

109799

THE COMPANIES ACTS 1985 to 1989
PUBLIC COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION

of

TERRACE HILL GROUP PLC



1. The name of the Company is Terrace Hill Group PLC*
2. The Company is to be a public company.
3. The Company's registered office is to be situated in Scotland
4. The objects for which the Company is established are:-
 - (A) To carry on in Scotland and elsewhere all or any of the businesses of a Holding and Financial Services Company in all its branches; to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit; generally to hold, manage, develop, lease, sell or dispose of the same and to vary any of the investments of the Company; to invest the monies of the Company on the security or in the acquisition of real and personal property of any kind; to act as trustees of any deeds constituting or securing and debentures, debentures stock or other securities or obligations; to enter into, assist or participate in financial, commercial, mercantile, industrial and other transactions, undertakings and businesses of every description and to establish, carry on, develop and extend the same or sell, dispose of or otherwise turn the same to account and to co-ordinate the policy and administration of any companies of which this Company is a member and which are in any manner controlled by or connected with this Company: capitalists, trustees, financiers, investors, company promoters, insurance brokers and agents, mortgage brokers, management consultants, steel stockbrokers, stock and share brokers and dealers, commission and general agents; to develop and turn to account any land or other property acquired by the Company or in which it may be interested and in particular by building on, altering, demolishing, maintaining, fitting up and improving buildings and other premises on building lease or building agreement.

* By special resolution dated 29 September 1994, the name of the Company was changed from "Park Circus Limited" to "Neill Clerk Group Limited".

By special resolution dated 26th October 1994, the name of the Company was changed to "Neill Clerk Group PLC".

By special resolution dated 30 November 1998, the name of the Company was changed to "Property & Capital Group PLC".

By special resolution dated 25 May 2000, the name of the Company was changed to "CapitalTech plc".

By special resolution dated 19 September 2002, the name of the Company was changed to "Terrace Hill Group PLC".

- (B) To carry on any other trade or business which may seem to the Company capable of being conveniently carried on in connection with the objects specified in Sub-Clause (A) hereof or calculated directly or indirectly to enhance the value of or render profitable any of the property or rights of the Company.
- (C) To purchase, take on lease or in exchange, hire or otherwise acquire and hold for any estate or interest any lands, buildings, easements, rights, privileges, concessions, patents, patent rights, licences, secret processes, machinery, plant, stock-in-trade and any real or personal property of any kind necessary or convenient for the purposes of or in connection with the Company's business or any branch or department thereof.
- (D) To borrow or raise or secure the payment of money in such manner as the Company shall think fit for the purpose of or in connection with the Company's business, and for the purposes of or in connection with the borrowing or raising of money by the Company to become a member of any building society.
- (E) For the purposes of or in connection with the business of the Company to mortgage and charge the undertaking and all or any of the real and personal property and assets, present and future, and all or any of the uncalled capital for the time being of the Company, and to issue at par or at a premium or discount and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, debentures or debenture stock, either permanent or redeemable or repayable, and collaterally or further to secure any securities of the Company by a trust deed or other assurance. To issue and deposit any securities which the Company has power to issue by way of mortgage to secure any sum less than the nominal amount of such securities and also by way of security for the performance of any contracts or obligations of the Company or of its customers or other persons or corporations having dealings with the Company, or in whose businesses or undertakings the Company is interested, whether directly or indirectly.
- (F) To give indemnity for, or to guarantee, support or secure the performance of all or any of the obligations of any person or company whether by personal covenant or by mortgage, charge or lien on the whole or any part of the undertaking, property and assets of the Company both present and future including its uncalled capital or by all or any of such methods; and in particular, but without limiting the generality of the foregoing, to give indemnity for, or to guarantee, support or secure whether by personal covenant or by any such mortgage, charge, or lien, or by all or any of such methods, the performance of all or any of the obligations (including the repayment or payment of the principal and premium of and interest on, any securities) of any company which is for the time being the Company's Holding or Subsidiary Company as defined by Section 736 of the Companies Act 1985 or otherwise associated with the Company in business.
- (G) To receive money on deposit or loan upon such terms as the Company may approve and to guarantee the obligations and contracts of any person or corporation.
- (H) To apply for, purchase or otherwise acquire and hold, use, develop, sell, licence or otherwise dispose of or deal with patents, copyrights, designs, trade marks, brevets d'invention and concessions and the like and any interest therein.
- (I) To draw, make, accept, endorse, negotiate, discount and execute promissory notes, bills of exchange and other negotiable instruments.

- (J) To invest and deal with the monies of the Company not immediately required for the purposes of its business or securities in or upon such investments, and in such manner as may from time to time be determined.
- (K) To form, promote, finance or assist any other company whether for the purpose of acquiring all or any of the undertaking, property and assets of the company or for any other purpose which may be considered expedient.
- (L) To sell, improve, manage, develop, turn to account, exchange, let on rent, grant royalty, share of profits or otherwise, grant licences, easements and other rights in or over and in any other manner deal with or dispose of the undertakings and all or any of the property and assets for the time being of the Company for such consideration as the Company may think fit.
- (M) To subscribe for, purchase or otherwise acquire and hold shares, stock, debentures or other securities of any other company.
- (N) To establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation or funds for the benefit of, and to give or procure the giving of donations, gratuities, pensions allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is for the time being the Company's Holding or Subsidiary Company as defined by Section 736 of the Companies Act 1985, or otherwise associated with the Company in business or who are or were at anytime Directors or officers of the Company or of any such other company as aforesaid, and the wives, widows, families and dependants of any such persons, and also to establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or any such other Company as aforesaid, or of any such persons as aforesaid, and to make payments for or towards the insurance of any such person as aforesaid, and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful objects and to do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.
- (O) To pay for any property or rights acquired by the Company, either in cash or fully or partly paid-up shares, with or without preferred or deferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise, or by any securities which the Company has power to issue, or partly in one mode and partly in another, and generally on such terms as the Company may determine.
- (P) To accept payment for any property or rights sole or otherwise disposed of or dealt with by the Company, either in cash, by instalments or otherwise, or in fully or partly paid-up shares of any company or corporation, with or without deferred or preferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise, or in debentures or mortgage debentures or debenture stock, mortgages or other securities of any company or corporation of partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold, dispose of or otherwise deal with any shares, stock or securities so acquired.
- (Q) To enter into any partnership or arrangement for sharing profits, union of interests, reciprocal concession or co-operation with any company, firm or person carrying on or proposing to carry on any business within the objects of this Company or which is capable of being carried on so as directly or indirectly to benefit this Company, and to acquire and hold, sell, deal with or dispose of any shares, stock or securities of or other interests in any such company and to guarantee the contracts or liabilities of, subsidise or otherwise assist, any such company.

- (R) To acquire, purchase, take over and undertake part or all of the business, property, assets and liabilities and transactions of any firm, person or company carrying on any business which this Company is authorised to carry on or which can be carried on in conjunction therewith or is capable of being conducted so as directly or indirectly to benefit the Company or to advance its interest generally.
- (S) To distribute among the members in specie any property of the Company or any proceeds of sale or disposal of any property of the Company but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
- (T) Subject to and in accordance with a due compliance with the provisions of Sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable) to give, whether directly or indirectly, any kind of financial assistance (as defined in Section 152 (1) (a) of the Act) for any such purpose as is specified in Section 151(1) and/or Section 151(2) of the Act.
- (U) To do all or any of the above things in any part of the world either alone or in conjunction with others and either as principals, agents, contractors, trustees or otherwise and either by or through agents, contractors, trustees or otherwise.

And it is hereby declared that, save as otherwise expressly provided, each of the paragraphs of this Clause shall be regarded as specifying separate and independent objects and accordingly shall not be in any ways limited by reference to or inference from any other paragraph or the name of the Company and the provisions of each such paragraph shall, save as aforesaid, be carried out in as full and ample a manner and construed in as wide a sense as if each of the paragraphs defined the objects of a separate and distinct company.

5. The liability of the members is limited.
6. The authorised share capital of the Company is £5,860,000 divided into 250,000,000 shares of 2p each, 200,000 Cumulative 8% Redeemable Preference Shares of £1 each and 3,300,000 Convertible Shares of 20p each**

** By special resolution dated 25 May 2000 the authorised share capital of the Company was increased from £5,200,000 to £5,860,000 by the creation of 3,300,000 Convertible Shares of 20p each.

By ordinary resolution dated 10 March 2000, the authorised share capital of the Company was increased from £1,200,000 divided into 50,000 ordinary shares of 2p each and 200,000 Cumulative 8% Redeemable Preference Shares of £1 each, to £5,200,000 divided into 250,000,000 shares of 2p each and 200,000 Cumulative 8% Redeemable Preference Shares of £1 each, by the creation of an additional 200,000,000 Ordinary Shares of 2p each.

By ordinary resolution dated 30 December 1998, the authorised share capital of the Company was increased from £300,000 divided into 5,000,000 ordinary shares of 2p each and 200,000 Cumulative 8% Redeemable Preference Shares of £1 each, by the creation of an additional 45,000 ordinary shares of 2p each.

By ordinary resolution dated 4 April 1995, the authorised share capital of the Company was increased from £100,000 to £300,000 by the creation of 200,000 Cumulative 8% Redeemable Preference Shares of £1 each.

By ordinary resolution dated 29 September 1994, the authorised share capital of the Company was increased by the creation of an additional 900,000 shares of £0.10p each, from £10,000 divided into 100,000 shares of £0.10p each, to £100,000 divided into 1,000,000 shares of £0.10p each.

