

Company Number: 3192328

THE COMPANIES ACT 1985-1989
PRIVATE COMPANY LIMITED BY SHARES
SPECIAL RESOLUTIONS
OF
THE FOUR OAKS GROUP LIMITED

At an Extraordinary General Meeting of the above named Company duly convened and held at *Farm Lane, Lower Withington, Macclesfield, Cheshire* on the *30th* day of *September* 1997 at *9.00* am/pm the following Resolutions was were passed as Special and Ordinary Resolutions:-

SPECIAL RESOLUTIONS

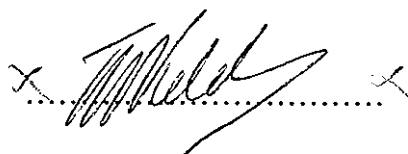
THAT:-

1. The existing Articles of Association be and they are hereby deleted in their entirety and the Articles of Association in the form produced to the Meeting and annexed hereto and initialled by the Secretary be and are hereby adopted in their place.
2. The Directors be empowered, pursuant to the Companies Act 1985 ("the Act") Section 95 to allot the equity securities referred to in Ordinary Resolution 3 below as if the pre-emption provisions of Section 89(1) and Sections 90(1) to (6) of the Act and of the Articles of Association of the Company adopted by Resolution 1 above did not apply to such allotment for a period of three months from the date of this resolution.



ORDINARY RESOLUTIONS

1. The existing authorised share capital of the Company be and it is hereby converted from 1000 Ordinary Shares of £1 each to 20,000 Ordinary Shares of 5p each.
2. The authorised share capital of the Company be and it is hereby increased by £196,975 to £197,975 by the creation of an additional 205,000 Ordinary Shares of 5p each, 179,475 Cumulative Redeemable Preference Shares of £1 each and 145,000 'A' Ordinary Shares of 5p each with the rights set out in the Articles of Association adopted by Special Resolution 1 above.
3. The Directors of the Company be and are hereby generally and unconditionally authorised pursuant to the Companies Act 1985 Section 80 to exercise the power of the Company to allot relevant securities (within the meaning of that section) or to grant any right to subscribe for or to convert any security into relevant securities in the Company up to a maximum aggregate nominal amount of £197,975 at any time for a period of three months from the date of this resolution to such persons in such proportions and upon such terms (except at a discount) with such rights and restrictions and in such manner as the Directors think fit.



Director

Company No: 3192328

THE COMPANIES ACTS 1985 - 1989
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
THE FOUR OAKS GROUP LIMITED

(as adopted by Special Resolution passed *30th*)
September 1997)

PRELIMINARY

1. (a) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.
- (b) In these Articles the expression "the Act" means the Companies Act 1985 as amended by the Companies Act 1989, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

ALLOTMENT OF SHARES

2. (a) Shares which are comprised in the authorised share capital as at the date of the adoption of these Articles shall be under the control of the Directors who may (subject to Section 80 of the Act and to paragraph (d) below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.
- (b) All shares which are not comprised in the authorised share capital of the Company at the date of the adoption of these Articles and which the Directors propose to issue shall first be offered to the Members in proportion as nearly as may be to the number of the existing shares in the equity share capital of the Company held by them respectively unless the Company in General Meeting shall by Special Resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than fourteen days) within which the offer, if not accepted, will be

deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them; such further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions and any shares released from the provisions of this Article by any 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 the shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the subscribers therefor than the terms on which they were offered to the Members. The foregoing provisions of this paragraph (b) shall have effect subject to Section 80 of the Act.

- (c) In accordance with Section 91(1) of the Act Sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.
- (d) The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital of the Company as at the date of the adoption of these Articles at any time or times during the period of five years from the date of the adoption of these Articles and the Directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by Ordinary Resolution of the Company in General Meeting.

SHARES

3. The authorised share capital of the Company at the date of the adoption of these Articles is £197,975 divided into 225,000 Ordinary Shares of 5p each, 145,000 'A' Ordinary Shares of 5p each (in these Articles referred to as "the 'A' Ordinary Shares") and 179,475 Cumulative Redeemable Preference Shares of £1 each (in these Articles referred to as "the Preference Shares"). The rights attaching to the respective classes of shares shall be as follows:-

(a) Income

The profits of the Company in respect of each financial year shall be applied:-

- (i) first in paying to each Preference Shareholder a cumulative preferential net dividend of a sum equal to 10 per cent per annum of the total subscription price of the Preference Shares held by him (hereinafter in these Articles referred to as "the Fixed Dividend") payable half yearly on the 7th April and the 7th October in each year the first such payment being payable on 7th

