

27-06-95

BARRHEAD SANITARY WARE plc ("the Company")  
(Registered Number 138807)

THE COMPANIES ACTS 1985 and 1989

RESOLUTIONS

1. At the Annual General Meeting of the Company duly convened and held at 15/17 Nasmyth Road South, Hillington, Glasgow on 20th June, 1995 at 7.30 p.m. the following resolution was duly passed as a Special Resolution of the Company:-

"THAT subject to the passing of Extraordinary Resolutions by (i) the holders of Ordinary Voting Shares of £1 each in the capital of the Company, (ii) the holders of Ordinary Non-Voting Shares of £1 each in the capital of the Company, and (iii) the holders of Redeemable Preference Shares of £1 each in the capital of the Company in each case consenting to the passing and implementation of this resolution, the regulations set forth in the typewritten document entitled "New Articles of Association" produced to this meeting and for the purpose of identification signed by the Chairman hereof be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing articles thereof."

2. At a Separate Class Meeting of the holders of Ordinary Voting Shares of £1 in the capital of the Company duly convened and held at 15/17 Nasmyth Road South, Hillington, Glasgow on 20th June, 1995 at 7.45 p.m. the following resolution was duly passed as an Extraordinary Resolution of the holders of Ordinary Voting Shares of £1 in the capital of the Company:-

"That this separate Class Meeting of the holders of Ordinary Voting Shares of £1 in the capital of the Company hereby approves and sanctions the passing of the Special Resolution contained in the Notice of Annual General Meeting dated 26th May, 1995 (a copy of which has been sent to the holders of the Ordinary Voting Shares together with the Notice convening this Meeting) and consents for the purpose of Article 6 of the Company's Articles of Association to the alteration, modification or abrogation of all or any of the special rights or privileges attaching to the Ordinary Voting Shares to be effected thereby or involved therein."

3. At a Separate Class Meeting of the holders of Ordinary Non-Voting Shares of £1 in the capital of the Company duly convened and held at 15/17 Nasmyth Road South, Hillington, Glasgow on 20th June, 1995 at 7.55 p.m. the following resolution was duly passed as an Extraordinary Resolution of the holders of Ordinary Non-Voting Shares of £1 in the



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Capital of the Company:-

"That this separate Class Meeting of the holders of Ordinary Non-Voting Shares of £1 in the capital of the Company hereby approves and sanctions the passing of the Special Resolution contained in the Notice of Annual General Meeting dated 26th May, 1995 (a copy of which has been sent to the holders of the Ordinary Non-Voting Shares together with the Notice convening this Meeting) and consents for the purpose of Article 6 of the Company's Articles of Association to the alteration, modification or abrogation of all or any of the special rights or privileges attaching to the Ordinary Non-Voting Shares to be effected thereby or involved therein."

4. At a Separate Class Meeting of the holders of Redeemable Preference Shares of £1 in the capital of the Company duly convened and held at 15/17 Nasmyth Road South, Hillington, Glasgow on 20th June, 1995 at 8.05 p.m. the following resolution was duly passed as an Extraordinary Resolution of the holders of Redeemable Preference Shares of £1 in the capital of the Company:-

"That this separate Class Meeting of the holders of Redeemable Preference Shares of £1 in the capital of the Company hereby approves and sanctions the passing of the Special Resolution contained in the Notice of Annual General Meeting dated 26th May, 1995 (a copy of which has been sent to the holders of the Redeemable Preference Shares together with the Notice convening the Meeting) and consents for the purpose of Article 6 of the Company's Articles of Association to the alteration, modification or abrogation of all or any of the special rights or privileges attaching to the Redeemable Preference Shares to be effected thereby or involved therein."

*James Murray*  
.....  
Secretary

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This is the document referred to in the Special Resolution  
of the Annual General Meeting of the Company.

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THE COMPANIES ACTS 1985 AND 1989  
PUBLIC  
COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF  
BARRHEAD SANITARY WARE PLC  
(adopted on the 20th day of June 1995)

Bryan Gray.

138807

1. Unless the context otherwise requires, words or expressions contained in the Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when the Articles become binding on the Company. The Regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 (hereinafter called "Table A") shall apply to this Company save in so far as they are varied or excluded by or are inconsistent with these Articles. References herein to Regulations are to regulations in Table A unless otherwise stated.