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

Names, Addresses and Descriptions of Subscribers	Number of Shares taken by each Subscriber
STEPHEN MABBOTT 82 MITCHELL STREET GLASGOW G1 3NA Company Registration Agent	ONE
PETER JOHN TRAINER 88a GEORGE STREET EDINBURGH EH2 3DF Company Registration Agent	ONE

DATED the 16TH MARCH 1994

Witness to the above signatures:-

JOANNE FAIRGRIEVE
88a GEORGE STREET
EDINBURGH
EH2 3DF

Company Registration Agent

These are the Articles of Association as amended by Special Resolutions dated 25 May 2000 and 27 February 2004


.....
Director

ARTICLES OF ASSOCIATION

of

Terrace Hill Group PLC

**(formerly CapitalTech plc)
(Company number 149799)**

Dated: 27 February 2004

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THE COMPANIES ACTS 1985 AND 1989
PUBLIC COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

of

Terrace Hill Group PLC

(formerly CapitalTech plc)

**(Adopted by Special Resolution passed on
25 May 2000 and amended by Special Resolution
passed on 27 February 2004)
Company Number 149799**

PRELIMINARY

1.1 In these Articles the following words bear the following meanings save where otherwise specified or the context otherwise requires:-

“the 1985 Act” means the Companies Act 1985;

“the 1989 Act” means the Companies Act 1989;

“AIM” means the Alternative Investment Market of the London Stock Exchange;

“these Articles” means the articles of association of the Company as from time to time altered;

“auditors” means the auditors for the time being of the Company;

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

“Company” means Terrace Hill Group PLC;

“Convertible Shares” means the redeemable conversion shares of 20p each in the share capital of the Company carrying the rights set out in Article 3 below;

“CREST” means the relevant system operated by CRESTCo Limited in terms of the Regulations, which enables title to shares or other securities to be evidenced and transferred without a written instrument;

“Deferred Shares” means the deferred shares of 2p each in the share capital of the Company which arise on Conversion (as defined in Article 3.3 below) carrying the rights set out in Article 3 below;

"Directors" means the directors, for the time being, of the Company or those of such directors present at a duly convened meeting of the directors of the Company, or a committee thereof, at which a quorum is present;

"executed" means any mode of execution;

"Group" means the Company and any subsidiary or subsidiary undertaking, for the time being, of the Company;

"holder" or **"member"** means in relation to shares, the person whose name is entered in the register of members as the holder of the 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" means paid or credited as paid;

"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 and includes (i) any enactment or subordinate legislation which amends or supersedes those Regulations and (ii) any applicable rules made under those Regulations or under any such enactment or subordinate legislation for the time being in force;

"seal" means the common seal (if any) of the Company;

"Secretary" means any person appointed by the Directors to perform the duties of the Secretary of the Company, including (subject to the provisions of the Statutes) an assistant or deputy 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;

"the Statutes" means the 1985 Act, the 1989 Act and every other statute (including any orders, regulations or other subordinate legislation made thereunder) for the time being in force concerning companies and affecting the Company;

"transfer office" means the place where the register of members is situate for the time being;

"year" means calendar year.

1.2 In these Articles:-

- (a) save as aforesaid and unless otherwise specified or the context otherwise requires, words or expressions bear the same meaning as in the 1985 Act or the 1989 Act (the definitions in the 1989 Act to prevail where such definitions supersede or contradict those in the 1985 Act) or the Regulations;

- (b) the expression "recognised clearing house" and "recognised investment exchange" shall mean any clearing house or investment exchange (as the case may be) granted recognition under the Financial Services Act 1986;
- (c) the expression "the Company's bankers" means the Company's bankers or, if the Company engages more than one bank, the Company's principal bankers as may be selected by the Directors;
- (d) the expression "Managing Director" shall include "Chief Executive";
- (e) the expressions "debenture" and "debenture holder" shall respectively include "debenture stock" and "debenture stockholder";
- (f) all such of the provisions of these Articles as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" shall be construed accordingly;
- (g) references to writing include references to typewriting, printing, lithography, photography and any other basis of representing or reproducing words in a legible and non-transitory form;
- (h) a reference to any statute or provision of a statute includes a reference to any statutory modification or re-enactment of it for the time being in force;
- (i) unless otherwise specified or the context otherwise requires
 - (i) words in the singular include the plural, and vice versa;
 - (ii) words importing any gender include all genders; and
 - (iii) a reference to a person includes a reference to a body corporate and to an unincorporated body of persons; and
- (j) the headings are inserted for convenience only and do not affect the construction of these Articles.

1.3 A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles.

2 The regulations contained in Table A in The Companies (Tables A to F) Regulations 1985 (as amended by The Companies (Tables A to F) (Amendment) Regulations 1985) shall not apply to the Company.

SHARE CAPITAL

3.1 The share capital of the Company at the date of adoption of these Articles is £5,200,000 divided into 250,000,000 Ordinary Shares of 2p each and 200,000 Cumulative 8% Redeemable Preference Shares of £1 each. ¹

3.2 The rights attaching to each class of shares are as follows:-

¹ By Special Resolution passed on 25 May 2000, the authorised share capital was increased to £5,860,000 by the creation of 3,300,000 Convertible Shares of 20p each.

3.2.1 As regards income:-

The Preference Shares shall entitle the holders thereof as a class right in priority to any payment by way of dividend or return of capital to the holders of any other class of shares in the capital of the Company to receive a cumulative preferential gross cash dividend on the capital for the time being paid up or treated as paid up thereon at the rate of 8 per cent per annum (the "Preference Dividend"), such dividend to be payable by equal half yearly instalments on 30th June and 31st December in each year in respect of the half-yearly periods ending on these respective dates. No dividend shall be declared or paid on any other class of shares in the capital of the Company in respect of any financial year of the Company unless and until all instalments of the Preference Dividend due at the time of such declaration shall have been paid in full in respect of that and in respect of all previous financial years.

3.2.2 As regards capital:-

The Preference Shares shall entitle the holders thereof on a winding up or on a reduction of capital involving a return of capital and in priority to any return of capital on any other class of shares in the capital of the Company, to repayment of the capital paid up or credited as paid up thereon, together with a sum equal to any arrears or accruals of the Preference Dividend thereon calculated down to the date of repayment whether or not such dividend shall have been declared or earned.

3.2.3 As regards voting:-

The Preference Shares shall not entitle the holders to receive notice of or to attend or vote at any general meeting of the Company unless at the date of the notice convening the meeting the Preference Dividend is six months in arrears in the event of which the holders of the Preference Shares shall be entitled to one vote per Preference Share on a poll which any single Preference Shareholder shall be entitled to demand.

3.2.4 As regards redemption:-

The Company shall subject to the provisions of the relevant legislation, be entitled at any time on giving to the holders of the Preference Shares not less than one month's notice in writing, to redeem at par any of the Preference Shares still in issue PROVIDED THAT any such redemption of some but not all of the Preference Shares shall be made amongst the holders of the Preference Shares *pro rata* to their holdings of the Preference Shares.

The Company shall redeem at par on 31st December 2000 all of the Preference Shares not previously redeemed, and in the event that on the said date for redemption the Company is permitted in terms of the relevant legislation to redeem some only of the Preference Shares then due for redemption, it shall redeem such Preference Shares at that time as soon thereafter as the Company is permitted to do so in accordance with the relevant legislation.

The Company shall upon the redemption of any of the Preference Shares pay to the holders of the Preference Shares so redeemed any arrears of Preference Dividend.

Any redemption of the Preference Shares may be effected out of the accumulated profits of the Company, out of the proceeds of a fresh issue of shares made for the purpose of such redemption or in any other manner resolved by the Directors and for the time being permitted by law.

3.3.1 In this Article 3.3 the following words bear the following meanings save where otherwise specified or the context otherwise requires:-

- "Business day"** means any day on which banks are generally open for business in London, other than a Saturday;
- "Calculation Date"**
(see also "Partial Calculation Date") means the earlier of the:
- (i) close of business on 31 May 2001; and
 - (ii) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent;
- "Conversion"** means conversion of the Convertible Shares in accordance with Article 3.3.8 below;
- "Conversion Date"**
(see also "Partial Conversion Date") means a date following the Calculation Date and being the earlier of:
- (i) close of business on 15 June 2001; and
 - (ii) close of business on such Business day as may be selected by the Directors and falling not more than 21 days after the Calculation Date or (in the case of the Directors having resolved that Force Majeure Circumstances have arisen or may arise or are in contemplation) such as the Directors may resolve;
- "Conversion Ratio"**
(see also "Partial Conversion Ratio") is the ratio of the increase in value of the Investments per Convertible Share to the undiluted net asset value per Existing Ordinary Share, which is calculated as:
- $$\frac{A}{B} \text{ where } A = \frac{C - D}{E} \text{ and } B = \frac{F - (C - D)}{H} \text{ and where}$$
- C is the aggregate of:
- (i) the value of the Investments (other than those of the Investments which are subject to restrictions on transfer or a suspension of dealings (if any), which are in each case to be valued in accordance with (ii) below) which are listed or dealt in on a public market calculated by reference to the middle-market quotations at close of business of, or, if appropriate the daily average of the prices marked for those Investments on the Calculation Date on the market where the relevant Investment is listed or dealt in as derived from such market's recognised method of publication of prices for such investments where such published prices are available; and
 - (ii) the value of all Investments (other than Investments valued as in (i) above) calculated by reference to the Directors' belief as to a fair current value for those Investments after taking into account any other price publication services reasonably available to the Directors and Guidelines for the Valuation and Disclosure of Venture Capital Portfolios as published by the British Venture Capital Association; and

