

THE COMPANIES ACTS 1985 - 1989

ORDINARY and SPECIAL RESOLUTIONS

of

BOSWELL MITCHELL & JOHNSTON LIMITED

Company No. SC 258273

PASSED 14 March 2005



We, the undersigned, being the sole member of Boswell Mitchell & Johnston Limited ("the Company") entitled to receive notice of and to attend and vote at General Meetings of the Company in accordance with Section 381A of the Companies Act 1985 do hereby declare the following Resolutions to have been passed as Ordinary and Special Resolutions as if passed at a General Meeting of the Company duly convened and held:

ORDINARY RESOLUTIONS

- 1 That the authorised Share Capital of the Company be and it is hereby increased from £100 to £2,000 by the creation of an additional 900 Ordinary Shares of £1 each to rank pari passu in all respects with the existing Ordinary Shares of the Company and by the creation of 1,000 non-voting redeemable Dividend Shares of £1 each having the rights and being subject to the restrictions set out in the Articles of Association of the company to be adopted pursuant to Special Resolution No 5.
- 2 That the Directors of the Company be and they are hereby authorised generally and unconditionally for the purposes of Section 80 of the Companies Act 1985 to allot relevant securities (as defined in sub-section 2 of the said Section 80) up to the total amount of the authorised share capital of the Company for the time being remaining unissued at any time or times for the period of five years from the date of passing of this Resolution and the aforesaid authority shall allow the Company to make an offer or agreement before the expiry thereof which would or might require relevant securities (as so defined) to be allotted after the authority has expired.
- 3 That the Registered Office of the Company be changed from 292 St. Vincent Street, Glasgow to 18 Woodlands Terrace, Glasgow G3 6DH.

SPECIAL RESOLUTIONS

- 4 That the Directors of the Company be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £1,999 and shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may before such expiry make an

offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

- 5 That the regulations contained in the document produced to the meeting and signed for identification by the Chairman be and they are hereby adopted as the Articles of Association of the Company in substitution for and to the entire exclusion of the existing Articles of Association of the Company.
- 6 That the pre-emption provisions of Section 89(1) and Sub-sections (2) and (6) of Section 90 of the Companies Act 1985 shall not apply to the allotment of any of the shares in the share capital of the Company as enlarged pursuant to Resolution 1 above.

A handwritten signature in black ink, appearing to read 'Gini Mello', is written over a horizontal dotted line.

Director
for and on behalf of
Lycidas Nominees Limited

 *Edin Mill*
Sweeten
MCCLURE NAISMITH
The Determining Factor

Lycidas Naminees
Std.

THE COMPANIES ACTS 1985-1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

BOSWELL MITCHELL & JOHNSTON LIMITED

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THE COMPANIES ACTS 1985 - 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

BOSWELL MITCHELL & JOHNSTON LIMITED

(Adopted by Special Resolution on 14 March 2005)

PRELIMINARY

- 1 1.1 In these Articles "Table A" means Table A contained in the Companies (Tables A to F) Regulations 1985 forming part of the Companies Act 1985, "the 1985 Act" means the Companies Act 1985.
- 1.2 1.2.1 The Regulations contained in Table A shall apply to the Company save in so far as they are excluded or modified hereby. The Regulations of Table A numbered 24, 40, 41, 73 to 80 inclusive, 87, 89, 91, 94-98, 101 and 118 shall not apply, but, subject as aforesaid, and in addition to the remaining Regulations of Table A the following shall be the Articles of Association of the Company.
- 1.2.2 In Regulation 6 of Table A the words"shall be sealed with the seal and".... shall be deleted where they appear in the second sentence.

