

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES of ASSOCIATION

of

ALTRA HOLDINGS LIMITED



CONSTITUTION OF COMPANY

- 1 The Regulations contained or incorporated in Table A in the Companies (Tables A to F) Regulations 1985 (such Table being hereinafter called "Table A") shall be deemed to be incorporated with these Articles and shall apply to the Company with the exception of Regulations 3, 4, 23, 24, 25, 35, 44, 64 to 69 inclusive, 73 to 75 inclusive, 77, 80, 81, 85 to 89 inclusive, 93 to 97 inclusive, 112, 115 and 118 of Table A and any other Regulation which is inconsistent with the additions and modifications hereinafter set forth.

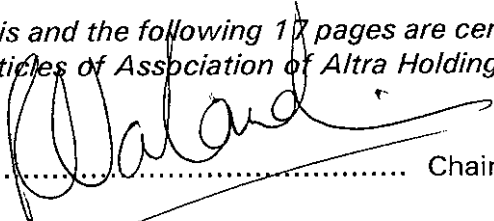
SHARE CAPITAL

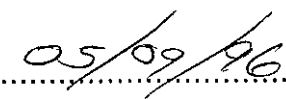
- 2 The Authorised Share Capital of the Company at the date of the adoption of this Regulation as a Regulation of these Articles is £100,000 divided into 339,000 Ordinary Shares of 25p each (in these Articles referred to as "Ordinary Shares") 1,000 'A' Ordinary Shares of 25p each (in these Articles referred to as 'A' Ordinary Shares") and 60,000 Redeemable Preference Shares of 25p each (in these Articles referred to as "Preference Shares"). The rights attaching to the respective classes of Shares shall be as follows:-

(a) As regards income:

The profits which the Company may determine to distribute in respect of any of its accounting reference periods shall be distributed by way of dividend among the holders of the 'A' Ordinary Shares and/or the Preference

This and the following 17 pages are certified as a true and complete copy of the proposed Articles of Association of Altra Holdings Limited.


..... Chairman

 05/09/96 Date

Shares and/or the Ordinary Shares rateably within each class according to the number of such Shares held in such sums per class as the holders of the Ordinary Shares shall, by ordinary resolution, determine; and it shall be at the absolute discretion of the holders of the Ordinary Shares (by ordinary resolution aforesaid) as to whether any said dividend be so paid or not so paid to the holders of the 'A' Ordinary Shares and/or the Preference Shares and/or the Ordinary Shares and, if so paid, the extent of any such dividend; for the avoidance of doubt, nothing shall limit or restrict in any way the discretion of the holders of the Ordinary Shares by ordinary resolution aforesaid to determine to pay dividend(s) from the aforesaid profits in respect of any accounting reference period of the Company in respect of any one or more class(es) of Shares and not in respect of any one or more other class(es) of Shares.

(b) As regards capital:-

On a return of assets on liquidation or otherwise, the assets of the Company available for distribution among the members of the Company shall be applied:-

Firstly, in repaying to the holders of the Preference Shares 25p for each Preference Share held by them respectively.

Secondly, in paying to the holders of the Ordinary Shares 25p for each Ordinary Share held by them respectively.

Thirdly, in paying to the holders of the 'A' Ordinary Shares 25p for each 'A' Ordinary Share held by them respectively.

Thereafter, the balance of such assets shall be distributed among the holders of Ordinary Shares rateably according to the number of Shares held by them respectively.

(c) As regards voting:

At any General Meeting of the Company, on a show of hands every member of the Company who is present in person or by proxy or (being a corporation) by representative and 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 representative and entitled to vote shall have one vote for each Ordinary Share held by him.

The 'A' Ordinary Shares and the Preference Shares shall not entitle the holders thereof to receive notice of or to attend and vote at any General Meeting of the Company nor shall they entitle the holders thereof to vote in any other respect.