- (iii) the amount which, in the Directors' opinion, fairly reflects on the Calculation Date the value of the current assets of the Company attributable to the Convertible Shares (excluding Investments valued under (i) and (ii) above but including cash and deposits with or balances at a bank, including any accrued income less accrued expenses and other items of a revenue nature and proceeds of realisation of Investments net of costs and tax on disposal); and
- (iv) the sum of £600,000 being the non-cash cost of investment by the Company in Spacetorent.com Limited; and
- (v) Investments which have given rise to a Partial Conversion, so far as reflected in that Partial Conversion, shall be excluded;

D is the value at 8 February 2000 at which the Investments are carried in the Company's accounts or, if later acquired, their cost;

E is the number of the Convertible Shares in issue on the Calculation Date;

F is the net asset value of the Company on the Calculation Date less the values of (C - D) which have been applied in earlier Partial Conversions;

H is the number of Ordinary Shares in issue on the Calculation Date after deducting Ordinary Shares which have arisen through earlier Partial Conversion:

provided that the Directors shall make such adjustments to the value or amounts of A and B as the auditors shall report to be appropriate having regard among other things to the assets of the Company immediately prior to the Issue Date and/or to the reasons for the issue of Convertible Shares;

"Existing Ordinary Shares" means the Ordinary Shares of 2p each in the capital of the Company in issue immediately prior to Conversion;

"Force Majeure Circumstances" means (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging or seeking to challenge the power of the Company and/or its Directors to issue the Convertible Shares with the rights proposed to be attached to them and/or to the persons to whom they are and/or the terms upon which they are proposed to be issued or (iii) the convening of any general meeting of the Company at which a resolution is to be proposed to windup the Company, whichever shall happen earliest;

"Issue Date" means 31 May 2000, the Record Date;

"Investments" means the investments of the Company in the following companies, or, if the context requires, any of them, namely:

Telematix Limited
 Science Dynamics Corporation
 Auxinet Plc
 BirchIn International plc
 The East India Company (Holdings) plc
 Spacetorent.com Limited
 Adrenaline Media Limited
 DiversityNow Limited
 together with all further high-tech investments made by the Company
 on or before 31 May 2000

"New Ordinary Shares" means Ordinary Shares of 2p each of the Company arising on conversion and carrying the rights set out in Articles 3.3.2 to 3.3.8 below (inclusive);

"Partial Conversion Date" means close of business on the day following a disposal of or a listing or admission to trading on a public market of any Investment but not if the value of the Investment disposed of or listed or admitted is less than £500,000;

"Partial Calculation Date" means close of business on the day being a business day preceding a Partial Conversion Date;

"Partial Conversion Ratio" means the ratio derived by use of the formula in the definition of "Conversion Ratio" but substituting in respect of "C" and "D" in the calculation of "A" and "B" reference only to the Investment in respect of which a Partial Conversion Date has occurred and the value of the other Investments which have not at that time given rise to a Partial Conversion shall be excluded from "F";

"Power to Delay" means the power which the Directors shall have to delay any Partial Calculation Date or Partial Conversion Date, in their absolute discretion, should they consider delay to be appropriate because of fluctuating market forces, disposal/listing/admission/funding in stages, proximity to any accounting date for the avoidance of additional calculation, or other reason; and

"Public Market" means any stock or share exchange market generally recognised as a market on which shares can be traded and which publishes prices including, without prejudice to the generality, every recognised investment exchange, AIM, OFEX, NYSE and NASDAQ

References to the auditors confirming any matter shall be construed to mean confirmation of their opinion as to such matter whether qualified or not.

References to Ordinary Shareholders, Convertible Shareholders and Deferred Shareholders should be construed as references to holders for the time being of Ordinary Shares, Convertible Shares and Deferred Shares respectively.

3.3.2 As regards income:-

The holders of the Ordinary Shares, the Convertible Shares and the Deferred Shares shall, subject to the remaining provisions of these Articles, have the following right to be paid dividends;

- (i) the Deferred Shares shall have no entitlement to receive dividends;
- (ii) the Convertible Shareholders shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of revenue received from Investments;
- (iii) the Existing Ordinary Shares shall confer the right to dividends declared in accordance with these Articles; and
- (iii) the New Ordinary Shares shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions declared by reference to a record date falling after the Calculation Date or any Partial Calculation Date.

3.3.3 As regards capital:-

The holders of the Ordinary Shares, the Convertible Shares and the Deferred Shares shall, subject to the provisions of these Articles, have the following rights to capital:

- (i) the surplus capital and assets of the Company shall on a winding-up or on return of capital (otherwise than on a purchase by the Company of any of its shares) prior to Conversion be applied amongst the Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares after having deducted therefrom an amount equivalent to (C - D) using methods of calculation of C and D given in the definition of Conversion Ratio which amount shall be applied amongst the Convertible Shareholders *pro rata* according to the nominal capital paid up on their holdings of Convertible Shares and for the purposes of this Article 3.3.3(i) the Calculation Date shall be such date as the liquidator may determine; and
- (ii) the capital and assets of the Company shall on a winding-up or on return of capital (otherwise than on a purchase by the Company of any of its shares) after Conversion be applied as follows:
 - (a) firstly, if there are Deferred Shares in issue, in paying to the Deferred Shareholders one pence in respect of all of the Deferred Shares then in issue; and
 - (b) secondly, the surplus shall be divided amongst the Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.

3.3.4 As regards voting:-

The Convertible Shares shall carry a right to receive notice of and to attend and vote at any general meeting of the Company on the basis of one vote for every Convertible Share. The voting rights of the Ordinary Shares are not affected.

3.3.5 As regards redemption:-

- (i) The Deferred Shares are issued on terms that they shall be redeemable by the Company in accordance with the terms set out in this Article 3.3.5 and Article 3.3.8 below. Immediately upon (final) Conversion, the Company shall redeem all of the Deferred Shares of 2p each arising on Conversion which are not converted into New Ordinary Shares for an

aggregate consideration of one pence for all of the Deferred Shares of 2p remaining following Conversion in accordance with the provisions of Article 3.3.8(ii) below and this paragraph shall be deemed to constitute notice to each Deferred Shareholder (and any person or persons having rights to acquire or acquiring Deferred Shares) that such Deferred Shares of 2p each be redeemed immediately upon Conversion for such aggregate consideration.

The Company shall not be obliged to issue share certificates to the holders of Deferred Shares of 2p each in respect of any Deferred Shares of 2p each and shall not be obliged to account to such holders for the proportion of redemption monies in respect of such shares.

3.3.6 Without prejudice to the other provisions of these Articles until the Conversion Date it shall be a special right attaching both to the existing Ordinary Shares as a class and to the Convertible Shares as a class that save that with the sanction or consent of such holders:

- (i) no alteration shall be made to the Memorandum of Association or Articles of the Company;
- (ii) no consolidation, division or sub-division of any issued or authorised share capital of the Company shall take place (other than (a) pursuant to the authority conferred by the special resolution to be passed at the Extraordinary General Meeting of the Company held on 25 May 2000 or (b) on Conversion); and
- (iii) no resolution of the Company shall be passed to wind up the Company.

3.3.7 Undertakings

Until the Conversion Date and without prejudice to its obligations under applicable laws, the Company shall procure that the Company's records and bank and custody accounts shall be operated so that the Investments can at all times be separately identified.

3.3.8 The conversion process

The Convertible Shares shall be subject to conversion and redemption on each Partial Conversion Date and Conversion Date in accordance with the following provisions of this Article 3.3.8.

- (i) The Directors shall procure that within five business days of the Calculation Date:
 - (a) the Conversion Ratio or Partial Conversion Ratio as at the Calculation Date or Partial Calculation Date and the numbers of New Ordinary Shares and, in the case only of the Conversion Date, Deferred Shares to which each Convertible Shareholder shall be entitled on Conversion shall be calculated; and
 - (b) the auditors shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of Ordinary Shares, Convertible Shares and Deferred Shares, subject to the provision immediately after the definition of "H" in Article 3.3.1 above.
- (ii) The Directors shall procure that, as soon as practicable following such confirmation and in any event within ten business days of the Calculation Date or Partial

Calculation Date, a notice is sent to each Convertible Shareholder advising such Convertible Shareholder of the Conversion Date, the Conversion Ratio or Partial Conversion Ratio and the numbers of New Ordinary Shares and, except in the case of a Partial Conversion Date, Deferred Shares to which Convertible Shareholders will be entitled on Conversion.

