



COMPANIES FORM No. 12

Statutory Declaration of compliance with requirements on application for registration of a company

12

Please do not
write in
this margin

Pursuant to section 12(3) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

For official use

[] [] [] [] [] []

2352435

Name of company

* LARCHWOOD LIMITED

* insert full
name of Company

I, JACQUELINE SAMUELS ON BEHALF OF LEGIBUS SECRETARIES LIMITED
of ROYEX HOUSE
ALDERMANBURY SQUARE
LONDON EC2V 7LD

† delete as
appropriate

do solemnly and sincerely declare that I am a ~~person named as director or secretary of the company in the statement delivered to the registrar under section 10(2)†~~ and that all the requirements of the above Act in respect of the registration of the above company and of matters precedent and incidental to it have been complied with,
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835

Declared at 35 BASINGHALL STREET
LONDON EC2

Declarant to sign below

the 13th day of February

For and on behalf of LEGIBUS SECRETARIES LTD.

One thousand nine hundred and eighty-nine

before me J. O'Mahony C.A. O'MAHONY

J. Samuels
Authorised Signatory

A Commissioner for Oaths or Notary Public or Justice of the Peace or Solicitor having the powers conferred on a Commissioner for Oaths.

Presentor's name address and
reference (if any):

CLIFFORD CHANCE
ROYEX HOUSE
ALDERMANBURY SQUARE
LONDON EC2V 7LD

Ref: DHT/CAL/JQS

For official Use
New Companies Section

Post room

COMPANIES HOUSE
13 FEB 1989



COMPANIES FORM No. 10

**Statement of first directors
and secretary and intended
situation of registered office**

10

Please do not
write in
this margin

Pursuant to section 10 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Name of company

* Insert full name
of company

* LARCHWOOD LIMITED

The intended situation of the registered office of the company on incorporation is as stated below

ROYEX HOUSE	
ALDERMANBURY SQUARE	
LONDON	
Postcode	EC2V 7LD

If the memorandum is delivered by an agent for the subscribers of the memorandum please mark 'X' in the box opposite and insert the agent's name and address below

X

CLIFFORD CHANCE	
ROYEX HOUSE	
ALDERMANBURY SQUARE,	
LONDON	
Postcode	EC2V 7LD

Number of continuation sheets attached (see note 1)

--

Presentor's name address and
reference (if any):

CLIFFORD CHANCE
ROYEX HOUSE
ALDERMANBURY SQUARE
LONDON EC2V 7LD

Ref: DHT/CAL/JQS

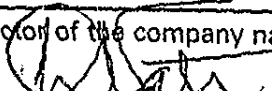
For official Use
General Section

Post room

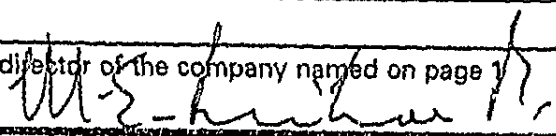


The name(s) and particulars of the person who is, or the persons who are, to be the first director or directors of the company (note 2) are as follows:

Please do not write in this margin

Name (note 3)	TATE, DAVID HENRY		Business occupation	SOLICITOR
Previous name(s) (note 3)			Nationality	BRITISH
Address (note 4)	ROYEX HOUSE		Date of birth (where applicable)	(note 6)
	ALDERMANBURY SQUARE			
	LONDON	Postcode	EC2V 7LD	
Other directorships †	SEE ATTACHED SHEET			
I consent to act as director of the company named on page 1				
Signature			Date	1/2.89

† enter particulars of other directorships held or previously held (see note 5) if this space is insufficient use a continuation sheet

Name (note 3)	RICHARDS, MARTIN EDGAR		Business occupation	SOLICITOR
Previous name(s) (note 3)			Nationality	BRITISH
Address (note 4)	ROYEX HOUSE		Date of birth (where applicable)	(note 6)
	ALDERMANBURY SQUARE			
	LONDON	Postcode	EC2V 7LD	
Other directorships †	LEGIBUS SECRETARIES LIMITED			
	LEGIBUS NOMINEES LIMITED			
	LEGIBUS COMPUTERS LIMITED			
I consent to act as director of the company named on page 1				
Signature			Date	2.2.89

Name (note 3)			Business occupation	
Previous name(s) (note 3)			Nationality	
Address (note 4)			Date of birth (where applicable)	(note 6)
		Postcode		
Other directorships †				
I consent to act as director of the company named on page 1				
Signature			Date	

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this margin

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legibly, preferably
in black type, or
bold block lettering

The name(s) and particulars of the person who is, or the persons who are, to be the first secretary, or joint secretaries, of the company are as follows:

Name (notes 3 & 7)		LEGIBUS SECRETARIES LIMITED	
Previous name(s) (note 3)			
Address (notes 4 & 7)		ROYEX HOUSE	
		ALDERMANBURY SQUARE	
LONDON		Postcode	EC2V 7LD
I consent to act as secretary of the company named on page 1 For and on behalf of LEGIBUS SECRETARIES LTD.			
Signature		Date 7.2.89	
		Authorised Signatory	

Name (notes 3 & 7)	
Previous name(s) (note 3)	
Address (notes 4 & 7)	
	Postcode
I consent to act as secretary of the company named on page 1	
Signature	Date

delete if the form is
signed by the
subscribers

Signature of agent on behalf of subscribers	Date
---	------

delete if the form is
signed by an agent on
behalf of the
subscribers.

All the subscribers
must sign either
personally or by a
person or persons
authorised to sign
for them.

Signed	J. Samuel.	Date	7.2.89
Signed	FOR AND ON BEHALF OF LEGIBUS SECRETARIES LTD	Date	
Signed	[Signature]	Date	7.2.89
Signed	FOR AND ON BEHALF OF LEGIBUS NOMINEES LTD	Date	
Signed		Date	
Signed		Date	

DIRECTORSHIPS OF MR D H TATE

ATLANTIC RESOURCES (NORTH SEA) LIMITED
CHIEFTAIN EXPLORATION (UK) LIMITED
LEGIBUS SECRETARIES LIMITED
LEGIBUS NOMINEES LIMITED
THE COLLEY WOOD SYNDICATE LIMITED
CHARTER OIL (UK) LIMITED
NEPCO EXPLORATION (UK) LIMITED
NEPCO PETROLEUM (UK) LIMITED
CHARTER OIL (UK TRADING) LIMITED
I.F.P. FOREST AND PAPER PRODUCTS (UK) LIMITED (ALT)
MICROPRO INTERNATIONAL LIMITED (ALT)
CROSBY ASSOCIATES UK LIMITED (ALT)
ERMENEGILDO ZEGNA LIMITED (PAST)
ESSELTE LIMITED (ALT) (PAST)
BURKE O'NEIL LIMITED (PAST)
NEW BRIDGE STREET CONSULTANTS LIMITED (PAST)
CONTINENTAL OFFICE SERVICES LIMITED (PAST)
ESSELTE HOLDINGS LIMITED (ALT) (PAST)
ALYRAH LIMITED (PAST)
CHANCELLOR INSURANCE CO (UK) LIMITED (PAST)
CONTINENTAL CONSULTING COMPANY LIMITED (PAST)

2352435

THE COMPANIES ACT 1985



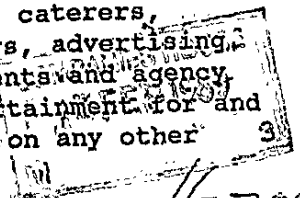
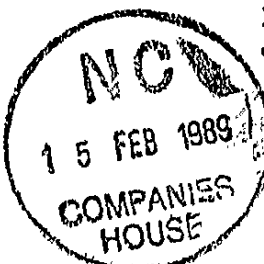
COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

- of -

LARCHWOOD LIMITED

1. The Company's name is "LARCHWOOD LIMITED".
2. The Company's registered office is to be situated in England.
3. The Company's objects are:
 - (A) (i) To carry on business as manufacturers, builders and suppliers of and dealers in goods of all kinds, and as mechanical, general, electrical, marine, radio, electronic, aeronautical, chemical, petroleum, gas civil and constructional engineers, and manufacturers, importers and exporters of, dealers in machinery, plant and equipment of all descriptions and component parts thereof, forgings, castings, tools, implements, apparatus and all other articles and things.
 - (ii) To act as an investment holding company and to co-ordinate the business of any companies in which the Company is for the time being interested, and to acquire (whether by original subscription, tender, purchase exchange or otherwise) the whole of or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by a body corporate constituted or carrying on business in any part of the world or by any government, sovereign ruler, commissioners, public body or authority and to hold the same as investments, and to sell, exchange, carry and dispose of the same.
 - (iii) To carry on the businesses in any part of the world as importers, exporters, buyers, sellers, distributors and dealers and to win, process and work produce of all kinds.
- (B) To carry on the following businesses, namely, contractors, garage proprietors, filling station proprietors, owners and charterers of road vehicles, aircraft and ships and boats of every description, lightermen and carriers of goods and passengers by road, rail, water or air, forwarding, transport and commission agents, customs agents, stevedores, wharfingers, cargo superintendents, packers, warehouse storekeepers, cold store keepers, hotel proprietors, caterers, publicans, consultants, advisers, financiers, bankers, advertising agents, insurance brokers, travel agents, ticket agents and agency business of all kinds and generally to provide entertainment for and render services of all kinds to others and to carry on any other



MD/3200

trade or business whatsoever which can in the opinion of the Directors be advantageously carried on by the Company in connection with or as auxiliary to the general business of the Company or any other trade or business whatsoever which can in the opinion of the Directors be advantageously carried on by the Company in connection with or as auxiliary to the general business of the Company.

- (C) To buy, sell, manufacture, repair, alter, improve, manipulate, prepare for market, let on hire, and generally deal in all kinds of plant, machinery, apparatus, tools, utensils, materials, produce, substances, articles and things for the purpose of any of the businesses specified herein, or likely to be required by customers or other persons having, or about to have, dealings with the Company.
- (D) To build, construct, maintain, alter, enlarge, pull down and remove or replace any buildings, shops, factories, offices, works, machinery, engines and to clear sites for the same or to join with any person, firm or company in doing any of the things aforesaid and to work, manage and control the same or join with others in so doing.
- (E) To enter into contracts, agreements and arrangements with any other company for the carrying out by such other company on behalf of the Company of any of the objects for which the Company is formed.
- (F) To acquire, undertake and carry on the whole or any part of the business, property and liabilities of any person or company carrying on any business which the Company is authorised to carry on or possess, or which may seem to the Company capable of being conveniently carried on or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights, or any property suitable for the purposes of the Company.
- (G) To enter into any arrangements with any Government or authorities, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them, and to obtain from any such Government or authority any rights, privileges, and concessions which the Company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (H) To apply for, or join in applying for, purchase or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, registered designs, protections and concessions, which may appear likely to be advantageous or useful to the Company, and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting and testing and making researches, and in improving or seeking to improve any patents, inventions or rights which the Company may acquire or propose to acquire.
- (I) To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint adventure, reciprocal concession, or otherwise with any company, or with any employees of the Company, including in such case if thought fit the

conferring of a participation in the management or its directorate, or with any company carrying on or engaged in any business or transaction capable of being conducted so as directly or indirectly to benefit the Company, and to give to any company special rights or privileges in connection with or control over this Company, and in particular the right to nominate one or more Directors of this Company. And to lend money to, guarantee the contracts of, or otherwise assist any such company, and to take or otherwise acquire shares or securities of any such company, and to sell, hold, re-issue, with or without guarantee, or otherwise deal with the same.

- (J) To subsidise, and assist any persons or companies and to act as agents for the collection, receipt or payment of money and generally to act as agents for and render services to customers and others.
- (K) Either with or without the Company receiving any consideration or advantage, direct or indirect, from giving any such guarantee, to guarantee or otherwise provide security by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets present and future and uncalled capital or by both such methods or by any other means whatsoever the performance of the obligations and the payment of any moneys (including but not limited to capital or principal, premiums, dividends or interest, commissions, charges, discount and any costs or expenses relating thereto whether on any stocks, shares or securities or in any other manner whatsoever) by any company, firm or person including but not limited to any company which is for the time being the Company's holding company as defined by Section 736 of the Companies Act, 1985 or a subsidiary of the Company or of the Company's holding company as so defined or any company, firm or person who is for the time being a member or otherwise has any interest in the Company or is associated with the Company in any business or venture or any other person firm or company whatsoever. A guarantee shall also include any other obligation (whatever called) to pay, purchase, provide funds (whether by advance of money the purchase of or the subscription of shares or other securities, the purchase of assets or services, or otherwise) for the payment of or to indemnify against the consequences of default in the payment of or otherwise be responsible for any indebtedness of any other company firm or person.
- (L) To promote any company for the purpose of acquiring all or any of the property and liabilities of this Company, or for any other purpose which may seem directly or indirectly calculated to benefit this Company.
- (M) To pay out of the funds of the Company all expenses which the Company may lawfully pay of or incident to the formation, registration and advertising of or raising money for the Company, and the issue of its capital, or for contributing to or assisting any company either issuing or purchasing with a view to issue all or any part of the Company's capital in connection with the advertising or offering the same for sale or subscription, including brokerage and commissions for obtaining applications for or taking, placing or underwriting or procuring the underwriting of shares, debentures or debenture stock.

- (N) To remunerate any person, firm or company rendering service to the Company whether by cash payment or by the allotment to him or them of shares or securities of the Company credited as fully paid up in full or in part or otherwise.
- (O) Generally to purchase, take on lease or exchange, hire, or otherwise acquire any real or personal property and any rights or privileges which the Company may think necessary or convenient for the purposes of its business.
- (P) To receive money on deposit upon such terms as the Company may approve.
- (Q) To invest and deal with the moneys of the Company in such manner as may from time to time be determined.
- (R) To lend money with or without security, but not to carry on the business of a registered money lender.
- (S) To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures or debenture stock, perpetual or otherwise charged upon all or any of the Company's property (both present and future), including its uncalled capital, and to purchase, redeem or pay off any such securities.
- (T) To remunerate any company for services rendered or to be rendered, in placing, or assisting to place, or guaranteeing the placing or procuring the underwriting of any of the shares or debentures, or other securities of the Company or of any company in which this Company may be interested or propose to be interested, or in or about the conduct of the business of the Company, whether by cash payment or by the allotment of shares, or securities of the Company credited as paid up in full or in part, or otherwise.
- (U) To subscribe for either absolutely or conditionally or otherwise acquire and hold shares, stocks, debentures, debenture stock or other obligations of any other company having objects altogether or in part similar to those of this Company.
- (V) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of lading, warrants, debentures and other negotiable and transferable instruments.
- (W) To sell, lease, exchange, let on hire, or dispose of any real or personal property or the undertaking of the Company, or any part or parts thereof, for such consideration as the Company may think fit, and, in particular, for shares whether fully or partly paid up, debentures or securities of any other company, whether or not having objects altogether, or in part, similar to those of the Company, and to hold and retain any shares, debentures or securities so acquired, and to improve, manage, develop, sell, exchange, lease, mortgage, dispose of or turn to account or otherwise deal with all or any part of the property or rights of the Company.
- (X) To adopt such means of making known the businesses and products of the Company as may seem expedient, and in particular by advertising in the Press, by circulars, by purchase and exhibition of works of

art or interest, by publication of books and periodicals, and by granting prizes, rewards and donations.

- (Y) To support, subscribe or contribute to any charitable or public object and any institution, society or club which may be for the benefit of the Company or its Directors, officers or employees, or the Directors, officers and employees of its predecessors in business or of any subsidiary, allied or associated company, or which may be connected with any town or place where the Company carries on business and to subsidise or assist any association of employers or employees or any trade association. To give pensions, gratuities, annuities or charitable aid to any person (including any Directors or former Directors) who may have served the Company or its predecessors in business or any subsidiary, allied or associated company or to the wives, children or other dependents or relatives of such persons, to make advance provision for the payment of such pensions, gratuities or annuities as aforesaid by establishing or acceding to such trusts schemes or arrangements (whether or not capable of approval by the Commissioners of Inland Revenue under any relevant legislation for the time being in force) as may seem expedient, to appoint trustees or to act as trustee of any such schemes or arrangements.
- (Z) To establish and contribute to any scheme for the purchase or subscription by trustees of shares in the Company to be held for the benefit of the Company's employees, and to lend money to the Company's employees to enable them to purchase or subscribe for shares in the Company and to formulate and carry into effect any scheme for sharing the profits of the Company with employees or any of them.
- (AA) To obtain any Provisional Order or Act of Parliament for enabling the Company to carry any of its objects into effect or for effecting any modifications of the Company's constitution or for any other purposes which may seem expedient, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.
- (BB) To establish, grant and take up agencies in any part of the world, and to do all such other things as the Company may deem conducive to the carrying on of the Company's business, either as principals, or agents, and to remunerate any persons in connection with the establishment or granting of such agencies upon such terms and conditions as the Company may think fit.
- (CC) To do all or any of the above things in any part of the world and as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others and to procure the Company to be registered or recognised in any foreign country or place.
- (DD) To distribute any of the property of the Company in specie among the shareholders.
- (EE) To amalgamate with any other company having objects altogether or in part similar to those of this Company.

(FF) To do all such other things as are incidental or conducive to the attainment of the above objects, or any of them.

And it is hereby declared that the word "company" in this Clause shall be deemed to include any person or partnership or other body of persons whether domiciled in the United Kingdom or elsewhere, and words denoting the singular number only shall include the plural number and vice versa, and so that the objects specified in each paragraph of this Clause shall, except where otherwise expressed in such paragraph, be regarded as independent objects, and in nowise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company.

4. The liability of the Members is limited.

5. The Company's Share Capital is £100 divided into 100 shares of £1 each.

WE, the subscribers to this Memorandum of Association, wish to be formed into a company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

NAMES AND ADDRESSES OF SUBSCRIBERS	Number of Shares taken by each Subscriber
------------------------------------	---

J Samuels.

one

JACQUELINE SAMUELS
For and on behalf of
Legibus Secretaries Limited
Royex House
Aldermanbury Square
London EC2V 7LD

ONE

llh

One

CHRISTINE ANNE LEE
For and on behalf of
Legibus Nominees Limited
Royex House
Aldermanbury Square
London EC2V 7LD

ONE

Total shares taken: TWO

DATED the *7th* day of *February, 1989*

WITNESS to all the above Signatures:-

DENISE WARD
Royex House
Aldermanbury Square
London EC2V 7LD

Dward.

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

LARCHWOOD LIMITED

PRELIMINARY.

1. (A) In these Articles "Table A" means Table A in the Schedule to the Companies (Table A to F) Regulations 1985 and "the Act" means the Companies Act, 1985 including any statutory modification or re-enactment thereof for the time being in force.

(B) 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 2, 3, 24, 41, 65, 66, 67, 68, 69, 73, 74, 75, 76, 77, 78, 80, 81, 94, 95, 96, 97, 98, 110 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.

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 share capital of the Company is £100 divided into 100 shares of £1 each.

4. (A) The Directors shall have unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities or other shares of the Company to such persons, at such times and generally on such terms and conditions and carrying such rights or being subject to such restrictions as the Directors may determine. The authority hereby conferred shall, subject to Section 80(7) of the Act, be for a period of five years from the date of incorporation unless renewed, varied or revoked by the Company in General Meeting, and the maximum amount of relevant securities which may be allotted pursuant to such authority shall be the authorised but as yet unissued share capital of the Company at the date of adoption of these Articles, or where the authority is renewed at the date of renewal.

(B) The Directors shall be entitled under the authority conferred by sub-paragraph (A) of this Article or under any renewal thereof to make at any time prior to the expiry of such authority any offer or

agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority.

5. The pre-emption provisions of sub-section (1) of Section 89 of the Act and the provisions of sub-sections (1) to (6) inclusive of Section 90 of the Act shall not apply to any allotment of the Company's equity securities.

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 and shall extend to all moneys presently payable by him or his estate to the Company.

7. Subject to the provisions of the Act, any shares in the capital of the Company may be issued on the terms that they are, or at the option of the Company are to be liable, to be redeemed on such terms and in such manner as the Company before the issue of the shares may by Special Resolution determine.

NOTICES.

8. Every notice calling a General Meeting shall comply with the provisions of Section 3/2(3) of the Act, as to giving information to Members in regard to their right to appoint proxies, and all notices and other communications relating to a General Meeting which any Member is entitled to receive shall also be sent to the Auditor for the time being of the Company.

TRANSFERS.

9. The Directors may in their absolute discretion and without assigning any reason therefor decline to register any transfer of any share, whether or not it is a fully paid share.

PROCEEDINGS AT GENERAL MEETINGS.

10. 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 members, 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.

11. It shall not be necessary to give any notice of an adjourned meeting and Regulation 45 of Table A shall be construed accordingly.

12. A poll may be demanded by the Chairman or by any Member present in person or by proxy and entitled to vote and Regulation 46 of Table shall be modified accordingly.

13. Subject to any rights or restrictions attached to any shares, on a show of hands every Member who is present in person or by a duly authorised representative, not being himself a Member entitled to vote,

shall have one vote and on a poll every Member shall have one vote for every share of which he is the holder.

14. Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

VOTES OF MEMBERS.

15. Evidence of the fact that a proxy is duly appointed may be accepted by the Directors less than 48 hours before the time appointed for the meeting but this power shall not prevent the Directors from requiring that 48 hours notice be given in any given case; and Regulation 62 of Table A shall be construed accordingly.

DIRECTORS.

16. A Director need not hold any shares of the Company to qualify him as a Director but he shall be entitled to receive notice of and attend at all General Meetings of the Company and at all separate General Meetings of the holders of any class of shares in the capital of the Company and Regulation 38 of Table A shall be modified accordingly.

17. If any Director shall be called upon to perform extra services or to make special exertions in going or residing abroad or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise as may be determined by a resolution passed at a Board Meeting of the Directors of the Company, and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled as a Director.

18. 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 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.

19. Without prejudice to the obligation of any Director to disclose his interest in accordance with Section 317 of the 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 thereout, and if he does so vote his vote shall be counted and he shall be reckoned in calculating a quorum when any such contract transaction or arrangement is under consideration.

20. The office of Director shall be vacated if the Director

(a) becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(b) becomes disqualified from being a Director by reason of any order made under the Company Directors Disqualification Act 1986 or

is otherwise so prohibited or disqualified under any statutory provision for the time being in force; or

(c) in the opinion of all his co-Directors becomes incapable by reason of mental disorder of discharging his duties as Director; or

(d) subject as hereinafter provided resigns his office by notice in writing to the Company.

21. The Company may by Ordinary Resolution of which special notice has been given in accordance with Section 379 of the Act remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.

22. Without prejudice to the powers of the Directors under Regulation 79 of Table A the Company may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.

23. A Director appointed to fill a casual vacancy or as an addition to the Board shall not retire from office at the Annual General Meeting next following his appointment and the last two sentences of Regulation 79 of Table A shall be deleted.

24. The holder or holders of a majority in nominal value of such part of the issued share capital of the Company as confers the right for the time being to attend and vote at General Meetings of the Company may at any time or from time to time by memorandum in writing signed by or on behalf of him or them and left at or sent to the Registered Office of the Company remove any Director from office or appoint any person to be a Director. Such removal or appointment shall take effect forthwith upon delivery of the memorandum to the Registered Office of the Company or on such later date (if any) as may be specified therein.

25. (A) Any Director may by writing under his hand appoint (1) any other Director, or (2) any other person who is approved by the Board of Directors as hereinafter provided to be his alternate; and every such alternate shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notices of all meetings of the Directors and, in the absence from the Board of the Director appointing him, to attend and vote at meetings of the Directors, and to exercise all the powers, rights, duties and authorities of the Director appointing him: Provided always that no such appointment of a person other than a Director shall be operative unless and until the approval of the Directors by a majority consisting of not less than two-thirds of all the Directors shall have been given and entered in the Directors' Minute Book. A Director may at any time revoke the appointment of an alternate appointed by him, and, subject to such approval as aforesaid, appoint another person in his place, and if a Director shall die or cease to hold the office of Director the appointment of his alternate shall thereupon cease and determine. A Director acting as alternate shall have an additional vote at meetings of Directors for each Director for whom he acts as alternate but he shall count as only one for the purpose of determining whether a quorum be present.

(B) Every person acting as an alternate Director shall be an officer of the Company, and 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. The remuneration of any such alternate Director shall be payable out of the remuneration payable to the Director appointing him, and shall consist of such portion of the last-mentioned remuneration as shall be agreed between the alternate and the Director appointing him.

26. No person shall be or become incapable of being appointed a Director by reason only of his having attained the age of seventy or any other age nor shall any special 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 or any other age.

27. The Directors may from time to time appoint one or more of their body to hold any executive office in the management of the business of the Company including the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Managing Director as the Directors may decide such appointment being (subject to Section 319 of the Act, if applicable) for such fixed term or without limitation as to period and on such terms as they think fit and a Director appointed to any executive office shall (without prejudice to any claim for damages for breach of any service contract between him and the Company) if he ceases to hold the office of Director from any cause ipso facto and immediately cease to hold such executive office.

28. A Director holding such executive office as aforesaid for a fixed period shall not be entitled to resign as a Director of the Company and Article 20(d) hereof shall be interpreted accordingly.

29. The maximum number and minimum number respectively of the Directors may be determined from time to time by Ordinary Resolution in General Meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be one. Whensoever the minimum number of Directors shall be one, a sole Director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Regulation 89 of Table A shall be modified accordingly.

THE SEAL.

30. The Directors or a committee of Directors authorised by the Directors may by telephone or telex communication or by facsimile reproduction authorise the Secretary or any Director to use the Seal and the transmission of such authority shall constitute a determination in such case that the Secretary or the named Director alone may sign any instrument to which the Seal is to be affixed pursuant to that authority, and Regulation 101 of Table A shall be modified accordingly.

RESERVES.

31. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

CAPITALISATION OF PROFITS.

32. The Directors may with the authority of an Ordinary Resolution:-

(a) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company (whether or not the same are available for distribution and including profits standing to any reserve), or any sum standing to the credit of the Company's share premium account or capital redemption reserve fund;

(b) appropriate the profits or sum resolved to be capitalised to the Members in proportion to the nominal amount of the ordinary share capital (whether or not fully paid) held by them respectively, and apply such profits or sum on their behalf, either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to such profits or sum, and allot and distribute such shares or debentures credited as fully paid up, to and amongst such Members, or as they may direct, in the proportion aforesaid, or partly in one way and partly in the other: provided that the share premium account and the capital redemption reserve fund and any such profits which are not available for distribution may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to Members credited as fully paid;

(c) resolve that any shares allotted under this Article to any Member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid rank for dividends only to the extent that such partly paid Ordinary Shares rank for dividend;

(d) make such provisions by the issue of fractional certificates or by payment in cash or otherwise as the Directors think fit for the case of shares or debentures becoming distributable under this Article in fractions;

(e) authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of the profits or sum so resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on

shares held by them respectively any agreement made under such authority being thereupon effective and binding on all such Members; and

(f) generally do all acts and things required to give effect to such resolution as aforesaid.

PROVISION FOR EMPLOYEES.

33. The Company shall exercise the power conferred upon it by Section 719 of the Act 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 convened and held in accordance with the provisions of Section 125 of the Act.

INDEMNITIES.

34. Every Director, Managing Director, agent, auditor, secretary and other officer for the time being 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 judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him by the court.

NAMES AND ADDRESSES OF SUBSCRIBERS

J Samuels.

JACQUELINE SAMUELS
For and on behalf of
Legibus Secretaries Limited
Royex House
Aldermanbury Square
London EC2V 7LD

ll

CHRISTINE ANNE LEE
For and on behalf of
Legibus Nominees Limited
Royex House
Aldermanbury Square
London EC2V 7LD

DATED this 7th day of February, 1989.

WITNESS to the above Signatures:-

Denise Ward
Royex House
Aldermanbury Square
London EC2V 7LD

Dward.

FILE COPY



**CERTIFICATE OF INCORPORATION
OF A PRIVATE LIMITED COMPANY**

No. 2352435

I hereby certify that

LARCHWOOD LIMITED

is this day incorporated under the Companies Act 1985 as
a private company and that the Company is limited.

Given under my hand at the Companies Registration Office,
Cardiff the 24 FEBRUARY 1989

F. A. Joseph
F. A. JOSEPH

an authorised officer

Company Number 2352435

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS

-of-

LARCHWOOD LIMITED

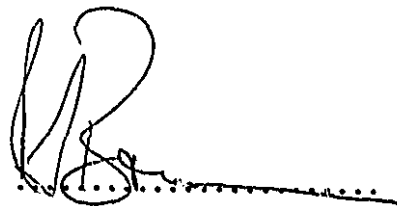
At an EXTRAORDINARY GENERAL MEETING of the Company held at Royex House, Aldermanbury Square, London EC2V 7LD on Wednesday the 10th day of May 1989 the following Resolutions were passed as Special Resolutions.

SPECIAL RESOLUTIONS

- (A) That the authorised capital of the Company be and hereby is increased to £391,780 by the creation of 21,900 Ordinary Shares of £1 each, 75,000 "A" Ordinary Shares of £1 each, 3,000 "C" Ordinary Shares of 1p each, 228,000 Preferred Ordinary Shares of £1 each and 6,675,000 Redeemable Cumulative Preference Shares of 1p each having the rights set out in the Articles of Association adopted pursuant to Resolution (B).
- (B) That the Articles of Association in the form of the draft produced to the meeting and initialled by the Chairman be and are hereby adopted as the new Articles of Association of the Company in replacement of and in substitution for the existing Articles of Association of the Company.
- (C) That the entering into by the Company of the following agreement containing provisions as to the allotment of shares, the Shareholders Agreement to be made between (1) the Company (2) Duncan Chadwick and others and (3) Citicorp Capital Investors Europe Limited and others ("the Shareholders Agreement") be and is hereby approved by the Company.



- (D) That the Directors from time to time of the Company be and are hereby authorised to execute, or procure the execution of the Warrant Instrument produced to the Meeting and to create and issue Warrants in the form set out in Schedule 1 to such Warrant Instrument to subscribe for "C" Ordinary Shares.
- (E) That the Directors from time to time of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot:-
- (i) 17,600 Ordinary Shares of £1 each;
 - (ii) 288,000 Preferred Ordinary Shares of £1 each;
 - (iii) 75,000 "A" Ordinary Shares of £1 each,
 - (iv) 6,675,000 Redeemable Cumulative Preference Shares of 1p each
 - (v) 1 "C" Ordinary Shares of 1p
- in accordance with the terms of the Shareholders Agreement provided that this authority shall expire on 31st May 1990 save that this authority shall extend to the allotment at any time of any of the above shares pursuant to the Subscription Agreement or the Warrant Instrument if such agreements or instrument are entered into on or before 31st May 1989.
- (F) That the Directors from time to time of the Company are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot the above shares in the capital of the Company pursuant to the authority conferred by Resolution (E) above as if sub-section (1) of Section 89 and Sections 90(1) to (6) of the Companies Act 1985 did not apply to such allotment provided this power shall expire on [31st May] 1990 save that this power shall extend to the allotment at any time of the above shares pursuant to the Shareholders Agreement or the Warrant Instrument if such agreements or instrument are entered into on or before 31st May 1989.



Chairman

G

COMPANIES FORM No. 224

Notice of accounting reference date
(to be delivered within 6 months of
incorporation)**224**Please complete
this form in
the margin

Pursuant to section 224 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

--	--	--	--	--	--

2352435

Name of company

LARCHWOOD LIMITED

Insert full name
of companygives notice that the date on which the company's accounting reference period is to be treated as
coming to an end in each successive year is as shown below:**Important**
The accounting
reference date to
be entered along-
side should be
completed as in the
following examples

Day Month

31 01

5 Apr
Day Month

0 5 0 4

30 June
Day Month

3 0 0 6

31 December
Day Month

3 1 1 2

Insert
Director
Secretary
Administrator
Administrative
Receiver or
Receiver
Scotland as
appropriate

Signed



Designation

Director

Date

17/5/1989

Presenter's name address and
reference (if any):Clifford Chance,
Royex House,
Aldermanbury Square,
London EC2V 7LD.

Ref: JZB/DCJ/JMC/89032391

For official Use
General Section

Post room



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Dine

2352435

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

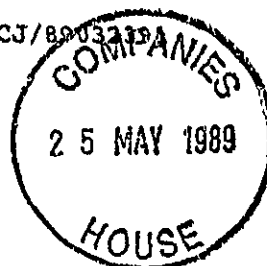
LARCHWOOD LIMITED

Incorporated the 24th day of February, 1989

ADOPTED BY SPECIAL RESOLUTION
Passed on 10th May 1989

Clifford Chance
Royex House,
Aldermanbury Square,
London
EC2V 7LD

REF: JZB/DCJ/890323



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Company No: 2352435

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

LARCHWOOD LIMITED

(as adopted by a Special Resolution passed
on 10th May 1989)

1. PRELIMINARY

The headings shall not affect the construction hereof and in the interpretation of these Articles unless there be something in the subject or context inconsistent therewith the following words and expressions shall bear the meanings set opposite them:-

"the Act"	the Companies Act 1985
"Director"	a director for the time being of the Company
"A" Ordinary Share"	a Redeemable "A" Ordinary Share of £1 in the capital of the Company as hereinafter provided
"A" Ordinary Shareholder"	a holder for the time being of "A" Ordinary Shares
"Asset Sale"	the disposal of the whole or a substantial part of the undertaking of the Company other than to a wholly owned subsidiary of the Company where a substantial part means such part of the undertaking as represents or accounts for 75 per cent. or more of the assets, turnover or gross profits of the Company and its subsidiaries by reference to the latest available consolidated accounts
"Bank"	National Westminster Bank PLC
"EBIT"	the consolidated profits on ordinary activities of the Company and its subsidiaries as disclosed by its audited consolidated accounts for the relevant period prepared in accordance



with generally accepted accounting principles but

- (i) before deducting interest on any debt of the Company;
- (ii) before deducting any tax charged in the said account (or any other tax levied upon and measured by reference to profits) on the profit earned by the Company and its subsidiaries
- (iii) before taking into account extraordinary items (including without limitation and whether or not such a properly extraordinary item) and exceptional items; and
- (iv) before making any deductions (by way of amortisation or otherwise) in respect of goodwill

"C" Ordinary Share

"C" Ordinary Share of 1p in the capital of the Company as hereinafter provided

"C" Ordinary Shareholder

a holder for the time being of "C" Ordinary Shares

"Loan Agreement"

a loan agreement dated 10th X May 19X between inter alia the Bank and the Company

"Ordinary Share"

an Ordinary Share of £1 in the capital of the Company as hereinafter provided

"Ordinary Shareholder"

a holder for the time being of Ordinary Shares

"Preference Share"

a Redeemable Convertible Cumulative Preference Share of 1p in the capital of the Company

"Preference Shareholder"

a holder for the time being of Preference Shares

"Listing"

the admission of any of the Company's shares to the Official List of The Stock Exchange of the United Kingdom and Ireland Limited ("The Stock Exchange") or the grant of permission to deal in any of the Company's shares on any other public securities market (including the Unlisted Securities Market of The Stock Exchange)

"Exit Value"

- (i) in the event of a Listing the result of $P \times N$

Where:

"P" means the price at which the Company's shares which are the subject of the Listing are offered to or placed with the public (or, in the case of an offer for sale by tender, the striking price under such offer) as part of the Listing arrangements; and

"N" means the total number of the Company's shares allotted or in issue immediately following Listing (excluding any new Shares which are to be or have been newly subscribed in order to raise additional or replacement capital as part of the Listing arrangements or to finance the redemption of the Preference Shares)

- (ii) in the event of a Share Sale the Specified Price (as defined in Article 15) multiplied by the number of ordinary shares of the Company at the relevant time which are then derived directly or indirectly from the Ordinary Shares Preferred Ordinary Shares "A" Ordinary Shares or "C" Ordinary Shares
- (iii) in the event of an Asset Sale the aggregate net cash and the cash value of any readily realisable marketable securities distributable by the Company and its subsidiaries to its equity shareholders after deducting therefrom any taxation payable by the Company and withholdings, the redemption costs of the Preference Shares and any borrowed monies
- (iv) in the event of a Share Offer the price offered for the entire issued share capital of the Company (which price is unconditional to the satisfaction of the "A" Ordinary Shareholders)

"Preferred Ordinary Shares"	preferred ordinary shares of £1 in the capital of the Company as hereinafter provided
"Preferred Ordinary Shareholders"	a holder of Preferred Ordinary Shares
"Share Sale"	the sale of 50 per cent or more of the Company's equity share capital to a single purchaser (or to one or more purchasers as part of a single transaction)
"Share Offer"	an offer on or after 1st February 1991 to acquire the entire issued ordinary share capital of the Company which is an offer which <ul style="list-style-type: none"> (i) is wholly unconditional and to the satisfaction of the "A" Shareholders and (ii) is recommended by all of the Ordinary Shareholders in writing
"Shares"	any shares for the time being in the capital of the Company
"Shareholder"	a holder for the time being of any Shares
"Shareholder-related Contract"	any contract, agreement, arrangement or transaction including (without limitation) any such matter entered into for employment or the provision of services made between any Ordinary Shareholder or Preferred Ordinary Shareholder (or person who in relation to such Ordinary Shareholder is a Connected Person) and the Company or any subsidiary of the Company or any holding Company of the Company or any subsidiary of any such holding company
"Table A"	Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (as amended)
"Connected Person"	as defined by Section 839 Income and Corporation Taxes Act 1988
"Shareholders Agreement"	the agreement dated 10 th May 1989 made between (1) the Company (2) D. Chadwick and others and (3) Citicorp Capital Investors Europe Limited and others relating inter alia to the subscription for Shares

"Warrant Instrument"

the warrant instrument executed by the
Company on [completion] 10th May 1989

"Warrant"

a warrant issued pursuant to the
Warrant Instrument

Words and expressions defined in the Act shall unless the context otherwise requires have the same meanings in these Articles. The singular shall include the plural and vice versa. Any subsequent legislation shall for the purpose of these Articles have no retrospective effect.

2. TABLE A

The Regulations contained in Table A shall apply to the Company save in so far as they are excluded or modified hereby. The first sentence of Regulation 24 and Regulations 64, 73-77 inclusive, 80, 87 and 118 of Table A 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.

3. PRIVATE COMPANY

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.

4. SHARES

The share capital of the Company at the date of adoption of these Articles is £391,780 divided into 22,000 Ordinary Shares 75,000 "A" Ordinary Shares, 3,000 "C" Ordinary Shares, 6,675,000 Preference Shares and 228,000 Preferred Ordinary Shares.

5. PREFERENCE SHARES

The rights attaching to the Preference Shares are as follows:-

5.1 As regards income

5.1.1 The Preference Shares shall confer on the holders thereof the right, in priority to any rights of the holders of any other class of Shares in the capital of the Company to receive a fixed cumulative preferential dividend ("Preference Dividend") at the following rates per annum net in respect of the periods set out below:

Rate per Annum

Period

900 per cent.

from date of issue
to 31st January 1994

975 per cent.

from 1st February 1994
to 31st January 1995

and thereafter rising seventy-five per cent. per annum in each successive year on 1st February, up to a maximum rate per annum of 1250 per cent, in each case on the capital for the time being paid up thereon. The Preference Dividend shall accrue from day to day and be paid half-yearly on 31st January and 31st July in each year in respect

of the half-years ending on those dates out of the profits of the Company available for distribution provided that the first such payment shall be made on 31st January 1990 and shall be calculated in respect of the period from the date of issue up to and including 31st January 1990. Without prejudice to the rights of the Preference Shareholders hereunder any amount not so paid shall be carried forward and become payable without any resolution of the Directors or of the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 104 (inclusive) of Table A) on the next date on which the Preference Dividend is payable in priority to the Preference Dividend payable on that date.

5.1.2 If the Company fails to pay the Preference Dividend on the due date then interest will accrue on the unpaid Preference Dividend at the rate of 3 per cent. per annum above the base rate of National Westminster Bank Plc from time to time or 13 per cent. per annum whichever is the higher compounded with monthly rests and shall be paid and due on the same dates as instalments of the Preference Dividend are payable.

5.2 As regards capital

On a return of capital on liquidation or otherwise the assets of the Company available for distribution amongst the Shareholders shall be applied, in priority to any payment to the holders of any other class of shares in the capital of the Company, in paying to the Preference Shareholders:

- (i) first, the amounts paid up on the Preference Shares held by them;
- (ii) secondly, the premium paid on each Preference Share held by them; and
- (iii) thirdly, a sum equal to any arrears or deficiency of the Preference Dividend together with any interest thereon if appropriate to be calculated down to the date of return of capital and to be payable irrespective of whether or not such dividend has been declared or earned.

The Preference Shares shall not confer upon the Preference Shareholders any further right of participation in the profits or assets of the Company.

5.3 As regards redemption

5.3.1 The Company shall redeem for cash at par together with the premium paid on each Preference Share on the following dates the following proportions in nominal amount of the Preference Shares then outstanding namely,

31st January, 1997	one third)
31st January, 1998	one half)
31st January, 1999	The whole of the balance not previously redeemed;

Each such date is referred to as a "Redemption Date".

Provided that without prejudice to Article 5.7.1, in relation to the redemption due on any Redemption Date specified above (other than the

final Redemption Date), the Preference Shareholders may, by written notice given to the Company prior to such date, require the Company not to redeem the whole or any part of the Preference Shares due to be redeemed on that date, to the intent that such Preference Shares shall be redeemed on subsequent redemption dates in accordance with the above table and this proviso.

5.3.2 Each such redemption of some but not all of the Preference Shares shall be made amongst the holders thereof pro rata to their holdings of Preference Shares.

5.3.3 On or before the relevant Redemption Date the Preference Shareholders shall deliver to the registered office of the Company certificates in respect of the Preference Shares to be redeemed on that Redemption Date.

5.3.4 Upon the relevant Redemption Date the capital redemption value set out in Article 5.3.1 and any Preference Dividend due up to the date of redemption (and payable whether or not such dividend has been declared or earned) and any interest thereon due ("the redemption moneys") shall become a debt due and payable by the Company to the Preference Shareholders in respect of those Preference Shares to be redeemed and upon receipt of the relevant share certificates (or an indemnity in respect thereof in a form reasonably satisfactory to the Company) the Company shall forthwith upon the relevant Redemption Date pay the redemption moneys to the appropriate Preference Shareholder;

5.3.5 The Company shall in the case of a redemption in full cancel the share certificate of the Preference Shareholder concerned and in the case of a redemption of part of the Preference Shares included in the Certificate either (i) enface a memorandum of the amount and date of the redemption on such certificate or (ii) cancel the same and without charge issue to the Preference Shareholder delivering such certificate to the Company a fresh certificate for the balance of Preference Shares not redeemed on that occasion;

5.3.6 If any Preference Shareholder whose Preference Shares are liable to be redeemed shall fail or refuse to deliver up the certificate for his Preference Shares the Company may retain the redemption moneys until delivery of the certificate (or of an indemnity in respect thereof in form reasonably satisfactory to the Company) but shall thereupon pay the redemption moneys to the Preference Shareholder;

5.3.7 As from the relevant Redemption Date the Preference Dividend shall cease to accrue on any Preference Shares due to be redeemed on that date unless on the presentation of the certificate (or an indemnity as aforesaid) relating thereto the Company fails to make payment of the redemption moneys in which case the Preference Dividend (together with interest thereon) shall be deemed to have continued and shall continue to accrue from the relevant Redemption Date to the date of payment;

5.3.8 The Company shall establish a Preference Share Capital Redemption Reserve ("the Reserve") and shall so long as there are no sums due and outstanding under the Loan Agreement transfer each year 13 per cent. of the profits available for distribution (after payment of the Minimum Dividend pursuant to Article 7 if appropriate) to the

Reserve provided that the Reserve need not exceed the aggregate of the total amount from time to time paid up on the Preference Shares plus 13 per cent. of that amount. The Reserve shall subject to the proviso below be used solely for the purposes of redeeming the Preference Shares and shall not be used for any other purpose save with the consent of the holders of sixty per cent. in nominal value of the Preference Shares in general meeting or in writing provided that all sums credited to the Reserves will at all times be available to the Company to satisfy its actual or contingent obligations or liabilities under the Loan Agreement in priority to making payments in respect of the redemption of the Preference Shares or any other purpose. While there are any sums outstanding under the Loan Agreement no sums may be paid out of the Reserve if such payment would constitute Default without the consent of the Bank

5.4 As regards voting

Preference Shareholders shall be entitled to receive notice of and to attend and speak but not to vote at any General Meetings of the Company unless the Company shall not have paid the Preference Dividend on a due date for payment or shall have failed to make payment of the redemption moneys due on a redemption of the Preference Shares when the Preference Shareholders shall be entitled to receive notice of, to attend and until payment or redemption to vote (subject to Article 6.2) at any General Meeting of the Company and (save as provided in these Articles) on a show of hands each Preference Shareholder present in person or by proxy shall have one vote and on a poll shall have one vote for every Preference Share of which he is the holder.

