY REPRESENTATIVES**

87. **Authority of representatives**

Any corporation which is a member of the Company may, by resolution of its directors or other governing body or by authority to be given under the hand of any officer duly authorised by it, authorise such person or persons as it thinks fit to act as its representative (or, as the case may be, representatives) at any meeting of the Company, or at any separate meeting of the holders of any class of shares. A person so authorised shall be entitled to exercise the same powers on behalf of the grantor of the authority (in respect of that part of the grantor's holding to which his authorisation relates, in the case of an authorisation of more than one person) as the grantor could exercise if it were an individual member of the Company, and the grantor shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present at it. For the purpose of this Article 87, the expression "corporation" shall include a company whether incorporated in the United Kingdom or overseas.

**DISCLOSURE**

88. (a) **Interpretation of and definitions for Article 88**

For the purposes of this Article 88:-

- (i) a person other than the member holding the share shall be treated as appearing to be interested in that share if the member has informed the Company that the person is, or may be, so interested, or if the Company (after taking account of any information obtained from the member or, pursuant to a section 212 notice, from anyone else) knows or has reasonable cause to believe that the person is, or may be, so interested;
- (ii) **interested** shall be construed as it is for the purpose of section 212 of the 1985 Act;
- (iii) **section 212 notice** means a notice given by the Company under section 212 of the 1985 Act;
- (iv) reference to a person having failed to give the Company the information required by a section 212 notice, or being in default as regards supplying such information, includes (1) reference to his having failed or refused to give all or any part of it and (2) reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular;
- (v) the **prescribed period** means:
  - (1) in a case where the default shares represent at least 0.25 per cent in the nominal value of the issued shares of their class, fourteen days; and
  - (2) in any other case, twenty eight days;
- (vi) an **approved transfer** means, in relation to any shares held by a member:
  - (1) a transfer by way of or pursuant to acceptance of a takeover offer for the Company (within the meaning in section 428 of the 1985 Act); or

- (2) a transfer in consequence of a sale made through a recognised investment exchange or recognised clearing house or any other stock exchange or market outside the United Kingdom on which Company's shares are normally traded (if any); or
- (3) a transfer which is shown to the satisfaction of the Directors to be made in consequence of a bona fide sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

(b) **Disenfranchisement**

If a member, or any other person appearing to be interested in shares held by that member, has been served with a section 212 notice and has failed in relation to any shares (the "default shares", which expression shall include any further shares which are allotted or issued in respect of such shares) to give the Company the information thereby required within the prescribed period from the date of the notice, then the Directors may, in their absolute discretion at any time thereafter, by notice (a "direction notice") to such member (which shall be conclusive against such member and its validity shall not be questioned by any person) direct that, with effect from the service of the notice until the expiry of a period of not more than seven days after the earlier of (1) receipt by the Company of a notice that the shareholding has been the subject of an approved transfer; or (2) due compliance, to the satisfaction of the Company, with the direction notice:-

- (i) the member shall not be entitled in respect of the default shares to attend or vote (either in person or by proxy or (if the member is a corporation) by authorised representative) at any general meeting or at any separate meeting of the holders of that class of shares or to exercise any other right conferred by membership in relation to any such meeting; and

(ii) where the default shares represent 0.25 per cent or more in nominal value of the issued shares of their class (calculated by reference to the number of shares in issue at the time when the section 212 notice is given):

(1) any sums payable (whether in respect of capital or dividend (including shares issued in lieu of dividend) or otherwise) in respect of the default shares shall, except on a winding up of the Company, be withheld by the Company until the section 212 notice ceases to have effect and the Company shall not have any obligation to pay interest on any such sums when they are finally paid to the member and the member shall not be entitled to elect, pursuant to Article 145, to receive shares instead of that dividend;

(2) no other distribution shall be made on the default shares; and

(3) no transfer of any shares held by the member shall be registered unless:

(A) the member is not himself in default as regards supplying the information required and the member provides evidence to the satisfaction of the Directors that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer; or

(B) the transfer is an approved transfer,

provided that, in the case of uncertificated securities, the Directors may only exercise their discretion not to register a transfer if permitted to do so by regulation 23 of the Regulations.

(c) **Service of notices on non-members**

The Company shall send to each other person appearing to be interested in the default shares, the address of whom has been intimated to the Company,

a copy of the direction notice at the same time as such notice is given to the relevant member, but the failure or omission to do so, or the non-receipt by that person of the copy, shall not invalidate or otherwise affect the application of Article 88(b).

(d) **Cessation of disenfranchisement**

The sanctions under Article 88(b) shall have effect for so long as the default in respect of which the direction notice was issued continues and shall cease to have effect seven days after the earlier of:

- (i) receipt by the Company of notice that the default shares have been transferred by such member by means of an approved transfer; and
- (ii) due compliance, to the satisfaction of the Company, with the section 212 notice.

In addition the Directors may at any time give notice cancelling a direction notice or any part thereof.

(e) **No restriction of statutory provisions**

The provisions in this Article 88 are in addition and without prejudice to the provisions of the 1985 Act and, in particular, the Company may apply to the court under section 216(1) of the Act whether or not the provisions of this Article 88 apply or have been applied.

## **DIRECTORS**

89. **Limits on number of Directors**

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than alternate Directors) shall not be less than two and subject to a maximum of five.

90. **Director need not be member**

A Director shall not be required to hold a share qualification.

91. **Directors' fees**

The fees paid to, and benefits in kind received by, Directors for their services in the office of director shall not exceed in aggregate £150,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such Director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate, and shall receive such benefits in kind, as may from time to time be determined by the Directors and in default of such determination within a reasonable period, such fees and benefits shall be divided among the Directors equally. Any fee payable pursuant to this Article 91 shall be distinct from any salary, remuneration or other amounts payable to the Director pursuant to any other provision of these Articles or any contract or arrangement between the Company and the relevant Director.

92. **Directors may be paid expenses**

The Directors may pay or repay to any Director all such proper and reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise in relation to the business of the Company.

93. **Additional remuneration of Directors**

Any Director (i) who is appointed to any executive office (including for this purpose the office of chairman or deputy chairman or vice-chairman whether or not such office is held in an executive capacity) or (ii) who serves on any committee of the Directors or who acts as trustee of a retirement benefits scheme or employees' share scheme or (iii) who otherwise performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director or (iv) who makes any special exertions in going or residing abroad or otherwise in relation to the business of the Company, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine and such remuneration may at the discretion of the Directors be either in addition to or in substitution for all or any part of any other remuneration to which such Director may be entitled under these Articles.

94. (a) **Retirement and other benefits**

The Directors may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any Director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

(b) **Insurance**

Without prejudice to the provisions of Article 167, the Directors shall have power to purchase and maintain insurance for, or for the benefit of, any persons who are or were at any time Directors, officers, employees or auditors of the Company, or of any other undertaking which is (i) the parent undertaking of the Company or (ii) a subsidiary undertaking of the Company or of such parent undertaking or (iii) otherwise allied to or associated with the Company or any such parent undertaking or subsidiary undertaking or in which the Company or such parent undertaking or subsidiary undertaking has any interest, whether directly or indirectly, or who are or were at any time trustees of any retirement benefits scheme or employees' share scheme in which employees of the Company or of any such other undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other undertaking, retirement benefits scheme or employees' share scheme.

95. (a) **Directors' interests in contracts with the Company**

Subject to the provisions of the Statutes and to Article 111, a Director or alternate Director may be a party to, or in any way interested in, any contract

or arrangement or transaction to which the Company is a party, or in which the Company is in any way interested, and he may hold and (in addition to any other remuneration provided for by, or pursuant to, any other Article) be remunerated in respect of any office (other than the office of Auditor of the Company or of any subsidiary undertaking of the Company) or employment under the Company or any other undertaking in which the Company is in any way interested, and he (or any firm of which he is a member) may act in a professional capacity for the Company, of any such other undertaking, and be remunerated therefor, and in any such case as aforesaid (unless otherwise agreed), the Director may retain, for his own absolute use and benefit, all remuneration, profits and advantages accruing to him thereunder or in consequence thereof.