- (iii) On the Conversion Date, each Convertible Share shall automatically subdivide into Convertible Shares of 2p each and thereafter, such number of Convertible Shares of 2p each as shall be necessary to ensure that, upon Conversion, the same number of Convertible Shares of 2p each are converted as equals the number of Convertible Shares in issue on the Calculation Date multiplied by the Conversion Ratio and rounded down to the nearest whole Ordinary Share, shall automatically convert into an equal number of New Ordinary Shares. The New Ordinary Shares arising on Conversion shall be divided amongst the former Convertible Shareholders *pro rata* according to their respective holdings of Convertible Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New Ordinary Shares arising upon Conversion including without prejudice to the generality of the foregoing selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company provided that such proceeds are less than £3.00 per Convertible Shareholder).
- (iv) All Convertible Shares of 2p each which do not so convert into New Ordinary Shares shall immediately upon Conversion automatically convert into an equal number of Deferred Shares, which shall be redeemed by the Company for an aggregate consideration of 1p for all of the Deferred Shares so redeemed and the notice referred to in Article 3.3.8(ii) above shall be deemed to constitute notice to each Deferred Shareholder (and any person or persons having the right to acquire or acquiring Convertible Shares on or after the Calculation Date) that such Deferred Shares of 2p shall be so redeemed. The Company shall not be obliged to account to any Deferred Shareholder for the redemption monies in respect of such shares. Following such redemption each authorised but unissued Convertible Share shall be reclassified as an Ordinary Share.
- (v)
 - (a) Forthwith upon Conversion arising on the Conversion Date, the share certificates relating to the Convertible Shares shall be cancelled and the Company shall issue to each former Convertible Shareholder new certificates in respect of New Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred shares will not be issued.
 - (b) Forthwith upon completion of the above procedures at any Partial Conversion Date the Company shall issue to each Convertible Shareholder a new certificate in respect of the relevant New Ordinary Shares and re-classified Convertible Shares to which he or she is entitled and thereupon previously existing Convertible Share certificates shall be invalid.
- (vi) Forthwith upon Conversion, but subject to the rights of the former Convertible Shareholders to receive any dividend declared in respect of the Convertible Shares the rights attaching to the Convertible Shares under these Articles shall lapse and these Articles setting out the rights of the Convertible Shares shall be deemed to be deleted and those attaching to the Deferred Shares shall lapse upon the redemption of the Deferred shares whereupon each Deferred share comprised in the authorised but unissued capital of the Company shall be redesignated as an ordinary share without further resolution or consent.

(vii) In the event of (partial) Conversion upon a Partial Conversion Date, notwithstanding anything to the contrary herein, the relevant New Ordinary Shares shall be issued by way of partial Conversion but the Convertible Shares shall not, save to the extent of such New Ordinary Shares, (and save for being deemed temporarily to sub divide and convert to allow calculation be made), be sub divided and converted, but shall remain as re-classified Convertible Shares having each a nominal value of 20p less the nominal value of the relevant New Ordinary Shares arising from partial Conversion of such Convertible Share.

- 4.1 Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine).
- 4.2 Subject to the provisions of the Statutes, the Company may issue shares on the 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 may be provided by these Articles save that the date on or by which, or dates between which, any such shares are to be or may be redeemed may be fixed by the Directors (and if so fixed the date or dates must be fixed before the shares are issued).
- 5.1 Subject to the provisions of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
- 5.2 The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, subject always to the provision of these Articles and provided that no shares shall be issued at a discount, at any time or times during the period of five years from the date of amending the Articles by incorporating this Article to allot relevant securities (as defined in Section 80(2) of the Act) to such persons, on such terms, and in such manner as they think fit provided that the aggregate nominal value of relevant securities allotted pursuant to this authority shall not exceed the aggregate nominal amount of the unissued Ordinary Shares in the capital of the Company from time to time while this authority is in force, presently comprising 96,024,593 Ordinary Shares of 2p each.*
- 5.3 The Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 of the Act) wholly for cash pursuant to and within the terms of the authority referred to in Article 5.2 as if Sub-section (1) of Section 89 if the Act did not apply to any such allotment at any time or times during the period of five years from the date of amending the Articles by incorporating this Article.*
- 5.4 The Directors shall be entitled under the authority conferred by Article 5.2 to make at any time before the expiry of such authority any offer or agreement which will or may require relevant securities to be allotted after the expiry of such authority.
- 5.5 Subject to the provisions of Sections 80 and 80A of the Act, the authority hereby conferred may at any time be renewed, revoked or varied by Ordinary Resolution of the Company in general meeting.
- 6 The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted. Subject to the provisions of the Statutes, any such

* amended by Special Resolution passed on 27 February 2004.

commission may be satisfied by the payment of cash or by 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.

- 7 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 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 holder thereof for the time being or such other rights in case of transmission thereof as are hereinafter mentioned.
- 8 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.

VARIATION OF RIGHTS

- 9 Subject to the provisions of the Statutes, if at any time the capital of the Company is divided into different classes of share, the rights attached to any class may be varied or abrogated, either while the Company is a going concern or during or in contemplation of a winding up:-
- (a) in such manner (if any) as may be provided by those rights; or
 - (b) in the absence of any such provision, with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class but not otherwise. To every such separate meeting the provisions of these Articles relating to general meetings shall apply, except that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question and at an adjourned meeting shall be one person holding shares of the class in question or his proxy. The provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

- 10 Unless otherwise expressly provided by the rights attached to any shares, those rights shall be deemed to be varied by the reduction of the capital paid up on those shares and by the creation or issue of further shares ranking in priority for payment of a dividend or in respect of capital or which confer on the holders voting rights more favourable than those conferred by the first-mentioned shares but shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them.

ALTERATION OF CAPITAL

- 11 The Company may by ordinary resolution-

- (a) increase its share capital by new shares of such amount as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association;
- (d) determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with the others; and
- (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

12 Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the Directors may on behalf of those members sell to any person (including, subject to the provisions of the Statutes, the Company) the shares representing the fractions for the best price reasonably obtainable and distribute the net proceeds of sale (subject to retention by the Company of amounts not exceeding £3, the cost of distribution of which would be disproportionate to the amounts involved) in due proportion among those members, and the Directors may authorise some person to execute an instrument of transfer of the shares to or in accordance with the directions of the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

13 Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve, share premium account or other undistributable reserve in any way.

PURCHASE OF OWN SHARES

14 Subject to the provisions of the Statutes, the Company may purchase its own shares, including redeemable shares.

SHARE CERTIFICATES

15 Subject to Article 15.4 below, every holder of shares (other than a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange in respect of whom the Company is not required by law to complete and have ready a certificate) shall be entitled without payment to a certificate for all the shares of each class held by him:-

- (a) in the case of issue, within one month (or such longer period as the terms of issue shall provide) after allotment;
- (b) in the case of a transfer of fully paid shares, within 14 days after lodgement of a transfer; or
- (c) in the case of a transfer of partly paid shares, within two months after lodgement of a transfer;

or (upon payment of such reasonable charge (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 provided that the Company shall not be bound to register more than four persons as the joint holders of a share and, in the case of a share held jointly by several persons, 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. Every such certificate shall specify the number and class of shares, debentures or other securities to which it relates and the amount paid up thereon. No certificate shall be issued representing shares, debentures or other securities of more than one class.

15.2 Every certificate for shares, warrants, debentures or other securities of the Company and every certificate relating to a participation in an employees' share scheme shall (except to the extent that the terms and conditions for the time being relating thereto otherwise provide) (a) be issued under the seal or under a securities seal (or, in the case of shares on a branch register, an official seal for use in the relevant territory) and/or (b) bear the signature of one Director or the Secretary or a person authorised to subscribe the certificate on behalf of the Company, provided that the Directors may by resolution determine, either generally or in any particular case or cases, that any such signature shall be affixed by some method or system of mechanical signature.

15.3

- (a) Where a member transfers some only of the shares comprised in a share certificate the old certificate shall be cancelled and a new certificate for the balance of such shares issued in lieu without charge.
- (b) 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 at a reasonable charge.
- (c) If any member shall surrender for cancellation a share certificate representing shares held by him 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 at a reasonable charge.
- (d) If a share certificate shall be 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.
- (e) In the case of shares held jointly by several persons any such request may be made by any one or more of the joint holders.

15.4 Notwithstanding the terms of Article 15.1, where, in accordance with the terms of Article 40, any shares or other securities of the Company are issued, transferred, registered or otherwise dealt with in uncertificated form, any references in these Articles of Association requiring title to shares or other securities to be evidenced by or transferred by reference to share certificates or any other form of written instrument shall not apply and the holding,

transfer, recording of title to and registration of, uncertificated securities issued by the Company will be governed by reference to the provisions of Article 40.

LIEN

- 16 The Company shall have a first and paramount lien on every share (being a fully paid share or not) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that share. The Company shall also, insofar as is permitted by the Statutes, have a first and paramount lien on all shares (being fully paid shares or not) standing registered in the name of a single member for all the debts and liabilities of such member, or his estate, to the Company. The lien shall apply (a) notwithstanding that those debts and liabilities have been incurred before or after notice to the Company of any interest of any person other than such member; (b) whether or not the period for the payment or discharge of the same shall have actually arrived; and (c) 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 declare any share to be wholly or in part exempt from the provisions of this Article.
- 17 The Company may sell, in such manner as the Directors determine, any shares on which the Company has a lien if an amount in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been given to the holder of the share, or the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
- 18 To give effect to the sale the Directors may authorise some person to execute an instrument of transfer of the share sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the share shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
- 19 The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the amount for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the share sold and subject to a like lien for any amount not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.