5.5 Matters requiring Consent of Preference Shareholders

So long as any Preference Shares shall remain outstanding and except with such consent or sanction on the part of the Preference Shareholders as is required for a variation of the special rights attached to such shares:-

5.5.1 the Company shall not modify or vary the rights attaching to its "A" Ordinary Shares, Ordinary Shares, "C" Ordinary Shares or Preferred Ordinary Shares, or the terms of its Preference Shares;

5.5.2 the Company shall not pass any resolution for reducing its "A" Ordinary Shares, Ordinary Shares, "C" Ordinary Shares or Preferred Ordinary Shares or the amount (if any) for the time being standing to the credit of its share premium account or capital redemption reserve in any manner for which the consent of the Court would be required pursuant to the Act, or for reducing any uncalled liability in respect of partly paid shares;

5.5.3 the Company shall not make any distribution to Shareholders of a capital nature including any distribution out of capital profits or capital reserves or out of profits or reserves arising from a distribution of capital profits or capital reserves by a subsidiary of the Company;

5.5.4 the Company shall not issue any further shares ranking as regards participation in the profits or assets of the Company in priority to or pari passu with the Preference Shares;

5.5.5 the Company shall not permit any subsidiary to issue (other than to the Company or another wholly owned subsidiary) any shares ranking as regards participation in the assets or profits of that subsidiary in priority to its ordinary share capital nor shall any disposal be made by the Company or by any subsidiary of any such shares (otherwise than as aforesaid);

5.5.6 the Company shall not capitalise any undistributed profits (whether or not the same are available for distribution and including profits standing to any reserve) or, any sum standing to the credit of its share premium account or capital redemption reserve;

5.6 Early redemption by Preference Shareholders

5.6.1 The Preference Shareholders shall be entitled by notice in writing to the Company given by the holders of a majority in nominal value of the Preference Shares to require redemption of all the Preference Shares then in issue immediately upon the happening of any one or more of the following events:-

5.6.1.1 any Preference Dividend due is not paid on a due date whether or not such dividend shall have been declared or earned or otherwise be in law capable of being paid by the Company; or

5.6.1.2 any amount of the Preference Shares due for redemption hereunder is not redeemed on the due date whether or not sufficient profits or other funds are in law available for such redemption;

Provided that if the Preference Shareholders intend to require redemption of all the Preference Shares under 5.6.1.1 or 5.6.1.2 above then they shall give the Company notice of such intention and the Company will have two months to pay any Preference Dividend (together with any interest) due and/or as the case may be to redeem any Preference Shares as per the Redemption Schedule in Article 5.3.

5.6.1.3 any breach (other than a breach by an "A" Ordinary Shareholder or "C" Ordinary Shareholder) has occurred of the provisions of Articles 10, 12, 13, 16 and 19 of these Articles; or

5.6.1.4 any breach has occurred of any of the warranties, covenants, terms or conditions or any claim has arisen in respect of any indemnities relating to the Shareholders Agreement by an Ordinary Shareholder;

and the provisions of Article 5.3 shall have effect in relation to such redemption mutatis mutandis save that the Redemption Date shall be the date of such notice.

PROVIDED THAT the Preference Shareholders shall be entitled by notice in writing to the Company given by the holders of a majority in nominal value of the Preference Shares to withdraw any notice requiring redemption before such redemption has taken place.

5.6.2. if the Company is at any time unable to redeem the Preference Shares in accordance with its obligations hereunder then

5.6.2.1 the Directors shall forthwith duly proceed to convene a separate meeting of the Preference Shareholders for the purposes of considering and if thought fit, passing as an Extraordinary Resolution the following resolution namely:-

"That the Company be not wound up voluntarily".

If such resolution having been put to the vote, shall not be duly passed as an Extraordinary Resolution, the Directors shall forthwith duly proceed to convene an Extraordinary General Meeting of the Company for the purpose of considering, and if thought fit, passing as a Special Resolution, a resolution to the effect that the Company be wound up voluntarily and that the person named in the notice convening such meeting be appointed liquidator of the Company.

5.6.2.2 if the Directors do not proceed duly to convene either of the said meetings within twenty-one days of becoming bound so to do, any holder of Preference Shares may himself convene the meeting in question but any meeting so convened shall not be held after the expiration of four months from the date when the Directors first become bound duly to proceed to convene the same. A meeting convened under this Article shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors. Any expenses incurred by the Preference Shareholders concerned by reason of the failure of the Directors duly to convene the meeting in question shall be repaid to such holder by the Company.

5.6.2.3 at an Extraordinary General Meeting of the Company called pursuant to Article 5.6.2.2 those "A" Ordinary Shareholders and Preference Shareholders voting for the resolution to voluntarily wind up the Company shall be deemed to have cast three times the numbers of votes cast against the resolution and if no votes are cast against the resolution the resolution shall be deemed passed unanimously.

5.7 Early Redemption by the Company

5.7.1 The Company may at any time redeem the whole or any part of the Preference Shares then outstanding (provided that in the event of a partial redemption the Company may redeem only in multiples of 100,000 Preference Shares) by serving notice of such redemption upon the Preference Shareholders specifying a date being not less than 14 days nor more than 30 days upon which redemption is to take place. The provisions of Article 5.3 shall have effect mutatis mutandis to such redemption save that the Redemption Date shall be that specified in the said notice.

5.7.2 The Company will redeem the whole of the Preference Shares then outstanding immediately prior to a Listing, Asset Sale or Share Sale. The provisions of Article 5.3 shall have effect mutatis mutandis to such redemption save that the Redemption Date shall be that specified in the said notice.

6. PREFERRED ORDINARY SHARES ORDINARY SHARES "A" ORDINARY SHARES AND "B" ORDINARY SHARES AND "C" ORDINARY SHARES

6.1 Preferred Ordinary Shares Ordinary Shares and "C" Ordinary Shares and "A" Ordinary Shares to rank as one class

Save as otherwise specifically provided in these Articles the (i) Preferred Ordinary Shares and Ordinary Shares and (ii) the "A" Ordinary Shares and "C" Ordinary Shares shall rank pari passu but shall subject as provided in Article 8 hereof constitute two separate classes of shares.

6.2.1 Any "A" Ordinary Shareholder may at any time convert such or all of his "A" Ordinary Shares into "B" Ordinary Shares of an equivalent par value (credited with the same premium (if any) which is credited to such "A" Ordinary Share) ("B" Ordinary Shares") by serving a notice in writing on the Company at its registered office or upon any Director if such conversion is necessary to prevent any infringement or violation by such "A" Ordinary Shareholder of any law or regulation requiring that the amount of shares held does not exceed any limits imposed by such law or regulation. Save as otherwise specifically provided in Article 6.2.2 the "A" Ordinary and "B" Ordinary Shares shall rank pari passu in all respects and all references to "A" Ordinary Shares and "A" Ordinary Shareholders shall be deemed to include a reference to "B" Ordinary Shares and "B" Ordinary Shareholders respectively.

6.2.2 "B" Ordinary Shares shall not entitle the "B" Ordinary Shareholders to exercise any votes at any General Meetings of the Company and the provisions of Article 9 shall be read accordingly. References in Articles 16 and 21 shall not be deemed to include a reference to "B" Ordinary Shares and "B" Ordinary Shareholders.

6.3.1 The Company shall immediately prior to or on a Listing, Share Sale Asset Sale or (relating to 6.3.1(b), 6.3.1(c) and 6.3.1(d)) a Sale Offer redeem the number of "A" Ordinary Shares or convert into Deferred Shares the number of Ordinary Shares determined by the appropriate Exit Value as set out below:-

(a) If a Listing, Asset Sale or Share Sale occurs on or before 31st January 1991 then based on the Exit Value the Relevant Number of "A" Ordinary Shares shall be redeemed by the Company or the Relevant Number of Ordinary Shares shall be converted into Deferred Shares as will give the Ordinary Shareholders the percentage of the ordinary share capital (excluding the preferred Ordinary Shares) issued and outstanding immediately following such redemption or conversion set out below:

<u>Exit Value</u> <u>£ million</u>	<u>Ordinary Shares as a percentage</u> <u>of the issued ordinary share</u> <u>capital (excluding the Preferred</u> <u>Ordinary Shares)</u>
Not less than 2.8	10%
Not less than 10.00	22%
Not less than 17.2	30%

(b) If a Listing, Asset Sale or Share Sale or Share Offer is completed on or before 31st January 1992 then based on the Exit Value the relative number of "A" Ordinary Shares shall be redeemed or the Relevant Number of Ordinary Shares

shall be converted into Deferred Shares as will give the Ordinary Shareholders the percentage of the ordinary share (excluding the Preferred Ordinary Shares) capital issued and outstanding immediately following such redemption or conversion set out below:

<u>Exit Value</u> <u>£ million</u>	<u>Ordinary Shares as a percentage</u> <u>of the issued ordinary share</u> <u>capital (excluding the Preferred</u> <u>Ordinary Shares)</u>
Not less than 7.6	10%
Not less than 16.5	22%
Not less than 25.4	30%

(c) If a Listing, Asset Sale, Share Sale or Sale Offer is completed on or before 31st January 1993 then based on the Exit Value the Relevant Number of "A" Ordinary Shares shall be redeemed or the Relevant Number of Ordinary Shares shall be converted into Deferred Shares as will give the Ordinary Shareholders the percentage of the ordinary share capital excluding Preferred Ordinary Shares issued and outstanding immediately following such redemption or conversion of the Company set out below:-

<u>Exit Value</u> <u>£ million</u>	<u>Ordinary Shares as a percentage</u> <u>of the issued ordinary share</u> <u>capital (excluding the Preferred</u> <u>Ordinary Shares)</u>
Not less than 15.2	10%
Not less than 26.5	22%
Not less than 37.8	30%

(d) If a Listing, Asset Sale, Share Sale or Sale Offer is completed on or before 31st January 1994 then based on the Exit Value the Relevant Number of "A" Ordinary Shares shall be redeemed with the Relevant Number of Ordinary Shares shall be converted into Deferred Shares as will give the Ordinary Shareholders the percentage of the ordinary share capital excluding Preferred Ordinary Shares issued and outstanding immediately following such redemption or conversion of the Company set out below:-

Exit Value
£ million

Ordinary Shares as a percentage
of the issued ordinary share
capital (excluding the Preferred
Ordinary Shares)

Not less than 24.3	10%
Not less than 38.4	20%
Not less than 52.5	30%

In the event that the Exit Value exceeds the highest figure in (a), (b), (c) or (d) above (whichever is applicable) then there shall be redeemed such additional number of "A" Ordinary Shares so that the Ordinary Shares represent P percent of the issued ordinary share capital of the Company excluding the Preferred Ordinary Shares) where:-

$$P = \frac{(E \times 0.3) + (E-H) \times 0.2345 \times 100}{E}$$

Where:- E = Exit Value

H = such highest value as is referred to above

For the purposes of this Article 6.2.3 the Relevant Number will be the number of Ordinary Shares the conversion of which or the number of "A" Ordinary Shares the redemption of which would give the Ordinary Shareholders the percentage (relative to the entire issued ordinary share capital excluding the Preferred Ordinary Shares) shown in the tables in (a), (b), (c) and (d) above and the percentage adjustment between the bands will be pro rata.

Provided that for the purposes of Article 6.3.1 only:

- (a) no redemption of the "A" Ordinary Shares may take place after the 31st January 1994
- (b) no redemption of the "A" Ordinary Shares as contemplated in this Article 6.3.1 may be made until the Preference Shares are redeemed in full and in accordance with the provisions of these Articles; and
- (c) no such redemption as referred to in this Article 6.3.1 shall be effected following any redemption of Preference Shares made at the request of the Preference Shareholders by reason of any default.

6.3.2 The Company shall notify the holders of the "A" Ordinary Shares of any redemption pursuant to Article 6.3.1 in writing at least 14 days in advance of such redemption.

6.3.3 Save as provided in Article 6.3.2 the provisions of Article 5.3.2 to 5.3.6 inclusive have effect mutatis mutandis to such redemptions save that:

(i) "A" Ordinary Shareholders shall receive the nominal value of "A" Ordinary Shares plus any premium paid on the "A" Ordinary Shares and

(ii) the Redemption Date shall in the case of a redemption pursuant to Article 6.3.1 above be the date immediately prior to the Listing, Asset Sale, Share Sale or Share Offer and any failure to do any act by an "A" Ordinary Shareholder shall not prejudice the due and proper redemption hereunder.

6.4.1 Subject to the payment of the Preference Dividend and the Minimum Dividend the Preferred Ordinary Shareholders shall be entitled in respect of the financial period ending on 31st January 1990 and in respect of each financial year of the Company ending thereafter to a net dividend (the "Preferred Ordinary Dividend") at the rate of 5% per annum on the capital for the time being paid up thereon. The Preferred Ordinary Dividend (if any) shall be paid not more than 14 days after the Annual General Meeting at which the audited accounts of the Company for the relevant financial year are adopted and shall be distributed amongst the Preferred Ordinary Shareholders pro rata according to the nominal amount (but excluding any premium) paid up or credited as paid up on the Preferred Ordinary Shares held by them respectively.

6.4.2 The Preferred Ordinary Shares will be entitled to receive notice of and attend but not to vote at General Meetings of the Company.

6.4.3 On a winding up (or other return of capital) (subject to the rights of the Preference Shares, the "A" Ordinary Shares and the Ordinary Shares) the Preferred Ordinary Shareholders will receive the amount paid up on the Preferred Ordinary Shares held by them (together with any premium).

6.5 The Deferred Shares will carry no voting rights, no rights to a dividend or distribution, no class or consent rights and will (on a winding up or a return of capital) receive back the amount paid up on each Deferred Share after all other shareholders have received back all the nominal value and any premiums paid (plus any accrued dividends where relevant) on such shares and otherwise shall not be entitled to any further amount from the Company.

6.6 The Ordinary Shareholders will be deemed to have served a Sale Notice (i) on the date of any Event of Default (as defined in the Loan Agreement) and (ii) on the date on which the audited consolidated accounts for the Company and its subsidiaries are produced if those accounts show for the Relevant period (as set out below in the table) that the EBIT was less than the Minimum EBIT (as set out in the table below):-

Relevant Period

Minimum EBIT

Date of adoption of these
Articles to 31st January 1990

£2.375 million

Year ending 31st January 1991

£3.0 million

Year ending 31st January 1992

£3.25 million

The provisions of Article 12 shall apply in relation to such Sale Notice save that (i) a Sale Notice deemed to be given pursuant to this Article 6.6 shall not be capable of revocation (ii) Market Value shall be the amount paid up (together with any premium) on such shares, (iii) the date of the Sale Notice will be the date on which the audited accounts for any of the Relevant years are produced, and (iv) a "Qualifying Purchaser" will be any "A" Ordinary Shareholder.

Provided that the holders of 75% in nominal value of the "A" Ordinary Shares may within two months of date of Deemed Sale Notice resolve that the provisions of this Article 6.6 should not apply.

6.7 The "C" Ordinary Shares will each carry one vote, have no rights to dividends under Article 7.1 and any rights under Articles 16 or 21 but save as provided in these Articles will be deemed to be in the same class as the "A" Ordinary Shares.

7. MINIMUM DIVIDEND

7.1 Subject to the payment of the Preference Dividend the "A" Ordinary Shareholders shall be entitled (i) in respect of the financial year ending on 31st January 1993 and in respect of the financial year of the Company ending on 31st January 1994 to a dividend of a cash sum (net of any associated tax credit) equal to 15 per cent. of the net profits (as hereinafter defined) of the Company and its subsidiaries for the relevant financial year (ii) in respect of each financial year of the Company ending on 31st January 1995 to a dividend of a cash sum (net of any associated tax credit) equal to 30 per cent. of the net profits (as hereinafter defined) of the Company and its subsidiaries for the relevant financial year and (iii) in respect of each financial year of the Company ending on 31st January 1996 and thereafter to a dividend of a cash sum net of any associated tax credit equal to 50 per cent. (the dividend payable in (i), (ii), (iii) and (iv) hereafter referred to as "the Minimum Dividend"); the Minimum Dividend (if any) shall be paid not more than 14 days after the Annual General Meeting at which the audited accounts of the Company for the relevant financial year are adopted such Annual General Meeting to be held no later than three months after the end of each financial period and shall be distributed amongst the "A" Ordinary Shareholders pro rata according to the nominal amount (but excluding any premium) paid up or credited as paid up on the "A" Ordinary Shares held by them respectively.

7.2 For the purpose of calculating the Minimum Dividend the expression "net profits" shall mean the net profits of the Company and its subsidiaries available for distribution as shown by the audited consolidated profit and loss account of the Company and its subsidiaries for the relevant financial year before any provision is made for the payment of any dividend on any share in the capital of the Company or any of its subsidiaries or for any other distribution or for the transfer of any sum to reserves other than the

Preference Dividend and transfers to the Reserve (as defined in Article 5.3.8).

7.3 Subject to payment of the Minimum Dividend any further profits which the Company may determine to distribute in respect of any financial year shall be distributed amongst the Ordinary Shareholders according to the amounts paid up or credited as paid up on the Ordinary Shares (excluding any premium) and in accordance with the rights attaching to such Ordinary Shares held by them respectively.

8. ISSUES OF SHARES

8.1 Subject to the issue of shares pursuant to the Warrant Instrument and to the issue of the Ordinary Shares authorised and unissued at the date of adoption of these Articles and subject to these Articles and save as provided in Article 8.2 the pre-emption provisions of sub-section (1) of Section 89 and sub-sections (1) to (6) of Section 90 of the Act shall apply to any allotment of the Company's equity securities. Provided that for the purposes of those sub-sections the Preferred Ordinary Shares, the Ordinary Shares, the "C" Ordinary Shares and the "A" Ordinary Shares shall be treated as one class and the period specified in Section 90(6) of the Act shall be 60 days and Provided further that the holders of such classes of shares ("Equity Shareholders") who accept shares shall be entitled to indicate that they would accept shares that have not been accepted by other Equity Shareholders ("Excess Shares") on the same terms as originally offered to all Equity Shareholders and any shares not so accepted shall be allotted to the Equity Shareholders who have indicated they would accept Excess Shares; such Excess Shares shall be allotted in the numbers in which they have been accepted by Equity Shareholders or if the number of Excess Shares is not sufficient for all Equity Shareholders to be allotted all the Excess Shares they have indicated they would accept then the Excess Shares shall be allotted as nearly as practicable in the proportion that the number of Excess Shares each Equity Shareholder indicated he would accept bears to the total number of Excess Shares.

8.2 Save with the consent of the holders of sixty per cent. in nominal value of the "A" Ordinary Shares only no person shall be entitled to be entered on the Register of Members of the Company unless such person shall have first entered into an agreement with the Company as agent of and trustee for all the Shareholders to be bound by terms and conditions of the Shareholders Agreement.

9. VOTES

Subject to the provisions of these Articles, Regulation 54 of Table A shall apply to the voting rights of the Shareholders of the Company.

10. PERMITTED TRANSFERS

10.1 The Directors shall not register any transfer of Shares in the Company save in the circumstances permitted by Articles 10, 11, 12, 13 and 14 and save as provided in the subsequent provisions of this Article the Shareholders shall not be entitled to transfer any Shares whether by way of sale or otherwise except in accordance with the provisions of Articles 11, 12, 13 and 14.

10.2 Without prejudice to Regulation 5 of Table A, any share held by a Shareholder may be transferred to a person shown to the reasonable

satisfaction of an "A" Director to be a nominee of or a trustee for that Shareholder only ("Beneficial Shareholder") PROVIDED THAT the provisions of this Article and Articles 11, 12, 13 and 14 shall apply to any Shares so transferred as if it were still held by the Beneficial Shareholder.

10.3.1 Any share held by a nominee of or a trustee for a Beneficial Shareholder may, provided always that the requirements of Article 10.3.2. are satisfied, be transferred to such Beneficial Shareholder or subject to the proviso in Article 10.2 to any other nominee of or trustee for such Beneficial Shareholder only.

10.3.2 Where a share is to be held as nominee of or trustee for another, the intending nominee or trustee must prior to the issue or transfer of such share to the nominee or trustee disclose to the Company that he is to hold such share or shares as nominee of or trustee for a Beneficial Shareholder. A nominee or trustee failing to make such prior disclosure shall not be entitled to have transferred to him any share or shares (subsequently) held by the Beneficial Shareholder.

10.4 Any Shareholder which is a body corporate may transfer any Shares to its ultimate parent company or any other body corporate controlled directly or indirectly by its ultimate parent company PROVIDED ALWAYS THAT the transferee gives an undertaking to the Company that in the event of any such body corporate ceasing to be controlled directly or indirectly by such ultimate parent company immediately prior to it so ceasing such Shares shall be transferred to another body corporate so controlled.

10.5 Without prejudice to Regulation 5 of Table A, any share held by a Shareholder may be transferred to a person or persons shown to the reasonable satisfaction of an "A" Director to be the trustee of any family trust of that Shareholder. For these purposes a "family trust" means, in relation to a Shareholder, trusts the beneficiaries or potential beneficiaries whereunder are exclusively the Shareholder concerned and/or the spouse, child or other issue, stepchild or adopted child and brother or sister of that Shareholder.

10.6 Any Share may be transferred by any person shown to the reasonable satisfaction of the "A" Director (whose determination shall be final and binding on all persons) to be a trustee or nominee to the beneficial owner thereof.

10.7 Any Share may be transferred at any time by a Shareholder to any other person with the consent of the holders of not less than seventy five per cent. in nominal value of the issued Ordinary and "A" Ordinary Shares for the time being of the Company.

10.8 CIN Venture Managers Limited may transfer any Shares held by it to a fund or a nominee of a fund managed by CIN Venture Managers Limited or to any other person who becomes a manager or trustee of such a fund.

11. TRANSFER BY "A" ORDINARY SHAREHOLDERS AND "C" ORDINARY SHAREHOLDERS

11.1 Any "A" Ordinary Shareholder or "C" Ordinary Shareholder (the "Retiring Shareholder") wishing to transfer part or all of the "A" Ordinary Shares or "C" Ordinary Shares held by him shall first give a notice in writing (a "Sale Notice") to the Company specifying the number and denoting numbers (if any) of the "A" Ordinary Shares or "C" Ordinary Shares which the Retiring Shareholder wishes to sell (the "Sale Shares") which notice shall constitute

the Company the agent of the Retiring Shareholder for the sale of the Sale Shares at market value (such value to be determined in accordance with the provisions of Article 11.6) ("Market Value").

11.2 On receipt of a Sale Notice the Company shall forthwith offer the Sale Shares at Market Value first to all the other "A" Ordinary Shareholders in proportion as nearly as may be to the nominal amount of their existing holdings of "A" Ordinary Shares in the Company. Such offer shall to the extent that the same is not accepted within 21 days of the receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the "A" Ordinary Shareholders who have accepted Sale Shares and if there be more than one such "A" Ordinary Shareholder in proportion as nearly as may be to their existing holdings of "A" Ordinary Shares in the Company. Such offer shall to the extent that it is not accepted within 28 days of receipt of the Sale Notice by the Company be deemed to be declined.

11.3 If the Company shall not have found "A" Ordinary Shareholders willing to purchase all of the Sale Shares pursuant to Article 11.2 the Company shall forthwith offer the Sale Shares not so accepted to the Ordinary Shareholders at Market Value in proportion as nearly as may be to the nominal amount of their respective holdings of Ordinary Shares in the Company. Such offer shall to the extent that the same is not accepted within 42 days of receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Ordinary Shareholder in proportion as nearly as may be to their existing holdings of Ordinary Shares. Such offer shall to the extent that it is not accepted within 49 days of the receipt of the Sale Notice by the Company be deemed to be declined.

11.4 If the Company shall find purchasing Shareholders in respect of all or (except where the Sale Notice provides otherwise) any of the Sale Shares in accordance with Articles 11.2 and 11.3 it shall forthwith give notice thereof to the Retiring Shareholder which notice shall provide that:-

11.4.1 the price for the Sale Shares is to be Market Value determined in accordance with this Article and

11.4.2 subject to the proviso contained in Article 13 the Retiring Shareholder shall have the right to revoke his Sale Notice and the purchasing Shareholder shall have the right to withdraw from the proposed purchase until either the Market Value is agreed between them or within seven days of the date of the Chartered Accountant's determination as provided in Article 11.6. In the event of withdrawal the Shares comprised in such Sale Notice shall be offered as if the offer to the purchasing Shareholder had been declined and all time limits shall be adjusted to run accordingly. In the event of revocation the offer shall lapse and the provisions of this Article shall apply to any further attempt to transfer the Sale Shares; and

11.4.3 if the Retiring Shareholder does not revoke his Sale Notice and the purchasing Shareholder does not withdraw pursuant to Article 11.4.2 above then they shall be bound to complete the sale and purchase within seven days of the end of the period of revocation or withdrawal specified in Article 11.4.2.

11.5 If the Company shall not find purchasing Shareholder(s) pursuant to Articles 11.2 and 11.3 for all of the Sale Shares or if through no default of the Retiring Shareholder the purchase of any of the Sale Shares is not completed within the time period specified in Article 11.4 the Retiring Shareholder shall be at liberty at any time within one month after the determination of Market Value or if later within two months after the first service of the Sale Notice to transfer such of the Sale Shares as were not accepted by the purchasing Shareholder or in respect of which the sale was not completed as aforesaid or (in any case where the Sale Notice stated that the Retiring Shareholder required to sell all and not part only of the Sale Shares) all of the Sale Shares to any person he may wish and at Market Value or any higher or (subject as provided below) lower price PROVIDED THAT no Sale Shares shall be sold at a lower price than Market Value without first serving a further Sale Notice upon the Company specifying such lower price as the price at which such Sale Shares are offered and all the provisions of this Article 11 shall apply to such further Sale Notice save that Market Value shall be deemed to be such lower price.

11.6 The market value of the Sale Shares shall be determined by agreement between the Retiring Shareholder and the purchasing Shareholders but in default of agreement thereon within fourteen days of the first offering of the Sale Shares or any of them to such Shareholders shall be calculated on the basis of a sale between a willing seller and a willing purchaser (as at the date of the Sale Notice) (without any discount for a minority holding) and shall be certified by an independent Chartered Accountant of not less than five years standing to be agreed between the parties and in default of agreement to be appointed by the President for the time being of The Institute of Chartered Accountants in England and Wales. In so certifying the said Chartered Accountant shall act as an expert and not as an arbitrator and his decision shall be final and binding upon the parties.

11.7 In the event of the Retiring Shareholder failing to carry out the sale of any of the Sale Shares after the expiry of the time limit for revocation the Directors may authorise some person to execute a transfer of the Sale Shares to the purchasing Shareholder and the Company may give a good receipt for the purchase price of such Sale Shares and may register the purchasing Shareholders as holders thereof and issue to them certificates for the same whereupon the purchasing Shareholders shall become indefeasibly entitled thereto. The Retiring Shareholder shall in such case be bound to deliver up his certificate for the Sale Shares to the Company whereupon the Retiring Shareholder shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for the Retiring Shareholder but without interest. If such certificate shall comprise any Shares which the Retiring Shareholder has not become bound to transfer as aforesaid the Company shall issue to the Retiring Shareholder a balance certificate for such Shares.

11.8 The cost of obtaining a certificate of Market Value shall be borne equally by the Retiring Shareholder and the purchasing Shareholder provided that if any Retiring Shareholder shall within twelve months of revoking a Sale Notice serve a further Sale Notice in respect of any of the Shares comprised in an earlier Sale Notice the cost of obtaining a certificate relating to such further Sale Notice shall be borne wholly by such Retiring Shareholder.

12. TRANSFERS BY ORDINARY SHAREHOLDERS AND PREFERRED SHAREHOLDERS

12.1 Save as provided in Article 10 the Ordinary Shareholders and Preferred Ordinary Shareholders shall not be entitled to transfer any Ordinary Shares or Preferred Ordinary Shares whether by way of sale or otherwise except in accordance with the following provisions of this Article. References in Articles 12.2 to 12.7 inclusive to "Ordinary Shares" shall be deemed to be references to either or both Ordinary Shares and Preferred Ordinary Shares.

12.2 Any Ordinary Shareholder wishing to transfer part or all of the Ordinary Shares held by him ("Retiring Ordinary Shareholder") shall first give a notice in writing (a "Transfer Notice") to the Company and to an "A" Director specifying the number and denoting numbers (if any) of the Ordinary Shares which the Retiring Ordinary Shareholder wishes to sell ("the Ordinary Sale Shares") which notice shall constitute the Company the agent of the Retiring Ordinary Shareholder for the sale of the Ordinary Sale Shares at Market Value and otherwise in accordance with the provisions of this Article. A Transfer Notice once given may not be revoked.

12.3 On receipt of a Transfer Notice an "A" Director may forthwith offer the Ordinary Sale Shares at Market Value to the Qualifying Purchasers (being an employee(s) of the Company or its subsidiaries) to be determined by the "A" Director.

12.4 If within 42 days of the receipt by the Company of the Transfer Notice a Qualifying Purchaser is/are found for the whole or part of the Ordinary Sale Shares at Market Value then the sale and purchase of such shares shall be completed within seven days of the determination of the Market Value thereof. If pursuant to an offer made by the "A" Director as aforesaid a Qualifying Purchaser or Purchasers is/are found for more Ordinary Shares than are comprised in the Transfer Notice the entitlement of each Qualifying Purchaser to the Ordinary Sale Shares shall be decided upon by the "A" Director. Such offer shall to the extent that it is not accepted within 42 days of the receipt by the Company of the Transfer Notice be deemed to be declined.

12.5 If a Qualifying Purchaser is not found for all of the Ordinary Sale Shares pursuant to Article 12.4 then:

12.5.1 at such time the Retiring Ordinary Shareholder shall be deemed to have served a Sale Notice in respect of such of the Ordinary Sale Shares as remain unsold; and

12.5.2 the Company shall forthwith offer the Sale Shares at Market Value firstly to all the other Ordinary Shareholders in proportion as nearly as may be to the nominal amount of their existing holdings of Ordinary Shares. Such offer shall to the extent that the same is not accepted within 63 days of receipt by the Company of the Transfer Notice be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Ordinary Shareholder in proportion as nearly as may be to their existing holdings of Ordinary Shares such offer shall to the extent that it is not accepted within 70 days of receipt by the Company of the Transfer Notice be deemed to be declined.

12.6 If the Company shall not have found purchasers for all of the Ordinary Sale Shares pursuant to Articles 12.4 and 12.5 the Company shall forthwith

offer the Ordinary Sale Shares not accepted to the "A" Ordinary Shareholders at Market Value in proportion as nearly as may be to the nominal amount of their respective holdings of "A" Ordinary Shares in the Company. Such offer shall to the extent that the same is not accepted within 91 days of the receipt by the Company of the Transfer Notice be deemed to be declined and any remaining Ordinary Sale Shares which have not been accepted shall forthwith be offered at Market Value to the "A" Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Shareholder in proportion as nearly as may be to their existing holdings of such shares such offer shall to the extent that it is not accepted within 97 days of the receipt by the Company of the Transfer Notice be deemed to be declined.

12.7 The provisions of Article 11 shall apply mutatis mutandis to such offer for sale, but so that a "Sale Notice" shall mean a "Transfer Notice".

13. DEEMED TRANSFER NOTICE

In any case where a Shareholder (other than an "A" Director) ceases (for whatever reason) to be either a director or employee of the Company or any of its subsidiaries (and is not continuing as either a director or employee of the Company or of that subsidiary, as the case may be) the Company may determine (at its absolute discretion and at any time after such cessation) that the Shareholder in question shall be deemed to have served a Sale Notice pursuant to Article 12 above in respect of his entire holding of Preferred Ordinary Shares and Ordinary Shares (including any shares held for him pursuant to Article 10) and the provisions of Article 12 shall apply in relation thereto save that a Sale Notice deemed to be given by such director or employee in the circumstances herein referred to shall not be capable of revocation. Provided that if the Shareholder leaves on or before 31st January 1991 (otherwise than for reason of death incapacity or unless a majority of the Board of Directors determines otherwise) Market Value will be £1 per share. Provided that this Article 12 will apply to shares held pursuant to Article 10.6 as if such shares were still held by the Shareholder.

14. TRANSFER OF PREFERENCE SHARES

The Preference Shares shall be freely transferable and the provisions and restrictions of Articles 10, 11, 12 and 13 shall not apply to the Preference Shares.

15. TRANSFERS - CHANGING CONTROL

Notwithstanding anything contained in these Articles no sale or transfer of any Ordinary Shares or "A" Ordinary Shares to any person whomsoever conferring the right to vote (whether immediately or subject to the lodging of a notice under Article 6.2) at general meetings of the Company which would result if made and registered in a person whether or not then a member of the Company obtaining a controlling interest in the Company (the "Specified Shares") shall be made or registered without the previous written consent of the holders of not less than sixty per cent. in nominal value of the issued Ordinary and "A" Ordinary Share capital of the Company unless before the transfer is lodged for registration the proposed transferee or his nominees has made an offer (stipulated to be open for acceptance for twenty-eight days) to purchase all the other Ordinary, "C" Ordinary Shares and "A" Ordinary Shares at the Specified Price (as hereinafter defined) and the Preferred Ordinary Shares and Preference Shares at par plus the premium paid on such Shares which offer every Shareholder shall be bound within

twenty-eight days of the making of such offer to him either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer). Such offer shall be made to all holders of Warrants who have paid the Exercise Price (as defined in the Warrant Instrument).

Provided that the provisions of this Article shall not apply to the acquisition of Shares by a person who is at the time of the adoption of these Articles of Association an existing Shareholder and the acquisition is made under the terms of a Sale Notice given pursuant to Articles 6.6, 11, 12 or 13.

15.1 For the purpose of this Article

15.1.1 the expression "a controlling interest" shall mean shares conferring in the aggregate 30 per cent. or more of the total voting rights (including voting rights subject to the lodging of a notice pursuant to Article 6.2) conferred by all the Shares in the capital of the Company for the time being in issue and conferring the right to vote at all General Meetings

15.1.2 the expressions "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renouncee under any such letter of allotment; and

15.1.3 the "Specified Price" shall mean a price per share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. In the event of disagreement the calculation of the Specified Price shall be referred to an umpire (acting as expert and not as arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall be final and binding.

16. MATTERS REQUIRING CONSENT OF AN "A" DIRECTOR

In addition to any other authority required in law the following matters all require to be authorised by an "A" Director in writing and provided that in the event of any conflict between any of the provisions of this Article and the provisions of any other Article the provisions of this Article shall prevail:-

16.1 the sale lease transfer or other disposition in any financial year of the Company of the whole or any part of the undertaking of the Company representing 10 per cent. of the net tangible assets of the Company and its subsidiaries taken as a whole or the sale or other disposal of a subsidiary the net assets of which represent more than 10 per cent. of the net tangible assets attributable to the Company and its subsidiaries taken as a whole as shown by the latest available consolidated audited balance sheet of the Company and its subsidiaries (adjusted as appropriate to reflect any deterioration since the balance sheet date if any Director so requires and he shall so require if he has any reason to believe the net tangible assets have

decreased since such date) or if no such balance sheet is available then assets representing £50,000. Provided that for the purposes of this Article all disposals in any financial year of the Company shall be aggregated for the purposes of assessing whether authorisation is required from an "A" Director;

16.2 any action is commenced by a Shareholder to wind up or dissolve the Company or any subsidiary;

16.3 the alteration of the accounting reference date of the Company or any subsidiary;

16.4 any variation in the authorised or issued share or loan capital or the creation or the granting of any options or other rights to subscribe for shares or to convert into shares in the capital of the Company or any subsidiary;

16.5 any capital expenditure by the Company and its subsidiaries in any one financial year of the Company of an amount in excess of budget approved by the "A" Director;

16.6 any material change in the nature of the business of the Company and its subsidiaries taken as a whole;

16.7 the creation of any one or more mortgages charges or encumbrances on any asset of the Company or its subsidiaries to secure an amount or amounts aggregating or exceeding in any one financial year of the Company £25,000 or the giving by the Company or its subsidiaries of any guarantee for such an amount or amounts otherwise than as detailed in the relevant budget approved by an "A" Director in respect of the relevant financial year;

16.8 the creation of or any amendment to any Shareholder-related Contract or any variation otherwise than as detailed in the relevant budget approved by an "A" Director in respect of the relevant financial year of the remuneration or other benefits payable thereunder or the making by the Company or any subsidiary of any contract outside the ordinary course of their respective businesses or otherwise than at arm's length;

16.9 any alteration to the Memorandum or Articles of Association of the Company or any subsidiary;

16.10 the entering into by the Company and its subsidiaries of any lease, licence, tenancy or other similar obligation where the rental or other payments thereunder exceed or are likely to exceed £25,000 per annum or the entering into by the Company and its subsidiaries of any such commitments whereby the rental or other payments in the aggregate exceed or are likely to exceed £50,000 in any year otherwise than as detailed in the relevant budget approved by an "A" Director in respect of the relevant financial year;

16.11 the declaration or distribution of any dividend or other payment out of the distributable profits of the Company other than dividends payable in respect of the Preference Shares and the Minimum Dividend payable pursuant to Article 7;

16.12 the incorporation of a new subsidiary;

16.13 the appointment of any director to the Board of the Company or any subsidiary;

16.14 the entering into of or variation of any concession or "shop within a shop" arrangements by the Company or any subsidiary;

16.15 the grant of any right to use the "Hamley's" name or the grant of any franchise (or similar arrangement) of the business carried on by the Company or its subsidiaries.

17. ADJOURNED MEETINGS

17.1 If a meeting is adjourned under Regulation 41 of Table A because a quorum is not present and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholder present shall form a quorum and Regulations 41 of Table A shall be modified accordingly.

17.2 It shall not be necessary to give any notice of an adjourned meeting and Regulations 45 of Table A shall be modified accordingly.

18. POLLS

A poll may be demanded by the Chairman or by any Shareholder present in person or by proxy and having the right to vote at the meeting and Regulation 46 of Table A shall be modified accordingly.

19. DIRECTORS' BORROWING POWERS

Subject to Article 16 hereof 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 Sections 81 and 82 of the 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 PROVIDED THAT the Directors shall procure that the aggregate of the amounts for the time being remaining undischarged or owing by the Company and its subsidiaries by way of borrowed monies (but excluding any inter-company loans, mortgages and charges) and including any amounts payable under leases or hire purchase commitments shall not exceed whichever is the greater of £18,500,000 or an amount equal to the aggregate of the amount for the time being paid up or credited as paid up on the issued share capital of the Company and the total of the amounts for the time being standing to the credit of the consolidated reserves (including but not limited to share premium account, capital redemption reserve, and profit and loss account) of the Company and its subsidiaries all based on the latest audited consolidated balance sheet of the Company and its subsidiaries but:-

19.1.1 adjusted as may be appropriate to reflect any variations since the date of such balance sheet in the amount of such paid up capital the share premium account and the capital redemption reserve, since the date of such balance sheet;

19.1.2 excluding any amounts set aside for deferred taxation and any amounts attributed to minority interests in subsidiaries of the Company;

19.1.3 deducting any amounts attributed to goodwill or other intangible assets;

19.1.4 deducting any amount equal to any distribution by the Company out of profits earned prior to the date of such balance sheet and which have been declared, recommended or made since that date except so far as provided for in such balance sheet;

19.1.5 and deducting any debit balances on profit and loss account.

19.2 For the purposes of this Article "borrowed monies" shall be deemed to include the following except in so far as otherwise taken into account:-

19.2.1 the aggregate amounts outstanding in respect of Facilities afforded to the Company and its subsidiaries from any bank, acceptance house, financial institution or any other person whatsoever, whether by way of overdraft, loan, acceptance credit or otherwise howsoever;

19.2.2 any sums of money the repayment whereof by a person other than the Company or any subsidiary is the subject of a guarantee or indemnity by the Company or its subsidiaries;

19.2.3 outstanding amounts raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any of the Company and its subsidiaries;

19.2.4 the principal amount of any debenture (whether secured or unsecured) of any of the Company and its subsidiaries owed otherwise than by any of the Company and its subsidiaries;

19.2.5 the principal amount of any preference share capital of any subsidiary owed otherwise than to any of the Company and its subsidiaries; and

19.2.6 any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing;

but shall be deemed not to include:-

19.2.7 borrowings for the purposes of repaying the whole or any part of borrowings by any of the Company and its subsidiaries for the time being outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period; and

19.2.8 borrowings for the purpose of financing any contract in respect of which any part of the price receivable by any of the Company and its subsidiaries is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade or by any other Governmental department fulfilling a similar function, to an amount not exceeding that part of the price receivable thereunder which is so guaranteed or insured.

19.3 A Report by the Auditors as to the aggregate amount which may at any one time in accordance with the provisions of Articles 19.1 to 19.2 be owing by the Company and its subsidiaries shall be conclusive in favour of the Company and all persons dealing with the Company.

19.4 When the aggregate amount of borrowings required to be taken into account for the purposes of this Article 19 on any particular day is being

ascertained, any of such moneys denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:-

19.4.1 at the rate of exchange prevailing on that day in London or

19.4.2 to the extent that the repayment of such moneys is specifically covered by a forward purchase contract at the rate of exchange specified therein.

19.5 No lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article 18 is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed had been or was thereby exceeded.

20. DIRECTORS

20.1 Unless otherwise determined by ordinary resolution the number of Directors (other than alternate directors) shall be not less than two and not more than [eight].

20.2 A Director shall not retire by rotation and a Director appointed to fill a casual vacancy or as an addition to the Board shall not retire from office at the Annual General Meeting next following his appointment. Regulations 78 and 79 of Table A shall be modified accordingly.

20.3 The office of Director shall be vacated if the Director in the reasonable opinion of all his co-Directors becomes incapable by reason of mental disorder of discharging his duties as Director, and Regulation 81 of Table A shall be modified accordingly.

21. "A" DIRECTOR

The holders of a majority, in nominal amount of the "A" Ordinary Shares shall be entitled to appoint and remove two Directors of the Company ("A" Directors), and each of the "A" Directors shall be entitled to receive an annual fee of £10,000 plus VAT payable quarterly in arrears in respect of such appointment together with all expenses reasonably and properly incurred by him in connection with his appointment as a Director. Such appointments shall be made by notice in writing served upon the Company at its registered office.

22. BOARD MEETINGS

Meetings of the Board of Directors shall take place no less frequently than once per calendar month and at least three clear working days notice of each meeting shall be given to each Director provided that if a majority in number of the Directors agree to less frequent meetings and/or to a shorter period of notice then board meetings may be called less frequently and/or on such agreed shorter period of notice provided further that such majority so agreeing must include an "A" Director. All Board Meetings shall take place in the United Kingdom save with such agreement as aforesaid.

23. INDEMNITIES

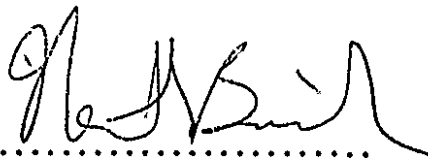
Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect insofar as its provisions are not avoided by Section 310 of the Act.

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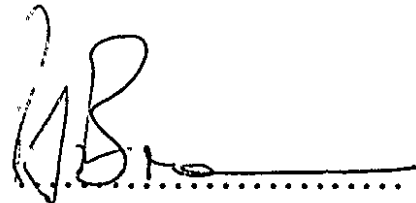
Company No: 2352435

The Companies Act 1985
Company Limited by Shares
Larchwood Limited

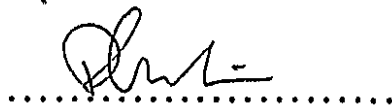
We, being all the members of the Company who were entitled to receive notice of and to attend and vote at General Meetings of the Company at the time of the Extraordinary General Meeting held on 10th May 1989 at 3.25 a.m. inter alia to adopt new Articles of Association, hereby confirm that the Articles of Association in the form attached hereto and initialled by the undersigned are the same Articles of Association adopted at the said Extraordinary General Meeting except that minor typographical errors have now been amended.