DEFINITIONS

- 1.3 In these articles the following words and phrases have the meanings set out opposite them below:

"acting in concert" shall have the meaning given to it in the most recent edition of the City Code on Takeovers and Mergers;

"Bad Leaver" an Employee Shareholder who:

- (1) within 3 years of either the date of adoption of these Articles or, (if later) the date on which they became an Employee Shareholder ceases to be a director or employee of the Company by resigning his or her office or employment other than as a result of retiral through ill-health, permanent disability or accident; or
- (2) ceases to be a director or employee of the Company as a result of dismissal for fraud or gross misconduct or expulsion from the Architects Registration Board or other professional body;

"Connected Persons"	as defined by section 839 Income and Corporation Taxes Act 1988;
"a Controlling Interest"	an interest in shares (as defined in Schedule 13 Part 1 and section 324 of the 1985 Act) in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company;
"Disposal"	means the sale or other disposal of the whole or substantially the whole of the undertaking of the Company accompanied by a distribution of some or all of the proceeds of such sale or other disposal whether by virtue of a winding up of the Company, the payment of dividends or the purchase by the Company of its own shares or otherwise;
"Dividend Shares"	means the redeemable dividend shares of £1 each in the capital of the Company;
"Employee Shareholder"	a Shareholder (other than IB or MM) who is a director and/or an employee of the Company or any of its subsidiaries;
"Expert"	an independent chartered accountant (who shall act as an expert and not as an arbiter) nominated by the parties concerned or in the event of disagreement, appointed by the President for the time being of the Institute of Chartered Accountants of Scotland;
"Graham Stuart"	means Graham Stuart of 85 Balshagray Avenue, Broomhill, Glasgow G11 7EQ
"IB"	means Ian Bassy of 8 Grove Park, Lenzie;
"Listing"	means the admission of the whole or any party of the equity share capital of the Company to the Official List of London Stock Exchange Limited or onto AIM or any recognised Investment exchange (as defined in section 206 of the Financial Services Act 1986);
"Original Employee Shareholder Ordinary Shares"	means the 240 Ordinary Shares issued or to be issued on or about the date of adoption of these Articles to Employee Shareholders;
"MM"	means Malcolm McLean of 61 Victoria Road, Lenzie;
"Ordinary Shares"	means ordinary shares of £1 each in the Share

Capital of the Company (including for the avoidance of doubt, the Original Employee Shareholder Ordinary Shares);

"Sale"	means a sale of the whole issued share capital of the Company;
"Scott Grier"	means Scott Grier of 15 St Kilda Drive, Jordanhill, Glasgow G14 9JW;
"Shareholder"	means any person holding Ordinary Shares or Dividend Shares;
"Subscription Sum"	means the amount subscribed by a Shareholder for any shares in the Company plus any premium thereon.

- 1.4 Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the 1985 Act or any modification thereof in force at the date at which these Articles are adopted by the Company.

PRIVATE COMPANY

- 2 The Company is a private company and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

SHARES

- 3 The Authorised Share Capital of the Company is £2,000 divided into 1,000 Ordinary Shares of £1 each and 1,000 Dividend Shares of £1 each.
- 4 In accordance with Part V Chapter VI of the 1985 Act the Company may give financial assistance for the acquisition of the shares of the Company or of any holding company of the Company or give financial assistance to reduce the liability following upon such an acquisition subject to and in accordance with the provisions of said sections.
- 5 The pre-emption provisions of Section 89(1) and Sub-sections (2) and (6) of Section 90 of the 1985 Act shall not apply to any allotment of Dividend Shares which may be allotted at the discretion of the Board of Directors but shall otherwise apply to any allotment of Ordinary Shares.
- 6 The lien conferred by Regulation 8 of Table A shall attach to fully paid shares and to all shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder thereof or one of two or more joint holders.
- 7 Unless approved by all Shareholders individually holding more than 25% of the Ordinary Shares in issue, the shares in the Company may only be held by persons who are or have been a director and/or an employee of the Company.

