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maclay murray & spens LLP

THE COMPANIES ACTS, 1948 TO 1967

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

**(As amended by Special Resolutions dated 28th December 1950 and
28th February 1974)**

and

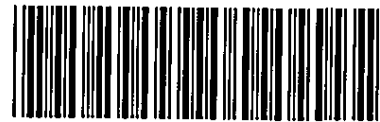
ARTICLES OF ASSOCIATION

**(Adopted by Special Resolution passed on 13th December 1989 and
amended by Special Resolutions passed on 7th January 1992, 8th
August 1995, 15th December 1995 and 8 June 2011)**

of

LITHGOWS LIMITED

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THE COMPANIES ACTS 1948 to 1967

COMPANY LIMITED BY SHARES

MEMORANDUM of ASSOCIATION

(As amended by Special Resolution dated 28 December

1950 and 28 February 1974)

Of

LITHGOWS LIMITED

1. The name of the Company is LITHGOWS LIMITED.
2. The Registered Office of the Company will be situate in Scotland.
3. The objects for which the Company is established are:-
 - 3.1 To acquire as at 30 November 1917, and take over as a going concern the business hitherto carried on in Port Glasgow under the style or firm of RUSSELL & COMPANY, as Shipbuilders and Ship Repairers, and to acquire and undertake all or any of the assets and liabilities of the said firm.
 - 3.2 To carry on either in combination or separately the businesses of Shipbuilders, Ship Repairers, Engineers, Boilermakers, Ironfounders, Brassfounders, Coppersmiths, Tinsmiths, Salvage Contractors, Metal Forgers, Sawmillers, Owners and Lessees of Harbours, Docks and Piers, Warehousemen, Storekeepers, Shipowners, Iron and Coal Masters and Manufacturers, Merchants and Dealers of and in armour plates, ordnance of all kinds, and other instructions and appliances in connection with shipbuilding and engineering, and every description of goods, produce, outfit, stores, wares and merchandise.
 - 3.3 To build, equip and repair ships and vessels of all kinds, including warships, and to manufacture, acquire, and repair engines, boilers, machinery, and any other appliances and things used in or about, or for the purposes of, shipbuilding or marine engineering.
 - 3.4 To own, manage, charter and hire Steam or other Ships and Vessels, floating docks, pontoons and other craft of every description.
 - 3.5 To invest the Capital and other monies of the Company in the purchase or upon the security of shares, stocks, debentures, debenture stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any Company, corporation or undertaking of whatever nature and wheresoever constituted or carrying on business and shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations and other securities issued or guaranteed by any Government municipal local or other authority or body of whatever nature whether at home or abroad; to acquire mortgages, obligations and other securities by original subscription, syndicate participation, tender purchase exchange or otherwise and to subscribe for the same either conditionally or otherwise and to guarantee the subscription thereof.

- 3.6 To carry on any other trade or business whether manufacturing or otherwise, which may seem to the Company capable of being advantageously or conveniently carried on by way of extension of, or in connection with any of the before mentioned objects or calculated directly or indirectly to enhance the value of or render profitable any of the Company's assets.
- 3.7 To purchase, lease, hire, or otherwise acquire, lay out and develop real or leasehold property or any easements, rights, privileges or concessions or any interest therein necessary or convenient for the Company's business or for developing the same.
- 3.8 To purchase, lease, hire, or otherwise acquire, and to erect, construct, maintain and improve any buildings (including dwellinghouses, hostels, hotels, public houses, shops, canteens, club houses or rooms and halls for the accommodation and use of the employees of the Company or others), works, yards, harbours, docks, graving docks, wharves, slips, canals, railways, tramways, machinery, plant and other appliances necessary or convenient for the business of the Company, or to join with any firm or Company in doing any of the things aforesaid and to work, manage, or control the same, or to join with others in so doing and generally, from time to time, to provide all requisite accommodation and facilities for the purpose of the Company.
- 3.9 To insure, if the Company sees fit, the whole or any part of the property of the Company, either fully or partially, and that either on the mutual principle or by forming a General Reserve or Insurance Fund, or by insurance effected with the Company itself as insurer, or with other companies or persons, and to effect re-insurances and counter-insurances.
- 3.10 To apply for, purchase, or by other means acquire, and protect, prolong, renew, hold, exercise, and use, whether in the United Kingdom or elsewhere, any patents, patent rights, brevets d'invention, licences, 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 upon and testing and in improving or seeking to improve any patents, inventions, or rights which the Company may acquire or propose to acquire.
- 3.11 To enter into any partnership or arrangement for sharing of profits, union of interests, reciprocal concessions, joint adventure or co-operation with any person, company or corporation, carrying on or about to carry on, or assisting as contractors, employees or otherwise in carrying on any business which this Company is authorised to carry on, or any business or transaction capable of being conducted so as, directly or indirectly, to benefit this Company, and to subsidise or otherwise assist any such person, company or corporation.
- 3.12 To pay for any purchase in cash, or by Bills of the Company, or by ordinary, preference, guaranteed, deferred, or other Shares in the Company, in any case fully paid up, or partly paid up, or by the debentures, mortgage debentures, or other securities or acknowledgements of the Company, or partly by cash, Bills, ordinary, preference, guaranteed, or deferred Shares or debentures, mortgage debentures or other securities or acknowledgements of the Company, or one or more of them, or in any other manner as may be agreed upon.
- 3.13 To sell, improve, manage, cultivate, develop, exchange, hire, lease, mortgage, dispose of, turn to account, or otherwise deal with the undertaking, or all or any part of the property and rights of the Company for such consideration as the Company