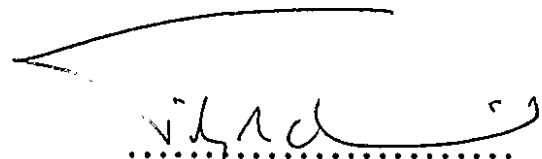
Neil Bailey



Robert Brown



Duncan Chadwick



Tim Chadwick

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CONFORMED COPY

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

LARCHWOOD LIMITED

Incorporated the 24th day of February, 1989

ADOPTED BY SPECIAL RESOLUTION
Passed on 10th May 1989

Clifford Chance
Royex House,
Aldermanbury Square,
London
EC2V 7LD

REF: JZB/DCJ/89032391

DCJ\$04\$9.16/ajs

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Company No: 2352435

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

LARCHWOOD LIMITED

(as adopted by a Special Resolution passed
on 10th May 1989)

1. PRELIMINARY

The headings shall not affect the construction hereof and in the interpretation of these Articles unless there be something in the subject or context inconsistent therewith the following words and expressions shall bear the meanings set opposite them:-

"the Act"	the Companies Act 1985
"Director"	a director for the time being of the Company
"A Ordinary Share"	a Redeemable "A" Ordinary Share of £1 in the capital of the Company as hereinafter provided
"A Ordinary Shareholder"	a holder for the time being of "A" Ordinary Shares
"Asset Sale"	the disposal of the whole or a substantial part of the undertaking of the Company other than to a wholly owned subsidiary of the Company where a substantial part means such part of the undertaking as represents or accounts for 75 per cent. or more of the assets, turnover or gross profits of the Company and its subsidiaries by reference to the latest available consolidated accounts
"Bank"	National Westminster Bank PLC
"EBIT"	the consolidated profits on ordinary activities of the Company and its subsidiaries as disclosed by its audited consolidated accounts for the relevant period prepared in accordance

with generally accepted accounting principles but

- (i) before deducting interest on any debt of the Company;
- (ii) before deducting any tax charged in the said account (or any other tax levied upon and measured by reference to profits) on the profit earned by the Company and its subsidiaries;
- (iii) before taking into account extraordinary items (including without limitation and whether or not such a properly extraordinary item) and exceptional items; and
- (iv) before making any deductions (by way of amortisation or otherwise) in respect of goodwill

"C" Ordinary Share"

a "C" Ordinary Share of 1p in the capital of the Company as hereinafter provided

"C" Ordinary Shareholder"

a holder for the time being of "C" Ordinary Shares

"Loan Agreement"

a loan agreement dated 10th May between inter alia the Bank and the Company

"Ordinary Share"

an Ordinary Share of £1 in the capital of the Company as hereinafter provided

"Ordinary Shareholder"

a holder for the time being of Ordinary Shares

"Preference Share"

a Redeemable Convertible Cumulative Preference Share of 1p in the capital of the Company

"Preference Shareholder"

a holder for the time being of Preference Shares

"Listing"

the admission of any of the Company's shares to the Official List of The Stock Exchange of the United Kingdom and Ireland Limited ("The Stock Exchange") or the grant of permission to deal in any of the Company's shares on any other public securities market (including the Unlisted Securities Market of The Stock Exchange)

"Exit Value"

- (i) in the event of a Listing the result of $P \times N$

Where:

"P" means the price at which the Company's shares which are the subject of the Listing are offered to or placed with the public (or, in the case of an offer for sale by tender, the striking price under such offer) as part of the Listing arrangements; and

"N" means the total number of the Company's shares allotted or in issue immediately following Listing (excluding any new Shares which are to be or have been newly subscribed in order to raise additional or replacement capital as part of the Listing arrangements or to finance the redemption of the Preference Shares)

- (ii) in the event of a Share Sale the Specified Price (as defined in Article 15) multiplied by the number of ordinary shares of the Company at the relevant time which are then derived directly or indirectly from the Ordinary Shares Preferred Ordinary Shares "A" Ordinary Shares or "C" Ordinary Shares
- (iii) in the event of an Asset Sale the aggregate net cash and the cash value of any readily realisable marketable securities distributable by the Company and its subsidiaries to its equity shareholders after deducting therefrom any taxation payable by the Company and withholdings, the redemption costs of the Preference Shares and any borrowed monies
- (iv) in the event of a Share Offer the price offered for the entire issued share capital of the Company (which price is unconditional to the satisfaction of the "A" Ordinary Shareholders)

"Preferred Ordinary Shares"	preferred ordinary shares of £1 in the capital of the Company as hereinafter provided
"Preferred Ordinary Shareholders"	a holder of Preferred Ordinary Shares
"Share Sale"	the sale of 50 per cent or more of the Company's equity share capital to a single purchaser (or to one or more purchasers as part of a single transaction)
"Share Offer"	<p>an offer on or after 1st February 1991 to acquire the entire issued ordinary share capital of the Company which is an offer which</p> <p>(i) is wholly unconditional and to the satisfaction of the "A" Shareholders and</p> <p>(ii) is recommended by all of the Ordinary Shareholders in writing</p>
"Shares"	any shares for the time being in the capital of the Company
"Shareholder"	a holder for the time being of any Shares
"Shareholder-related Contract"	any contract, agreement, arrangement or transaction including (without limitation) any such matter entered into for employment or the provision of services made between any Ordinary Shareholder or Preferred Ordinary Shareholder (or person who in relation to such Ordinary Shareholder is a Connected Person) and the Company or any subsidiary of the Company or any holding company of the Company or any subsidiary of any such holding company
"Table A"	Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (as amended)
"Connected Person"	as defined by Section 839 Income and Corporation Taxes Act 1988
"Shareholders Agreement"	the agreement dated 10th May 1989 made between (1) the Company (2) D. Chadwick and others and (3) Citicorp Capital Investors Europe Limited and others relating inter alia to the subscription for Shares

"Warrant Instrument"

the warrant instrument executed by the
Company on 10th May 1989

"Warrant"

a warrant issued pursuant to the
Warrant Instrument

Words and expressions defined in the Act shall unless the context otherwise requires have the same meanings in these Articles. The singular shall include the plural and vice versa. Any subsequent legislation shall for the purpose of these Articles have no retrospective effect.

2. TABLE A

The Regulations contained in Table A shall apply to the Company save in so far as they are excluded or modified hereby. The first sentence of Regulation 24 and Regulations 64, 73-77 inclusive, 80, 87 and 118 of Table A 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.

3. PRIVATE COMPANY

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.

4. SHARES

The share capital of the Company at the date of adoption of these Articles is £391,780 divided into 22,000 Ordinary Shares 75,000 "A" Ordinary Shares, 3,000 "C" Ordinary Shares, 6,675,000 Preference Shares and 228,000 Preferred Ordinary Shares.

5. PREFERENCE SHARES

The rights attaching to the Preference Shares are as follows:-

5.1 As regards income

5.1.1 The Preference Shares shall confer on the holders thereof the right, in priority to any rights of the holders of any other class of Shares in the capital of the Company to receive a fixed cumulative preferential dividend ("Preference Dividend") at the following rates per annum net in respect of the periods set out below:

Rate per Annum

900 per cent.

975 per cent.

Period

from date of issue
to 31st January 1994

from 1st February 1994
to 31st January 1995

and thereafter rising seventy-five per cent. per annum in each successive year on 1st February, up to a maximum rate per annum of 1250 per cent, in each case on the capital for the time being paid up thereon. The Preference Dividend shall accrue from day to day and be paid half-yearly on 31st January and 31st July in each year in respect

of the half-years ending on those dates out of the profits of the Company available for distribution provided that the first such payment shall be made on 31st January 1990 and shall be calculated in respect of the period from the date of issue up to and including 31st January 1990. Without prejudice to the rights of the Preference Shareholders hereunder any amount not so paid shall be carried forward and become payable without any resolution of the Directors or of the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 104 (inclusive) of Table A) on the next date on which the Preference Dividend is payable in priority to the Preference Dividend payable on that date.

5.1.2 If the Company fails to pay the Preference Dividend on the due date then interest will accrue on the unpaid Preference Dividend at the rate of 3 per cent. per annum above the base rate of National Westminster Bank Plc from time to time or 13 per cent. per annum whichever is the higher compounded with monthly rests and shall be paid and due on the same dates as instalments of the Preference Dividend are payable.

5.2 As regards capital

On a return of capital on liquidation or otherwise the assets of the Company available for distribution amongst the Shareholders shall be applied, in priority to any payment to the holders of any other class of shares in the capital of the Company, in paying to the Preference Shareholders:

- (i) first, the amounts paid up on the Preference Shares held by them;
- (ii) secondly, the premium paid on each Preference Share held by them; and
- (iii) thirdly, a sum equal to any arrears or deficiency of the Preference Dividend together with any interest thereon if appropriate to be calculated down to the date of return of capital and to be payable irrespective of whether or not such dividend has been declared or earned.

The Preference Shares shall not confer upon the Preference Shareholders any further right of participation in the profits or assets of the Company.

5.3 As regards redemption

5.3.1 The Company shall redeem for cash at par together with the premium paid on each Preference Share on the following dates the following proportions in nominal amount of the Preference Shares then outstanding namely,

31st January, 1997	one third)
31st January, 1998	one half)
31st January, 1999	The whole of the balance not previously redeemed;

Each such date is referred to as a "Redemption Date".

Provided that without prejudice to Article 5.7.1, in relation to the redemption due on any Redemption Date specified above (other than the

final Redemption Date), the Preference Shareholders may, by written notice given to the Company prior to such date, require the Company not to redeem the whole or any part of the Preference Shares due to be redeemed on that date, to the intent that such Preference Shares shall be redeemed on subsequent redemption dates in accordance with the above table and this proviso;

5.3.2 Each such redemption of some but not all of the Preference Shares shall be made amongst the holders thereof pro rata to their holdings of Preference Shares;

5.3.3 On or before the relevant Redemption Date the Preference Shareholders shall deliver to the registered office of the Company certificates in respect of the Preference Shares to be redeemed on that Redemption Date;

5.3.4 Upon the relevant Redemption Date the capital redemption value set out in Article 5.3.1 and any Preference Dividend due up to the date of redemption (and payable whether or not such dividend has been declared or earned) and any interest thereon due ("the redemption moneys") shall become a debt due and payable by the Company to the Preference Shareholders in respect of those Preference Shares to be redeemed and upon receipt of the relevant share certificates (or an indemnity in respect thereof in a form reasonably satisfactory to the Company) the Company shall forthwith upon the relevant Redemption Date pay the redemption moneys to the appropriate Preference Shareholder;

5.3.5 The Company shall in the case of a redemption in full cancel the share certificate of the Preference Shareholder concerned and in the case of a redemption of part of the Preference Shares included in the Certificate either (i) enface a memorandum of the amount and date of the redemption on such certificate or (ii) cancel the same and without charge issue to the Preference Shareholder delivering such certificate to the Company a fresh certificate for the balance of Preference Shares not redeemed on that occasion;

5.3.6 If any Preference Shareholder whose Preference Shares are liable to be redeemed shall fail or refuse to deliver up the certificate for his Preference Shares the Company may retain the redemption moneys until delivery of the certificate (or of an indemnity in respect thereof in form reasonably satisfactory to the Company) but shall thereupon pay the redemption moneys to the Preference Shareholder;

5.3.7 As from the relevant Redemption Date the Preference Dividend shall cease to accrue on any Preference Shares due to be redeemed on that date unless on the presentation of the certificate (or an indemnity as aforesaid) relating thereto the Company fails to make payment of the redemption moneys in which case the Preference Dividend (together with interest thereon) shall be deemed to have continued and shall continue to accrue from the relevant Redemption Date to the date of payment;

5.3.8 The Company shall establish a Preference Share Capital Redemption Reserve ("the Reserve") and shall so long as there are no sums due and outstanding under the Loan Agreement transfer each year 13 per cent. of the profits available for distribution (after payment of the Minimum Dividend pursuant to Article 7 if appropriate) to the

Reserve provided that the Reserve need not exceed the aggregate of the total amount from time to time paid up on the Preference Shares plus 13 per cent. of that amount. The Reserve shall subject to the proviso below be used solely for the purposes of redeeming the Preference Shares and shall not be used for any other purpose save with the consent of the holders of sixty per cent. in nominal value of the Preference Shares in general meeting or in writing provided that all sums credited to the Reserver will at all times be available to the Company to satisfy its actual or contingent obligations or liabilities under the Loan Agreement in priority to making payments in respect of the redemption of the Preference Shares or any other purpose. While there are any sums outstanding under the Loan Agreement no sums may be paid out of the Reserve if such payment would constitute Default without the consent of the Bank

5.4 As regards voting

Preference Shareholders shall be entitled to receive notice of and to attend and speak but not to vote at any General Meetings of the Company unless the Company shall not have paid the Preference Dividend on a due date for payment or shall have failed to make payment of the redemption moneys due on a redemption of the Preference Shares when the Preference Shareholders shall be entitled to receive notice of, to attend and until payment or redemption to vote (subject to Article 6.2) at any General Meeting of the Company and (save as provided in these Articles) on a show of hands each Preference Shareholder present in person or by proxy shall have one vote and on a poll shall have one vote for every Preference Share of which he is the holder.

5 5 Matters requiring Consent of Preference Shareholders

So long as any Preference Shares shall remain outstanding and except with such consent or sanction on the part of the Preference Shareholders as is required for a variation of the special rights attached to such shares:-

5.5.1 the Company shall not modify or vary the rights attaching to its "A" Ordinary Shares, Ordinary Shares, "C" Ordinary Shares or Preferred Ordinary Shares, or the terms of its Preference Shares;

5.5.2 the Company shall not pass any resolution for reducing its "A" Ordinary Shares, Ordinary Shares, "C" Ordinary Shares or Preferred Ordinary Shares or the amount (if any) for the time being standing to the credit of its share premium account or capital redemption reserve in any manner for which the consent of the Court would be required pursuant to the Act, or for reducing any uncalled liability in respect of partly paid shares;

5.5.3 the Company shall not make any distribution to Shareholders of a capital nature including any distribution out of capital profits or capital reserves or out of profits or reserves arising from a distribution of capital profits or capital reserves by a subsidiary of the Company;

5.5.4 the Company shall not issue any further shares ranking as regards participation in the profits or assets of the Company in priority to or pari passu with the Preference Shares;

5.5.5 the Company shall not permit any subsidiary to issue (other than to the Company or another wholly owned subsidiary) any shares ranking as regards participation in the assets or profits of that subsidiary in priority to its ordinary share capital nor shall any disposal be made by the Company or by any subsidiary of any such shares (otherwise than as aforesaid);

5.5.6 the Company shall not capitalise any undistributed profits (whether or not the same are available for distribution and including profits standing to any reserve) or, any sum standing to the credit of its share premium account or capital redemption reserve;

5.6 Early redemption by Preference Shareholders

5.6.1 The Preference Shareholders shall be entitled by notice in writing to the Company given by the holders of a majority in nominal value of the Preference Shares to require redemption of all the Preference Shares then in issue immediately upon the happening of any one or more of the following events:-

5.6.1.1 any Preference Dividend due is not paid on a due date whether or not such dividend shall have been declared or earned or otherwise be in law capable of being paid by the Company; or

5.6.1.2 any amount of the Preference Shares due for redemption hereunder is not redeemed on the due date whether or not sufficient profits or other funds are in law available for such redemption;

Provided that if the Preference Shareholders intend to require redemption of all the Preference Shares under 5.6.1.1 or 5.6.1.2 above then they shall give the Company notice of such intention and the Company will have two months to pay any Preference Dividend (together with any interest) due and/or as the case may be to redeem any Preference Shares as per the Redemption Schedule in Article 5.3.

5.6.1.3 any breach (other than a breach by an "A" Ordinary Shareholder or "C" Ordinary Shareholder) has occurred of the provisions of Articles 10, 12, 13, 16 and 19 of these Articles; or

5.6.1.4 any breach has occurred of any of the warranties, covenants, terms or conditions or any claim has arisen in respect of any indemnities relating to the Shareholders Agreement by an Ordinary Shareholder;

and the provisions of Article 5.3 shall have effect in relation to such redemption mutatis mutandis save that the Redemption Date shall be the date of such notice.

PROVIDED THAT the Preference Shareholders shall be entitled by notice in writing to the Company given by the holders of a majority in nominal value of the Preference Shares to withdraw any notice requiring redemption before such redemption has taken place.

5.6.2. if the Company is at any time unable to redeem the Preference Shares in accordance with its obligations hereunder then

5.6.2.1 the Directors shall forthwith duly proceed to convene a separate meeting of the Preference Shareholders for the purposes of considering and if thought fit, passing as an Extraordinary Resolution the following resolution namely:-

"That the Company be not wound up voluntarily".

If such resolution having been put to the vote, shall not be duly passed as an Extraordinary Resolution, the Directors shall forthwith duly proceed to convene an Extraordinary General Meeting of the Company for the purpose of considering, and if thought fit, passing as a Special Resolution, a resolution to the effect that the Company be wound up voluntarily and that the person named in the notice convening such meeting be appointed liquidator of the Company.

5.6.2.2 if the Directors do not proceed duly to convene either of the said meetings within twenty-one days of becoming bound so to do, any holder of Preference Shares may himself convene the meeting in question but any meeting so convened shall not be held after the expiration of four months from the date when the Directors first become bound duly to proceed to convene the same. A meeting convened under this Article shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors. Any expenses incurred by the Preference Shareholders concerned by reason of the failure of the Directors duly to convene the meeting in question shall be repaid to such holder by the Company.

5.6.2.3 at an Extraordinary General Meeting of the Company called pursuant to Article 5.6.2.2 those "A" Ordinary Shareholders and Preference Shareholders voting for the resolution to voluntarily wind up the Company shall be deemed to have cast three times the number of votes cast against the resolution and if no votes are cast against the resolution the resolution shall be deemed passed unanimously.

5.7 Early Redemption by the Company

5.7.1 The Company may at any time redeem the whole or any part of the Preference Shares then outstanding (provided that in the event of a partial redemption the Company may redeem only in multiples of 100,000 Preference Shares) by serving notice of such redemption upon the Preference Shareholders specifying a date being not less than 14 days nor more than 30 days upon which redemption is to take place. The provisions of Article 5.3 shall have effect mutatis mutandis to such redemption save that the Redemption Date shall be that specified in the said notice.

5.7.2 The Company will redeem the whole of the Preference Shares then outstanding immediately prior to a Listing, Asset Sale or Share Sale. The provisions of Article 5.3 shall have effect mutatis mutandis to such redemption save that the Redemption Date shall be that specified in the said notice.

6. PREFERRED ORDINARY SHARES ORDINARY SHARES "A" ORDINARY SHARES AND "B" ORDINARY SHARES AND "C" ORDINARY SHARES

6.1 Preferred Ordinary Shares Ordinary Shares and "C" Ordinary Shares and "A" Ordinary Shares to rank as one class

Save as otherwise specifically provided in these Articles the (i) Preferred Ordinary Shares and Ordinary Shares and (ii) the "A" Ordinary Shares and "C" Ordinary Shares shall rank pari passu but shall subject as provided in Article 8 hereof constitute two separate classes of shares.

6.2.1 Any "A" Ordinary Shareholder may at any time convert such or all of his "A" Ordinary Shares into "B" Ordinary Shares of an equivalent par value (credited with the same premium (if any) which is credited to such "A" Ordinary Share) ("B" Ordinary Shares") by serving a notice in writing on the Company at its registered office or upon any Director if such conversion is necessary to prevent any infringement or violation by such "A" Ordinary Shareholder of any law or regulation requiring that the amount of shares held does not exceed any limits imposed by such law or regulation. Save as otherwise specifically provided in Article 6.2.2 the "A" Ordinary and "B" Ordinary Shares shall rank pari passu in all respects and all references to "A" Ordinary Shares and "A" Ordinary Shareholders shall be deemed to include a reference to "B" Ordinary Shares and "B" Ordinary Shareholders respectively.

6.2.2 "B" Ordinary Shares shall not entitle the "B" Ordinary Shareholders to exercise any votes at any General Meetings of the Company and the provisions of Article 9 shall be read accordingly. References in Articles 16 and 21 shall not be deemed to include a reference to "B" Ordinary Shares and "B" Ordinary Shareholders.

6.3.1 The Company shall immediately prior to or on a Listing, Share Sale, Asset Sale or (relating to 6.3.1(b), 6.3.1(c) and 6.3.1(d)) a Sale Offer redeem the number of "A" Ordinary Shares or convert into Deferred Shares the number of Ordinary Shares determined by the appropriate Exit Value as set out below:-

(a) If a Listing, Asset Sale or Share Sale occurs on or before 31st January 1991 then based on the Exit Value the Relevant Number of "A" Ordinary Shares shall be redeemed by the Company or the Relevant Number of Ordinary Shares shall be converted into Deferred Shares as will give the Ordinary Shareholders the percentage of the ordinary share capital (excluding the Preferred Ordinary Shares) issued and outstanding immediately following such redemption or conversion set out below:

<u>Exit Value</u> <u>£ million</u>	<u>Ordinary Shares as a percentage</u> <u>of the issued ordinary share</u> <u>capital (excluding the Preferred</u> <u>Ordinary Shares)</u>
Not less than 2.8	10%
Not less than 10.00	22%
Not less than 17.2	30%

(b) If a Listing, Asset Sale or Share Sale or Share Offer is completed on or before 31st January 1992 then based on the Exit Value the relative number of "A" Ordinary Shares

shall be redeemed or the Relevant Number of Ordinary Shares shall be converted into Deferred Shares as will give the Ordinary Shareholders the percentage of the ordinary share (excluding the Preferred Ordinary Shares) capital issued and outstanding immediately following such redemption or conversion set out below:

<u>Exit Value</u> <u>£ million</u>	<u>Ordinary Shares as a percentage</u> <u>of the issued ordinary share</u> <u>capital (excluding the Preferred</u> <u>Ordinary Shares)</u>
Not less than 7.6	10%
Not less than 16.5	22%
Not less than 25.4	30%

(c) If a Listing, Asset Sale, Share Sale or Sale Offer is completed on or before 31st January 1993 then based on the Exit Value the Relevant Number of "A" Ordinary Shares shall be redeemed or the Relevant Number of Ordinary Shares shall be converted into Deferred Shares as will give the Ordinary Shareholders the percentage of the ordinary share capital excluding Preferred Ordinary Shares issued and outstanding immediately following such redemption or conversion of the Company set out below:-

<u>Exit Value</u> <u>£ million</u>	<u>Ordinary Shares as a percentage</u> <u>of the issued ordinary share</u> <u>capital (excluding the Preferred</u> <u>Ordinary Shares)</u>
Not less than 15.2	10%
Not less than 26.5	22%
Not less than 37.8	30%

(d) If a Listing, Asset Sale, Share Sale or Sale Offer is completed on or before 31st January 1994 then based on the Exit Value the Relevant Number of "A" Ordinary Shares shall be redeemed or the Relevant Number of Ordinary Shares shall be converted into Deferred Shares as will give the Ordinary Shareholders the percentage of the ordinary share capital excluding Preferred Ordinary Shares issued and outstanding immediately following such redemption or conversion of the Company set out below:-

Exit Value
£ million

Ordinary Shares as a percentage
of the issued ordinary share
capital (excluding the Preferred
Ordinary Shares)

Not less than 24.3	10%
Not less than 38.4	20%
Not less than 52.5	30%

In the event that the Exit Value exceeds the highest figure in (a), (b), (c) or (d) above (whichever is applicable) then there shall be redeemed such additional number of "A" Ordinary Shares so that the Ordinary Shares represent P percent of the issued ordinary share capital of the Company (excluding the Preferred Ordinary Shares) where:-

$$P = \frac{(E \times 0.3) + ((E-H) \times 0.2345)}{E} \times 100$$

Where:- E = Exit Value

H = such highest value as is referred to above

hb
2
ae

For the purposes of this Article 6.3.1 the Relevant Number will be the number of Ordinary Shares the conversion of which or the number of "A" Ordinary Shares the redemption of which would give the Ordinary Shareholders the percentage (relative to the entire issued ordinary share capital excluding the Preferred Ordinary Shares) shown in the tables in (a), (b), (c) and (d) above and the percentage adjustment between the bands will be pro rata.

Provided that for the purposes of Article 6.3.1 only:

- (a) no redemption of the "A" Ordinary Shares may take place after the 31st January 1994;
- (b) no redemption of the "A" Ordinary Shares as contemplated in this Article 6.3.1 may be made until the Preference Shares are redeemed in full and in accordance with the provisions of these Articles; and
- (c) no such redemption as referred to in this Article 6.3.1 shall be effected following any redemption of Preference Shares made at the request of the Preference Shareholders by reason of any default.

6.3.2 The Company shall notify the holders of the "A" Ordinary Shares of any redemption pursuant to Article 6.3.1 in writing at least 14 days in advance of such redemption.

6.3.3 Save as provided in Article 6.3.2 the provisions of Article 5.3.2 to 5.3.6 inclusive have effect mutatis mutandis to such redemptions save that:

(i) "A" Ordinary Shareholders shall receive the nominal value of "A" Ordinary Shares plus any premium paid on the "A" Ordinary Shares and

(ii) the Redemption Date shall in the case of a redemption pursuant to Article 6.3.1 above be the date immediately prior to the Listing, Asset Sale, Share Sale or Share Offer and any failure to do any act by an "A" Ordinary Shareholder shall not prejudice the due and proper redemption hereunder.

6.4.1 Subject to the payment of the Preference Dividend and the Minimum Dividend the Preferred Ordinary Shareholders shall be entitled in respect of the financial period ending on 31st January 1990 and in respect of each financial year of the Company ending thereafter to a net dividend (the "Preferred Ordinary Dividend") at the rate of 5% per annum on the capital for the time being paid up thereon. The Preferred Ordinary Dividend (if any) shall be paid not more than 14 days after the Annual General Meeting at which the audited accounts of the Company for the relevant financial year are adopted and shall be distributed amongst the Preferred Ordinary Shareholders pro rata according to the nominal amount (but excluding any premium) paid up or credited as paid up on the Preferred Ordinary Shares held by them respectively.

6.4.2 The Preferred Ordinary Shares will be entitled to receive notice of and attend but not to vote at General Meetings of the Company.

6.4.3 On a winding up (or other return of capital) (subject to the rights of the Preference Shares, the "A" Ordinary Shares and the Ordinary Shares) the Preferred Ordinary Shareholders will receive the amount paid up on the Preferred Ordinary Shares held by them (together with any premium).

6.5 The Deferred Shares will carry no voting rights, no rights to a dividend or distribution, no class or consent rights and will (on a winding up or a return of capital) receive back the amount paid up on each Deferred Share after all other shareholders have received back all the nominal value and any premiums paid (plus any accrued dividends where relevant) on such shares and otherwise shall not be entitled to any further amount from the Company.

6.6 The Ordinary Shareholders will be deemed to have served a Sale Notice (i) on the date of any Event of Default (as defined in the Loan Agreement) and (ii) on the date on which the audited consolidated accounts for the Company and its subsidiaries are produced if those accounts show for the Relevant period (as set out below in the table) that the EBIT was less than the Minimum EBIT (as set out in the table below):-

<u>Relevant Period</u>	<u>Minimum EBIT</u>
Date of adoption of these Articles to 31st January 1990	£2.375 million
Year ending 31st January 1991	£3.0 million
Year ending 31st January 1992	£3.25 million

The provisions of Article 12 shall apply in relation to such Sale Notice save that (i) a Sale Notice deemed to be given pursuant to this Article 6.6 shall not be capable of revocation (ii) Market Value shall be the amount paid up (together with any premium) on such shares, (iii) the date of the Sale Notice will be the date on which the audited accounts for any of the Relevant years are produced, and (iv) a "Qualifying Purchaser" will be any "A" Ordinary Shareholder.

Provided that the holders of 75% in nominal value of the "A" Ordinary Shares may within two months of date of Deemed Sale Notice resolve that the provisions of this Article 6.6 should not apply.

6.7 The "C" Ordinary Shares will each carry one vote, have no rights to dividends under Article 7.1 and any rights under Articles 16 or 21 but save as provided in these Articles will be deemed to be in the same class as the "A" Ordinary Shares.

7. MINIMUM DIVIDEND

7.1 Subject to the payment of the Preference Dividend the "A" Ordinary Shareholders shall be entitled (i) in respect of the financial year ending on 31st January 1993 and in respect of the financial year of the Company ending on 31st January 1994 to a dividend of a cash sum (net of any associated tax credit) equal to 15 per cent. of the net profits (as hereinafter defined) of the Company and its subsidiaries for the relevant financial year (ii) in respect of each financial year of the Company ending on 31st January 1995 to a dividend of a cash sum (net of any associated tax credit) equal to 30 per cent. of the net profits (as hereinafter defined) of the Company and its subsidiaries for the relevant financial year and (iii) in respect of each financial year of the Company ending on 31st January 1996 and thereafter to a dividend of a cash sum net of any associated tax credit equal to 50 per cent. (the dividend payable in (i), (ii), (iii) and (iv) hereafter referred to as "the Minimum Dividend"); the Minimum Dividend (if any) shall be paid not more than 14 days after the Annual General Meeting at which the audited accounts of the Company for the relevant financial year are adopted such Annual General Meeting to be held no later than three months after the end of each financial period and shall be distributed amongst the "A" Ordinary Shareholders pro rata according to the nominal amount (but excluding any premium) paid up or credited as paid up on the "A" Ordinary Shares held by them respectively.

7.2 For the purpose of calculating the Minimum Dividend the expression "net profits" shall mean the net profits of the Company and its subsidiaries available for distribution as shown by the audited consolidated profit and loss account of the Company and its subsidiaries for the relevant financial year before any provision is made for the payment of any dividend on any share in the capital of the Company or any of its subsidiaries or for any other distribution or for the transfer of any sum to reserves other than the

Preference Dividend and transfers to the Reserve (as defined in Article 5.3.8).

7.3 Subject to payment of the Minimum Dividend any further profits which the Company may determine to distribute in respect of any financial year shall be distributed amongst the Ordinary Shareholders according to the amounts paid up or credited as paid up on the Ordinary Shares (excluding any premium) and in accordance with the rights attaching to such Ordinary Shares held by them respectively.

8. ISSUES OF SHARES

8.1 Subject to the issue of shares pursuant to the Warrant Instrument and to the issue of the Ordinary Shares authorised and unissued at the date of adoption of these Articles and subject to these Articles and save as provided in Article 8.2 the pre-emption provisions of sub-section (1) of Section 89 and sub-sections (1) to (6) of Section 90 of the Act shall apply to any allotment of the Company's equity securities. Provided that for the purposes of those sub-sections the Preferred Ordinary Shares, the Ordinary Shares, the "C" Ordinary Shares and the "A" Ordinary Shares shall be treated as one class and the period specified in Section 90(6) of the Act shall be 60 days and Provided further that the holders of such classes of shares ("Equity Shareholders") who accept shares shall be entitled to indicate that they would accept shares that have not been accepted by other Equity Shareholders ("Excess Shares") on the same terms as originally offered to all Equity Shareholders and any shares not so accepted shall be allotted to the Equity Shareholders who have indicated they would accept Excess Shares; such Excess Shares shall be allotted in the numbers in which they have been accepted by Equity Shareholders or if the number of Excess Shares is not sufficient for all Equity Shareholders to be allotted all the Excess Shares they have indicated they would accept then the Excess Shares shall be allotted as nearly as practicable in the proportion that the number of Excess Shares each Equity Shareholder indicated he would accept bears to the total number of Excess Shares.

8.2 Save with the consent of the holders of sixty per cent. in nominal value of the "A" Ordinary Shares only no person shall be entitled to be entered on the Register of Members of the Company unless such person shall have first entered into an agreement with the Company as agent of and trustee for all the Shareholders to be bound by terms and conditions of the Shareholders Agreement.

9. VOTES

Subject to the provisions of these Articles, Regulation 54 of Table A shall apply to the voting rights of the Shareholders of the Company.

10. PERMITTED TRANSFERS

10.1 The Directors shall not register any transfer of Shares in the Company save in the circumstances permitted by Articles 10, 11, 12, 13 and 14 and save as provided in the subsequent provisions of this Article the Shareholders shall not be entitled to transfer any Shares whether by way of sale or otherwise except in accordance with the provisions of Articles 11, 12, 13 and 14.

10.2 Without prejudice to Regulation 5 of Table A, any Share held by a Shareholder may be transferred to a person shown to the reasonable

satisfaction of an "A" Director to be a nominee of or a trustee for that Shareholder only ("Beneficial Shareholder") PROVIDED THAT the provisions of this Article and Articles 11, 12, 13 and 14 shall apply to any Share so transferred as if it were still held by the Beneficial Shareholder.

10.3.1 Any Share held by a nominee of or a trustee for a Beneficial Shareholder may, provided always that the requirements of Article 10.3.2. are satisfied, be transferred to such Beneficial Shareholder or subject to the proviso in Article 10.2 to any other nominee of or trustee for such Beneficial Shareholder only.

10.3.2 Where a Share is to be held as nominee of or trustee for another, the intending nominee or trustee must prior to the issue or transfer of such Share to the nominee or trustee disclose to the Company that he is to hold such Share or Shares as nominee of or trustee for a Beneficial Shareholder. A nominee or trustee failing to make such prior disclosure shall not be entitled to have transferred to him any Share or Shares (subsequently) held by the Beneficial Shareholder.

10.4 Any Shareholder which is a body corporate may transfer any Shares to its ultimate parent company or any other body corporate controlled directly or indirectly by its ultimate parent company PROVIDED ALWAYS THAT the transferee gives an undertaking to the Company that in the event of any such body corporate ceasing to be controlled directly or indirectly by such ultimate parent company immediately prior to it so ceasing such Shares shall be transferred to another body corporate so controlled.

10.5 Without prejudice to Regulation 5 of Table A, any Share held by a Shareholder may be transferred to a person or persons shown to the reasonable satisfaction of an "A" Director to be the trustee of any family trust of that Shareholder. For these purposes a "family trust" means, in relation to a Shareholder, trusts the beneficiaries or potential beneficiaries whereunder are exclusively the Shareholder concerned and/or the spouse, child or other issue, stepchild or adopted child and brother or sister of that Shareholder.

10.6 Any Share may be transferred by any person shown to the reasonable satisfaction of the "A" Director (whose determination shall be final and binding on all persons) to be a trustee or nominee to the beneficial owner thereof.

10.7 Any Share may be transferred at any time by a Shareholder to any other person with the consent of the holders of not less than seventy five per cent. in nominal value of the issued Ordinary and "A" Ordinary Shares for the time being of the Company.

10.8 CIN Venture Managers Limited may transfer any Shares held by it to a fund or a nominee of a fund managed by CIN Venture Managers Limited or to any other person who becomes a manager or trustee of such a fund.

11. TRANSFER BY "A" ORDINARY SHAREHOLDERS AND "C" ORDINARY SHAREHOLDERS

11.1 Any "A" Ordinary Shareholder or "C" Ordinary Shareholder (the "Retiring Shareholder") wishing to transfer part or all of the "A" Ordinary Shares or "C" Ordinary Shares held by him shall first give a notice in writing (a "Sale Notice") to the Company specifying the number and denoting numbers (if any) of the "A" Ordinary Shares or "C" Ordinary Shares which the Retiring Shareholder wishes to sell (the "Sale Shares") which notice shall constitute

the Company the agent of the Retiring Shareholder for the sale of the Sale Shares at market value (such value to be determined in accordance with the provisions of Article 11.6) ("Market Value").

11.2 On receipt of a Sale Notice the Company shall forthwith offer the Sale Shares at Market Value first to all the other "A" Ordinary Shareholders in proportion as nearly as may be to the nominal amount of their existing holdings of "A" Ordinary Shares in the Company. Such offer shall to the extent that the same is not accepted within 21 days of the receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the "A" Ordinary Shareholders who have accepted Sale Shares and if there be more than one such "A" Ordinary Shareholder in proportion as nearly as may be to their existing holdings of "A" Ordinary Shares in the Company. Such offer shall to the extent that it is not accepted within 28 days of receipt of the Sale Notice by the Company be deemed to be declined.

11.3 If the Company shall not have found "A" Ordinary Shareholders willing to purchase all of the Sale Shares pursuant to Article 11.2 the Company shall forthwith offer the Sale Shares not so accepted to the Ordinary Shareholders at Market Value in proportion as nearly as may be to the nominal amount of their respective holdings of Ordinary Shares in the Company. Such offer shall to the extent that the same is not accepted within 42 days of receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Ordinary Shareholder in proportion as nearly as may be to their existing holdings of Ordinary Shares. Such offer shall to the extent that it is not accepted within 49 days of the receipt of the Sale Notice by the Company be deemed to be declined.

11.4 If the Company shall find purchasing Shareholders in respect of all or (except where the Sale Notice provides otherwise) any of the Sale Shares in accordance with Articles 11.2 and 11.3 it shall forthwith give notice thereof to the Retiring Shareholder which notice shall provide that:-

11.4.1 the price for the Sale Shares is to be Market Value determined in accordance with this Article; and

11.4.2 subject to the proviso contained in Article 13 the Retiring Shareholder shall have the right to revoke his Sale Notice and the purchasing Shareholder shall have the right to withdraw from the proposed purchase until either the Market Value is agreed between them or within seven days of the date of the Chartered Accountant's determination as provided in Article 11.6. In the event of withdrawal the Shares comprised in such Sale Notice shall be offered as if the offer to the purchasing Shareholder had been declined and all time limits shall be adjusted to run accordingly. In the event of revocation the offer shall lapse and the provisions of this Article shall apply to any further attempt to transfer the Sale Shares; and

11.4.3 if the Retiring Shareholder does not revoke his Sale Notice and the purchasing Shareholder does not withdraw pursuant to Article 11.4.2 above then they shall be bound to complete the sale and purchase within seven days of the end of the period of revocation or withdrawal specified in Article 11.4.2.

11.5 If the Company shall not find purchasing Shareholder(s) pursuant to Articles 11.2 and 11.3 for all of the Sale Shares or if through no default of the Retiring Shareholder the purchase of any of the Sale Shares is not completed within the time period specified in Article 11.4 the Retiring Shareholder shall be at liberty at any time within one month after the determination of Market Value or if later within two months after the first service of the Sale Notice to transfer such of the Sale Shares as were not accepted by the purchasing Shareholder or in respect of which the sale was not completed as aforesaid or (in any case where the Sale Notice stated that the Retiring Shareholder required to sell all and not part only of the Sale Shares) all of the Sale Shares to any person he may wish and at Market Value or any higher or (subject as provided below) lower price PROVIDED THAT no Sale Shares shall be sold at a lower price than Market Value without first serving a further Sale Notice upon the Company specifying such lower price as the price at which such Sale Shares are offered and all the provisions of this Article 11 shall apply to such further Sale Notice save that Market Value shall be deemed to be such lower price.

11.6 The Market Value of the Sale Shares shall be determined by agreement between the Retiring Shareholder and the purchasing Shareholders but in default of agreement thereon within fourteen days of the first offering of the Sale Shares or any of them to such Shareholders shall be calculated on the basis of a sale between a willing seller and a willing purchaser (as at the date of the Sale Notice) (without any discount for a minority holding) and shall be certified by an independent Chartered Accountant of not less than five years standing to be agreed between the parties and in default of agreement to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales. In so certifying the said Chartered Accountant shall act as an expert and not as an arbitrator and his decision shall be final and binding upon the parties.

11.7 In the event of the Retiring Shareholder failing to carry out the sale of any of the Sale Shares after the expiry of the time limit for revocation the Directors may authorise some person to execute a transfer of the Sale Shares to the purchasing Shareholder and the Company may give a good receipt for the purchase price of such Sale Shares and may register the purchasing Shareholders as holders thereof and issue to them certificates for the same whereupon the purchasing Shareholders shall become indefeasibly entitled thereto. The Retiring Shareholder shall in such case be bound to deliver up his certificate for the Sale Shares to the Company whereupon the Retiring Shareholder shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for the Retiring Shareholder but without interest. If such certificate shall comprise any Shares which the Retiring Shareholder has not become bound to transfer as aforesaid the Company shall issue to the Retiring Shareholder a balance certificate for such Shares.

11.8 The cost of obtaining a certificate of Market Value shall be borne equally by the Retiring Shareholder and the purchasing Shareholder provided that if any Retiring Shareholder shall within twelve months of revoking a Sale Notice serve a further Sale Notice in respect of any of the Shares comprised in an earlier Sale Notice the cost of obtaining a certificate relating to such further Sale Notice shall be borne wholly by such Retiring Shareholder.

12. TRANSFERS BY ORDINARY SHAREHOLDERS AND PREFERRED SHAREHOLDERS

12.1 Save as provided in Article 10 the Ordinary Shareholders and Preferred Ordinary Shareholders shall not be entitled to transfer any Ordinary Shares or Preferred Ordinary Shares whether by way of sale or otherwise except in accordance with the following provisions of this Article. References in Articles 12.2 to 12.7 inclusive to "Ordinary Shares" shall be deemed to be references to either or both Ordinary Shares and Preferred Ordinary Shares.

12.2 Any Ordinary Shareholder wishing to transfer part or all of the Ordinary Shares held by him ("Retiring Ordinary Shareholder") shall first give a notice in writing (a "Transfer Notice") to the Company and to an "A" Director specifying the number and denoting numbers (if any) of the Ordinary Shares which the Retiring Ordinary Shareholder wishes to sell (the "Ordinary Sale Shares") which notice shall constitute the Company the agent of the Retiring Ordinary Shareholder for the sale of the Ordinary Sale Shares at Market Value and otherwise in accordance with the provisions of this Article. A Transfer Notice once given may not be revoked.

12.3 On receipt of a Transfer Notice an "A" Director may forthwith offer the Ordinary Sale Shares at Market Value to the Qualifying Purchasers (being an employee(s) of the Company or its subsidiaries) to be determined by the "A" Director.

12.4 If within 42 days of the receipt by the Company of the Transfer Notice a Qualifying Purchaser is/are found for the whole or part of the Ordinary Sale Shares at Market Value then the sale and purchase of such Shares shall be completed within seven days of the determination of the Market Value thereof. If pursuant to an offer made by the "A" Director as aforesaid a Qualifying Purchaser or Purchasers is/are found for more Ordinary Shares than are comprised in the Transfer Notice the entitlement of each Qualifying Purchaser to the Ordinary Sale Shares shall be decided upon by the "A" Director. Such offer shall to the extent that it is not accepted within 42 days of the receipt by the Company of the Transfer Notice be deemed to be declined.

12.5 If a Qualifying Purchaser is not found for all of the Ordinary Sale Shares pursuant to Article 12.4 then:

12.5.1 at such time the Retiring Ordinary Shareholder shall be deemed to have served a Sale Notice in respect of such of the Ordinary Sale Shares as remain unsold; and

12.5.2 the Company shall forthwith offer the Sale Shares at Market Value firstly to all the other Ordinary Shareholders in proportion as nearly as may be to the nominal amount of their existing holdings of Ordinary Shares. Such offer shall to the extent that the same is not accepted within 63 days of receipt by the Company of the Transfer Notice be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Ordinary Shareholder in proportion as nearly as may be to their existing holdings of Ordinary Shares such offer shall to the extent that it is not accepted within 70 days of receipt by the Company of the Transfer Notice be deemed to be declined.

12.6 If the Company shall not have found purchasers for all of the Ordinary Sale Shares pursuant to Articles 12.4 and 12.5 the Company shall forthwith

offer the Ordinary Sale Shares not accepted to the "A" Ordinary Shareholders at Market Value in proportion as nearly as may be to the nominal amount of their respective holdings of "A" Ordinary Shares in the Company. Such offer shall to the extent that the same is not accepted within 91 days of the receipt by the Company of the Transfer Notice be deemed to be declined and any remaining Ordinary Sale Shares which have not been accepted shall forthwith be offered at Market Value to the "A" Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Shareholder in proportion as nearly as may be to their existing holdings of such Shares such offer shall to the extent that it is not accepted within 97 days of the receipt by the Company of the Transfer Notice be deemed to be declined.

12.7 The provisions of Article 11 shall apply mutatis mutandis to such offer for sale, but so that a "Sale Notice" shall mean a "Transfer Notice".

13. DEEMED TRANSFER NOTICE

In any case where a Shareholder (other than an "A" Director) ceases (for whatever reason) to be either a director or employee of the Company or any of its subsidiaries (and is not continuing as either a director or employee of the Company or of that subsidiary, as the case may be) the Company may determine (at its absolute discretion and at any time after such cessation) that the Shareholder in question shall be deemed to have served a Sale Notice pursuant to Article 12 above in respect of his entire holding of Preferred Ordinary Shares and Ordinary Shares (including any Shares held for him pursuant to Article 10) and the provisions of Article 12 shall apply in relation thereto save that a Sale Notice deemed to be given by such director or employee in the circumstances herein referred to shall not be capable of revocation. Provided that if the Shareholder leaves on or before 31st January 1991 (otherwise than for reason of death incapacity or unless a majority of the Board of Directors determines otherwise) Market Value will be £1 per share. Provided that this Article 13 will apply to Shares held pursuant to Article 10.6 as if such Shares were still held by the Shareholder.

14. TRANSFER OF PREFERENCE SHARES

The Preference Shares shall be freely transferable and the provisions and restrictions of Articles 10, 11, 12 and 13 shall not apply to the Preference Shares.

15. TRANSFERS - CHANGING CONTROL

Notwithstanding anything contained in these Articles no sale or transfer of any Ordinary Shares or "A" Ordinary Shares to any person whomsoever conferring the right to vote (whether immediately or subject to the lodging of a notice under Article 6.2) at general meetings of the Company which would result if made and registered in a person whether or not then a member of the Company obtaining a controlling interest in the Company (the "Specified Shares") shall be made or registered without the previous written consent of the holders of not less than sixty per cent. in nominal value of the issued Ordinary and "A" Ordinary Share capital of the Company unless before the transfer is lodged for registration the proposed transferee or his nominees has made an offer (stipulated to be open for acceptance for twenty-eight days) to purchase all the other Ordinary, "C" Ordinary Shares and "A" Ordinary Shares at the Specified Price (as hereinafter defined) and the Preferred Ordinary Shares and Preference Shares at par plus the premium paid on such Shares which offer every Shareholder shall be bound within

twenty-eight days of the making of such offer to him either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer). Such offer shall be made to all holders of Warrants who have paid the Exercise Price (as defined in the Warrant Instrument).

Provided that the provisions of this Article shall not apply to the acquisition of Shares by a person who is at the time of the adoption of these Articles of Association an existing Shareholder and the acquisition is made under the terms of a Sale Notice given pursuant to Articles 6.6, 11, 12 or 13.

15.1 For the purpose of this Article

15.1.1 the expression "a controlling interest" shall mean Shares conferring in the aggregate 30 per cent. or more of the total voting rights (including voting rights subject to the lodging of a notice pursuant to Article 6.2) conferred by all the Shares in the capital of the Company for the time being in issue and conferring the right to vote at all General Meetings;

15.1.2 the expressions "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renouncee under any such letter of allotment; and

15.1.3 the "Specified Price" shall mean a price per Share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. In the event of disagreement the calculation of the Specified Price shall be referred to an umpire (acting as expert and not as arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall be final and binding.