RIGHTS ATTACHING TO SHARES

- 8 The rights attaching to the Ordinary Shares and the Dividend Shares respectively shall be as follows:

8.1 Income

- 8.1.1 The profits of the Company available for distribution in respect of any financial year shall be applied first in paying to the holders of the Dividend Shares a dividend for such year on each Dividend Share of an amount determined by the Board of Directors
- 8.1.2 Dividends on the Dividend Shares shall, if declared, be paid out of the distributable profits of the Company in four instalments on 31 December, 31 March, 30 June and 30 September in each year.
- 8.1.3 No dividend shall be declared or paid to the holders of Ordinary Shares unless and until any dividend declared in respect of the Dividend Shares has been paid in full in respect of that financial year and in respect of all *previous financial years of the Company but subject thereto the profits* which the Company may determine to distribute in respect of any financial year may be applied in paying to the holders of Ordinary Shares a dividend for such year on each Ordinary share of an amount determined by the Board of Directors

8.2 Capital

- 8.2.1 On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company available for distribution among the Shareholders after payment of its liabilities shall be applied as follows:-
- 8.2.1.1 first, in paying to the holders of the Dividend Shares all accruals and arrears of dividend payable in respect of the Dividend Shares calculated down to and including the date of the return of capital;
- 8.2.1.2 *second, in paying to the holders of the Ordinary Shares, all accruals and arrears of dividend payable in respect of the Ordinary Shares calculated down to and including the date of the return of capital;*
- 8.2.1.3 third, in paying to the holders of the Ordinary Shares the Subscription Sum originally paid on each Ordinary Share.
- 8.2.2 Any surplus assets of the Company remaining after the foregoing payments shall be distributable among the Shareholders pro rata according to the amount paid up or credited as paid up on the Ordinary Shares (including any premiums) held by them respectively. The Dividend Shares shall not entitle the holders thereof to any further or other rights of participation in the assets of the Company.

8.3 Redemption of Dividend Shares

- 8.3.1 The Company shall redeem (in accordance with the provisions of this Article) all of the Dividend Shares in issue immediately on a Sale or a Disposal or a Listing.
- 8.3.2 If an Employee Shareholder ceases to be a director or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them, the Company may redeem (in accordance with the provisions of this Article) all of the Dividend Shares held by such Employee Shareholder immediately on such cessation.
- 8.3.3 If a Shareholder transfers all of his Ordinary Shares pursuant to these Articles or otherwise, the Company may redeem (in accordance with the provisions of this Article) all of the Dividend Shares held by such Shareholder immediately following the transfer of the Ordinary Shares.
- 8.3.4 Subject to Sub-Article 8.3.5 below, any Dividend Shares to be redeemed pursuant to this Article shall be redeemed for no consideration.
- 8.3.5 On the due date or dates for redemption there shall be paid on each of the Dividend Shares redeemed as aforesaid a sum equal to the arrears, or accruals of any dividends declared on the Dividend Shares calculated down to and including the date of redemption ("the Redemption Monies") and upon receipt of the Redemption Monies the holder of Dividend Shares shall surrender to the Company the certificate for his or her Dividend Shares in order that it can be cancelled failing which he or she shall be deemed to have appointed any director of the Company to execute and deliver to the Company an indemnity for such Shareholder's Dividend Share certificate on the Shareholder's behalf in respect of the Shares being redeemed and to receive as trustee for such Shareholder the Redemption Monies.

8.4 Voting

The holders of Dividend Shares shall have no right to receive notice of general meetings of the Company nor shall they be entitled to attend, vote or speak or be heard thereat either in person or by proxy by virtue or in respect of their holdings of Dividend Shares.

8.5 Class Rights

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of not less than 75% of the Ordinary Shares (notwithstanding the class of share in question), or with the sanction of an extraordinary resolution passed at a meeting of the holders of the Ordinary Shares but not otherwise. The consent of the holders of the class of shares whose rights are to be varied or abrogated is not required. To every such meeting all the provisions of these articles relating to general meetings of the Company shall,

mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one third in nominal amount of the issued Ordinary Shares (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those Shareholders who are present shall be a quorum), and that the holders of Ordinary shares shall, on a poll, have one vote in respect of every Ordinary share held by them respectively.

For the avoidance of doubt, the issue or allotment of further Dividend Shares shall not constitute a variation of the rights of the Dividend Shares.

TRANSFER OF SHARES

- 9 The Directors shall refuse to register any transfer of shares not made in accordance with the provisions of these Articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register any transfer of shares. The Directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence of the foregoing as the directors reasonably think necessary or relevant failing which after expiry of one month from such request the directors shall be entitled to refuse to register the transfer.