may think fit and in particular for Shares (full or partly paid up), debentures, stock or securities of any other Company.

- 3.14 To invest and deal with the monies of the Company not immediately required upon such securities in such manner as may from time to time be determined.
- 3.15 To lend and advance money or give credit to such persons and on such terms as may be expedient, and in particular to customers and others having dealings with the Company, and to give guarantees or become security for any such persons.
- 3.16 To borrow and raise money and to secure or discharge any debt or obligation of or binding on the Company in such manner as may be thought fit, and in particular by mortgages of or charges upon the undertaking and all or any of the heritable and moveable real and personal property (present and future) and the uncalled capital of the Company or by the creation and issue of debentures debenture stock or other obligations or securities of any description and whether with or without the Company receiving any consideration to guarantee support and give security (either by way of mortgage or charge on all or any part of the property and undertaking present and future and the uncalled capital of the Company or otherwise) for the performance of the obligations and the payment of the principal of and dividends interest and premiums on any stocks shares debentures debenture stock or other securities of any Company which is for the time being the holding company or a subsidiary company of the Company or is associated in business with the Company.
- 3.17 To draw, make, endorse, discount, execute, and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, and other negotiable or transferable instruments.
- 3.18 To apply for, promote, and obtain any Act of Parliament, Provisional Order, or licence of the Board of Trade or other Authority, for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's Constitution, or for any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.
- 3.19 To enter into any arrangements with any governments or authorities (supreme, municipal, local, or otherwise) and or any corporations, companies, or persons that may seem conducive to the Company's objects, or any of them and to obtain from such government, authority, corporation, company, or person, any charters, contracts, decrees, rights privileges and concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, contracts, decrees, rights, privileges and concessions.
- 3.20 To subscribe for, take, purchase, or otherwise acquire and hold shares or other interest in or securities of any other company having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
- 3.21 To remunerate any person, firm, or company rendering services to this 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.
- 3.22 To pay all or any expenses incurred in connection with the formation, promotion and incorporation of the company, or to contract, with any person, firm, or company to pay the same, and to pay commissions to brokers and others for underwriting,

placing, selling, or guaranteeing the subscription of any shares, debentures, debenture stock or securities of the Company.

- 3.23 To grant persons or gratuities to any persons (including Directors and other Officers) who may be or have been in the employment or service in any capacity of the Company or any subsidiary company of the Company or of the predecessors in business of the Company or of any such subsidiary company or the wives, widows, families or dependents of any such persons; and to establish or support associations, institutions, clubs, funds and trusts which may be considered calculated to benefit any such persons or otherwise advance the interests of the Company or of its members; and to establish and contribute to any scheme for the purchase by trustees of shares of the Company to be held for the benefit of the Company by trustees of shares of the Company to be held for the benefit of the Company's employees or to lend money to the Company's employees to enable them to purchase shares of the Company; and to subscribe or guarantee money for any national, educational, scientific, literary, religious, charitable or benevolent object, or for any exhibition, or for any public, general or useful object and to support public or private benefactions.
- 3.24 To procure the Company to be registered or recognised in any colony or dependency and in any foreign country or place.
- 3.25 To promote any other company for the purpose of acquiring all or any of the property, and undertaking any of the liabilities of this Company or of undertaking any business or operations which may appear likely to assist or benefit this Company or to enhance the value of any property or business of this 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 any such Company as aforesaid.
- 3.26 To distribute among the members of the Company, in kind, any property of the Company, and in particular any shares, debentures, or securities of other companies belonging to this Company or of which this Company has the power of disposing.
- 3.27 To do all or any of the above things in any part of the world, and either as principals, agents, contractors, trustees or otherwise, and either along or in conjunction with others or by or through agents, sub-contractors, trustees, or otherwise.
- 3.28 To do all such other things as may be deemed 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 partnership or other body of persons, whether incorporated or not incorporated, and whether domiciled in the United Kingdom or elsewhere, and the intention is that the objects specified in each of the first four paragraphs of this clause shall, except where otherwise expressed in such paragraph, be in nowise restricted by reference to or inference from the terms of any other paragraph.