CALLS ON SHARES AND FORFEITURE

- 20 Subject to the terms of allotment, the Directors may make calls upon the members in respect of any amounts unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of an amount due under it, be revoked in whole or in part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.
- 21 A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

- 22 The joint holders of a share shall be jointly and severally liable to pay all calls in respect of it.
- 23 If a call remains unpaid after it has become due and payable the person from whom it is due shall pay interest on the amount unpaid, from, and including, the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the shares in question or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the 1985 Act) and all expenses that may have been incurred by the Company by reason of such non-payment, but the Directors may waive payment of the interest or expenses wholly or in part.
- 24 An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid these Articles shall apply as if that sum has become due and payable by virtue of a call.
- 25 Subject to the terms of allotment, the Directors may differentiate between the holders in the amounts and times of payments of calls on their shares.
- 26 The Directors may receive from any member willing to advance it all or any part of the amount unpaid on the shares held by him (beyond the sums actually called up) as a payment in advance of calls, and such payment shall, to the extent of it, extinguish the liability on the shares in respect of which it is advanced. The Company may pay interest on the amount so received, or so much of it as exceeds the sums called up on the shares in respect of which it has been received, at such rate as the member and the Directors agree; but a payment in advance of a call shall not entitle the holder of the shares to participate in respect of the payment of a dividend declared or paid after the payment but before the call.
- 27 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited. If the notice is not complied with, any shares in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors and the forfeiture shall include all amounts (including dividends) payable in respect of the forfeited shares and not paid before the forfeiture.
- 28 Subject to the provisions of the Statutes, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine either to the person who was before the forfeiture the holder or to any other person and, at any time before the disposal, the forfeiture may be cancelled on such terms as the Directors determine. Where for the purposes of its disposal a forfeited share is to be transferred to any person, the Directors may authorise someone to execute an instrument of transfer of the share to that person.
- 29 A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all amounts which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those amounts before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the 1985 Act) from the date of forfeiture until payment, but the Directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

- 30 A statutory declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration together with the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof and the share certificate delivered to a purchaser or allottee thereof shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

- 31 Except as may be provided by any procedures implemented pursuant to Article 15.4, all transfers of shares shall be effected by instrument in writing in any usual form, or in any other form which the Directors may approve, and shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. 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.
- 32.1 The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid or over which the Company has a lien.
- 32.2 The Directors may refuse to register a transfer of a share, whether or not fully paid, unless the instrument of transfer:-
- (a) is lodged, duly stamped or adjudged or certified as not chargeable to stamp duty, at the transfer office or at such other place as the Directors may appoint and (except in the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or a recognised investment exchange where a certificate has not been issued in respect of the share) is accompanied by the certificate(s) for the share(s) to which it relates 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);
 - (b) is in respect of only one class of share; and
 - (c) is in favour of not more than four transferees jointly.
- 33 If the Directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
- 34 The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.
- 35 No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

- 36 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 (except in the case of fraud) be returned to the person lodging it when notice of the refusal is given.
- 37 If a member dies the survivor where he was a joint holder, or his personal representative 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 in this Article shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.
- 38 A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the Directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer signed by the member and the death or bankruptcy of the member had not occurred.
- 39 A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall, upon such evidence being produced as the Directors may properly require, have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any general meeting or at any separate meeting of the holders of any class of shares.
- 40.1 Nothing in these Articles shall preclude any share or other security of the Company from being issued, held, registered, converted, transferred or otherwise dealt with in uncertificated form in accordance with the Regulations and any rules or requirements laid down from time to time by CREST or any other relevant system operated pursuant to the Regulations.
- 40.2 In relation to any share or other security which is in uncertificated form, the Articles of Association shall have effect subject to the provisions of the Regulations and (*so far as consistent with them*) to the following provisions:-
- (a) the Company shall not be obliged to issue a certificate evidencing title to shares and all references to a certificate in respect of any shares or securities held in uncertificated form in these Articles of Association shall be deemed inapplicable to such shares or securities which are in uncertificated form and furthermore shall be interpreted as a reference to such form of evidence of title to uncertificated shares or securities as the Regulations prescribe or permit;
 - (b) the registration of title to and transfer of any shares or securities in uncertificated form shall be effected in accordance with the Regulations and there shall be no requirement for a written instrument of transfer;
 - (c) a properly authenticated dematerialised instruction given in accordance with the Regulations shall be given effect in accordance with the Regulations;
 - (d) shares may be changed from certificated to uncertificated form and from uncertificated to certificated form in accordance with and subject as provided in the Regulations and the Company shall record in the Register that the shares are held in certificated or uncertificated form as appropriate.

- (e) any communication required or permitted by these Articles to be given by a person to the Company or by the Company to a person may be given in accordance with and in any manner (*whether or not in writing*) prescribed or permitted by the Regulations;
- (f) if a situation arises where any provisions of these Articles of Association are inconsistent in any respect with the terms of the Regulations in relation to shares or securities of the Company which are in uncertificated form then:-
 - (i) the Regulations will be given effect thereto in accordance with their terms; and
 - (ii) the Directors shall have power to implement any procedures as they may think fit and as may accord with the Regulations for the recording and transferring of title to shares and securities in uncertificated form and for the regulation of those proceedings and the persons responsible for or involved in their operation.

40.3 The Directors shall have the specific powers to elect, without further consultation with the holders of any shares or securities of the Company (*except where such shares or securities are constituted by virtue of some other Deed, document or other source*) that any single or all classes of shares and securities of the Company become capable of being traded in uncertificated form in accordance with the Regulations on CREST or any other operator of a relevant system.

UNTRACED MEMBERS

41.1 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 share to which a person is entitled by transmission by death or bankruptcy or otherwise by operation of law, if:-

- (a) for a period of 12 years before the giving of notice pursuant to sub-paragraph (c) 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;
- (b) during that period at least three dividends in respect of the share have become payable;
- (c) the Company has, after the expiration of that period, by advertisement in both a national daily newspaper published in the United Kingdom and in a newspaper circulating in the area of the last known address to which cheques or warrants were sent, and by notice to the Quotations Department of the London Stock Exchange if shares of the class concerned are listed or dealt in on that exchange, given notice of its intention to sell such share; and
- (d) the Company has not during the further period of three months after the date of the advertisement and prior to the sale of the share received any communication in respect of the share from the member or person concerned.

41.2 The Company shall also be entitled to sell, in the manner provided for in this Article, 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 41.1 applies or in right of any share issued

during either of such periods, provided that the requirements of sub-paragraphs (a) (but modified to exclude the words "for a period of 12 years before the giving of notice pursuant to sub-paragraph (c)"), (c) (but modified to exclude the words "after the expiration of that period") and (d) of Article 41.1 are satisfied in respect of such additional share.

- 41.3 To give effect to the sale, the Directors may appoint any person to execute an instrument of transfer of the share, and the instrument shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, the share and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The Company shall be indebted to the former member or other person previously entitled to the share for an amount equal to the net proceeds of the sale, but no trust shall be created and no interest shall be payable in respect of the proceeds of sale.

DESTRUCTION OF DOCUMENTS

- 42.1 The Company may destroy:-

- (a) any instrument of transfer, at any time after six years from the date on which it is registered;
- (b) any dividend mandate or notification of change of name or address, at any time after two years from the date on which it is recorded or the date on which it is revoked or cancelled;
- (c) any share certificate which has been cancelled at any time after one year from the date of cancellation thereof;
- (d) any other documents on the basis of which any entry in the register of members has been made at any time after six years from the date of the first entry in the register of members in respect thereof.

- 42.2 References in this Article to the destruction of any document include references to the disposal of it in any manner.

- 42.3 It shall conclusively be presumed in favour of the Company that:-

- (a) 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;
- (b) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
- (c) every share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
- (d) 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 the foregoing provisions shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant.

- 42.4 Nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any document earlier than any of the above periods or in any other circumstances which would not attach to the Company in the absence of this Article.

STOCK

- 43 The Company may by ordinary resolution convert any paid up shares into stock and re-convert any stock into paid up shares of any denomination.
- 44 A holder of stock may transfer it or any part of it in the same manner, and subject to the same provisions of these Articles, as would have applied to the shares from which the stock arose if they had not been converted, or as near thereto as circumstances admit, but the Directors may fix the minimum amount of stock transferable at an amount not exceeding the nominal amount of any of the shares from which the stock arose.
- 45 A holder of stock shall, according to the amount of the stock held by him, have the same rights as if he held the shares from which the stock arose: provided that no such right (except participation in dividends and in the assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that right.

DISCLOSURE OF INTERESTS IN SHARES AND DISENFRANCHISEMENT

- 46.1 For the purposes of this Article 46:-

- (a) a person other than the member holding a 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 notice served under section 212 of the 1985 Act, from anyone else) knows or has reasonable cause to believe that the person is, or may be, so interested;
- (b) "interested" shall be construed as it is for the purpose of section 212 of the 1985 Act;
- (c) reference to a person having failed to give the Company the information required by a notice, or being in default as regards supplying such information, includes (i) reference to his having failed or refused to give all or any part of it and (ii) 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;
- (d) "the prescribed period" means –
 - (i) 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, 14 days; and
 - (ii) in any other case, 28 days;
- (e) an "approved transfer" means, in relation to any shares held by a member –
 - (i) a transfer by way of or pursuant to acceptance of a take-over offer for the Company (within the meaning in Section 14 of the Company Securities (Insider Dealing) Act 1985); or

- (ii) 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 the Company's shares are normally traded; or
- (iii) 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.

46.2 If a member, or any other person appearing to be interested in shares held by that member, has been given notice under Section 212 of the 1985 Act 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, with effect from the service of the notice that:-

- (a) 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
- (b) where the default shares represent 0.25 per cent or more in nominal value of the issued shares of their class –
 - (i) any sums payable whether in respect of capital or dividend or otherwise in respect of the shares shall, except on a winding up of the Company, be withheld by the Company which shall not have any obligation to pay interest on it when it is finally paid to the member and the member shall not be entitled to elect, pursuant to Article 122 below, to receive shares instead of that dividend;
 - (ii) no other distribution shall be made on the default shares; and
 - (iii) no transfer of any shares held by the member shall be registered unless –
 - (aa) 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

(bb) the transfer is an approved transfer.