PERMITTED AND MANDATORY TRANSFERS

- 10 10.1 Subject to Article 10.2 below the Directors shall refuse to register any transfer of shares in the Company made other than in accordance with the provisions of these Articles.
- 10.2 Subject to Article 7 above but notwithstanding any other provision of these Articles a transfer of any shares approved by the holders of more than 50% of the Ordinary Shares may be made without restriction as to price or otherwise and the Directors shall be obliged to register such transfer.
- 10.3 If an Employee Shareholder ceases to be a director or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them, Transfer Notices shall be deemed to have been served as at the date of cessation in respect of all Ordinary Shares held by that Employee Shareholder immediately before such cessation.
- Such transfers are referred to as "Compulsory Employee Transfers" and the Transfer Notice in respect thereof shall be referred to as a "Deemed Transfer Notice".
- 10.4 The provisions of Article 8.3 shall apply in relation to any Dividend Shares held by the Employee Shareholder.

PRE-EMPTION RIGHTS

- 11 11.1 Save as otherwise provided in these Articles any Shareholder wishing to transfer any Ordinary Shares ("the Vendor") shall give to the Company notice in writing ("a Transfer Notice"). Where the Transfer Notice is deemed to have been given it is referred to as a Deemed Transfer Notice. Transfer Notices and Deemed Transfer Notices shall constitute the Company as the Vendor's agent for the sale of all shares

specified therein (hereinafter called "the Sale Shares") in one or more lots at the discretion of the directors at the Sale Price.

- 11.2 The Sale Price shall (subject to the provisions of sub-articles 11.3, 11.4, 11.5 and 11.6 below) be agreed between the Vendor and the directors. If the Vendor and the directors are unable to agree a price within 28 days of the Transfer Notice being given or being deemed to have been given the Sale Price will instead be the price which the Expert shall certify to be their fair value (the "Fair Value"). The Expert will value the shares, in accordance with Article 11.3, on a going concern basis as between a willing seller and a willing buyer and assuming that the Sale Shares can be freely transferred. The Fair Value will be the rateable proportion of the total value of the Company (as assessed by the Expert) which the Sale Shares bear to the total issued Ordinary Share capital of the Company without any discount for a minority shareholding or any premium for a majority shareholding.
- 11.3 The Fair Value shall be calculated:
 - 11.3.1 by reference to the future maintainable after tax profits of the Company determined (subject to Article 11.4) from the weighted average of the three most recent years results as disclosed in the annual financial statements of the Company (with those after tax profits being adjusted for any material non-recurring, exceptional and one-off items) multiplied by a price earnings ratio of 50% of the latest Private Company Price index prepared by BDO Stoy Hayward or any equivalent replacement index from time to time; or
 - 11.3.2 if in the opinion of the Vendor and the Directors or the Expert (as the case may be) utilisation of or reference to the future maintainable after tax profits of the Company is inappropriate, on the basis of the net assets of the Company as a going concern.
- 11.4 Subject as follows, the Vendor and the Directors or the Expert (as the case may be) shall refer to the last three sets of annual financial statements and the most recent set of quarterly management accounts in order to assist in the determination of the Fair Value under Article 11.3.1. In the first financial year of the Company, prior to the first annual financial statements being finalised, the Fair Value shall be calculated by reference to the original subscription price of the Sale Shares. In the second financial year the Fair Value under Article 11.3.1 shall be calculated by reference to the financial statements for the first financial year and in the third year the Fair Value under Article 11.3.1 shall be calculated by reference to the financial statements for the first and second financial years. The Expert's decision on the Fair Value shall be final and binding.
- 11.5 Following the completion of each set of annual financial statements for the Company the directors may (but shall not be obliged) to prepare or have prepared a calculation of the Fair Value of the shares in the Company.
- 11.6 If the Employee Shareholder is a Bad Leaver (then unless IB and MM otherwise agree) the Sale Price shall be the lower of the original Subscription Sum of the Sale Shares, and the Fair Value.