(d) As regards redemption:

The following provisions shall apply in regard to the redemption of the Preference Shares:-

- (i) Any holder of Preference Shares shall be entitled to require that the whole or any number of them (remaining unredeemed) be redeemed provided at least six months' notice in writing of such requirement is given to the Company and, at the time required for redemption to take place, it is lawful for the Company to redeem.
- (ii) On the redemption of each Preference Share in accordance with the provisions of this Regulation, 25p shall be paid for each Preference Share redeemed.
- (iii) The amount due to the holder of any Preference Share in respect of the redemption thereof shall be paid to the holder by the Company upon delivery to the Company of the Certificate for such Preference Share.
- (iv) The Directors shall not be entitled to re-issue any Preference Share redeemed under any of the foregoing provisions of this paragraph.
- (v) In the event that the Company is prohibited or prevented by the Companies Act 1985 (as amended from time to time) or any re-enactment, consolidation, extension or replacement thereof from redeeming any of the Preference Shares on the due date for the redemption thereof in accordance with the foregoing provisions, the Company shall redeem such Preference Shares on the first date thereafter upon which the Company is no longer prevented or prohibited from making such redemption.

CLASS RIGHTS

- 3 Whenever the Share Capital of the Company is divided into different classes of Shares, the rights attached to any class of Share may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holder or holders of three-fourths 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, all the provisions of these Articles relating to General Meetings of the Company or to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued Shares of the class and that the holders of Shares of the class shall on a poll (which may be demanded by any holder of Shares of the class present in person or by proxy) have one vote in respect of every Share of the class held by them respectively; provided that, without prejudice to the generality of this Regulation, the rights attached to the Preference Shares respectively shall be deemed to be varied:-
- (i) by an alteration, increase or reduction of the authorised or issued Share Capital of the Company (including the sub-division or consolidation of any Share) or to the rights, privileges or restrictions attaching to any class of Share in the Share Capital of the Company;

- (ii) by the sale, disposal or transfer by the Company, other than in the ordinary course of business, of any asset (whether heritable or moveable, real or personal) of the Company or by the sale, disposal or transfer by the Company of any part of its business;
- (iii) by the purchase by the Company of any Share in the Share Capital of the Company;
- (iv) by the giving to the Directors of any authority to allot relevant securities for the purposes of Section 80 of the Act (except in so far as any such authority is contained in these Articles);
- (v) by any alteration to the Memorandum of Articles of Association of the Company or by the adoption of new Articles of Association by the Company; and
- (vi) by the calling of a Meeting of the Company for the purpose of, or inter alia for the purpose of, considering a resolution for the winding up of the Company.

ALLOTMENT OF SHARES

- 4 (a) The Directors are unconditionally authorised for the purpose of Section 80 of the Act to exercise for a period of five years from the date of adoption of these Articles any power of the Company to allot any shares of the Company from time to time unissued (including "relevant securities" as defined in Section 80 (2) of the Act) up to the amount of the share capital in existence at the date of adoption of these Articles.
- (b) All unissued Shares forming part of the Share Capital of the Company on the date of the adoption of these Regulations as the Articles of Association of the Company shall be at the disposal of the Directors, and the Directors are authorised by this Regulation to allot, issue, grant options over, or otherwise deal with or dispose of the same to such persons and at such times and on such terms and conditions as they think proper. In accordance with Section 91 of the Act, Section 89(1) and Section 90(1) to (6) of the Act shall be excluded from applying to the Company.
- (c) Subject to the provisions of the Act any shares of the Company may be issued on the terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the member and any shares of the Company may be purchased by the Company on such terms and conditions as the Company, before it enters into a contract or contingent contract for the purchase of such shares, may by special resolution determine. A payment in respect of such a redemption or purchase by the Company may with the sanction of a special resolution be made otherwise than out of the distributable profits of the Company (within the meaning of Section 152 (1) (b) of the Act) or the proceeds of a fresh issue of shares made for the purpose of the redemption or purchase notwithstanding that such payment may constitute a payment out of capital.

LIEN

- 5 The lien conferred by Regulation 8 of Table A shall attach also to fully paid up shares and to all shares registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders.

UNDERWRITING

- 6 The Company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act any such 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.