16. MATTERS REQUIRING CONSENT OF AN "A" DIRECTOR

In addition to any other authority required in law the following matters all require to be authorised by an "A" Director in writing and provided that in the event of any conflict between any of the provisions of this Article and the provisions of any other Article the provisions of this Article shall prevail:-

16.1 the sale lease transfer or other disposition in any financial year of the Company of the whole or any part of the undertaking of the Company representing 10 per cent. of the net tangible assets of the Company and its subsidiaries taken as a whole or the sale or other disposal of a subsidiary the net assets of which represent more than 10 per cent. of the net tangible assets attributable to the Company and its subsidiaries taken as a whole as shown by the latest available consolidated audited balance sheet of the Company and its subsidiaries (adjusted as appropriate to reflect any deterioration since the balance sheet date if any Director so requires and he shall so require if he has any reason to believe the net tangible assets have

decreased since such date) or if no such balance sheet is available then assets representing £50,000. Provided that for the purposes of this Article all disposals in any financial year of the Company shall be aggregated for the purposes of assessing whether authorisation is required from an "A" Director;

16.2 any action is commenced by a Shareholder to wind up or dissolve the Company or any subsidiary;

16.3 the alteration of the accounting reference date of the Company or any subsidiary;

16.4 any variation in the authorised or issued Share or loan capital or the creation or the granting of any options or other rights to subscribe for Shares or to convert into Shares in the capital of the Company or any subsidiary;

16.5 any capital expenditure by the Company and its subsidiaries in any one financial year of the Company of an amount in excess of budget approved by the "A" Director;

16.6 any material change in the nature of the business of the Company and its subsidiaries taken as a whole;

16.7 the creation of any one or more mortgages charges or encumbrances on any asset of the Company or its subsidiaries to secure an amount or amounts aggregating or exceeding in any one financial year of the Company £25,000 or the giving by the Company or its subsidiaries of any guarantee for such an amount or amounts otherwise than as detailed in the relevant budget approved by an "A" Director in respect of the relevant financial year;

16.8 the creation of or any amendment to any Shareholder-related Contract or any variation otherwise than as detailed in the relevant budget approved by an "A" Director in respect of the relevant financial year of the remuneration or other benefits payable thereunder or the making by the Company or any subsidiary of any contract outside the ordinary course of their respective businesses or otherwise than at arm's length;

16.9 any alteration to the Memorandum or Articles of Association of the Company or any subsidiary;

16.10 the entering into by the Company and its subsidiaries of any lease, licence, tenancy or other similar obligation where the rental or other payments thereunder exceed or are likely to exceed £25,000 per annum or the entering into by the Company and its subsidiaries of any such commitments whereby the rental or other payments in the aggregate exceed or are likely to exceed £50,000 in any year otherwise than as detailed in the relevant budget approved by an "A" Director in respect of the relevant financial year;

16.11 the declaration or distribution of any dividend or other payment out of the distributable profits of the Company other than dividends payable in respect of the Preference Shares and the Minimum Dividend payable pursuant to Article 7;

16.12 the incorporation of a new subsidiary;

16.13 the appointment of any director to the Board of the Company or any subsidiary;

16.14 the entering into of or variation of any concession or "shop within a shop" arrangements by the Company or any subsidiary;

16.15 the grant of any right to use the "Hamley's" name or the grant of any franchise (or similar arrangement) of the business carried on by the Company or its subsidiaries.

17. ADJOURNED MEETINGS

17.1 If a meeting is adjourned under Regulation 41 of Table A because a quorum is not present and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholders present shall form a quorum and Regulation 41 of Table A shall be modified accordingly.

17.2 It shall not be necessary to give any notice of an adjourned meeting and Regulation 45 of Table A shall be modified accordingly.

18. POLLS

A poll may be demanded by the Chairman or by any Shareholder present in person or by proxy and having the right to vote at the meeting and Regulation 46 of Table A shall be modified accordingly.

19. DIRECTORS' BORROWING POWERS

Subject to Article 16 hereof 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 Sections 81 and 82 of the 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 PROVIDED THAT the Directors shall procure that the aggregate of the amounts for the time being remaining undischarged or owing by the Company and its subsidiaries by way of borrowed monies (but excluding any inter-company loans, mortgages and charges) and including any amounts payable under leases or hire purchase commitments shall not exceed whichever is the greater of £18,500,000 or an amount equal to the aggregate of the amount for the time being paid up or credited as paid up on the issued share capital of the Company and the total of the amounts for the time being standing to the credit of the consolidated reserves (including but not limited to share premium account, capital redemption reserve, and profit and loss account) of the Company and its subsidiaries all based on the latest audited consolidated balance sheet of the Company and its subsidiaries but:-

19.1.1 adjusted as may be appropriate to reflect any variations since the date of such balance sheet in the amount of such paid up capital the share premium account and the capital redemption reserve, since the date of such balance sheet;

19.1.2 excluding any amounts set aside for deferred taxation and any amounts attributed to minority interests in subsidiaries of the Company;

19.1.3 deducting any amounts attributed to goodwill or other intangible assets;

19.1.4 deducting any amount equal to any distribution by the Company out of profits earned prior to the date of such balance sheet and which have been declared, recommended or made since that date except so far as provided for in such balance sheet;

19.1.5 and deducting any debit balances on profit and loss account.

19.2 For the purposes of this Article "borrowed monies" shall be deemed to include the following except in so far as otherwise taken into account:-

19.2.1 the aggregate amounts outstanding in respect of facilities afforded to the Company and its subsidiaries from any bank, acceptance house, financial institution or any other person whatsoever, whether by way of overdraft, loan, acceptance credit or otherwise howsoever;

19.2.2 any sums of money the repayment whereof by a person other than the Company or any subsidiary is the subject of a guarantee or indemnity by the Company or its subsidiaries;

19.2.3 outstanding amounts raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any of the Company and its subsidiaries;

19.2.4 the principal amount of any debenture (whether secured or unsecured) of any of the Company and its subsidiaries owed otherwise than by any of the Company and its subsidiaries;

19.2.5 the principal amount of any preference share capital of any subsidiary owed otherwise than to any of the Company and its subsidiaries; and

19.2.6 any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing;

but shall be deemed not to include:-

19.2.7 borrowings for the purposes of repaying the whole or any part of borrowings by any of the Company and its subsidiaries for the time being outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period; and

19.2.8 borrowings for the purpose of financing any contract in respect of which any part of the price receivable by any of the Company and its subsidiaries is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade or by any other Governmental department fulfilling a similar function, to an amount not exceeding that part of the price receivable thereunder which is so guaranteed or insured.

19.3 A Report by the Auditors as to the aggregate amount which may at any one time in accordance with the provisions of Articles 19.1 to 19.2 be owing by the Company and its subsidiaries shall be conclusive in favour of the Company and all persons dealing with the Company.

19.4 When the aggregate amount of borrowings required to be taken into account for the purposes of this Article 19 on any particular day is being

ascertained, any of such moneys denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:-

19.4.1 at the rate of exchange prevailing on that day in London or

19.4.2 to the extent that the repayment of such moneys is specifically covered by a forward purchase contract at the rate of exchange specified therein.

19.5 No lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article 19 is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed had been or was thereby exceeded.

20. DIRECTORS

20.1 Unless otherwise determined by ordinary resolution the number of Directors (other than alternate directors) shall be not less than two and not more than ~~eighty~~.

20.2 A Director shall not retire by rotation and a Director appointed to fill a casual vacancy or as an addition to the Board shall not retire from office at the Annual General Meeting next following his appointment. Regulations 78 and 79 of Table A shall be modified accordingly.

20.3 The office of Director shall be vacated if the Director in the reasonable opinion of all his co-Directors becomes incapable by reason of mental disorder of discharging his duties as Director, and Regulation 81 of Table A shall be modified accordingly.

21. "A" DIRECTOR

The holders of a majority in nominal amount of the "A" Ordinary Shares shall be entitled to appoint and remove two Directors of the Company ("A" Directors), and each of the "A" Directors shall be entitled to receive an annual fee of £10,000 plus VAT payable quarterly in arrears in respect of such appointment together with all expenses reasonably and properly incurred by him in connection with his appointment as a Director. Such appointments shall be made by notice in writing served upon the Company at its registered office.

22. BOARD MEETINGS

Meetings of the Board of Directors shall take place no less frequently than once per calendar month and at least three clear working days notice of each meeting shall be given to each Director provided that if a majority in number of the Directors agree to less frequent meetings and/or to a shorter period of notice then board meetings may be called less frequently and/or on such agreed shorter period of notice provided further that such majority so agreeing must include an "A" Director. All Board Meetings shall take place in the United Kingdom save with such agreement as aforesaid.

23. INDEMNITIES

Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect insofar as its provisions are not avoided by Section 310 of the Act.

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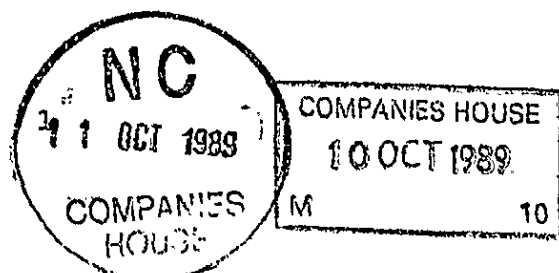
THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES

LARCHWOOD LIMITED.

47/18/10

SPECIAL RESOLUTION Numbers 1, 2 and 3 as set out below, were passed by the members at the Extraordinary General Meeting held at 188-196 Regent Street, London W1R 6BT on Thursday 28 September 1989 at 2.30 pm.

- 1 (a) That the authorised capital of the Company be and hereby is increased to £418,980 by the creation of 27,200 Preferred Ordinary Shares of £1 each, having the rights set out in the Articles of Association of the Company.
- (b) That the Directors from time to time of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot the 47,800 authorised unissued Preferred Ordinary Shares of £1 each provided that this authority shall expire six months after the date of this resolution.
- (c) that the Directors from time to time of the Company be and are hereby authorised to exercise all powers of the company to allot the 2,200 authorised unissued Ordinary Shares of £1 each provided that this authority shall expire six months after the date of this resolution.
- (d) That the Directors from time to time of the Company are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot the above shares in the capital of the Company pursuant to the authority conferred by Resolutions (b) and (c) above as if sub-section (1) of Section 89 and Sections 90(1) to (6) of the Companies Act 1985 did not apply to such allotment provided this power shall expire six months after the date of this resolution.



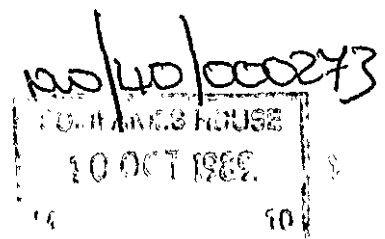
2352435



2 That the name of the Company be changed to Hamleys of London Ltd

3 With reference to the Extraordinary General Meeting held on 10 May 1989 at 3.25 am it is noted that whereas it was resolved at that Meeting that the Directors of the Company be generally and unconditionally authorised to exercise all powers of the Company to allot, inter alia 17,600 ordinary shares of £1 each in accordance with the terms of the Shareholders Agreement dated 10 May made between (1) the Company (2) Duncan Chadwick and others (3) Citicorp Capital Investors Europe Limited and others ("the Shareholders Agreement") as if subsection (1) of section 89 and sections 90(1) to (6) of the Companies Act 1985 did not apply to the allotment, the Shareholders Agreement in fact provided for the allotment of 19,800 Ordinary Shares of £1 each and 19,800 such shares were allotted by the Directors of the Company NOW IT IS HEREBY RESOLVED to ratify the allotment of the additional 2,200 Ordinary Shares of £1 each as if sub-section (1) of section 89 and sections 90(1) to (6) of the Companies Act 1985 did not apply to the allotment.


.....
D H M CHADWICK
DEPUTY CHAIRMAN



FILE COPY



**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

No. 2352435

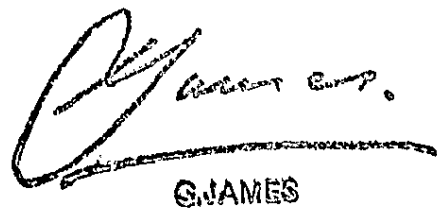
I hereby certify that

LARCHWOOD LIMITED

having by special resolution changed its name,
is now incorporated under the name of

HAMLEYS OF LONDON LTD.

Given under my hand at the Companies Registration Office,
Cardiff the 18 OCTOBER 1989



G. JAMES

an authorised officer

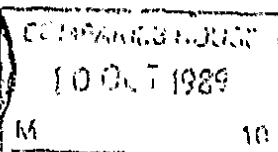
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THE COMPANIES ACT 1985
COMPANY RESOLUTION

LARCHWOOD LIMITED.

SPECIAL RESOLUTION Numbers 1, 2 and 3 as set out below, were passed by the members at the Extraordinary General Meeting held at 188-196 Regent Street, London W1R 6BT on Thursday 28 September 1989 at 2.30 pm.

- 1 (a) That the authorised capital of the Company be and hereby is increased to £418,980 by the creation of 27,200 Preferred Ordinary Shares of £1 each, having the rights set out in the Articles of Association of the Company.
- (b) That the Directors from time to time of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot the 47,800 authorised unissued Preferred Ordinary Shares of £1 each provided that this authority shall expire six months after the date of this resolution.
- (c) that the Directors from time to time of the Company be and are hereby authorised to exercise all powers of the company to allot the 2,200 authorised unissued Ordinary Shares of £1 each provided that this authority shall expire six months after the date of this resolution.
- (d) That the Directors from time to time of the Company are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot the above shares in the capital of the Company pursuant to the authority conferred by Resolutions (b) and (c) above as if sub-section (1) of Section 89 and Sections 90(1) to (6) of the Companies Act 1985 did not apply to such allotment provided this power shall expire six months after the date of this resolution.



2352435



That the name of the Company be changed to Hamleys of

With reference to the Extraordinary General Meeting held on 10 May 1989 at 3.25 am it is noted that whereas it was resolved at that Meeting that the Directors of the Company be generally and unconditionally authorised to exercise all powers of the Company to allot, inter alia 17,600 ordinary shares of £1 each in accordance with the terms of the Shareholders Agreement dated 10 May made between (1) the Company (2) Duncan Chadwick and others (3) Citicorp Capital Investors Europe Limited and others ("the Shareholders Agreement") as if subsection (1) of section 89 and sections 90(1) to (6) of the Companies Act 1985 did not apply to the allotment, the Shareholders Agreement in fact provided for the allotment of 19,800 Ordinary Shares of £1 each and 19,800 such shares were allotted by the Directors of the Company NOW IT IS HEREBY RESOLVED to ratify the allotment of the additional 2,200 Ordinary Shares of £1 each as if sub-section (1) of section 89 and sections 90(1) to (6) of the Companies Act 1985 did not apply to the allotment.

DMC
.....
D H M CHADWICK
DEPUTY CHAIRMAN



no/40/000243

G

COMPANIES FORM No. 123

**Notice of increase
in nominal capital****123**Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
by block lettering

To the Registrar of Companies

For official use

Company number

--	--	--	--

2352435

Name of company

* LARCHWOOD LIMITED

* insert full name
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 10th May 1989 the nominal capital of the company has been
increased by £ 391,680 beyond the registered capital of £ 100.

† the copy must be
printed or in some
other form approved
by the registrar

A copy of the resolution authorising the increase is attached.†

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as follow:

in accordance with the terms of the Articles of Association of the
Company adopted by Special resolution dated 10th May 1989.

Please tick here if
continued overleaf

--

† Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed



Designation†

DIRECTIONS

Date

5/10/89

Presentor's name address and
reference (if any):

Clifford Chance,
Rex House,
Aldermanbury Square,
London EC2
Ref J2B/JMC

For official Use
General Section

Post room





COMPANIES FORM No. 123

**Notice of increase
in nominal capital**

123

Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

[] [] [] [] [] []

2352435

Name of company

* Hamleys of London Ltd

* insert full name
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 10th January 1992 the nominal capital of the company has been
increased by £ 38,535 beyond the registered capital of £ 418,980

§ the copy must be
printed or in some
other form approved
by the registrar

A copy of the resolution authorising the increase is attached. §

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as follow:

to rank pari passu with the existing Ordinary Shares in the capital of the
Company having the rights attaching to them in the regulations adopted
as the new Articles of Association of the Company on 10th January 1992

Please tick here if
continued overleaf

☐

‡ Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed

Amridd

Designation ‡

Secretary

Date

17/1/92

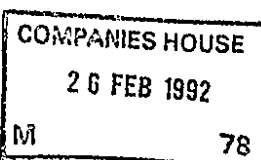
Presenter's name address and
reference (if any):

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

For official Use

General Section

Post room



2352435

THE COMPANIES ACT 1935

PRIVATE COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

OF

HAMLEYS OF LONDON LTD

Incorporated the 24th day of February, 1989

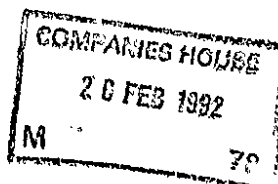
ADOPTED BY SPECIAL RESOLUTION
Passed on 10th January, 1992

Draft Date: 08.01.92

Clifford Chance
Royex House,
Aldermanbury Square,
London
EC2V 7LD

REF: JZB/PTM/H1746/00058

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Company No: 2352435

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

- of -

HAMLEYS OF LONDON LTD¹

(as adopted by a Special Resolution passed
on 10th January 1992)

1. PRELIMINARY

The headings shall not affect the construction hereof and in the interpretation of these Articles unless there be something in the subject or context inconsistent therewith the following words and expressions shall bear the meanings set opposite them:-

"the Act"

the Companies Act 1985 as amended by the
Companies Act 1989

"the Agreement for Services"

the agreement for services entered into
by Hamleys Limited, Greymart Limited and
the Company on the same day as the
adoption of these Articles as the
articles of association of the Company

"the Board"

the Board of Directors of the Company

"Bank"

the Agent from time to time under the
Loan Agreement

"B" Ordinary Share"

a "B" Ordinary Share of 1p in the capital
of the Company as hereinafter provided

"B" Ordinary Shareholder"

a holder for the time being of "B"
Ordinary Shares

"Co-Investment Scheme"

a scheme operated by an Institutional
Shareholder whereby certain employees or
former employees ("eligible employees")
of that institutional shareholder are
entitled (as individuals or through a
company or other vehicle), inter alia, to
acquire, by transfer or subscription,
shares which that Financial Institution

¹Changed its name from Larchwood Limited with effect from 18th October 1989

	would otherwise become or be entitled to acquire
"Connected Person"	as defined by Section 839 Income and Corporation Taxes Act 1988
"Deep Discounted Loan Notes"	the £4,280,297 Deep Discounted Loan Notes 1998 issued by the Company on the date of the adoption by it of these Articles
"Deferred Share"	a deferred share of 1p in the capital of the Company as hereinafter provided
"Deferred Shareholder"	a holder for the time being of Deferred Shares
"Director"	a director for the time being of the Company
"Group Company"	the Company and any of its subsidiaries from time to time
"Institutional Shareholders"	any Shareholder in the Company being a corporation who is not a Management Shareholder but not including Hamleys Trustees Limited or Lowndes Queensway Group Limited or those acquiring shares from either of them (who shall be Management Shareholders) unless such persons are Institutional Shareholders as at the date of the adoption of these articles or are transferees of such Institutional Shareholders and acquire their shares in such capacity
"Loan Agreement"	a loan agreement dated 10th May 1989 between, inter alia, the Bank and the Company as the same is amended and restated by an amendment and restatement agreement between the Company and, inter alia, the Bank dated the same date as that upon which these Articles were adopted by the Company
"Management Shareholders"	any Shareholder (save for Timothy Chadwick as long as he shall remain a Shareholder and save further, for the avoidance of doubt, for any individual who acquires Shares under a Co-Investment Scheme) who, being an individual, is or was at the time of acquiring his shares a director or employee or consultant or equivalent adviser to any Group Company (other than an "A" Director) from time to time or any other Shareholder not being

	an Institutional Shareholder who acquires shares from any such person
"Ordinary Share"	an Ordinary Share of 1p in the capital of the Company as hereinafter provided
"Ordinary Shareholder"	a holder for the time being of Ordinary Shares
"Shares"	any shares (other than Deferred Shares) for the time being in the capital of the Company
"Shareholder"	a holder for the time being of any Shares
"Shareholders Agreement"	the agreement dated the same date as that upon which these Articles were adopted by the Company made between (1) the Company (2) Hamleys Trustees Limited and Others (3) Citicorp Capital Investors Europe Limited and others and (4) H. Dyer and Another relating inter alia to the subscription for further Shares
"Shareholder-related Contract"	any contract, agreement, arrangement or transaction including (without limitation) any such matter entered into for employment or the provision of services made between any Shareholder (or person who in relation to such Shareholder is a Connected Person) and the Company or any subsidiary of the Company or any holding company of the Company or any subsidiary of any such holding company
"Table A"	Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (as amended)

Words and expressions defined in the Act shall unless the context otherwise requires have the same meanings in these Articles. The singular shall include the plural and vice versa. Any subsequent legislation shall for the purpose of these Articles have no retrospective effect.

2. TABLE A

The Regulations contained in Table A shall apply to the Company save in so far as they are excluded or modified hereby. The first sentence of Regulation 24 and Regulations 64, 73-77 inclusive, 80, 87 and 118 of Table A 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.

3. PRIVATE COMPANY

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.

4. SHARES

The share capital of the Company at the date of adoption of these Articles is £457,515 divided into 3,626,245 Ordinary Shares, 327,255 "B" Ordinary Shares and 41,798,000 Deferred Shares.

5. "B" ORDINARY SHARES

5.1.1 Any Shareholder may at any time convert such or all of his Shares into "B" Ordinary Shares of an equivalent par value (credited with the same premium (if any) which is credited to such Ordinary Share) by serving a notice in writing on the Company at its registered office or upon any Director, if such conversion is necessary to prevent any infringement or violation by such Shareholder of any law or regulation requiring that the amount of shares held does not exceed any limits imposed by such law or regulation. Save as otherwise specifically provided in Article 5.1.2 the Ordinary and "B" Ordinary Shares shall rank pari passu in all respects and all references to Ordinary Shares and Ordinary Shareholders shall be deemed to include a reference to "B" Ordinary Shares and "B" Ordinary Shareholders respectively.

5.1.2 "B" Ordinary Shares shall not entitle the "B" Ordinary Shareholders to exercise any votes at any General Meetings of the Company and the provisions of Article 9 shall be read accordingly. References in Articles 14 and 19 shall not be deemed in these Articles to include a reference to "B" Ordinary Shares and "B" Ordinary Shareholders.

5.1.3 Any "B" Ordinary Shareholder may at any time convert such or all of his "B" Ordinary Shares into Ordinary Shares of an equivalent par value (credited with the same premium (if any) which is credited to such "B" Ordinary Share) by serving a notice in writing on the Company at its registered office or upon any Director provided that such conversion does not infringe or violate any law or regulation imposing limits on the amount of shares held.

6. DEFERRED SHARES

The Deferred Shares will carry no voting rights, no rights to a dividend or distribution, no class or consent rights and will (on a liquidation or other return of capital) not be entitled to any amount from the Company.

7. MINIMUM DIVIDEND

7.1 The Ordinary Shareholders shall, subject always to the terms of the Loan Agreement, be entitled in each financial year commencing with that ending 31st January 1997 to a cumulative minimum dividend of a cash sum (net of any associated tax credit), equal to 30% of the net profits (as hereinafter defined) of the Company and its subsidiaries for the relevant financial year such dividend to be paid no more than 30 days after the next

Annual General Meeting of the Company held after the end of the relevant financial year. Any amount not so paid shall be carried forward and become payable without any resolution of the Directors or of the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 104 (inclusive) of Table A) and be payable in priority to the dividends payable hereunder in future years. Dividends paid hereunder shall be distributed pro rata according to the nominal amount (but excluding any premium) paid up and credited as paid up on the Ordinary Shares in issue at the time.

7.2 For the purpose of calculating the Minimum Dividend the expression "net profits" shall mean the net profits of the Company and its subsidiaries available for distribution as shown by the audited consolidated profit and loss account of the Company and its subsidiaries for the relevant financial year before any provision is made for the payment of any dividend on any share in the capital of the Company or any of its subsidiaries or for any other distribution or for the transfer of any sum to reserves.

8. ISSUES OF SHARES

Subject to these Articles the pre-emption provisions of sub-section (1) of Section 89 and sub-sections (1) to (6) of Section 90 of the Act shall apply to any allotment of the Company's equity securities, Provided that for the purposes of those sub-sections the period specified in Section 90(6) of the Act shall be 21 days and Provided further that the holders of such classes of shares ("Equity Shareholders") who accept shares shall be entitled to indicate that they would accept shares that have not been accepted by other Equity Shareholders ("Excess Shares") on the same terms as originally offered to all Equity Shareholders and any shares not so accepted shall be allotted to the Equity Shareholders who have indicated they would accept Excess Shares; such Excess Shares shall be allotted in the numbers in which they have been accepted by Equity Shareholders or if the number of Excess Shares is not sufficient for all Equity Shareholders to be allotted all the Excess Shares they have indicated they would accept then the Excess Shares shall be allotted as nearly as practicable in the proportion that the number of Excess Shares each Equity Shareholder indicated he would accept bears to the total number of Excess Shares and provided further that none of the foregoing shall apply to the issue of the 59,302 authorised but unissued Ordinary Shares existing at the date hereof which such Shares shall, in accordance with the resolutions of the members of the Company passed on the date of adoption of these Articles be issuable by the directors free from the restrictions herein provided the same are issued only to employees/directors of the Company who shall hold their shares as Management Shareholders and that the subscription price for such shares shall be not less than 6.32 pence per share.

9. VOTES

Subject to the provisions of these Articles, Regulation 54 of Table A shall apply to the voting rights of the Shareholders of the Company.

10. PERMITTED TRANSFERS

10.1 The Directors shall not register any transfer of Shares in the Company save in the circumstances permitted by Articles 10, 11, 12 and 13 and save as provided in the subsequent provisions of this Article 10 the Shareholders shall not be entitled to transfer any Shares whether by way of

sale or otherwise except in accordance with the provisions of Articles 11, 12 and 13.

10.2 Without prejudice to Regulation 5 of Table A, any Share held by a Shareholder may be transferred to a person shown to the reasonable satisfaction of the "A" Director to be a nominee of or a trustee for that Shareholder only ("Beneficial Shareholder") PROVIDED THAT the provisions of this Article and Articles 11, 12 and 13 shall apply to any Share so transferred as if it were still held by the Beneficial Shareholder.

10.2.1 Any Share held by a nominee of or a trustee for a Beneficial Shareholder may, provided always that the requirements of Article 10.2.2. are satisfied, be transferred to such Beneficial Shareholder or subject to the proviso in Article 10.2 to any other nominee of or trustee for such Beneficial Shareholder only.

10.2.2 Where a Share is to be held as nominee of or trustee for another, the intending nominee or trustee must prior to the issue or transfer of such Share to the nominee or trustee disclose to the Company that he is to hold such Share or Shares as nominee of or trustee for a Beneficial Shareholder. A nominee or trustee failing to make such prior disclosure shall not be entitled to have transferred to him any Share or Shares (subsequently) held by the Beneficial Shareholder.

10.3 Any Shareholder which is a body corporate may transfer any Shares to its ultimate parent company or any other body corporate controlled directly or indirectly by its ultimate parent company PROVIDED ALWAYS THAT the transferee gives an undertaking to the Company that in the event of any such body corporate ceasing to be controlled directly or indirectly by such ultimate parent company immediately prior to it so ceasing such Shares shall be transferred to another body corporate so controlled.

10.4 Without prejudice to Regulation 5 of Table A, any Share held by a Shareholder may be transferred to a person or persons shown to the reasonable satisfaction of the "A" Director to be the trustee of any family trust of that Shareholder. For these purposes a "family trust" means, in relation to a Shareholder, trusts the beneficiaries or potential beneficiaries whereunder are exclusively the Shareholder concerned and/or the spouse, child or other issue, stepchild or adopted child and brother or sister of that Shareholder.

10.5 Any Share may be transferred at any time by a Shareholder to any other person with the consent of the holders of not less than seventy five per cent. in nominal value of the issued Ordinary Shares for the time being of the Company.

10.6 Any Institutional Shareholder may transfer any Shares held by it to a fund or a nominee of a fund managed by it or to any other person who becomes a manager or trustee of such a fund.

10.7 Any Institutional Shareholder may transfer shares to any vehicle (including for the avoidance of doubt and without limitation any form of incorporated entity, partnership, individual or the like) of its Co-Investment Scheme and any such Co-Investment Scheme vehicle may transfer shares to any replacement vehicle to the scheme should the scheme change. The Co-Investment Scheme vehicle shall also be entitled to transfer any shares to the participants thereof, subject to the rules of the scheme itself.

10.8 Hamleys (Trustees) Limited may transfer any shares held by it to any director or employee of any Group Company to whom it is decided by the Directors to make shares available by way of incentivisation or reward for past services.

11. TRANSFERS

11.1 Any holders of Ordinary Shares (the "Retiring Shareholder") wishing to transfer part or all of his Ordinary Shares shall first give a notice in writing (a "Sale Notice") to the Company specifying the number and denoting numbers (if any) of Shares which the Retiring Shareholder wishes to sell (the "Sale Shares") which notice shall constitute the Company the agent of the Retiring Shareholder for the sale of the Sale Shares at market value (such value to be determined in accordance with the provisions of Article 11.5) ("Market Value").

11.2 On receipt of a Sale Notice the Company shall forthwith offer the Sale Shares at Market Value first to all the other Ordinary Shareholders in proportion as nearly as may be to the nominal amount of their existing holdings of Ordinary Shares in the Company. Such offer shall to the extent that the same is not accepted within 21 days of the receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Ordinary Shareholder in proportion as nearly as may be to their existing holdings of Ordinary Shares in the Company. Such offer shall to the extent that it is not accepted within 28 days of receipt of the Sale Notice by the Company be deemed to be declined.

11.3 If the Company shall find purchasing Shareholders in respect of all or (except where the Sale Notice provides otherwise) any of the Sale Shares in accordance with Article 11.2 it shall forthwith give notice thereof to the Retiring Shareholder which notice shall provide that:-

11.3.1 the price for the Sale Shares is to be Market Value determined in accordance with this Article; and

11.3.2 subject to the proviso contained in Article 14 the Retiring Shareholder shall have the right to revoke his Sale Notice and the purchasing Shareholder shall have the right to withdraw from the proposed purchase until either the Market Value is agreed between them or within seven days of the date of the Chartered Accountant's determination as provided in Article 11.5. In the event of withdrawal by a purchasing Shareholder the Shares comprised in such Sale Notice shall be offered as if the offer to the purchasing Shareholder had been declined and all time limits shall be adjusted to run accordingly. In the event of revocation by the Retiring Shareholder the offer shall lapse and the provisions of this Article shall apply to any further attempt to transfer the Sale Shares; and

11.3.3 if the Retiring Shareholder does not revoke his Sale Notice and the purchasing Shareholder does not withdraw pursuant to Article 11.3.2 above then they shall be bound to complete the sale and purchase within seven days of the end of the period of revocation or withdrawal specified in Article 11.3.2.

11.4 If the Company shall not find purchasing Shareholder(s) pursuant to Article 11.2 for all of the Sale Shares or if through no default of the

Retiring Shareholder the purchase of any of the Sale Shares is not completed within the time period specified in Article 11.3 the Retiring Shareholder shall be at liberty at any time within one month after the determination of Market Value or if later within two months after the first service of the Sale Notice to transfer such of the Sale Shares as were not accepted by the purchasing Shareholder or in respect of which the sale was not completed as aforesaid or (in any case where the Sale Notice stated that the Retiring Shareholder required to sell all and not part only of the Sale Shares) all of the Sale Shares to any person he may wish and at Market Value or any higher or (subject as provided below) lower price PROVIDED THAT no Sale Shares shall be sold at a lower price than Market Value without first serving a further Sale Notice upon the Company specifying such lower price as the price at which such Sale Shares are offered and all the provisions of this Article 11 shall apply to such further Sale Notice save that Market Value shall be deemed to be such lower price.

11.5 The Market Value of the Sale Shares shall be determined by agreement between the Retiring Shareholder and the purchasing Shareholders but in default of agreement thereon within fourteen days of the first offering of the Sale Shares or any of them to such Shareholders shall be calculated on the basis of a sale between a willing seller and a willing purchaser (as at the date of the Sale Notice) (without any discount for a minority holding) and shall be certified by an independent Chartered Accountant of not less than five years standing to be agreed between the parties and in default of agreement to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales. In so certifying the said Chartered Accountant shall act as an expert and not as an arbitrator and his decision shall be final and binding upon the parties.

11.6 In the event of the Retiring Shareholder failing to carry out the sale of any of the Sale Shares after the expiry of the time limit for revocation the Directors may authorise some person to execute a transfer of the Sale Shares to the purchasing Shareholder and the Company may give a good receipt for the purchase price of such Sale Shares and may register the purchasing Shareholders as holders thereof and issue to them certificates for the same whereupon the purchasing Shareholders shall become indefeasibly entitled thereto. The Retiring Shareholder shall in such case be bound to deliver up his certificate for the Sale Shares to the Company whereupon the Retiring Shareholder shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for the Retiring Shareholder but without interest. If such certificate shall comprise any Shares which the Retiring Shareholder has not become bound to transfer as aforesaid the Company shall issue to the Retiring Shareholder a balance certificate for such Shares.

11.7 The cost of obtaining a certificate of Market Value shall be borne equally by the Retiring Shareholder and the purchasing Shareholder provided that if any Retiring Shareholder shall within twelve months of revoking a Sale Notice serve a further Sale Notice in respect of any of the Shares comprised in an earlier Sale Notice the cost of obtaining a certificate relating to such further Sale Notice shall be borne wholly by such Retiring Shareholder.

12. DEEMED TRANSFER NOTICE

Save with the prior written agreement of those of the Institutional Shareholders holding between them sixty per cent. in nominal value of the

Ordinary Shares held by Institutional Shareholders for the time being, in any case where a Management Shareholder ceases (for whatever reason) to be either a director or employee of the Company or any of its subsidiaries (and is not continuing as either a director or employee of the Company or of that subsidiary, as the case may be) and in the case of Howard Dyer, upon the termination of the Agreement for Services the Company may determine (at its absolute discretion and at any time after such cessation) that the Shareholder in question (including for the avoidance of doubt, Mr. Dyer as aforesaid) shall be deemed to have served a Sale Notice pursuant to Article 11 above in respect of his entire holding of Shares (including any Shares held or deemed held for him pursuant to Article 10) and the provisions of Article 11 shall apply in relation thereto save that a Sale Notice deemed to be given by such director or employee in the circumstances herein referred to shall not be capable of revocation.

13. TRANSFERS - CHANGING CONTROL

13.1 Notwithstanding anything contained in these Articles no sale or transfer of any Ordinary Shares to any person whomsoever conferring the right to vote (whether immediately or subject to the lodging of a notice under Article 5.1.3) at general meetings of the Company which would result if made and registered in a person or connected persons whether or not then a member of the Company obtaining a controlling interest in the Company (the "Specified Shares") shall be made or registered unless before the transfer is lodged for registration the proposed transferee or his nominees has or have made an offer (stipulated to be open for acceptance for twenty-eight days) to purchase all the other Ordinary Shares at the Specified Price (as hereinafter defined) which offer every Shareholder shall be bound within twenty-eight days of the making of such offer to him either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer).

Provided that the provisions of this Article shall not apply to the acquisition of Shares by a person who is at the time of the adoption of these Articles of Association an existing Shareholder and the acquisition is made under the terms of a Sale Notice given pursuant to Articles 11 or 12.

13.2 For the purpose of this Article:-

13.2.1 the expression "a controlling interest" shall mean Shares or the right to acquire shares or the rights to exercise voting rights conferring in the aggregate 50 per cent. or more of the total voting rights (including voting rights subject to the lodging of a notice pursuant to Article 5.2) conferred by all the Shares in the capital of the Company for the time being in issue and conferring the right to vote at all General Meetings and "connected persons" shall have the meaning ascribed thereto in Section 839 of the Income and Corporation Taxes Act 1988;

13.2.2 the expressions "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renounee under any such letter of allotment; and

13.2.3 the "Specified Price" shall mean a price per Share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the

holders of the Specified Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. In the event of disagreement the calculation of the Specified Price shall be referred to an umpire (acting as expert and not as arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall be final and binding.

14. MATTERS REQUIRING CONSENT OF THE "A" DIRECTOR OR THE BOARD

14.1 In addition to any other authority required in law the following matters all require to be authorised by the "A" Director in writing or minuted in Board Minutes of a Board Meeting of the Company countersigned by the "A" Director and provided that in the event of any conflict between any of the provisions of this Article and the provisions of any other Article the provisions of this Article shall prevail:-

14.1.1 the sale lease transfer or other disposition in any financial year of the Company of the whole or any part of the undertaking of the Company representing 10 per cent. of the net tangible assets of the Company and its subsidiaries taken as a whole or the sale or other disposal of a subsidiary the net assets of which represent more than 10 per cent. of the net tangible assets attributable to the Company and its subsidiaries taken as a whole as shown by the latest available consolidated audited balance sheet of the Company and its subsidiaries (adjusted as appropriate to reflect any deterioration since the balance sheet date if any Director so requires and he shall so require if he has any reason to believe the net tangible assets have decreased since such date) or if no such balance sheet is available then assets representing £100,000 or more. Provided that for the purposes of this Article all disposals in any financial year of the Company shall be aggregated for the purposes of assessing whether authorisation is required from an "A" Director;

14.1.2 the commencement of any action by a Shareholder to wind up or dissolve the Company or any subsidiary PROVIDED THAT this Article shall not require a Shareholder who is also a Director to act otherwise than in accordance with his fiduciary duties to the Company as a Director;

14.1.3 the employment of any person by any Group Company or the appointment of any person as a consultant or other adviser by any such company or the variation of the terms of any such employment or appointment by virtue of which: (i) such person is entitled to receive remuneration or other fees/payments from any Group Company or Companies at a rate equal to or exceeding or capable of exceeding £80,000 per annum or equivalent or such other sum as the Board may from time to time determine; or (ii) such appointment is not capable of termination on the part of the Company by the giving of one years' notice or less or upon the paying of compensation equivalent to one years' emoluments thereunder or less;

14.1.4 any variation in the authorised or issued Share or loan capital or the creation or the granting of any options or other rights to subscribe for Shares or to convert into Shares in the capital of the Company or any subsidiary;

14.1.5 any capital expenditure by the Company and its subsidiaries in any one financial year of the Company of an amount in excess of 10% of that shown in the Operating Budget (as defined in the Loan Agreement) such budget to be approved by the "A" Director in advance of its being sent to the Bank;

14.1.6 any material change in the nature of the business of any Group Company or of the Group taken as a whole;

14.1.7 the creation of any one or more mortgages charges or encumbrances on any asset of any Group Company to secure an amount or amounts aggregating or exceeding in any one financial year of the Company £25,000 or the giving by any Group Company of any guarantee for such an amount or amounts otherwise than as detailed in the relevant Operating Budget (as defined aforesaid) approved by the "A" Director in respect of the relevant financial year;

14.1.8 the creation of or any amendment to any Shareholder-related Contract or any variation otherwise than as detailed in the relevant Operating Budget approved by the "A" Director in respect of the relevant financial year of the remuneration or other benefits payable thereunder or the making by any Group Company of any contract outside the ordinary course of their respective businesses or otherwise than at arm's length;

14.1.9 any alteration to the Memorandum or Articles of Association of any Group Company;

14.1.10 the entering into by any Group Company of any lease, licence, tenancy or other similar obligation where the rental or other payments thereunder exceed or are likely to exceed £100,000 per annum or the entering into by any Group Company of any such commitments whereby the rental or other payments in the aggregate exceed or are likely to exceed £200,000 in any year otherwise than as detailed in the relevant Operating Budget approved by the "A" Director in respect of the relevant financial year;

14.1.11 the declaration or distribution of any dividend or other payment out of the distributable profits of the Company other than dividends payable in respect of the Minimum Dividend;

14.1.12 the incorporation of a new subsidiary;

14.1.13 the appointment of any director to the Board of any Group Company;

14.2 In addition to any other authority required in law the following matters all require to be authorised by a decision of the Board and shall not be matters capable of delegation to any person by the Board:-

14.2.1 the alteration of the accounting reference date of the Company or any subsidiary;

14.2.2 the grant of any right to use the "Hamleys" name or the grant of any franchise (or similar arrangement) of the business carried on by the Company or its subsidiaries.

15. ADJOURNED MEETINGS

15.1 If a meeting is adjourned under Regulation 41 of Table A because a quorum is not present and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholders

present shall form a quorum and Regulation 41 of Table A shall be modified accordingly.

15.2 It shall not be necessary to give any notice of an adjourned meeting and Regulation 45 of Table A shall be modified accordingly.

16. POLLS

A poll may be demanded by the Chairman or by any Shareholder present in person or by proxy and having the right to vote at the meeting and Regulation 46 of Table A shall be modified accordingly.

17. DIRECTORS' BORROWING POWERS

17.1 Subject to Article 14 hereof 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 Sections 81 and 82 of the 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 PROVIDED THAT the Directors shall procure that the aggregate of the amounts for the time being remaining undischarged or owing by the Company and its subsidiaries by way of borrowed monies (but excluding any inter-company loans, mortgages and charges) and including any amounts payable under leases or hire purchase commitments shall not exceed whichever is the greater of £20,000,000 or an amount equal to the aggregate of the amount for the time being paid up or credited as paid up on the issued share capital of the Company and the total of the amounts for the time being standing to the credit of the consolidated reserves (including but not limited to share premium account, capital redemption reserve, and profit and loss account) of the Company and its subsidiaries all based on the latest audited consolidated balance sheet of the Company and its subsidiaries but:-

17.1.1 adjusted as may be appropriate to reflect any variations since the date of such balance sheet in the amount of such paid up capital the share premium account and the capital redemption reserve, since the date of such balance sheet;

17.1.2 excluding any amounts set aside for deferred taxation and any amounts attributed to minority interests in subsidiaries of the Company;

17.1.3 deducting any amounts attributed to goodwill or other intangible assets;

17.1.4 deducting any amount equal to any distribution by the Company out of profits earned prior to the date of such balance sheet and which have been declared, recommended or made since that date except so far as provided for in such balance sheet;

17.1.5 and deducting any debit balances on profit and loss account.

17.2 For the purposes of this Article "borrowed monies" shall be deemed to include the following except in so far as otherwise taken into account:-

17.2.1 the aggregate amounts outstanding in respect of facilities afforded to the Company and its subsidiaries from any bank, acceptance house, financial institution or any other person whatsoever, whether by way of overdraft, loan, acceptance credit or otherwise howsoever;

17.2.2 any sums of money the repayment whereof by a person other than the Company or any subsidiary is the subject of a guarantee or indemnity by the Company or its subsidiaries;

17.2.3 outstanding amounts raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any of the Company and its subsidiaries;

17.2.4 the principal amount of any debenture (whether secured or unsecured) of any of the Company and its subsidiaries owed otherwise than by any of the Company and its subsidiaries;

17.2.5 the principal amount of any preference share capital of any subsidiary owed otherwise than to any of the Company and its subsidiaries; and

17.2.6 any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing;

but shall be deemed not to include:-

17.2.7 borrowings for the purposes of repaying the whole or any part of borrowings by any of the Company and its subsidiaries for the time being outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period; and

17.2.8 borrowings for the purpose of financing any contract in respect of which any part of the price receivable by any of the Company and its subsidiaries is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade or by any other Governmental department fulfilling a similar function, to an amount not exceeding that part of the price receivable thereunder which is so guaranteed or insured.

17.3 A Report by the Auditors as to the aggregate amount which may at any one time in accordance with the provisions of Articles 17.1 to 17.2 be owing by the Company and its subsidiaries shall be conclusive in favour of the Company and all persons dealing with the Company.

17.4 When the aggregate amount of borrowings required to be taken into account for the purposes of this Article 17 on any particular day is being ascertained, any of such moneys denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:-

17.4.1 at the rate of exchange prevailing on that day in London or

17.4.2 to the extent that the repayment of such moneys is specifically covered by a forward purchase contract at the rate of exchange specified therein.

17.5 No lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article 17 is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the

debt or liability was incurred or the security given that the limit hereby imposed had been or was thereby exceeded.

18. DIRECTORS

18.1 Unless otherwise determined by ordinary resolution the number of Directors (other than alternate directors) shall be not less than two and not more than eight.

18.2 A Director shall not retire by rotation save for a Director appointed to fill a casual vacancy or as an addition to the Board who shall retire from office at the Annual General Meeting next following his appointment but who may stand for re-election thereat. Regulations 78 and 79 of Table A shall be modified accordingly.

18.3 The office of Director shall be vacated if the Director in the reasonable opinion of all his co-Directors becomes incapable by reason of mental disorder of discharging his duties as Director, and Regulation 81 of Table A shall be modified accordingly.