- 11.7 A Transfer Notice (but not a Deemed Transfer Notice) may contain a condition ("a Total Transfer Condition") that unless all the shares comprised therein are sold by the Company none shall be sold.
- 11.8 If the Expert is asked to certify the Fair Value his certificate shall be delivered to the Company. As soon as the Company receives the Certificate it shall deliver a copy of it to the Vendor. The Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the shares are to be sold pursuant to a Deemed Transfer Notice. The cost of obtaining the certificate shall be paid by the Company unless the Vendor cancels it in which case the Vendor shall bear the cost.
- 11.9 Once the Sale Price has been determined then unless the Vendor gives a valid notice of cancellation the Sale Shares shall be offered for sale as set out below. All offers made by the Company shall give details of the number and Sale Price of the Sale Shares.

First Offer

- 11.10 As soon as Sale Shares become available they shall be forthwith offered for sale by the Company to the holders of Ordinary Shares (other than the Vendor) in proportion as nearly as may be to the respective numbers of Ordinary Shares held by such Shareholders save that any Original Employee Shareholder Ordinary Shares, comprised in the Sale Shares shall be offered by the Company only to IB and MM in proportion as nearly as may be to the respective number of Ordinary Shares held by them.

Any offer made by the Company under this sub-article will invite the relevant Shareholders to state in writing the maximum number of the Sale Shares offered to them they wish to purchase and will remain open for 21 days ("the First Offer Period").

Second Offer

- 11.11 If at the end of the First Offer Period there are any Sale Shares offered which have not been allocated the Company shall offer such shares to such Shareholders as have stated in writing their willingness to purchase all the shares previously offered to them.

This offer will invite the relevant Shareholders to state in writing the maximum number of shares they wish to purchase. If there are insufficient Sale Shares to meet the demand then the directors will allocate the Sale Shares pro rata as nearly as may be in proportion to the number of Ordinary Shares held by the relevant Shareholders. This offer will remain open for a further period of 21 days ("the Second Option Period").

- 11.12 Thereafter the Company shall continue to make offers on the same terms while any Shareholder continues to state in writing his or her willingness to purchase all shares offered to him.

- 11.13 If the Sale Shares become available within 5 years of the date of adoption of these Articles and at the end of the Second Offer Period there are any Original Employee Shareholder Ordinary Shares offered which have not been allocated to IB or MM the Company shall offer such Original Employee Shareholder Ordinary Shares to all the holders of Ordinary Shares (other than the Vendor, IB and MM) in proportion as nearly as may be to the respective number of Ordinary Shares held by such Shareholders. Any offer made by the Company under this sub-article will invite the relevant Shareholders to state in writing the maximum number of the Original Employee Shareholder Ordinary Shares offered to them they wish to purchase and will remain open for 21 days.
- 11.14 If at the end of the 21 day period referred to in sub-article 11.13 above there are *insufficient Original Employee Shareholder Ordinary Shares to meet the demand* then the directors will allocate the Original Employee Shareholder Ordinary Shares pro rata as nearly as may be in proportion to the number of Ordinary Shares held by the relevant Shareholders. If however there are any Original Employee Shareholder Ordinary Shares offered which have not been allocated the Company shall offer such Original Employee Shareholder Ordinary Shares to such Shareholders as have stated in writing their willingness to purchase all the Original Employee Shareholder Ordinary Shares previously offered to them.
- This offer will invite the relevant Shareholders to state in writing the maximum number of shares they wish to purchase.
- 11.15 Thereafter the Company shall continue to make offers on the same terms while any Shareholder continues to state in writing his or her willingness to purchase all Original Employee Shareholder Shares offered to him.
- 11.16 If the Company finds a purchaser for all or any of the Sale Shares under the terms of this article the Vendor must on receipt of the Sale Price transfer the Sale Shares (or those for which the Company shall have found a purchaser(s)) to such persons. If the Vendor defaults in transferring Sale Shares the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members accordingly.
- 11.17 If the Company does not find purchasers for all of the Sale Shares under the terms of this article, the Company may elect within two months of the final offer by the Company (subject to compliance with the terms of the 1985 Act) to purchase such of the Shares as have not been sold. If the Company does not so elect, the Vendor shall not be entitled to sell and transfer such of the Sale Shares as have not been so sold to any third party.
- 11.18 Any attempted transfer of shares not in accordance with the provisions of these Articles shall be void and have no effect.