TRANSFER OF SHARES

- 7 The Instrument of Transfer of any share shall be in the form recommended in The Stock Transfer Act 1963, or in such other form as the Directors shall from time to time approve and, when lodged for registration, shall be accompanied by the Certificate of the share to be transferred and such other evidence (if any) as the Directors may require to prove the title of the intending transferor.
- 8 All transfers of shares need be executed by the transferor only and he shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Register of Members in respect thereof provided that, in the case of partly paid shares, the Instrument of Transfer must also be signed by or on behalf of the transferee.
- 9 (a) The Directors shall refuse to register the transfer of any share unless such transfer is permitted by, or is made pursuant to and in accordance with Regulation 10 hereof. The Directors shall also refuse to register the transfer of any share which is prohibited under Regulation 11 hereof.
- (b) Subject to paragraphs (c) and (g), of this Regulation the Directors shall not be entitled to decline to register the transfer of any share which is permitted by, or is made pursuant to and in accordance with Regulation 10 hereof.
- (c) For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these Articles the Directors may require the transferor or the person named as transferee in any transfer lodged for registration to furnish the Company with such information and evidence as the Directors may think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the Directors within a period of 28 days after such request, the Directors shall be entitled to refuse to register the transfer in question.
- (d) If a member or other person entitled to transfer a share at any time attempts to deal with or dispose of the share or any interest therein otherwise than in accordance with the provisions of Regulation 10 hereof or in

contravention of Regulation 11 hereof he shall be deemed immediately prior to such attempt to have given a Transfer Notice in respect of such share.

- (e) Where a Transfer Notice in respect of any share is deemed to have been given under any provision of these Articles and the circumstances are such that the Directors are unaware of the facts giving rise to the same, such Transfer Notice shall be deemed to have been received by the Directors on the date on which the Directors receive actual notice of such facts and the provisions of Regulation 10 hereof shall apply accordingly.
- (f) A deemed Transfer Notice shall be deemed to specifically exclude a Total Transfer Condition (as defined in Regulation 10 hereof) and shall not be revocable.
- (g) The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share which would otherwise be permitted under these Articles if it is a transfer:
 - (i) of a share on which the Company has a lien;
 - (ii) of a share (not being a fully paid share) to a person of whom they shall not approve.

The first sentence of Regulation 24 of Table A shall not apply.

PRE-EMPTION RIGHTS

- 10 (a) Before transferring or agreeing to transfer any share or any interest therein (including for this purpose the assignation of the beneficial interest in, or the creation of any charge or other security interest over, such share or the renunciation or assignation of any right to receive or subscribe for such share) the person proposing to transfer the same ("the Proposing Transferor") shall be obliged to give notice in writing ("Transfer Notice") to the Directors that the Proposing Transferor desires to transfer such share.

In the Transfer Notice the Proposing Transferor shall specify:

- (i) the number and class of shares which the proposing transferor wishes to transfer ("the Transfer Shares") (which may be all or part only of the shares then held by the Proposing Transferor); and
- (ii) whether or not the Proposing Transferor has received an offer from a third party for the Transfer Shares and if so, the identity of such third party and the price offered for the Transfer Shares.

Except as otherwise specifically provided in these Articles and unless specifically stated otherwise therein, a Transfer Notice shall be deemed to contain a Total Transfer Condition (meaning a condition that unless all of the Transfer Shares are sold pursuant to the following provisions of this Regulation, none shall be so sold).

The Transfer Notice shall constitute the Directors as the agents of the Proposing Transferor empowered to sell the Transfer Shares (together with all rights attaching thereto at the date of the Transfer Notice or at any time thereafter) at the Transfer Price (as hereinafter defined) on the terms of this Regulation. Save as expressly provided otherwise in these Articles a Transfer Notice shall be revocable at any time until the expiration of the Withdrawal Period (as hereinafter defined). If a Proposing Transferor revokes a Transfer Notice he may not subsequently transfer the shares the subject of the Transfer Notice (or any interest therein) otherwise than in accordance with these Articles.