- 4. The liability of the members is limited.
- 5. The share capital of the Company is £2,000,000 divided into 20,000 Shares of £100 each. The Company has power to increase or reduce its capital, and to issue the original increased or reduced capital with, or subject to, such rights and privileges, deferred, guaranteed, or preferential, as may be specified in the Articles of Association of the Company for the time being.

By Special Resolution passed on 7 January 1992 the above capital of the Company was divided into 10,000 Ordinary shares of £100 each and 1,000,000 Non-voting, Non-convertible, Non-cumulative, Redeemable 7.5% Preference shares of £1 with rights attaching thereto as specified in the Articles of Association of the Company.

By Special Resolution passed on 8 August 1995 the above capital of the Company was divided into 9,346 Ordinary shares of £100, 1,000,000 Non-voting, Non-convertible, Non-cumulative Redeemable 7.5% Preference shares of £1 and 654 Preferred Ordinary shares of £100 each with rights attaching thereto as specified in the Articles of Association of the Company.

ARTICLES of ASSOCIATION

of

LITHGOWS LIMITED

(Adopted by Special Resolutions passed on 13 December 1989 and amended by Special Resolutions passed on 7 January 1992, 8 August 1995, 15 December 1995 and 8 June 2011)

PRELIMINARY

1. The Regulations of the Company shall be those contained in Table A specified in Statutory Instrument 1985 No. 805 as amended by Statutory Instrument 1985 No. 1052 save insofar as they are excluded or modified hereby or inconsistent herewith and said Table A is hereinafter referred to as "Table A".
2. Regulations 8, 24, 40, 59 and 64, 73, 74, 75, 76 and 77 of Table A shall not apply to the Company.

SHARES

- 3.1 The share capital of the Company is £2,000,000 divided into 9,346 Ordinary shares of £100, 1,000,000 Non-voting, Non-convertible, Non-cumulative Redeemable 7.5% Preference shares of £1 (the "Preference Shares") with rights attaching thereto as specified in 3.2 below and 654 Preferred Ordinary Shares of £100 each with rights and restrictions attaching thereto as specified in 3.4 below.
- 3.2 The Preference shares shall carry the following rights:
 - 3.2.1 The Preference shares shall not confer on the holder the right to attend or to vote at any general meeting of the Company, or to receive any notice thereof;
 - 3.2.2 The Preference shares shall not be convertible into any other class of shares in the capital of the Company other than with the consent of (1) the holders of all the Preference shares and (2) the holders of all the remaining shares or classes of shares in the capital of the Company;
 - 3.2.3 The Preference shares shall be redeemable and redeemed in the following manner and upon and subject to the following terms and conditions:
 - (a) each holder of the Preference shares shall have the option at any time to redeem at par all or any of the fully paid up Preference shares for the time being held by him. Such right shall be exercisable subject to the provisions of the Companies Act 1985 (as the same may be amended or re-enacted);
 - (b) not less than one calendar month's notice in writing of his intention so to redeem shall be given to the Company by any holder of Preference shares to be redeemed. The notice shall fix the time, date and place of such redemption and specify the number of Preference shares to be redeemed. At the time, date and place so fixed, such holder of Preference shares shall be bound to deliver up to the Company the certificates for the Preference shares to be redeemed for cancellation and thereupon the Company shall pay to

him in respect of those shares both the redemption monies payable and:

- (i) any arrears or deficiency of the preferential dividend (whether earned or declared or not) calculated down to the due date of redemption; and
- (ii) the amount of any preferential dividend which has been declared but not paid; and shall issue to such holder of Preference shares a certificate for any balance of Preference shares retained by him after such redemption.

3.2.4 The Preference shares shall confer on the holders thereof the right to be paid out of the distributable profits of each financial year in preference to any dividend on the Ordinary shares of the Company, a fixed net cash dividend for such year at the rate of 7.5% per annum to be paid only if and insofar as in the opinion of the Directors the distributable profits of the Company justify such payment;

3.2.5 In the event of the Winding-up of the Company, the holders of the Preference shares shall rank ahead of the holders of the Ordinary shares and the Preferred Ordinary shares in the distribution of the assets of the Company but only to the extent of being repaid at par and, beyond that, the holders of the Preference shares shall not be entitled to participate in any assets of the Company available for distribution.

3.3 The Ordinary shares and Preference shares of the Company shall be deemed to be separate classes of shares in the capital of the Company.

