
ARTICLES OF ASSOCIATION

of

ROADVERT LIMITED

**(Adopted by Special Resolution passed
on 8th October 2001)**



ANDERSEN LEGAL

Dundas & Wilson C.S.
191 West George Street
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Ref: GDJF.ROA004.0001



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COMPANIES HOUSE 24/10/01

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

ROADVERT LIMITED

(Adopted by Special Resolution passed on 8th October 2001)

1. **PRELIMINARY**

- 1.1 In these Articles unless there be something in the subject or context inconsistent therewith:-

Act means the Companies Act 1985 (as amended by the Companies Act 1989);

Active Period means in relation to a Transfer Notice or Deemed Transfer Notice the period from the time of its service until the time when no member has any further rights or obligations, directly or indirectly, pursuant to that notice;

Associate means, in relation to a person, any wholly-owned Subsidiary of such person;

Articles means these Articles of Association or other articles of association of the Company from time to time in force;

Auditors means the auditors of the Company from time to time;

Board means the board of Directors from time to time;

Business Day means any day (other than a Saturday) when banks are open for business in Glasgow for the transaction of normal banking business;

Company means Roadvert Limited (registered number SC217235);

Corporate Finance Advisor means such person as appointed by the Board from time to time to advise on sales, mergers and acquisitions;

Deemed Transfer Notice means a transfer notice deemed to be given under any provisions of these Articles;

Determination Date has the meaning attributed thereto in Article 8.6;

Directors means the directors or any of them or (as appropriate) in their absence, the respective alternate directors, appointed by them;

Expert has the meaning attributed thereto in Article 8.4;

Family Trust has the meaning ascribed thereto in Article 7.3;

Holder in relation to Shares means the member whose name is entered in the register of members of the Company as the Holder of the Shares;

Majority of Holders means such number of Holders as cumulatively hold in excess of 50% of the issued shares of the Company at the relevant time;

the Office means the registered office for the time being of the Company;

Privileged Relation has the meaning ascribed thereto in Article 7.3;

Proposing Transferor has the meaning attributed thereto in Article 8.1;

Purchaser or Purchasers have the meanings attributed thereto in Article 8.12;

Relevant Event means:

In relation to a member being a company or corporation:

- (a) a receiver, manager, administrative receiver or administrator or the like being appointed or being requested by such member to be appointed in respect of the whole or substantially the whole of such member's undertaking or assets, or a creditor or encumbrancer attaching or taking possession of, or a distress, execution, sequestration or other process being levied or enforced upon, the whole or substantially the whole of the undertaking or assets of that member and which is not discharged within twenty-eight (28) days thereof;

- (b) (i) it stops or threatens to stop or suspend payment of its debts or is unable, or is deemed to be unable or admits its inability, to pay its debts as they fall due within the meaning of the Insolvency Act 1986; or
- (ii) it enters into any scheme or arrangement with one or more of its creditors or takes some other step with a view to, the general readjustment, deferral or rescheduling of all or any part of its debts or proposes so to do; or
- (iii) it proposes or enters into or takes some other step with a view to, any composition or other arrangement for the benefit of its creditors generally or any class of creditors; or
- (iv) in respect of it, any:-
 - (aa) step is taken with a view to a composition, assignment or arrangement with its creditors generally or any class of them; or
 - (bb) meeting is convened for the purpose of considering any resolution for (or to petition for) its winding up or any such resolution is passed;
 - (cc) person presents a petition for its winding-up or administration or order for its winding-up or its administration is made; or
 - (dd) meeting is convened for the purpose of considering any resolution for (or petition for) its administration or any such resolution is passed; or
 - (ee) other step (including petition, proposal or convening a meeting) is taken with a view to its rehabilitation, administration, custodianship, liquidation, winding-up, dissolution or any other insolvency proceedings involving it.

PROVIDED THAT none of the events referred to in paragraphs (aa), (bb), (cc), or (ee) (except in the case of administration) shall constitute a Relevant Event if such events occur in relation to its solvent winding-up for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation; or

- (v) any event analogous to any of the foregoing shall occur;

- (c) any attachment, sequestration, distress or execution affects any material part of its assets which is not discharged within twenty-one (21) days;
- (d) it suspends, ceases, or threatens to suspend or cease, to carry on its business;
- (e) such member ceasing to be controlled by the person who controlled such member on the date on which it became a member and, for the purposes of this paragraph (e), **controlled** shall mean, in relation to any member controlled by any such person, the ability of such person directly or indirectly to require such member to act or refrain from acting in relation to a particular matter (through the holding of voting rights in it, through the right to appoint or remove any of its board of directors, through contractual agreement or otherwise);

In relation to a member being an individual:-

- (f) such member being adjudicated bankrupt; or
- (g) the happening of any such event as is referred to in Article 8; or
- (h) such member ceasing to be connected with the Company (otherwise than by reason of death) and for all these purposes an individual shall be treated as connected with the Company if, but only if and so long as he is a director or employee thereof;

Relevant Shares means and includes (a) in Article 7.4 , (so far as the same will remain from time to time held by the trustee) the Shares originally transferred to the trustees and any additional Shares issued or transferred to the trustees by virtue of the holding of relevant Shares or any of them; and (b) in these Articles (other than Article 7.4) (so far as the same remain for the time being held by the Transferee Company) the Shares originally transferred to the Transferee Company and any additional Shares issued or transferred to the Transferee Company by virtue of the holding of the relevant Shares or any of them;

Representatives means, in relation to a member, any person or persons who have become entitled to his shares in consequence of his death, bankruptcy or mental incapacity;

Secretary means the Secretary of the Company;

Security Interest means and includes any interest, right or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option or right of

pre-emption) or any mortgage, charge, pledge, lien, or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant Shares (other than any right, equity or lien arising pursuant to the provisions of these Articles);

Share or Shares means a share or shares in the capital of the Company from time to time;

Subsidiary or Subsidiaries means in relation to a company a subsidiary or subsidiaries (as defined by Section 736 of the Act) of such company;

Third Party Purchaser has the meaning attributed to it in Article 8.14;

Total Transfer Condition has the meaning attributed to it in Article 8.1.3;

Transfer Notice has the meaning attributed to it in Article 8.1;

Transfer Price has the meaning attributed thereto in Article 8.4;

Transfer Shares has the meaning attributed thereto in Article 8.1.1; and

Unsold Shares has the meaning attributed thereto in Article 8.18.