(b) **Appointments with other undertakings**

Subject to any agreement to the contrary between the Company and the Director, a Director of the Company may be or become a director or other officer of, or otherwise interested in, any undertaking promoted by the Company or in which the Company may be interested, and (unless otherwise agreed) shall not be accountable to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of, or from his interest in, such other undertaking. The Directors may also cause the voting power conferred by the shares in any other undertaking held or owned by the Company or interest or right in such undertaking to be exercised in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution or decision appointing themselves or any of them to be directors, officers or servants of, or to any other position in, such other undertaking, or voting or providing for the payment of remuneration to the directors, officers or servants of, or any holders of any other position in, such other undertaking.

96. (a) **Executive office**

The Directors from time to time appoint one or more of their number to be the holder of any executive office or make any appointment by them of a Director conditional upon his accepting any executive office (including,



where considered appropriate, the office of chairman, deputy chairman or vice-chairman or managing, joint managing, deputy or assistant managing director or chief, deputy chief or assistant chief executive) on such terms, and for such period, as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

(b) **When termination of appointment automatic**

The appointment of any Director to any of the executive offices specifically mentioned in Article 96(a) above shall automatically determine if he ceases to be a Director, but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

(c) **When termination of appointment not automatic**

The appointment of any Director to any other executive office shall not automatically determine if he ceases for any cause to be a Director, unless the contract or resolution under which he holds or is removed from office shall expressly state otherwise, in which event the termination of his office if he ceases to be a Director shall be without prejudice to any claim for damages for breach of any service contract between him and the Company.

97. **Delegation of powers**

The Directors may entrust to, and confer upon, any Director any of the powers, authorities and discretions (including power to sub-delegate) exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with, or to the exclusion of, their own powers, authorities and discretions and may from time to time revoke, withdraw, alter or vary all or any of such powers, authorities and discretions but no person dealing in good faith and without notice of any such revocation, withdrawal, alteration or variation shall be affected thereby.

## APPOINTMENT, DISQUALIFICATION AND RETIREMENT OF DIRECTORS

### 98. Age Limit

No person shall be appointed or re-appointed a Director if at the time of his proposed appointment or re-appointment he has attained the age of seventy years. A Director shall vacate his office at the conclusion of the annual general meeting taking place next after he attains the age of seventy years; Provided that acts done by a person shall be valid notwithstanding that it is afterwards discovered that his appointment had terminated by virtue of this Article.

### 99. Disqualification of a Director

Without prejudice to the provisions for retirement by rotation or otherwise contained in these Articles, the office of Director shall be vacated in any of the following events, namely:

- (i) if, pursuant to any provisions of the Statutes, he is removed or prohibited from being a Director;
- (ii) if he shall resign by writing under his hand left at the office or if he shall tender his resignation and the Directors shall resolve to accept the same;
- (iii) if he shall have a receiving order made against him, become bankrupt, apparently insolvent, execute a trust deed for behoof of his creditors or shall compound with his creditors generally;
- (iv) if he shall become of unsound mind or otherwise incapacitated;
- (v) if, without special leave of absence from the Directors, he shall be absent from meetings of the Directors for six consecutive months and his alternate Director (if any) shall not, during such a period, have attended in his stead and the Directors shall resolve that his office be vacated;
- (vi) if he shall be removed from office by notice in writing served upon him signed by all his co-Directors, but so that in the case of a Director holding an executive office which automatically determines on his ceasing to be a Director, such removal shall be deemed an act of the Company and shall

have effect without prejudice to any claim for damages in respect of the consequent termination of his executive office;

(vii) if he is removed from office as provided in Article 105.

**100. Retirement of Directors**

Each Director shall retire from office and may offer himself for re-election at the first annual general meeting or other available opportunity following his appointment. Thereafter at each succeeding annual general meeting any Director bound to retire under Article 100 and one-third of the other Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to, but (except where less than three Directors are subject to retirement by rotation) not greater than one-third) shall retire from office. Provided that (i) each Director shall retire from office and may offer himself for re-election at intervals of no more than three years and (ii) no Director holding any executive office subject to termination if ceasing to be a Director shall be subject to such requirement to retirement by rotation or at three yearly intervals and such a Director shall not be taken into account in determining the number of Directors to retire.

**101. Which Directors to retire**

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board of Directors of the Company at the date of the notice convening the annual general meeting and no Director shall be required to retire, or be relieved from retiring, by reason of any change in the number or identity of the Directors after the date of such notice but before the close of the meeting. A retiring Director shall be eligible for re-election.

102. **When Directors deemed to be re-appointed**

The Company at the meeting at which a Director retires under any provision of these Articles may (subject to Article 104) by ordinary resolution fill up the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. If the Company, at the meeting at which a Director retires, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been re-elected or re-appointed unless at the meeting it is resolved not to fill the vacancy or a resolution for the re-election or re-appointment of the Director is put to the meeting and lost. If he is not re-elected or re-appointed or deemed to have been re-elected or re-appointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

103. **Resolution**

A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it and any resolution moved in contravention of this provision shall be void.

104. **Eligibility for election**

No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless, not less than seven nor more than forty two days before the day appointed for the meeting, there shall have been left at the office, addressed to the Secretary, notice in writing signed by some member (other than the person to be proposed) 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 the person to be proposed of his willingness to be appointed. The notice to be lodged by the proposing member shall state the particulars of the nominee which would, if he were appointed, be required to be included in the Company's register of directors maintained by the Company in terms of section 288 of the 1985 Act.

105. **Additional powers of the Company**

The Company may, in accordance with and subject to the provisions of the Statutes, by ordinary resolution of which special notice has been given, remove any Director from office notwithstanding any provision of these Articles or of any contract or agreement between the Company and such Director (but without prejudice to any claim he may have for damages for breach of any such contract or agreement) and by ordinary resolution appoint another person in place of a Director so removed from office, and any person so appointed shall be treated, for the purpose of determining the time at which he or any other Director is to retire by rotation, 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. In default of such appointment, the vacancy arising upon the removal of a Director from office may be filled by the Directors as a casual vacancy.

106. **Appointment by ordinary resolution or by Directors**

The Company may, by ordinary resolution, appoint any person to be a Director either to fill a casual vacancy or as an additional Director and, without prejudice and in addition thereto, the Directors shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that, in either case, the total number of Directors shall not at any time exceed the maximum number (if any) fixed by, or in accordance with, these Articles. Any person so appointed by the Directors shall hold office only until the next annual general meeting and shall then be eligible for election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

**ALTERNATE DIRECTORS**

107. (a) **Power to appoint alternate Directors**

Any Director may at any time by writing under his hand and deposited at the Office or received by the Secretary or delivered at a meeting of the Directors, appoint any person (including another Director) to be his alternate Director, and may, in like manner, at any time terminate such appointment. If such alternate Director is not another Director, such appointment, unless previously approved by a majority of the other Directors, shall have effect only upon and subject to being so approved. An alternate Director shall

during his appointment be an officer of the Company and shall not be deemed to be an agent of his appointor. Any of the Directors may appoint the same alternate Director. An alternate Director shall not be taken into account in reckoning the minimum and maximum number of Directors fixed by, or in accordance with, these Articles.

(b) **Termination**

The appointment of an alternate Director shall automatically determine on the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointor ceases to be a Director or if the approval of the Directors to his appointment is withdrawn, provided that if, at any meeting, any Director retires by rotation or otherwise but is re-elected at the same meeting, any appointment made by him pursuant to this Article 107 which was in force immediately before his retirement shall remain in force as though he had not retired. An alternate Director may, by writing under his hand left at the Office or delivered at a meeting of the Directors, resign such appointment.