19. "A" DIRECTOR

19.1 For as long as it is a Shareholder, Citicorp Capital Investors Europe Limited ("CCIEL") shall be entitled to appoint and remove a director of the Company ("A" Director"). In addition the remaining Institutional Shareholders holding between them a majority in terms of nominal value of shares held by the Institutional Shareholders (other than CCIEL) for the time being shall also be entitled to appoint and remove an "A" Director ("the additional "A" Director") PROVIDED THAT should the additional "A" Director be appointed Howard Dyer, for so long as he is an executive director and Shareholder in the Company, shall have the right to appoint an additional executive director to the Board PROVIDED FURTHER that any director appointed by Howard Dyer pursuant to this Article 19.1 shall remain in office only for so long as the additional "A" Director is in office or, if shorter, for so long as Howard Dyer himself remains an executive director of and Shareholder in the Company and such director shall forthwith resign or in default be deemed to have resigned forthwith (without any grounds for compensation against the Company whatsoever) upon the removal/resignation from office of the additional "A" Director or the termination (for whatever reason) of Howard Dyer's position as an executive director of the Company or upon his ceasing to be a Shareholder, whichever shall occur first.

19.2 Each "A" Director shall be entitled to receive an annual fee of £10,000 plus VAT payable quarterly in arrears in respect of his appointment together with all expenses reasonably and properly incurred by him in connection with his appointment as a Director, from the Company. Such appointments (or removals) shall be made by notice in writing served upon the Company at its registered office. References in these Articles to the "A" Director shall be construed as being references to both "A" Directors whenever there are two "A" Directors appointed in accordance with the terms of this Clause 19.

20. BOARD MEETINGS

20.1 Meetings of the Board shall take place no less frequently than seven per calendar year with no more than 3 months elapsing between such meetings. At least five clear working days notice of each meeting shall be

given to each Director such notice to be given together with an agenda and all working papers proposed to be considered at the relative meeting provided that if a majority in number of the Directors agree to less frequent meetings and/or to a shorter period of notice then board meetings may be called less frequently and/or on such agreed shorter period of notice provided further that such majority so agreeing must include one "A" Director. All Board Meetings shall take place in the United Kingdom save with such agreement as aforesaid.

20.2 Without prejudice to any other provision in these Articles the quorum for meetings of the Board shall be three including at least one executive director and one non-executive director or their respective alternatives.

20.3 Any Director may participate in a meeting of the Board or a committee thereof by means of a conference telephone or similar communications equipment whereby all persons participating in any such meeting can hear each other. Participation in any such meeting in this manner shall be deemed to constitute presence at the Meeting.

21. INDEMNITIES

Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect insofar as its provisions are not avoided by Section 310 of the Act.

Company No: 2352435

HAMLEYS OF LONDON LTD

At an extraordinary general meeting of the Company held at Royex House Aldermanbury Square, London EC2V 7LD on 10th day of January 1992 the following resolutions were passed:

ORDINARY RESOLUTIONS

1. THAT, conditional upon the passing of resolution 6 below, the authorised capital of the Company be increased to £457,515 by the creation of 3,853,500 new Ordinary Shares of 1p each to rank pari passu in all respects with the existing Ordinary Shares of the Company having the rights attaching to such as are set out in the regulations to be adopted as the articles of association of the Company pursuant to resolution 6 below.
2. THAT, conditional upon the passing of resolution 1 above and resolutions 3(1) to (6) below the directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 (the "Act") to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of that Section) up to an aggregate nominal amount of £38,535 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the day which is immediately prior to the fifth anniversary of the date of their resolution save that the Company may make an offer or agreement before such date which would or might require relevant securities of the Company to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer or agreement.
3. (1) THAT, conditional upon the passing of resolution 6 below each of the existing Ordinary Shares of £1 each in the capital of the Company (issued and unissued) be and the same is hereby divided into and redesignated as one Ordinary Share of 1p and 99 Deferred Shares of 1p each having the respective rights attaching to each such class of share as are set out in the regulations to be adopted as the articles of association of the Company pursuant to resolution 6 below.

(2) THAT, conditional upon the passing of resolution 6 below, each of the existing "A" Ordinary Shares of £1 each in the capital of the Company (issued and unissued) be and the same is hereby divided into and redesignated as one Ordinary Share of 1p and 99 Deferred Shares of 1p each having the respective rights attaching to each such class of share as are set out in the regulations to be adopted as the articles of association of the Company pursuant to resolution 6 below.

(3) THAT, conditional upon the passing of resolution 6 below, each of the existing "B" Ordinary Shares of £1 each in the capital of the Company be and the same is hereby divided into and redesignated as one "B" Ordinary Share of 1p and 99 Deferred Shares of 1p each having the respective rights attaching to each such class of share as are set out in the regulations to be adopted as the Articles of Association of the Company pursuant to resolution 6 below.

- (4) THAT, conditional upon the passing of regulation 6 below the existing "C" Ordinary Share of 1p in the capital of the Company in issue as at the date hereof be and the same is hereby redesignated as an Ordinary Share of 1p having the rights attaching to such class of share as are set out in the regulations to be adopted as the articles of association of the Company pursuant to resolution 6 below and that each of the unissued "C" Ordinary Shares of 1p each in the capital of the Company be and is hereby redesignated as an Ordinary Share of 1p each having the rights attaching to such class of share as are set out in the regulations to be adopted as the articles of association of the Company pursuant to resolution 6 below.
- (5) THAT, conditional upon the passing of resolution 6 below, each of the existing Redeemable Convertible Cumulative Preference Shares of 1p each (issued and unissued) in the capital of the Company be and is hereby redesignated as a Deferred Share of 1p having the rights attaching to such class of share as are set out in the regulations to be adopted as the articles of association of the Company pursuant to resolution 6 below.
- (6) THAT, conditional upon the passing of resolution 6 below, each of the existing Preferred Ordinary Shares of £1 each (issued or unissued) in the capital of the Company be and is hereby divided into and redesignated as 100 Deferred Shares of 1p each with the rights attaching to such class of share as are set out in the regulations to be adopted as the Articles of Association of the Company pursuant to resolution 6 below.
4. THAT, the entering into by the Company of the following agreements (and all other agreements and documents referred to in or arising in consequence thereof) containing provisions, inter alia, as to the allotment of shares and loan notes and the amendment of the Company's existing banking facilities and arrangements, being (i) a Subscription Agreement to be made between the Company (1), Hamleys Trustees Ltd and Others (2) Citicorp Capital Investors Europe Limited ("CCIEL") and Others (3) and H. Dyer and Another (4); (ii) a Sale and Purchase Agreement to be made between Lowndes Queensway Group Limited (in administrative receivership and in liquidation) (1) CCIEL and Others (2) the Company (3) and N.J. Hamilton and Another (4); (iii) an Amendment Agreement to be made between the Company (1) and CCIEL and Others (2); and (iv) an agreement for services to be entered into between Hamleys Limited (1), Greymart Limited (2) and the Company (3) and that, in relation to the same and pursuant to Article 96 of Table A (which Article is incorporated into the Articles of Association of the Company) it is hereby resolved that any interests of any of the directors in any of the said agreements shall not preclude them from being counted in the quorum of or from voting at any meetings of the directors of the Company held in order to approve the same and to authorise the signing or other due completion thereof on behalf of the Company.

SPECIAL RESOLUTIONS

5. THAT, subject to the passing of resolution 2 above and notwithstanding any provision in the regulations to be adopted as the articles of association of the Company pursuant to resolution 6 below, the directors be and are hereby generally empowered pursuant to Section 95(1) of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company pursuant to the authority conferred by resolution 2 above as if Section 89(1) of the Act did not apply to such allotment. Provided that this power shall expire when the authority conferred by resolution 2 above is revoked or would, if not renewed, expire save that the Company may make an offer or agreement before such date which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement.
6. That the regulations contained in the draft new articles of association of the Company a copy of which was produced to the meeting and for the purposes of identification initialled by the Chairman of the meeting be and are hereby adopted as the articles of association of the Company in place of the existing articles of association of the Company in place of the existing articles of association of the Company.

.....*Am. Biddy*.....
Secretary

RJN\$01\$2.03.mm
15 January 1992

By resolutions of the Company in general meeting passed on 10th January 1992 each of the existing:-

1. Ordinary Shares of £1 each in the capital of the Company (issued and unissued) was divided into and redesignated as one Ordinary Share of 1p and 99 Deferred Shares of 1p each;
2. "A" Ordinary Shares of £1 each in the capital of the Company (issued and unissued) was divided into and redesignated as one Ordinary Share of 1p and 99 Deferred Shares of 1p each;
3. "B" Ordinary Shares of £1 each in the capital of the Company was divided into and redesignated as one "B" Ordinary Share of 1p and 99 Deferred Shares of 1p each;
4. "C" Ordinary Shares of 1p each in the capital of the Company, (issued and unissued) was redesignated as an Ordinary Share of 1p;
5. Redeemable Convertible Cumulative Preference Shares of 1p each (issued and unissued) in the capital of the Company was redesignated as a Deferred Share of 1p;
6. Preferred Ordinary Shares of £1 each (issued and unissued) in the capital of the Company was divided into and redesignated as 100 Deferred Shares of 1p each;

Each such share then having the rights attaching to them as contained in the regulations adopted in the new Articles of Association of the Company on 10th January 1992.

G

COMPANIES FORM No. 123

**Notice of increase
in nominal capital****123**Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

[] [] [] []

2352435

Name of company

* HAMLEYS OF LONDON LIMITED

* Insert full name
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 28th September 1989 the nominal capital of the company has been
increased by £ 27,200 beyond the registered capital of £ 391,780.

‡ the copy must be
printed or in some
other form approved
by the registrar

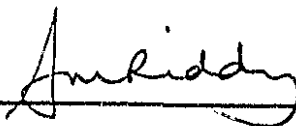
A copy of the resolution authorising the increase is attached.‡

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as follow:

To rank pari passu with the existing Preferred Ordinary Shares in the
capital of the Company.

Please tick here if
continued overleaf☐‡ Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed



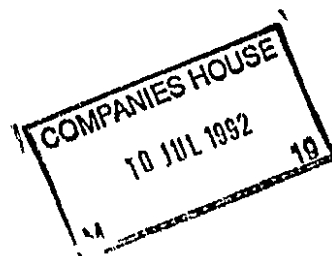
Designation‡

Secretary

Date 8/7/92

Presentor's name address and
reference (if any):For official Use
General Section

Post room



**Touche
Ross**



Chartered Accountants

Touche Ross & Co.
Hill House
1 Little New Street,
London EC4A 3TR

Telephone National 071 936 3000
International +44 71 936 3000
Telex: 884739 TRLNDN G
Fax (Gp. 3): 071 583 8517
LDE: DX 599

2352435

Ref: Unwin/3153C/SL

21 January 1992

The Secretary
Hamleys of London Limited
188 - 196 Regent Street
London
W1R 6BT

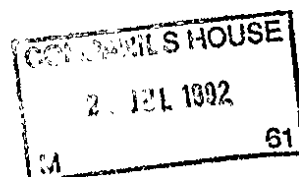
Dear Sir

This letter is formal notice of our resignation as auditors of Hamleys of London Limited and its subsidiary Hamleys Limited with effect from 17 January 1992.

There are no circumstances connected with our resignation which we consider should be brought to the attention of the members or creditors of the above mentioned companies.

Yours faithfully

Touche Ross & Co



Member
ICAE International

Aberdeen, Belfast, Birmingham, Bolton, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Coleraine, Crawley, Darford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Newport, Nottingham, Southampton and Swansea

Principal place of business at which a list of partners' names is available
Peterborough Court, 133 Fleet Street, London EC4A 2TR

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Company No. 2352435

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

of

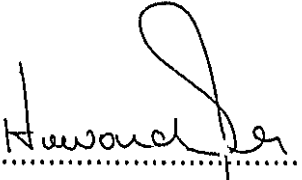
HAMLEYS OF LONDON LIMITED

At an ANNUAL GENERAL MEETING of the Company held at the offices of Clifford Chance, 200 Aldersgate Street, London EC1A 4JJ on 7 April 1994 the following Resolution was passed as a Special Resolution of the Company:

SPECIAL RESOLUTION

THAT:

- (a) pursuant to Section 43(1)(a) of the Companies Act 1985 (the "Act") the Company will be re-registered as a public company following which the name of the Company will be changed to "Hamleys plc";
- (b) effective from the date of re-registration of the Company as a plc the Memorandum of Association of the Company be altered pursuant to Section 43(2)(a) and (b) of the Act by the deletion of Clause 1, the re-numbering of existing Clauses 2, 3, 4 and 5 as Clauses 3, 4, 5, and 6 respectively and the insertion of new Clauses 1 and 2 as follows:-
 - "1. The Company's name is Hamleys plc.
 - 2. The Company is a public company";
- (c) the Articles of Association in the form produced to the meeting and marked "B" and initialled by the Chairman for the purposes of identification only be and are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of all previous Articles of Association.


.....
Chairman



DIH50554.06/JJH

G

COMPANIES FORM No. 43(3)

**Application by a private
company for re-registration
as a public company****43(3)**Please do not
write in
this margin

Pursuant to section 43(3) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

--	--	--	--

2352435

Name of company

* Insert existing full
name of company

* Hamleys of London Limited

o Insert full name of
company amended
to make it appropriate
for this company as
a public limited
company

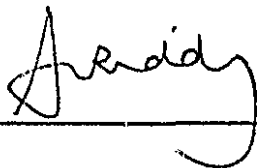
applies to be re-registered as a public company by the name of o Hamleys plc

and for that purpose delivers the following documents for registration:

- 1 Declaration made by a director or the secretary in accordance with section 43(3)(e) of the above Act (on Form No 43(3)(e))
- 2 Printed copy of memorandum and articles as altered in pursuance of the special resolution under section 43(1)(a) of the above Act.
- 3 Copy of auditors written statement in accordance with section 43(3)(b) of the above Act
- 4 Copy of relevant balance sheet and of auditors unqualified report on it

§ delete if section 44
of the Act does not
apply[5 ~~Copy of any valuation report.~~]† delete as
appropriate

Signed



Director, Secretary† Date

7 April 1994

Presenter's name address and
reference (if any):For official Use
General Section

Post room



THE COMPANIES ACT 1985

PUBLIC COMPANY LIMITED BY SHARES

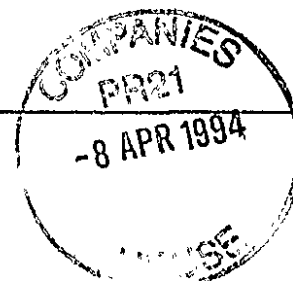
MEMORANDUM OF ASSOCIATION

of

HAMLEYS plc

1. The Company's name is "Hamleys plc".*
2. The Company is to be a public company.*
3. The Company's registered office is to be situated in England.
4. The Company's objects are:
 - (A) (i) To act as an investment holding company and to co-ordinate the business of any companies in which the Company is for the time being interested, and to acquire (whether by original subscription, tender, purchase exchange or otherwise) the whole of or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by a body corporate constituted or carrying on business in any part of the world or by any government, sovereign ruler, commissioners, public body or authority and to hold the same as investments, and to sell, exchange, carry and dispose of the same.

* As inserted by special resolution of 7 April 1994



- (ii) To carry on business as retailers, manufacturers, importers, exporters and suppliers of and dealers in goods of all kinds.
- (B) To carry on the following businesses, namely, contractors, garage proprietors, filling station proprietors, owners and charterers of road vehicles, aircraft and ships and boats of every description, lightermen and carriers of goods and passengers by road, rail, water or air, forwarding, transport and commission agents, customs agents, stevedores, wharfingers, cargo superintendents, packers, warehouse storekeepers, cold store keepers, hotel proprietors, caterers, publicans, consultants, advisers, financiers, bankers, advertising agents, insurance brokers, travel agents, ticket agents and agency business of all kinds and generally to provide entertainment for and render services of all kinds to others and to carry on any other trade or business whatsoever which can in the opinion of the Directors be advantageously carried on by the Company in connection with or as auxiliary to the general business of the Company or any other trade or business whatsoever which can in the opinion of the directors be advantageously carried on by the Company in connection with or as ancillary to any of the businesses of the Company.
- (C) To buy, sell, manufacture, repair, alter, improve, manipulate, prepare for market, let on hire, and generally deal in all kinds of plant, machinery, apparatus, tools, utensils, materials, produce, substances, articles and things for the purpose of any of the businesses specified in this clause 4, or which are likely to be required by customers or other persons having, or about to have, dealings with the Company.
- (D) To build, construct, maintain, alter, enlarge, pull down and remove or replace any buildings, shops, factories, offices, works, machinery, engines and to clear sites for the same or to join with any person, firm or company in doing any of the things aforesaid and to work, manage and control the same or join with others in so doing.
- (E) To enter into contracts, agreements and arrangements with any other company for the carrying out by such other company on behalf of the Company of any of the objects for which the Company is formed.
- (F) To acquire, undertake and carry on the whole or any part of the business, property and liabilities of any person or company carrying on any business which may in the opinion of the directors be capable of being conveniently carried on or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights, or any property suitable for the purposes of the Company.

- (G) To enter into any arrangements with any government or authority national, international, supreme, municipal, local or otherwise, that may in the opinion of the directors be conducive to the Company's objects or any of them, and to obtain from any such government or authority any rights, privileges, and concessions which in the opinion of the directors is desirable, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (H) To apply for, or join in applying for, purchase or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, service marks, copyrights, registered designs, protections, concessions and the like, and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting and testing and making researches, and in improving or seeking to improve any patents, inventions or rights which the Company may acquire or propose to acquire.
- (I) To acquire an interest in, amalgamate with or enter into partnership or into any arrangement for the sharing of profits, union of interests, co-operation, joint adventure, reciprocal concession, or otherwise with any company, or with any employees of the Company. To lend money to, guarantee the contracts of, or otherwise assist any such company, and to take or otherwise acquire shares or securities of any such company. To sell, hold, re-issue, with or without guarantee, or otherwise deal with the same.
- (J) To lend money to, to subsidise and assist any persons or companies and to act as agents for the collection, receipt or payment of money and generally to act as agents or brokers for and render services to any company, and to undertake and perform sub-contracts.
- (K) To enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee or otherwise provide security for, with or without the Company receiving any consideration therefor or advantage therefrom, directly or indirectly, by personal covenant or by mortgage, charge or lien over all or any part of the undertaking, property and assets present and future and uncalled capital of the Company or by any other means whatsoever, the performance of the obligations and the payment of any moneys (including but not limited to capital or principal, premiums, dividends or interest, commissions, charges, discount and any related costs or expenses whether on any stocks, shares or securities or in any other manner) by any company, firm or person including but not limited to any company which is for the time being the Company's holding company or a subsidiary of the Company (each as defined by section 736 of the Act) or of the Company's holding company as so defined or any company, firm

or person who is for the time being a member or otherwise has any interest in the Company or is associated with the Company in any business or venture, or any other person firm or company whatsoever. For the purposes of this paragraph (K) "guarantee" includes any other obligation howsoever described to pay, satisfy, provide funds (whether by advance of money the purchase of or the subscription of shares or other securities, the purchase of assets or services, or otherwise) for the payment or satisfaction of, or to indemnify against the consequences of default in the payment of or otherwise be responsible for any indebtedness of any other company firm or person.

- (L) To promote, finance or assist any company for the purpose of acquiring all or any of the property, rights or undertaking or assuming the liabilities of the Company, or for any other purpose which may be in the opinion of the directors directly or indirectly calculated to benefit the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of such company as aforesaid.
- (M) To pay out of the funds of the Company all or any expenses which the Company may lawfully pay of or incidental to the formation, registration, promotion and advertising of or raising money for the Company, and the issue of its capital including those incurred in connection with the advertising or offering the same for sale or subscription, including brokerage and commissions for obtaining applications for or taking, placing or underwriting or procuring the underwriting of shares or other securities.
- (N) To remunerate any person, firm or company rendering service to the Company whether by cash payment or by the allotment to him or them of shares or securities of the Company credited as paid up in full or in part or otherwise.
- (O) Generally to purchase, take on lease or exchange, hire, or otherwise acquire any real or personal property and any rights or privileges over or in respect of it.
- (P) To receive money on deposit on such terms as the directors may approve.
- (Q) To invest and deal with the moneys of the Company in such manner as may from time to time be determined by the directors.
- (R) To lend money or give credit with or without security.
- (S) To borrow or raise or secure the payment of money in such manner as the directors shall approve and in particular by the issue of debentures or debenture stock, perpetual or

otherwise charged upon all or any of the Company's property (both present and future), including its uncalled capital, and to purchase, redeem or pay off any such securities.

- (T) To remunerate any company for services rendered or to be rendered, in placing, or assisting to place, or guaranteeing the placing or procuring the underwriting of any of the shares or debentures, or other securities of the Company or of any company in which this Company may be interested or propose to be interested, or in or about the conduct of the business of the Company, whether by cash payment or by the allotment of shares, or securities of the Company credited as paid up in full or in part, or otherwise.
- (U) To subscribe for either absolutely or conditionally or otherwise acquire and hold shares, stocks, debentures, debenture stock or other obligations of any other company and to co-ordinate, finance and manage the business and operation of any company in which the Company holds any such interest.
- (V) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (W) To sell, lease, exchange, let on hire, or dispose of any real or personal property or the undertaking of the Company, or any part or parts thereof, for such consideration as the directors shall approve, and, in particular, for shares whether fully or partly paid up, debentures or securities of any other company, whether or not having objects altogether, or in part, similar to those of the Company, and to hold and retain any shares, debentures or securities so acquired, and to improve, manage, develop, sell, exchange, lease, mortgage, dispose of, grant options over or turn to account or otherwise deal with all or any part of the property or rights of the Company.
- (X) To adopt such means of making known the businesses and products of the Company as may in the opinion of the directors seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals, and by granting prizes, rewards and donations.
- (Y) To support, subscribe or contribute to any charitable or public object or any institution, society or club which may be for the benefit of the Company or its directors, officers or employees, or the directors, officers and employees of its predecessors in business or of any subsidiary, allied or associated company, or which may be connected with any town or place where the Company carries on business and to subsidise or assist any association of employers or employees or any trade association. To grant pensions, gratuities, annuities

or charitable aid and generally to provide advantages, facilities and services to any person (including any directors or former directors) who may have served the Company or its predecessors in business or any subsidiary, allied or associated company or to the wives, children or other dependants or relatives of such persons, to make advance provision for the payment of such pensions, gratuities or annuities as aforesaid by establishing or acceding to such trusts schemes or arrangements (whether or not capable of approval by the Commissioners of Inland Revenue under any relevant legislation for the time being in force) as may seem expedient, to appoint trustees or to act as trustee of any such schemes or arrangements, and to make payments towards insurance for the benefit of such persons or to their wives, children, or other dependants or relatives.

- (Z) To establish and contribute to any scheme for the purchase or subscription by trustees of shares in the Company to be held for the benefit of the employees of the Company or any subsidiary, allied or associated company, and to lend money to such employees or to trustees on their behalf to enable them to purchase or subscribe for shares in the Company and to formulate and carry into effect any scheme for sharing the profits of the Company with employees or any of them.
- (AA) To apply for, promote and obtain any Act of Parliament order or licence of the Department of Trade and Industry or other authority for enabling the Company to carry any of its objects into effect or for effecting any modifications of the Company's constitution or for any other purposes which may in the opinion of the directors seem expedient, and to oppose any proceedings or applications which may in the opinion of the directors seem calculated directly or indirectly to prejudice the Company's interests.
- (BB) To establish, grant and take up agencies in any part of the world, and to do all such other things as the Company may deem conducive to the carrying on of the Company's business, either as principals, or agents, and to remunerate any persons in connection with the establishment or granting of such agencies upon such terms and conditions as the Company may think fit.
- (CC) To distribute among the shareholders in specie any of the property of the Company or any proceeds of sale or disposal of any property of the Company and for such purpose to distinguish and separate capital from profits, but so that no distribution amounting to a reduction of capital shall be made except with the sanction (if any) for the time being required by law.
- (DD) To purchase and maintain insurance for the benefit of any person who is an officer or employee, or former officer or employee, of the Company or of a subsidiary of the

Company or in which the Company has an interest whether direct or indirect or who is or was trustee of any retirement benefits scheme or any other trust in which any such officer or employee or former officer or employee is or has been interested indemnifying such person against liability for negligence, default, breach of duty or breach of trust or any other liabilities which may lawfully be insured against.

- (EE) To amalgamate with any other company.
- (FF) To do all or any of the above things in any part of the world and as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents, subcontractors or otherwise, and either alone or in conjunction with others and to procure the Company to be registered or recognised in any foreign country or place.
- (GG) To do all such other things as are in the opinion of the directors incidental or conducive to the attainment of all or any of the Company's objects, or the exercise of all or any of its powers.

The objects specified in each paragraph of this clause shall, except where otherwise expressed in such paragraph, be regarded as independent objects, and are not limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company. None of the paragraphs of this clause or the objects or powers specified or conferred in or by them are deemed subsidiary or ancillary to the objects or powers mentioned in any other paragraph, but the Company has as full a power to exercise all or any of the objects and powers provided in each paragraph as if each paragraph contained the objects of a separate company.

The word "company" in this clause (except where used in reference to the Company) is deemed to include any person or partnership or other body of persons whether domiciled in the United Kingdom or elsewhere and whether incorporated or unincorporated, and words denoting the singular number only include the plural number and vice versa. The word "Act" in this clause means the Companies Act 1985, and any reference in this clause to any provision of the Act is deemed to include a reference to any modification or re-enactment of that provision for the time being in force.

- 5. The liability of the members is limited.

6. The Company's share capital is £457,515 divided into 3,626,245 Ordinary Shares, 327,255 "B" Ordinary Shares and 41,798,000 Deferred Shares of 1p each.*

* As inserted by special resolution of 7 April 1994

WE, the subscribers to this memorandum of association, wish to be formed into a company pursuant to this memorandum; and we agree to take the number of shares shown opposite our respective names.

NAMES AND ADDRESSES OF SUBSCRIBERS	Number of shares taken by each subscriber
JACQUELINE SAMUELS For and on behalf of Legibus Secretaries Limited Royex House Aldermanbury Square London EC2V 7LD	ONE
CHRISTINE ANNE LEE For and on behalf of Legibus Nominees Limited Royex House Aldermanbury Square London EC2V 7LD	ONE
Total shares taken:	<u>TWO</u>

DATED the 7th day of February 1989

WITNESS to the above signatures:-

DENISE WARD

Royex House

Aldermanbury Square

London EC2V 7LD

2004-92

THE COMPANIES ACT 1985

PUBLIC COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

OF

HAMLEYS plc

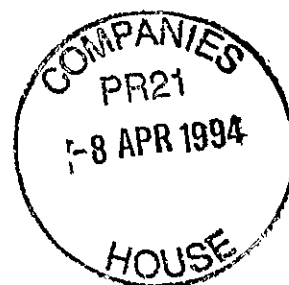
Incorporated the 24th day of February, 1989

ADOPTED BY SPECIAL RESOLUTION

Passed on 7 April 1994

Clifford Chance
Royex House,
Aldermanbury Square,
London
EC2V 7LD

REF: JZB/PTM/H1746/00058



DBF\$01\$4.09/kcb

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Company No: 2352435

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

- of -

HAMLEYS plc

(as adopted by a Special Resolution passed
on 7 April 1994)

1. **PRELIMINARY**

The headings shall not affect the construction hereof and in the interpretation of these Articles unless there be something in the subject or context inconsistent therewith the following words and expressions shall bear the meanings set opposite them:-

"the Act"	the Companies Act 1985 as amended by the Companies Act 1989
"the Agreement for Services"	the agreement for services entered into by Hamleys Limited, Greymart Limited and the Company on the same day as the adoption of these Articles as the articles of association of the Company
"the Board"	the Board of Directors of the Company
"Bank"	the Agent from time to time under the Loan Agreement
"B" Ordinary Share"	a "B" Ordinary Share of 1p in the capital of the Company as hereinafter provided
"B" Ordinary Shareholder"	a holder for the time being of "B" Ordinary Shares
"Co-Investment Scheme"	a scheme operated by an Institutional Shareholder whereby certain employees or former employees ("eligible employees") of that institutional shareholder are entitled (as individuals or through a company or other vehicle), inter alia, to acquire, by

	transfer or subscription, shares which that Financial Institution would otherwise become or be entitled to acquire
"Connected Person"	as defined by Section 839 Income and Corporation Taxes Act 1988
"Deep Discounted Loan Notes"	the £4,280,297 Deep Discounted Loan Notes 1998 issued by the Company on the date of the adoption by it of these Articles
"Deferred Share"	a deferred share of 1p in the capital of the Company as hereinafter provided
"Deferred Shareholder"	a holder for the time being of Deferred Shares
"Director"	a director for the time being of the Company
"Group Company"	the Company and any of its subsidiaries from time to time
"Institutional Shareholders"	any Shareholder in the Company being a corporation who is not a Management Shareholder but not including Hamleys Trustees Limited or Lowndes Queensway Group Limited or those acquiring shares from either of them (who shall be Management Shareholders) unless such persons are Institutional Shareholders as at the date of the adoption of these articles or are transferees of such Institutional Shareholders and acquire their shares in such capacity
"Loan Agreement"	a loan agreement dated 10th May 1989 between, inter alia, the Bank and the Company as the same is amended and restated by an amendment and restatement agreement between the Company and, inter alia, the Bank dated the same date as that upon which these Articles were adopted by the Company
"Management Shareholders"	any Shareholder (save for Timothy Chadwick as long as he shall remain a Shareholder and save further, for the avoidance of doubt, for any individual who acquires Shares under a Co-Investment Scheme) who, being an individual, is or was at the time of acquiring his shares a director or employee or consultant or equivalent adviser to any

	Group Company (other than an "A" Director) from time to time or any other Shareholder not being an Institutional Shareholder who acquires shares from any such person
"Ordinary Share"	an Ordinary Share of 1p in the capital of the Company as hereinafter provided
"Ordinary Shareholder"	a holder for the time being of Ordinary Shares
"Shares"	any shares (other than Deferred Shares) for the time being in the capital of the Company
"Shareholder"	a holder for the time being of any Shares
"Shareholders Agreement"	the agreement dated the same date as that upon which these Articles were adopted by the Company made between (1) the Company (2) Hamleys Trustees Limited and Others (3) Citicorp Capital Investors Europe Limited and others and (4) H. Dyer and Another relating inter alia to the subscription for further Shares
"Shareholder-related Contract"	any contract, agreement, arrangement or transaction including (without limitation) any such matter entered into for employment or the provision of services made between any Shareholder (or person who in relation to such Shareholder is a Connected Person) and the Company or any subsidiary of the Company or any holding company of the Company or any subsidiary of any such holding company
"Table A"	Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (as amended)

Words and expressions defined in the Act shall unless the context otherwise requires have the same meanings in these Articles. The singular shall include the plural and vice versa. Any subsequent legislation shall for the purpose of these Articles have no retrospective effect.

2. TABLE A

The Regulations contained in Table A shall apply to the Company save in so far as they are excluded or modified hereby. The first sentence of Regulation 24 and Regulations 64, 73-77 inclusive, 80, 87 and 118 of Table A 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.

3. PUBLIC COMPANY

The Company is a public company.

4. SHARES

The share capital of the Company at the date of adoption of these Articles is £457,515 divided into 3,626,245 Ordinary Shares, 327,255 "B" Ordinary Shares and 41,798,000 Deferred Shares.

5. "B" ORDINARY SHARES

5.1.1 Any Shareholder may at any time convert such or all of his Shares into "B" Ordinary Shares of an equivalent par value (credited with the same premium (if any) which is credited to such Ordinary Share) by serving a notice in writing on the Company at its registered office or upon any Director, if such conversion is necessary to prevent any infringement or violation by such Shareholder of any law or regulation requiring that the amount of shares held does not exceed any limits imposed by such law or regulation. Save as otherwise specifically provided in Article 5.1.2 the Ordinary and "B" Ordinary Shares shall rank pari passu in all respects and all references to Ordinary Shares and Ordinary Shareholders shall be deemed to include a reference to "B" Ordinary Shares and "B" Ordinary Shareholders respectively.

5.1.2 "B" Ordinary Shares shall not entitle the "B" Ordinary Shareholders to exercise any votes at any General Meetings of the Company and the provisions of Article 9 shall be read accordingly. References in Articles 14 and 19 shall not be deemed in these Articles to include a reference to "B" Ordinary Shares and "B" Ordinary Shareholders.

5.1.3 Any "B" Ordinary Shareholder may at any time convert such or all of his "B" Ordinary Shares into Ordinary Shares of an equivalent par value (credited with the same premium (if any) which is credited to such "B" Ordinary Share) by serving a notice in writing on the Company at its registered office or upon any Director provided that such conversion does not infringe or violate any law or regulation imposing limits on the amount of shares held.

6. DEFERRED SHARES

The Deferred Shares will carry no voting rights, no rights to a dividend or distribution, no class or consent rights and will (on a liquidation or other return of capital) not be entitled to any amount from the Company.

7. MINIMUM DIVIDEND

7.1 The Ordinary Shareholders shall, subject always to the terms of the Loan Agreement, be entitled in each financial year commencing with that ending 31st January 1997 to a cumulative minimum dividend of a cash sum (net of any associated tax credit), equal to 30% of the net profits (as hereinafter defined) of the Company and its subsidiaries for the relevant financial year such dividend to be paid no more than 30 days after the next Annual General Meeting of the Company held after the end of the relevant financial year. Any amount not so paid shall be carried forward and become payable without any resolution of the Directors or of the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 104 (inclusive) of Table A) and be payable

in priority to the dividends payable hereunder in future years. Dividends paid hereunder shall be distributed pro rata according to the nominal amount (but excluding any premium) paid up and credited as paid up on the Ordinary Shares in issue at the time.

7.2 For the purpose of calculating the Minimum Dividend the expression "net profits" shall mean the net profits of the Company and its subsidiaries available for distribution as shown by the audited consolidated profit and loss account of the Company and its subsidiaries for the relevant financial year before any provision is made for the payment of any dividend on any share in the capital of the Company or any of its subsidiaries or for any other distribution or for the transfer of any sum to reserves.

8. ISSUES OF SHARES

Subject to these Articles the pre-emption provisions of sub-section (1) of Section 89 and sub-sections (1) to (6) of Section 90 of the Act shall apply to any allotment of the Company's equity securities, Provided that for the purposes of those sub-sections the period specified in Section 90(6) of the Act shall be 21 days and Provided further that the holders of such classes of shares ("Equity Shareholders") who accept shares shall be entitled to indicate that they would accept shares that have not been accepted by other Equity Shareholders ("Excess Shares") on the same terms as originally offered to all Equity Shareholders and any shares not so accepted shall be allotted to the Equity Shareholders who have indicated they would accept Excess Shares; such Excess Shares shall be allotted in the numbers in which they have been accepted by Equity Shareholders or if the number of Excess Shares is not sufficient for all Equity Shareholders to be allotted all the Excess Shares they have indicated they would accept then the Excess Shares shall be allotted as nearly as practicable in the proportion that the number of Excess Shares each Equity Shareholder indicated he would accept bears to the total number of Excess Shares and provided further that none of the foregoing shall apply to the issue of the 59,302 authorised but unissued Ordinary Shares existing at the date hereof which such Shares shall, in accordance with the resolutions of the members of the Company passed on the date of adoption of these Articles be issuable by the directors free from the restrictions herein provided the same are issued only to employees/directors of the Company who shall hold their shares as Management Shareholders and that the subscription price for such shares shall be not less than 6.32 pence per share.

9. VOTES

Subject to the provisions of these Articles, Regulation 54 of Table A shall apply to the voting rights of the Shareholders of the Company.

10. PERMITTED TRANSFERS

10.1 The Directors shall not register any transfer of Shares in the Company save in the circumstances permitted by Articles 10, 11, 12 and 13 and save as provided in the subsequent provisions of this Article 10 the Shareholders shall not be entitled to transfer any Shares whether by way of sale or otherwise except in accordance with the provisions of Articles 11, 12 and 13.

10.2 Without prejudice to Regulation 5 of Table A, any Share held by a Shareholder may be transferred to a person shown to the reasonable satisfaction of the "A" Director to be a nominee of

or a trustee for that Shareholder only ("Beneficial Shareholder") PROVIDED THAT the provisions of this Article and Articles 11, 12 and 13 shall apply to any Share so transferred as if it were still held by the Beneficial Shareholder.

10.2.1 Any Share held by a nominee of or a trustee for a Beneficial Shareholder may, provided always that the requirements of Article 10.2.2. are satisfied, be transferred to such Beneficial Shareholder or subject to the proviso in Article 10.2 to any other nominee of or trustee for such Beneficial Shareholder only.

10.2.2 Where a Share is to be held as nominee of or trustee for another, the intending nominee or trustee must prior to the issue or transfer of such Share to the nominee or trustee disclose to the Company that he is to hold such Share or Shares as nominee of or trustee for a Beneficial Shareholder. A nominee or trustee failing to make such prior disclosure shall not be entitled to have transferred to him any Share or Shares (subsequently) held by the Beneficial Shareholder.

10.3 Any Shareholder which is a body corporate may transfer any Shares to its ultimate parent company or any other body corporate controlled directly or indirectly by its ultimate parent company PROVIDED ALWAYS THAT the transferee gives an undertaking to the Company that in the event of any such body corporate ceasing to be controlled directly or indirectly by such ultimate parent company immediately prior to it so ceasing such Shares shall be transferred to another body corporate so controlled.

10.4 Without prejudice to Regulation 5 of Table A, any Share held by a Shareholder may be transferred to a person or persons shown to the reasonable satisfaction of the "A" Director to be the trustee of any family trust of that Shareholder. For these purposes a "family trust" means, in relation to a Shareholder, trusts the beneficiaries or potential beneficiaries whereunder are exclusively the Shareholder concerned and/or the spouse, child or other issue, stepchild or adopted child and brother or sister of that Shareholder.

10.5 Any Institutional Shareholder may transfer any Shares held by it to a fund or a nominee of a fund managed by it or to any other person who becomes a manager or trustee of such a fund.

10.6 Any Institutional Shareholder may transfer shares to any vehicle (including for the avoidance of doubt and without limitation any form of incorporated entity, partnership, individual or the like) of its Co-Investment Scheme and any such Co-Investment Scheme vehicle may transfer shares to any replacement vehicle to the scheme should the scheme change. The Co-Investment Scheme vehicle shall also be entitled to transfer any shares to the participants thereof, subject to the rules of the scheme itself.

10.7 Hamleys (Trustees) Limited may transfer any shares held by it to any director or employee of any Group Company to whom it is decided by the Directors to make shares available by way of incentivisation or reward for past services.

11. TRANSFERS

11.1 Any holders of Ordinary Shares (the "Retiring Shareholder") wishing to transfer part or all of his Ordinary Shares shall first give a notice in writing (a "Sale Notice") to the Company specifying the number and denoting numbers (if any) of Shares which the Retiring Shareholder wishes to sell (the "Sale Shares") which notice shall constitute the Company the agent of the Retiring Shareholder for the sale of the Sale Shares at market value (such value to be determined in accordance with the provisions of Article 11.5) ("Market Value").

11.2 On receipt of a Sale Notice the Company shall forthwith offer the Sale Shares at Market Value first to all the other Ordinary Shareholders in proportion as nearly as may be to the nominal amount of their existing holdings of Ordinary Shares in the Company. Such offer shall to the extent that the same is not accepted within 21 days of the receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Ordinary Shareholder in proportion as nearly as may be to their existing holdings of Ordinary Shares in the Company. Such offer shall to the extent that it is not accepted within 28 days of receipt of the Sale Notice by the Company be deemed to be declined.

11.3 If the Company shall find purchasing Shareholders in respect of all or (except where the Sale Notice provides otherwise) any of the Sale Shares in accordance with Article 11.2 it shall forthwith give notice thereof to the Retiring Shareholder which notice shall provide that:-

11.3.1 the price for the Sale Shares is to be Market Value determined in accordance with this Article; and

11.3.2 subject to the proviso contained in Article 14 the Retiring Shareholder shall have the right to revoke his Sale Notice and the purchasing Shareholder shall have the right to withdraw from the proposed purchase until either the Market Value is agreed between them or within seven days of the date of the Chartered Accountant's determination as provided in Article 11.5. In the event of withdrawal by a purchasing Shareholder the Shares comprised in such Sale Notice shall be offered as if the offer to the purchasing Shareholder had been declined and all time limits shall be adjusted to run accordingly. In the event of revocation by the Retiring Shareholder the offer shall lapse and the provisions of this Article shall apply to any further attempt to transfer the Sale Shares; and

11.3.3 if the Retiring Shareholder does not revoke his Sale Notice and the purchasing Shareholder does not withdraw pursuant to Article

11.3.2 above then they shall be bound to complete the sale and purchase within seven days of the end of the period of revocation or withdrawal specified in Article 11.3.2.

11.4 If the Company shall not find purchasing Shareholder(s) pursuant to Article 11.2 for all of the Sale Shares or if through no default of the Retiring Shareholder the purchase of any of the Sale Shares is not completed within the time period specified in Article 11.3 the Retiring Shareholder shall be at liberty at any time within one month after the determination of Market Value or if later within two months after the first service of the Sale Notice to transfer such of the Sale Shares as were not accepted by the purchasing Shareholder or in respect of which the sale was not completed as aforesaid or (in any case where the Sale Notice stated that the Retiring Shareholder required to sell all and not

part only of the Sale Shares) all of the Sale Shares to any person he may wish and at Market Value or any higher or (subject as provided below) lower price **PROVIDED THAT** no Sale Shares shall be sold at a lower price than Market Value without first serving a further Sale Notice upon the Company specifying such lower price as the price at which such Sale Shares are offered and all the provisions of this Article 11 shall apply to such further Sale Notice save that Market Value shall be deemed to be such lower price.

11.5 The Market Value of the Sale Shares shall be determined by agreement between the Retiring Shareholder and the purchasing Shareholders but in default of agreement thereon within fourteen days of the first offering of the Sale Shares or any of them to such Shareholders shall be calculated on the basis of a sale between a willing seller and a willing purchaser (as at the date of the Sale Notice) (without any discount for a minority holding) and shall be certified by an independent Chartered Accountant of not less than five years standing to be agreed between the parties and in default of agreement to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales. In so certifying the said Chartered Accountant shall act as an expert and not as an arbitrator and his decision shall be final and binding upon the parties.

11.6 In the event of the Retiring Shareholder failing to carry out the sale of any of the Sale Shares after the expiry of the time limit for revocation the Directors may authorise some person to execute a transfer of the Sale Shares to the purchasing Shareholder and the Company may give a good receipt for the purchase price of such Sale Shares and may register the purchasing Shareholders as holders thereof and issue to them certificates for the same whereupon the purchasing Shareholders shall become indefeasibly entitled thereto. The Retiring Shareholder shall in such case be bound to deliver up his certificate for the Sale Shares to the Company whereupon the Retiring Shareholder shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for the Retiring Shareholder but without interest. If such certificate shall comprise any Shares which the Retiring Shareholder has not become bound to transfer as aforesaid the Company shall issue to the Retiring Shareholder a balance certificate for such Shares.

11.7 The cost of obtaining a certificate of Market Value shall be borne equally by the Retiring Shareholder and the purchasing Shareholder provided that if any Retiring Shareholder shall within twelve months of revoking a Sale Notice serve a further Sale Notice in respect of any of the Shares comprised in an earlier Sale Notice the cost of obtaining a certificate relating to such further Sale Notice shall be borne wholly by such Retiring Shareholder.

12. DEEMED TRANSFER NOTICE

12.1 Subject to the provisions of Article 12.2 below, save with the prior written agreement of those of the Institutional Shareholders holding between them sixty per cent. in nominal value of the Ordinary Shares held by Institutional Shareholders for the time being, in any case where a Management Shareholder ceases (for whatever reason) to be either a director or employee of the Company or any of its subsidiaries (and is not continuing as either a director or employee of the Company or of that subsidiary, as the case may be) and in the case of Howard Dyer, upon the termination of the Agreement for Services the Company may determine (at its absolute discretion at any time after such cessation) that the Shareholder in question (including for the avoidance of doubt, Mr. Dyer as aforesaid) shall be deemed to have served a Sale Notice pursuant to Article 11 above in respect of his entire holding of Shares and the provisions of Article 11 shall apply in relation

thereto save that a Sale Notice deemed to be given by such director or employee in the circumstances herein referred to shall not be capable of revocation.

12.2 The provisions of Article 12.1 shall not apply to any shares acquired pursuant to any employee share scheme approved by the Inland Revenue.

13. TRANSFERS - CHANGING CONTROL

13.1 Notwithstanding anything contained in these Articles no sale or transfer of any Ordinary Shares to any person whomsoever conferring the right to vote (whether immediately or subject to the lodging of a notice under Article 5.1.3) at general meetings of the Company which would result if made and registered in a person or connected persons whether or not then a member of the Company obtaining a controlling interest in the Company (the "Specified Shares") shall be made or registered unless before the transfer is lodged for registration the proposed transferee or his nominees has or have made an offer (stipulated to be open for acceptance for twenty-eight days) to purchase all the other Ordinary Shares at the Specified Price (as hereinafter defined) which offer every Shareholder shall be bound within twenty-eight days of the making of such offer to him either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer).

Provided that the provisions of this Article shall not apply to the acquisition of Shares by a person who is at the time of the adoption of these Articles of Association an existing Shareholder and the acquisition is made under the terms of a Sale Notice given pursuant to Articles 11 or 12.

13.2 For the purpose of this Article:-

13.2.1 the expression "a controlling interest" shall mean Shares or the right to acquire shares or the rights to exercise voting rights conferring in the aggregate 50 per cent. or more of the total voting rights (including voting rights subject to the lodging of a notice pursuant to Article 5.2) conferred by all the Shares in the capital of the Company for the time being in issue and conferring the right to vote at all General Meetings and "connected persons" shall have the meaning ascribed thereto in Section 839 of the Income and Corporation Taxes Act 1988;

13.2.2 the expressions "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renouncee under any such letter of allotment; and

13.2.3 the "Specified Price" shall mean a price per Share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. In the event of disagreement the calculation of the Specified Price shall be referred to an umpire (acting as expert and not as arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall be final and binding.