- 1.2 Words and expressions defined in the Act shall, unless the context otherwise requires, have the same meanings in these Articles.
- 1.3 All references to the plural shall include the singular and vice versa and all references to the masculine shall include the feminine and references herein to any statutory provision shall include any statutory modification or re-enactment thereof.
- 1.4 References to persons shall include bodies corporate (whether incorporated by statute, charter or howsoever) and any governmental body or authority.
- 1.5 References to Articles are to the regulations of these Articles;
- 1.6 The headings and the use of bold type-face in these Articles are for convenience only and shall not effect their interpretation.

- 1.7 None of the regulations contained in Table "A" in the Schedule to the Companies (Tables A to F) Regulations 1984 (as amended) shall apply to the Company except in so far as embodied in any of the following Articles, which shall be the regulations for the management of the Company.

2. SHARE CAPITAL

- 2.1 The authorised share capital of the Company at the date of the adoption of these Articles is £20,000 divided into 20,000 ordinary shares of £1.

- 2.2 The rights and restrictions attaching to the Shares, are as follows:-

2.2.1 Income

If in respect of any accounting period the Company shall determine to distribute any part of any profits of the Company available for distribution the Company shall pay to the Holders of the Shares, a non-cumulative dividend at such rate per annum as the Company shall determine (but not exceeding the amount recommended by the Directors) on the nominal value of the Shares, such dividend, if any, to be paid within twenty (20) Business Days of the general meeting at which the accounts of the Company for the relevant accounting period are presented to the Company.

2.2.2 Capital

On a return of assets whether in a winding up, reduction of capital or otherwise (except on a redemption of Shares or the purchase by the Company of its own Shares) the assets and retained profits of the Company available for distribution shall be applied in distributing the assets and retained profits to and amongst the Holders of Shares *pari passu* and rateably.

2.2.3 Voting

The Holders shall be entitled to receive notice of and to attend general meetings of the Company and each such Holder (being an individual) who is present in person or by proxy or (being a corporation) who is present in person or by proxy or (being a corporation) who is present by a duly authorised representative or by proxy, not being himself a member entitled to vote, shall have one vote for every Share of which he is the Holder.

- 2.3 The Company may, by resolution passed by Holders, who in aggregate hold at least 76% of the equity Shares from time to time, , increase its share capital by new Shares of such amount as the relevant resolution shall prescribe. Such new Shares shall first be offered to all

members pro rata to their current number of Shares on identical terms. Such offer shall be made by notice in writing from the Directors specifying: the number of Shares offered; the proportionate entitlement of the relevant member; the price per Share; and inviting each such member to state in writing within a period (being not less than twenty (20) Business Days) whether he is willing to take any Shares and, if so, what maximum number of the Shares on offer. At the expiration of the time limited by the offer the Directors shall allot the Shares so offered to or amongst the members who shall have notified their willingness to take all or any of such Shares in accordance with the terms of the offer. No member shall be obliged to take more than the maximum number of Shares he has indicated his willingness to take as aforesaid.

- 2.4 Any Shares not accepted pursuant to Article 2.3 or not capable of being so offered except by way of fractions as therein specified shall, subject to the provisions of Section 80 of the Act and these Articles, with the consent of all Holders of Shares, be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms and conditions as the Directors think proper, provided that no Shares shall be issued at a discount and provided further that, in the case of Shares not accepted as aforesaid, such Shares shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the members.
- 2.5 The discretion of the Directors contained in Articles 2.3 and 2.4 as to the allotment and disposal of, and the granting of any option over, the Company's Shares shall in any event be subject to the provisions of any agreement relating thereto binding on the Company for the time being and any directions contained in any resolution creating such Shares.
- 2.6 Save with the prior written consent of all the members, no Shares shall be allotted on terms that the right to take up the Shares allotted may be renounced in favour of, or assigned to, another person, and no person entitled to the allotment of a Share may direct that such Share be allotted or issued to any other person.
- 2.7 The pre-emption provisions of sub-section (1) of Section 89 of the Act and the provisions of sub-sections (1) to (5) inclusive of Section 90 of the Act shall not apply to any allotment of any of the Company's equity securities.

- 2.8 Subject to and in accordance with the provisions of the Act, the Company may issue Shares which are to be redeemed, or are to be liable to be redeemed at the option of the Company or the Holder.
- 2.9 In addition to all other powers of paying commissions, the Company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, such commissions may only be satisfied by the payment of cash.
- 2.10 Except as ordered by a Court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and (except only as by these Articles or by law otherwise provided) the Company shall not be bound by or recognise any interest in any Share except an absolute right to the entirety thereof in the Holder.

3. SHARE CERTIFICATES

- 3.1 Every member, upon becoming the Holder of any Shares, shall be entitled without payment to one certificate for all the Shares held by him (and, upon transferring a part of his holding of Shares of any class, to a certificate for the balance of such holding).
- 3.2 If a Share certificate is defaced, worn-out, lost or destroyed, it may be renewed without payment on such terms (if any) as to evidence and indemnity and the payment of the expenses incurred by the Company in investigating evidence as the Directors may determine, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

4. LIEN

- 4.1 The Company shall have a first and paramount lien on every Share (whether or not fully paid) for all monies (whether presently payable or not) payable at a fixed time or called in respect of that Share or in respect of any other liability or indebtedness of the Holder to the Company. The Directors may at any time by resolution of the Board declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share shall extend to all monies payable thereon or in respect thereof.
- 4.2 The Company may sell, in such manner as the Directors determine, any Shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, and is not paid within twenty-one clear days after notice has been given to the Holder of the Share demanding payment and stating that if the notice is not complied with the Shares may be sold, which notice may be given by the Directors.

4.3 To give effect to a sale, the Directors may authorise some person to execute an instrument of transfer of the Shares sold 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 or invalidity in the proceedings in reference to the sale PROVIDED ALWAYS THAT the provisions of Article 4.2 shall have been complied with.