(c) **Alternate to receive notices**

An alternate Director shall (except when absent from the United Kingdom) be entitled, if his appointor so requests, to receive notices of meetings of the Directors to the same extent as the Director appointing him and shall be entitled to attend and vote as a Director and be counted for the purposes of a quorum at any such meeting at which the Director appointing him is not personally present and, generally, at such meeting to perform all functions, powers and duties of his appointor as a Director and, for the purposes of the proceedings at such meeting, the provisions of these Articles shall apply as if he were a Director. If he shall himself be a Director, or shall attend any such meeting as an alternate for more than one Director, his voting rights shall be cumulative. If his appointor is for the time being absent from the United Kingdom, or temporarily unable to act through ill-health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his appointor. To such extent as the Directors may from time to time determine in relation to any committees formed under Article 116(a),

this Article 107(c) shall also apply mutatis mutandis to any meeting of any such committee of which his appointor is a member. An alternate Director shall not (save as aforesaid) have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.

(d) **Alternate may be paid expenses but not remuneration**

An alternate Director shall be entitled to contract with and be interested in and benefit from contracts, arrangements or transactions to which the Company is a party and to be repaid expenses, and shall be entitled to be indemnified by the Company to the same extent mutatis mutandis as if he were a Director, but he shall not be entitled to receive from the Company any remuneration, except only such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

## **PROCEEDINGS OF DIRECTORS**

### **108. Meetings of Directors**

Subject to the provisions of these Articles, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall not 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. Notice of a meeting of the Directors shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address in the United Kingdom given by him to the Company for this purpose. A Director absent or intending to be absent from the United Kingdom may request the Directors that notices of meetings of Directors shall, during his absence, be sent in writing to him at his last known address or any other address given by him to the Company for this purpose but, in the absence of any such request, 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. A Director may waive notice of any meeting either prospectively or retrospectively. Without prejudice to the first sentence of this Article 108, a meeting of the Directors, or of a committee of the Directors, may

consist of a conference between Directors who are not all in one place, but of whom each is able to speak to each of the others and to be heard by each of the others simultaneously. A Director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, if there is no such group, where the chairman of the meeting then is. The word "meeting" when referring to a meeting of the Directors, or of a committee of the Directors, in these Articles shall be construed accordingly.

**109. Authority to vote**

A Director who is unable to attend any meeting of the Directors and has not appointed an alternate Director may authorise any other Director to vote for him at that meeting, and in that event the Director so authorised shall have a vote for each Director by whom he is so authorised in addition to his own vote provided that he shall only be counted once in the quorum at the meeting. Any such authority must be in writing or by facsimile, cable, telegram or telex or by electronic means which must be produced at the meeting at which the same is to be used and be left with the Secretary for retention.

**110. Quorum**

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and, unless so fixed at any other number, shall be two. A meeting of the Directors, at which a quorum is present, shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

**111. Directors' interests**

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract (or any transaction or arrangement whether or not constituting a contract) with the Company or any subsidiary undertaking of the Company shall declare the nature of his interest in accordance with the provisions of the Statutes. For the purposes of this Article 111:

- (i) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any



transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and

- (ii) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

112. (a) **Directors' powers to vote**

Save as herein provided, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(b) **Where interest does not prevent voting**

Subject to the provisions of the Statutes, a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning the subscription or purchase by him of shares, debentures or other securities of the Company or any of its

subsidiary undertakings pursuant to an offer or invitation to members or debenture holders of the Company, or any class of them, or to the public or any section of them;

- (iv) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is, or is to be, or may be entitled to participate as a holder of securities or interested as a participant in the underwriting or sub-underwriting thereof;
- (v) any proposal concerning any other undertaking in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him within the meaning of section 346 of the 1985 Act) is not the holder of or beneficially interested in 1 per cent or more of the issued equity shares of any class of such undertaking (or of any third undertaking through which his interest is derived) or of the voting rights available to members of the relevant undertaking (any such interest being deemed for the purposes of this Article 112 to be material interest in all circumstances). For the purpose of this subparagraph (v) there shall be disregarded any shares held by a Director as simple trustee under the law of Scotland and of a bare or custodian trustee under the laws of England and Wales and in which he has no beneficial interest and any shares comprised in any authorised unit trust scheme in which the Director is interested only as a unit holder;
- (vi) any proposal concerning the adoption, modification or operation of a retirement benefits scheme or employees' share scheme under which he may benefit which has been approved by, or is subject to and conditional upon approval by, the Board of Inland Revenue for taxation purposes or by the Company in general meeting and which, in relation to an employees' share scheme, does not accord to any Director as such any privilege or advantage not generally accorded to employees who participate in such scheme;

- (vii) any proposal concerning any contract or arrangement for the benefit of employees of the Company or any of its subsidiary undertakings (or any category of such employees) and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom the contract or arrangement relates;
- (viii) any proposal concerning insurance which the Company is empowered to purchase and/or maintain for the benefit of any Directors of the Company or for the benefit of persons who include Directors of the Company, provided that for the purposes of this sub-paragraph (viii), insurance shall mean only insurance against liability incurred by a Director in respect of any act or omission by him referred to in Article 94(b), or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of, any groups of persons consisting of or including Directors of the Company.

(c) **Interests of connected persons and alternates**

For the purpose of this Article 112, an interest of a person who is, for the purpose of the 1985 Act, connected with (which words shall have the meaning given thereto by section 346 of the 1985 Act) a Director shall be treated as an interest of the Director and, in relation to an alternate, an interest of his appointer shall be treated as an interest of the alternate without prejudice to any interest which the alternate has otherwise.

(d) **Consideration of matters involving two or more Directors**

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices of employment with the Company or any undertaking in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under sub-paragraph (v) of Article 112(b) or otherwise precluded from voting) shall be entitled to vote

(and be counted in the quorum) in respect of each resolution, except that concerning his own appointment.

(e) **Materiality of Directors' interests**

If any question shall arise at any meeting as to the materiality of a Director's interest, or as to the entitlement of any Director to vote, and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting (or, if the Director concerned is the chairman, to the other Directors at the meeting) and his ruling in relation to any Director other than himself (or, as the case may be, the ruling of the majority of the other Directors in relation to the chairman) shall be final and conclusive, except in a case where the nature or extent of the interests of such Director (or, as the case may be, the chairman) has not been fairly disclosed.

113. **Power of Directors if number falls below minimum**

The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but if, and so long as, the number of Directors is reduced below the number fixed by, or in accordance with, these Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purposes of filling up such vacancies or of summoning general meetings of the Company, but not for any other purpose. If there are no Directors or Director able or willing to act, then any two members may summon a general meeting for the purpose of appointing Directors.

114. **Chairman**

The Directors may elect a chairman (or make any appointment by them of a Director conditional upon his becoming the chairman) and a deputy chairman and a vice-chairman, and determine the period for which each is to hold office. Any chairman or deputy chairman or vice-chairman so elected without any fixed period of office shall, if he be re-elected a Director following retirement at any annual general meeting, continue as chairman or, as the case may be, deputy chairman or vice-chairman, unless the Directors otherwise determine. The chairman or, in his absence, the deputy chairman, or in his absence, the vice-chairman, shall preside at

meetings of the Directors, but if no chairman or deputy chairman or vice-chairman shall have been elected, or if at any meeting none of them be 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. The powers contained in this Article 114 may be exercised by the Directors to appoint a deputy chairman or vice-chairman in respect of a matter or matter over which the Directors are to preside and in respect of which the chairman is not entitled to vote in accordance with Article 112. Such appointment shall be effective only in respect of the matter or matters concerned.

**115. Resolutions in writing**

A resolution in writing, signed by all the Directors for the time being and all the alternate Directors (if any) for the time being (provided that their number is sufficient to constitute a quorum) or by all the members of a committee formed under Article 116 (a) for the time being, shall be as valid and effective as a resolution passed at a meeting of the Directors or, as the case may be, of such committee duly convened and held and may consist of several documents in the like form, each signed by one or more of the Directors or alternate Directors or members of the committee concerned. For the purposes of this Article 115, any signature may be affixed to a facsimile copy of the resolution and any signed resolution shall be valid if the Company receives the original or copy by facsimile.