TRANSFER OF CONTROL

- 12 12.1 No sale or transfer of any shares in the Company may be made or registered if as a result a Controlling Interest would be obtained in the Company by a company in which one or more of the Shareholders of the Company (or persons acting in concert with them) has a Controlling Interest.
- 12.2 For so long as IB and MM together hold more than 50% of the Ordinary Shares and a bona fide third party offeror for shares in the Company, having made offers to all the holders of Ordinary Shares in identical terms which are acceptable to IB and MM receives valid acceptances which would, on completion, result in such offeror becoming the holder of not less than 50% of the Ordinary Shares then:
- 12.2.1 such offeror may give notice to any non-accepting holder of Ordinary Shares requiring him to accept the offer within 14 days and stating that, failing such acceptance, he or she shall be deemed to have accepted such offer in respect of all shares held by him or her and irrevocably to have waived any pre-emption rights he or she may have in relation to any shares the subject of such offer;
- 12.2.2 upon the expiry of such notice each recipient thereof shall be obliged to deliver to the offeror an executed share transfer form and share certificate(s) in respect of the shares which were the subject of the notice together with any necessary waiver of pre-emption rights failing which he shall be deemed to have appointed (1) any director of the Company to be his attorney to execute such documents on his or her behalf and (2) the Company to receive as trustees for such Shareholder the purchase moneys, to deliver such executed transfer(s), pre-emption waiver(s) and indemnity for such Shareholder's share certificate (if unavailable) to the offeror;
- 12.2.3 after such an offeror or his or her nominee has been registered as the holder of shares transferred in accordance with this article the validity of such transaction shall not be questioned by any person.
- 12.3 If IB and MM together hold less than 50% of the Ordinary Shares and an offeror for shares in the Company, having made offers to all of the holders of Ordinary Shares in identical terms receives valid acceptances which would, on completion, result in such offeror becoming the holder of not less than 60% of the Ordinary Shares, then the non-accepting Shareholders shall be required to accept the offer and not be entitled to refuse to sell their Ordinary Shares to that offeror and the provisions of Clause 12.2.1 to 12.2.3 shall apply mutatis mutandis.
- 12.4 For so long as IB and MM together hold more than 50% of the Ordinary Shares, neither IB nor MM shall sell or transfer the legal or beneficial interest in any Ordinary Shares held by them if that sale or transfer would result in any person acquiring a Controlling Interest in the Company (whether alone or acting in concert with another) unless, before the transfers are lodged for registration, they procure that the proposed transferee makes a bona fide offer (stipulated to be open for acceptance for 14 days) to purchase all the Ordinary Shares held by any other holders thereof at

a price per share equal to that offered, paid or payable to IB and MM for their Ordinary Shares. If a member does not accept that offer in writing within 14 days of it being made he will be deemed to have rejected it (but without prejudice to Article 12.2).

- 13 All other regulations of the Company relating to the transfer of shares and the rights to registration of transfers shall be read subject to the provisions of Article 12.

PROCEEDINGS AT GENERAL MEETINGS

- 14 All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting with the exception of the consideration of the accounts, balance sheets and the reports of the Directors and auditors or reporting accountants, the appointment of, and the fixing of the remuneration of, the auditors or reporting accountants.
- 15 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved.
- 16 No business shall be transacted at any general meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a Shareholder or *proxy for a Shareholder and together holding or representing by proxy more than one half in nominal amount of the issued Ordinary Shares* shall be a quorum.
- 17 It shall not be necessary to give any notice of an adjourned meeting and Regulation 45 of Table A shall be construed accordingly.
- 18 A poll may be demanded by the Chairman or by any Shareholder present in person or by proxy and entitled to vote and Regulation 46 of Table A shall be modified accordingly.