4.4 The net proceeds of the sale, after payment of the costs thereof, 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 Shares sold and subject to a like lien for any monies not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

5. **CALLS ON SHARES AND FORFEITURE**

5.1 Subject to the terms of allotment of any Shares, the Directors may make calls upon the members in respect of any monies unpaid thereon (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 any sum due thereunder, be revoked in whole or in part and payment of a call may be postponed in whole or in part. A person upon whom a call is made shall remain liable for calls upon him notwithstanding the subsequent transfer of the Shares in respect whereof the call was made.

5.2 A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

5.3 The joint Holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

5.4 If a call remains unpaid after it has become due and payable, the person from whom the sum is due and payable shall pay interest on the unpaid sum from the day it became due until it is paid at such rate as may be fixed by the terms of allotment of the Share, or in the notice of call or if no rate is so fixed, at the appropriate rate (as defined by Section 107 of the Act), but the Directors may by resolution of the Board waive payment of the interest in whole or in part.

- 5.5 Any sum which by or pursuant to the terms of allotment of a Share becomes due and payable on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall for the purposes of these Articles be deemed to be a call, and if it is not paid when due all the provisions of these Articles (as to payment of interest and expenses, lien, forfeiture, sale or otherwise) shall apply as if that sum had become due and payable by virtue of a call.
- 5.6 If a call remains unpaid after it has become due and payable the Directors may give notice to the person from whom it is due requiring payment of the amount unpaid, together with any interest which may have accrued.
- 5.7 The notice referred to in Article 5.6 shall name a day (not earlier than fourteen clear days from the date the notice is given) on or before which and the place where the payment required by the notice 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. The Board may accept the surrender of any Share liable to be forfeited and, in that event, references in these Articles to forfeiture shall include surrender.
- 5.8 If the notice is not complied with, any Share 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 dividends or other monies payable in respect of the forfeited Shares and not paid before the forfeiture.
- 5.9 Subject to the provisions of the Act, a forfeited Share may be sold, re-allotted or otherwise disposed of, only to such person, and on the terms and in the manner that the Company may by special resolution determine and in accordance with the provisions of these Articles (including without limitation the provisions of Article 8). Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share to that person. At anytime before a sale, re-allotment or other disposition the forfeiture may be cancelled by a resolution of the Board on such terms as the Directors shall decide.
- 5.10 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 monies which, at the date of forfeiture, be payable by him to the Company in respect of those Shares, with interest at such rate as may be fixed by the terms of allotment of the Shares or in the notice of the call or, if

no rate is fixed, at the appropriate rate (as defined by Section 107 of the Act), from the date of forfeiture until payment, but the Directors may by resolution of the Board 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.

- 5.11 A statutory declaration by a Director or the Secretary that a Share has been forfeited on a specified date, shall be conclusive evidence (in the absence of manifest error) of the facts stated in it as against all persons claiming to be entitled to the Share, and the declaration 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 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 or invalidity in the proceedings in reference to the forfeiture or disposal of the Share.

6. TRANSFER OF SHARES

- 6.1 The instrument of transfer of a Share may be 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, unless the share is fully paid, by or on behalf of the transferee and the transferor shall be deemed to remain the Holder of the Share until the transferee is entered in the register of members in respect thereof.
- 6.2 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, Articles 7 and 8 and, in any case where they so refuse, they shall, within twenty (20) Business Days after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.
- 6.3 The Directors shall only be entitled to decline to recognise any instrument of transfer, other than one made in connection with a transfer prohibited by Article 6.2, if it:-
- 6.3.1 is not duly stamped, is not lodged at the Office or at such other place as the Directors may appoint or is not accompanied by the certificate for the Shares to which it relates and such other evidence as the Directors may reasonably require regarding any matter which they reasonably consider relevant, including (without limitation) to evidence the right of the transferor to enter into such transfer;
- 6.3.2 is in respect of more than one class of Shares; or

- 6.3.3 is made in favour of more than one transferee; or
- 6.3.4 is a transfer to which Article 7 applies.
- 6.4 No fee shall be charged for the registration of any transfer, or other document relating to or affecting the title to any Share.
- 6.5 The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.
- 6.6 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 reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the Directors within a period of twenty (20) Business Days after such request the Directors shall be entitled to refuse to register the transfer in question.
- 6.7 If a member or other person entitled to transfer a Share at any time attempts to deal with or dispose of such Share or any interest therein (other than a Security Interest the main intent or purpose of which is not to dispose of such Share) otherwise than in accordance with the provisions of Article 7 or Article 8, such person shall be deemed immediately prior to such attempt to have given a Deemed Transfer Notice in respect of such Share.
- 6.8 Upon the happening of any Relevant Event, the member in question shall be deemed to have given immediately a Deemed Transfer Notice in respect of all the Shares as shall then be registered in the name of such member. Where a Deemed Transfer Notice in respect of any Shares 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 Deemed 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 Article 8 shall apply accordingly.
- 6.9 The Directors shall serve a Deemed Transfer Notice on all members (including the Proposing Transferor) notifying them that the same has been deemed to have been given. A Deemed

Transfer Notice shall be deemed to contain a Total Transfer Condition and shall not be revocable.

7. **PERMITTED TRANSFERS**

7.1 Any member being a body corporate may at any time transfer all or any Shares held by it to an Associate.

7.2 Any member being an individual (not being in relation to the shares in question a Holder thereof or a trustee of the Family Trust) may at any time transfer all or any of the Shares held by him:-

7.2.1 to a Privileged Relation; or

7.2.2 to trustees to be held upon a Family Trust of such members.

7.3 For the purposes of Article 7.2:

7.3.1 **Privileged Relation** in relation to a member means the spouse (or widow or widower) of the member and the member's lineal descendants and for the purposes aforesaid a step-child or adopted child or illegitimate child of any member shall be deemed to be a lineal descendant of such member;

7.3.2 **Family Trust** means, in relation to a member being an individual or a deceased member, a trust (whether arising under a settlement, declaration of trust, testamentary disposition or on an intestacy) which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of (i) that member and/or a Privileged Relation of that member or (ii) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income therefrom when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities), and no power of control over the voting powers (if any) conferred by any Shares the subject of the trust is capable of being exercised by or subject to the consent of any person other than the trustees or such member or his Privileged Relations.