October 1997 in respect of the period from the date of issue of the Preference Shares to such date;

- (ii) secondly with effect from 1st October 1996 in respect of the financial year ending 30th September 1997 and each succeeding financial year in paying to the 'A' Ordinary Shareholders as a class in respect of each financial year of the Company a cumulative preferential net dividend (hereinafter in these Articles referred to as "the Participating Dividend") of a sum equal to x% of the Net Profit (calculated as hereinafter provided) of the Company and its subsidiaries for each financial year where x equals:-

- (a) in respect of the financial year ending 30th September 1997:-

$$1.25 \quad x \quad \frac{\text{number of 'A' Ordinary Shares in issue as at 30th September 1997}}{10,000}$$

- (b) in respect of the financial year ending 30th September 1998 and each financial year thereafter:-

$$1.5 \quad x \quad \frac{\text{number of 'A' Ordinary Shares in issue as at 30th September 1998}}{10,000}$$

The Participating Dividend (if any) shall be paid not later than 6 months after the end of each successive accounting reference period of the Company or not later than 14 days after the annual general meeting at which the audited accounts of the Company for the relevant financial year are presented whichever is earlier.

For the purposes of calculating the Participating Dividend the expression 'Net Profit' shall mean the net profit of the Company and its subsidiaries calculated on the historical cost accounting basis and shown in the audited consolidated profit and loss account of the Company and its subsidiaries for the relative financial year (to the nearest £1) but adjusted so that such figure is taken:-

- (1) subject to (2) below before any provision is made for 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 reserve;
- (2) after making provision for payment of the Fixed Dividend;
- (3) before deducting any corporation tax (or any other tax levied upon or measured by profits or gains) on the profits earned and gains realised by the Company and its subsidiaries;
- (4) after deducting a sum in respect of emoluments (including amounts referred to in paragraph 22(3) of Schedule 5 of the Companies Act

1985) but before deducting any commission payable to the Company's and any subsidiaries directors and former directors; and

- (5) before deducting or crediting extraordinary items.
- (iii) Any remaining profits which the Company determines to distribute in any financial year shall be applied as follows:-
- (1) first in paying to the holders of the Ordinary Shares in respect of each financial year of the Company a net dividend of an amount per share equal to the amount of the net Participating Dividend paid in respect of that financial year on each 'A' Ordinary Share;
 - (2) second in distributing the balance of the profits among the 'A' Ordinary Shareholders and the Ordinary Shareholders (pari passu as if the same constituted one class of share).

Every dividend shall be distributed to the appropriate shareholders pro-rata according to the amounts paid up or credited as paid up on the shares held by them respectively and shall accrue on a daily basis.

Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act the Fixed Dividend and the Participating Dividend shall (notwithstanding regulations 102 to 108 inclusive contained in Table A or any other provision of these Articles and in particular notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall be a debt due by the Company and be payable on the next due date in priority to any other dividend provided that if due to delays in the preparation of the audited accounts of the Company the Participating Dividend cannot be calculated by the date it is due for payment then there shall be paid forthwith an interim dividend in respect of the Participating Dividend of a sum which the directors reasonably consider to be the Participating Dividend otherwise due and if such sum shall exceed the amount which would have been payable had the audited accounts then been available the excess shall be taken to be advance payment (in whole or in part as the case may be) of the next Participating Dividend payable.

The Company shall procure that each of its subsidiaries which has profits available for distribution shall from time to time declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of the Fixed Dividend and the Participating Dividend.

If any Fixed Dividend or Participating Dividend is not paid on the date specified for payment in these Articles then the amount of such overdue dividends will be increased by 3% over the base lending rate of Barclays Bank plc from time to time per annum such increase to accrue on a daily basis from

the date the Fixed Dividend or the Participating Dividend becomes a debt pursuant to this Article.

(b) Capital

On a return of assets on liquidation or otherwise the assets of the Company remaining after the payment of its liabilities shall be applied first in paying to the Preference Shareholders the subscription price per share together with a sum equal to any arrears deficiency or accruals of the dividends on the Preference Shares calculated down to the date of the date of return of capital and payable irrespective of whether such dividend has been declared or earned or not; secondly in paying to the 'A' Ordinary Shareholders a sum equal to any arrears or deficiency of the dividends on the 'A' Ordinary Shares calculated down to the date of the return of capital and payable irrespective of whether such dividend has been declared or earned or not; and the balance of such assets shall be distributed amongst the Ordinary Shareholders and the 'A' Ordinary Shareholders (pari passu as if the same constituted one class of share) in proportion to the amounts paid up or credited as paid up on such shares held by them respectively.