- (b) Where a Transfer Notice is given in respect of more than one class of share it shall be deemed for the purposes of this Regulation to comprise a number of separate Transfer Notices one in respect of each such class.
- (c) Within 7 days after the receipt of any Transfer Notice the Directors shall serve a copy of that Transfer Notice on all the members other than the Proposing Transferor. In the case of a deemed Transfer Notice the Directors shall similarly serve notice on all the members (including the Proposing Transferor) notifying them that the same has been deemed to have been given.
- (d) Subject as provided otherwise than in these Articles the Transfer Shares shall be offered for purchase (as hereinafter provided) at a price per Transfer Share ("the Transfer Price") (which expression, where used in respect of more than one Transfer Share shall mean the price per Transfer Share multiplied by the number of Transfer Shares in question) determined in accordance with paragraph (e) of this Regulation.
- (e) The Transfer Price shall be such price as shall be agreed in writing among all the members or in the absence of such agreement (whether by reason of disagreement, absence, death or otherwise) within 21 days after the service of notices pursuant to paragraph (c) of this Regulation the Transfer Price will be determined by an independent Chartered Accountant of not less than ten years standing ("the Expert") who shall be nominated by agreement among all the members or failing such nomination within 14 days after the request of any member to the others therefor nominated at the request of any member by the President or other senior office bearer for the time being of the Institute of Chartered Accountants in Scotland (as constituted, reconstituted, formed or reformed from time to time). In determining the Transfer Price as aforesaid, the Expert shall be considered to be acting as an expert and not an arbiter and accordingly all provisions of law or statute relating to arbitration shall not apply. The Transfer Price determined by the Expert shall be the value of the whole issued share capital of the Company of the same class as the Transfer Shares divided by the number of shares comprised in such whole issued share capital of the same class, such value being the full price which would be paid for such whole issued share capital of the same class as between a willing seller and willing buyer thereof having regard to the profit (or loss) performance (historic and reasonably anticipated), net assets (including goodwill) and the various businesses of the Company and its subsidiaries (if any) on a going concern basis.

- (f) If the determination of the Transfer Price is referred to the Expert, the date of determination of the Transfer Price ("the Determination Date") shall be the date upon which the Directors receive the Expert's determination of the Transfer Price in writing. If the Transfer Price is determined by written agreement among all the members as aforesaid, the Determination Date shall be the date on which such agreement is made.
- (g) Where the Expert has determined the Transfer Price as aforesaid, the Proposing Transferor shall be entitled if the Transfer Price is not acceptable to him (save as otherwise provided in these Articles) to revoke the Transfer Notice by giving notice in writing to the Directors that he does so within a period of 14 days after the Determination Date (such period being herein referred to as "the Withdrawal Period").
- (h) The costs and expenses of the Expert in determining the Transfer Price shall be borne as to one half by the Proposing Transferor and as to the other half by the Purchasers (as hereinafter defined) pro rata according to the number of Transfer Shares purchased by them unless (i) the Proposing Transferor shall revoke the Transfer Notice pursuant to paragraph (g) of this Regulation; or (ii) none of the Transfer Shares are purchased by the members pursuant to paragraphs (i) or (j) of this Regulation in either of which events the Proposing Transferor shall pay all of such costs and expenses.
- (i) Within 7 days after the Determination Date or, if the Transfer Notice is capable of being revoked, within 7 days after the expiry of the Withdrawal Period, the Transfer Shares shall be offered for purchase at the Transfer Price by the Directors in the first instance to those members who, at the date of the offer are registered as the respective holders of shares of the same class as the Transfer Shares (other than (i) the Proposing Transferor and (ii) any member to whom under Regulation 11 hereof shares may not be transferred) and, in the case of competition, shall be sold to the acceptors in proportion (as nearly as may be without involving fractions or selling to any member a greater number of the Transfer Shares than the maximum number applied for by him) to the number of shares of that class then held by them respectively. If any of the Transfer Shares shall not be capable of being allocated as aforesaid without involving fractions, the same shall be offered among the acceptors, or some of them, in such proportions or in such manner as may be determined by lots drawn in respect thereof, and the lots shall be drawn in such manner as the Directors shall think fit.
- (j) If and to the extent that the Transfer Shares are not accepted by members holding shares of the same class as the Transfer Shares within the time limited for acceptance (determined as below) or if there are no other holders of shares of that class the Directors shall (in the former case) within 7 days after the expiration of such time as aforesaid (and in the latter case) immediately, offer the Transfer Shares or so many thereof as have not been accepted as aforesaid (as the case may be) to members holding shares of the other class or classes (other than any member to whom under Regulation 11 hereof shares may not be transferred) and the provisions of paragraph (i) of this Regulation shall apply mutatis mutandis to such offer (save that in the case of competition, the Transfer Shares shall be sold to

the acceptors in proportion to the amounts paid up (excluding any premium paid on subscription) on the shares then held by them respectively).