7.4 Where Shares are held by trustees upon a Family Trust:

7.4.1 such Shares may on any change of trustees be transferred to the new trustees of that Family Trust;

- 7.4.2 such Shares may at any time be transferred to any person to whom under Article 7.2 the same could have been transferred by the settler if he had remained the holder thereof; and
- 7.4.3 if and whenever any such Shares cease to be held upon a Family Trust (otherwise than in consequence of a transfer authorised by Article 7.4.2 or there ceases to be any beneficiaries of that Family Trust other than a charity or charities the trustees shall be deemed immediately to have given a Transfer Notice in respect of all their Relevant Shares.
- 7.5 The Representatives of a member may at any time transfer all or any of the Shares to which they are entitled to any person to whom the registered holder would be permitted to transfer the Shares under these Articles.
- 7.6 If the Representatives of a member are permitted under these Articles to become registered as the holders of any of such member's Shares and elect to do so then such Shares may at any time be transferred by those Representatives to any person to whom under this Article 7 the same could have been transferred by such member if he had remained the holder thereof, but no other transfer of such Shares by the Representative shall be permitted under this Article 7.
- 7.7 Unless all the members otherwise agree, no transfer of any Share permitted by this Article 7 shall be made during the Active Period of any Transfer Notice or Deemed Transfer Notice in respect of such Share.
- 7.8 A transfer of any Shares pursuant to this Article shall only be treated as a permitted transfer for the purposes of these Articles if it is a transfer of the entire legal and beneficial interest in such Shares free from any Security Interest.
8. **PRE-EMPTION RIGHTS ON TRANSFER**
- 8.1 Except as provided in Article 7, before selling, transferring or otherwise disposing of, or agreeing to sell, transfer or otherwise dispose of any Shares or any interest therein (including, without limitation, for this purpose the creation of any Security Interest (except a transfer the main intent or purpose of which is not to dispose of such Share) over, such Shares or the renunciation or assignment 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 written notice ("**Transfer Notice**") to the Secretary (on behalf of the Company) that the Proposing

Transferor desires to transfer such Share. In the Transfer Notice the Proposing Transferor shall specify:-

- 8.1.1 the number 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);
 - 8.1.2 the price at which the Proposing Transferor wishes to sell the Transfer Shares and, the terms and conditions of the transfer if relevant and the identity of any person who has indicated a willingness to purchase the Transfer Shares at such price; and
 - 8.1.3 whether or not the Proposing Transferor wishes to impose a condition that unless all of the Transfer Shares are sold pursuant to the following provisions of this Article *none shall be so sold* ("**Total Transfer Condition**"), but in the absence of such a statement the Transfer Notice shall be deemed not to contain a Total Transfer Condition.
- 8.2 The Transfer Notice shall constitute the Company (by its Secretary) as the agent 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 Article. Once given a Transfer Notice may not be revoked save with the prior written consent of all the other members.
- 8.3 Within five (5) Business 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.
- 8.4 Unless the members otherwise unanimously agree in writing 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 Articles 8.6.1 or 8.6.2 (as the case may be). The Transfer Price shall be such price as shall be agreed in writing between all the members or in the absence of such agreement, within twenty (20) Business Days after the service of such notice pursuant to Article 8.1 the Transfer Price will be determined by the Auditors or an independent Chartered Accountant of not less than five (5) years' standing ("**the Expert**") the latter of whom shall be nominated by agreement between the members or, failing such nomination within ten (10) Business Days after the request of any member to the others,

nominated at the request of any member by the President for the time being of the Institute of Chartered Accountants in Scotland.

8.5 The Expert shall act as an expert and not as an arbiter and his written determination shall, in the absence of manifest error, be final and binding on the members. The Expert will certify the fair sale value of the Transfer Shares in his opinion as at the date of the Transfer Notice taking all relevant circumstances into account, including (without limitation) on the following assumptions and bases:-

8.5.1 on the basis of forecast projections of net cash flow attributable to the Shares as discounted by a discount factor which in the opinion of the Expert reflects the investment risks inherent in the future business of the Company on the date of the Deemed Transfer Notice or if, in the Expert's sole opinion, a net asset valuation is appropriate, on the basis of the value of the net assets of the Company (tangible and intangible) and its Subsidiaries (if any) as at the date of the Transfer Notice, as on an arm's length sale between a willing vendor and a willing purchaser;

8.5.2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;

8.5.3 that the Transfer Shares are capable of being transferred without restriction; and

8.5.4 valuing the Transfer Shares as a rateable proportion of the total value of the issued Shares excluding any discount as a result of the Transfer Shares representing a minority interest in the Company taking full account of the rights and other restrictions attached to the Transfer Shares.

For the purpose of the Expert's determination the Company shall supply the Expert with any information which it may request in connection with such determination.

If any difficulty shall arise in applying any of the foregoing assumptions or bases then such difficulty shall be resolved by the Expert in such manner as he shall in his absolute discretion think fit. The Company shall use its best endeavours to procure that the Expert determines the Transfer Price and notifies such price in writing to the Company (by its Secretary) within fifteen (15) Days of being requested so to do. The costs and expenses of the Expert in determining the Transfer Price and his appointment shall be borne by the Proposing Transferor.

- 8.6 The date of determination ("**the Determination Date**") of the Transfer Price shall be either:-
- 8.6.1 if the determination of the Transfer Price is referred to the Expert, the date upon which the Company receives the Expert's determination of the Transfer Price; or
- 8.6.2 if the Transfer Price is determined by written agreement between all the members as aforesaid the date on which such agreement is made; or
- 8.6.3 if the Transfer Price is in respect of a Deemed Transfer Notice, the date upon which the Company (by the Secretary) receives the Transfer Notice.
- 8.7 Within five (5) Business Days after the Determination Date the Transfer Shares shall be offered for purchase at the Transfer Price by the Directors to those members who at the date of the offer are registered as the respective members' holding Shares (other than the Proposing Transferor) in proportion to the number of Shares then held by them respectively. Such offer shall be made by written notice from the Directors. Upon the expiration of the time limited by the offer the Directors shall offer the Transfer Shares to or amongst the members who shall have notified their willingness to take all or any of such Shares in accordance with the terms of the offer. No member shall be obliged to take more than the maximum number of Shares he has indicated his willingness to take as aforesaid.
- 8.8 If any Shares remain unallocated the Directors shall make such further offers to the members who have notified their willingness to purchase (if more than one, pro rata to the Shares held by such members, ignoring Shares already allocated pursuant to the same Transfer Notice) as may be necessary to allocate the said balance or until all such members have indicated their unwillingness to purchase further Shares.
- 8.9 If any of the Transfer Shares shall not be capable of being allocated as aforesaid without involving fractions, the same shall be offered amongst 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.
- 8.10 Any offer made pursuant to Article 8.7 or 8.8 shall be made by notice in writing and shall specify (a) the total number of the Transfer Shares; (b) the proportionate entitlement of the relevant member (on the assumption that all members will take up their full entitlements) and the right of such member to specify the maximum number of Transfer Shares in excess of that entitlement (if any) which it would be prepared to purchase if other members decline to take up their full entitlements; (c) the Transfer Price; (d) the terms and conditions of transfer;