3.4 The Preferred Ordinary shares shall carry the following rights and be subject to the following restrictions:

3.4.1 The Preferred Ordinary shares shall confer on the holders thereof the right to be paid out of the distributable profits of each financial year in preference to any dividend on the Ordinary shares of the Company but after payment of the dividend on the Preference shares a cumulative net cash dividend for each year of an amount equivalent to 0.145% of the consolidated total of the share capital and reserves of the Company and its subsidiaries after deduction of dividend on the Preference shares but before deduction of any dividend on the Ordinary shares as shown in the final draft unaudited consolidated balance sheet of the Company and its subsidiaries at 31 December each year, divided by the number of Preferred Ordinary shares in issue or an amount equivalent to 110% of the dividend on the Ordinary shares for that year, whichever is the higher to be paid only if and insofar as in the opinion of the Directors the distributable profits of the Company justify such payment. In the event that there is a further issue of Ordinary shares, the percentage of 0.145 set out above for determining the level of the dividend on the Preferred Ordinary shares will be reduced in accordance with the following formula:

$$R = 0.145 \times \frac{x-y}{x}$$

Where:

R is the new dividend percentage.

- x is the consolidated total of share capital and reserves of the Company and its subsidiaries after deduction of dividend on the Preference shares but before deduction of any dividend on the Ordinary shares as set out in the final draft unaudited consolidated balance sheet of the Company and its subsidiaries at 31 December in the year of issue of the shares.
- y is the total amount credited to share capital and share premium in that year as a result of the issue of new ordinary share capital.

Notwithstanding the foregoing provisions of this Article 3.4.1 the Directors may declare an interim dividend on the Ordinary shares provided that:

- (i) they simultaneously declare an interim dividend of the same amount per share on the Preferred Ordinary shares, and
- (ii) they are of the opinion that the distributable profits of the Company will be sufficient to pay the balance of the dividend on the Preferred Ordinary shares in preference to any further dividend (interim or final) which may be payable on the Ordinary shares.

- 3.4.2 In the event of a winding-up of the Company, the holders of the Ordinary shares and the holders of the Preferred Ordinary shares shall rank *pari passu*.
- 3.4.3 The Preferred Ordinary shares shall confer upon the holders thereof the right to receive notice of and attend at all General Meetings of the Company but not to speak thereat nor to vote on any resolution save that the holders of the Preferred Ordinary shares shall be entitled to speak and vote on any resolution at a General Meeting held while their dividend is in arrear and any resolution proposing the winding up of the Company.
- 3.4.4 The Preferred Ordinary shares shall forthwith be converted into Ordinary shares if a person or persons other than the Present Members obtain a controlling interest in the Company.

For the purpose of this Article 3 the expression "Present members" shall mean all persons who were members of the Company on 1 August 1995 together with any spouse or descendant, natural or adoptive, of James Frank Lithgow or John Alexander Lithgow (sons of Sir William Lithgow) or any trusts or trust for the benefit of any spouse of descendant, natural or adoptive of James Frank Lithgow or John Alexander Lithgow who may from time to time be members of the Company. For the purpose of this Article 3 the expression "a controlling interest" shall mean shares conferring in the aggregate 50% or more of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring the right to vote at General Meetings.

- 3.4.5 The Preferred Ordinary shares shall forthwith be converted into Ordinary shares immediately prior to any amalgamation or reconstruction of the Company. In the event that such amalgamation or reconstruction requires shareholders approval, such conversion shall take place at the date of the notice convening the meeting to obtain such shareholder approval.

- 3.4.6 If pursuant to Article 9 hereof it is proposed to transfer any Ordinary shares of the Company to a person who is not at that time a member of the Company there shall forthwith be converted into Ordinary shares such number of Preferred Ordinary shares which bears the same proportion to the total number of issued Preferred Ordinary shares as the number of Ordinary shares proposed to be so transferred bears to the total number of issued ordinary shares of the Company.

For the purpose of Article 9 any person other than members of the Company on 1 August 1995 and persons becoming members as beneficiaries of Sir William James Lithgow's Deed of Provision Trust, Sir William James Lithgow's Inter Vivos Trust and Sir William James Lithgow's Discretionary Trust shall be deemed not to be a member of the Company notwithstanding that his name appears on the register of members of the Company.

