

SC 201063

THE COMPANIES ACTS 1985 to 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

MORAY FIRTH INSURANCE BROKERS LIMITED

(As adopted by Special Resolution dated 13th October 2004)

PRELIMINARY

1 (a) The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) as amended by the Companies (Tables A to F) (Amendments), Regulations 1985 (SI 1985 No. 1052) (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company and a reference to a "regulation" in these Articles shall be construed accordingly.

(b) In these Articles the expression "The Act" means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

2 The Company is a private company and accordingly no offer shall be made to the public (whether for cash or otherwise) of any shares in or debentures of the Company, and no allotment or agreement to allot (whether for cash or otherwise) shall be made of any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public.

SHARE CAPITAL

3 (a) The Authorised Share Capital of the Company at the adoption of these Articles is £100,000 divided into 49,441 A ordinary shares of £1 each, 49,441 B ordinary shares of £1 each, 100 C ordinary shares of £1 each, 100 D ordinary shares of £1 each and 918 E ordinary shares of £1 each.

(b) The A ordinary shares, B ordinary shares, C ordinary shares, D ordinary shares and E ordinary shares shall rank *pari passu* in all respects except that:- (i) with regard to entitlement to dividend in respect of which the directors may at any time resolve to declare a dividend in such varying amounts on each class of share as they see fit; (ii) the C ordinary shares and D ordinary shares shall not carry voting rights although the holders of C ordinary shares and D ordinary shares may attend (but not vote at) General Meetings of the Company; and (iii) the C ordinary shares and D ordinary shares do not carry rights of pre-emption on allotments or transfers of shares.

(c) Unless all the Members otherwise agree in writing, any new shares issued to the holder of a class of shares shall be issued as shares of the class he then holds including any shares issued pursuant to regulation 110.



ISSUE OF SHARES

- 4 Unless otherwise determined by a unanimous resolution of the Members entitled to vote in general meeting or by a written resolution of all such Members, any shares for the time being unissued and any new shares from time to time to be created and which the directors propose to issue shall before they are issued first be offered to the Members (other than the Members holding C ordinary shares or D ordinary shares) in proportion as nearly as may be to the number of existing shares held by them respectively (and such offer shall be at the same price and on the same terms to each Member). Such offer shall be made by notice in writing specifying the number of shares offered and limiting a period (being not less than fourteen days) within which the offer, if not accepted will be deemed to be declined. After the expiration of such time, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them; such further offer shall be made in like terms in the same manner and limited by a like period as the original offer.
- 5 In accordance with Section 91(1) of the Act, Sections 89(1) and 90(1) to (6) inclusive of the Act shall not apply to the Company.
- 6 The directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation and the directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by ordinary resolution of the Company in general meeting.

SHARES

- 7 The lien conferred by regulation 8 shall attach also to fully paid-up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing 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, for all moneys presently payable by him or his estate to the Company. Regulation 8 shall be modified accordingly.
- 8 The liability of any Member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

TRANSFER OF SHARES

- 9 (a) The holders of C ordinary shares and D ordinary shares shall be entitled at any time to transfer his or her shares to the holders of A ordinary shares and B ordinary shares respectively, free of the rights of pre-emption attaching to shares of any other class. This right shall expire upon its being exercised once in relation to each of the shares to which it is attached.

(b) Any person (hereinafter called "the proposing transferor") proposing to transfer any shares shall give notice in writing (hereinafter called "the transfer notice") to the Company that he desires to transfer the same and specifying the price per share which in his opinion constitutes the fair value thereof. The transfer notice shall constitute the Company the agent of the proposing transferor for the sale of all (but not some of) the shares comprised in the transfer notice to any Member or Members willing to purchase the same (hereinafter called "the purchasing Member") at the price specified therein or at the fair value certified in accordance with paragraph (d) below (whichever shall be the lower). A transfer notice shall not be revocable except with the sanction of the directors.

(c) The shares comprised in any transfer notice shall be offered to the Members (other than the Members holding C ordinary shares or D ordinary shares and the proposing transferor) as nearly as may be in proportion to the number of shares held by them respectively. Such offer shall be made by notice in writing (hereinafter called "the offer notice") within seven days after the receipt by the Company of the transfer notice. The offer notice shall state the price per share specified in the transfer notice and shall limit the time in which the offer may be accepted, not being less than twenty-one days nor more than forty-two days after the date of the offer notice, provided that if a certificate of fair value is requested under paragraph (d) below the offer shall remain open for acceptance for a period of fourteen days after the date on which notice of the fair value certified in accordance with that paragraph shall have been given by the Company to the Members or until the expiry of the period specified in the offer notice whichever is the later. For the purpose of this Article an offer shall be deemed to be accepted on the day on which the acceptance is received by the Company. The offer notice shall farther invite each Member to state in his reply the number of additional shares (if any) in excess of his proportion which he desires to purchase and if all the Members do not accept the offer in respect of their respective proportions in full the shares not so accepted shall be used to satisfy the claims for additional shares as nearly as may be in proportion to the number of shares already held by them respectively, provided that no Member shall be obliged to take more shares than he shall have applied for. If any shares shall not be capable without fractions of being offered to the Members in proportion to their existing holdings, the same shall be offered to the Members, or some of them, in such proportions or in such manner as may be determined by lots drawn in regard thereto, and the lots shall be drawn in such manner as the directors may think fit.