(e) whether or not the Transfer Notice contained a Total Transfer Condition; and (f) a period (being not less than fifteen (15) Business Days and not more than thirty (30) Business Days) within which the offer must be accepted or shall lapse.

- 8.11 If the Transfer Notice or Deemed Transfer Notice in question contained a Total Transfer Condition then no offer of Transfer Shares made by the Directors pursuant to this Article 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 procedures 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 otherwise provided herein) pursuant to this Article. Except, for the avoidance of doubt, in the case of a Deemed Transfer Notice the Proposing Transferor may within a period of three (3) months after the date of the Directors' said notice sell all (but not some only) of the Transfer Shares to in accordance with the provisions of Article 8.14.
- 8.12 If by the foregoing procedures the Director shall have received acceptances in respect of all of the Transfer Shares the Directors shall forthwith give notice in writing as hereinafter mentioned to the Proposing Transferor and to the member or members who have agreed to purchase the same ("**Purchaser**" or relevant "**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 relevant Purchasers, 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. Every 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 five (5) Business Days nor more than twenty (10) Business Days after the date of the said notice and not being at a place outside Scotland). Subject to the giving of such notice, the purchase shall be completed at the time and place appointed by the Directors.
- 8.13 If the Transfer Notice in question did not contain a Total Transfer Condition and if by the foregoing procedure the Directors shall receive acceptances in respect of some or part only of the Transfer Shares within the period of the aforesaid offer they shall forthwith give notice in writing of that fact to the Proposing Transferor, and the Proposing Transferor: -

- 8.13.1 shall thereupon become bound upon payment of the Transfer Price to transfer to each Purchaser those Transfer Shares accepted by him and the provisions of Article 8.12 shall apply mutatis mutandis thereto;
- 8.13.2 may within a period of three (3) months after the date of the Directors' said notice transfer the Shares in accordance with the provisions of Article 8.14.
- 8.14 If by the foregoing process the Property Transfer has not received acceptances for some or all of the Transfer Shares the proposing Transferor may:-
- 8.14.1 instruct the Company's Corporate Finance Advisors to seek a purchaser for all or any of those Transfer Shares which have not been accepted as aforesaid provided that the price payable by the prospective purchaser shall not be 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).
- 8.14.2 the Directors may at their sole discretion refuse to accept the transfer of any Transfer Shares to a third party purchaser not being a member on the date of the Transfer Notice (a "**Third Party Purchaser**") which has been arranged through the Company's Corporate Finance Advisors.
- 8.14.3 The Directors may at their sole discretion (acting reasonably) refuse to register a transfer of Shares to a Third Party Purchaser where they resolve in good faith that such transfer would not be in the best interests of the Company.
- 8.14.4 A transfer of Transfer Shares pursuant to Article 8.14.1 shall only be entitled to complete the sale of such shares in circumstances where:-
- 8.14.4.1 the Proposing Transferor procures that the Third Party Purchaser submits a binding written offer (to be open for acceptance for a period of 10 Business Days) to the other Holders in the Company (the "**Remaining Holders**") to purchase their shares on the same or more favourable terms as those offered to the Proposing Transferor.

8.14.4.2 The period stipulated in Article 8.14.4.1 has elapsed or all the Remaining Shareholders have accepted, rejected or completed the offer made to them by the Third Party Purchaser.

- 8.15 If a Proposing Transferor, having become bound to transfer any Transfer Shares pursuant to this Article, makes default in transferring the same the Secretary shall be authorised (and shall as security for the performance of the Proposing Transferor's obligations) 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 and shall not pay such money to the Proposing Transferor until it shall have delivered its share certificate (or an appropriate indemnity therefor). The receipt of the Company for such purchase money shall be good discharge to the transferee who shall not be bound to see 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.
- 8.16 Without prejudice to the generality of Article 6.6, the Directors may require to be satisfied that any Shares being transferred by the Proposing Transferor pursuant to Article 8.14 or 8.13 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.
- 8.17 In the event that an individual, being a person who has transferred Shares pursuant to Article 7.2, is adjudicated bankrupt or ceases to be connected with the Company (as defined in Paragraph (i) of the definition of "Relevant Event" in these Articles) the Directors shall be entitled (but not obliged) to resolve that any member who has acquired Shares from that person pursuant to Article 7.2 or 7.4 (whether directly or be a series of transfers) shall be deemed to have given a Transfer Notice in respect of all the Shares as shall then be registered in the name of such members. Any such resolution, to be effective for the purpose, must be passed within three (3) months after (i) the date of the event in question or (ii) (if later) the date on which the Directors (as a whole) actually become aware of such event, but for the purposes of Article 7.4 the Directors shall serve the notice therein specified within seven (7) days of the passing of their resolution.

- 8.18 If the Relevant Event shall be the bankruptcy of a member, or the Directors resolve that a Transfer Notice shall be deemed to be served pursuant to Article 8.16 by reason of the bankruptcy of a person, and if any of the Shares which are offered pursuant to the Deemed Transfer Notice shall be sold to the members (the "**Unsold Shares**") then, after the expiration of the period during which the Unsold Shares might have been purchased by a member or members pursuant thereto the Representatives of the members in question shall be entitled to elect at any time before the Shares are disposed of by them to be registered themselves as the holders of the Unsold Shares (so that such election shall not give rise to any obligation to serve a Transfer Notice in respect of the Unsold Shares).
- 8.19 An obligation to transfer a Share under the provisions of this Article shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Shares free from any Security Interest.
- 8.20 The provisions of this Article 8 may be waived in whole or in part in any particular case with the prior written consent of all the members.

