

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

SPEIRS & JEFFREY LIMITED

(Adopted by Written Resolution of the Members dated 7th November 1995)

CONSTITUTION

1. The Company is a private company within the meaning of Section 1 of the Companies Act 1985 (hereinafter referred to as "the Act") in accordance with and subject to the provisions of the Act and of the Memorandum of Association of the Company and of the regulations contained in or applied by Table A of the Schedule to the Companies (Tables A to F) Regulations 1985 (as from time to time amended) (hereinafter referred to as "Table A") which are hereby adopted with the exception of Regulations 5, 24, 29 to 31 inclusive 35, 40, 41, 50, 53, 54, 64 to 68 inclusive, 73 to 78 inclusive, 80, 81, 85 to 87 inclusive, 91, 94 and 95 and subject to the provisions of the following additional Articles in modification of Table A, so far as hereby adopted.

DEFINITIONS

2. "The London Stock Exchange" means The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited.

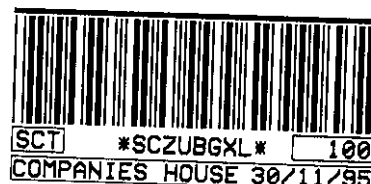
"the Rules" means the Rules and Regulations of The London Stock Exchange for the time being in force.

"SFA" means the Securities and Futures Authority Limited.

"the SFA Rules" means the Rules and Regulations of SFA for the time being in force.

References to any statute or statutory provision shall include any amendment thereof and any orders, regulations, instruments or other subordinate/

8.



/subordinate legislation made under the relevant statute or statutory provisions.

SHARE CAPITAL

3. (A) The share capital of the Company at the date of adoption of these Articles of Association is £172,000 divided into 86,000 Ordinary Shares of £1 each and 86,000 Redeemable Preference Shares of £1 each.
- (B) The Redeemable Preference Shares shall carry the rights and privileges and be subject to the restrictions set out below:-
- (i) The holders of the Redeemable Preference Shares shall not be entitled to receive Notice of or to attend or to vote at any general meeting of the Company;
 - (ii) Each holder of the Redeemable Preference Shares shall be entitled to receive an annual dividend equal to 7% of the aggregate principal amount of such shares held by him. All dividends payable in respect of the Redeemable Preference Shares shall be paid net of U.K. taxes.
 - (iii) On a return of assets on liquidation of the Company or otherwise, the holders of the Redeemable Preference Shares shall be entitled to receive, in priority to any return on any other class of shares, payment out of the surplus assets of the Company remaining after payment of its liabilities of all capital paid or credited as paid on such shares held by them respectively but shall not otherwise be entitled to any return on capital.
 - (iv) Subject always to the provisions of the Act, the Redeemable Preference Shares may be redeemed at par by the Company in whole or in part at any time by the Company giving 3 months' notice in writing to the holder(s) of such number of the Redeemable Preference Shares as the Company may at the appropriate time desire to redeem and the time and manner of such redemption. In the event of a part redemption only, the number of shares of each holder to be redeemed shall be in proportion to the respective existing holdings of such shares.
- (C) Any shareholder who was not a member at the date of the adoption of these Articles shall during the period of three years from the date on which such shareholder became a member acquire (whether by transfer or subscription) Redeemable Preference Shares such that at the end of such three year period such shareholder shall hold the number of Redeemable Preference Shares which bears the same proportion to the total number of Redeemable Preference Shares in issue as the proportion which the number of Shares held by him at such time bears to the total number of Shares in issue on that date. Each shareholder required to acquire Redeemable Preference Shares by virtue of this paragraph shall acquire approximately/

/approximately one third of the required aggregate number of Redeemable Preference Shares in each of the three years referred to above. The Directors may in their discretion waive any of the provisions of this paragraph (C).