- (k) Any offer made pursuant to paragraphs (i) or (j) of this Regulation shall be made by notice in writing and shall specify (i) the number and class of the Transfer Shares; (ii) the proportionate entitlement of the relevant member (on the assumption that there will be competition for the Transfer Shares); (iii) the Transfer Price; (iv) whether or not the Transfer Notice specifically excluded a Total Transfer Condition; and (v) a period (being not less than 21 days and not more than 42 days) within which the offer must be accepted or shall lapse.
- (l) If the Transfer Notice in question did not specifically exclude a Total Transfer Condition then no offer of Transfer Shares made by the Directors pursuant to this Regulation shall be capable of acceptance until all of the Transfer Shares shall have been accepted by the members (or any of them). If by the foregoing procedure the Directors shall not receive acceptances in respect of all the Transfer Shares within the period(s) of the aforesaid offer(s) they shall forthwith give notice in writing of that fact to the Proposing Transferor and none of the Transfer Shares will be sold to the members (except as mentioned below) pursuant to this Regulation. The Proposing Transferor may within a period of three months after the date of the Directors' said notice, sell and transfer all (but not some only) of the Transfer Shares to any persons (including any member) at any price which is not less than the Transfer Price (after deducting, where appropriate, any net dividend or other distribution declared, paid or made after the date of the Transfer Notice in respect of the Transfer Shares and which has been or is to be retained by the Proposing Transferor).
- (m) If any members ("Purchasers") shall within the period(s) of the aforesaid offer(s) agree to purchase all of the Transfer Shares the Directors shall forthwith give notice in writing as hereinafter mentioned to the Proposing Transferor and to the Purchasers and the Proposing Transferor shall thereupon become bound upon payment of the Transfer Price to the Proposing Transferor (whose receipt shall be a good discharge to the Purchaser, the Company and the Directors therefor none of whom shall be bound to see to the application thereof) to transfer to each Purchaser those Transfer Shares accepted by him. Each such notice shall state the name and address of each Purchaser, the number of Transfer Shares agreed to be purchased by him and the place and time appointed by the Directors for the completion of the purchase (being not less than seven days nor more than 28 days after the date of the said notice and not being a place outside the United Kingdom). Subject to the giving of such notice the purchase shall be completed at the time and place appointed by the Directors.
- (n) If the Transfer Notice in question contained a specific exclusion of a Total Transfer Condition and if by the foregoing procedure the Directors shall receive acceptances in respect of part only of the Transfer Shares within the period(s) of the aforesaid offer(s) they shall forthwith give notice in writing of that fact to the Proposing Transferor and the Proposing Transferor:-

- (i) shall thereupon become bound upon payment of the Transfer Price to transfer to each Purchaser those Transfer Shares accepted by him under the provisions of paragraph (m) of this Regulation shall apply mutatis mutandis thereto; and
 - (ii) may within a period of three months after the date of the Directors' said notice sell and transfer all or any of those Transfer Shares which have not been accepted as aforesaid to any person or persons (including any member) at any price which is not less than the Transfer Price (after deducting, where appropriate the amount of any net dividend or other distribution declared, paid or made after the date of the Transfer Notice in respect of such Transfer Shares and which has been or is to be retained by the Proposing Transferor).
- (o) If a Proposing Transferor, having become bound to transfer any Transfer Shares pursuant to this Regulation makes default in transferring the same, the Directors may authorise some person (who shall be deemed to be the attorney of the Proposing Transferor for the purpose) to execute the necessary instrument of transfer of such Transfer Shares and may deliver it on his behalf and the Company may receive the purchase money and shall thereupon (subject to such instrument being duly stamped) cause the transferee to be registered as the holder of such Transfer Shares and shall hold such purchase money on behalf of the Proposing Transferor. The Company shall not be bound to earn or pay interest on any money so held. The receipt of the Company for such purchase money shall be a good discharge to the transferee who shall not be bound to seek to the application thereof, and after the name of the transferee has been entered in the Register of Members in purported exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person.
- (p) Without prejudice to the generality of Regulation 9 (c) hereof, the Directors may require to be satisfied that any shares being transferred by the Proposing Transferor pursuant to either paragraph (1) or paragraph (n) (ii) of this Regulation are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer and if not so satisfied may refuse to register the instrument of transfer.
- (q)
 - (i) In this paragraph "a Relevant Event" means:
 - (1) in relation to a member being an individual:
 - (aa) such member becoming bankrupt; or
 - (bb) the happening of any such event as is referred to in paragraph (c) of Regulation 81 of Table A;
 - (2) a member making any arrangement or composition with his creditors generally;
 - (3) in relation to a member being a body corporate:

- (aa) a receiver, manager, administrative receiver or administrator is appointed of such body corporate or over all or any part of its undertaking or assets; or
 - (bb) such body corporate entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction); or
 - (cc) neither of the following persons controlling such body corporate ceasing to be controlled (as defined by Section 840 of the Income and Corporation Taxes Act 1988) namely:-
 - (one) the person who controlled such body corporate on the date on which it became a member of the Company or on the date of adoption of these Articles, (whichever shall be the later), and
 - (two) any person to whom that person mentioned in the immediately preceding paragraph (one) could have transferred that body corporate's shares under the immediately succeeding paragraph (t) if those shares had been registered in his name) as an individual;
 - (dd) any such person as is mentioned in paragraph (cc) (one) above or any other representative of such body corporate on the Board of the Company ceasing to be a director of the Company.
- (4) in the case of an individual being connected with the Company for the time being, his ceasing to be so connected (otherwise than by reason of unfair or wrongful dismissal); and for these purposes an individual shall be deemed to be connected with the Company if he is a director or employee of the Company or of any of its subsidiaries (if any).
- (ii) Upon the happening of any Relevant Event the member in question shall be deemed to have immediately given a Transfer Notice in respect of all the shares as shall then be registered in the name of such member.
 - (iii) If the Relevant Event shall be the ceasing by the member in question to be connected with the Company and such cessation shall have been occasioned by a breach by such member of any contract of service he might have with the Company then the Transfer Price for the shares held by the member in question shall be the lower of the par value thereof and a price determined in accordance with paragraph (e) of this Regulation.

- (iv) If the Relevant Event shall be the bankruptcy of a member and if any of the shares which are offered to the members pursuant to the Transfer Notice deemed to be given under sub-paragraph (ii) above shall not be sold to the members (or any of them) ("the Unsold Shares") then, after the expiration of the period during which the Unsold Shares might have been purchased by members pursuant thereto, the person who has become entitled to the Unsold Shares in consequence of the bankruptcy of the member shall be entitled either:-
 - (aa) to sell the Unsold Shares to any persons in the same manner and subject to the same conditions mutatis mutandis as a Proposing Transferor could under paragraph (n) of this Regulation; or
 - (bb) to elect at any time to be registered himself as the holder of the Unsold Shares (but so that such election shall not give rise to any obligation to serve a Transfer Notice in respect of the Unsold Shares).
- (r) An obligation to transfer a share under the provisions of this Regulation shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance.
- (s) The provisions of this Regulation may be waived in whole or in part in any particular case with the prior written consent of all the members.
- (t) Notwithstanding the foregoing:-
 - (i) a share may be transferred by a member to a member of his family and for the purposes of this Regulation "member of his family" shall mean a wife, husband, widow or widower, issue, father, mother, brother or sister;
 - (ii) a share may be transferred by a member to the trustees of a settlement the sole beneficiaries of which are members of his family ("a family settlement") or to the trustees of a pension fund the sole beneficiaries of which are the Directors for the time being of the Company ("a directors' pension fund");
 - (iii) a share in the name or names of the trustees of a family settlement may be transferred to a beneficiary of that settlement or of any other family settlement being a member of the family of a member and to new trustees of such settlement or settlements and any share in the name or names of the trustee of a directors' pension fund may be transferred to a beneficiary of that fund and to new trustees of such fund;
 - (iv) any share in the name of a deceased member may be transferred to:-
 - (1) a member of his family;

- (2) the Executors or Trustees of the Estate of the deceased member to hold in their name and may be ultimately transferred to any transferee permitted under the immediately preceding paragraph (1).
- (u) Regulations 29 to 31 inclusive of Table A are to be read subject to the foregoing provisions of this Regulation.

PROHIBITED ISSUES/TRANSFERS

- 11 Notwithstanding anything else contained in these Articles no share shall be issued or transferred to any infant, bankrupt or person of unsound mind.