9. **ALTERATION OF CAPITAL**

- 9.1 The Company may from time to time by special resolution: -

- 9.1.1 increase its authorised share capital by new Shares of such class and amount as the resolution prescribes;
- 9.1.2 consolidate all or any of its Shares into Shares of larger amount than its existing Shares;
- 9.1.3 subject to the provisions of the Act, sub-divide its Shares or any of them into Shares of smaller amount and the resolution may determine that, as between the Shares resulting from the sub-division any of them may have any preference or advantage as compared with the others; and
- 9.1.4 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.

- 9.2 Whenever as a result of a consolidation of Shares any members would become entitled to fractions of a Share, the Directors may deal with the fractions as they think fit and, in particular, may on behalf of those members, sell the Shares representing the fractions to any

person (including, subject to the provisions of the Act, the Company) and distribute the proceeds of sale in due proportion among those members and the Directors may authorise some person to execute an instrument of transfer of, or deliver, 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 relating to the sale.

9.3 Subject to and in accordance with the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way. The Company may also by special resolution cancel any Shares not 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.

9.4 Subject to and in accordance with the provisions of the Act, the Company may purchase its own Shares (including any redeemable Shares) and make a payment in respect of the redemption or purchase of any of its own Shares otherwise than out of its distributable profits or out of the proceeds of a fresh issue of Shares.

10. GENERAL MEETINGS

10.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.

10.2 The Directors may call general meetings and at the request of any member shall forthwith proceed to convene an extraordinary general meeting for a date not later than twenty (20) Business Days after receipt of the requisition. If there are not within the United Kingdom sufficient Directors to form a quorum, any Director or any member of the Company may call a general meeting.

11. NOTICE OF GENERAL MEETINGS

11.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution 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 be exclusive of the day on which it is served or deemed to be served and of the day specified for the meeting for which it is given but a general meeting may be called by shorter notice than that specified in this Article if it is so agreed: -

- 11.1.1 in the case of the annual general meeting, by all the members entitled to attend and vote thereat; and
- 11.1.2 in the case of any other meeting by a majority in number of the members having a right to attend and vote, being a majority together holding not less than 95 per cent in nominal value of the Shares giving that right.
- 11.2 The notice shall specify the time and place of the Meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the Meeting as such.
- 11.3 Subject to the provisions of these Articles and to any restrictions imposed on any Shares, the notice shall be given to all the members and to the auditors.
- 12. PROCEEDINGS AT GENERAL MEETINGS**
- 12.1 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to vote on that business. A Majority of Holders present, in person or by proxy or, if a corporate member, by its duly authorised representatives and having the right to attend and vote, shall be a quorum at any general meeting or adjourned general meeting.
- 12.2 If such quorum is not present within half an hour from the time appointed for the meeting the 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 members, or their representatives, validly present at the original meeting shall agree) and notice of the adjourned meeting, and the time and place of the adjourned meeting, shall be given to all members by 1700 hours (or as soon thereafter as possible) on the day of the originally convened meeting.
- 12.3 At the adjourned Meeting the quorum shall be a Majority of Holders in person or by proxy or, if a corporate member, by its duly authorised representative. If at the adjourned Meeting a quorum is not present within fifteen (15) minutes (or such longer time as all the persons validly present shall agree) from the time appointed for the Meeting, the Meeting shall be dissolved.
- 12.4 The Chairman of the Board of Directors shall preside as Chairman of the Meeting.

- 12.5 A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the Holders of any class of Shares in the Company.
- 12.6 The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting), adjourn the Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting other than business which might properly have been transacted at the Meeting had the adjournment not taken place.
- 12.7 A resolution put to the vote of the Meeting shall be decided on a poll unless before such poll is taken each of the members present at the meeting (in person or by proxy or, if a corporate member, by its duly authorised representative) shall agree in writing that it be decided on a show of hands. Subject to the provisions of the Act, a poll may be demanded by a member holding Shares conferring a right to vote at the meeting and a demand by a person as proxy for a member shall be the same as a demand by the member.
- 12.8 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 or against the resolution.
- 12.9 A poll shall be taken in such manner as the Chairman directs and he may appoint scrutineers (who need not be members). The result of the poll shall be deemed to be the resolution of the Meeting at which the poll was taken.
- 12.10 In the case of equality of votes, the Chairman shall be entitled to a casting vote, whether or not he is otherwise entitled to vote.
- 12.11 A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several documents in the like form each executed by or on behalf of one or more of the members. If such a resolution in writing is described as a Special Resolution or as an Extraordinary Resolution, it shall have effect accordingly.

13. **VOTES OF MEMBERS**

13.1 In the case of joint Holders the vote of the senior who tenders a vote, whether in person or by proxy, 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.

13.2 On a poll votes may be given either personally or by proxy, and 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. The 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 the appointor or by his agent authorised in writing. The Board may, if it thinks fit, but subject to the provisions of the Act, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. *Deposit of an instrument of proxy shall not preclude a member from attending and voting at the Meeting or at any adjournment thereof.* The instrument of proxy shall, unless the contrary is stated in it, be valid for any adjournment of the meeting as well as for the meeting to which it relates.

13.3 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may: -

13.3.1 be deposited at the Office or at such other place within 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

13.3.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

13.3.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded (to the chairman, 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.

- 13.6 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 taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

14. NUMBER OF DIRECTORS

Unless determined otherwise by the members, the number of Directors (other than alternate Directors) shall not be less than one nor more than four.

15. ALTERNATE DIRECTORS

- 15.1 Any Director (other than an alternate Director) may appoint any one person willing to act, to be his alternate and may at his discretion remove from office any alternate Director so appointed by him.
- 15.2 An alternate Director shall, if his appointor so requests, be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions powers and duties of his appointor as a Director. An alternate Director may be paid expenses, but shall not be entitled to receive any remuneration from the Company for his services as an alternate Director.
- 15.3 An alternate Director shall automatically cease to be an alternate Director if his appointor ceases to be a Director; but, if a Director retires but is reappointed or deemed to have been reappointed at the same meeting any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue in force as though he had not retired after his reappointment.
- 15.4 Any appointment or removal of an alternate Director shall be by notice in writing to the Company signed by the Director making or revoking the appointment and delivered to the office or tendered at a meeting of the Board, or in any other manner approved by the Directors by resolution.