14. MATTERS REQUIRING CONSENT OF THE "A" DIRECTOR OR THE BOARD

14.1 In addition to any other authority required in law the following matters all require to be authorised by the "A" Director in writing or minuted in Board Minutes of a Board Meeting of the Company countersigned by the "A" Director and provided that in the event of any conflict between any of the provisions of this Article and the provisions of any other Article the provisions of this Article shall prevail:-

14.1.1 the sale lease transfer or other disposition in any financial year of the Company of the whole or any part of the undertaking of the Company representing 10 per cent. of the net tangible assets of the Company and its subsidiaries taken as a whole or the sale or other disposal of a subsidiary the net assets of which represent more than 10 per cent. of the net tangible assets attributable to the Company and its subsidiaries taken as a whole as shown by the latest available consolidated audited balance sheet of the Company and its subsidiaries (adjusted as appropriate to reflect any deterioration since the balance sheet date if any Director so requires and he shall so require if he has any reason to believe the net tangible assets have decreased since such date) or if no such balance sheet is available then assets representing £100,000 or more. Provided that for the purposes of this Article all disposals in any financial year of the Company shall be aggregated for the purposes of assessing whether authorisation is required from an "A" Director;

14.1.2 the commencement of any action by a Shareholder to wind up or dissolve the Company or any subsidiary PROVIDED THAT this Article shall not require a Shareholder who is also a Director to act otherwise than in accordance with his fiduciary duties to the Company as a Director;

14.1.3 the employment of any person by any Group Company or the appointment of any person as a consultant or other adviser by any such company or the variation of the terms of any such employment or appointment by virtue of which: (i) such person is entitled to receive remuneration or other fees/payments from any Group Company or Companies at a rate equal to or exceeding or capable of exceeding £80,000 per annum or equivalent or such other sum as the Board may from time to time determine; or (ii) such appointment is not capable of termination on the part of the Company by the giving of one years' notice or less or upon the paying of compensation equivalent to one years' emoluments thereunder or less;

14.1.4 any variation in the authorised or issued Share or loan capital or the creation or the granting of any options or other rights to subscribe for Shares or to convert into Shares in the capital of the Company or any subsidiary;

14.1.5 any capital expenditure by the Company and its subsidiaries in any one financial year of the Company of an amount in excess of 10% of that shown in the Operating Budget (as defined in the Loan Agreement) such budget to be approved by the "A" Director in advance of its being sent to the Bank;

14.1.6 any material change in the nature of the business of any Group Company or of the Group taken as a whole;

14.1.7 the creation of any one or more mortgages charges or encumbrances on any asset of any Group Company to secure an amount or amounts aggregating or exceeding in any one financial year of the Company £25,000 or the giving by any Group Company of any guarantee for such an amount or amounts otherwise than as detailed in the relevant Operating Budget (as defined aforesaid) approved by the "A" Director in respect of the relevant financial year;

14.1.8 the creation of or any amendment to any Shareholder-related Contract or any variation otherwise than as detailed in the relevant Operating Budget approved by the "A" Director in respect of the relevant financial year of the remuneration or other benefits payable thereunder or the making by any Group Company of any contract outside the ordinary course of their respective businesses or otherwise than at arm's length;

14.1.9 any alteration to the Memorandum or Articles of Association of any Group Company;

14.1.10 the entering into by any Group Company of any lease, licence, tenancy or other similar obligation where the rental or other payments thereunder exceed or are likely to exceed £100,000 per annum or the entering into by any Group Company of any such commitments whereby the rental or other payments in the aggregate exceed or are likely to exceed £200,000 in any year otherwise than as detailed in the relevant Operating Budget approved by the "A" Director in respect of the relevant financial year;

14.1.11 the declaration or distribution of any dividend or other payment out of the distributable profits of the Company other than dividends payable in respect of the Minimum Dividend;

14.1.12 the incorporation of a new subsidiary;

14.1.13 the appointment of any director to the Board of any Group Company;

14.2 In addition to any other authority required in law the following matters all require to be authorised by a decision of the Board and shall not be matters capable of delegation to any person by the Board:-

14.2.1 the alteration of the accounting reference date of the Company or any subsidiary;

14.2.2 the grant of any right to use the "Hamleys" name or the grant of any franchise (or similar arrangement) of the business carried on by the Company or its subsidiaries.

15. ADJOURNED MEETINGS

15.1 If a meeting is adjourned under Regulation 41 of Table A because a quorum is not present and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholders present shall form a quorum and Regulation 41 of Table A shall be modified accordingly.

15.2 It shall not be necessary to give any notice of an adjourned meeting and Regulation 45 of Table A shall be modified accordingly.

16. POLLS

A poll may be demanded by the Chairman or by any Shareholder present in person or by proxy and having the right to vote at the meeting and Regulation 46 of Table A shall be modified accordingly.

17. DIRECTORS' BORROWING POWERS

17.1 Subject to Article 14 hereof 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 Sections 81 and 82 of the 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 PROVIDED THAT the Directors shall procure that the aggregate of the amounts for the time being remaining undischarged or owing by the Company and its subsidiaries by way of borrowed monies (but excluding any inter-company loans, mortgages and charges) and including any amounts payable under leases or hire purchase commitments shall not exceed whichever is the greater of £20,000,000 or an amount equal to the aggregate of the amount for the time being paid up or credited as paid up on the issued share capital of the Company and the total of the amounts for the time being standing to the credit of the consolidated reserves (including but not limited to share premium account, capital redemption reserve, and profit and loss account) of the Company and its subsidiaries all based on the latest audited consolidated balance sheet of the Company and its subsidiaries but:-

17.1.1 adjusted as may be appropriate to reflect any variations since the date of such balance sheet in the amount of such paid up capital the share premium account and the capital redemption reserve, since the date of such balance sheet;

17.1.2 excluding any amounts set aside for deferred taxation and any amounts attributed to minority interests in subsidiaries of the Company;

17.1.3 deducting any amounts attributed to goodwill or other intangible assets;

17.1.4 deducting any amount equal to any distribution by the Company out of profits earned prior to the date of such balance sheet and which have been declared, recommended or made since that date except so far as provided for in such balance sheet;

17.1.5 and deducting any debit balances on profit and loss account.

17.2 For the purposes of this Article "borrowed monies" shall be deemed to include the following except in so far as otherwise taken into account:-

17.2.1 the aggregate amounts outstanding in respect of facilities afforded to the Company and its subsidiaries from any bank, acceptance house, financial institution or any other person whatsoever, whether by way of overdraft, loan, acceptance credit or otherwise howsoever;

17.2.2 any sums of money the repayment whereof by a person other than the Company or any subsidiary is the subject of a guarantee or indemnity by the Company or its subsidiaries;

17.2.3 outstanding amounts raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any of the Company and its subsidiaries;

17.2.4 the principal amount of any debenture (whether secured or unsecured) of any of the Company and its subsidiaries owed otherwise than by any of the Company and its subsidiaries;

17.2.5 the principal amount of any preference share capital of any subsidiary owed otherwise than to any of the Company and its subsidiaries; and

17.2.6 any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing;

but shall be deemed not to include:-

17.2.7 borrowings for the purposes of repaying the whole or any part of borrowings by any of the Company and its subsidiaries for the time being outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period; and

17.2.8 borrowings for the purpose of financing any contract in respect of which any part of the price receivable by any of the Company and its subsidiaries is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade or by any other Governmental department fulfilling a similar function, to an amount not exceeding that part of the price receivable thereunder which is so guaranteed or insured.

17.3 A Report by the Auditors as to the aggregate amount which may at any one time in accordance with the provisions of Articles 17.1 to 17.2 be owing by the Company and its subsidiaries shall be conclusive in favour of the Company and all persons dealing with the Company.

17.4 When the aggregate amount of borrowings required to be taken into account for the purposes of this Article 17 on any particular day is being ascertained, any of such moneys denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:-

17.4.1 at the rate of exchange prevailing on that day in London or

17.4.2 to the extent that the repayment of such moneys is specifically covered by a forward purchase contract at the rate of exchange specified therein.

17.5 No lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article 17 is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed had been or was thereby exceeded.

18. DIRECTORS

18.1 Unless otherwise determined by ordinary resolution the number of Directors (other than alternate directors) shall be not less than two and not more than eight.

18.2 A Director shall not retire by rotation save for a Director appointed to fill a casual vacancy or as an addition to the Board who shall retire from office at the Annual General Meeting next following his appointment but who may stand for re-election thereat. Regulations 78 and 79 of Table A shall be modified accordingly.

18.3 The office of Director shall be vacated if the Director in the reasonable opinion of all his co-Directors becomes incapable by reason of mental disorder of discharging his duties as Director, and Regulation 81 of Table A shall be modified accordingly.

19. "A" DIRECTOR

19.1 For as long as it is a Shareholder, Citicorp Capital Investors Europe Limited ("CCIEL") shall be entitled to appoint and remove a director of the Company ("A" Director"). In addition the remaining Institutional Shareholders holding between them a majority in terms of nominal value of shares held by the Institutional Shareholders (other than CCIEL) for the time being shall also be entitled to appoint and remove an "A" Director ("the additional "A" Director") **PROVIDED THAT** should the additional "A" Director be appointed Howard Dyer, for so long as he is an executive director and Shareholder in the Company, shall have the right to appoint an additional executive director to the Board **PROVIDED FURTHER** that any director appointed by Howard Dyer pursuant to this Article 19.1 shall remain in office only for so long as the additional "A" Director is in office or, if shorter, for so long as Howard Dyer himself remains an executive director of and Shareholder in the Company and such director shall forthwith resign or in default be deemed to have resigned forthwith (without any grounds for compensation against the Company whatsoever) upon the removal/resignation from office of the additional "A" Director or the termination (for whatever reason) of Howard Dyer's position as an executive director of the Company or upon his ceasing to be a Shareholder, whichever shall occur first.

19.2 Each "A" Director shall be entitled to receive an annual fee of £10,000 plus VAT payable quarterly in arrears in respect of his appointment together with all expenses reasonably and properly incurred by him in connection with his appointment as a Director, from the Company. Such appointments (or removals) shall be made by notice in writing served upon the Company at its registered office. References in these Articles to the "A" Director shall be construed as being references to both "A" Directors whenever there are two "A" Directors appointed in accordance with the terms of this Clause 19.

20. BOARD MEETINGS

20.1 Meetings of the Board shall take place no less frequently than seven per calendar year with no more than 3 months elapsing between such meetings. At least five clear working days notice of each meeting shall be given to each Director such notice to be given together with an agenda and all working papers proposed to be considered at the relative meeting provided that if a majority in number of the Directors agree to less frequent meetings and/or to a shorter period of notice then board meetings may be called less frequently and/or on such agreed shorter period of notice provided

further that such majority so agreeing must include one "A" Director. All Board Meetings shall take place in the United Kingdom save with such agreement as aforesaid.

20.2 Without prejudice to any other provision in these Articles the quorum for meetings of the Board shall be three including at least one executive director and one non-executive director or their respective alternatives.

20.3 Any Director may participate in a meeting of the Board or a committee thereof by means of a conference telephone or similar communications equipment whereby all persons participating in any such meeting can hear each other. Participation in any such meeting in this manner shall be deemed to constitute presence at the Meeting.

21. INDEMNITIES

Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect insofar as its provisions are not avoided by Section 310 of the Act.

**AUDITORS' STATEMENT TO THE DIRECTORS OF HAMLEYS OF LONDON LIMITED
PURSUANT TO SECTION 43(3)(b) OF THE COMPANIES ACT 1985**

We have examined the balance sheet of Hamleys of London Limited as at 29 January 1994 which formed part of the financial statements for the year then ended audited by us. The scope of our work for the purpose of this statement was limited to an examination of the relationship of amounts stated in the audited balance sheet in connection with the company's proposed re-registration as a public company.

In our opinion the balance sheet shows that at 29 January 1994 the amount of the company's net assets was not less than the aggregate of its called-up share capital and undistributable reserves.

Pannell Kerr Forster

PANNELL KERR FORSTER
Registered Auditors

7 April 1994

2352435

HAMLEYS OF LONDON LIMITED
ANNUAL REPORT
YEAR ENDED 29 JANUARY 1994



HAMLEYS OF LONDON LIMITED
(Registered Number 2352435)
ANNUAL REPORT
YEAR ENDED 29 JANUARY 1994

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**HAMLEYS OF LONDON LIMITED
OFFICERS AND PROFESSIONAL ADVISERS**

DIRECTORS

H P Dyer (Chairman)
S J Woodbridge (Managing Director)
A M Riddy (Finance Director)
R N Hambro (Non-Executive; Chairman of the Audit and Remuneration Committee)
A D Mackenzie (Non-Executive)

COMPANY SECRETARY

L Hall (appointed 2 March 1994)

REGISTERED OFFICE

188-196 Regent Street
London W1R 6BT

AUDITORS

Pannell Kerr Forster
Chartered Accountants
New Garden House
78 Hatton Garden
London EC1N 8JA

BANKERS

National Westminster Bank Plc
Bank of Scotland

**HAMLEYS OF LONDON LIMITED
DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 29 January 1994.

1 PRINCIPAL ACTIVITY

The principal activity of the group continued to be that of the retailing of toys and gifts.

2 ACTIVITIES AND REVIEW OF DEVELOPMENTS

1993/94 was a further year of progress for the company with a 17% growth in turnover and tight cost control producing a 50% increase in operating profit from £2,401,000 to £3,595,000.

The turnover improvement was a result of a substantial increase in sales at the Regent Street flagship store and the full-year effect of the developments instigated in 1992.

The growth at Regent Street continued despite the third consecutive year of the UK recession which again depressed retailing activity, although there were signs of a recovery in consumer expenditure in the second half of the year. The number of overseas tourists visiting London increased during the year as a result of the UK's withdrawal from the ERM in September 1992 and the subsequent devaluation of the pound. The performance of the Regent Street store was enhanced by the completion of a substantial refurbishment which was started in 1992 and completed in June in readiness for the peak trading months. This has greatly improved the unique environment within the store and alleviated the customer traffic flow problems which arose during previous Christmas trading periods.

The store at Heathrow Terminal 4 was affected in the first half of the year following the two enforced relocations in 1992 when the Terminal was refurbished. However, performance in the second half of the year was satisfactory. The two-year trial period at Gatwick North Terminal was concluded when the store closed in February 1994; whilst the store provided marginal profits the growth potential was limited.

The contract with British Airways for the supply of in-flight children's activity packs called "Skyflyers" was extended during the year to include short-haul as well as long-haul flights.

In addition, a new store was opened at Covent Garden; this site was selected due to the number of tourists visiting the area, both national and international. The store will not compete with the Regent Street store as it is not comparable in size or products offered. However, it is anticipated that it will attract tourists who do not necessarily visit Regent Street.

The profit improvement and continued focus on working capital management has led to a net cash inflow for the year of £2,417,000, an improvement of £976,000 over last year despite the investment in the store refurbishment.

3 DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out on page 6. The directors do not recommend the payment of a dividend.

4 FUTURE PROSPECTS

It is the intention of the Directors to continue the development of Hamleys as a retailer of toys and gifts.

The Directors believe that the company is now well positioned to take advantage of the anticipated upturn in UK consumer spending and international travel.

In order to capitalise on this opportunity the Directors are reviewing the possibility of seeking a Stock Exchange listing in 1994 and have appointed advisors accordingly.

HAMLEYS OF LONDON LIMITED DIRECTORS' REPORT

5 FIXED ASSETS

Details of fixed assets are given in note 9.

6 DIRECTORS

The present membership of the Board is set out on page 1. On 2 March 1994 H P Dyer replaced R N Hambro as Chairman and S J Woodbridge was appointed Managing Director.

The director's interests as defined by the Companies Act 1985 in the shares of the Company at 29 January 1994 and 1 February 1993 were as follows:

	<u>Ordinary</u>		<u>Deferred ordinary</u>	
	<u>29 January</u> <u>1994</u>	<u>1 February</u> <u>1993</u>	<u>29 January</u> <u>1994</u>	<u>1 February</u> <u>1993</u>
H P Dyer	485,996	485,996	-	-
R N Hambro	38,378	38,378	2,498,900	2,498,900
A D Mackenzie	59,472	59,472	29,205	29,205
K A Marks (resigned on 31 January 1994)	-	-	-	-
A M Riddy	59,302	59,302	-	-
S J Woodbridge	59,302	59,302	-	-

The group maintains insurance for directors and officers against liabilities relating to the group as authorised by the Companies Act 1985.

7 DONATIONS

During the year the group made donations of toys, gifts and cash totalling £7,566 to various charities mainly associated with children.

8 AUDITORS

A resolution to re-appoint Pannell Kerr Forster as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Ladaw Hall

L Hall
Secretary

9 March 1994

HAMLEYS OF LONDON LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 29 JANUARY 1994

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm their compliance with those requirements.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
HAMLEYS OF LONDON LIMITED**

We have audited the financial statements on pages 6 to 20 which have been prepared under the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 29 January 1994 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pannell Kerr Forster

London

9 March 1994

PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

HAMLEYS OF LONDON LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 29 JANUARY 1994

	<u>Notes</u>	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Turnover	2	20,915	17,888
Cost of sales		(10,232)	(8,752)
Gross profit		10,683	9,136
Distribution costs		(5,792)	(5,405)
Administrative expenses		(1,296)	(1,330)
		(7,088)	(6,735)
Operating profit		3,595	2,401
Interest payable and similar charges	4	(899)	(1,181)
Profit on ordinary activities before taxation	2,5	2,696	1,220
Tax on profit on ordinary activities	6	(837)	(530)
Profit on ordinary activities after taxation for the year		1,859	690

The movements on reserves are given in note 18 to the financial statements.

All items stated in the profit and loss account relate to continuing activities.

There are no recognised gains and losses other than in the profit and loss account.

HAMLEYS OF LONDON LIMITED
CONSOLIDATED BALANCE SHEET
29 JANUARY 1994

	<u>Notes</u>	<u>£'000</u>	<u>1994</u>	<u>£'000</u>	<u>1993</u>	<u>£'000</u>
FIXED ASSETS						
Tangible assets	9			2,280		2,177
CURRENT ASSETS						
Stocks	11	1,923			1,712	
Debtors	12	774			733	
Cash at bank and in hand		2,780			399	
			5,477		2,844	
CREDITORS						
Amounts falling due within one year	13	4,193			3,290	
NET CURRENT ASSETS/(LIABILITIES)				1,284		(446)
TOTAL ASSETS LESS CURRENT LIABILITIES				3,564		1,731
CREDITORS						
Amounts falling due after more than one year	14		(13,771)		(13,318)	
PROVISIONS FOR LIABILITIES AND CHARGES						
Deferred tax	15		(160)		(139)	
Other provisions	16		(330)		(830)	
				(10,697)		(12,556)
CAPITAL AND RESERVES						
Called up share capital	17		432		432	
Share premium account	18		6,128		6,128	
Profit and loss account	18		1,800		(59)	
Goodwill reserve			8,360		6,501	
			(19,057)		(19,057)	
	19		(10,697)		(12,556)	

Approved by the board on 9 March 1994

H P Dyer  Director

A M Riddy  Director

HAMLEYS OF LONDON LIMITED
BALANCE SHEET
29 JANUARY 1994

	<u>Notes</u>	<u>1994</u> £'000	£'000	<u>1993</u> £'000	£'000
FIXED ASSETS					
Investments	10		18,699		18,699
CURRENT ASSETS					
Debtors	12	3,646		1,682	
Cash at bank and in hand		1		349	
		<u>3,647</u>		<u>2,031</u>	
CREDITORS					
Amounts falling due within one year	13	376		717	
NET CURRENT ASSETS			<u>3,271</u>		<u>1,314</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,970</u>		<u>20,013</u>
CREDITORS					
Amounts falling due after more than one year	14		(13,771)		(13,252)
PROVISIONS FOR LIABILITIES AND CHARGES	16		<u>(250)</u>		<u>(750)</u>
			<u>7,949</u>		<u>6,011</u>
CAPITAL AND RESERVES					
Called up share capital	17		432		432
Share premium account	18		6,128		6,128
Profit and loss account	18		1,389		(549)
	19		<u>7,949</u>		<u>6,011</u>

Approved by the board on 9 March 1994

H P Dyer

Director

A M Riddy

Director

HAMLEYS OF LONDON LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 29 JANUARY 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£'000	£'000
NET CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation and interest		3,595	2,401
Depreciation on tangible fixed assets		428	338
Loss on sale of tangible fixed assets		11	-
Write-down of long leasehold property		466	99
(Increase)/decrease in stocks		(211)	(283)
Increase in debtors		(41)	193
Increase in creditors		808	
(Decrease)/increase in provisions for liabilities and charges		(500)	80
		<u>4,556</u>	<u>2,828</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES			
SERVICING OF FINANCE			
Interest paid		(466)	(586)
Interest element of finance lease rentals		(4)	(14)
		<u>(470)</u>	<u>(600)</u>
NET CASH OUTFLOW FROM SERVICING OF FINANCE			
		(330)	-
TAX PAID			
INVESTING ACTIVITIES			
Tangible fixed assets - purchases		(1,010)	(714)
- disposals		2	-
		<u>(1,008)</u>	<u>(714)</u>
Purchase of fixed assets			
		2,748	1,514
NET CASH INFLOW BEFORE FINANCING			
FINANCING			
Repayment of superior bank loan	22	(250)	3
Movement on share premium account	22	-	(76)
Principal payment under finance leases	22	(81)	
		<u>(331)</u>	<u>(73)</u>
NET CASH OUTFLOW FROM FINANCING			
		2,417	1,441
INCREASE IN CASH AND CASH EQUIVALENTS	21	<u>2,417</u>	<u>1,441</u>

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared in accordance with applicable *Accounting Standards* and under the historical cost convention and, in the current year, modified to include long leasehold property at revalued amounts.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary for the year ended 29 January 1994.

(c) Goodwill

Goodwill arising on the acquisition of subsidiaries is transferred to reserves in the year of acquisition.

(d) Tangible fixed assets

Depreciation is provided on cost and revalued amounts in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Long leasehold property	2% per annum
Leased assets	Over the term of the lease
Computer equipment	20% per annum
Fixtures and fittings	15%-50% per annum

(e) Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents purchase price and freight costs.

(g) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(h) Pension costs

The pension cost represents contributions payable by the group in the year.

(i) Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

2 TURNOVER AND PROFIT

Turnover represents sales and the net income from concession sales excluding VAT. The 1993 financial statements reflected net income from concession sales in other income. The comparative figures for these financial statements have been restated to reflect this income in turnover. The turnover and profit before taxation is attributable to the principal activities of the company. The company has no significant sales or operating activities outside the United Kingdom.

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>1994</u> £'000	<u>1993</u> £'000
Directors' emoluments:		
Services as directors	360	442
Remuneration of the chairman	20	20
Remuneration of the highest paid director	142	231
Scale of other directors' remuneration:	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	-	1
£ 5,001 - £ 10,000	2	2
£ 65,001 - £ 70,000	-	1
£ 70,001 - £ 75,000	1	-
£100,001 - £105,000	-	1
£105,001 - £110,000	1	-

DIRECTOR'S CONTRACT

H P Dyer is a director and shareholder of Greymart Limited, a company with which the company has a contract for services. During the year, payments of £131,000 (1993 £222,000), including pensions and social security costs have been made to this company. This amount has been included within directors' emoluments.

	<u>1994</u> £'000	<u>1993</u> £'000
Employee costs during the year:		
Wages and salaries	2,577	2,487
Social security costs	209	210
Other pension costs	50	49
	2,836	2,746
The average number employed by the company during the year:	<u>Number</u>	<u>Number</u>
Sales and distribution	166	152
Administration	27	30
	193	182

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

4 INTEREST PAYABLE AND SIMILAR CHARGES	<u>1994</u> £'000	<u>1993</u> £'000
Interest on bank overdrafts and other loans wholly repayable within 5 years	317	400
Interest on bank and other loans	578	767
Finance charges - finance leases and hire purchase obligations	4	14
	<hr/> 899	<hr/> 1,181

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1994</u> £'000	<u>1993</u> £'000
Profit on ordinary activities before taxation is after charging:		
Rentals under operating leases:		
Hire of plant and machinery	41	46
Other operating leases - rental on Regent Street store	1,143	1,150
- other	151	106
Renewal and reassignment of trade marks	45	5
Exceptional items in respect of the long leasehold property (see note below) - credit	(34)	-
Depreciation:		
Own assets	364	222
Assets held under finance leases and hire purchase contracts	64	116
Auditors' remuneration	38	32
Fees paid to Pannell Kerr Forster for non-audit services	9	19
	<hr/> 899	<hr/> 1,181

Exceptional items

As the company is reviewing the possibility of seeking a listing of its shares on the London Stock Exchange the directors have considered it appropriate to include the company's leasehold interest in the Regent Street store in the financial statements at current open market value. As a result of this the carrying value of the lease has been reduced from £1,066,000 to £600,000 and the net cost of £466,000 charged to the profit and loss account. No change has been made to the carrying value of the leasehold interest in the financial statements of earlier years.

The directors have also reconsidered the need for the provision of £500,000 for dilapidations on the leasehold interest in the Regent Street store which was established in 1990. They do not consider that this provision continues to be appropriate due to the length of lease and condition of property and accordingly it has been written back to the profit and loss account in the year.

6 TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>1994</u> £'000	<u>1993</u> £'000
Corporation tax payable at 33% - Current year	877	391
- Prior years	(61)	-
Deferred tax - Current year	28	139
- Prior years	(7)	-
	<hr/> 837	<hr/> 530

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

7 PARENT COMPANY PROFIT AND LOSS ACCOUNT

As permitted by Section 230 of the Companies Act 1985, the profit and loss of the parent company is not presented as part of these accounts. The parent company's profit for the year to 29 January 1994 amounted to £1,938,000 (1993 loss £2,000).

8 DIVIDENDS

No dividends were paid in the year (1993 : £Nil).

9 TANGIBLE FIXED ASSETS

The Group	Total £'000	Long leasehold property £'000	Fixtures and fittings £'000	Computer equipment £'000
Cost or valuation				
At 1 February 1993	2,809	1,190	981	638
Additions	1,010	-	949	61
Disposals	(48)	-	-	(48)
Write-downs	(590)	(590)	-	-
At 29 January 1994	3,181	600	1,930	651
Accumulated depreciation				
At 1 February 1993	632	99	184	349
Provisions	428	25	268	135
Disposals	(35)	-	-	(35)
Write-downs	(124)	(124)	-	-
At 29 January 1994	901	-	452	449
Net book value				
At 29 January 1994	2,280	600	1,478	202
At 31 January 1993	2,177	1,091	797	289

Notes

- (i) The long leasehold property was valued at £600,000 by Messrs Drivers Jonas, Chartered Surveyors, as at 29 January 1994. The valuation was made on the basis of open market value for the existing use. The resulting deficit of £466,000 on book value is reflected through the profit and loss account as an exceptional item. Further details are given in note 5 above.
- (ii) The historical cost of long leasehold property included at valuation is as follows:

	£'000
Cost	1,190
Accumulated depreciation	(124)
At 29 January 1994	1,066
At 31 January 1993	1,091

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

9 TANGIBLE FIXED ASSETS (Continued)

(iii) The net book value of the group's computer equipment includes £45,000 (1993 - £109,000) in respect of assets held under finance leases and hire purchase contracts.

(iv) The company had no tangible fixed assets at 29 January 1994 or 31 January 1993.

10 INVESTMENTS HELD AS FIXED ASSETS

29 January 1994
and
31 January 1993
£'000

The Company	
Shares in subsidiary undertaking	18,699

The company owns the entire share capital of Hamleys Limited, a company registered in England and Wales and which trades as a toy retailer.

11 STOCKS

	The Group		The Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Finished goods and goods for resale	1,923	1,712	-	-

The replacement cost of stocks at 29 January 1994 and 31 January 1993 was not significantly different from the amount at which they are stated in the financial statements.

12 DEBTORS

	The Group		The Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Trade debtors	224	237	-	-
Amounts owed by subsidiary undertaking	-	-	3,629	1,665
Other debtors	17	17	17	17
Prepayments and accrued income	533	479	-	-
	774	733	3,646	1,682

13 CREDITORS

	The Group		The Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Amounts falling due within one year:				
Bank loans and overdrafts	250	536	250	500
Obligations under finance leases and hire purchase contracts	66	81	-	-
Trade creditors	1,736	1,237	-	-
Other creditors	160	110	98	99
Corporation tax	876	390	-	-
Other taxation and social security	666	504	-	-
Accruals	439	432	28	118
	4,193	3,290	376	717

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

14 CREDITORS

Amounts falling due after more than one year:

	The Group		The Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Unsecured loan notes 1998	2,285	2,177	2,285	2,177
Deep discount unsecured loan stock 1998	3,399	3,207	3,399	3,207
Superior secured bank loan	4,200	4,200	4,200	4,200
Inferior secured bank loan	3,887	3,668	3,887	3,668
Obligations under finance leases and hire purchase contracts	-	66	-	-
	<u>13,771</u>	<u>13,318</u>	<u>13,771</u>	<u>13,252</u>

Amounts falling due after more than one year:

Analysis of loans payable partly or wholly after five years:

Bank loans:				
Within one year	250	500	250	500
Between one and two years	750	750	750	750
Between two to five years	4,250	4,250	4,250	4,250
After five years	3,087	2,868	3,087	2,868
Other loans:				
Between two to five years	5,684	5,384	5,684	5,384
	<u>14,021</u>	<u>13,752</u>	<u>14,021</u>	<u>13,752</u>

Other loans repayable between two to five years:

Unsecured loan notes 1998	2,285	2,177	2,285	2,177
Deep discount unsecured loan stock 1998	3,399	3,207	3,399	3,207
	<u>5,684</u>	<u>5,384</u>	<u>5,684</u>	<u>5,384</u>

Bank loans repayable by instalments some of which fall due after five years:

Bank loans:				
Total amount	8,337	8,368	8,337	8,368
Instalments due after five years	3,087	2,868	3,087	2,868

The bank loans are secured by a legal mortgage over the long leasehold property of Hamleys Limited and a mortgage debenture over all the other assets of that company. The superior bank loan bears interest at a normal commercial rate linked to LIBOR, subject to a maximum LIBOR of 11.5% until 31 January 1996. The inferior bank loan bears 6% interest rolled up until 31 January 1996 on which date the loan plus the accrued interest is added to the superior loan.

The unsecured loan notes 1998 bear 5% interest rolled up until the date of redemption, 9 January 1998.

The issued deep discount unsecured loan stock 1998 with a nominal value of £4,280,000, if not previously repaid or purchased by the company, will be redeemed at its nominal value on 9 January 1998. The income element of the stock (as a percentage of the nominal amount of the stock) was 4.2% in the first 12 months rising to 5.7% in the final year. This income element is accrued and charged to the profit and loss account each year. In addition the nominal value bears interest of 0.00001% rolled up. The loan stock is subordinated to all other creditors of the company including trade creditors.

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

15 DEFERRED TAXATION

The amounts of deferred taxation provided in the financial statements are:

	<u>1994</u> £'000	<u>1993</u> £'000
The group		
Capital allowances in excess of depreciation	281	236
Other short term timing differences	(121)	(97)
	<u>160</u>	<u>139</u>
 Balance at 1 February 1993	 139	
Provided in the year		
In respect of the current year	28	
In respect of prior years	(7)	
	<u>160</u>	
 Balance at 29 January 1994	 <u>160</u>	

The group had no unprovided deferred tax liability at either of the above dates.

The company had no deferred tax, provided or unprovided, at 29 January 1994 or 31 January 1993.

16 OTHER PROVISIONS FOR LIABILITIES AND CHARGES

	<u>The Group</u>		<u>The Company</u>	
	<u>1994</u> £'000	<u>1993</u> £'000	<u>1994</u> £'000	<u>1993</u> £'000
Provisions	330	830	250	750
	<u>330</u>	<u>830</u>	<u>250</u>	<u>750</u>
 Balance at 1 February 1993	 830		 750	
Released in the year	(500)		(500)	
	<u>330</u>		<u>250</u>	
 Balance at 29 January 1994	 <u>330</u>		 <u>250</u>	

A provision of £500,000 was set up to cover dilapidations on the leasehold interest in the Regent Street store and other potential liabilities existing at the date Hamleys Limited was acquired by the company. The directors are of the opinion that this provision is no longer required and its release has been reflected in the profit and loss account as an exceptional item.

£250,000 has been reserved to meet the cost of improving the computer systems of Hamleys Limited in accordance with the directors' plans at the date of acquisition. In addition a provision of £80,000 has been reserved to meet the cost of dilapidations and reorganisation of the warehouse.

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

17 SHARE CAPITAL

	Authorised At 29 January 1994 and 31 January 1993	
	No.	£'000
1p ordinary shares	3,626,245	36
1p 'B' ordinary shares	327,255	3
1p deferred ordinary shares	41,798,000	418
		<hr/>
		457
		<hr/>
	Allotted, issued and fully paid At 29 January 1994 and 31 January 1993	
	No.	£'000
1p ordinary shares	3,626,245	36
1p 'B' ordinary shares	327,255	3
1p deferred ordinary shares	39,299,100	393
		<hr/>
		432
		<hr/>

The 1p deferred ordinary shares carry no rights to a dividend or distribution in any circumstances.

18 RESERVES

	Share premium account £'000	Profit and loss account £'000
The group		
Balance at 1 February 1993	6,128	(59)
Profit for the year	-	1,859
	<hr/>	<hr/>
Balance at 29 January 1994	6,128	1,800
	<hr/>	<hr/>
The company		
Balance at 1 February 1993	6,128	(549)
Profit for the year	-	1,938
	<hr/>	<hr/>
Balance at 29 January 1994	6,128	1,389
	<hr/>	<hr/>

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

19 RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS

	<u>1994</u> £'000	<u>1993</u> £'000
The group		
Balance at 1 February 1993	(12,556)	(13,249)
Profit for the financial year	1,859	690
Proceeds from issue of shares	-	3
	<hr/>	<hr/>
Balance at 29 January 1994	<u>(10,697)</u>	<u>(12,556)</u>
The company		
Balance at 1 February 1993	6,011	6,010
Profit/(loss) for the financial year	1,938	(2)
Proceeds from issue of shares	-	3
	<hr/>	<hr/>
Balance at 29 January 1994	<u>7,949</u>	<u>6,011</u>

20 ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS DURING THE YEAR

	<u>1994</u> £'000	<u>1993</u> £'000
Balance 1 February 1993	363	(1,078)
Net cash inflow	2,417	1,441
	<hr/>	<hr/>
Balance at 29 January 1994	<u>2,780</u>	<u>363</u>

21 ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE CONSOLIDATED BALANCE SHEET

	<u>1994</u> £'000	<u>1993</u> £'000	<u>Change</u> <u>in year</u> £'000
Cash at bank and in hand	2,780	399	2,381
Bank overdrafts	-	(36)	36
	<hr/>	<hr/>	<hr/>
	<u>2,780</u>	<u>363</u>	<u>2,417</u>

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

22 ANALYSIS OF CHANGES IN FINANCING
DURING THE YEAR

	Share capital (including premium) 1994 £'000	Share capital (including premium) 1993 £'000	Loans and finance lease obligations 1994 £'000	Loans and finance lease obligations 1993 £'000
Balance at 1 February 1993	6,560	6,557	13,899	13,482
Capital repayments of superior secured bank loan	-	3	(250)	-
Capital repayments under finance leases	-	-	(81)	(76)
Interest rolled up in the year	-	-	519	493
Balance at 29 January 1994	6,560	6,560	14,087	13,899

23 MAJOR NON-CASH TRANSACTIONS

As detailed in note 14, the inferior bank loan, the unsecured loan notes 1998 and the deep discount unsecured loan stock 1998 attracted interest of £519,000 (1993 : £493,000) which has been rolled up in the year.

24 CONTINGENT LIABILITIES

A guarantee has been given in favour of H M Customs & Excise for potential liabilities to the value of £20,000.

A guarantee has been given to Hamleys Limited, the subsidiary company, in respect of commercial liabilities.

25 CAPITAL COMMITMENTS

The group

	1994 £'000	1993 £'000
Contracted for but not provided in the financial statements	-	292
Authorised but not yet contracted for	-	577

The company had no capital commitments at 29 January 1994 or 31 January 1993.

HAMLEYS OF LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 JANUARY 1994

26 FINANCE LEASE COMMITMENTS

	<u>1994</u> £'000	<u>1993</u> £'000
The group		
Minimum lease payments payable:		
Within one year	69	92
Within two to five years	-	69
	<hr/>	<hr/>
	69	161
Finance charges allocated to future periods	(3)	(14)
	<hr/>	<hr/>
	66	147
	<hr/>	<hr/>

The company had no finance lease commitments at 29 January 1994 or 31 January 1993.

27 OPERATING LEASE COMMITMENTS

At 29 January 1994 the group was committed to making the following annual payments in respect of operating leases:

	<u>Land and buildings</u> 1994 £'000	<u>Other</u> 1994 £'000	<u>Land and buildings</u> 1993 £'000	<u>Other</u> 1993 £'000
Leases which expire:				
Within one year	106	-	-	4
Within two to five years	118	38	106	37
After five years	1,150	-	1,150	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,374	38	1,256	41
	<hr/>	<hr/>	<hr/>	<hr/>

The company had no operating lease commitments at 29 January 1994 or 31 January 1993.

28 PENSION SCHEMES

Until 31 March 1992 the group operated defined benefit pension schemes. From that date employee and employer contributions to this scheme ceased and a group administered personal pension plan scheme has been established in its stead. The new scheme is not a company scheme; however, the company does contribute to the individual employee pension plans. Total company contributions in the year amounted to £50,000 (1993 - £49,000), being 8.75% of pensionable salaries. There were no contributions payable at the year end.

Existing benefits of the members of the old defined benefit scheme are in the process of being transferred to the relevant individuals' personal pension plans. Once this has been achieved this pension scheme will be wound up. Having taken advice from the old scheme's actuarial consultants, the directors believe this scheme to be solvent.

G

COMPANIES FORM No. 43(3)(e)

**Declaration of compliance
with requirements by a
private company on application
for re-registration as a public
company****43(3)(e)**Please do not
write in this margin

Pursuant to section 43(3)(e) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold black lettering

To the Registrar of Companies

For official use

Company number

[] [] [] []

2352435

Name of company

* Hamleys of London Limited

* insert full name
of company

I, Michael Riddy

of Flat 2, Baronsclere Court, 23 Avenue Road, London, N6 5YA

† delete as
appropriate

§ insert date

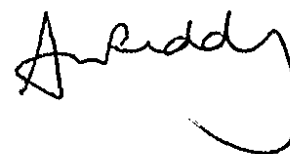
[the secretary or a director]† of the company, do solemnly and sincerely declare that:

- 1 the company, on 7 April 1994, passed a special resolution that the company should be re-registered as a public company;
- 2 the conditions of sections 44 and 45 of the above Act (so far as applicable) have been satisfied;
- 3 between the balance sheet date and the application for re-registration, there has been no change in the company's financial position that has resulted in the amount of its net assets becoming less than the aggregate of its called-up share capital and undistributable reserves.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 21 Southampton Place
Holborn London WC1

Declarant to sign below



the 7th day of April

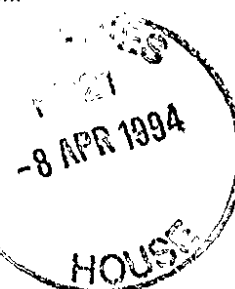
One thousand nine hundred and Ninety Four

before me G.S. Halligan (Solicitor)

A Commissioner for Oaths or Notary Public or Justice of the Peace or Solicitor having the powers conferred on a Commissioner for Oaths.

Presenter's name address and
reference (if any):For official Use
General Section

Post room:



FILE COPY



CERTIFICATE OF INCORPORATION

ON CHANGE OF NAME

AND RE-REGISTRATION OF A PRIVATE COMPANY

AS A PUBLIC COMPANY

Company No. 2352435

The Registrar of Companies for England and Wales hereby certifies that
HAMLEYS OF LONDON LTD.

formerly registered as a private company having changed its name and
having this day been re-registered under the Companies Act 1985 as a
public limited company is now incorporated under the name of

HAMLEYS plc

and that the company is limited.

Given at Companies House, Cardiff, the 8th April 1994

J. S. Rose

(J. S. Rose)
For The Registrar Of Companies



C O M P A N I E S H O U S E

G

COMPANIES FORM No.353a

353a

**Notice of place for inspection of
a register of members which is
kept in a non-legible form,
or of any change in that place**

Please do not
write in
this margin

Pursuant to the Companies (Registers and Other Records) Regulations 1985

Note: For use only when the register is kept by computer or in some other non-legible form

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies
(Address overleaf)

For official use

Company number

--	--	--	--

02352435

Name of company

* Insert full name
of company

* HAMLEYS PLC

gives notice, in accordance with regulation 3(1) of the Companies (Registers and Other Records) Regulations 1985, that the place for inspection of the register of members of the company which the company keeps in a non-legible form is [now]†:

† delete as
appropriate

EXCHANGE REGISTRARS LIMITED	
18 PARK PLACE	
CARDIFF	
CF1 3DD	Postcode CF1 3PD

Signed Lodan Hall

[Director][Secretary]† Date 26/5/94

Presenter's name address and
reference (if any):

For official Use
General Section

Post room



A279B1LI

A03 RECEIPT DATE: 27/05/94

CONFORMED COPY

Company No. 2352435

THE COMPANIES ACTS 1985 AND 1989

PUBLIC COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

of

HAMLEYS plc



■A6B971XY■

A051RECEIPT DATE:08/06/94

At an extraordinary general meeting of the above-named Company held at 32 Queen Anne's Gate, London SW1H 9AB on 25 April 1994 the following resolution was passed as a special resolution.

SPECIAL RESOLUTION

THAT, notwithstanding any other provision in the Memorandum or Articles of Association of the Company and so that this Resolution shall take precedence over any such provision and shall sanction each and every variation of the rights and privileges attaching to each class of shares in the capital of the Company which may be involved in or effected by the passing and implementation of such Resolution, but **SUBJECT TO** the issued and to be issued ordinary share capital of the Company being admitted to the Official List of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited (the "London Stock Exchange") and the admission becoming effective by the making of an announcement in accordance with Rule 7.1 of the rules of the London Stock Exchange, on or before 27 May 1994;

THEN, save as otherwise provided below, in the order set out in the paragraphs below and so that each such paragraph shall be implemented immediately after implementation of the previous paragraph:

- (A) each of the 327,255 "B" Ordinary Shares of 1 pence each be re-classified as Ordinary Shares of 1 pence each.
- (B) the authorised share capital of the Company be increased from £457,515 to £1,565,000 by the creation of 110,748,500 Ordinary Shares of 1 pence each.

- (C) the Company shall allot and issue, credited as fully paid, 75,116,500 Ordinary Shares of 1 pence each ("Bonus Shares") and for the purposes of making such bonus issue the Directors be and they are hereby authorised to capitalise out of any amount for the time being standing to the credit of any share premium account, a sum equal to the nominal value of the Bonus Shares to be allotted. Bonus Shares allotted and issued pursuant to this paragraph shall be distributed amongst the Shareholders entitled thereto pro rata as nearly as practicable (disregarding fractional entitlements which shall be rounded to the nearest whole share) to their holdings of Ordinary Shares of 1 pence each. For the purposes of making an allotment of Bonus Shares pursuant to this paragraph (C) of this Resolution the Directors shall and are hereby authorised for the purposes of section 80 of the Act to allot and issue Ordinary Shares of 1 pence not exceeding a nominal value of £751,165 as if section 89 of the Act did not apply to any such allotment or issue provided that this authority shall expire 30 business days after the satisfaction of condition (2) to this Resolution;
- (D) following the implementation of the previous paragraphs of this Resolution, every 5 Ordinary Shares of 1 pence each held by Shareholders and every 5 authorised but unissued Ordinary Shares of 1 pence each be consolidated into 1 Ordinary Share of 5 pence each. Fractional entitlements to issued Ordinary Shares of 5 pence each will be aggregated and sold for the benefit of the Company. In order to effect such sales, the Directors may authorise the Secretary to execute (on behalf of such Shareholders) an instrument of transfer in favour of, or in accordance with the directions of, the purchaser of such shares;
- (E) the Directors be and they are hereby authorised for the purposes of section 80 of the Act to allot and issue Ordinary Shares of 5 pence having a nominal value not exceeding £351,351.40 for cash at the Listing Price (such shares to be issued, inter alia, for the purposes of purchasing Deferred Shares in cash pursuant to paragraph (F) and for raising cash for the Company) as if section 89 of the Act did not apply to any such allotment provided that such authority to allot shall expire on the thirtieth business day after satisfaction of condition (2) to this Resolution but that the Directors shall be entitled to make an offer or agreement which would or might require such shares to be allotted after such expiry and the Directors may allot such shares pursuant to such offer or agreement notwithstanding such expiry;
- (F) the agreement produced to the meeting and marked "A" be and it is hereby authorised and approved for the purposes of section 164 of the Act and, subject to the agreement being executed, the Company be and it is hereby authorised for the purpose of Section 164 of the Act to purchase immediately on this Resolution becoming unconditional all of the Deferred Shares of 1 pence each in the capital of the Company in issue immediately following this Resolution becoming unconditional at an aggregate price of 1 pence per 100,000 Deferred Shares (or the remaining part thereof) so purchased and that the Secretary of the Company

be and is hereby authorised and directed to receive the share certificates in respect of such Deferred Shares and to execute such documents on behalf of holders of Deferred Shares as shall be necessary or expedient to effect such purchase and to receive the consideration payable therefor on behalf of the holders of Deferred Shares and to give the proceeds to such charity or charities as he may consider appropriate. The authorities provided by this Resolution shall expire on the thirtieth business day after condition (2) to this Special Resolution is satisfied;

- (G) subject to completion of the agreement to purchase the Deferred Shares sanctioned pursuant to paragraph (F) the authorised but unissued share capital of the Company comprising 41,798,000 Deferred Shares of 1p each be reclassified and consolidated into 8,359,600 Ordinary Shares of 5 pence each;
- (H) in substitution for all existing authorities other than the authorities given to them pursuant to the previous paragraphs of this Resolution, the Directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Act to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount equal to £380,680 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) fifteen months after the date of the passing of this Resolution or at the conclusion of the Annual General Meeting of the Company following the passing of this Resolution whichever last occurs and to make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement notwithstanding such expiry;
- (I) in substitution for all existing authorities other than the authorities given to them pursuant to the previous paragraphs of this Resolution, the Directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) of the Company pursuant to the authority conferred by paragraph (H) of this Resolution as if section 89(1) of the Act did not apply to such allotment provided that this power:
 - (i) shall expire fifteen months after the date of the passing of this Resolution or at the conclusion of the Annual General Meeting of the Company following the passing of this Resolution whichever last occurs save that the Company may make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement notwithstanding such expiry; and

(ii) shall be limited to:

(a) allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of Ordinary Shares made in proportion (as nearly as may be) to their existing holdings of Ordinary Shares but subject to the Directors having a right to make such exclusions or other arrangements in connection with such offering as they deem necessary or expedient:

(1) to deal with equity securities representing fractional entitlements; and

(2) to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory;

(b) other allotments of equity securities for cash up to an aggregate nominal amount equal to £57,100.