**116. (a) Committees of Directors**

The Directors may delegate any of their powers, authorities or discretions (including, for the avoidance of doubt, any powers, authorities or discretions to sub-delegate or relating to the remuneration of Directors) to a committee consisting of one or more of the Directors and (if thought fit) one or more other persons co-opted as hereinafter provided. Insofar as any such power or discretion is so delegated, any reference in these Articles to the exercise by the Director of such power or discretion shall be read and construed as if it was a reference to the exercise by such committee. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for, or authorise, the co-option to the committee of

persons other than Directors and for such co-opted members to have voting rights as members of the committee, but so that (i) the number of co-opted members shall be less than one half of the total number of members of the committee and (ii) no resolution of the committee shall be effective unless a majority of the members of the committee present at the meeting are Directors or alternate Directors. The Directors may at any time dissolve or revoke any delegation made to any committee established under this Article 116, but no person dealing in good faith and without notice of any such dissolution or revocation shall be affected thereby.

**(b) Proceedings of committees**

The meetings and proceedings of any such committee consisting of two or more persons shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Directors so far as the same are applicable and are not superseded by any regulations made by the Directors under Article 116(a).

**117. Use of designation "Director"**

The Directors may appoint any person to any office or employment having a designation or title including the word "director", or attach to any existing office or employment with the Company such a designation or title, and may terminate any such appointment or the use of any such designation or title. Unless the appointment of the holder has been recorded in the register of directors maintained by the Company in terms of section 288 of the 1985 Act, the inclusion of the word "director" in the designation or title of any such office or employment shall not imply that the holder is a director of the Company, nor shall the holder thereby be empowered in any respect to act as, or be deemed to be, a director of the Company for any of the purposes of these Articles.

**118. Validity of proceedings**

All acts done by any meeting of Directors or of any committee established under Article 116 or by any person acting as a Director (or as an alternate of a Director) shall, as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment or continuance in

office of any such Director (or his alternate), or member of such committee, or person acting as aforesaid, or that they or any of them were disqualified or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director (or alternate Director) or member of such committee and had been entitled to vote.

#### **GENERAL POWERS OF DIRECTORS**

**119. Business to be managed by the Directors**

The business and affairs of the Company shall be managed by the Directors who, subject to the provisions of the Statutes, the Memorandum of Association of the Company (the "Memorandum") and these Articles and to any directions given by special resolution, may exercise all the powers of the Company. No alteration of the Memorandum or these Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The general powers given by this Article 119 shall not be limited, or restricted, by any special authority or power given to the Directors by these Articles or by resolution of the Company and a meeting of the Directors at which a quorum is present may exercise all powers exercisable by the Directors.

**120. Local Boards**

The Directors may make such arrangements as they think fit for the management and transaction of the Company's affairs in any specified locality, whether in the United Kingdom or elsewhere, and, without prejudice to the generality of the foregoing, may at any time, and from time to time, (i) establish any regional, divisional or local boards, committees or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere; (ii) appoint any one or more of the Directors, or any other person or persons, to be members of such regional, divisional or local boards or committees, or any regional, divisional or local directors, managers or agents, and may fix their remuneration; (iii) delegate to any regional, divisional or local board or committee, manager or agent any of the powers, authorities and discretions vested in the Directors (other than the powers of borrowing and making calls) with power to sub-delegate; (iv) authorise the members of any regional, divisional or local boards or committees or any of them, to fill any vacancies therein, and to act notwithstanding vacancies and any such appointment

or delegation may be made upon such terms and subject to such conditions as the Directors may think fit; and (v) remove any person so appointed, fix the quorum of any regional, divisional or local boards or committees, and annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

**121. Powers of attorney**

The Directors may, from time to time and at any time, by power of attorney or otherwise, appoint any person or undertaking, 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 discretions (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 power 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 sub-delegate all or any of the powers, authorities and discretions vested in him. The Directors may delegate all or any of their powers under this Article 121. The Directors may remove any person or undertaking appointed under this Article 121 and may annul or vary any such sub-delegation or delegation but no person dealing in good faith and without notice of any such removal, annulment or variation shall be affected thereby.

**122. Official seal for use abroad**

The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

**123. Overseas and local registers**

Subject to and to the extent permitted by the Statutes, the Company or the Directors on behalf of the Company, may cause to be kept in any territory outside the United Kingdom a branch register of members resident in such territory, and the Directors may make and vary such regulations as they may think fit in respect of the keeping of any such register.



124. **Execution by the Company**

All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable 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 or any duly authorised committee of the Directors shall from time to time determine.

**BORROWING POWERS**

125. **General power to borrow**

Subject as provided in Article 126, the Directors may exercise all the powers of the Company to borrow money and to mortgage, pledge, charge or grant any security over all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the Statutes, to issue debentures, debenture stock and other securities whether terminable, redeemable or perpetual and whether outright or as collateral security for any guarantee, debt, liability or obligation of the Company or of any other third party.

126. (a) **Definitions for and interpretation of Article 126**

For the purposes of this Article 126:-

**Adjusted Capital and Reserves** shall be interpreted in accordance with Article 126(c);

**debenture and equity share capital** have the same meanings as in section 744 of the Act;

**Excepted Foreign Currency Borrowings** means moneys borrowed denominated or repayable in a currency other than sterling which have the benefit of an exchange cover scheme;

**exchange cover scheme** means an HM Treasury exchange cover scheme, forward currency contract, currency option, back-to-back loan, swap or other arrangement taken out or entered into to reduce the risks associated with fluctuations in the exchange rates;

**finance lease** means a contract between a lessor and a member of the Group as a lessee or sub-lessee where substantially all the risks and rewards of the ownership of the asset leased or sub-leased are to be borne by the lessee or sub-lessee;

**Group** means the Company and its subsidiary undertakings for the time being and **member of the Group** shall be construed accordingly;

**hire purchase agreement** means a contract of hire between a hire purchaser lender and a member of the Group as hirer;

**investments** means at any time the aggregate of:-

- (i) cash at bank and in hand;
- (ii) deposits (including for the avoidance of doubt, certificates of deposit) for a term not exceeding six months and money at call); and
- (iii) securities which are issued by the Government of the United Kingdom which are traded on a recognised investment exchange;

**Latest Accounts** means in the case where:-

- (i) the Company has no subsidiary undertakings, the latest published audited balance sheet of the Company; or
- (ii) the Company has subsidiary undertakings but there is no audited consolidated balance sheet of the Group, the respective latest published audited balance sheets of the undertakings comprising the Group; or
- (iii) the Company has subsidiary undertakings only some of whose audited balance sheets are consolidated in the latest published audited balance sheet of the Group, the latest published audited consolidated balance sheet of the Group together with the latest published audited balance sheets of those subsidiary undertakings

whose audited balance sheets are not included in the audited consolidated balance sheet of the Group; or

- (iv) the Company has subsidiary undertakings all of whose audited balance sheets are consolidated in the latest published audited consolidated balance sheet of the Group, the latest published audited consolidated balance sheet of the Group;

**moneys borrowed** shall be interpreted in accordance with Article 126(d);

**outside interests** means the proportion of the nominal amount of the issued equity share capital of a partly owned subsidiary undertaking which is not attributable, directly or indirectly, to the Company; and

**subsidiary undertaking** shall be construed as a subsidiary undertaking of the Company and "subsidiary undertakings" shall be construed accordingly.

(b) **Maximum limit on borrowings**

The Directors shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to ensure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate principal amount (including any fixed or minimum premium payable on final redemption or repayment (or, in the case of an index-linked stock or other index-linked obligation, the highest amount that would be repayable thereon under the provisions of the instrument constituting or regulating such stock or obligation if such stock or obligation were to be redeemed on the date on which the calculation falls to be made)) outstanding in respect of all moneys borrowed (whether secured or not) by the Group (exclusive of moneys borrowed by any member of the Group from any other member of the Group, subject to paragraph 126(d)(iii) of Article 126(d)), subject as hereinafter provided, shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the Adjusted Capital and Reserves.