APPOINTMENT OF DIRECTORS

- 19 19.1 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director. In addition, the holders of shares representing *more than half of the shares which carry the right to attend and vote at general meetings of the Company* may by notice to the Company together appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.
- 19.2 For so long as any Shareholder or Shareholders hold individually 25% or more of the total Ordinary Shares in issue, they shall each be entitled to be a Director of the Company.
- 19.3 Without prejudice to the powers of the Company under section 303 of the 1985 Act to remove a Director by ordinary resolution, for as long as IB and MM hold more than one half of the issued Ordinary Shares of the Company they shall have the power jointly

from time to time and at any time to appoint any person or persons as a Director or Directors either as additional Directors or alternate Directors or to fill any vacancy and to remove from office any Director or alternate Director howsoever appointed. Any such appointment or removal shall be effected by an instrument in writing signed by IM and MM and shall take effect upon lodgement at the registered office of the Company or such other time as specified in such instrument.

MEETINGS OF DIRECTORS

- 20 Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him. Meetings of the directors may, be held by conference telephone or similar equipment, so long as all the participants can hear each other. Such meetings shall be as effective as if the directors had met in person.
- 21 The quorum for transaction of business of the Directors shall (unless otherwise determined by the Board) be two. For so long as any Shareholder(s) is/are entitled to be a Director pursuant to Article 19.2, then at least one such director holding individually in excess of 25% of the total Ordinary Shares in issue must be present in order for a meeting of the board to be quorate. Any person who holds office only as an alternative director shall, if his or her appointer is not present, be counted in the quorum.
- 22 The Chairman of the Board of Directors shall be appointed by the Board of Directors and, for so long as any Shareholder(s) are entitled to be directors under Article 19.2 and have exercised such right, the Chairman shall be one such Director. The first Chairman shall be [IB][MM] who shall remain in office for a period of one year from the date of adoption of these Articles. Thereafter the Chairmanship shall be rotated annually amongst Directors who hold in excess of 25% of the Ordinary Shares in issue. If no Directors hold in excess of 25% of the Ordinary Shares in issue, the Chairman shall be appointed at the discretion of the Board. The Chairman shall be entitled to a second or casting vote and the penultimate sentence of Regulation 88 of Table A shall not apply to the Company. A Director shall immediately stand down as Chairman upon ceasing to hold in excess of 25% of the issued Ordinary Shares and the Board of Directors shall appoint another of their number to be Chairman in accordance with the criteria above.

RESERVED MATTERS

- 23 For so long as any Shareholder individually holds more than 25% of the Ordinary Shares in issue, the Shareholders and the Directors shall procure, so far as they are able, that no action shall be taken or resolution passed by the Company or its subsidiaries except with the consent of all such Shareholder or Shareholders holding in excess of 25% of the issued Ordinary Shares in respect of the following matters ("reserved matters"):
 - 23.1 23.1.1 the appointment, removal and conditions of employment of the Secretary or any Directors or senior executive of the Company;

- 23.1.2 the selection of and any change in the Auditors or reporting accountants if there is no requirement to have the Financial Statements of the Company audited;
- 23.1.3 the acquisition by the Company of any assets or property at a total cost to the Company (per transaction) of more than £5,000;
- 23.1.4 the sale or disposition of any fixed assets of the Company for a total price per transaction of more than £5,000;
- 23.1.5 the borrowing by the Company of amounts which when aggregated with all other borrowings (or indebtedness in the nature of borrowings) of the Company would exceed £100,000, or the creation of any charge or other security over any assets or property of the Company except for the purpose of securing borrowings from bankers in the ordinary course of business of amounts not exceeding in the aggregate £100,000;
- 23.1.6 the giving by the Company of any guarantee or indemnity other than in the normal course of its business;
- 23.1.7 the consolidation or amalgamation of the Company with any other company;
- 23.1.8 the disposal of or dilution of the Company's interests, directly or indirectly, in any of its subsidiaries;
- 23.1.9 the acquisition by the Company of any share capital or other securities of any body corporate;
- 23.1.10 the making of any loan or advance to any person, firm, body corporate or other business;
- 23.1.11 the creation, allotment or issue of any shares in the capital of the Company or of any other security or the grant of any option or rights to subscribe in respect thereof or convert any instrument into such shares;
- 23.1.12 the payment or declaration by the Company of any dividend or other distribution on account of shares in its capital;
- 23.1.13 the cessation of any business operation of the Company;
- 23.1.14 the making of any material change in the nature or geographical area of the business of the Company;
- 23.1.15 the making by the Company of any contract with a Shareholder or of any contract of a material nature outside the normal course of the business of the Company;
- 23.1.16 the reduction of its capital, variation of the rights attaching to any class of shares in the capital of the Company or any redemption, purchase or other acquisition by the Company of any shares or other securities of the Company;