15.5 Save as otherwise provided in the Articles, an alternate Director shall be deemed for all purposes to be a Director, and the provisions of the Articles in relation to proceedings at meetings shall apply as if he were a Director, and he shall (except as otherwise provided in these Articles) be subject in all respects to the provisions of the Articles relating to Directors. He shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him.

15.6 Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate, in addition (if he is already a Director) to his own vote as a Director. Execution by an alternate Director of any resolution in writing of the Board or a committee of the Board shall, unless the notice of appointment provides to the contrary, be as effective as execution by his appointor.

16. **BORROWING POWERS**

Without prejudice to the provisions of Article 17, the Directors may exercise all the powers of the Company whatsoever to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and subject to Section 80 of the Act and the provisions of these Articles, to issue debentures, debenture stock and other securities as security for any debt, liability or obligation of the Company or of any third party.

17. **POWERS OF DIRECTORS**

17.1 Subject to the provisions of the Act, the Memorandum and these Articles and to any directions given by the Company in general meeting by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company whether relating to the management of the business of the Company or not. No alteration of the Memorandum or these Articles and no special resolution shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that resolution had not been passed. The powers given by this Article shall not be limited by any special power given to the Directors by the Articles.

17.2 The Directors may, appoint any person to be the agent of the Company for such purposes and on such terms and conditions as they determine, and may delegate to any person so appointed any of its powers, authorities and discretions (including authority for the agent to sub-delegate all or any of his powers).

18. **DELEGATION OF DIRECTORS' POWERS**

The Directors may delegate any of their powers to any person or committee. They may also delegate to any managing director or any Director holding any executive office such of their powers, authorities and discretions (with power to sub-delegate) as they consider desirable to be exercised by him. Any such delegation may be made subject to any terms, conditions or restrictions the Directors may impose, and either collaterally with or to the exclusion of their own powers, authorities and discretions and may revoke from time to time or alter any of them, but no person acting in good faith and without notice of such revocation or alteration shall be affected thereby. Subject to any such terms, conditions or restrictions, the proceedings of a committee of two or more Directors shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying.

19. **APPOINTMENT AND RETIREMENT OF DIRECTORS**

19.1 Each Holder of such number of shares as equate to 20% of the entire issued share capital of the Company from time to time (**a Qualifying Holding**) shall be entitled at any time and from time to time by notice in writing to the Company to appoint one Director in respect of each Qualifying Holding and by like notice remove such Director(s) 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.

19.2 A notice of appointment or removal of a Director pursuant to this Article 19 shall take effect upon lodgement at the Office or on delivery to a meeting of the Directors or on delivery to the Secretary.

19.3 No person shall be or become incapable of being appointed a Director by reason only of his having attained the age of seventy (70) or any other age nor shall any special or other notice be required in connection with the appointment or the approval of the appointment of such person, and no Director shall vacate his office at any time by reason only of the fact that he has attained the age of seventy (70) or any other age.

19.4 Except as otherwise agreed by the members, the Directors shall not be liable to retirement by rotation.

20. **REMUNERATION OF DIRECTORS**

The Directors shall not be entitled to any remuneration in their capacity as Directors unless otherwise resolved by the Directors.

21. **DIRECTORS' EXPENSES**

Each Director shall be entitled to be paid all reasonable travelling, hotel and other costs and expenses properly and reasonably incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or otherwise in connection with the conduct of the Company's business or the discharge of their duties.

22. **DIRECTORS' GRATUITIES AND PENSIONS**

The Board or any committee authorised by the Board may exercise all the powers of the company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner, whether similar to the foregoing or not, for any Director or former Director or the relation or dependant of any Director or former Director, provided that no benefits (except such as may be provided for by any other Article) may be granted to or in respect of a Director or former Director who has not been employed by, or held an executive or other office or place of profit under, the Company or any body corporate which is or has been its Subsidiary or any predecessor in business of the Company or such body corporate without the approval of an ordinary resolution of the Company. No Director or former Director shall be accountable to the Company or the members for any benefit provided pursuant to this Article and the receipt of any such benefits shall not disqualify any person from being or becoming a Director of the Company.

23. **DIRECTORS' APPOINTMENTS AND INTERESTS**

23.1 Subject to the provisions of the Act and to Article 18, the Directors may appoint one or more of their number to any executive office under the Company, and may enter into an agreement or arrangement with any Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment or agreement may be made upon such terms as the Directors determine and they may remunerate any such Director for his services as they think fit. Any appointment of a Director to an executive office shall determine 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.

23.2 Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:-

23.2.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;

23.2.2 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

23.2.3 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.

23.3 For the purposes of Article 23.2:-

23.3.1 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

23.3.2 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; and

23.3.3 a Director shall be deemed to have disclosed the nature and extent of his interest to the extent such arises by reason of his being a director, officer, employee, agent, shareholder or appointee of any Holder of Shares.

23.4 The Directors shall not personally be required to hold any Share qualification.

24. **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

The office of a Director shall be vacated if:-

24.1 he ceases to be a Director by virtue of any provision of the Act, or he becomes prohibited by law from being a Director; or

24.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or

24.3 he is, or may be, suffering from mental disorder either:-

24.3.1 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

24.3.2 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; or

24.4 he resigns his office by notice to the Company;

24.5 he is removed by his appointor pursuant to Article 19.1 or 19.2 (as appropriate); or

24.6 his appointor ceases to hold a Qualifying Holding.

25. PROCEEDINGS OF DIRECTORS

25.1 Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary on the requisition of a Director shall, at any time call a meeting of the Directors.

25.2 Meetings of the Directors shall be properly convened and held at such time or times as may be determined by the Directors.

25.3 Save in the case of meetings which are adjourned, not less than seven (7) days' notice of each meeting of the Directors together with the agenda for such meeting and relevant papers shall be given to each Director. No business may be conducted at any meeting of the Directors otherwise than appears in the agenda for such meeting unless the Directors unanimously agree otherwise in writing.