(c) **Adjusted capital and reserves**

For the purposes of this Article 126, the expression "Adjusted Capital and Reserves" shall mean at the relevant time the aggregate of:-

- (i) the amount for the time being paid up or credited as paid up on the issued share capital of the Company; and
- (ii) the total of the amounts standing to the credit of the capital and revenue reserves of the Group (including any share premium account, capital redemption reserve, revaluation or other reserve and the revenue account);

all based on the Latest Accounts after:-

- (A) deducting any debit balance on the revenue account or any other reserve;
- (B) making such adjustments as may be appropriate to reflect any variations since the date of the Latest Accounts in such share capital and/or reserves (other than the revenue account) and so that for this purpose (aa) if the Company proposes to issue or has issued any shares for cash and the issue has been underwritten then the amount (including any premium) of the subscription moneys so underwritten (not being moneys payable later than six months after the date on which the underwriting becomes unconditional) shall be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when the underwriting becomes unconditional) and (bb) subject as aforesaid, share capital (including any premium) shall be deemed to have been paid up as soon as it has been unconditionally agreed to be subscribed or taken up by any person (provided it is to be so subscribed or taken up within six months of such agreement);
- (C) excluding any sums attributable to outside interests in any subsidiary undertakings and making such adjustments as may be appropriate in

respect of any variation in the interests of the Company in its subsidiary undertakings since the date of the Latest Accounts;

- (D) deducting the gross amount of any distributions declared, recommended or made by a member of the Group (other than attributable directly or indirectly to the Company) out of profits earned up to and including the date of the Latest Accounts to the extent that any such distributions are not provided for therein;
- (E) deducting any amount referable to goodwill or any intangible asset;
- (F) excluding any amount representing unrealised appreciation on capital assets as shown in the Latest Accounts;
- (G) excluding any sums set aside for future taxation (other than deferred taxation) less any sum properly added back in respect thereof; and
- (H) making such other adjustments (if any) as the auditors may consider appropriate to provide for the carrying into effect of the transaction for the purpose of which the Adjusted Capital and Reserves requires to be calculated or otherwise including, without prejudice to the foregoing generality, making all adjustments, if the calculation is required for the purpose of, or in connection with, a transaction under or in connection with which any undertaking is to become or cease to be a subsidiary undertaking of the Company, as would be appropriate if such transaction had been carried into effect.

Provided that until such date as an audited balance sheet shall have been prepared, the Directors may borrow up to an amount equal to the paid up issued share capital on admission of the ordinary share capital (including, for the avoidance of doubt, share premium) of the Company to the official list of the London Stock Exchange.

(d) **Moneys borrowed**

- (i) For the purposes of this Article 126 "moneys borrowed" shall be deemed to include (but shall not be restricted to) the following, except in so far as otherwise taken into account:-
- (A) the principal amount for the time being outstanding and owing by a member of the Group in respect of any loan capital or debenture, whether issued, in whole or in part, for cash or otherwise;
  - (B) the principal amount raised by a member of the Group by acceptances under any acceptance credit opened on its behalf and in its favour by any bank or accepting house (not being acceptances in respect of the purchase or sale of goods or the provision of services in the ordinary course of business which are outstanding for six months or less);
  - (C) the nominal amount of any issued share capital and the principal amount of any borrowings of any person the redemption or repayment of which is guaranteed or is wholly or (to the extent that the same is partly secured) partly secured by a member of the Group (but excluding any such share capital which is for the time being beneficially owned by, and (as determined in accordance with paragraph 126(d)(iii) below) any such borrowings which are for the time being owed to, a member of the Group);
  - (D) the nominal amount of any share capital (not being equity share capital) of any subsidiary undertaking owed otherwise than by the Company or another subsidiary undertaking;
  - (E) any fixed or minimum premium payable on final redemption or repayment of any loan capital, debentures, share capital or other moneys borrowed (or, in the case of an index-linked stock or other index-linked obligation, the highest amount that

would be repayable thereon under the provisions of the instrument constituting or regulating such stock or obligation if such stock or obligation was to be redeemed on the date on which the calculation falls to be made); and

- (F) any amount in respect of a hire purchase agreement or of a finance lease payable in either case by a member of the Group which would be shown as being so payable in a balance sheet prepared in accordance with the accounting principles used in the preparation of the Latest Accounts.
- (ii) For the purposes of this Article 126, "moneys borrowed" shall be deemed not to include the following:-
- (A) borrowings by a member of the Group before, and outstanding after, it becomes a subsidiary undertaking of the Company and amounts secured on an asset before, and remaining so secured after, it is acquired by a member of the Group until six months after the undertaking becomes a subsidiary undertaking or the asset is acquired, as the case may be;
  - (B) any guarantee or indemnity given by any member of the Group in respect of an amount or obligation deemed not to be "moneys borrowed" under the provisions of this Article 126; and
  - (C) amounts borrowed (including any fixed or minimum premium payable on repayment (or, in the case of an index-linked stock or other index-linked obligation, the highest amount that would be repayable thereon under the provisions of the instrument constituting or regulating such stock or obligation if such stock or obligation were to be redeemed on the date on which the calculation falls to be made)) for the purpose of repaying (and intended to be so applied within six

months of being first borrowed) the whole or any part of borrowings or other indebtedness of a member of the Group for the time being outstanding pending their application for such purpose within such period.

(iii) For the purposes of this Article 126:-

- (A) moneys borrowed by a partly owned subsidiary undertaking and not owing to another member of the Group shall (notwithstanding paragraph 126(d)(i) above) be taken into account subject to the exclusion of a proportion of such moneys borrowed attributable to outside interests;
- (B) moneys borrowed from and owing to a partly owned subsidiary undertaking by another member of the Group shall, subject to paragraph 126(d)(i) above and sub-paragraph (C) below, be taken into account to the extent of the proportion of such moneys borrowed attributable to the outside interests in such partly owned subsidiary undertaking; and
- (C) in the case of moneys borrowed from and owing to a partly owned subsidiary undertaking by another partly owned subsidiary undertaking, the amount which would otherwise be taken into account under sub-paragraph (B) above shall be reduced to the extent of the proportion of such amount which is attributable to the outside interests in the borrowing subsidiary undertaking.

(iv) There shall be off-set against the amount of moneys borrowed any amounts beneficially owned by a member of the Group which represent the value of Investments which would be shown as current assets in a balance sheet prepared in accordance with the accounting principles used in the preparation of the Latest Accounts, subject, in the case of Investments which are beneficially owned by a partly



owned subsidiary undertaking, to the exclusion of a proportion thereof attributable to outside interests.

- (v) For the avoidance of doubt, no amount shall be taken into account more than once in any calculation of moneys borrowed.

(e) **Conversion into sterling**

When the aggregate principal amount of borrowings required to be taken into account on any particular date is being ascertained, any particular borrowing which is then outstanding and which is denominated or repayable in a currency other than Sterling shall:-

- (i) with the exception of Excepted Foreign Currency Borrowings, be translated into sterling at the rate of exchange prevailing in London at the close of business on the last business day before that date or, if it would result in a lower figure, at the rate of exchange prevailing in London at the close of business on the last business day six months before that time and so that, for these purposes, the rate of exchange shall be taken as the spot rate in London recommended by a London clearing bank selected by the Directors as being the most appropriate rate for the purchase by the Company of the currency and amount in question for sterling at the time in question; and
- (ii) in the case of any Excepted Foreign Currency Borrowings, be translated into sterling at the rate of exchange which would be applicable to such moneys borrowed on their repayment to the extent that such rate of exchange is fixed under any exchange cover scheme in connection with such moneys borrowed, provided that, where it is not possible to determine the rate of exchange applicable at the time of repayment of such moneys borrowed, they shall be translated into sterling under the terms of the applicable exchange cover scheme on such basis as may be agreed with, or determined by, the auditors or, if it is agreed with the auditors not to be practicable, in accordance with the provisions of sub-paragraph (i) above.