- 3.5 Other than in respect of the rights and restrictions set out in Article 3.4 above, the Preferred Ordinary shares and Ordinary shares in the capital of the Company shall be deemed to be one class of share in the capital of the Company.
- 3.6 The Preferred Ordinary shares and the Preference shares of the Company shall be deemed to be separate classes of shares in the capital of the Company.
- 4.1 Any Shares proposed to be issued shall first be offered to the Members in proportion as nearly as may be to the number of the existing Shares held by them respectively unless the Company shall by Special Resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered and the period (being not less than fourteen days) within which the offer, if not accepted, will be deemed to be declined. The offer shall further invite each Member to state in his reply the number of additional Shares (if any) in excess of his proportion which he desires to purchase and if all such Members do not accept the offer in respect of their respective proportions in full the Shares not so accepted shall be used to satisfy the claims for additional Shares as nearly as may be in the proportion to the number of Shares already held by them respectively, provided that no Member shall be obliged to the Members holding that class of Shares in proportion to their existing holdings, the same shall be offered to such members, or some of them, in such proportions or in such manner as may be determined by lots drawn in regard thereto, and the lots shall be drawn in such manner as the Directors may think fit. Any Shares not taken up in accordance with the foregoing provisions and any Shares released from the provisions of this Article by such Special Resolution as aforesaid shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of Shares not accepted as aforesaid, such Shares shall not be disposed of on terms which are more favourable to the proposed allottees thereof than the terms on which they were offered to the Members.
- 4.2 Subject to this Article the Directors are unconditionally authorised for the purposes of Section 80 of the Act to allot Shares up to the amount of the total unissued Share Capital of the Company (original and increased) for the time being at any time or times during the period of five years from the date of adoption of these Articles or during any further period of renewal of the authority conferred by this Article, whichever is the later.
- 4.3 In accordance with Section 91 of the Act Section 89(1) and Section 90(1) to (6) (inclusive) shall be excluded from applying to the Company.

5. The Company shall be a private company limited by Shares in the sense of Section 1 of the Act. No invitation shall be made to the public to subscribe for any Shares or debentures of the Company and the Company and its Directors, officials, agents and all others acting on its behalf are hereby prohibited from making any such invitation to the public.
6. Regulation 5 of Table A shall be amended by adding the words "provided that the Company shall be bound to recognise the trust capacity of persons in respect of whom Shares are entered in the Register of Members of the Company in the names of persons as trustees under a trust to which the Trusts (Scotland) Act 1921 applies and any Deed of Assumption and Conveyance or Minute of Resignation by any such persons shall be recognised by the Company as effecting the purposes therein contained".

LIEN

7. The Company shall have a first and paramount lien on every Share for (i) all moneys (whether presently payable or not) called or payable at a fixed time in respect of that Share and (ii) for all moneys presently payable by the registered holder thereof or his estate to the Company; but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a Share shall extend to all rights attaching thereto and all dividends and sums payable thereon.

TRANSFER AND TRANSMISSION OF SHARES

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

All transfers of Shares must

- 8.1 be lodged at the Registered Office or such other place as the Directors may appoint and be accompanied by the certificate for the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and
- 8.2 be in respect of one class of Shares only.

Any direction (by way of renunciation, nomination or otherwise) by a Member entitled to an allotment of Shares to the effect that such Shares or any of them be allotted or issued to or registered in the name of some person other than himself shall for the purpose of these Articles be deemed to be a transfer of Shares.

9. The following provisions shall apply to all transfers of Shares.
- 9.1 Any Member proposing to transfer any Shares must give prior written notice to the Company specifying the proposed transferee, the number of Shares proposed to be transferred and in the case of a sale the proposed price per Share, or in the case of any other transfer, the amount which in his opinion constitutes the value per Share. The holders of the remaining Shares of the same class shall have the right to purchase all (but not only some of) such Shares either at the said proposed price or stated value per Share or the market value per Share fixed by an independent expert as specified in paragraph (c) below.

For the purposes of these Articles the Member proposing to transfer any Shares is called "the Vendor"; the prior written notice he must give is called a "Transfer Notice"; the Shares the Vendor proposes to transfer as specified in a Transfer Notice are called "the Offered Shares", and the other Members purchasing such Shares is/are called "the purchasing Member(s)".

A Transfer Notice authorises the Company to sell all (but not only some) the Offered Shares to the purchasing Member(s) as agent of the Vendor, either at the price or value per Share specified in the Transfer Notice or at the market value per Share fixed by the independent expert as specified in paragraph (c) below. Unless all the other Members agree, a Transfer Notice cannot be withdrawn.

- 9.2 The Offered Shares shall first be offered to the Members (other than the Vendor) holding Shares of the same class as nearly as may be in proportion to the number of Shares held by them respectively. Such offer shall be made by notice in writing (hereinafter called an "Offer Notice") within seven days after the receipt by the Company of the Transfer Notice.

The Offer Notice shall state the proposed transferee and the price or value per Share specified in the Transfer Notice and shall be open for written acceptance only for a period of fourteen days from its date, provided that if a certificate of valuation is requested under paragraph (c) below the offer shall remain open for such written acceptance for a period of fourteen days after the date on which notice of the market value certified in accordance with that paragraph is given by the Company to the Members. For the purpose of this Article an offer shall be deemed to be accepted on the day on which the acceptance is received by the Company.

The Offer Notice shall further invite each Member holding Shares of the same class to state in his reply the number of additional Shares (if any) in excess of his proportion which he desires to purchase and if all such Members do not accept the offer in respect of their respective proportions in full the Shares not so accepted shall be used to satisfy the claims for additional Shares as nearly as may be in the proportion to the number of Shares already held by the claimants respectively, provided that no Member shall be obliged to take more Shares than he shall have applied for.