2. In these Articles unless the context otherwise requires:

"the Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force.

"Baxi" means Baxi Partnership Limited and any of its wholly owned subsidiaries from time to time.

"Employee Shareholder" means any employee of the Company, full time or part time, who holds shares in the capital of the Company.

"Transfer Event" means (a) an Employee Shareholder ceasing to be an employee of the Company; or (b) an Employee Shareholder dying; or (c) an Employee Shareholder being sequestrated or making any composition or arrangement with his creditors; or (d) an Employee Shareholder desiring to transfer any of the Voting Shares registered in his name to the Trust and having served upon the Company and the Trust a transfer notice.

"Transfer Notice" means a notice in writing served upon the Company and the Trust by an Employee Shareholder stating that a Transfer Event has occurred,



giving details thereof and specifying the number of the Voting Shares proposed to be sold to the Trust.

"the Trust" means the Barrhead Sanitary Ware Employee Benefit Trust constituted by a Deed of Trust dated Second of December 1994 between the Company and the Trustee(s), as such Deed of Trust may from time to time be amended in accordance with the terms thereof.

"the Trustee(s)" means the Trustee(s) from time to time of the Trust.

"Trustee(s) valuation" means the valuation of each of the Voting Shares in the capital of the Company in issue as at February and August in each year, conducted for the Trustee(s) by the auditors of the Company as at each such date or as near to such date or dates as may be practicable and "valuation dates" shall be construed accordingly.

"valuation notification" means the publication by the Directors of the Company of the Trustee(s) valuation as soon as reasonably practicable after being advised of the same by the Trustee(s).

### 3. Allotment of Shares

The Directors are authorised generally for the purpose of section 80 of the Act to allot and issue such number of relevant securities and on such terms and conditions that they may in their discretion think fit subject always to the following conditions and other provisions of the Articles (a) the maximum amount of relevant securities to be allotted in pursuance of this authority shall be equal to the aggregate nominal amount of the unissued shares of the relevant class in the capital of the Company at the date hereof; and (b) this authority shall expire unless sooner revoked or altered by the Company in General meeting on the expiry of the period of five years from the date of adoption of these Articles provided that the Directors of the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. The authority hereby given may at any time (subject to the said section 80) be

renewed, revoked or varied by Ordinary Resolution of the Company in General Meeting.

4. Section 89(1) of the Act shall not apply to any allotment of shares in the Company made in accordance with the authority given under article 3.
5. The Share Capital of the Company is £3,000,000 divided into 500,000 Ordinary Voting Shares of £1 each ("the Voting Shares"); 1,500,000 Ordinary Non-Voting Shares of £1 each ("the Non-Voting Shares"); and 1,000,000 Redeemable Preference Shares of £1 each (the "Preference Shares"). The Voting Shares, the Non-Voting Shares and the Preference Shares shall each have the respective rights as provided below.
6. Only employees of the Company, the Trustee(s) or Baxi may hold Voting Shares in the Company.
7. The rights attaching to the respective classes of shares are as follows:

(1) Income

The profits of the Company available for distribution in each financial year shall be applied as follows:

- (a) Firstly, in paying to the holders of the Preference Shares a cumulative preferential net of tax dividend of 7.5 pence per annum per share (the "Preference Dividend") to be payable half yearly on 30th April and 31st October in each year ranking in priority to any dividend paid on any other class of shares in the capital of the Company, the first payment to be payable on 31st October 1994 in respect of the period from the date of allotment of the Preference Shares to 31st October 1994.
- (b) Secondly, in paying to the holders of the Voting Shares and the holders of the Non-Voting Shares a dividend ("the Ordinary Dividend").

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(c) No Ordinary Dividend shall be recommended by the Directors or declared or paid unless and until:

(i) Any Preference Dividend due in respect of that or any previous financial year has been paid in full.

(ii) All Preference Shares due for redemption have been redeemed.