(f) **Fluctuating amounts of moneys borrowed**

The Company shall not be in breach of the borrowing limit under this Article 126 by reason of the limit being exceeded as result only of any fluctuation in rates of exchange or any other matter wholly outwith the control of the Company provided that within six months of the Directors becoming aware of any such fluctuations or change which would but for this provision have caused such a breach the aggregate principal amount as aforesaid is reduced to an amount not exceeding the said limit.

(g) **Validity of borrowing arrangements**

No person dealing with the Company or any of its subsidiary undertakings in good faith shall, by reason of the foregoing provisions, be concerned to see or inquire whether the limits imposed by this Article 126 are observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or the security was given, express notice that the said limit had been or would thereby be exceeded. A certificate signed by two Directors that the amount of any moneys borrowed is within the said limits shall for the purposes of this Article 126(g) be conclusive evidence in any question between any such person and the Company.

(h) **Certification by Auditors**

A certificate or report by the Auditors as to the amount of Adjusted Capital and Reserves or as to the amount of moneys borrowed or to the effect that the limit imposed by this Article 126 has or has not been or will or will not be exceeded at any particular time or times shall be conclusive evidence of the amount or of that fact.

127. **Secretary**

The Secretary shall be appointed by the Directors on such terms and for such period as they may think fit. Any Secretary so appointed may, at any time, be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. If thought fit, two or more persons may be appointed as joint secretaries. The Directors may also

appoint, from time to time, on such terms as they may think fit, one or more deputy secretaries and assistant secretaries. Anything by the Statutes or by these Articles required or authorised to be done by or to the Secretary may, if the office is vacant or there is for any other reason no Secretary capable of acting, be done by or to any deputy or assistant secretary, or if there is no deputy or assistant secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors. Anything by the Statutes or by these Articles required or authorised to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as a Director and as, or in the place of, the Secretary.

### SEALS

#### 128. Seals

- (a) The Directors shall provide for the safe custody of the Seal and any Securities Seal and neither shall be used without the authority of the Directors or a committee duly authorised by the Directors on their behalf.
- (b) Every deed, contract, document, instrument or other writing to which the Seal shall be affixed shall (except as permitted by Article 17(a)) be subscribed on behalf of the Company by two of the Directors of the Company, or by a Director and the Secretary of the Company, or by two persons authorised to subscribe such deed, contract, document, instrument or other writing on its behalf.
- (c) The Securities Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Any such securities or documents sealed with the Securities Seal shall not require to be signed.

### EXECUTION OF DOCUMENTS

#### 129. Execution of documents

All deeds, contracts, documents, instruments or other writings not executed under Seal may be signed by a Director or by the Secretary or by some other person

appointed by the Directors or by a duly authorised committee for that purpose and that whether or not relating to heritable or real property.

### **AUTHENTICATION OF DOCUMENTS**

#### **130. Authentication of documents**

Any Director or the Secretary or any person appointed by the Directors or by a duly authorised committee for the purpose shall have power to authenticate any documents affecting the constitution of the Company, any resolutions passed by the Company or the Directors or any committee of the Directors and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts. Where any books, records, documents or accounts are elsewhere than at the Office, the officer, servant or agent of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or any class of members of the Company or of the Directors or any committee of the Directors which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes are or such extract is a true and accurate record of proceedings at a duly constituted meeting.

### **MINUTES AND BOOKS**

#### **131. Keeping of minutes and books**

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

- (i) of all appointments of officers made by the Directors;
- (ii) of the names of the Directors or their alternates and any other persons present at each meeting of Directors and of any committee formed under Article 116(a); and
- (iii) of all resolutions and proceedings at all meetings of the Company and of any class of members of the Company and of the Directors and of committees formed under Article 116(a).

Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting.

**132. Safeguarding of minutes and books**

Any register, index, minute book, book of account or other book required by these Articles or the Statutes to be kept by or on behalf of the Company may be kept either by making entries in bound books or by recording them in any other manner authorised by the Statutes. In any cases in which bound books are not used, the Directors shall take adequate precautions for guarding against falsification and for facilitating discovery of falsification.

## **DIVIDENDS**

**133. Declaration of dividends**

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, but no dividend shall be payable except out of the profits of the Company available for distribution under the provisions of the Statutes and these Articles or in excess of the amount recommended by the Directors. Neither unrealised appreciation of investments or other assets, nor realised profits arising from the sale or realisation of investments or other assets (including any surplus over the book value thereof), nor any other moneys in the nature of accretion to capital (including in particular, any sums resulting from the writing up of the book value of any asset) or any other sums representing capital profits shall be available for dividend. Subject to any priority, preference or special rights as to dividends attached by or in accordance with these Articles to any class of shares, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article 133, no amount paid on a share in advance of calls shall be treated as paid on the share.

**134. Interim dividends**

Subject to the provisions of the Statutes, the Directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Directors may also pay, at intervals settled by them, any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. If the Directors act in good faith, they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

**135. Acquired property**

Subject to the provisions of the Statutes, where any asset, business or property is bought by, transferred to or vested in the Company as from a past date (whether such a date be before or after the incorporation of the Company) the profits and losses thereof as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Directors be treated as revenue, and it shall not be obligatory to capitalise the same or any part thereof.

**136. Interest not payable**

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company, unless otherwise provided by the rights attached to the share.

**137. Permitted deductions**

The Directors may deduct from any dividend or other moneys payable to any member, whether alone or jointly with any other member, on or in respect of a share

all sums of money (if any) presently payable by him, whether alone or jointly with any other member, to the Company on account of calls or otherwise in relation to shares of the Company.

**138. Retention of dividends**

The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or other obligations in respect of which the lien exists.

**139. Waiver of dividends**

The waiver, in whole or in part, of any dividend on any share by any document shall be effective only if such document is signed by the holder (or the person entitled to the share in consequence of a transmission event) and delivered to the Company and if, or to the extent that, the same is accepted as such or acted upon by the Company.

**140. Unclaimed dividends**

Without prejudice to the operation of Article 141, all dividends or other moneys payable on, or in respect of, a share unclaimed after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. The payment by the Directors of any unclaimed dividend or other moneys payable on, or in respect of, a share into a separate account shall not constitute the Company a trustee in respect thereof.

**141. Forfeiture of unclaimed dividends**

Any dividend unclaimed after a period of twelve years from the date such dividend became due for payment shall be forfeited and shall revert to the Company.

**142. Dividends in specie**

The Company may, upon the recommendation of the Directors, by ordinary resolution direct payment of a dividend, in whole or in part, by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) to the member or person entitled thereto in consequence of a transmission event and the Directors shall give effect to such resolution. Where any difficulty

arises in regard to such distribution, the Directors may (i) settle the same as they think expedient and, in particular, may issue fractional certificates or may authorise any person to sell and transfer any fractions or disregard fractions altogether, (ii) fix the value for distribution of such specific assets or any part thereof; (iii) determine that cash payments shall be made to any members on the basis of the value so fixed in order to adjust the rights of those entitled to participate in the dividend; and (iv) vest any such specific asset in trustees as may seem expedient to the Directors. When deemed requisite, a proper contract shall be filed in accordance with the Statutes and the Directors may appoint any person to sign such contract on behalf of the persons entitled to such distribution of specific assets.