(c) Conversion and Redemption

- (1) (i) Subject to the provisions of the Act the Preference Shares shall be redeemed in the proportions and on the dates set out below:

Redemption Date

Number of shares redeemable

7th April 1998

150,000 or the unredeemed balance of Preference Shares whichever is the smaller

7th April 1999

the unredeemed balance of Preference Shares

- (ii) On or before each date fixed for the redemption of Preference Shares in accordance with sub-paragraph (c)(1)(i) above each registered holder of Preference Shares shall surrender to the Company the certificate for his shares which are to be redeemed in order that they may be cancelled, and upon such cancellation the Company shall pay to such holder the amount payable in respect of such redemption as specified in sub-paragraph (c)(1)(iv) of this Article below provided that if any surrendered certificate includes any shares not redeemable at that time the Company shall issue a fresh certificate for the balance of the shares not redeemable to the holder.

- (iii) (a) Subject to the provisions of the Act the whole of the Preference Shares then still in issue shall be redeemed immediately prior to any class of shares in the capital of the Company becoming listed on The International Stock Exchange or the Unlisted

Securities Market or any other investment exchange (as defined in Section 13 of the Company Securities (Insider Dealing) Act 1985) or immediately prior to any sale or transfer of shares in the Company the registration whereof would result in a Controlling Interest (as defined in Article 8 hereof) being obtained by a person or persons (whether or not a body corporate) who is or are not a member or members of the Company at the date hereof;

- (b) the Company shall forthwith notify the Preference Shareholders in writing of such redemption (such notification specifying in detail the event which has given rise to such redemption) and shall forthwith pay to such shareholders the amount payable in respect of such redemption as specified in sub-paragraph (c)(1)(iv) of this Article below;
 - (c) within fourteen days thereafter each registered holder of Preference Shares shall surrender to the Company the certificate for his shares which have been redeemed in order that the same may be cancelled.
- (iv) There shall be paid on each of the Preference Shares redeemed in accordance with this Article the sum of £1 together with a sum equal to any arrears deficiency or accruals of the cumulative dividends thereon to be calculated down to the date of redemption whether such dividends have been declared or earned or not and the dividends thereon shall cease to accrue from that date unless payment of the redemption moneys in accordance with this Article shall be refused.
- (v) Subject to the provisions of the Act the Company may at any time redeem the whole or any part of the Preference Shares then outstanding 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. Any redemption of Preference Shares under this sub-paragraph shall be of not less than 25,000 Preference Shares. The provisions of sub-paragraphs (c)(1)(ii) and (iv) of this Article shall apply mutatis mutandis to any redemption under this sub-paragraph (c)(1)(v). Where the Company redeems any Preference Shares other than on the dates or in the amounts mentioned in sub-paragraph (c)(1)(i) of this Article the number of shares being redeemed shall reduce the number of shares to be redeemed on the next redemption date under sub-paragraph (c)(1)(i).
- (2) (i) The whole of the 'A' Ordinary Shares shall at the option of the 'A' Ordinary Shareholders automatically convert on a one for one basis into Ordinary Shares immediately prior to and conditional upon any class of shares in the capital of the Company becoming listed on The International Stock Exchange or the Unlisted Securities Market or any other investment exchange (as defined in Section 13 of the Companies

Securities (Insider Dealing) Act 1985) or immediately prior to and conditional upon any sale or transfer of shares in the Company the registration whereof would result in a Controlling Interest (as defined in Article 8 hereof) being obtained by a person or persons (whether or not a body corporate) who is or are not a member or members of the Company at the date of the adoption of these Articles;