FORFEITURE OF SHARES

- 12 In Regulation 18 of Table A the words "and all expenses that may have been incurred by the Company by reason of such non-payment" shall be added at the end of the first sentence of the said Regulation.
- 13 Every notice convening a general meeting shall comply with the provisions of Section 372 (3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the Directors and the auditor for the time being of the Company.
- 14 Subject as hereinafter provided if at any adjourned meeting a quorum is not present within half an hour from the time appointed for the adjourned meeting, the meeting shall be dissolved. Provided that if a meeting to consider only a resolution or resolutions for the winding up of the Company and the appointment of a Liquidator be adjourned, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for the adjourned meeting, such of the members present in person or by proxy shall constitute a quorum. Regulation 41 of Table A shall be modified accordingly.
- 15 In Regulation 43 of Table A the words "the members present" shall be held to be delete and the words "the persons present, being members or proxies for members" shall be inserted in lieu thereof.
- 16 In Regulation 46 of Table A paragraphs (b) to (d) inclusive shall be held to be delete and the words "(b) by any member present in person or by proxy and entitled to vote" shall be inserted in lieu thereof.

VOTES OF MEMBERS

- 17 It shall suffice that Instruments appointing proxies be deposited at the registered office of the Company at least 24 hours before the time for holding the meeting, and Regulation 62 of Table A shall be modified accordingly.

DIRECTORS

- 18 The minimum number of the Directors shall be determined by the Company in general meeting but failing such determination shall be one. In the event of the minimum number of Directors fixed by or pursuant to these Articles or Table A being one, a sole Director shall have authority to exercise all the powers and discretions by Table A or these Articles expressed to be vested in the Directors generally.
- 19 A Director shall not be required to hold shares of the Company in order to qualify for office as a Director but he shall be entitled to receive notice of and attend and speak at every general meeting of the Company and at every separate meeting of the holders of any class of shares in the capital of the Company.

ALTERNATE DIRECTORS

- 20 (a) Any Director may at any time appoint any person to be his Alternate (hereinafter called an "Alternate Director") and may at any time terminate such appointment.
- (b) The appointment of an Alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director concerned (hereinafter called "his principal") ceases to be a Director.
- (c) An Alternate Director shall be entitled to receive notice of meetings of the Directors and to attend and where applicable vote as a Director and to be counted in the quorum at any such meeting at which his principal is not personally present and generally at such meetings to perform all functions of his principal as a Director. If his principal is for the time being unable to act through ill health or disability his signature to any resolution in writing of the Directors shall be as effective as the signature of his principal. An Alternate Director shall not (save as aforesaid) have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles, but he shall, in the execution of his duties as aforesaid, be subject to the provisions of these Articles with regard to Directors.
- (d) An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director, but he shall not be entitled to receive any remuneration from the Company in respect of his appointment as Alternate Director.

DIRECTORS' INTERESTS

- 21 (a) No Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser, lessor, customer or otherwise nor shall any such contract or any contract or any transaction or arrangement (whether or not constituting a contract) entered into with or by or on behalf of the Company with any company or partnership of or in

which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract, transaction or arrangement by reason only of such Director holding that office or of the fiduciary relationship thereby established, provided that the fact of his being interested therein and the nature of his interest be disclosed by him at the meeting of Directors at which the contract, transaction or arrangement is first taken into consideration, if his interest then exists, or in any other case at the first meeting of the Directors after the acquisition of his interest; and such Director may vote and have his vote counted in respect of any such contract, transaction or arrangement and shall be counted in the quorum present at the meeting. Provided, if the Director be a sole Director or if all the Directors be interested in the contract, transaction or arrangement, the contract, transaction or arrangement may only be entered into by the company in general meeting, and before the contract, transaction or arrangement is entered into the Director or Directors must disclose his or their interest to the meeting;

- (b) For the purposes of this Regulation:-
 - (i) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract, transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
 - (ii) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his;
- (c) If a question arises at a meeting of Directors or of a committee of 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 and his ruling in relation to any Director other than himself shall be final and conclusive.