(d) Any Member may, not later than eight days after the date of the offer notice, serve on the Company a notice in writing requesting that the Auditor for the time being of the Company (or at the discretion of the Auditor, a person nominated by the President for the time being of the Institute of Chartered Accountants in the country of the situation of its Registered Office) certify in writing the sum which in his opinion represents the fair value of the shares comprised in the transfer notice as at the date of the transfer notice and for the purpose of this Article reference to the Auditor shall include any person so nominated. Upon receipt of such notice the Company shall instruct the Auditor to certify as aforesaid and the costs of such valuation shall be apportioned among the proposing transferor and the purchasing Members or borne by any one or more of them as the Auditor in his absolute discretion shall decide. In certifying the fair value as aforesaid the Auditor shall be considered to be acting as an expert and not as an arbitrator or arbiter and accordingly any provisions of law or statute relating to arbitration shall not apply. Upon receipt of the certificate of the Auditor, the Company shall by

notice in writing inform all Members of the fair value of each share and of the price per share (being the lower of the price specified in the transfer notice and the fair value of each share) at which the shares comprised in the transfer notice are offered for sale. For the purpose of this Article the fair value of each share comprised in the transfer notice shall be its value as a rateable proportion of the total value of all the issued shares of the Company and shall not be discounted or enhanced by reference to the number of shares referred to in the transfer notice.

(e) If purchasing Members shall be found for all the shares comprised in the transfer notice within the appropriate period specified in paragraph (c) above, the Company shall not later than seven days after the expiry of such appropriate period give notice in writing (hereinafter called "the sale notice") to the proposing transferor specifying the purchasing Members and the proposing transferor shall be bound upon payment of the price due in respect of all the shares comprised in the transfer notice to transfer the shares to the purchasing Members.

(f) If in any case the proposing transferor after having become bound as aforesaid makes default in transferring any shares the Company may receive the purchase money on his behalf, and may authorise some person to execute a transfer of such shares in favour of the purchasing Members. The receipt of the Company for the purchase money shall be a good discharge to the purchasing Members. The Company shall pay the purchase money into a separate bank account.

(g) If the Company shall not give a sale notice to the proposing transferor within the time specified in paragraph (e) above, he shall, during the period of thirty days next following the expiry of the time so specified, be at liberty to transfer all or any of the shares comprised in the transfer notice to any person or persons, but in that event the directors may, in their absolute discretion, and without assigning any reason therefor, decline to register any such transfer and regulation 24 shall, for these purposes, be modified accordingly.

(h) In the application of regulation 29 to 31 (inclusive) to the Company:-

(i) any person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall give a transfer notice before he elects in respect of any share to be registered to himself or transfer execute a transfer;

(ii) if a person so becoming entitled shall not have given a transfer notice in respect of any share within six months of the death or bankruptcy, the directors may at any time thereafter upon resolution passed by them give notice requiring such person within thirty days of such notice to give a transfer notice in respect of all the shares to which he has so become entitled and for which he has not previously given a transfer notice and if he does not do so he shall at the end of such thirty days be deemed to have given a transfer notice pursuant to paragraph (b) of this Article relating to those shares in respect of which he has still not done so;

(iii) where a transfer notice is given or deemed to be given under this paragraph (h) and no price per share is specified therein the transfer notice shall be deemed to specify the sum which shall, on the application

of the directors, be certified in writing by the Auditors in accordance with paragraph (d) of this Article as the fair value thereof.

(i) Whenever any Member of the Company who is employed by the Company in any capacity (whether or not he is also a director) ceases to be employed by the Company otherwise than by reason of his death the directors may at any time not later than six months after his ceasing to be employed resolve that such Member do retire and thereupon he shall (unless he has already served a transfer notice) be deemed to have served a transfer notice pursuant to paragraph (b) of this Article and to have specified therein the fair value to be certified in accordance with paragraph (d) of this Article. Notice of the passing of any such resolution shall forthwith be given to the Member affected thereby. Where the Member who so ceases to be employed holds A ordinary shares or B ordinary shares, the holders of C ordinary shares and D ordinary shares (respectively) shall also be deemed to have served a transfer notice pursuant to paragraph (b) of this Article.