- (ii) The Company shall forthwith notify the 'A' Ordinary Shareholders in writing of the prospect of such automatic conversion and such notification shall specify in detail the impending event which gives rise to such prospect of conversion and the 'A' Ordinary Shareholders shall notify the Company of whether they wish to exercise their option to automatically convert the 'A' Ordinary Shares in such circumstances.
- (iii) On the date of any such conversion the Company shall pay a dividend to the 'A' Ordinary Shareholders of a sum equal to any arrears, deficiency or accruals of the dividends on the 'A' Ordinary Shares calculated to the date of conversion whether such dividends have been declared or earned or not and so that the Participating Dividend shall be calculated pro rata according to the profits of the Company and its subsidiaries for the relative financial year down to the date of such conversion such profits to be calculated by the Company on a basis reasonably acceptable to the 'A' Ordinary Shareholders;
- (iv) Forthwith following the conversion of the 'A' Ordinary Shares in accordance with the foregoing provisions of this Article the former 'A' Ordinary Shareholders, shall send to the Company certificates in respect of their respective holdings of 'A' Ordinary Shares, and the Company shall issue to such holders certificates for the Ordinary Shares resulting from the conversion and shall register such conversion in the books of the Company.
- (v) The Ordinary Shares resulting from the conversion shall rank *pari passu* in all respects with the other Ordinary Shares in the Company.

4. Notwithstanding any other provisions of these Articles the directors shall be bound to offer to Cheshire Nominees Limited ("Cheshire") or any successor in title to Cheshire pursuant to the provisions of Article 6 such a proportion of any shares forming part of the equity share capital of the Company which the directors determine to issue as the aggregate nominal value of shares in the equity share capital of the Company for the time being held by Cheshire bears to the total issued equity share capital of the Company immediately prior to the issue of the shares. Any shares issued to Cheshire pursuant to such offer shall be issued upon similar terms and conditions as to payment and otherwise as apply to the other subscribers.

5. Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the holders of three fourths 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 shares of that class but not otherwise. To every such separate meeting all the provisions of these Articles relating to General Meetings of the Company shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum), and that the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively provided that, without prejudice to the generality of this Article, the special rights attached to the 'A' Ordinary Shares shall be deemed to be varied:-

- (i) by an alteration or increase or reduction of the authorised or issued capital of the Company or of any of its subsidiaries, or by any variation of the rights attached to any of the Shares for the time being in the capital of the Company or of any of its subsidiaries; or
- (ii) by the sale of the undertaking of the Company or any of its subsidiaries or any substantial part thereof; or
- (iii) by the disposal of any share in the capital of any subsidiary of the Company; or
- (iv) by any alteration of the restrictions on the powers of the directors of the Company and its subsidiaries to borrow give guarantees or create charges; or
- (v) by the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company or any of its subsidiaries; or
- (vi) by the calling of a Meeting for the purpose of considering a resolution for the winding up of the Company or any of its subsidiaries; or
- (vii) by the calling of a Meeting for the purpose of considering a resolution to approve a contract by the Company or any of its subsidiaries to purchase any of its or their shares; or
- (viii) by the calling of a Meeting for the purpose of considering a resolution amending the Memorandum or Articles of Association of the Company or any of its subsidiaries.

6. Notwithstanding any other provisions of these Articles a transfer of any shares in the Company held by any person(s) who holds shares in the Company as manager(s) or as trustee(s) or nominee(s) of the manager of the Cheshire County Council Superannuation Fund or any successor to such Fund or any part thereof may be made between such person(s) and any other person(s) who acquires and hold such shares as manager(s) or as trustee(s) or nominee(s) of the manager of such Fund or any such successor and any person(s) who holds such shares (other than Cheshire) is hereinafter referred to as a "Cheshire Permitted Assignee". Any Cheshire Permitted Assignee shall immediately transfer any shares registered in its name upon it ceasing to be a Cheshire Permitted Assignee to a Cheshire Permitted Assignee and the Directors shall not have power to decline to register any such transfer. Any reference in these Articles to Cheshire shall where the context permits or requires be taken to refer to a Cheshire Permitted Assignee.

7. Notwithstanding any other provisions of these articles a transfer of any shares in the Company pursuant to Article 6 above may be made without restriction as to price or otherwise and the directors shall not have power to refuse to register such a transfer.

8. Without the previous written consent of Cheshire no sale or transfer of shares in the Company (hereinafter called "the Specified Shares") may be made if as a result of such sale or transfer and registration thereof a Controlling Interest (as hereinafter defined) is obtained by a person or persons (whether or not a body corporate) who was or were not a member or members of the Company on the date of the adoption of these Articles unless the proposed transferee or transferees or his or their nominees are independent third parties acting in good faith and has or have offered to purchase all the A Ordinary Shares and Ordinary Shares registered in the name of Cheshire at the Specified Price (as hereinafter defined).