46.3 The Company shall send to each other person appearing to be interested in the shares which are the subject of a direction notice, a copy of such notice at the same time as the 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 46.2.

46.4 The sanctions under Article 46.2 above 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:-

- (a) if the shares are transferred by means of an approved transfer; or
- (b) when the Directors are satisfied that the information required by the notice mentioned in that Article has been received in writing by the Company (such determination to be made within a period of one week of the default being duly remedied with written notice thereof being given forthwith to the member).

The Directors may at any time give notice cancelling a direction notice.

- 46.5 Nothing contained in this Article 46 shall limit the powers of the Directors under section 216 of the 1985 Act.

GENERAL MEETINGS

- 47 All general meetings other than annual general meetings shall be called extraordinary general meetings. An annual general meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting) and place as may be determined by the Directors.
- 48 The Directors may call extraordinary general meetings whenever they think fit and on a members' requisition under section 368 of the Act shall forthwith proceed duly to convene an extraordinary general meeting for a date not later than six weeks after receipt of the requisition. If there are not within the United Kingdom sufficient Directors to call a general meeting, any Director or, if there is no Director within the United Kingdom, any member of the Company may call a general meeting.
- 49.1 The provisions of this Article 49 shall apply if any general meeting is convened at, or adjourned to, more than one place.
- 49.2 The notice of the meeting or adjourned meeting shall specify the place at which the chairman of the meeting shall preside ("the specified place"), and the Directors shall make arrangements for simultaneous attendance and participation at that or any other places by members, provided that persons attending at any particular place shall be able to see and hear, and be seen and heard by, persons attending at the other places at which the meeting is convened.
- 49.3 The Directors may, from time to time, make such arrangements for the purpose of controlling the level of attendance at any such place as they shall, in their absolute discretion, consider appropriate, and may from time to time vary any such arrangements or make new arrangements in place of them, provided that the entitlement of a member to attend a meeting or adjourned meeting shall be satisfied by his being given the entitlement to attend at such place (fulfilling the conditions specified in Article 49.2) as may be specified by the Directors for the purposes of this Article 49.3. For the purposes of all other provisions of these Articles any such meeting shall be treated as being held at the specified place.
- 49.4 If a meeting is adjourned to more than one place, notice of the adjourned meeting shall be given notwithstanding any other provision of these Articles.

NOTICE OF GENERAL MEETINGS

50 Subject to the provisions of the Statutes, an annual general meeting and any extraordinary general meeting called for the passing of a special resolution or a resolution appointing or reappointing a person as a director or, save as provided by the Statutes, a resolution of which special notice has been given to the Company shall be called by at least 21 clear days' notice, and all other extraordinary general meetings shall be called by at least 14 clear days' notice. The notice shall specify the place, the date and the time of meeting and in the case of an annual general meeting shall specify the meeting as such; every notice shall contain a statement with reasonable prominence that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company. Subject to the provisions of these Articles, notices shall be given to all members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the Directors (whether or not they are also members of the Company) and auditors of the Company.

A general meeting shall, notwithstanding that it has been called by a shorter notice than that specified above, be deemed to have been duly called if it is so agreed:-

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of an extraordinary 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.

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

PROCEEDINGS AT GENERAL MEETINGS

52.1 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.

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

- (a) declaring dividends;
- (b) receiving and/or adopting the accounts, the reports of the Directors and auditors and other documents required to be attached or annexed to the accounts;
- (c) appointing or re-appointing directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) re-appointing the retiring auditors (unless they were last appointed otherwise than by the Company in general meeting);
- (e) fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed.

53 No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a

member or a duly authorised representative of a corporation which is a member, shall be a quorum.

- 54 If a quorum is not present within half an hour after the time appointed for holding the meeting, or if during a meeting a quorum ceases to be present, the meeting 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 at the adjourned meeting a quorum is not present within 15 minutes after the time appointed for holding the meeting, or if during the meeting a quorum ceases to be present, the meeting shall be dissolved.
- 55 The Chairman (if any) of the board of Directors, or in his absence the Vice-Chairman (if any), or in the absence of both of them some other Director nominated by the Directors, shall preside as chairman of the meeting, but if neither the Chairman nor the Vice-Chairman nor such other Director (if any) is present within 15 minutes after the time appointed for holding the meeting and willing to act, the Directors present shall elect one of their number present to be Chairman and, if there is only one Director present and willing to act, he shall be Chairman.
- 56 If no Director is willing to act as chairman, or if no Director is present within 15 minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be Chairman.
- 57 A Director shall, notwithstanding that he is not a member, be entitled to receive notice of and attend and speak at any general meeting and at any separate meeting of the holders of any class of shares.
- 58 The Chairman may, with the approval of a meeting (being the approval of a majority in number of persons present and entitled to vote on a show of hands) at which a quorum is present (and shall if so directed by the meeting being the direction of a majority of such persons as aforesaid), adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least seven clear days' notice shall be given specifying the date, time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give notice of an adjournment.
- 59 If an amendment proposed to any resolution under consideration is ruled out of order by the Chairman, the proceedings on the resolution shall not be invalidated by any error in the ruling. In the case of a resolution duly proposed as a special resolution or extraordinary resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
- 60 A resolution put to the vote of a meeting shall be decided on a show of hands unless before the show of hands or immediately upon the declaration of the result thereof a poll is duly demanded. Subject to the provisions of the Statutes, a poll may be demanded –
- (a) by the Chairman; or
 - (b) by not less than five members having the right to vote at the meeting; or
 - (c) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

- (d) by a member or members holding shares conferring a right to vote on the resolution 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.

- 61 Unless a poll is duly demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 62 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 63 Subject to Article 64, a poll shall be taken as the Chairman directs, and he may appoint scrutineers (who need not be members) and fix a time and place and method for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 64 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 forthwith or on such date and at such time and place as the Chairman directs, not being more than 30 days after the poll is demanded. 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 was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 65 No notice need be given of a poll not taken forthwith if the date on which and the time and place at which it is to be taken are announced at the meeting in respect of which it is demanded. In any other case, at least seven clear days' notice shall be given specifying the date on which and time and place at which the poll is to be taken.
- 66 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall be entitled to a casting vote in addition to any other vote he may have.

VOTES OF MEMBERS

- 67 Subject to any rights or restrictions attached to any shares, on a show of hands every member who, being an individual, is present in person or, being a corporation, is present by a duly authorised representative who is not himself a member entitled to vote, shall have one vote, and on a poll every member who is present in person or by proxy or, being a corporation, by a duly authorised representative shall have one vote for every share of which he is the holder.
- 68 In the case of joint holders the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members in respect of the relevant holding.

- 69.1 A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, on a show of hands or on a poll, by any person authorised in that behalf by that court who may on a poll vote by proxy. Evidence to the satisfaction of the Directors of the authority of the person claiming the right to vote shall be deposited at the office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised, and in default the right to vote shall not be exercisable.
- 69.2 No member shall, unless the Directors otherwise determine, be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by representative or proxy, in respect of any share held by him unless all amounts then payable by him in respect of that share have been paid.
- 69.3 No member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by representative or proxy, in respect of any share held by him which is subject to sanctions under Article 46.2.
- 70 No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote, except at the meeting or adjourned meeting at which the vote objected to is tendered. Subject to any objection made in due time, every vote counted and not disallowed at the meeting shall be valid and every vote disallowed or not counted shall be invalid. Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive.

PROXIES

- 71 On a poll votes may be given either personally or by representative or proxy (who need not be a member). A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.
- 72 An instrument appointing a proxy shall be in writing in any usual form or in any other form which the Directors may approve and shall be executed by or on behalf of the appointor. A corporation may execute a form of proxy either under its common seal or under the hand of a duly authorised officer. A member may appoint more than one proxy to attend on the same occasion. Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it.
- 73 The instrument appointing a proxy and any authority under which it is executed or a copy of the authority certified notarially or in some other way approved by the Directors must-
- (a) be deposited at the office or at such other place in the United Kingdom as is specified in the notice convening the meeting, or in any instrument of proxy sent out by the Company in relation to the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (b) in the case of a poll taken more than 48 hours after it was demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for taking the poll; or

- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting to the Chairman or to the Secretary or to any Director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

- 74 A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination was received by the Company at the office, or at such other place at which the instrument of proxy was duly deposited, before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
- 75 The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to demand or join in demanding a poll (and for the purposes of these Articles a demand for a poll made by a person as proxy for a member or as the duly authorised representative of a corporate member shall be the same as a demand made by the member).
- 76 The Directors may at the expense of the Company send instruments of proxy to the members by post or otherwise (with or without provision for their return prepaid) for use at any general meeting or at any separate meeting of the holders of any class of shares, either in blank or nominating in the alternative any one or more of the Directors or any other person. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the Company's expense, they shall be issued to all (and not to some only) of the members entitled to be sent a notice of the meeting and to vote at it. The accidental omission to send such an instrument or give such an invitation to, or the non-receipt thereof by, any member entitled to attend and vote at a meeting shall not invalidate the proceeds at that meeting.