4. No share in the Company shall be issued unless it shall have been fully paid-up or credited as fully paid up on or before allotment.
5. The Company may but shall not be bound to recognise any disclosed 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 expressed, 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 registered holders of such shares as if they were the absolute owners thereof. For the purpose of this Article "trust" includes any right in respect of any shares of the Company other than an absolute right thereto in the registered holder thereof for the time being or such other rights in case of transmission thereof as are mentioned in Table A.
6. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued (which special rights may be varied or abrogated only in the manner provided by these Articles) and subject to Article 7 hereof any share in the capital of the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Special Resolution determine.
7. Except with the previous consent in writing of all the members no shares in the capital of the Company for the time being unissued shall be issued. Subject thereto the shares in the capital of the Company for the time being unissued shall be at the disposal of the Directors, who may allot, grant options over, or otherwise dispose of them to such persons at such time and on such terms as they think proper, but so that no shares shall be issued at a discount except in accordance with the Act.

PURCHASE OF SHARES

8. The Company may, subject to the provisions of the Act and with the prior sanction of a special resolution, purchase its own shares (including any redeemable shares). Otherwise, except to the extent permitted by the Act, no part of the funds of the Company shall be employed in the subscription for or purchase of or in loans upon the security of shares in the Company. The Company shall not (except as authorised by the Act) directly or indirectly give any financial assistance for the purpose of or in connection with a subscription for or/

/or purchase of such shares.

TRANSFER OF SHARES

9. The following provisions shall apply to the transfer of Shares in the Company:-

(A) No holder of Shares shall transfer all or any of such Shares to any person other than a member of the Company and in the event of any holder of Shares ceasing to be a Director or in the event of the death of any such shareholder the following provisions shall apply:-

(1) Within 30 days of the confirmation of the executor or personal representative of a deceased shareholder and within thirty days of the occurrence of any other event mentioned above the Shares held by such shareholder shall in the first instance be offered by the shareholder or, in the case of a deceased shareholder, by his executor or personal representative to all the members and so that in the case of competition the Shares so offered shall be sold to the members accepting the offer in proportion (as nearly as may be and without increasing the number sold to any member beyond the number applied for by him) to their existing holdings of Shares, and, if and to the extent to which the members shall not accept such offer, such Shares shall be dealt with as provided by sub-paragraph (4) of this paragraph.

(2) Any offer under sub-paragraph (1) of this paragraph shall be in writing specifying the price of the Shares described therein and, if and in so far as accepted, shall be accepted in respect of the price so specified adjusted by the Company's Auditors in the manner set out below within two months of its being served by notice in writing to the Company stating how many Shares the member making such acceptance desires to take and, if not so accepted, shall be deemed to have been refused. The price so specified shall be an amount equal to that proportion of the net assets of the Company (but excluding any provision for goodwill) shown in the latest audited balance sheet of the Company as is the proportion which the number of such Shares bears to the total number of issued Shares of the Company. As soon as practicable after an offer has been served on the Company the price so specified shall be adjusted by the Company's Auditors to take into account any adjustments in the net assets of the Company in the period since the latest audited balance sheet. The fees and expenses of such Auditors in connection with determining such adjustment shall in the case of a voluntary offer be borne by the offering shareholder and in any other case as to one-half by the offering shareholder and as to the other half by the purchasers (including the Company) in proportion/

/proportion to the number of Shares purchased by them.

- (3) If and to the extent to which any offer is accepted, the member in respect of whose Shares the offer is made shall be bound upon demand to transfer the Shares accepted and the member accepting the offer shall be bound upon demand to pay for the Shares so accepted such sum as shall be specified in the offer.
- (4) Any Shares which under the provisions of sub-paragraph (1) of this paragraph (A) are to be dealt with under this sub-paragraph shall be dealt with as follows :-
 - (a) such Shares shall be offered to the Company which may, subject to the Act, purchase such Shares, and if and to the extent to which the Company shall not accept such offer, such Shares may be offered to any person;
 - (b) the provisions of sub-paragraph (2) of this paragraph (A) shall apply to any offer made under (a) above save that, if and in so far as accepted, such offer shall be accepted within three months of its being served on the Company or such other person, as the case may be, and in the case of any offer made to a person other than the Company such offer may specify any price in respect of the Shares described therein and the price so specified shall not be subject to adjustment by the Company's Auditors.
- (B) The members may, if they all think fit, agree in writing to waive the provisions of this Article or any of them in any particular case.
- (C) if in any case a proposing transferor, after having become bound in terms of this Article, makes default in transferring the Shares, the Company may receive the purchase money and the Directors shall nominate some person to execute an instrument or instruments of transfer of the Shares in the name of and on behalf of the proposing transferor and thereafter when such instrument or instruments have been duly stamped the Company shall cause the name of the purchasing member or members to be entered in the Register as the holder or holders of the Shares and shall hold the purchase money in trust for the proposing transferor. The receipt of the Company for the purchase money shall be a good discharge to the purchasing member or members and after his or their names have been entered in the Register of Members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person.
- (D) The provisions of sub-paragraphs (1) to (4) of paragraph (A) shall apply to any Shares registered in the name of or in respect of which there is a note of confirmation as executors or personal representatives/