If any Shares shall not be capable without fractions of being offered to the Members in proportion to their existing holdings, the same shall be offered to the Members, or some of them, in such proportions or in such manner as may be determined by lots drawn in regard thereto, and the lots shall be drawn in such manner as the Directors may think fit.

- 9.3 Any Member may, not later than seven days after the date of the Offer Notice, serve on the Company notice in writing requesting that the market value of the Offered Shares be fixed by an independent Chartered Accountant (who may be the Auditor or Auditors of the Company) mutually chosen by the Vendor and the Member or failing agreement as to such choice nominated on the application of either party by the President for the time being of the Institute of Chartered Accountants of Scotland. Such Accountant (hereinafter called "the Valuer") shall be deemed to act as an expert and not as an arbiter and his determination of the market value shall be final and binding for all purposes hereof. The Valuer shall certify his opinion of the market value of the Offered Shares in writing signed by him. The Valuer's costs shall be borne equally between the Vendor and the Member in question. On receipt of the Valuer's certificate the Company shall by notice in writing inform all Members holding Shares of the relevant class (including the Vendor) of the market

value of the Offered Shares and of the price per Share (being the lower of the price or value specified in the Transfer Notice and the market value of each Share) at which the Offered Shares are offered for sale. For this purpose the market value of each of the Offered Shares shall be the market value of the Offered Shares certified as aforesaid divided by the number of the Offered Shares.

9.4 If purchasing Members shall be found for all (but not only some of) the Offered Shares within the relevant period specified in paragraph (b) above, the Company shall not later than seven days after the expiry of such period give notice in writing (hereinafter called a "Sale Notice") to the Vendor specifying the purchasing Members and the Vendor shall be bound upon payments of the price due in respect of all the Offered Shares to transfer the same to the purchasing Members.

9.5 If the Vendor shall fail to sign and deliver a valid transfer of any of the Offered Shares which he has become bound to sell pursuant to the foregoing provisions the Secretary of the Company or if the Secretary shall be the Vendor, any Director of the Company other than the Vendor, shall be deemed to have been appointed agent of the Vendor with full power to complete, execute and deliver in the name and on behalf of the Vendor, transfers of the Shares to be sold by him pursuant to these provisions, and to receive payment of the price on his behalf, and to give a valid receipt and discharge therefor.

Subject always to Article 8, the Directors shall register any transfer granted in pursuance of these powers notwithstanding that the Certificate or Certificates for the Offered Shares may not be produced with such transfer or transfers and after the purchasing Member(s) has/have been registered in exercise of these powers, the validity of the proceedings shall not be questioned by any person.

9.6 If no Sale Notice shall be given by the Company or the Vendor within the time limit specified in paragraph (b) above, or if the purchasers are not found for all the Offered shares, the Vendor shall be entitled, for a period of 30 days after the expiry of such time limit, to transfer the Offered shares to the proposed transferee specified in the Transfer Notice but in the case of a sale, at not less than the lower of the price stated in the Transfer Notice and the market value, if this has been fixed by the Valuer provided always that any such transfer is accompanied by a transfer of the Preferred Ordinary shares converted pursuant to Article 3 above at the same price as any such transfer of Ordinary shares and the Directors shall register such transfers.

9.7 Any purported transfer of Shares by any Member not preceded by a Transfer Notice given in accordance with the foregoing provisions, shall be of no effect unless the other Members shall have validly waived their rights in writing, and no such purported transfer shall be registered by the Directors.

10. If:

10.1 any Member who is also a Director shall cease to be a Director for any reason whatever, or

10.2 any Member employed by the Company shall cease to be so employed for any reason whatever, or

10.3 any Member shall die or have a curator appointed by any competent court or become apparently insolvent or his estate shall be sequestrated or if he shall be declared bankrupt or shall have any receiving order made against him or shall make any arrangement or composition with his creditors generally or become of unsound mind or being a Company shall go into liquidation (other than a liquidation for the

purpose of reconstruction or amalgamation) or have a receiver or administrator appointed over all or any of its assets then the following provisions shall apply:

10.3.1 Such Member or the executor, trustee, curator, guardian, liquidator, receiver, administrator or other legal representative of such Member (hereinafter collectively and individually referred to in this Article as "the **Transferring Shareholder**") shall be bound if so required by written notice given by a majority of the other holders of Shares of the same class at any time within six months after the occurrence of the relevant event referred to in paragraphs 10.1, 10.2 or 10.3 above, to sell and transfer all (but not only some of) the Shares vested in him to any Member or Members other than the Transferring Shareholder, willing to purchase the same (hereinafter called the "**purchasing Member(s)**") at such price as the parties may mutually agree or failing such agreement at the market value per Share as at the date of such notice certified in accordance with the provisions of Article 9.3 hereof.