CORPORATIONS ACTING BY REPRESENTATIVES

- 77.1 Any corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company, or at any separate meeting of the holders of any class of shares. The person so authorised shall be entitled to exercise the same power on behalf of the corporation as the corporation could exercise if it were an individual member of the Company, and the corporation 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.
- 77.2 A resolution authorising a person to act as a representative of a corporation shall not be effective for the purposes of any meeting unless a copy or extract of such resolution, certified as a true copy or extract by a director or secretary or member of the governing body of the corporation concerned, has been delivered prior to the time fixed for the commencement of the meeting to a Director or the Secretary of the Company.

DIRECTORS

- 78 Unless otherwise determined by the Company by ordinary resolution the number of directors (other than alternate directors) shall not be less than two.
- 79 A Director shall not require a share qualification.

80

- 80.1 Until otherwise determined by the Company by ordinary resolution, the Directors (other than alternate directors) shall be entitled to such remuneration by way of fees for their services in the office of director as the Directors may determine or such larger amount as the Company may by ordinary resolution decide) divided between the Directors as they agree, or, failing agreement, equally. The fees shall be deemed to accrue from day to day.
- 80.2 The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of any class of shares or otherwise in connection with the discharge of their duties as Directors.
- 80.3 Any Director who holds an executive office or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

ALTERNATE DIRECTORS

- 81 Any Director (other than an alternate director) may appoint any other Director, or any other person approved by resolution of the Directors and willing to act, to be an alternate director and may remove from office an alternate director appointed by him.
- 82 An alternate director shall (unless he is absent from the United Kingdom) be entitled to receive notices of meetings of the Directors and of committees of the Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not present and generally to perform all the functions of his appointor as a director in his absence, but shall not (unless the Company by ordinary resolution otherwise determines) be entitled to any fees for his services as an alternate director.
- 83 An alternate director shall cease to be an alternate director if his appointor ceases to be a Director: but, if a Director retires by rotation or otherwise but is re-appointed or deemed to have been re-appointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his re-appointment. An alternate director shall also cease to be an alternate director on the happening of any event which, if he was a Director, would cause him to vacate office as such.
- 84 An appointment or removal of an alternate director shall be by notice in writing to the Company executed by the Director making or revoking the appointment or in any other manner approved by the Directors.
- 85 Save as otherwise provided in these Articles, an alternate director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults, and he shall not be deemed to be the agent of the Director appointing him.

POWERS OF DIRECTORS

- 86 The business of the Company shall be managed by the Directors who, subject to the provisions of the Statutes, the Memorandum of Association of the Company and these Articles and to any directions given by a special resolution of the Company, may exercise all

the powers of the Company. No alteration of the Memorandum of Association of the Company 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 powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a meeting of the Directors at which a quorum is present may exercise all powers exercisable by the Directors.

- 87.1 The Directors may exercise all the powers of the Company to borrow money and to pledge 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 third party.

DELEGATION OF DIRECTORS' POWERS

- 88.1 The Directors may delegate any of their powers –
- (a) to any Managing Director or any Director holding any other executive office;
 - (b) to any committee consisting of one or more Directors and (if thought fit) one or more other persons, but a majority of the members of the committee shall be Directors and no resolution of the committee shall be effective unless a majority of those present when it is passed are Directors; and
 - (c) to any local board or agency for managing any of the affairs of the Company either in the United Kingdom or elsewhere.
- 88.2 Any such delegation may be subject to any conditions the Directors impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject as aforesaid, the proceedings of any committee, local board or agency with two or more members shall be governed by such of these Articles as regulate the proceedings of Directors so far as they are capable of applying.
- 89 The Directors may, by power of attorney or otherwise, appoint any person, whether nominated directly or indirectly by the Directors, to be the agent of the Company for such purposes and with such powers and subject to such conditions as they think fit, and any such appointment may contain such provisions for the protection and convenience of persons dealing with the agent as the Directors may think fit, and may also authorise the agent to sub-delegate all or any of the powers vested in him.

ASSOCIATE DIRECTORS

- 90 The Directors may, from time to time, appoint a person who is not a director as an associate director or to an office or employment having some other designation or title including the word "director" and they may attach the designation or title to an existing office or employment with the Company. The Directors may terminate the appointment or the use of the designation or title. The inclusion of the word "director" in the designation or title of an office or employment does not constitute the person as a director or empower him to act as, or imply that he is, or is deemed to be, or is empowered to act as, a director for any of the purposes of the Act or these Articles. In particular, he is not entitled to receive notice of or, without an invitation, to attend meetings of the Directors and, if he does attend, he is not entitled to a vote.

APPOINTMENT AND RETIREMENT OF DIRECTORS

- 91 At each annual general meeting one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office; but, if there is only one Director who is subject to retirement by rotation, he shall retire.
- 92.1 Subject to the provisions of the Statutes and to the following provisions of these Articles, the Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 92.2 No Director holding the office of Managing Director shall, while he continues to hold such office, be subject to retirement by rotation or taken into account in determining the number of Directors to retire.
- 93 If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or a resolution for the reappointment of the Director is put to the meeting and lost.
- 94.1 No person other than a Director retiring by rotation shall be appointed or reappointed a Director at any general meeting unless-
- (a) he is recommended by the Directors; or
 - (b) not less than seven nor more than 35 days before the date appointed for holding the meeting, notice executed by a member (other than the person to be proposed) qualified to vote on the appointment or reappointment has been given to the Company stating his intention to propose such person for election and including the particulars which would, if such person were appointed or reappointed, be required to be included in the Company's register of directors, together with notice executed by that person of his willingness to be appointed or reappointed.
- 94.2 Not less than three nor more than 28 days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person in respect of whom notice has been duly given to the Company under Article 92.1. The notice under this Article 93.2 shall give the particulars of that person stated in the notice under Article 93.1.
- 95 At a general meeting a motion for the appointment of two or more persons as Directors by a single resolution shall not be made unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it and for the purposes of this Article a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.
- 96 Subject as aforesaid, the Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, and may also determine the rotation in which any additional Directors are to retire.
- 97 The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed as the maximum number of Directors. A Director so appointed shall retire at the next following annual general meeting and shall not

be taken into account in determining the Directors who are to retire by rotation at the meeting.

- 98 Subject as aforesaid, a Director who retires at an annual general meeting may be re-appointed. If he is not re-appointed or deemed to have been 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.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 99 Without prejudice to the provisions of the Statutes, the Company may, by ordinary resolution, remove a Director before the expiration of his period of office (but such removal shall be without prejudice to any claim to damages for breach of any contract of service between the Director and the Company) and may, by ordinary resolution, appoint another person instead of him. A person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last appointed or reappointed a Director.

- 100 The office of a Director shall be vacated if –

- (a) he ceases to be a Director by virtue of any provision of the Statutes or he becomes prohibited by law from being a director; or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally or shall apply to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act; or
- (c) he is, or may be, suffering from mental disorder and either –
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health (Scotland) Act 1984 or under the Mental Health Act 1983; or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of any person to exercise powers with respect to his property or affairs; or
- (d) he resigns his office by notice in writing to the Company and the Directors shall resolve to accept such offer; or
- (e) in the case of a Director who holds any executive office, his appointment as such is terminated or expires and the Directors resolve that his office be vacated; or
- (f) he is absent for more than six consecutive months without permission of the Directors from meetings of the Directors held during that period and the Directors resolve that his office be vacated; or
- (g) he is requested in writing by all the other Directors to resign.

DIRECTORS' APPOINTMENTS AND INTERESTS

101 The Directors may appoint one or more of their number to the office of Managing Director or to any other executive office under the Company and, subject to the provisions of the Statutes any such appointment may be made for such term, at such remuneration and on such other conditions as the Directors think fit. Any appointment of a Director to an executive office shall terminate if he ceases to be a Director but without prejudice to any claim to damages for breach of the contract of service between the Director and the Company.

102.1 Subject to the provisions of the Statutes, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office –

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate;

and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

102.2 For the purposes of this Article –

- (a) 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
- (b) 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.

DIRECTORS' GRATUITIES, PENSIONS AND INSURANCE

103 The Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance 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.

104 Without prejudice to the provisions of Article 145, 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 or employees of the Company, or of any other company or undertaking which is (a) the holding company or parent undertaking of the Company or (b) a subsidiary or subsidiary undertaking of the Company or of such holding company or

parent undertaking or (c) otherwise allied to or associated with the Company or any such holding company or parent undertaking or subsidiary or subsidiary undertaking or in which the Company or such holding company or parent undertaking or subsidiary 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 company or 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 company or undertaking, retirement benefits scheme or employees' share scheme.

PROCEEDINGS OF DIRECTORS

- 105.1 Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit.
- 105.2 A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Subject to Article 104.3, it shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom. Any Director may waive notice of a meeting and any such waiver may be retrospective.
- 105.3 If a Director has notified the Company in writing of an address in the United Kingdom at which notice of meetings of the Directors is to be given to him when he is absent from the United Kingdom, he shall, if so absent, be entitled to have notice given to him at that address; but the Company shall not be obliged by virtue of this Article 104.3 to give any Director a longer period of notice than he would have been entitled to had he been present in the United Kingdom at that address.
- 105.4 Questions arising at a meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote. A Director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
- 105.5 Any Director (including an alternate director), or a member of a committee of the Directors, may participate in a meeting of the Directors, or such committee, by means of a conference telephone or similar communicating equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence at such meeting.
- 106 No business shall be transacted at any meeting of the Directors unless a quorum is present. The quorum may be fixed by the Directors and unless so fixed at any other number shall be two. An alternate director who is not himself a Director shall, if his appointor is not present, be counted in the quorum.
- 107 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum, the continuing Directors or Director may act only for the purpose of filling vacancies or of calling a general meeting.
- 108 The Directors may elect from their number and remove a Chairman and a Vice-Chairman of the board of Directors. The Chairman, or in his absence the Vice-Chairman, shall preside at all meetings of the Directors but, if there is no Chairman or Vice-Chairman or if at the

meeting neither the Chairman nor the Vice-Chairman is present within five minutes after the time appointed for the meeting or if neither of them is willing to act as Chairman, the Directors present may choose one of their number to be chairman of the meeting.