25.4 The quorum for the transaction of the business of the Directors shall be as follows:-

25.4.1 All Directors, unless prior to the meeting a Director has notified the Board in writing of his intention not to attend and be counted in the quorum.

25.4.2 In the event that at any duly convened meeting of the Directors the meeting is not quorate (in accordance with Article 25.4.1), or if during the meeting such a quorum ceases to be present, the meeting shall be 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 Directors may agree in writing) and notice of the adjournment and of the time and place of the adjourned meeting shall be given to all Directors by 1700 hours (or as soon thereafter as practicable) on the day of the originally convened meeting. At such adjourned meeting the quorum shall be any two (2) Directors.

25.5 Subject to Article 25.6, each Director (or his alternate) present at a Meeting of the Directors or committee meeting shall be entitled to one vote.

25.6 In the event that:-

25.6.1 In the circumstances where a Holder with two or more Qualifying Holdings does not appoint such number of Directors as he would be entitled to in terms of Article 19 then any Director(s) appointed by such Holder shall cumulatively exercise such number of votes as would have been exercisable by such number of Directors as such Holder is entitled to appoint.

25.7 The Chairman shall have a second or casting vote. Questions arising at a Meeting of the Directors shall be decided by majority vote.

25.9 All acts done by a Meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director, or that any of them were disqualified from holding office, or had vacated office, or were 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.

25.10 A Resolution in writing, signed by all the Directors entitled to receive notice of a Meeting of the Directors (save, where appropriate, in relation to alternate 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 Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors; but a Resolution signed by an alternate Director need not also be signed by his appointor 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.

25.11 All or any of the members of the Board or any committee of the Board may participate in the meeting of the Board or that committee by means of conference telephone or any

communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in the quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting then is.

25.12 A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

25.13 *The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in their number but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum, or that there is only one continuing Director, may act for the purposes of filling vacancies or of summoning general meetings of the Company but not for any other purpose.*

26. **SECRETARY**

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

27. **MINUTES**

The Directors shall cause minutes to be made in books kept for the purpose:-

27.1 of all appointments of officers made by the Directors;

27.2 of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;

27.3 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 Directors.

28. **DIVIDENDS**

28.1 Subject to the provisions of the Act, 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.

- 28.2 Subject to the provisions of the Act, the Directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution.
- 28.3 Except as otherwise provided by 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. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amount paid up on the Shares during any portion or portions at the period in respect of which the dividend is paid; but, if any Share is issued on terms providing that it shall rank for dividend as from a particular date, that Share shall rank for dividend accordingly.
- 28.4 Any 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. Where any difficulty arises in regard to such distribution, the Directors may settle the same, and, in particular, may issue fractional certificates and fix the value so fixed 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.
- 28.5 Any dividend or other monies payable on or 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 such cheque shall be made payable to the order of the person to whom it is sent 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 monies payable on or in respect of the Share.
- 28.6 No dividend or other monies payable on or in respect of a Share shall bear interest against the Company unless otherwise provided by the rights attached to the Share.
- 28.7 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.

29. **ACCOUNTS**

29.1 The Board shall cause to be kept accounting records sufficient to show and explain the Company's transactions, and such as to disclose with reasonable accuracy at any time the financial position of the Company at that time, and which shall accord with the Act.

29.2 The accounting records of the Company shall be open to the inspection of any Director or the Secretary of the Company, but no member shall in his capacity as such have any right to inspect any accounting records or other book or document of the Company except as conferred by statute or authorised by the Directors by resolution of the Board or by ordinary resolution of the Company.

30. **NOTICES**

30.1 Any notice to be given to or by any person pursuant to these Articles shall be in writing and delivered by hand or sent by telex or facsimile addressed to the member at its registered address (or such other address which has previously been notified by the intended recipient to the other members in accordance with this Article 30). In the case of joint Holders of a Share, 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.

30.2 Any member present, either in person or by proxy, at any Meeting of the Company, or of the Holders of Shares in the Company shall be deemed to have received notice of the Meeting, and, where requisite, of the purposes for which it was called.

30.3 Every person who becomes entitled to any Share shall be bound by any notice in respect of that Share which, before his name is entered into the register of members, has been given to the person from whom he derives his title to the Share.

30.4 Any notice sent by telex or facsimile shall be deemed to have been received at the time of completion of the transmission (and in the case of telex, with the correct answerback). Any notice delivered by hand shall be deemed given at the time of delivery to the intended recipient PROVIDED THAT if, in accordance with these provisions, any such notice would otherwise be deemed to have been received on a day which is not a Business Day or after 1700 hours on a Business Day, such notice shall be deemed to have been received on the next Business Day.

30.5 Any notice delivered or sent as aforesaid to the registered address of any member (or any other address as has been notified by such member in accordance with Article 30.1) in pursuance of these Articles, shall, notwithstanding that such member be in liquidation, and whether or not the Company has notice of the liquidation, be deemed to have been given in respect of any Share registered in the name of the member as sole or joint Holder and such notice shall be deemed a sufficient notice to all persons interested (whether jointly with or as claiming through or under him) in the Share.

31. WINDING UP

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

32. PROVISION FOR EMPLOYEES

The Company may exercise any power conferred upon it by the Act to make provision for the benefit of persons employed by the Company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the Company or that subsidiary only with the prior sanction of a Special Resolution. If at any time the capital of the Company is divided into different classes of Shares, the exercise of such power as aforesaid shall be deemed to be a variation of the rights attached to each class of Shares and shall accordingly require the prior consent in writing of the Holders of three-fourths in nominal value of the issued Shares of each class or the prior sanction of an Extraordinary Resolution passed at a Separate Meeting of the Holders of the Shares of each class duly convened and held.

33. INDEMNITIES

Subject to the provisions of the Act, the Company may purchase and maintain for any Director or other officer, insurance against any liability. Subject to those provisions but without prejudice to any indemnity which a Director may otherwise be entitled every Director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings relating to his conduct as an officer of the Company, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under

Section 727 of the Act in which relief is granted to him by the Court. He shall further be indemnified out of the assets of the Company against all costs, charges, expenses, losses, and liabilities which he may properly sustain or incur in or about the execution of his office or otherwise in relation thereto.