(J) subject to all of the Deferred Shares in issue having been purchased pursuant to paragraph (F) of this Resolution the Articles of Association in the form produced to the Meeting and marked "B" and initialled by the Chairman for the purposes of identification only be and are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of all previous Articles of Association;

(K) subject as aforesaid to and conditional upon the issued ordinary share capital of the Company being admitted to the Official List of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited and the admission becoming effective, the share premium account be cancelled.

(L) the Hamleys Share Option Scheme, the rules of which have been presented to the Meeting and initialled by the Chairman for the purposes of identification, be approved and adopted, and the Directors of the Company be and they are hereby authorised to do all acts and things which they may consider necessary or desirable to carry the same into effect and to make such amendments as they may consider appropriate for that purpose.

HOWARD DYER

.....

Chairman

Company No. 2352435

THE COMPANIES ACT 1985

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

HAMLEYS plc

Incorporated the 24th day of February 1989

as adopted by special resolution passed on 25 April 1994

CLIFFORD CHANCE

200 Aldersgate Street
London EC1A 4JJ

Telephone: 071 600 1000

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Reference: ANW/DBF/H1746/00138

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Company No. 2352435

THE COMPANIES ACT 1985

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

HAMLEYS plc

(as adopted by special resolution passed on 25 April 1994)

PRELIMINARY

1. Interpretation

(A) In the articles:

"Act" means, unless the context otherwise requires, the Companies Act 1985, including any statutory modification or re-enactment for the time being in force;

"Acts" means the Companies Acts 1985 and 1989 and all statutes and subordinate legislation for the time being in force concerning companies so far as they apply to the Company;

"articles" means these articles of association as amended from time to time;

"auditors" means the auditors of the Company;

"board" means the board of directors of the Company or the directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present;

"business day" means a day (not being a Saturday or Sunday) on which clearing banks are open for business in London;

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

"company" includes any body corporate (not being a corporation sole) or association of persons, whether or not a company within the meaning of the Act;

"director" means, unless the context otherwise requires, a director of the Company;

"dividend" includes bonus;

"entitled by transmission" means, in relation to a share, entitled as a consequence of the death or bankruptcy of a member or of another event giving rise to a transmission of entitlement by operation of law;

"executed" includes, in relation to a document, execution under hand or under seal or by another method permitted by law;

"holder" means, in relation to a share, the member whose name is entered in the register as the holder of that share;

"London Stock Exchange" means the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;

"member" means, unless the context otherwise requires, a member of the Company;

"office" means the registered office of the Company;

"paid", "paid up" and "paid-up" include credited as paid or paid up;

"recognised person" means a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange which is designated for the purposes of section 185(4) of the Act;

"register" means, unless the context otherwise requires, the register of members kept pursuant to section 352 of the Act;

"seal" means, unless the context otherwise requires, the common seal of the Company or any official or securities seal that the Company may have or may be permitted to have under the Acts;

"secretary" means the secretary of the Company and includes any assistant or deputy secretary and a person appointed by the board to perform the duties of the secretary;

- (B) Words and expressions contained in these articles which are not defined in paragraph (A) have, unless the contrary is indicated, the same meaning as in the Act, but excluding any *statutory modification to the Act not in force at the date of adoption of these articles.*
- (C) Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose.
- (D) The headings in the articles do not affect the interpretation of the articles.

2. Table A not to apply

No regulations contained in any statute or subordinate legislation, including the regulations contained in Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (as amended), apply as the regulations or articles of association of the Company.

SHARE CAPITAL

3. Authorised capital

The authorised share capital of the Company at the date of adoption of these articles is £1,565,000 divided into 31,300,000 ordinary shares of 5 pence each.

4. Allotment

- (A) Subject to the Acts and relevant authority of the Company in general meeting required by the articles and the Acts, the board has general and unconditional authority to allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of unissued shares (whether forming part of the original or any increased capital), or rights to subscribe for or convert any security into shares, to such persons, at such times and on such terms and conditions as the board may decide but no share may be issued at a discount.
- (B) The board has general and unconditional authority, pursuant to section 80 of the Act, to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount equal to the section 80 amount, for each prescribed period.
- (C) The board has general power, pursuant to section 95 of the Act, to allot equity securities pursuant to the authority conferred by paragraph (B), as if section 89(1) of the Act does not apply to such allotment, for each prescribed period. This power is limited to:
- (i) allotments of equity securities where the securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of ordinary shares made in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the board having a right to make such exclusions or other arrangements in connection with such offering as it deems necessary or expedient:
 - (a) to deal with equity securities representing fractional entitlements; and
 - (b) to deal with legal or practical problems under the laws of, or the requirements of a recognised regulatory body or a stock exchange in, any territory; and
 - (ii) allotments of equity securities for cash other than pursuant to paragraph (i) up to an aggregate nominal amount equal to the section 89 amount.

- (D) By the authority and power conferred by paragraphs (B) and (C), the board may during a prescribed period make an offer or agreement which would or might require equity securities or other relevant securities to be allotted after the prescribed period and may allot securities in pursuance of that offer or agreement.
- (E) In this article 4:
- (i) "prescribed period" means, first, the period of 15 months from the date of adoption of these articles, and, after expiry of that prescribed period, any subsequent period (not exceeding 15 months on any occasion) for which the authority conferred by paragraph (B) is renewed by ordinary or special resolution stating the section 80 amount, and the power conferred by paragraph (C) is renewed by special resolution stating the section 89 amount;
 - (ii) "section 80 amount" means, for the first prescribed period and for a subsequent prescribed period, the amount stated in the relevant ordinary or special resolution or, in either case, another amount fixed by resolution of the Company;
 - (iii) "section 89 amount" means, for the first prescribed period and for a subsequent prescribed period, the amount stated in the relevant special resolution;
 - (iv) the nominal amount of securities is, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of shares which may be allotted pursuant to those rights.
- (F) The board may at any time after the allotment of a share but before a person has been entered in the register as the holder of the share recognise a renunciation of the share by the allottee in favour of another person and may grant to an allottee a right to effect a renunciation on the terms and conditions the board thinks fit.

5. Power to attach rights

Subject to the Acts and to the rights attached to existing shares, new shares may be allotted or issued with or have attached to them such special rights or restrictions as the Company may by ordinary resolution decide, or, if no resolution is passed, as the board may decide.

6. Redeemable shares

Subject to the Acts and to the rights attached to existing shares, shares may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed.

7. Variation of rights

- (A) Subject to the Acts, the rights attached to a class of shares may be varied whether or not the Company is being wound up (i) in such manner (if any) as may be provided by those rights, or (ii) in the absence of provision, either with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the articles, but not otherwise.
- (B) The rights attached to a class of shares are not, unless otherwise expressly provided in the rights attaching to those shares, deemed to be varied by the creation or issue of further shares ranking *pari passu* with or subsequent to them or by the purchase or redemption by the Company of its own shares in accordance with the Acts and article 38.

8. Commission

The Company may exercise all powers conferred or permitted by the Acts of paying commission or brokerage. Subject to the Acts, commission or brokerage may be satisfied by the payment of cash or the allotment of fully- or partly-paid shares or the grant of an option to call for an allotment of shares or by any combination of these methods.

9. Trusts not recognised

Except as ordered by a court of competent jurisdiction or as required by law, the Company shall not recognise a person as holding a share on trust and is not bound by or otherwise compelled to recognise (even if it has notice of it) an equitable, contingent, future, partial or other claim to or interest in a share other than an absolute right in the holder to the whole of the share.

SHARE CERTIFICATES

10. Right to certificate

- (A) Subject to the Acts and the requirements of the London Stock Exchange, a person (except a recognised person in respect of whom the Company is not required by law to complete and have ready for delivery a certificate) on becoming the holder of a share is entitled, unless the terms of issue of the shares provide otherwise, without charge, to one certificate for all the shares of a class registered in his name or, in the case of shares of more than one class being registered in his name, to a separate certificate for each class of shares.
- (B) Where a member (other than a recognised person) transfers part of his shares comprised in a certificate he is entitled, without charge, to one certificate for the balance of shares retained by him.
- (C) The Company is not bound to issue more than one certificate for shares held jointly by two or more persons and delivery of a certificate to one joint holder is sufficient delivery to all joint holders.

- (D) A certificate shall specify the number and class and the distinguishing numbers (if any) of the shares in respect of which it is issued and the amount paid up on the shares. It shall be issued under a seal, which may be affixed to or printed on it, or in such other manner as the board may approve, having regard to the terms of issue and the requirements of the London Stock Exchange.

11. Replacement certificates

- (A) Where a member holds two or more certificates for shares of one class, the board may at his request, on surrender of the original certificates and without charge, cancel the certificates and issue a single replacement certificate.
- (B) At the request of a member, the board may cancel a certificate and issue two or more in its place (representing shares in such proportions as the member may specify), on surrender of the original certificate and on payment of such reasonable sum as the board may decide.
- (C) Where a certificate is worn out, defaced, lost or destroyed, the board may cancel it and issue a replacement certificate on such terms as to provision of evidence and indemnity (with or without security) and to payment of any exceptional out-of-pocket expenses incurred by the Company in the investigation of that evidence and the preparation of that indemnity and security as the board may decide, and on surrender of the original certificate (where it is worn out or defaced).

LIEN

12. Company's lien on shares not fully paid

- (A) The Company has a first and paramount lien on every share (other than a fully-paid share) registered in the name of a member (whether solely or jointly with another person) for an amount payable in respect of the share, whether the due date for payment has arrived or not. The lien applies to all dividends from time to time declared or other amounts payable in respect of the share.
- (B) The board may either generally or in a particular case declare a share to be wholly or partly exempt from the provisions of this article. Unless otherwise agreed with the transferee, the registration of a transfer of a share operates as a waiver of the Company's lien (if any) on that share.

13. Enforcement of lien by sale

- (A) For the purpose of enforcing the lien, the board may sell shares subject to the lien in such manner as it may decide, if the due date for payment of the relevant amounts has arrived and payment is not made within 14 clear days after the service of a notice in writing (stating, and demanding payment of, the amounts and giving notice of the intention to sell in default of payment) on the member concerned (or to a person entitled by transmission to the shares).
- (B) To give effect to a sale, the board may authorise a person to execute an instrument of transfer of shares in the name and on behalf of the holder of or the person entitled by transmission

to the shares to the purchaser or his nominee. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by an irregularity in or invalidity of the proceedings connected with the sale.

14. **Application of proceeds of sale**

The net proceeds of a sale effected under article 13, after payment of the costs of the sale, shall be applied by the Company in or towards satisfaction of the amount in respect of which the lien exists. Any residue shall (on surrender to the Company for cancellation of the certificate for the shares sold, or the provision of an indemnity (with or without security) as to any lost or destroyed certificate required by the board and subject to a like lien for amounts not presently payable as existed on the shares before the sale) be paid to the member or a person entitled by transmission to the shares immediately before the sale.

CALLS ON SHARES

15. **Calls**

Subject to the terms of issue, the board may make calls on members in respect of amounts unpaid on the shares or a class of shares held by them respectively (whether in respect of nominal value or a premium) and not payable on a date fixed by or in accordance with the terms of issue. Each member shall (on receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company the amount called as required by the notice. A call may be made payable by instalments and may, at any time before receipt by the Company of an amount due, be revoked or postponed in whole or in part as the board may decide. A call is deemed made at the time when the resolution of the board authorising it is passed. A person on whom a call is made remains liable to pay the amount called despite the subsequent transfer of the share in respect of which the call is made. The joint holders of a share are jointly and severally liable for payment of a call in respect of that share.

16. **Power to differentiate**

The board may make arrangements on the allotment or issue of shares for a difference between the allottees or holders in the amounts and times of payment of a call on their shares.

17. **Interest on calls**

If the whole of the amount called is not paid on or before the date fixed for payment, the person by whom it is payable shall pay interest on the unpaid amount at such rate as may be fixed by the terms of allotment of the share or, if no rate is fixed, at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the board may decide, from and including the date fixed for payment until but excluding the date of actual payment and all costs, charges and expenses incurred by the Company by reason of the non-payment. The board may waive payment of the interest in whole or in part.

18. **Payment in advance**

The board may, if it thinks fit, receive from a member all or part of the amounts uncalled and unpaid on shares held by him. A payment in advance of calls extinguishes to the extent of the payment the liability of the member on the shares in respect of which it is made. The Company may pay interest on the amount paid in advance, or on so much of it as from time to time exceeds the amount called on the shares in respect of which the payment in advance has been made, at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the board may decide.

19. **Amounts due on allotment treated as calls**

An amount which becomes payable in respect of a share on allotment or on a date fixed pursuant to the terms of allotment (whether in respect of nominal value or a premium) or as an instalment of a call is deemed to be a call. In case of non-payment, the provisions of the articles as to payment of interest and costs, charges and expenses, forfeiture or otherwise apply as if that amount has become payable by virtue of a call.

FORFEITURE

20. **Notice if call not paid**

If a member fails to pay the whole of a call or an instalment of a call on or before the date fixed for payment, the board may serve notice on the member or on a person entitled by transmission to the share in respect of which the call was made demanding payment, on a date not less than 14 clear days from the date of the notice, of the amount of the call outstanding and any interest that may have accrued on it and all costs, charges and expenses incurred by the Company by reason of the non-payment. The notice shall state (i) the place where payment is to be made, and (ii) that if the notice is not complied with the share in respect of which the call was made will be liable to be forfeited.

21. **Forfeiture for non-compliance**

If the notice referred to in article 20 is not complied with, a share in respect of which it is given may, at any time before payment required by the notice has been made, be forfeited by a resolution of the board. The forfeiture includes all dividends declared or other amounts payable in respect of the forfeited share and not paid before the forfeiture.

22. **Notice after forfeiture**

When a share has been forfeited, the Company shall serve notice of the forfeiture on the person who was before forfeiture the holder of the share or the person entitled by transmission to the share but no forfeiture is invalidated by an omission to give notice. An entry of the fact and date of forfeiture shall be made in the register.

23. Disposal of forfeited shares

- (A) Until cancelled in accordance with the Acts, a forfeited share and all rights attaching to it are deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before the forfeiture the holder or to another person, on such terms and in such manner as the board may decide. Where for this purpose a forfeited share is to be transferred, the board may authorise a person to execute an instrument of transfer of the share to the transferee. The Company may receive the consideration (if any) for the share on its disposal and may register the transferee as the holder of the share.
- (B) The board may before a forfeited share has been cancelled, sold, re-allotted or otherwise disposed of annul the forfeiture on such conditions as it thinks fit.
- (C) A statutory declaration by a director or the secretary that a share has been forfeited on the date stated in the declaration is conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share. The declaration (subject if necessary to the execution of an instrument of transfer) constitutes good title to the share and the person to whom the share is disposed of is not bound to see to the application of the consideration (if any). His title to the share is not affected by an irregularity in or invalidity of the proceedings connected with the forfeiture or disposal.

24. Arrears to be paid notwithstanding forfeiture

A person whose share has been forfeited ceases on forfeiture to be a member in respect of it and shall surrender to the Company for cancellation the certificate for the forfeited shares or shares. He remains liable to pay, and shall immediately pay to the Company, all calls, interest, costs, charges and expenses owing in respect of the share at the time of forfeiture, with interest, from the time of forfeiture until payment, at such rate as may be fixed by the terms of allotment of the share or, if no rate is fixed, at the rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the board may decide. The board may if it thinks fit enforce payment without allowance for the value of the share at the time of forfeiture or for consideration received on disposal.

25. Surrender

The board may accept the surrender of a share liable to be forfeited and in that case references in the articles to forfeiture include surrender.

UNTRACED SHAREHOLDERS

26. Power of sale

- (A) The Company is entitled to sell a share if:
 - (i) during a period of not less than 12 years before the date of publication of the advertisements referred to in paragraph (A)(iii) (or, if published on two different dates, the first date) (the "relevant period") the Company has paid at least three cash dividends (whether interim or final);

- (ii) throughout the relevant period no cheque, order or warrant sent by the Company by post in a pre-paid envelope addressed to the holder of the share, or to the person entitled by transmission to the share, at his address on the register or other last-known address given by the member or other person has been cashed, and no communication has been received by the Company from the member or person entitled by transmission (in his capacity as member or person entitled by transmission);
 - (iii) on expiry of the relevant period the Company has given notice of its intention to sell the share by advertisement in a leading daily newspaper and in a newspaper circulating in the area of the address referred to in paragraph (A)(ii);
 - (iv) the Company has not during a further period of three months after the date of the advertisements referred to in paragraph (A)(iii) (or the later advertisement if the advertisements are published on different dates) and before the exercise of the power of sale received a communication from the member or person entitled by transmission (in his capacity as member or person entitled by transmission); and
 - (v) the Company has first given notice in writing to the London Stock Exchange of its intention to sell the share.
- (B) In addition to the power of sale conferred by paragraph (A), if during the relevant period or a further period ending on the date when all the requirements of paragraphs (A)(i) to (v) have been satisfied an additional share has been issued in right of that held at the beginning of, or previously so issued during, those periods and all the requirements of paragraphs (A)(i) to (v) have been satisfied in respect of the additional share, the Company is entitled to sell the additional share.
- (C) To give effect to a sale pursuant to paragraphs (A) or (B), the board may authorise a person to execute an instrument of transfer of the share in the name and on behalf of the holder of, or the person entitled by transmission to, the share to the purchaser or his nominee. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by an irregularity or invalidity in the proceedings connected with the sale of the share.
27. **Application of proceeds of sale**

The Company shall account to the member or other person entitled by transmission to the share for the net proceeds of sale by carrying all amounts received on sale to a separate account. The Company is deemed to be a debtor and not a trustee in respect of those amounts for the member or other person. Amounts carried to the separate account may either be employed in the business of the Company or invested as the board may think fit. No interest is payable on those amounts and the Company is not required to account for money earned on them.

TRANSFER OF SHARES

28. Form of transfer

A member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in another form approved by the board, and the instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register in respect of it.

29. Right to refuse registration

(A) Subject to article 67, the board may, in its absolute discretion and without giving a reason, refuse to register the transfer of a share or renunciation of a renounceable letter of allotment unless all of the following conditions are satisfied:

- (i) it is in respect of a share which is fully paid;
- (ii) it is in respect of a share on which the Company has no lien;
- (iii) it is in respect of only one class of shares;
- (iv) it is in favour of a single transferee or renouncee or not more than four joint transferees or renouncees;
- (v) it is duly stamped (if required); and
- (vi) it is delivered for registration to the office or such other place as the board may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognised person where a certificate has not been issued, or in the case of a renunciation) and such other evidence as the board may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

(B) If the board refuses to register the transfer of a share it shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee. An instrument of transfer which the board refuses to register shall (except in the case of suspected fraud) be returned to the person depositing it. All instruments of transfer which are registered may, subject to article 139, be retained by the Company.

30. Fees on registration

No fee may be charged by the Company for registering the transfer of a share or the renunciation of a renounceable letter of allotment or other document relating to or affecting the title to a share or the right to transfer it or for making any other entry in the register.

31. Suspension of registration and closing of register

The registration of transfers may be suspended at such times and for such period (not exceeding 30 days in any year) as the board may decide and either generally or in respect of a particular class of shares.

TRANSMISSION OF SHARES

32. On death

- (A) The Company may recognise only the personal representatives of a deceased member as having title to a share held by that member alone or to which he alone was entitled. In the case of a share held jointly by more than one person, the Company may recognise only the survivor or survivors as being entitled to it.
- (B) Nothing in the articles releases the estate of a deceased member from liability in respect of a share which has been solely or jointly held by him.

33. Election of person entitled by transmission

- (A) A person becoming entitled by transmission to a share may, on production of any evidence the board may require, elect either to be registered as a member or to have a person nominated by him registered as a member.
- (B) If he elects to be registered himself, he shall give notice to the Company to that effect. If he elects to have another person registered, he shall execute an instrument of transfer of the share to that person. All the provisions of the articles relating to the transfer of shares apply to the notice or instrument of transfer (as the case may be) as if it were an instrument of transfer executed by the member and his death, bankruptcy or other event giving rise to a transmission of entitlement had not occurred.
- (C) The board may give notice requiring a person to make the election referred to in article 33(A). If that notice is not complied with within 60 days, the board may withhold payment of all dividends and other amounts payable in respect of the share until notice of election has been made.

34. Rights on transmission

Where a person becomes entitled by transmission to a share, the rights of the holder in relation to that share cease. The person entitled by transmission may, however, give a good discharge for dividends and other amounts payable in respect of the share and, subject to articles 33 and 122, has the rights to which he would be entitled if he were the holder of the share. The person entitled by transmission is not, however, before he is registered as the holder of the share, entitled in respect of it to receive notice of or exercise rights conferred by membership in relation to meetings of the Company or a separate meeting of the holders of a class of shares.

ALTERATION OF SHARE CAPITAL

35. Increase, consolidation, sub-division and cancellation

The Company may by ordinary resolution:

- (i) increase its share capital by a sum to be divided into shares of an amount prescribed by the resolution;
- (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (iii) subject to the Acts, sub-divide all or any of its shares into shares of a smaller amount and may by the resolution decide that the shares resulting from the sub-division have amongst themselves a preference or other advantage or be subject to a restriction; and
- (iv) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by a person and diminish the amount of its share capital by the amount of the shares so cancelled.

36. Fractions

If, as the result of consolidation and division or sub-division of shares, members become entitled to fractions of a share, the board may on behalf of the members deal with the fractions as it thinks fit. In particular, the board may:

- (i) sell fractions of a share to a person (including, subject to the Acts, to the Company) for the best price reasonably obtainable and distribute the net proceeds of sale in due proportion amongst the persons entitled (except that if the amount due to a person is less than £3, or such other sum as the board may decide, the sum may be retained for the benefit of the Company). To give effect to a sale the board may authorise a person to execute an instrument of transfer of shares to the purchaser or his nominee and may cause the name of the purchaser or his nominee to be entered in the register as the holder of the shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee to the shares is not affected by an irregularity or invalidity in the proceedings connected with the sale; or
- (ii) subject to the Acts, issue to a member credited as fully paid by way of capitalisation the minimum number of shares required to round up his holding of shares to a number which, following consolidation and division or sub-division, leaves a whole number of shares (such issue being deemed to have been effected immediately before consolidation or sub-division, as the case may be). The amount required to pay up those shares may be capitalised as the board thinks fit out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares. A resolution of the board capitalising part of the reserves has the same effect as if the capitalisation had been

declared by ordinary resolution of the Company pursuant to article 129. In relation to the capitalisation the board may exercise all the powers conferred on it by article 129 without an ordinary resolution of the Company.

37. Reduction of capital

Subject to the Acts, the Company may by special resolution reduce its share capital, capital redemption reserve and share premium account in any way.

38. Purchase of own shares

Subject to the Acts, the Company may purchase shares of any class (including redeemable shares) in its own capital in any way. If at the date proposed for approval of the proposed purchase there are in issue shares of a class entitling the holders to convert into shares of another class, no purchase may take place unless it has been sanctioned by an extraordinary resolution passed at a separate meeting (or meetings if there are two or more classes) of the holders of that class of convertible shares.

GENERAL MEETINGS

39. Annual general meeting

The Company shall hold annual general meetings, which shall be convened by the board, in accordance with the Acts.

40. Extraordinary general meeting

All general meetings of the Company other than annual general meetings are called extraordinary general meetings.

41. Convening of extraordinary general meetings

The board may convene an extraordinary general meeting whenever it thinks fit. The board must convene an extraordinary general meeting immediately on receipt of a requisition from members in accordance with the Acts and in default a meeting may be convened by requisitionists as provided in the Acts. At a meeting convened on a requisition or by requisitionists no business may be transacted except that stated by the requisition or proposed by the board. An extraordinary general meeting may also be convened in accordance with article 92.

42. Length and form of notice

- (A) An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 clear days' notice. All other extraordinary general meetings shall be called by not less than 14 clear days' notice.
- (B) Subject to the Acts, and although called by shorter notice than that specified in paragraph (A), a general meeting is deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
 - (ii) in the case of another meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.
- (C) The notice of meeting shall specify:
- (i) whether the meeting is an annual general meeting or an extraordinary general meeting;
 - (ii) the place, the date and the time of the meeting;
 - (iii) in the case of special business, the general nature of that business;
 - (iv) if the meeting is convened to consider a special or an extraordinary resolution, the intention to propose the resolution as such; and
 - (v) with reasonable prominence, that a member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.
- (D) The notice of meeting shall be given to the members (other than any who, under the provisions of the articles or the terms of issue of shares, are not entitled to receive notice), to the directors and to the auditors.

43. Omission to send notice

The accidental omission to send a notice of meeting or, in cases where it is sent out with the notice, an instrument of proxy to, or the non-receipt of either by, a person entitled to receive it does not invalidate the proceedings at a general meeting.

44. Special business

All business transacted at a general meeting is deemed special except the following business at an annual general meeting:

- (i) the receipt and consideration of the annual accounts, the directors' report and auditors' report on those accounts;
- (ii) the appointment of directors and other officers in place of those retiring by rotation or otherwise ceasing to hold office;
- (iii) the declaration of dividends;

- (iv) the appointment of the auditors (when special notice of the resolution for appointment is not required by the Acts) and the fixing, or determination of the manner of the fixing, of their remuneration; and
- (v) the renewal of the authorities of the Company in general meeting required by the Acts and the articles in relation to the allotment of shares.

PROCEEDINGS AT GENERAL MEETINGS

45. Quorum

- (A) No business may be transacted at a general meeting unless a quorum is present. The absence of a quorum does not prevent the appointment of a chairman in accordance with the articles, which is not treated as part of the business of the meeting.
- (B) The quorum for a general meeting is for all purposes two members present in person or by proxy and entitled to vote.

46. Procedure if quorum not present

- (A) If a quorum is not present within five minutes (or such longer period as the chairman in his absolute discretion may decide) from the time fixed for the start of the meeting or if during the meeting a quorum ceases to be present, the meeting, if convened by or on the requisition of members, is dissolved. In any other case it stands adjourned to such time (being not less than 14 days nor more than 28 days later) and place as the chairman (or, in default, the board) decides.
- (B) At an adjourned meeting the quorum is two members present in person or by proxy and entitled to vote. If a quorum is not present within five minutes (or such longer period as the chairman in his absolute discretion may decide) from the time fixed for the start of the meeting or if during the meeting a quorum ceases to be present, the adjourned meeting is dissolved.
- (C) The Company shall give not less than seven clear days' notice of any meeting adjourned for the lack of a quorum and the notice shall state the quorum requirement.

47. Chairman

The chairman (if any) of the board or, in his absence, the deputy chairman (if any) shall preside as chairman at a general meeting. If there is no chairman or deputy chairman, or if at a meeting neither is present within five minutes after the time fixed for the start of the meeting, or neither is willing to act, the directors present shall select one of their number to be chairman. If only one director is present and willing to act, he shall be chairman. In default, the members present in person and entitled to vote shall choose one of their number to be chairman.

48. **Director's right to attend and speak**

A director is entitled to attend and speak at a general meeting and at a separate meeting of the holders of a class of shares or debentures whether or not he is a member.

49. **Power to adjourn**

(A) The chairman may, with the consent of a meeting at which a quorum is present (and shall, if so directed by the meeting) adjourn a meeting from time to time and from place to place or for an indefinite period.

(B) Without prejudice to any other power which he may have under the provisions of the articles or at common law, the chairman may, without the consent of the meeting, interrupt or adjourn a meeting from time to time and from place to place or for an indefinite period if he decides that it has become necessary to do so in order to (i) secure the proper and orderly conduct of the meeting, or (ii) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting, or (iii) ensure that the business of the meeting is properly disposed of.

50. **Notice of adjourned meeting**

Without prejudice to article 46(C), whenever a meeting is adjourned for 28 days or more or for an indefinite period, at least seven clear days' notice specifying the place, date and time of the adjourned meeting and the general nature of the business to be transacted shall be given to the members (other than any who, under the provisions of the articles or the terms of issue of the shares, are not entitled to receive notice), the directors and the auditors. Except in these circumstances, and subject to article 46(C), it is not necessary to give notice of an adjourned meeting or of the business to be transacted at the adjourned meeting.

51. **Business at adjourned meeting**

No business may be transacted at an adjourned meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

52. **Accommodation of members at meeting**

If it appears to the chairman that the meeting place specified in the notice convening the meeting is inadequate to accommodate all members entitled and wishing to attend, the meeting is duly constituted and its proceedings valid if the chairman is satisfied that adequate facilities are available to ensure that a member who is unable to be accommodated is able to (i) participate in the business for which the meeting has been convened, and (ii) hear and see all persons present who speak (whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise), whether in the meeting place or elsewhere, and (iii) be heard and seen by all other persons present in the same way.

53. **Security**

The board may make any arrangement and impose any restriction it considers appropriate to ensure the security of a meeting including, without limitation, the searching of a person attending the meeting and the restriction of the items of personal property that may be taken into the meeting place. The board is entitled to refuse entry to a meeting to a person who refuses to comply with these arrangements or restrictions.

VOTING

54. **Method of voting**

- (A) At a general meeting, a resolution put to the vote of the meeting is decided by a show of hands unless (before or on the declaration of the result of the show of hands) a poll is duly demanded.
- (B) Subject to the Acts, a poll may be demanded on any question by:
 - (i) the chairman of the meeting;
 - (ii) not less than five members present in person or by proxy and entitled to vote;
 - (iii) a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (iv) a member or members present in person or by proxy holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

A demand by a proxy is deemed to be a demand by the member appointing the proxy.

- (C) Unless a poll is demanded and the demand is not withdrawn, a declaration by the chairman that the resolution has been carried, or carried by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the book containing the minutes of proceedings, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

55. **Procedure on a poll**

- (A) If a poll is properly demanded, it shall be taken in such manner as the chairman directs. He may appoint scrutineers, who need not be members, and may fix a time and place for declaring the result of the poll. The result of the poll is deemed to be the resolution of the meeting at which the poll is demanded.
- (B) A poll demanded on the election of a chairman or on any question of adjournment shall be taken at the meeting and without adjournment. A poll demanded on another question shall

be taken at such time and place as the chairman decides, either at once or after an interval or adjournment (but not more than 30 clear days after the date of the demand).

- (C) No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- (D) The demand for a poll may be withdrawn but only with the consent of the chairman. A demand withdrawn in this way validates the result of a show of hands declared before the demand is made. In the case of a poll demanded before the declaration of the result of a show of hands, the meeting shall continue as if the demand has not been made.
- (E) The demand for a poll (other than on the election of the chairman or on a question of adjournment) does not prevent the meeting continuing for the transaction of business other than the question on which a poll has been demanded.
- (F) On a poll, votes may be given in person 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 in the same way.

56. Votes of members

- (A) Subject to special terms as to voting on which shares have been issued, or a suspension or abrogation of voting rights pursuant to the articles, at a general meeting every member present in person has on a show of hands one vote and every member present in person or by proxy has on a poll one vote for every ordinary share of which he is the holder.
- (B) In the case of joint holders of a share, 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 is determined by the order in which the names of the holders stand in the register.
- (C) A member in respect of whom an order has been made by a court or official having jurisdiction (whether in the United Kingdom or elsewhere) that he is or may be suffering from mental disorder or is otherwise incapable of running his affairs may vote, whether on a show of hands or on a poll, by his guardian, receiver, curator bonis or other person authorised for that purpose and appointed by the court. A guardian, receiver, curator bonis or other person may, on a poll, vote by proxy if evidence (to the satisfaction of the board) of the authority of the person claiming to exercise the right to vote is deposited at the office (or at another place specified in accordance with the articles for the deposit of instruments of proxy) within the time limits prescribed by the articles for the deposit of instruments of proxy for use at the meeting, adjourned meeting or poll at which the right to vote is to be exercised.

57. Casting vote

In the case of an equality of votes the chairman has, on a show of hands and on a poll, a casting vote in addition to a vote to which he is entitled as a member.

58. Restriction on voting rights for unpaid calls etc.

Unless the board otherwise decides, no member is entitled in respect of a share held by him to be present or to vote, either in person or by proxy, at a general meeting or at a separate meeting of the holders of class of shares or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll, if a call or other amount due and payable in respect of the share is unpaid. This restriction ceases on payment of the amount outstanding and all costs, charges and expenses incurred by the Company by reason of the non-payment.

59. Voting by proxy

- (A) An instrument appointing a proxy shall be in writing in any usual form (or in another form approved by the board) executed by the appointor or his duly constituted attorney or, if the appointor is a company, under its seal or under the hand of its duly authorised officer or attorney or other person authorised to sign.
- (B) An instrument of proxy is deemed (unless the contrary is stated in it) to confer authority to demand or join in demanding a poll and to vote on a resolution or amendment of a resolution put to, or other business which may properly come before, the meeting or meetings for which it is given, as the proxy thinks fit.
- (C) A proxy need not be a member.
- (D) A member may appoint more than one proxy to attend on the same occasion. When two or more valid but differing instruments of proxy are delivered for the same share for use at the same meeting, the one which is last validly delivered (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share.
- (E) Deposit of an instrument of proxy does not prevent a member attending and voting in person at the meeting or an adjournment of the meeting or on a poll.
- (F) An instrument of proxy is (unless the contrary is stated in it) valid for an adjournment of the meeting as well as for the meeting or meetings to which it relates. An instrument of proxy is valid for 12 months from the date of execution.
- (G) Subject to the Acts, the Company may send an instrument of proxy to all or none of the persons entitled to receive notice of and to vote at a meeting. If sent the instrument shall provide for two-way voting (without prejudice to a right to abstain) on all resolutions set out in the notice of meeting.

60. Deposit of proxy

An instrument of proxy, and (if required by the board) a power of attorney or other authority under which it is executed or a copy of it notarially certified or certified in some other way approved by the board, shall be:

- (i) deposited at the office, or another place in the United Kingdom specified in the notice convening the meeting or in an instrument of proxy or other accompanying document sent by the Company in relation to the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote;
- (ii) in the case of a meeting adjourned for less than 28 days but more than 48 hours or in the case of a poll taken more than 48 hours after it is demanded, deposited as required by paragraph (i) not less than 24 hours before the time appointed for the holding of the adjourned meeting or the taking of the poll; or
- (iii) in the case of a meeting adjourned for less than 48 hours or in the case of a poll not taken immediately but taken not more than 48 hours after it was demanded, delivered at the adjourned meeting or at the meeting at which the poll was demanded to the chairman or to the secretary or to a director.

An instrument of proxy not deposited or delivered in accordance with this article is invalid.

61. When votes by proxy valid though authority revoked

A vote given or poll demanded by a proxy or authorised representative of a company is valid despite termination of his authority unless notice of termination is received by the Company at the office (or other place specified for depositing the instrument of proxy) at least one hour before the time for holding the meeting or adjourned meeting at which the vote is given or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

CORPORATE REPRESENTATIVE

62. A company which is a member may, by resolution of its directors or other governing body, authorise a person to act as its representative at a meeting or at a separate meeting of the holders of a class of shares (the "representative"). The representative is entitled to exercise on behalf of the company (in respect of that part of the company's holding of shares to which the authorisation relates) those powers that the company could exercise if it were an individual member. The company is for the purposes of the articles deemed to be present in person at a meeting if the representative is present. All references to attendance and voting in person shall be construed accordingly. A director, the secretary or other person authorised for the purpose by the secretary may require the representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

OBJECTIONS TO AND ERROR IN VOTING

63. No objection may be made to the qualification of a voter or to the counting of, or failure to count, a vote, except at the meeting or adjourned meeting at which the vote objected to is tendered or at which the error occurs. An objection properly made shall be referred to the chairman and only invalidates the result of the voting if, in the opinion of the chairman, it is of sufficient magnitude to affect the decision of the meeting. The decision of the chairman is conclusive and binding on all concerned.

AMENDMENTS TO RESOLUTIONS

64. If an amendment proposed to a resolution under consideration is ruled out of order by the chairman the proceedings on the substantive resolution are not invalidated by an error in his ruling.

MEMBERS' WRITTEN RESOLUTIONS

65. 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 is as effective as if it had been passed at a general meeting duly convened and held. The resolution in writing may consist of several instruments in the same form each duly executed by or on behalf of one or more members. If the resolution in writing is described as a special resolution or as an extraordinary resolution, it has effect accordingly.

CLASS MEETINGS

66. A separate meeting for the holders of a class of shares shall be convened and conducted as nearly as possible in the same way as an extraordinary general meeting, except that:
- (i) no member, other than a director, is entitled to notice of it or to attend unless he is a holder of shares of that class;
 - (ii) no vote may be given except in respect of a share of that class;
 - (iii) the quorum at the meeting is two persons present in person holding or representing by proxy at least one-third in nominal value of the issued shares of that class;
 - (iv) the quorum at an adjourned meeting is two persons holding shares of that class who are present in person or by proxy; and
 - (v) a poll may be demanded in writing by a member present in person or by proxy and entitled to vote at the meeting and on a poll each member has one vote for every share of that class of which he is the holder.

FAILURE TO DISCLOSE INTERESTS IN SHARES

67.

- (A) Where notice is served by the Company under section 212 of the Act (a "section 212 notice") on a member, or another person appearing to be interested in shares held by that member, and the member or other person has failed in relation to any shares (the "default shares", which expression includes any shares issued after the date of the section 212 notice in right of those shares) to give the Company the information required within the prescribed period from the date of the section 212 notice, the following sanctions apply, unless the board otherwise decides:
- (i) the member is not entitled in respect of the default shares to be present or to vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll; and
 - (ii) where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class:
 - (a) a dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it, and the member is not entitled to elect, pursuant to article 128, to receive shares instead of a dividend; and
 - (b) no transfer of any share held by the member shall be registered unless the transfer is an excepted transfer or:
 - (1) the member is not himself in default in supplying the information required; and
 - (2) the member proves to the satisfaction of the board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.
- (B) The sanctions under paragraph (A) cease to apply seven days after the earlier of:
- (i) receipt by the Company of notice of an excepted transfer, but only in relation to the shares transferred; and
 - (ii) receipt by the Company, in a form satisfactory to the board, of all the information required by the section 212 notice.
- (C) Where, on the basis of information obtained from a member in respect of a share held by him, the Company issues a section 212 notice to another person, it shall at the same time send a copy of the section 212 notice to the member, but the accidental omission to do so, or the non-receipt by the member of the copy, does not invalidate or otherwise affect the application of paragraph (A).

(D) For the purposes of this article 67:

- (i) a person, other than the member holding a share, is treated as appearing to be interested in that share if the member has informed the Company that the person is or may be interested, or if the Company (after taking account of information obtained from the member or, pursuant to a section 212 notice, from anyone else) knows or has reasonable cause to believe that the person is or may be so interested;
- (ii) "interested" is construed as it is for the purpose of section 212 of the Act;
- (iii) reference to a person having failed to give the Company the information required by a section 212 notice, or being in default in supplying such information, includes (a) reference to his having failed or refused to give all or any part of it; and (b) reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular;
- (iv) the "prescribed period" means 14 days;
- (v) an "excepted transfer" means, in relation to shares held by a member:
 - (a) a transfer pursuant to acceptance of a takeover offer for the Company (within the meaning of section 428(1) of the Act); or
 - (b) a transfer in consequence of a sale made through a recognised investment exchange (as defined in the Financial Services Act 1986) or another stock exchange outside the United Kingdom on which shares in the capital of the Company are normally traded; or
 - (c) a transfer which is shown to the satisfaction of the board to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

(E) The provisions of this article are in addition and without prejudice to the provisions of the Acts.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

68. Number of directors

Unless and until otherwise decided by the Company by ordinary resolution the number of directors is not subject to a maximum but must not be less than two.

69. **Power of the Company to appoint directors**

Subject to the articles, the Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the board, but the total number of directors may not exceed a maximum number fixed in accordance with the articles.

70. **Power of the board to appoint directors**

Without prejudice to the power of the Company to appoint a person to be a director pursuant to the articles, the board may appoint a person who is willing to act as a director, either to fill a vacancy or as an addition to the board, but the total number of directors may not exceed a maximum number fixed in accordance with the articles. A director appointed in this way may hold office only until the dissolution of the next annual general meeting after his appointment unless he is reappointed during the meeting. He is not required, and is not taken into account in determining the number of directors who are, to retire by rotation at the meeting.

71. **Appointment of executive directors**

Subject to the Acts, the board may appoint one or more of its body to hold employment or executive office (including that of managing director) with the Company for such term (subject to the Acts) and on any other conditions the board thinks fit. The board may revoke or terminate an appointment, without prejudice to a claim for damages for breach of contract.

72. **Eligibility of new directors**

(A) No person other than a director retiring (by rotation or otherwise) may be appointed or reappointed a director at a general meeting unless:

(i) he is recommended by the board; or

(ii) not less than seven nor more than 42 days before the date fixed for the meeting, notice has been given to the Company by a member (other than the person to be proposed) qualified to vote at the meeting of the intention to propose that person for appointment or reappointment. The notice shall (a) state the particulars which would, if the proposed director were appointed or reappointed, be required to be included in the Company's register of directors, (b) be accompanied by notice given by the proposed director of his willingness to be appointed or reappointed, and (c) be lodged at the office.

(B) A director need not be a member.

73. **Voting on resolution for appointment**

A resolution for the appointment of two or more persons as directors by a single resolution is void unless an ordinary resolution that the resolution for appointment is proposed in this way has first been agreed to by the meeting without a vote being given against it.

74. Retirement by rotation

At each annual general meeting one-third of the directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office. If there are fewer than three directors who are subject to retirement by rotation, one shall retire from office.

75. Directors subject to retirement

Subject to the Acts and the articles, the directors to retire by rotation at an annual general meeting include, so far as necessary to obtain the number required, first, a director who wishes to retire and not offer himself for reappointment, and, second, those directors who have been longest in office since their last appointment or reappointment. As between two or more who have been in office an equal length of time, the director to retire shall, in default of agreement between them, be determined by lot. The directors to retire on each occasion (both as to number and identity) shall be determined on the basis of the composition of the board at the start of business on the date of the notice convening the annual general meeting, disregarding a change in the number or identity of the directors after that time but before the close of the meeting.

76. Position of retiring director

A director who retires at an annual general meeting (whether by rotation or otherwise) may, if willing to act, be reappointed. If he is not reappointed or deemed reappointed, he may retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

77. Deemed reappointment

At a general meeting at which a director retires by rotation the Company may fill the vacancy and, if it does not do so, the retiring director is, if willing, deemed reappointed unless it is expressly resolved not to fill the vacancy or a resolution for the reappointment of the director is put to the meeting and lost.

78. No retirement on account of age

No person is incapable of being appointed a director by reason of his having reached the age of 70 or another age. Special notice is not required in connection with the appointment or the approval of the appointment of such person. No director is required to vacate his office because he has reached the age of 70 or another age and section 293 of the Act does not apply to the Company. Where a general meeting is convened at which, to the knowledge of the board, a director is to be proposed for appointment or reappointment who is at the date of the meeting 70 or more, the board shall give notice of his age in the notice convening the meeting or in a document accompanying the notice, but the accidental omission to do so does not invalidate proceedings or an appointment or reappointment of that director at that meeting.