(2) Capital

On a return of assets in liquidation or capital reduction or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied as follows:

(a) first in paying to the holders of the Preference Shares £1 per share together with a sum equal to any arrears, deficiency or accruals of the Preference Dividend (such arrears to be calculated down to the date of the return of capital on the basis that such dividends are payable irrespective of whether they have been declared or not).

(b) the balance of such assets shall be distributed equally amongst the holders of the Voting Shares and the holders of the Non-Voting Shares in proportion to the number of shares held by them and pro rata to the capital paid up thereon.

(3) Redemption

(a) Subject to the provisions of the Act and every other Act for the time being in force affecting companies and the Company, the Preference Shares shall be redeemed automatically at par in the numbers of shares on the dates set out below (and so that for this purpose if there is at the date of redemption more than one holder of Preference Shares, the redemption shall take place amongst the shares held by them in proportion to their holdings of such shares, any fractions to be determined by lot supervised by the Directors):

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<u>Redemption Date</u>	<u>No of Shares Redeemable</u>	<u>Total Redemption Price (£)</u>
31 January 1998	81,250	81,250
31 July 1998	81,250	81,250
31 January 1999	81,250	81,250
31 July 1999	56,250	56,250

- (b) If on any such date referred to in (a) above the Company cannot comply with the provisions of the Act relating to redemption, the Preference Shares due to be redeemed on that date shall be redeemed on such later date as the Company shall first be able so to comply. The dividend on each Preference Share shall cease to accrue from the date of its redemption unless, upon delivery of the certificate, payment of the redemption monies is not so made;
- (c) Together with the payment on redemption under (a) or (b) above there shall be paid a sum equal to all arrears and accruals of dividend thereon calculated down to the date of redemption whether such dividend has been earned or declared or not. The dividend thereon shall cease to accrue from the date of redemption unless, upon delivery of the certificate, payment of the redemption monies is not so made;
- (d) The Preference Shares to be redeemed in accordance with the foregoing provisions shall be redeemed by the Company at the registered office of the Company.
- (e) At each of the times specified in sub-clauses (a) and (b) above and at the place specified in sub-clause (d) above each registered holder of the Preference Shares shall be bound to surrender to the Company the certificate for the shares which are to be redeemed in order that the same may be cancelled, but upon such surrender the Company shall pay to him the amount payable in respect of such redemption provided that if any certificate so surrendered to

the Company includes any shares not redeemed on the occasion on which it is to be so surrendered a fresh certificate for the balance of the shares not redeemed on that occasion shall be issued to the holder surrendering such certificate to the Company.

(4) Voting

(A) Subject to the special rights and restrictions as to voting attached to the holders of Non-Voting Shares by or in accordance with these Articles on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative or proxy not being himself a member, shall have one vote, and on a poll every member who is present in person or by proxy or (being a corporation) is present by a representative shall have one vote for every one pound in nominal amount of shares of which he is the holder PROVIDED THAT the Preference Shares shall entitle the holders thereof to receive notice of all General Meetings but not to attend thereat or vote thereat unless at the date of notice or requisition to convene the meeting either:

- (a) the Company shall have failed to redeem any of the Preference Shares on the due dates of redemption in respect thereof; or
- (b) any dividend on the Preference Shares or any part thereof is more than one month late in payment (and so that for this purpose such dividends shall be payable on the dates specified in this Article); or

in which event such holders shall be entitled at that meeting to vote on all matters;

- (c) the business of the Meeting includes the consideration of a resolution for winding up of the Company or to reduce its share capital or to re-purchase any of its shares; or
- (d) the business of the Meeting includes the consideration of a Resolution which, if passed, would abrogate or adversely vary or



affect any of the rights attaching to the Preference Shares

in which event such holders shall only be entitled to vote on such resolution only.

(B) The holders of the Non-Voting Shares have no rights to vote other than in relation to the declaration of an Ordinary Dividend recommended by the Directors or in the event of a winding up or proposed winding up or in the variation of their class rights.

8. Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the holders of a 75% majority of the issued shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of that class. To every such separate meeting all the provisions of these Articles relating to General Meetings of the Company or to the proceedings thereat shall, mutatis mutandis, apply, the holders of shares of such class shall, on a poll, have one vote in respect of every share of that class held by them respectively.
9. The lien conferred by Regulation 8 shall also attach to fully paid shares and the Company shall have a first and paramount lien on every share (whether or not fully paid) registered in the name of any person, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company; and Regulation 8 shall be modified accordingly.
10. The directors 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. Regulation 24 shall not apply to the Company.
11. (1) On the occurrence of a Transfer Event an Employee Shareholder shall within fourteen days of a Transfer Event (and in the event of his or her failure, the Directors shall appoint some person to serve a Transfer Notice

on such Employee Member's behalf) serve notice on the Trustee(s) and the Directors in the form from time to time prescribed by the Directors requiring the Trustee(s) to acquire from him or her his or her Voting Shares at the price ruling at the last Trustee Valuation before the Transfer Event and to register the transfer of such Voting Shares within forty two days of receipt by the Trustee(s) of a Stock Transfer Form duly executed in their favour (provided that payment of the price for the said shares has been made by the Trustee(s)).

- (2) If in any case an Employee Member after having become bound as aforesaid defaults in transferring his or her Voting Shares, the Company may receive the purchase money on his or her behalf and may authorise some person to execute the transfer of those Voting Shares in favour of the Trustee(s) who shall thereupon be registered as the holders thereof. The receipt of the Company for the purchase money shall be a good discharge to the Trustee(s). Any purchase monies so held shall be without obligation to earn interest.

12. Save as provided in Article 11 the Voting Shares shall not be transferable provided that any transfer of Voting Shares may at any time be made by or to either of Baxi or the Trustee(s).
13. The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.
14. If within half an hour from the time appointed for a general meeting, a quorum is not present or, if during a meeting a quorum ceases to be present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the directors may determine. If a quorum is not present at any such adjourned meeting within half an hour from the time appointed for that meeting, the meeting shall be dissolved. Regulation 41 shall not apply to the Company.

15. A poll may be demanded at any general meeting by any member present in person or by proxy and entitled to vote. Regulation 46 shall be modified accordingly.
16. Unless and until otherwise determined by the Company in General Meeting the number of Directors shall be not less than one. Regulation 64 of Table A shall not apply. A sole Director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Clause 89 in Table A shall be modified accordingly.
17. The directors shall not be subject to retirement by rotation and accordingly:-
  - (1) Regulations 73 to 77 inclusive, the last two sentences of Regulation 79, Regulation 80 and the last sentence of Regulation 84 shall not apply to the Company; and
  - (2) Regulation 78 shall apply but with the deletion of the words "subject as aforesaid" and of the words "and may also determine the rotation in which any additional directors are to retire".
18. An alternate director who is himself a director and/or who acts as an alternate director for more than one director shall be entitled, in the absence of his appointor(s), to a separate vote or votes on behalf of his appointor(s) in addition (if he is himself a director) to his own vote. Regulation 88 shall be modified accordingly.
19. A director who declares his interest therein in manner provided by the Act and these Articles may vote as a director in regard to any contract or arrangement in which he is interested or upon any matter arising thereout, and if he shall so vote his vote shall be counted, and he shall be counted in the quorum when any such contract or arrangement is under consideration. Regulations 94 to 96 inclusive shall not apply to the Company.
20. No person shall be disqualified from becoming a Director by reason of his attaining or having attained the age of 70 or any other age.
21. A member or members holding a majority in nominal value of the issued Voting Share capital for the time being in the Company shall have power from time to

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time and at any time to appoint any person as a director or directors either as an additional director or to fill any vacancy and to remove from office any director howsoever appointed. Any such appointment or removal shall be effected by an instrument in writing signed by the member or members making the same, or in the case of a member being a company signed by one of its directors on its behalf, and shall take effect upon lodgement at the registered office of the Company or such later date as may be specified in the instrument.

22. A meeting of the Board of Directors may, subject to notice thereof having been given to all Directors, be for all purposes deemed to be held when a Director is or Directors are in communication by telephone or audio visual communications media with another Director or other Directors and all of the said Directors agree to treat the meeting as so held, provided always that the number of the said Directors participating in such communication constitutes a quorum of the Board. A Resolution made by a majority of the said Directors in pursuance of this Article shall be as valid as it would have been if made by them at an actual meeting duly convened and held.