/representatives of a deceased person or such other evidence of authority as the Directors may require.

- (E) The Directors shall refuse to register any transfer made in breach of this Article and may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any Share whether or not it is a fully paid Share except for any Share transferred pursuant to the provisions of this Article but subject in the case of a transfer of any Share on behalf of a deceased person to the Directors being fully satisfied as to the title of the person purporting to make such transfer.

TRANSMISSION OF SHARES

10. If a member dies the survivor or survivors, where he was a joint holder, and his personal representatives, where he was a sole holder or the only survivor of joint holders, shall be the only person recognised by the Company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any Share which had been jointly held by him.
11. On the death of any member of the Company the person or one of the persons (if any) named in his will as executor or, failing any such person or any such person surviving such member, the person prima facie best entitled to a grant of administration or confirmation to his estate shall, pending the grant of Confirmation, Probate or Letters of Administration, on making and delivering to the Company a statutory declaration pursuant to the Statutory Declarations Act 1835 setting out the facts which would entitle him to become the deceased member's personal representative and stating his intention to apply for a grant and on production of a certificate of the deceased member's death, be entitled to receive notice of and to attend all general meetings of the Company and to vote on all resolutions in respect of the Shares held by the deceased member at the date of his death and to exercise all other rights which were vested in such deceased member in right of such Shares or which would have been vested in his personal representative if a grant had then been made, except the right to transfer any Share or by notice or otherwise to elect to be himself registered as a shareholder, but including the right to participate in the name and on behalf of the estate of such deceased member in an offer of Shares pursuant to Article 10 or in an issue of further Shares.

PROCEEDINGS AT GENERAL MEETINGS

12. No business shall be transacted at any general meeting or any adjourned general meeting unless a quorum is present when the meeting proceeds to business. A quorum shall be two members present in person or, in the case of a body corporate by its duly appointed representative, or by proxy.
13. If a quorum is not present within half an hour from the time appointed for/

/for the meeting, or if during the meeting such a quorum ceases to be present, the meeting shall be dissolved.

14. 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 meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the members concerned.

VOTES OF MEMBERS

15. At any general meeting of the Company every person who is present whether as a member of the Company or as representatives or proxy shall have one vote on a show of hands and upon a poll every member present in person or by his representative or by proxy shall have one vote for each Share of which he is the holder.

DIRECTORS

16. The number of Directors shall be not less than two.
17. (A) A Director shall not require any Share qualification but nevertheless shall be entitled to receive notice of and to attend and speak at any general meeting of the Company.

(B) The last two sentences of regulation 79 of Table A shall not apply.

ALTERNATE DIRECTORS

18. Any Director (other than an alternate Director) may, by an instrument in writing under his hand which shall be delivered to and retained by the Company, at any time appoint any person approved by all the other Directors (whose approval shall not be unreasonably withheld), including another Director, to be an alternate Director of the Company. The Director appointing him may at any time by an instrument in writing signed and delivered as aforesaid revoke the appointment of an alternate Director. An alternate Director so appointed shall not be entitled to receive any remuneration from the Company, but shall otherwise be subject to the provisions of these presents with regard to Directors. An alternate Director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served upon him) be entitled to receive notices of all meetings of the Board and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in the absence of such appointer, including the signing of any resolution pursuant to Regulation 93 of Table A. Any person who is appointed as alternate Director shall be entitled at meetings of the Directors to one vote for each Director by whom he is appointed in addition, if he is himself a Director, to his own/

/own vote. An alternate Director shall ipso facto cease to be an alternate Director if his appointer ceases for any reason to be a Director. An instrument appointing an alternate Director shall be in or as nearly as may be in the following form and need not be attested:-

I, _____, being a
Director of SPEIRS & JEFFREY LIMITED ("the Company") in pursuance of
the power in that behalf contained in Article 19 of the Articles of
Association of the Company, hereby appoint _____ of
whom failing _____ of
whom failing _____ of
as my alternate Director.