79. **Removal by ordinary resolution**

In addition to any power of removal conferred by the Acts, the Company may by ordinary resolution remove a director before the expiration of his period of office (without prejudice to a claim for damages for breach of contract) and may (subject to the articles) by ordinary resolution appoint another person who is willing to act to be a director in his place. A person appointed in this way is treated, for the purposes of determining the time at which he or another director is to retire, as if he had become a director on the date on which the person in whose place he is appointed was last appointed or reappointed a director.

80. **Vacation of office by director**

- (A) Without prejudice to the provisions for retirement (by rotation or otherwise) contained in the articles, the office of a director is vacated if:
- (i) he resigns by notice delivered to the secretary at the office or tendered at a board meeting;
 - (ii) he ceases to be a director by virtue of a provision of the Acts, is removed from office pursuant to the articles or becomes prohibited by law from being a director;
 - (iii) he becomes bankrupt, has an interim receiving order made against him, makes an arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
 - (iv) an order is made by a court of competent jurisdiction on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian, receiver, curator bonis or other person to exercise powers with respect to his affairs or he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, under the Mental Health (Scotland) Act 1984 and the board resolves that his office be vacated;
 - (v) both he and his alternate director appointed pursuant to the provisions of the articles (if any) are absent, without the permission of the board, from board meetings for six consecutive months and the board resolves that his office be vacated; or
 - (vi) he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors (without prejudice to a claim for damages for breach of contract).
- (B) A resolution of the board declaring a director to have vacated office under the terms of this article is conclusive as to the fact and grounds of vacation stated in the resolution.

ALTERNATE DIRECTORS

81. Appointment

- (A) A director (other than an alternate director) may by notice delivered to the secretary at the office, or in any other manner approved by the board, appoint as his alternate director:
- (i) another director, or
 - (ii) another person approved by the board and willing to act.

No appointment of an alternate director who is not already a director is effective until his consent to act as a director in the form prescribed by the Acts has been received at the office.

- (B) An alternate director need not be a member and is not counted in reckoning the number of directors for the purpose of article 68.

82. Revocation of appointment

A director may by notice delivered to the secretary at the office revoke the appointment of his alternate director and, subject to the provisions of article 81, appoint another person in his place. If a director ceases to hold the office of director or if he dies, the appointment of his alternate director automatically ceases. If a director retires but is reappointed at the meeting at which his retirement takes effect, a valid appointment of an alternate director which was in force immediately before his retirement continues to operate after his reappointment as if he has not retired. The appointment of an alternate director ceases on the happening of an event which, if he were a director otherwise appointed, would cause him to vacate office.

83. Participation in board meetings

An alternate director is, if he gives the Company an address in the United Kingdom at which notices may be served on him, entitled to receive notice of all meetings of the board and all committees of the board of which his appointor is a member and, in the absence from those meetings of his appointor, to attend and vote at the meetings and to exercise all the powers, rights, duties and authorities of his appointor. A director acting as alternate director has a separate vote at meetings of the board and committees of the board for each director for whom he acts as alternate director but he counts as only one for the purpose of determining whether a quorum is present.

84. Responsibility

A person acting as an alternate director is an officer of the Company, is alone responsible to the Company for his acts and defaults, and is not deemed to be the agent of his appointor.

REMUNERATION, EXPENSES AND PENSIONS

85. Directors' fees

Unless otherwise decided by the Company by ordinary resolution, the Company shall pay to the directors (but not alternate directors) for their services as directors such amount of aggregate fees as the board decides (not exceeding £200,000 per annum or such larger amount as the Company may by ordinary resolution decide). The aggregate fees shall be divided among the directors in such proportions as the board decides or, if no decision is made, equally. A fee payable to a director pursuant to this article is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the articles and accrues from day to day.

86. Additional remuneration

A director who, at the request of the board, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses as the board may decide.

87. Expenses

A director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as director, including expenses incurred in attending meetings of the board or of committees of the board or general meetings or separate meetings of the holders of a class of shares or debentures.

88. Remuneration and expenses of alternate directors

An alternate director is not entitled to a fee from the Company for his services as an alternate director. The fee payable to an alternate director is payable out of the fee payable to his appointor and consists of such portion (if any) of the fee as he agrees with his appointor. The Company shall, however, repay to an alternate director expenses incurred by him in the performance of his duties if the Company would have been required to repay the expenses to him under article 87 had he been a director.

89. Directors' pensions and other benefits

- (A) The board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (by insurance or otherwise) for a person who is or has at any time been a director of (i) the Company, or (ii) a company which is or was a subsidiary undertaking of the Company, or (iii) a company which is or was allied to or associated with the Company or a subsidiary undertaking of the Company, or (iv) a predecessor in business of the Company or of a subsidiary undertaking of the Company (and for any member of his family, including a spouse or former spouse, or a person who is or was dependent on him). For this purpose the board may establish, maintain, subscribe and contribute to any scheme,

trust or fund and pay premiums. The board may arrange for this to be done by the Company alone or in conjunction with another person.

- (B) A director or former director is entitled to receive and retain for his own benefit a pension or other benefit provided under paragraph (A) and is not obliged to account for it to the Company.

90. **Remuneration of executive director**

The salary or remuneration of a director appointed to hold employment or executive office in accordance with the articles may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the board, and may be in addition to or instead of a fee payable to him for his services as director pursuant to the articles.

POWERS AND DUTIES OF THE BOARD

91. **Powers of the board**

Subject to the Acts, the memorandum of association of the Company and the articles and to directions given by special resolution of the Company, the business of the Company is managed by the board which may exercise all the powers of the Company whether relating to the management of the business or not. No alteration of the memorandum of association or of the articles and no direction given by the Company invalidate a prior act of the board which would have been valid if the alteration had not been made or the direction had not been given. The provisions of the articles giving specific powers to the board do not limit the general powers given by this article.

92. **Powers of directors being less than minimum required number**

If the number of directors is less than the minimum prescribed by the articles or decided by the Company by ordinary resolution, the remaining director or directors may act only for the purposes of appointing an additional director or directors to make up that minimum or convening a general meeting of the Company for the purpose of making such appointment. If no director or directors is or are able or willing to act, two members may convene a general meeting for the purpose of appointing directors. An additional director appointed in this way holds office (subject to the articles) only until the dissolution of the next annual general meeting after his appointment unless he is reappointed during the meeting.

93. **Powers of executive directors**

The board may delegate to a director holding executive office (including a managing director) any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit. In particular, the board may grant the power to sub-delegate, and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the director. The board may at any time revoke the delegation or alter its terms and conditions.

94. Delegation to committees

The board may delegate any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit to a committee consisting of one or more directors and (if thought fit) one or more other persons, but only if a majority of the members of the committee are directors or alternate directors. In particular, the board may grant the power to sub-delegate, and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the committee. The board may at any time revoke the delegation or alter its terms and conditions or discharge the committee in whole or in part. Where a provision of the articles refers to the exercise of a power, authority or discretion by the board and that power, authority or discretion has been delegated by the board to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

95. Local management

The board may establish local or divisional boards or agencies for managing the affairs of the Company in a specified locality, either in the United Kingdom or elsewhere, and may appoint persons to be members of a local or divisional board or agency, and may fix their remuneration. The board may delegate to a local or divisional board or agency any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit. In particular, the board may grant the power to sub-delegate, may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the local or divisional board or agency and may authorise the members of a local or divisional board or agency (or any of them) to fill a vacancy or to act despite a vacancy. The board may at any time revoke or alter the terms and conditions of the appointment or delegation. Subject to terms and conditions imposed by the board, the proceedings of a local or divisional board or agency with two or more members are governed by those articles that regulate the proceedings of the board, so far as applicable.

96. Power of attorney

The board may by power of attorney or otherwise appoint a person to be the agent of the Company and may delegate to that person any of its powers, authorities and discretions for such purposes, for such time and on such terms and conditions (including as to remuneration) as it thinks fit. In particular, the board may grant the power to sub-delegate and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the agent. The board may at any time revoke or alter the terms and conditions of the appointment or delegation.

97. Associate directors

The board may appoint a person (not being a director) to an office or employment having a designation or title including the word "director" or attach to an existing office or employment that designation or title and may terminate the appointment or use of that designation or title. The inclusion of the word "director" in the designation or title of an office or employment does not imply that the person is, or is deemed to be, or is empowered to act as, a director for any of the purposes of the Acts or the articles.

98. Exercise of voting powers

Subject to article 101, the board may exercise or cause to be exercised the voting powers conferred by shares in the capital of another company held or owned by the Company, or a power of appointment to be exercised by the Company, in any manner it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of a director as an officer or employee of that company or in favour of the payment of remuneration to the officers or employees of that company).

99. Provision for employees

The board may exercise the powers conferred on the Company by the Acts to make provision for the benefit of a person employed or formerly employed by the Company or any of its subsidiary undertakings (or any member of his family, including a spouse or former spouse, or any person who is or was dependent on him) in connection with the cessation or the transfer to a person of the whole or part of the undertaking of the Company or the subsidiary undertaking.

100. Registers

Subject to the Acts, the board may exercise the powers conferred on the Company with regard to the keeping of an overseas, local or other register and may make and vary regulations as it thinks fit concerning the keeping of a register.

101. Borrowing powers

- (A) Subject to the following provisions of this article, the board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Acts, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.
- (B) The board shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to procure (as regards subsidiary undertakings, to the extent that it can procure by such exercise) that the aggregate principal amount outstanding in respect of moneys borrowed by the group does not at any time without the previous sanction of an ordinary resolution of the Company exceed a sum equal to three times the adjusted capital and reserves or, if higher, £5,000,000.
- (C) In this article:
 - (i) "adjusted capital and reserves" means a sum equal to the aggregate of:
 - (a) the amount paid up on the allotted or issued share capital of the Company;
 - and

- (b) the amount standing to the credit or debit of the consolidated reserves;
all as shown in the relevant balance sheet but after:
- (c) making appropriate adjustments in respect of:
- (I) a variation in the amounts referred to in paragraphs (a) and (b) since the date of the relevant balance sheet; for this purpose if a proposed allotment of shares by the Company for cash has been underwritten, those shares are deemed to have been allotted and the amount (including a premium) of the subscription moneys payable in respect of those shares (not being moneys payable later than six months after the date of allotment) are deemed to have been paid up to the extent so underwritten on the date on which the issue of those shares was underwritten (or, if the underwriting was conditional, the date on which it became unconditional);
 - (II) an undertaking which has become a group undertaking since the date of the relevant balance sheet;
 - (III) an undertaking which has ceased to be a group undertaking since the date of the relevant balance sheet;
- (d) excluding (so far as not already excluded):
- (I) amounts attributable to minority interests; and
 - (II) a sum set aside for taxation;
- (e) deducting (so far as not already deducted):
- (I) sums equivalent to the book values of goodwill and other intangible assets shown in the relevant balance sheet (as adjusted pursuant to the preceding provisions of this article) but adding back the amount of goodwill that would have remained on the relevant balance sheet (as adjusted) if all goodwill arising on acquisitions of group undertakings and which has been written off against reserves in accordance with generally accepted accounting practice in the United Kingdom had been carried on the balance sheet as an asset and amortised on a straight-line basis over 20 years (or such longer period, as decided by the Company, as may be in accordance with generally accepted accounting practice in the United Kingdom), this amount to be certified by the auditors; and
 - (II) the amount of a distribution declared, recommended, paid or made by a group undertaking to a person other than a group undertaking out of profits accrued up to and including the date of, but not provided for in, the relevant balance sheet; and

- (f) making such other adjustments (if any) as the auditors consider appropriate or necessary to reflect changes in circumstances since the date of the relevant balance sheet;
- (ii) "external interest" means, in relation to a group undertaking that is not wholly owned, that part of the issued and paid-up equity share capital of the group undertaking that is not beneficially owned, directly or indirectly, by another group undertaking;
- (iii) "external interest percentage" means, in relation to a group undertaking that is not wholly owned, the percentage that the external interest forms of the whole of the issued and paid-up equity share capital of the group undertaking;
- (iv) "group" means (aa) the Company, and (bb) all undertakings which are included in the group accounts in which the relevant balance sheet is comprised and which would be so included if group accounts were prepared at the relevant time (and as if that time were the end of the Company's financial year), and (cc) all undertakings which are not included in the group accounts in which the relevant balance sheet is comprised but which would be so included if group accounts were prepared at the relevant time (and as if that time were the end of the Company's financial year);
- (v) "group undertaking" means the Company or another undertaking in the group;
- (vi) "moneys borrowed" include the following:
 - (a) the nominal amount of and the amount of any premium paid in respect of any allotted or issued share capital (not being equity share capital) of a group undertaking not beneficially owned, directly or indirectly, by another group undertaking;
 - (b) the principal amount of any loan capital (whether secured or unsecured) of a group undertaking not beneficially owned, directly or indirectly, by another group undertaking;
 - (c) the principal amount of any borrowings by a person other than a group undertaking, the repayment of which is the subject of a guarantee or indemnity by a group undertaking or is secured on the assets of a group undertaking;
 - (d) the outstanding amount raised by acceptances under an acceptance credit opened on behalf of and in favour of a group undertaking by a bank or accepting house (except for acceptances of, or acceptance credits in relation to, trade bills for purchases of goods or services in the ordinary course of business and outstanding for six months or less);
 - (e) a fixed or minimum premium payable on repayment or redemption of borrowings that constitute moneys borrowed for the purposes of this article; and

- (f) amounts raised under a transaction (including, without limitation, forward sale or purchase agreements and outstanding obligations under finance leases and hire purchase contracts classified as finance leases, but excluding operating leases (within the meanings given to those terms by Statement of Standard Accounting Practice 21)) having the commercial effect of borrowings entered into to enable the finance of operations or capital requirements;

but exclude:

- (g) borrowings by one group undertaking from another, including the principal amount of any loan capital (whether secured or unsecured) and the nominal amount of any allotted or issued share capital (not being equity share capital) of a group undertaking beneficially owned, directly or indirectly, by another group undertaking, except that, where the group undertaking from which such borrowings are made is not wholly owned, a percentage of the borrowings equal to the external interest percentage are not excluded;
- (h) borrowings made for the purpose of, and applied within six months of being made in, repaying the whole or part of borrowings that constitute moneys borrowed for the purposes of this article;
- (i) borrowings for the purpose of financing a contract to the extent that part of the price receivable under the contract is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade and Industry or by another institution fulfilling a similar function;
- (j) where a group undertaking is not wholly owned, a percentage of its borrowings that constitute moneys borrowed for the purposes of this article equal to the external interest percentage;
- (k) an amount equal to the borrowings of an undertaking outstanding immediately before and repaid within 90 days after it becomes a group undertaking;
- (l) the amount of moneys borrowed which are for the time being deposited with a governmental authority in any part of the world in connection with import deposits or a similar governmental scheme to the extent that the group undertaking making the deposit retains its interest in the deposit;
- (m) a sum advanced or paid to a group undertaking (or its agents or nominees) by a customer of a group undertaking as an unexpended customer receipt or progress payment pursuant to a contract between the customer and a group undertaking;
- (n) amounts treated as amounts due to trade creditors in the consolidated group accounts of the Company in which the relevant balance sheet is comprised; and

- (o) sums to be treated as moneys borrowed by a group undertaking by reason only of current accounting standards or other accounting principles or practice;

and deducting:

- (p) an amount equal to the aggregate outstanding of:
 - (I) all cash deposits or credit balances on a current account of a group undertaking with a bank (not itself being a group undertaking);
 - (II) the realisable value of certificates of deposit and securities of governments and companies; and
 - (III) other readily realisable deposits or credit balances (whether made with a bank or otherwise);

in each case beneficially owned, directly or indirectly, by a group undertaking, but excluding (aa) in the case of any such items beneficially owned, directly or indirectly, by a group undertaking that is not wholly owned, a percentage of those items equal to the external interest percentage and (bb) any sum advanced or paid to a group undertaking (or its agents or nominees) by a customer of a group undertaking as an unexpended customer receipt or progress payment pursuant to a contract between the customer and a group undertaking;

- (vii) "relevant balance sheet" means the consolidated balance sheet dealing with the state of affairs of the Company and its subsidiary undertakings comprised in the latest group accounts prepared and approved by the board and on which the auditors have made their report pursuant to the Acts; and
 - (viii) "wholly owned" means, in relation to a group undertaking, that it has no member that is not itself a group undertaking or a person acting on behalf of a group undertaking.
- (D) When the amount of moneys borrowed to be taken into account for the purposes of this article on a particular day is being ascertained, moneys denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:
- (i) at the rate of exchange specified in a forward purchase contract, currency option, back-to-back loan, swap or other arrangement taken out or entered into to reduce the risk associated with fluctuations in rates of exchange in respect of repayment of those moneys (a "hedging agreement"); or
 - (ii) if repayment of those moneys has not been covered by a hedging agreement, at the more favourable to the Company of:

- (a) the rate of exchange used for the conversion of that currency in the relevant balance sheet, or
 - (b) if no rate was used, the middle-market rate of exchange quoted by Barclays Bank PLC at the close of business in London on the date of the relevant balance sheet, or
 - (c) the middle-market rate of exchange quoted by Barclays Bank PLC at the close of business in London on the business day immediately preceding the day on which the calculation falls to be made.
- (E) A report or certificate of the auditors as to the amount of the adjusted total of capital and reserves or the aggregate amount of moneys borrowed for the purposes of this article is conclusive and binding on all concerned. Nevertheless the board may at any time act in reliance on a bona fide estimate of the amount of the adjusted total of capital and reserves or the aggregate amount of moneys borrowed and if in consequence the limit on moneys borrowed set out in this article is inadvertently exceeded, the amount of moneys borrowed equal to the excess may be disregarded for 90 days after the date on which by reason of a determination of the auditors or otherwise the board becomes aware that this situation has or may have arisen.
- (F) No debt incurred or security given in respect of moneys borrowed in excess of the limit imposed by this article is invalid or ineffectual except where express notice that the limit has been or will be exceeded has been given to the lender or recipient of the security at the time when the debt is incurred or security given. No lender or other person dealing with the Company is concerned to see or enquire whether the limit is observed.

102. Register of charges

The Company shall keep a register of charges in accordance with the Acts and the fee to be paid by a person other than a creditor or member for each inspection of the register of charges is the maximum sum prescribed by the Acts or, failing which, decided by the board.

DIRECTORS' INTERESTS

103.

- (A) Subject to the Acts and paragraph (B), a director, notwithstanding his office:
- (i) may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in connection with his tenure of an office or place of profit or as seller, buyer or otherwise;
 - (ii) may hold another office or place of profit with the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity to the Company, and in that case on such terms as to remuneration and otherwise as the

board may decide either in addition to or instead of remuneration provided for by another article;

- (iii) may be a director or other officer of, or employed by, or a party to a contract, transaction, arrangement or proposal with or otherwise interested in, a company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has a power of appointment; and
- (iv) is not liable to account to the Company for a profit, remuneration or other benefit realised by such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal is avoided on the grounds of any such interest or benefit.

(B) A director who, to his knowledge, is in any way (directly or indirectly) interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case, at the first meeting of the board after he knows that he is or has become interested. For the purposes of this article:

- (i) a general notice given to the board by a director that he is to be regarded as having an interest (of the nature and extent specified in the notice) in a contract, transaction, arrangement or proposal in which a specified person or class of persons is interested is a sufficient disclosure under this article in relation to that contract, transaction, arrangement or proposal; and
- (ii) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge is not treated as his interest.

(C) Except as provided in this article, a director may not vote on a resolution of the board or of a committee of the board concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is, to his knowledge, materially interested directly or indirectly (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), but this prohibition does not apply to a resolution concerning any of the following matters:

- (i) the giving to him of a guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iii) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as

a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

- (iv) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary undertaking of the Company) in which he is interested (directly or indirectly) and whether as an officer, shareholder, creditor or otherwise (a "relevant company"), if he is not the holder of or beneficially interested in one per cent. or more of the capital of the relevant company. For the purposes of this paragraph (iv):
 - (a) a director is deemed to have an interest in one per cent. or more of the capital of a relevant company if (directly or indirectly) he is the holder of or beneficially interested in one per cent. or more of a class of equity share capital of the relevant company or of the voting rights available to members of the relevant company or if he can cause one per cent. or more of those voting rights to be cast at his direction;
 - (b) shares held by a director as bare or custodian trustee and in which he has no beneficial interest, shares comprised in a trust in which the director's interest is in reversion or is in remainder (if and so long as another person is entitled to receive the income from the trust) and shares comprised in an authorised unit trust scheme in which the director is interested only as a unit holder are disregarded;
 - (c) where a relevant company in the capital of which a director is deemed for the purposes of this paragraph (iv) to be interested in one per cent. or more is materially interested in a contract, the director is also deemed to be materially interested in that contract;
- (v) a contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a pension, retirement, death or disability benefits scheme or personal pension plan or employees' share scheme under which he may benefit and which either (a) has been approved by or is subject to and conditional on approval by the Inland Revenue for taxation purposes, or (b) relates to both employees and directors of the Company (or any of its subsidiary undertakings) and does not accord to a director as such a privilege or advantage not accorded to the employees to whom the scheme or fund relates;
- (vi) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings under which the director benefits in a similar manner to employees and which does not accord to a director as such a privilege or advantage not accorded to the employees to whom it relates; and
- (vii) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy under which he may benefit.

- (D) A director may not vote or be counted in the quorum on a resolution of the board or committee of the board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of an office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or its termination) of two or more directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each director. In such case each of the directors concerned (if not otherwise debarred from voting under this article) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (E) If a question arises at a meeting as to the materiality of a director's interest (other than the interest of the chairman of the meeting) or as to the entitlement of a director (other than the chairman) to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be referred to the chairman and his ruling in relation to the director concerned is conclusive and binding on all concerned.
- (F) If a question arises at a meeting as to the materiality of the interest of the chairman of the meeting or as to the entitlement of the chairman to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be decided by resolution of the directors or committee members present at the meeting (excluding the chairman) whose majority vote is conclusive and binding on all concerned.
- (G) Subject to the Acts, the Company may by ordinary resolution suspend or relax the provisions of this article either generally or in respect of a particular matter or ratify any transaction not authorised by reason of a contravention of this article.
- (H) For the purposes of this article, the interest of a person who is for the purposes of the Acts connected with (within the meaning of section 346 of the Act) a director is treated as the interest of the director and, in relation to an alternate director, the interest of his appointor shall be treated as the interest of the alternate director in addition to an interest which the alternate director otherwise has. This article applies to an alternate director as if he were a director otherwise appointed.

PROCEEDINGS OF DIRECTORS AND COMMITTEES

104. Board meetings

Subject to the articles, the board may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit.

105. **Notice of board meetings**

A director may, and the secretary at the request of a director shall, summon a board meeting at any time. Notice of a board meeting is deemed to be duly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last-known address or another address given by him to the Company for that purpose. A director may waive the requirement that notice be given to him of a board meeting, either prospectively or retrospectively. A director absent or intending to be absent from the United Kingdom may request that notices of board meetings during his absence be sent in writing to him at an address given by him to the Company for that purpose. If no request is made it is not necessary to give notice of a board meeting to a director who is absent from the United Kingdom.

106. **Quorum**

The quorum necessary for the transaction of business may be decided by the board and until otherwise decided is two directors present in person or by alternate director. A duly convened meeting of the board at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the board.

107. **Chairman of board**

The board may appoint one of its body as chairman to preside at every board meeting at which he is present and one or more deputy chairmen and decide the period for which he is or they are to hold office (and may at any time remove him or them from office). If no chairman or deputy chairman is elected, or if at a meeting neither the chairman nor a deputy chairman is present within five minutes of the time fixed for the start of the meeting, the directors and alternate directors (in the absence of their appointors) present shall choose one of their number to be chairman. If two or more deputy chairmen are present, the senior of them shall act as chairman, seniority being determined by length of office since their last appointment or reappointment. As between two or more who have held office for an equal length of time, the deputy chairman to act as chairman shall be decided by those directors and alternate directors (in the absence of their appointors) present. A chairman or deputy chairman may hold executive office or employment with the Company.

108. **Voting**

Questions arising at a meeting of the board are determined by a majority of votes. In case of an equality of votes the chairman has a second or casting vote.

109. **Participation by telephone**

A director or his alternate director may participate in a meeting of the board or a committee of the board through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Acts, all business transacted in this way by the board or a committee of the board is for the purposes

of the articles deemed to be validly and effectively transacted at a meeting of the board or a committee of the board although fewer than two directors or alternate directors are physically present at the same place. The meeting is 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.

110. Resolution in writing

A resolution in writing executed by all directors for the time being entitled to receive notice of a board meeting and not being less than a quorum or by all members of a committee of the board is as valid and effective for all purposes as a resolution passed at a meeting of the board (or committee, as the case may be). The resolution in writing may consist of several documents in the same form each executed by one or more of the directors or members of the relevant committee. The resolution in writing need not be signed by an alternate director if it is signed by his appointor and a resolution signed by an alternate director need not be signed by his appointor.

111. Proceedings of committees

- (A) Proceedings of committees of the board shall be conducted in accordance with regulations prescribed by the board (if any). Subject to those regulations and article 111(B), proceedings shall be conducted in accordance with applicable provisions of the articles regulating the proceedings of the board.
- (B) Where the board resolves to delegate any of its powers, authorities and discretions to a committee and that resolution states that the committee shall consist of any one or more unnamed directors, it is not necessary to give notice of a meeting of that committee to directors other than the director or directors who form the committee.

112. Minutes of proceedings

- (A) The board shall cause minutes to be made in books kept for the purpose of:
 - (i) all appointments of officers and committees made by the board and of any remuneration fixed by the board; and
 - (ii) the names of directors present at every meeting of the board, committees of the board, the Company or the holders of a class of shares or debentures, and all orders, resolutions and proceedings of such meetings.
- (B) If purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting, minutes are receivable as prima facie evidence of the matters stated in them.

113. **Validity of proceedings of board or committee**

All acts done by a meeting of the board, or of a committee of the board, or by a person acting as a director, alternate director or member of a committee are, notwithstanding that it is afterwards discovered that there was a defect in the appointment of a person or persons acting, or that they or any of them were or was disqualified from holding office or not entitled to vote, or had in any way vacated their or his office, as valid as if every such person had been duly appointed, and was duly qualified and had continued to be a director, alternate director or member of a committee and entitled to vote.

SECRETARY AND AUTHENTICATION OF DOCUMENTS

114. **Secretary**

- (A) Subject to the Acts, the board shall appoint a secretary or joint secretaries and may appoint one or more persons to be an assistant or deputy secretary on such terms and conditions (including remuneration) as it thinks fit. The board may remove a person appointed pursuant to this article from office and appoint another or others in his place.
- (B) Any provision of the Acts or of the articles requiring or authorising a thing to be done by or to a director and the secretary is not satisfied by its being done by or to the same person acting both as director and as, or in the place of, the secretary.

115. **Authentication of documents**

A director or the secretary or another person appointed by the board for the purpose may authenticate documents affecting the constitution of the Company (including the memorandum of association and the articles) and resolutions passed by the Company or holders of a class of shares or the board or a committee of the board and books, records, documents and accounts relating to the business of the Company, and to certify copies or extracts as true copies or extracts.

SEALS

116. **Safe custody**

The board shall provide for the safe custody of every seal.

117. **Application of seals**

A seal may be used only by the authority of a resolution of the board or of a committee of the board. The board may decide who will sign an instrument to which a seal is affixed (or, in the case of a share certificate, on which the seal may be printed) either generally or in relation to a particular instrument or type of instrument. The board may also decide, either generally or in a particular case, that a signature may be dispensed with or affixed by mechanical means. Unless otherwise decided by the board:

- (i) share certificates and certificates issued in respect of debentures or other securities (subject to the provisions of the relevant instrument) need not be signed or, if signed, a signature may be applied by mechanical or other means or may be printed; and
- (ii) every other instrument to which a seal is affixed shall be signed by one director and by the secretary or a second director.

118. Official seal for use abroad

The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad, and those powers shall be vested in the board.

DIVIDENDS AND OTHER PAYMENTS

119. Declaration of dividends

Subject to the Acts and the articles, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interests, but no dividend may exceed the amount recommended by the board.

120. Interim dividends

Subject to the Acts, the board may declare and pay such interim dividends (including a dividend payable at a fixed rate) as appear to it to be justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the board may pay interim dividends on shares which rank after shares conferring preferred rights with regard to dividend as well as on shares with preferred rights, unless at the time of payment a preferential dividend is in arrear. If the board acts in good faith, it does not incur any liability to the holders of shares conferring preferred rights for a loss they may suffer by the lawful payment of an interim dividend on shares ranking after those with preferred rights.

121. Entitlement to dividends

Except as otherwise provided by the rights attached to shares, a dividend shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for the purpose of this article as paid up on the share. Dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

122. Method of payment

- (A) The Company may pay a dividend, interest or another amount payable in respect of a share in cash or by cheque, dividend warrant or money order, or by a bank or other funds transfer system, or by such other method as the holder or joint holders of the share in respect of which the payment is made (or the person or persons entitled by transmission to the share) may in writing direct. Any joint holder or other person jointly entitled to a share may give an effective receipt for a dividend, interest or other amount paid in respect of the share.

- (B) The Company may send a cheque, warrant or order by post (i) in the case of a sole holder, to his registered address, or (ii) in the case of joint holders, to the registered address of the person whose name stands first in the register, or (iii) in the case of a person or persons entitled by transmission to a share, as if it were a notice given in accordance with article 138, or (iv) in any case, to a person and address that the person or persons entitled to the payment may in writing direct.
- (C) Every cheque, warrant or order is sent at the risk of the person entitled to the payment and shall be made payable to the order of the person or persons entitled. The payment of the cheque, warrant or order is a good discharge to the Company. If payment is made by a bank or other funds transfer, or by another method at the direction of the holder or holders or other person or persons entitled, the Company is not responsible for amounts lost or delayed in the course of the transfer or in carrying out these directions.
- (D) Without prejudice to article 67, the board may withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a share until he has provided any evidence of his right that the board may reasonably require.

123. Dividends not to bear interest

No dividend or other amount payable by the Company in respect of a share bears interest as against the Company unless otherwise provided by the rights attached to the share.

124. Calls or debts may be deducted from dividends etc.

The board may deduct from a dividend or other amounts payable to a person in respect of a share amounts due from him to the Company on account of a call or otherwise in relation to a share.

125. Unclaimed dividends etc.

All unclaimed dividends, interest or other amounts payable by the Company in respect of a share may be invested or otherwise made use of by the board for the benefit of the Company until claimed. Dividends unclaimed for a period of 12 years after having been declared are forfeited and cease to remain owing by the Company. The payment of an unclaimed dividend, interest or other amount payable by the Company in respect of a share into a separate account does not constitute the Company a trustee in respect of it.

126. Uncashed dividends

If, in respect of a dividend or other amount payable in respect of a share, on any one occasion:

- (i) a cheque, warrant or order is returned undelivered or left uncashed, or
- (ii) a transfer made by a bank or other funds transfer system is not accepted,

and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company is not obliged to send or transfer a dividend or other amount payable in respect of that share to that person until he notifies the Company of an address or account to be used for that purpose. If the cheque, warrant or order is returned undelivered or left uncashed or transfer not accepted on two consecutive occasions, the Company may exercise this power without making any such enquiries.

127. Payment of dividends in specie

Without prejudice to article 67, the board may, with the prior authority of an ordinary resolution of the Company, direct that payment of a dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid-up shares or debentures of another company. Where a difficulty arises in connection with the distribution, the board may settle it as it thinks fit and in particular may issue fractional certificates (or ignore fractions), may fix the value for distribution of the specific assets (or any part of them), may decide that a cash payment be made to a member on the basis of the value so fixed, in order to secure equality of distribution, and may vest assets in trustees on trust for the persons entitled to the dividend as may seem expedient to the board.

128. Payment of scrip dividends

- (A) Subject to the Acts, but without prejudice to article 67, the board may, with the prior authority of an ordinary resolution of the Company, allot to those holders of a particular class of shares who have elected to receive them further shares of that class or shares, in either case credited as fully paid, ("new shares") instead of cash in respect of all or part of a dividend or dividends specified by the resolution, subject to any exclusions, restrictions or other arrangements the board may in its absolute discretion deem necessary or expedient to deal with legal or practical problems under the laws of, or the requirements of a recognised regulatory body or a stock exchange in, any territory.
- (B) Where a resolution under article 128(A) is to be proposed at a general meeting and the resolution relates in whole or in part to a dividend to be declared at that meeting, then the resolution declaring the dividend is deemed to take effect at the end of that meeting.
- (C) A resolution under article 128(A) may relate to a particular dividend or to all or any dividends declared or paid within a specified period.
- (D) The board shall determine the basis of allotment of new shares. For this purpose the "average quotation" of each of the new shares is the average of the middle-market quotations for a fully-paid share of the Company of that class derived from the Daily Official List of the London Stock Exchange on the business day on which the relevant class of shares is first quoted "ex" the relevant dividend (or such other date as the board may deem appropriate to take account of any subsequent issue of shares by the Company) and the four subsequent business days or shall be as determined by or in accordance with the ordinary resolution.

- (E) The board may make any provision it considers appropriate in relation to an allotment made pursuant to this article, including but not limited to:
- (i) the giving of notice to holders of the right of election offered to them;
 - (ii) the provision of forms of election (whether in respect of a particular dividend or dividends generally);
 - (iii) determination of the procedure for making and revoking elections;
 - (iv) the place at which, and the latest time by which, forms of election and other relevant documents must be lodged in order to be effective; and
 - (v) the disregarding or rounding up or down or carrying forward of fractional entitlements, in whole or in part, or the accrual of the benefit of fractional entitlements to the Company (rather than to the holders concerned).
- (F) The dividend (or that part of the dividend in respect of which a right of election has been offered) is not declared or payable on shares in respect of which an election has been duly made (the "elected shares"); instead new shares are allotted to the holders of the elected shares on the basis of allotment calculated as in paragraph (D). For that purpose, the board may resolve to capitalise out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, a sum equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares for allotment and distribution to the holders of the elected shares. A resolution of the board capitalising part of the reserves has the same effect as if the capitalisation had been declared by ordinary resolution of the Company pursuant to article 129. In relation to the capitalisation the board may exercise all the powers conferred on it by article 129 without an ordinary resolution of the Company.
- (G) The new shares rank *pari passu* in all respects with each other and with the fully-paid shares of the same class in issue on the record date for the dividend in respect of which the right of election has been offered, but they will not rank for a dividend or other distribution or entitlement which has been declared or paid by reference to that record date.

CAPITALISATION OF PROFITS

129. Subject to the Acts, the board may, with the authority of an ordinary resolution of the Company:
- (i) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;

- (ii) appropriate the sum resolved to be capitalised to the members in proportion to the nominal amount of ordinary shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:

- (a) paying up the amounts (if any) for the time being unpaid on shares held by them respectively, or
- (b) paying up in full unissued shares or debentures of a nominal amount equal to that sum,

and allot the shares or debentures, credited as fully paid, to the members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;

- (iii) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, where shares or debentures become distributable in fractions, the board may deal with the fractions as it thinks fit, including issuing fractional certificates, disregarding fractions or selling shares or debentures representing the fractions to a person for the best price reasonably obtainable and distributing the net proceeds of the sale in due proportion amongst the members (except that if the amount due to a member is less than £3, or such other sum as the board may decide, the sum may be retained for the benefit of the Company);

- (iv) authorise a person to enter (on behalf of all the members concerned) an agreement with the Company providing for either:

- (a) the allotment to the members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation, or
- (b) the payment by the Company on behalf of the members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,

an agreement made under the authority being effective and binding on all those members; and

- (v) generally do all acts and things required to give effect to the resolution.

RECORD DATES

130. Notwithstanding any other provision of the articles, but subject to the Acts and rights attached to shares, the Company or the board may fix any date as the record date for a dividend, distribution, allotment or issue. The record date may be on or at any time before or after a date on which the dividend, distribution, allotment or issue is declared, made or paid.

ACCOUNTS

131. Inspection of accounts

- (A) The board shall ensure that accounting records are kept in accordance with the Acts.
- (B) The accounting records shall be kept at the office or, subject to the Acts, at another place decided by the board and shall be available during business hours for the inspection of the directors and other officers. No member (other than a director or other officer) has the right to inspect an accounting record or other document except if a right is conferred by the Acts or he is authorised by the board.

132. Accounts to be sent to members etc.

- (A) In respect of each financial year, a copy of the Company's annual accounts, directors' report and auditors' report on those accounts shall be sent by post or delivered to:

- (i) every member (whether or not entitled to receive notices of general meetings),
- (ii) every holder of debentures (whether or not entitled to receive notices of general meetings), and
- (iii) every other person who is entitled to receive notices of general meetings,

not less than 21 clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the Acts. This article does not require copies of the documents to which it applies to be sent or delivered to:

- (a) a member or holder of debentures of whose address the Company is unaware, or
- (b) more than one of the joint holders of shares or debentures.

- (B) Where permitted by the Acts, a summary financial statement derived from the Company's annual accounts and the directors' report in the form and containing the information prescribed by the Acts may be sent or delivered to a person in place of the documents required to be sent or delivered by article 132(A).

NOTICES

133. Notices to be in writing

A notice to be given to or by a person pursuant to the articles shall be in writing except that a notice convening a meeting of the board or of a committee of the board need not be in writing.

134. Service of notices and other documents on members

- (A) A notice or other document may be given to a member by the Company either personally or by sending it by post in a pre-paid envelope addressed to the member at his registered address, or by leaving it at that address (or at another address notified for the purpose) in an envelope addressed to the member.
- (B) In the case of joint holders of a share, a notice or other document shall be given to whichever of them is named first in the register in respect of the joint holding and notice given in this way is sufficient notice to all joint holders.
- (C) If a member (or, in the case of joint holders, the person first named in the register) has a registered address outside the United Kingdom but has notified the Company of an address in the United Kingdom at which notices or other documents may be given to him, he is entitled to have notices given to him at that address, but otherwise no such member or person is entitled to receive a notice or other document from the Company.

135. Notice by advertisement

If by reason of the suspension or curtailment of postal services in the United Kingdom the Company is unable effectively to convene a general meeting by notices sent by post, the board may, in its absolute discretion and as an alternative to any other method of service permitted by the articles, resolve to convene a general meeting by a notice advertised in at least one leading United Kingdom national daily newspaper. In this case the Company shall send confirmatory copies of the notice by post if at least seven clear days before the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

136. Evidence of service

- (A) A notice or other document addressed to a member at his registered address or address for service in the United Kingdom is, if sent by post, deemed to be given within 24 hours if pre-paid as first class post and within 48 hours if pre-paid as second class post after it has been posted, and in proving service it is sufficient to prove that the envelope containing the notice or document was properly addressed, pre-paid and posted.
- (B) A notice or document not sent by post but left at a registered address or address for service in the United Kingdom is deemed to be given on the day it is left.
- (C) Where notice is given by newspaper advertisements, the notice is deemed to be given to all members and other persons entitled to receive it at noon on the day when the advertisements appear or, if they appear on different days, at noon on the last of the days when the advertisements appear.
- (D) A member present in person or by proxy at a meeting or of the holders of a class of shares is deemed to have received due notice of the meeting and, where required, of the purposes for which it was called.

137. Notice binding on transferees etc.

A person who becomes entitled to a share by transmission, transfer or otherwise is bound by a notice in respect of that share (other than a notice served by the Company under section 212 of the Act) which, before his name is entered in the register, has been properly served on a person from whom he derives his title.

138. Notice in case of entitlement by transmission

Where a person is entitled by transmission to a share, the Company may give a notice or other document to that person as if he were the holder of a share by addressing it to him by name or by the title of representative of the deceased or trustee of the bankrupt member (or by similar designation) at an address in the United Kingdom supplied for that purpose by the person claiming to be entitled by transmission. Until an address has been supplied, a notice or other document may be given in any manner in which it might have been given if the death or bankruptcy or other event had not occurred. The giving of notice in accordance with this article is sufficient notice to all other persons interested in the share.

DESTRUCTION OF DOCUMENTS

139.

(A) The Company may destroy:

- (i) a share certificate which has been cancelled at any time after one year from the date of cancellation;
- (ii) a mandate for the payment of dividends or other amounts or a variation or cancellation of a mandate or a notification of change of name or address at any time after two years from the date the mandate, variation, cancellation or notification was recorded by the Company;
- (iii) an instrument of transfer of shares (including a document constituting the renunciation of an allotment of shares) which has been registered at any time after six years from the date of registration; and
- (iv) any other document on the basis of which any entry in the register is made at any time after six years from the date an entry in the register was first made in respect of it.

(B) It is presumed conclusively in favour of the Company that every share certificate destroyed was a valid certificate validly cancelled, that every instrument of transfer destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed was a valid and effective document in accordance with the recorded particulars in the books or records of the Company, but:

- (i) the provisions of this article apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of the document is relevant to a claim;

- (ii) nothing contained in this article imposes on the Company liability in respect of the destruction of a document earlier than provided for in this article or in any case where the conditions of this article are not fulfilled; and
- (iii) references in this article to the destruction of a document include reference to its disposal in any manner.

WINDING UP

140. On a voluntary winding up of the Company the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different kinds. For this purpose the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

INDEMNITY

141.

- (A) Subject to the Acts, but without prejudice to an indemnity to which he may otherwise be entitled, every officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the execution of his duties or the exercise of his powers, authorities and discretions including (without prejudice to the generality of the foregoing) a liability incurred:
 - (a) defending proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without a finding or admission of material breach of duty on his part, or
 - (b) in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- (B) The board may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is an officer or employee, or former officer or employee, of the Company or of a company which is a subsidiary undertaking of the Company or in which the Company has an interest (whether direct or indirect), or who is or was trustee of a retirement benefits scheme or another trust in which an officer or employee or former officer or employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or another liability which may lawfully be insured against by the Company.

G

COMPANIES FORM No. 122

**Notice of consolidation, division,
sub-division, redemption or
cancellation of shares, or conversion,
re-conversion of stock into shares****122**Please do not
write in
this margin

Pursuant to section 122 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering* insert full name
of company

To the Registrar of Companies

For official use

Company number

--	--	--	--	--

2352435

Name of company

* HAMLEYS plc

gives notice that:

by resolution of the Company dated 25 April 1994 the following was
implemented in the order set out below:-

- (a) each of the 327,255 "B" Ordinary Shares of 1 pence each were
re-classified as Ordinary Shares of 1 pence each;
- (b) every 5 issued Ordinary Shares of 1 pence each and every authorised
but unissued Ordinary Shares of 1 pence each were consolidated into
1 Ordinary Share of 5pence each. Fractional entitlements to
issued Ordinary Shares of 5 pence each were aggregated and sold for
the benefit of the Company;
- (c) the authorised but unissued share capital of the Company comprising
41,798,000 Deferred Shares of 1 pence each were re-classified and
consolidated into 8,359,600 Ordinary Shares of 5 pence each.

† Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed

Ladan Hall

Designation† Secretary

Date

11/5/94

Presentor's name address and
reference (if any):Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

Ref: ANW/DBF/JRYG/H1746/0138

For official Use
General Section

Post room



A6B9A1X.

A05 RECEIPT DATE: 08/0

Company No. 2352435

CONFORMED COPY

THE COMPANIES ACTS 1985 AND 1989

PUBLIC COMPANY LIMITED BY SHARES

EXTRAORDINARY RESOLUTION

of

HAMLEYS plc

At a separate Class Meeting of the holders of the Ordinary Shares of 1p each held at 32 Queen Anne's Gate, London SW1H 9AB on 25 April 1994 the following resolution was passed as an extraordinary resolution.

EXTRAORDINARY RESOLUTION

THAT this Meeting of the holders of Ordinary Shares of 1p each consents to and sanctions the matters proposed to be effected by the Special Resolution passed at an Extraordinary General Meeting held at 2.30pm on 25 April 1994 and to any and every variation of the rights or privileges attaching to such Ordinary Shares which may be involved in or effected by the passing of such Resolution.

HOWARD DYER

CHAIRMAN



A6B961XX

A051RECEIPT DATE:08/05/

G

COMPANIES FORM No. 123

**Notice of increase
in nominal capital****123**Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

[] [] [] []

2352435

Name of company

* HAMLEYS plc

* Insert full name
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 25 April 1994 the nominal capital of the company has been
increased by £ 1,107,485 beyond the registered capital of £ 457,515.

§ the copy must be
printed or in some
other form approved
by the registrar

A copy of the resolution authorising the increase is attached. §

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as follow: contained in the company's
Articles of Association.

Please tick here if
continued overleaf‡ Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriateSigned Laden Hall Designation ‡ Secretary Date 11/5/94Presenter's name address and
reference (if any):

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

Ref: ANW/DBF/JRYG/H1746/0138

For official Use
General Section

Post room



A6B991X-

A05 RECEIPT DATE: 08/06/94

FILE COPY



CERTIFICATE OF REGISTRATION
OF ORDER OF COURT
ON CANCELLATION OF SHARE PREMIUM ACCOUNT

Company No. 2352435

Whereas HAMLEYS PLC

having by Special Resolution cancelled its share premium account as confirmed by an Order of the High Court of Justice, Chancery Division dated the 8th June 1994

Now therefore I hereby certify that the said Order was registered pursuant to section 138 of the Companies Act 1985 on the 10th June 1994

Given at Companies House, Cardiff, the 16th June 1994

A handwritten signature in black ink, appearing to read 'M B May'.

M. B. MAY (MRS.)

For The Registrar Of Companies



C O M P A N I E S H O U S E