**143. Procedure for payment**

Any dividend or other moneys payable in cash on, or in respect of, a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto in consequence of a transmission event (or, if two or more persons are registered as joint holders of the share or are entitled thereto in consequence of a transmission event, to any one of such persons), or to such person and such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to, or to the order of, the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of a transmission event may in writing direct. Any such dividend or other moneys may also be paid by any bank or other funds transfer system as the Directors may consider appropriate and to or through such person as the member or the person entitled thereto in consequence of a transmission event (or, if two or more persons are registered as joint holders of the share or are entitled thereto in consequence of a transmission event, any one of such persons) may in writing direct. Payment of the cheque or warrant by the bank upon whom it is drawn or transfer of the funds by the bank instructed to make the same shall be a good discharge to the Company. Every such cheque or warrant shall be sent and every such transfer of funds shall be made at the risk of the person or persons entitled to the money represented thereby. If on two or more consecutive occasions cheques or warrants in payment of dividends or other moneys payable on, or in respect of, any share have been sent through the post in accordance with the provisions of this Article 143 but have been returned undelivered or left uncashed



during the periods for which the same are valid or if, following one such occasion, reasonable enquiries have failed to establish any new address of the registered holder, the Company need not thereafter despatch further cheques or warrants in payment of dividends or other moneys payable on or in respect of the share in question until the member or other person entitled thereto shall have communicated with the Company in respect of the share and supplied in writing to the Transfer Office an address for the purpose.

**144. Receipts where joint holders**

If two or more persons are registered as joint holders of any share or are entitled jointly to a share in consequence of a transmission event, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

**145. Scrip dividends**

Subject to approval by ordinary resolution of the Company, the Directors may, in respect of any dividend declared or proposed to be declared at any time during the period specified in such resolution (and provided that an adequate number of unissued shares is available for the purpose), determine and announce that shareholders will be entitled to elect to receive in lieu of any cash dividend (or part thereof) an allotment of additional shares credited as fully paid. Any such announcement shall, where practicable, be made prior to, or contemporaneously with, the announcement of the dividend in question and any related information as to the Company's profits for such financial period or part thereof. In any such case the following provisions shall apply:-

- (i) the basis of allotment shall be determined by the Directors so that, as nearly as may be considered convenient, the value calculated by reference to the average quotation of the additional shares (including any fractional entitlement) to be allotted in lieu of any amount of dividend shall equal such amount. For such purpose the "average quotation" of a share shall be the average of the middle market quotations of shares of the Company of the same class on the London Stock Exchange, as derived from the Daily Official List of the London Stock Exchange, on each of the first five consecutive business days on which such shares are quoted ex the relevant dividend. A

certificate or report by the Auditors as to the amount of the average trading price in respect of any dividend shall be conclusive evidence of that amount;

- (ii) the Directors shall, after determining the basis of the allotment, give notice in writing to the members of the right of election accorded to them and shall send with or following such notice forms of election specifying the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
- (iii) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable on shares in respect whereof the share election has been duly exercised ("the elected shares"), and in lieu thereof additional shares shall be allotted to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Directors shall capitalise out of such of the sums standing to the credit of reserves (including any share premium account or capital redemption reserve) or profit and loss account as the Directors may determine, a sum equal to the aggregate nominal amount of additional shares to be allotted on such basis and apply the same in paying up in full the appropriate number of unissued shares for allotment and distribution to and amongst the holders of the elected shares on such basis;
- (iv) the additional shares so allotted shall rank pari passu in all respects with the fully paid shares then in issue, save only as regards participation in the relevant dividend (or share election in lieu);
- (v) the Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or the benefit of fractional entitlements accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter into, on behalf of all the members interested, an agreement with the Company providing for such

capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned;

- (vi) notwithstanding the foregoing, the Directors may at any time prior to payment of the relevant dividend determine, if it appears to them desirable to do so because of a change in circumstances, that the dividend shall be payable wholly in cash after all and if they so determine then all elections made shall be disregarded; and
- (vii) the Directors may on occasion determine that rights of election shall not be made available to any members with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of rights of election would or might be unlawful and in such event the provisions aforesaid shall be read and construed subject to such determination.

**146. Record Date**

Notwithstanding any other provision of these Articles, but without prejudice to the rights of the holders of any shares to receive any dividend on a date or dates fixed by the terms of issue of or the rights attaching to such shares, the Company or the Directors may by resolution specify any date (the "record date") as the date at the close of business on which persons registered as the holders of shares or other securities shall be entitled to receipt of any dividend, distribution, interest, allotment, issue, notice, information, document or circular, and such record date may be on, or at any time before or after the date on which the same is paid or made or (in the case of any dividend, distribution, interest, allotment or issue) at any time before or after the same is recommended, resolved, declared or announced, but without prejudice to the rights inter se in respect of the same of transferors and transferees of any such shares or other securities.

**REVENUE RESERVES**

**147. Sums carried to reserves**

The Directors may from time to time before recommending any dividend whether preferential or otherwise set aside out of the profits of the Company (but excluding

profits required to be carried to the Capital Reserve Fund pursuant to the next following Article) and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide any such reserve into such special funds as they think fit, and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it prudent not to distribute. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions of the Statutes.

#### **CAPITAL RESERVE FUND**

**148. Capital reserve**

- (a) The Directors shall establish a special reserve to be called the "Capital Reserve Fund". All surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment off of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Directors to be in the nature of accretion to capital shall be credited to the Capital Reserve Fund. Subject to the provisions of the 1985 Act, the Directors may determine whether any amount received by the Company is to be dealt with as income or capital or partly one way and partly the other. Any loss realised on the realisation or payment off of or other dealing with any investment or other capital assets and, subject to the Statutes, any expenses, loss or liability (or provision therefor) which the Directors consider to relate to a capital item or which the Directors otherwise consider appropriate to be debited to the Capital Reserve Fund shall be carried to the debit of the Capital Reserve Fund. All sums carried and standing to the credit of the Capital Reserve Fund may be applied for any of the purposes to which sums standing to any revenue reserve are applicable except and provided that notwithstanding any other provision of these presents (but subject to paragraphs (b) and (c) of this Article) no part of the Capital Reserve Fund or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the

Company or be regarded or treated as profits of the Company available for distribution (as defined by Section 263(2) of the 1985 Act) or be applied in paying dividends on any shares in the Company.

- (b) If the Directors shall determine that the Company should cease to meet the conditions for being an investment company within the meaning of Section 266 of the 1985 Act and a notice has been given to the registrar of companies in accordance with Section 266(3) of the 1985 Act then, for such period as the Company is not an investment company and until the Directors determine that the Company should carry on business as an investment company as provided below and the Company has given notice to that effect to the registrar of companies in the prescribed form, paragraph (a) of this Article shall have effect as if the words "or be regarded or treated as profits of the Company available for distribution (as defined by Section 263(2) of the 1985 Act)" were omitted therefrom. The Directors may at any time when the Company is not an investment company within the meaning of Section 266 of the 1985 Act determine that the Company should carry on business as an investment company and, upon the date of the notice given by the Company to the registrar of companies in the prescribed form in accordance with Section 266(1) of the 1985 Act, paragraph (a) of this Article shall apply as if the said words were not omitted.
- (c) If, at any time when the Company is carrying on business as an investment company within the meaning of Section 266 of the 1985 Act, the terms of the 1985 Act cease to, or otherwise do not, require a prohibition to be contained in the Memorandum of Association, in these Articles or elsewhere, on the distribution by the Company of its capital profits in a way which would prevent such distribution by way of the redemption or purchase by the Company of its own shares, then, paragraph (a) of this Article shall have effect as if the words "or be regarded or treated as profits of the Company available for distribution (as defined by Section 263(2) of the 1985 Act)" were replaced by the words "or be regarded or treated as profits of the Company available for distribution (other than by way of redemption or purchase of any of the Company's own shares in accordance with the 1985 Act)".