APPOINTMENT OF DIRECTORS

- 10 (a) Regulation 64 shall not apply to the Company.
- (b) Unless and until the Company in General Meeting shall otherwise determine there shall be no maximum number of directors and the minimum number of Directors shall be one. If and so long as there is a sole director he may exercise all the powers and authorities vested in the directors generally and regulation 89 shall be modified accordingly.
- (c) The holder or holders of a majority in nominal value of the A ordinary shares shall be entitled by notice in writing to the Company to appoint one director and by like notice to remove such director and at any time and from time to time by like notice to appoint any other person to be a director in the place of a director so removed. Any director so appointed shall be an A director.
- (d) The holder or holders of a majority in nominal value of the B ordinary shares shall be entitled by notice in writing to the Company to appoint one director and by like notice to remove any of such directors and at any time and from time to time by like notice to appoint any other person to be a director in place of a director so removed. Any director so appointed shall be a B director.
- (e) The holder or holders of a majority in nominal value of the E ordinary shares shall be entitled by notice in writing to the Company to appoint one director and by like notice to remove any of such director and at any time and from time to time by like notice to appoint any other person to be a director in place of a director so removed. Any director so appointed shall be an E director.
- (f) The holder or holders of a majority in nominal value of the A ordinary shares, B ordinary shares and E ordinary shares together shall be entitled together by notice in writing to the Company to appoint one or more

additional directors and any such additional director may be removed by notice in writing to that effect being given to the Company by the holder or holders of a majority in nominal value of each class of shares together. Any director so appointed shall be an additional director.

- (g) A notice of appointment or removal of a director pursuant to this Article shall take effect upon lodgement at the office or on delivery to a meeting of the directors or on delivery to the secretary.
- (h) Every director appointed pursuant to this Article shall hold office until he is either removed in manner provided by this Article or dies or vacates office pursuant to regulation 81 (as modified by Article 11) and neither the Company in general meeting nor the directors shall have power to fill any such vacancy.
- (i) Any director appointed pursuant to this Article shall be at liberty from time to time to make such disclosure to his appointor(s) as to the business and affairs of the Company and its subsidiaries as he shall in his absolute discretion determine.
- (j) The directors shall not be subject to retirement by rotation and accordingly regulations 73 to 75 shall not apply and all other references in the regulations to retirement by rotation shall be disregarded.
- (k) No director shall be appointed otherwise than as provided in these Articles. Regulations 76 to 80 shall not apply.
- (l) A person may be appointed a director notwithstanding that he has attained the age of 70 years and no director shall be liable to vacate office by reason only of his attaining or having attained that or any other age.

DISQUALIFICATION OF DIRECTORS

- 11 The office of a director shall be vacated if he becomes incapable by reason of illness or injury of managing and administering his property and affairs, and regulation 81 shall be deemed extended accordingly. A director need not be a Member of the Company.

GENERAL MEETINGS AND RESOLUTIONS

- 12 No business shall be transacted at any general meeting unless a quorum of members is present at the time the meeting proceeds to business. One Member holding A ordinary shares, one Member holding B ordinary shares and one Member holding E ordinary shares shall be a quorum. Regulation 40 shall not apply.
- 13 (a) A notice convening a general meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and regulation 38 shall be modified accordingly.

(b) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at any annual general meeting, with the exception of declaring a dividend, the consideration of the accounts,

balance sheets, and the reports of the directors and Auditors, and the appointment of, and the fixing of the remuneration of the directors and the Auditors.

(c) 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 any other communications relating to any general meeting which any Member is entitled to receive shall be sent to the directors and to the Auditors for the time being of the Company.

14 (a) Regulation 40 shall be read and construed as if the words "at the time when the meeting proceeds to business" were added to the end of the first sentence.

(b) If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed therefor such an adjourned general meeting shall be dissolved.

(c) Regulation 41 shall not apply to the Company.

ALTERNATE DIRECTOR

15 A director, or any such other person as is mentioned in regulation 65, may act as an alternate director to represent more than one director, and an alternate director shall be entitled at any meeting of the directors or of any committee of the directors to one vote for every director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

BORROWING POWERS

16 The directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit and subject to Section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

GRATUITIES AND PENSIONS

17 (a) The directors may exercise the powers of the Company conferred by Clause 3 (N) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

(b) Regulation 87 shall not apply to the Company.

PROCEEDINGS OF THE DIRECTORS

- 18 Provided that the nature of his interest is declared at a meeting of the board, or otherwise in accordance with the Companies Act 1985, no director is disqualified by his office from contracting with the Company nor is any contract or arrangement, entered into on behalf of the Company in which any director is in any way interested liable to be avoided nor is any director so contracting or being so interested liable to account to the Company for any profit realised thereby.

THE SEAL

- 19 (a) The Company may have a seal if it so wishes. Insofar as the Company has a seal it shall only be used with the consent of the directors or of a committee of directors. The directors may determine who shall sign any instrument to which the seal is to be affixed and unless otherwise so determined it shall be signed by a director and also by the Company Secretary or by a second director. The obligation under regulation 6 relating to the sealing of share certificates shall only apply if the Company has a seal. Regulation 101 shall not apply to the Company.
- (b) The Company may exercise the powers conferred by Section 39 of the Act with regard to having an official seal for use abroad and such powers shall be vested in the directors.

INDEMNITY

- 20 (a) Every director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or 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 or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 (1) of the Act.
- (b) Regulation 118 shall not apply to the Company.