Signed this _____ day of _____ 199

(Signature)

BORROWING POWERS

19. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and with or without security and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

POWERS AND DUTIES OF DIRECTORS

20. In regulation 70 of Table A the first sentence shall be deleted and the following two sentences substituted therefor:-

Subject to the provisions of the Act, the Memorandum of Association and these Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company, Provided that the business of the Company shall at all times be so managed as to comply with the Rules and the SFA Rules. In the event of any conflict between the provisions of this Article and those of any other Article, the provisions of this Article shall prevail.

21. No Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise or holding any office (except that of auditor) under or being employed by the Company nor shall any such contract, office, or employment or any contract or arrangement entered into by or on behalf of the Company with any company or partnership of or in which any Director shall be a member or otherwise interested or any other matter in which any Director shall have any interest, including but not limited to any proposal concerning any insurance which the Company is empowered to purchase or maintain for/

/for or for the benefit of the Directors or any of them or any group of persons which includes the Directors or any of them, be affected or avoided or voidable by reason of his holding that office or of the fiduciary relationship thereby established and any Director so contracting, holding office or being employed or being so interested shall be counted in the quorum present at any meeting of the Directors and shall be entitled to deliberate and vote in respect of any such contact, office, employment, arrangement or matter, but the nature of his interest must be disclosed in manner provided by Section 317 of the Act.

22. Without prejudice to the provisions of Article 28, the Directors shall have the 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 holding company or of any subsidiary undertaking of the Company or of such holding company, or who are or were at any time trustees of any pension or retirement benefit scheme for the benefit of any employees or ex-employees of the Company or of any holding company or subsidiary undertaking, 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 or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in connection with their duties, powers or offices in relation to the Company or any such holding company or subsidiary undertaking or pension or retirement benefit scheme.
23. (A) The Directors may establish or concur or join with other companies (being subsidiary companies or parent companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the next following sub-Article shall include any Director who may hold or have held any executive office or other office or place of profit, or have been appointed to exercise special powers or authorities) and ex-employees of the Company and of any such other companies and their dependants, or any class or classes of such persons.
- (B) The Directors may pay, enter into agreements to pay or make grants (revocable or irrevocable and either subject or not subject to any terms or conditions) of pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding sub-Article. Any such pension or benefit may, as the Directors consider desirable, be granted to an employee either before and in anticipation of, or upon/

/upon or at any time after, his actual retirement.

DISQUALIFICATION OF DIRECTORS

24. No person may be appointed a Director if at the time of his appointment he has attained the age of 65 years and each Director shall vacate his office at the conclusion of the annual general meeting held next after he attains the age of 65 years; provided always that, with the approval a majority of the Directors, the age restrictions contained in this Article may be waived and any such person attaining the age of 65 years may be appointed or continue as a Director for such period, subject to the Act, as the Board of Directors may agree, but in no event beyond such time as the Director would attain the age of 75 years.
25. The office of a Director shall ipso facto be vacated in any of the following events, namely:-
 - (a) If he becomes prohibited by law from acting as a Director.
 - (b) If he becomes bankrupt or insolvent or makes any arrangement or composition with his creditors.
 - (c) If he is found lunatic or becomes of unsound mind.
 - (d) If the London Stock Exchange or SFA shall at any time withdraw their approval of his appointment as a Director.

PROCEEDINGS OF DIRECTORS

26. Regulation 88 of Table A shall be modified by adding at the end of the second sentence thereof the words "on not less than seven days written notice".
27. A meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretions for the time being vested in the Directors by or under the Articles of Association of the Company.

INDEMNITY

28. Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any/