- 109 All acts done by a meeting of the Directors or of a committee of the Directors or by a person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was a defect in the appointment of any Director or that any of them was disqualified from holding office or had vacated office or was 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 and had been entitled to vote.
- 110 A resolution in writing executed by all the Directors entitled to receive notice of a meeting of the Directors or of a committee of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors or (as the case may be) a committee of the Directors duly convened and held, and may consist of several documents in the like form each executed by one or more Directors, but a resolution executed by an alternate director need not also be executed by his appointor and, if it is executed by a Director who has appointed an alternate director, it need not also be executed by the alternate director in that capacity.
- 111.1 Save as otherwise provided in these Articles, 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.
- 111.2 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:-
- (a) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him at the request of, or for the benefit of, the Company or any of its subsidiaries or subsidiary undertakings;
 - (b) 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 subsidiaries or 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;
 - (c) any proposal concerning the subscription or purchase by him of shares, debentures or other securities of the Company 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;
 - (d) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries or subsidiary undertakings for subscription or purchase in which offer he is, or is to be, interested as a participant in the underwriting or sub-underwriting thereof;
 - (e) any proposal concerning any other company or 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 one per cent. or more of the issued shares of any class of

such undertaking (or of any third company or 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 109 to be a material interest in all circumstances). For the purpose of this sub-paragraph (e) 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;

- (f) any proposal concerning the adoption, modification or operation of a retirement benefits scheme or employees' share scheme under which he may benefit and 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 those employees who participate in such scheme;
- (g) any proposal concerning any contract or arrangement for the benefit of employees of the Company or of any of its subsidiaries or 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;
- (h) any proposal concerning insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any Directors of the Company or for persons who include Directors of the Company, provided that for the purposes of this sub-paragraph (h), insurance shall mean only insurance against liability incurred by a Director in respect of any act or omission by him referred to in Article 102, 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.

111.3 For the purpose of this Article 110, 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 appointor shall be treated as an interest of the alternate without prejudice to any interest which the alternate has otherwise.

112 The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of these Articles prohibiting a Director from voting at a meeting of the Directors or of a committee of the Directors.

113 Where proposals are under consideration concerning the appointment of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each Director separately and (provided he is not under any provisions of these Articles or for any other reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

114 If a question arises at a meeting of the Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, 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.

MINUTES

- 115 The Directors shall cause minutes to be made in books kept for the purpose:-
- (a) of all appointments of officers made by the Directors; and
 - (b) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the Directors, and of committees of the Directors, including the names of the Directors present at each such meeting.

SECRETARY

- 116 Subject to the provisions of the Statutes, the Secretary shall be appointed by the Directors for such term, at such remuneration and on such other conditions as they think fit and any Secretary so appointed may be removed by them.

SEALS

- 117
- (a) The Directors shall provide for the safe custody of any seal and any securities seal and neither shall be used without the authority of the Directors or a committee 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 15.2) 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.
- 118 Subject to the provisions of the Statutes, the Company may have an official seal for use in any place abroad.

AUTHENTICATION OF DOCUMENTS

- 119 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, 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 of the Directors or any committee 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 or extract is a true and accurate record of proceedings at a duly constituted meeting.

DIVIDENDS

- 120 Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.
- 121 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 regards 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 arrear. 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 preferential rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
- 122 Except as otherwise provided by these Articles or the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amounts paid up 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, no amount paid up on a share in advance of a call shall be regarded as paid up on the share.
- 123 A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the Directors may settle the same and in particular may issue fractional certificates (or ignore fractions) and fix the value for distribution of any assets, and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members, and may vest any assets in trustees. Where the Directors pay an interim dividend pursuant to Article 120, they may direct that such interim dividends shall be satisfied wholly or partly by the distribution of assets in accordance with the provisions of this Article.
- 124 Subject to approval by the Company at any annual general meeting, the Directors may, in respect of any dividend declared or proposed to be declared at any time prior to or at the next following annual general meeting (and provided that an adequate number of unissued shares authorised for issue is available for the purpose), determine and announce that shareholders will be entitled to elect to receive in lieu of such 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:-
- (a) 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, where the shares of that class have been admitted to the Official List of the London Stock Exchange, the average of the middle market quotations of the shares on the London Stock Exchange (as derived from the Daily Official List of the London Stock Exchange) or, where permission has been granted for the shares of that class to be dealt in on AIM, the average of the middle market quotations of the shares on AIM (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 quotation in respect of any dividend shall be conclusive evidence of that amount;

- (b) the Directors shall, after determining the basis of 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;
- (c) 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 provided that the first 0.1p per ordinary share of such dividend (or, if less, the amount of the dividend) shall not be subject to the said right of election but shall, in any event, be payable in cash if such dividend is the first dividend to be declared during any calendar year;
- (d) 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);
- (e) 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;
- (f) 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. The dividend shall be payable wholly in cash if the ordinary share capital of the Company ceases to be listed on the Official List of the London Stock Exchange or

if permission lapses or is withdrawn for the ordinary share capital of the Company to be dealt in on AIM at any time prior to the due date of issue of the additional shares or if the listing is suspended and not reinstated by the date immediately preceding the due date of such issue; and

- (g) 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.

- 125 Any dividend or other money payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other money payable in respect of the share.
- 126 No dividend or other money payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.
- 127 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 and any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

CAPITALISATION OF PROFITS

- 128 The Directors may with the authority of an ordinary resolution of the Company –
- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's reserve accounts (including any share premium account, capital redemption reserve or other undistributable reserve);
- (b) appropriate the sum resolved to be capitalised to the members in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such 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 of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members or as they may direct, in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve, and other undistributable reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be issued to members credited as fully paid;

- (c) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall so long as such shares remain partly paid rank for dividend only to the extent that the latter shares rank for dividend;
- (d) make such provision by the issue of fractional certificates (or by ignoring fractions) or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable in fractions;
- (e) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any further shares to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members; and
- (f) generally do all acts and things required to give effect to such resolution as aforesaid.

129

- (a) Where, pursuant to an employees' share scheme, the Company has granted options to subscribe for shares on terms which provide inter alia for adjustments to the subscription price payable on the exercise of such options or to the number of shares to be allotted upon such exercise in the event of any increase or reduction in or other reorganisation of the Company's issued share capital and an otherwise appropriate adjustment would result in the subscription price for any share being less than its nominal value, then, subject to the provisions of the Statutes, the Directors may, on the exercise of any of the options concerned and payment of the subscription which would have applied had such adjustment been made, capitalise any such profits or other sum as is mentioned in Article 127 to the extent necessary to pay up the unpaid balance of the nominal value of the shares which fall to be allotted on the exercise of such options and apply such amount in paying up such balance and allot shares fully paid accordingly.
- (b) The provisions of paragraphs (c) to (f) of Article 127 above shall apply mutatis mutandis to this Article 128 (but as if the authority of an ordinary resolution of the Company were not required).

RECORD DATES

- 130 Notwithstanding any other provision of these Articles, but without prejudice to any rights attached to any existing shares, the Company or the Directors may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date in which the dividend, distribution, allotment or issue is declared, paid or made.

ACCOUNTS

- 131 No member (other than a Director) shall have any right of inspecting any accounting record or other document of the Company except as conferred by statute or authorised by the Directors or by ordinary resolution of the Company.
- 132.1 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 130 shall not require a copy of these 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.

- 132.2 Notwithstanding the provisions of Article 131.1, the Company shall, subject to it complying with any requirements laid down by the Statutes or any regulations made thereunder, be entitled to send out under section 251 of the 1985 Act a summary financial statement in the form specified by any regulations made under that section.

AUDITORS

- 133 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.
- 134 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

- 135 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 need not be in writing.
- 136 The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of a joint holder, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at the address, but otherwise no such member shall be entitled to receive any notice from the Company.
- 137 The signature on any notice required to be given by the Company may be typed or printed or otherwise written.
- 138 A member present either in person or by proxy, or in the case of a corporate member by a duly authorised representative, at any meeting of the Company or of the holders of any class of shares shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
- 139 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 does not apply to a notice given under section 212 of the 1985 Act.

- 140 A notice sent by post shall be deemed to have been given on the day following that on which the envelope containing the notice was posted. Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that notice was given. A notice given by advertisement shall be deemed to have been served on the day on which the advertisement appears.
- 141 A notice may be given by the Company to the person entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it in any manner authorised by these Articles for the giving of notice to a member addressed to that person by name, or by the title of representative of the deceased or trustee of the bankrupt or by any like description, at the address, if any, within the United Kingdom supplied for that purpose by the person claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.
- 142 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 one national daily newspaper with circulation in the United Kingdom.
- 143 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 on the same date in at least one national daily newspaper with circulation in the United Kingdom 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 days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

WINDING UP

- 144 If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Statutes, divide among the members in specie the whole or any part of the assets of the Company and may, for the purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine, but no member shall be compelled to accept any assets upon which there is a liability.

PROVISION FOR EMPLOYEES

- 145 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

- 146 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,

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 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.