- 23.1.17 the adoption of any bonus or profit-sharing scheme or any share option or share incentive scheme or employee share trust or share ownership plan;
 - 23.1.18 the making of any change to the Company's Memorandum or Articles;
 - 23.1.19 the presentation of any petition for the winding up of the Company;
 - 23.1.20 the commencement or settlement of any litigation, arbitration or other proceedings which are material in the context of the Company's business and which do not involve a Shareholder or director (or former Shareholder or director);
 - 23.1.21 the appointment of a managing director or the granting of any power of attorney or other delegation of directors' powers;
 - 23.1.22 the adoption of the annual accounts or amendment of the accounting policies previously adopted by the Company;
 - 23.1.23 entering into or offering to enter or tendering for any contract with a fee value in excess of £100,000
- 23.2 In determining whether any of the matters described above require the approval of Shareholders holding individually more than 25% of the Ordinary Shares as aforesaid a series of transactions which when aggregated exceed the figure specified in the relevant paragraph shall be construed as a single transaction requiring such approval. All sums referred to in Clause 23.1 above exclude VAT.

DIRECTORS

- 24 The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and subject to Section 80 of the 1985 Act to issue debentures, debenture stock and other securities as security for any debt, liability or obligation of the Company or of any third party.
- 25 Without prejudice to the obligation of any Director to disclose his or her interest in accordance with Section 317 of the 1985 Act a Director may vote as a Director in regard to any contract, transaction or arrangement in which he is interested, or upon any matter arising therefrom, and if he or she does so vote his or her vote shall be counted and he or she shall be reckoned in calculating a quorum when any such contract transaction or arrangement is under consideration.
- 26 A Director shall not retire by rotation and the words "...by rotation or otherwise..." where they appear in Regulation 67 of Table A shall be deleted.
- 27 A Director shall be required to vacate his or her office upon attaining the age of sixty five, unless the holders of the majority of the Ordinary Shares consent to the director continuing in office. Such consent may be withdrawn by the holders of a majority of the Ordinary Shares at any time. For the purposes of this sub-article, any shares held by the director in question shall be ignored in calculating the requisite majority.

PROVISION FOR EMPLOYEES

- 28 The power which the Company may exercise pursuant to Section 719 of the 1985 Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of any of the undertaking of the Company or any of its subsidiaries may, before the commencement of any winding-up, be exercised by a resolution of the Directors and any payment made under this Article may be made out of the profits of the Company which are available for dividend.

INDEMNITIES

- 29 Every Director, Managing Director, Agent, Auditor, Secretary or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto, including any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted or in connection with any application under Sections 144 and 727 of the 1985 Act, in which relief is granted to them 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 their office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the 1985 Act.

SERVICE OF NOTICES

- 30 Any Notice to be served pursuant to these Articles, may be served by leaving it at the address provided for service or by posting by first class mail, facsimile or otherwise transmitting in printed form said Notice to the said address provided for service. Such Notice shall be deemed to have been properly served, if posted, at the expiration of twenty four hours after posting; if by facsimile on the day it is sent; and in the case of other forms of transmission on the date on which it should be received by the recipient in the normal course of such form of transmission. In proving service of Notice by post it shall be sufficient to prove that the envelope containing the same was properly addressed, stamped and posted; and in the case of facsimile that the transmission receipt appeared on the sender's copy of transmission. Regulations 112 and 115 of Table A shall be modified accordingly.