10.3.2 If the Directors exercise the foregoing power to require a sale, the Shares vested in the Transferring Shareholder shall be offered to the Members other than the Transferring Shareholder in proportion to the number of Shares held by them respectively. Such offer shall be made by notice in writing by the Directors (a copy of which shall at the same time be given to the Transferring Shareholder) proposing a price for the sale and purchase of the Shares. Such offer shall be open for negotiation of such price between the Transferring Shareholder and the other Members (and written acceptance if so agreed) for a period of fourteen days from its date. If agreement on the price for the sale and purchase of the Shares is not reached by the expiry of said period of fourteen days between the Transferring Shareholder and any other Member(s) wishing to purchase such Shares, any Member shall be entitled by written notice to the Company to require that the market value of the Shares in question be fixed by the Valuer in accordance with the provisions of Article 9.3 hereof, and on the market value being certified by the Valuer, the Transferring Shareholder shall sell and such other Member(s) shall purchase such Shares at such market value.

The provisions of paragraphs 9.2, 9.4, 9.5 and 9.6 of Article 9 hereof shall apply *mutatis mutandis* to the sale and transfer of Shares under this Article and the words "Vendor" and "Offered Shares" where they appear in those paragraphs of Article 9 shall for the purposes of this Article mean the Transferring Shareholder and the Shares vested in the Transferring Shareholder respectively.

10.3.3 The Members who purchase the Shares of any other Member pursuant to the foregoing provisions shall procure that any personal guarantee or security granted by such Member for the indebtedness of the Company is released or discharged on the date of completion of such purchase.

11. To the end of Regulation 29 of Table A there shall be added "provided that nothing in this Regulation shall apply to Shares held by two or more persons as trustees under a trust to which the Trusts (Scotland) Act 1921 applies".

GENERAL MEETINGS

12. No business shall be transacted at any General Meeting unless a quorum is present. Save as in these presents otherwise provided two members present in person entitled

to vote and holding or representing by proxy at least one tenth in nominal value of the Ordinary Share capital for the time being issued shall be a quorum.

13. In paragraph (b) of Regulation 46 of Table A the words "one or more" shall be substituted for the words "at least two". Paragraphs (c) and (d) of said Regulation 46 shall be omitted.
14. On a poll votes may be given either personally or by proxy. A Member may appoint only one proxy in respect of his entire holding of each class of Shares in the Company.

DIRECTORS

- 15.1 Unless and until otherwise determined by a General Meeting the number of Directors shall be no less than three nor more than ten.
- 15.2 The shareholding qualification for Directors may be fixed by the Company in General Meeting and unless and until so fixed no qualification shall be required.
- 15.3 A Director may hold any office or place of profit under the Company except that of Auditor and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with the office of Director for such period and on such terms as to remuneration and otherwise as the Directors may arrange. No Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relationship thereof established. A Director may in so far as not prohibited by law be or become a Director or other officer of or be otherwise interested in any Company promoted by this Company or in which it is or may be interested as a vendor, shareholder or otherwise and any such Director shall not be accountable for any remuneration or other benefits received by him as Director or officer of or from his interest in such Company.
- 15.4 No person shall be capable of being appointed an Executive Director (other than Chairman) if at the time of his appointment he has attained the age of 65 years and every Executive Director (excluding the Chairman) shall vacate office as such Executive Director at the conclusion of the Annual General Meeting commencing next after he attains the age of 65 years. Where any person retires by virtue of this Article no provision for the automatic reappointment shall apply and if at the meeting at which he retires the vacancy is not filled it may be filled as a casual vacancy.

Nothing in this Article shall prevent the appointment of a Director other than an Executive Director at any age or require a Director other than an Executive Director to retire at any time provided his appointment is or was made and the terms and conditions thereof approved by an Ordinary Resolution of the company but special notice shall be required of any resolution appointing or approving the appointment of such Director for it to have effect for the purpose of this Article and the notice thereof given to the Company and by the Company to the members must state the age of the person to whom it relates and the terms and conditions of his appointment.

- 15.5 At each Annual General Meeting one-third of the Directors for the time being or if their number is not a multiple of three the number nearest to but not greater than one-third shall retire from office. Provided that a Director appointed to the office of Chairman or Deputy Chairman or Managing Director shall not while holding that office be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting. The Directors to retire in every year shall be those who being subject to retirement by rotation have been longest in office since their last election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.
- 15.6 The Company at the meeting at which any Director retires under any provision of these presents may by Ordinary Resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected unless:
- 15.6.1 at such meeting it is expressly resolved not to fill up such vacated office or a Resolution for the re-election of such Director is put to the meeting and lost; or
 - 15.6.2 such Director has given notice in writing to the Company that he is unwilling to be re-elected; or
 - 15.6.3 such Director has attained any retiring age applicable to him as a Director; or
 - 15.6.4 the default is due to the moving of a Resolution in contravention of Article 15.7.1 below.
- 15.7
- 15.7.1 A Motion for the appointment of two or more persons as Directors by a single resolution shall not be made at any General Meeting unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void.
 - 15.7.2 No person other than a Director retiring at the meeting shall unless recommended by the Directors for election be eligible for appointment as a Director at any General Meeting unless not less than two nor more than forty two days before the day appointed for the meeting there shall have been left at the Registered Office notice in writing signed by some member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
 - 15.7.3 If at any General Meeting at which an election of Directors ought to take place the places of the retiring Directors or some of them are not filled up the retiring Directors or such of them as have not had their places filled up shall subject to the provisions of Article 15.4 above and if willing continue in office until the next Annual General Meeting and so on from year to year until their places are filled up unless it shall be determined at such General Meeting to reduce the number of Directors.