GRATUITIES AND PENSIONS

- 22 The Directors may establish and maintain or procure the establishment and maintenance of any non-contributory pension or superannuation funds for the benefit of and 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 the holding or a subsidiary company of the Company whether or not they have held any salaried employment or office in the Company or such other company, and the wives, widows, families and dependants of any such persons, and also 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 wellbeing of the Company or of any such other company as aforesaid and make payments for or towards the insurance of any such persons as aforesaid and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or

useful object and do any of the matters aforesaid either alone or in conjunction with any such other company aforesaid. Any Director shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument and may vote in favour of the exercise of any of the powers aforesaid notwithstanding that he is or may become interested therein.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

23 The office of Director shall be vacated if the Director:-

- (a) becomes apparently insolvent or makes any arrangement or composition with his creditors generally;
- (b) 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 Act 1983, or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1984; 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 a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
- (c) resigns his office by notice in writing to the Company;
- (d) has his appointment cancelled by the company in general meeting;
- (e) becomes prohibited by law from being a Director or ceases to be a Director by virtue of any provisions of the Act; or
- (f) shall for more than six consecutive months have been absent without permission of the Directors from meetings of the Directors held during that period and the Directors resolve that his office be vacated.

ROTATION OF DIRECTORS

24 The Directors shall not be subject to retirement by rotation and accordingly Regulations 73 to 75 of Table A shall not apply and in Regulation 76 the words "other than a Director retiring by rotation" shall be deleted and all other references in Table A to retirement by rotation shall be disregarded.

PROCEEDINGS OF DIRECTORS

25 (a) The Directors may meet together for the despatch of business, adjourn and otherwise regulate their proceedings as they think fit. A Director may and the Secretary at the request of a Director shall call a meeting of the Directors. It shall not be necessary to give notice of a meeting to a Director

who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. A Director who is also an Alternate Director shall be entitled in the absence of his principal to a separate vote on behalf of his principal in addition to his own vote;

- (b) The quorum necessary for the transaction of all business of the Directors shall be two-thirds of the Directors for the time being (determined in accordance with Regulation 18 hereof) or if their number is not three or a multiple of three, the number nearest two-thirds, present in person or represented by an Alternate Director appointed under Regulation 20 hereof;
- 26 A resolution in writing, signed or approved by letter post, telegram, telefax, telex or cablegram by all the Directors entitled to receive notice of a meeting of Directors or by a sole Director or by all the members of a committee or by a sole member of a committee shall be as valid as a resolution duly passed at a meeting of the Directors or of such a committee. When signed, a resolution may consist of several documents each signed by one or more of the persons aforesaid; A resolution signed by an Alternate Director need not also be signed by his principal and if it is signed by a Director who has appointed an Alternate Director it need not be signed by the Alternate Director in that capacity.

ACCOUNTS

- 27 The Accounts and other documents to be prepared by the Directors shall be prepared in accordance with Section 229, Section 235 and Schedule 7 of the Act.

NOTICES

- 28 Every notice to be given by the Company will be sent by pre-paid letter post, telegram, telefax, telex or cablegram to the registered address, or, if appropriate, to the address for the time being supplied for the purpose to the Secretary of the Company by the person entitled to receive the same; every notice to be sent by letter post to an address within the United Kingdom shall be deemed to have been served on the expiry of twenty four hours from the time of posting and every notice to be sent by airmail to an address outwith the United Kingdom shall be deemed to have been served on the expiry of ten days from the time of posting and every notice sent by cable, telex or telegram shall be deemed to have been served on the expiry of twelve hours from the time when the cable, telex or telegram was dispatched by or on behalf of the Company. In the case of joint holders of a share all notices shall be given to the joint holders 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 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 that address.

WINDING UP

- 29 If the Company shall be wound-up any director, agent, trustee or member of the Company alone or jointly with any other person may become a purchaser of property belonging to the Company.

INDEMNITY

- 30 Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liability which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act, in which relief is granted to him by the Court and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to be incurred by the company in the execution of the duties of his office or in relation thereto. But these Articles shall only have effect insofar as the provisions are not avoided by Section 310 of the Act.
- 31 The Directors may from time to time require any person whose name is entered in the Register of Members of the company to furnish them with any information which they may consider necessary for the purpose of determining whether or not the Company is a close company within the meaning of Section 414 (1) of The Income & Corporation Taxes Act, 1988; and if such requirement is not complied with they may withhold any dividends or other payments otherwise due or becoming due in respect of the shares registered in the name of such person.

ADDITIONAL INTERPRETATION

- 32 In these Articles words or expressions importing the masculine and neuter genders include all genders and words or expressions importing the singular number include the plural number and vice versa.