## CAPITALISATION OF PROFITS AND RESERVES

### 149. Capitalisation of profits and reserves

The Company may, upon the recommendation of the Directors, by ordinary resolution and subject as hereinafter provided, resolve to capitalise any part of the undivided profits of the Company (whether or not the same are available for distribution) or any part of any sum standing to the credit of any of the Company's reserves (including share premium account and capital redemption reserve and the Capital Reserve Fund) or otherwise representing retained earnings or standing to the credit of revenue account, provided that such sum is not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend, and authorise the Directors to appropriate the profits or sum resolved to be capitalised to the ordinary shareholders in the proportions in which such profits or sum would have been divisible amongst them had the same been applied or been applicable in paying dividends on the ordinary shares and to apply such profits or sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by them respectively or in paying up in full unissued shares or debentures or other securities or obligations of the Company of a nominal amount equal to such profits or sum, such shares or debentures or other securities or obligations to be allotted and distributed credited as fully paid up to and amongst them in the proportion aforesaid or partly in one way or partly in the other: Provided that any share premium account and capital redemption reserve and any profits which are not available for distribution may only be applied hereunder in the paying up of unissued shares to be allotted as fully paid up.

### 150. Further provisions

Whenever a resolution pursuant to Article 149 shall have been passed the Directors shall make all appropriations and applications of the profits or sum resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures or other securities (if any) and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provisions as they think fit for the case of shares or debentures or other securities becoming distributable in fractions (including provisions whereby any fractional entitlements which would arise on the basis aforesaid are disregarded or the benefit thereof accrues to the

Company rather than to the members concerned) and also to authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and for matters incidental thereto and any agreement made under any such authority shall be effective and binding on all concerned.

## **ACCOUNTS**

### **151. Right to inspect accounts**

Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office or, subject to the Statutes, at such other place or places as the Directors think fit and shall always be open to the inspection of the Directors. No member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Statutes or ordered by a court of competent jurisdiction or authorised by the Directors or by an ordinary resolution of the Company.

### **152. Preparation and laying of accounts**

The Directors shall, from time to time, in compliance with the provisions of the Statutes, cause to be prepared and to be laid before a general meeting of the Company such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be required by the Statutes. In the event of any question arising as to whether any particular items are chargeable either permanently or temporarily to capital or to revenue, such question shall be determined by the Directors, whose determination shall be final and binding on all parties.

### **153. Accounts to be sent to members**

A copy of every balance sheet and profit and loss account which is to be laid before a general meeting of the Company (including every document required by law to be attached or annexed thereto) and of the Directors' and Auditors' reports shall, not less than twenty one days before the date of the meeting, be sent to every member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or of these Articles, provided that this Article 153 shall not require a copy of such documents to be sent to more than one of joint holders or to any person who is not entitled to receive notices of meetings and of whose address the Company is not

aware. Whenever a listing or quotation on any stock exchange for all or any of the shares or debentures or other securities of the Company shall for the time being be in force, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

## **AUDITORS**

### **154. Validity of acts of Auditors**

Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.

### **155. Rights of Auditors**

The Auditors shall be entitled to attend any general meeting and to receive all notices of, and other communications relating to, any general meeting which any member is entitled to receive and to be heard at any general meeting on any part of the business of the meeting which concerns them as Auditors.

## **NOTICES**

### **156. (a) Notice in writing**

Any notice to be given to or by any person pursuant to these Articles shall be in writing, except that a notice calling a meeting of the Directors or a duly appointed committee of the Directors need not be in writing.

### **(b) Method of giving notice to members**

Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address. A member who (having no registered address within the United Kingdom) has not supplied to the Company an address within the United Kingdom for the service of notices shall not be entitled to receive notices from the Company. In the case of a member registered in a branch



register, any such notice or document may be posted either in the United Kingdom or in the territory in which such branch register is maintained. Where a notice or other document is served or delivered in accordance with these Articles or sent by post, service or delivery it shall be deemed to be effected at the expiration of twenty-four hours (or where second-class mail is employed, forty-eight hours) after the time when the cover containing the same is posted and, in proving such service or delivery, it shall be sufficient to prove that such cover was properly addressed, stamped and posted. Any notice or document not sent by post but left at a registered address in the United Kingdom shall be deemed to have been served or delivered on the day it was so left.

(c) **Method of giving notice to the Company**

Save as otherwise provided in these Articles, any notice or other document required to be served on or delivered to the Company or any officer of the Company may be served or delivered by delivering the same by hand or sending it through the post in a pre-paid cover addressed to the Company or to such officer of the Company at the Office or such other place as the Company may specify.

(d) **Signature on notices**

The signature on any notice required to be given by the Company may be typed or printed or otherwise written.

157. **Notice to joint holders**

Save as otherwise provided in these Articles, in respect of joint holdings, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members and notice so given shall be sufficient notice to all the joint holders in their capacity as such. A joint holder having no registered address in the United Kingdom and not having supplied an address within the United Kingdom for the service of notices shall be disregarded.

**158. Notice to persons entitled by transmission**

A person entitled to a share in consequence of a transmission event, upon such evidence being produced as may from time to time properly be required by the Directors to show his title to the share and upon supplying an address within the United Kingdom for the service of notices, shall, save as herein otherwise expressly provided, be entitled to have served upon or delivered to him at such address any notice or document to which the member but for the transmission event would be entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Until such address has been supplied, a notice may be given in any manner in which it might have been given if the transmission event had not occurred.

**159. Untraced members**

If on three consecutive occasions notices have been sent through the post to any member at his registered address or his address for the service of notices but have been returned undelivered, or if, after any one such occasion, the Directors or any committee authorised by the Directors on their behalf are of the opinion, after the making of all reasonable enquiries, that any further notices to such member would, if sent as aforesaid, likewise be returned undelivered, such member shall not thereafter be entitled to receive notices from the Company until he shall have communicated with the Company in respect of his shares and supplied in writing to the Transfer Office a new registered address or address within the United Kingdom for the service of notices.

**160. Advertisement of notice**

Any notice required to be given by the Company to the members or any of them, and not expressly provided for by or pursuant to these Articles, shall be sufficiently given if given by advertisement inserted once in at least one leading Scottish and one leading national daily newspaper.

**161. Notices during disruption of postal services**

If at any time, by reason of the suspension or curtailment of postal services within the United Kingdom, the Company is unable effectively to convene a general

meeting by notices sent through the post, a general meeting may be convened by a notice advertised in at least one leading national newspaper published on the same date and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case, the Company shall send confirmatory copies of the notice by post if at least seven clear days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

162. (a) **Deemed Notice**

A member present in person or by proxy at any meeting of the Company or of the holders of any class of share shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

(b) **Successors in title bound by notice to predecessor**

Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the Register of Members, has been given to the person from whom he derives his title; but this Article 162(b) shall not apply to a notice given under section 212 of the 1985 Act.

163. **Record date for service**

Any notice or other document may be served or delivered by the Company by reference to the Register of Members as it stands at any time not more than fifteen days before the date of service or delivery. No change in the Register of Members after that time shall invalidate that service or delivery.

164. **Statutory requirements**

Nothing in any of Articles 156 to 163 inclusive shall affect any requirement of the Statutes that any particular offer, notice or other document be served in any particular manner.

## WINDING UP

### 165. Division of assets on winding-up

- (a) If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the Court) the Liquidator may, with the authority of an extraordinary resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property 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 authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, including the vesting of assets in the trustees of one or more unit trusts pursuant to any scheme whereby members are to receive units in consideration for the assets of the Company so vested, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.
- (b) If the Company shall be wound up and any extraordinary resolution referred to in Article 165(a) is not passed, the Directors or the Liquidator (as appropriate) may ascertain from the members whether they wish that their share of the assets be paid to them in cash or that the Liquidator retains such share in the form of investments and vests such share in trustees upon trusts for the purpose of unitisation or otherwise.

## PROVISIONS FOR EMPLOYEES

### 166. Provisions for employees

The Directors may, by resolution, exercise any power conferred by the Statutes to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiary undertakings in connection with the cessation, or the transfer to any person, of the whole, or part of, the undertaking of the Company or that subsidiary undertaking.

## INDEMNITY

### 167. Indemnity

Subject to the provisions of and so far as may be consistent with the Statutes, but without prejudice to any indemnity to which such person may otherwise be entitled, every Director, Auditor, Secretary, other officer or employee of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer, auditor or employee of the Company and in which decree or judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.