- 15.7.4 The Company may by Ordinary Resolution of which special notice has been given remove any Director before the expiration of his period of office notwithstanding any provision of these presents or of any agreement between the Company and such Director but without prejudice to any claim he may have for damages for breach of any such agreement. The Company may by a like resolution appoint another person in place of a Director so removed from office and any such person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as a Director. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy.

15.8

- 15.8.1 The Directors may procure the establishment and maintenance of any non contributory or contributory pension or superannuation funds or life assurance scheme for the benefit of and the grant of donations gratuities pensions allowances benefits or emoluments to any persons (including Directors and other Officers) who are or shall have been at any time in the employment or service in any capacity of the Company or of any subsidiary company of the Company or of the predecessors in business of the Company or of any such subsidiary company and the wives, widows, families or dependants of any such persons.
- 15.8.2 The Directors may also procure the establishment and subsidy of or subscription to any associations institutions, clubs, funds, or trusts which they may consider calculated to benefit any such persons as aforesaid or otherwise to advance the interests of the Company or of its members and payment for or towards the insurance of any such persons as aforesaid and subscriptions or guarantees of money for national educational scientific literary religious charitable or benevolent objects or for any exhibition or for any public general or useful object.
- 15.8.3 The Directors may procure any of the matters aforesaid to be done by the Company either along or in conjunction with any other company.
- 15.8.4 The Directors may arrange that any branch of the business carried on by the Company or any other business in which the Company may be interested shall be carried on by or through one or more subsidiary companies and they may on behalf of the Company make such arrangements as they think advisable for taking the profits or bearing the losses of any branch or business so carried on or for financing, assisting or subsidising any such subsidiary company or guaranteeing its contracts, obligations or liabilities and they may appoint, remove and reappoint any persons (whether members of their own body or not) to act as Directors, Executive Directors or managers of any such company or any other company in which the Company may be interested and may determine the remuneration (whether by way of salary commission on profits or otherwise) of any person so appointed.
- 15.(A) If a situation arises in which a director (the “**Conflicted Director**”) has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a “**Situation**”) the Conflicted Director is, provided only that such director declares such interest, authorised to continue to perform his duties, including attending, being counted in the quorum and voting at any meeting

of the Directors notwithstanding any such conflict or potential conflict and the existence of such Situation shall not give rise to a breach of the duty of the Conflicted Director pursuant to section 175 of the 2006 Act (or as such section may be amended or restated or re-numbered from time to time)."

BORROWING POWERS

16. The Directors, without prejudice to their general powers, may in the name and on behalf of the Company and from time to time at their discretion borrow from themselves or from others any sum or sums of money for the purposes of the Company and mortgage or charge the undertaking, property and uncalled capital of the Company or any part thereof as security for any debt, liability or obligation of the Company or of any third party provided always that, save with the previous Sanction of an ordinary resolution of the members of the Company, the aggregate principal amount from time to time outstanding of all borrowings shall not at any time exceed the aggregate of the nominal amount paid up or credited as paid up on the share capital of the Company and any Reserves of the Company and otherwise the Directors may borrow upon such terms and in such matter as they think fit.

DIVIDENDS

17. The Board may retain any dividend or other monies payable on or in respect of a Share on which the Company has a lien and may apply the same in or towards satisfaction of the monies, debts, liabilities or engagements, in respect of which the lien exists, and may deduct from any dividend or such monies payable to a member, all such sums of money as may be due from the member to the Company, either alone or jointly with any other person. A General meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets and in particular of paid-up Shares or debentures of any other company and the Board shall give effect to such resolution; and where any difficulty arises in regard to that distribution the Board may settle the same as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of members and may vest any specific assets in trustee upon trust for the persons entitled to the dividends as may seem expedient to the Board and generally may make such arrangements for the allotment acceptance and sale of such specific assets or fractional certificates or any part thereof and otherwise as they think fit.

PROCEEDINGS OF DIRECTORS

18. The Directors may appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors.

Certified a true copy

"A R Reid" Company Secretary