For the purpose of this Article:-

- (a) the expression "a Controlling Interest" shall mean an interest (within the meaning of Schedule 13 Part 1 and Section 324 of the Companies Act 1985) in shares of the Company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in the Company;
- (b) the expression "transfer" 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
- (c) the expression "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 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 provided that if any part of the price per share is payable otherwise than by cash Cheshire may at its option elect to take a price per share of such cash sum as may be agreed by them having regard to the substance of the transaction as a whole and in the event of disagreement the calculation of the Specified Price shall be referred to any umpire (acting as expert and not as arbitrator) nominated by the parties concerned (or in the event of disagreement as to nomination for a period of 14 days, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales upon the application of any party concerned) whose decision shall be final and binding;

All other regulations of the Company relating to the transfer of shares and the right to registration of transfers shall be read subject to the provisions of this article.

9. Regulation 54 of Table A shall not apply to the Company. Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, shall have

one vote, and on a poll every member who is present in person or by proxy or (being a corporation) is present by a representative or by proxy shall (except as hereinafter provided) have one vote for every share (irrespective of the nominal amount thereof) in the capital of the Company of which he is a holder Provided that the Preference Shareholders shall be entitled to receive notice of all General Meetings but shall not be entitled to attend or vote at any General Meeting unless:-

- (a) there has been a breach of the class rights attaching to the Preference Shares or the "A" Ordinary Shares which has not been remedied at the date of the notice or requisition to convene the meeting;
- (b) more than 50,000 of the Preference Shares remain unredeemed (notwithstanding that the due dates for redemption have not yet passed) or the Company shall have failed to redeem the 150,000 Preference Share due for redemption on 7th April 1998 in accordance with Article 3(c) and the holders of all the Preference Shares have not agreed in writing to the deferral of the redemption; or
- (c) at the date of the notice or requisition to convene the meeting any dividend on the "A" Ordinary Shares or Preference Shares is in arrear;

in which case the holders of the Preference Shares shall on a show of hands or on a poll have the option to exercise one vote in excess of 75% of the total voting rights exercisable at the meeting.

10. The lien conferred by Clause 8 in Table A shall attach also to fully paid-up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company. Clause 8 in Table A shall be modified accordingly.

11. The liability of any Member in default in respect of a call shall be increased by the addition at the end of the first sentence of Clause 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

GENERAL MEETINGS AND RESOLUTIONS

12. (a) A notice convening a General Meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and Clause 38 in Table A shall be modified accordingly.

All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, and the appointment of, and the fixing of the remuneration of, the Auditors.

- (b) Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.
- 13.
- (a) Clause 40 in Table A shall be read and construed as if the words "at the time when the Meeting proceeds to business" were added to the end of the first sentence.
 - (b) If a quorum is not present within half an hour from the time appointed for a General Meeting the General Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine; and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved.
 - (c) Clause 41 in Table A shall not apply to the Company.

APPOINTMENT OF DIRECTORS

- 14.
- (a) Clause 64 in Table A shall not apply to the Company.
 - (b) 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 the 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 Clause 89 in Table A shall be modified accordingly.
 - (c) The Directors shall not be required to retire by rotation and Clauses 73 and 80 (inclusive) in Table A shall not apply to the Company.
 - (d) No person shall be appointed a Director at any General Meeting unless either:-
 - (i) he is recommended by the Directors; or
 - (ii) not less than fourteen nor more than thirty-five clear days before the date appointed for the General Meeting, notice executed by a Member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice executed by that person of his willingness to be appointed.

- (e) Subject to paragraph (d) above, the Company may by Ordinary Resolution in General Meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director.
- (f) 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 determined in accordance with paragraph (b) above as the maximum number of Directors for the time being in force.

15. Notwithstanding any limitation on the number of directors imposed by the Articles of Association of the Company or determined from time to time by Ordinary Resolution in General Meeting of the Company Cheshire shall be entitled to appoint as a non-executive director of the Company any person or company (herein referred to as "the Special Director") approved by the directors of the Company (whose approval shall not be unreasonably withheld or delayed) and to remove from office any person or company so appointed and (subject to such approval) to appoint another person or company in his place. The Special Director shall not be required to hold any share qualification nor shall he be subject to retirement by rotation. The reasonable remuneration and reasonable expenses to be paid to the Special Director shall be payable by the Company and shall be such sum as may be agreed between him and the Company or failing agreement such reasonable sum as shall be fixed by an arbitrator appointed by the agreement of the parties or in default of agreement for a period of 14 days by the President for the time being of the Institute of Chartered Accountants. Upon receipt of a written request by Cheshire the Company shall also procure that the Special Director be appointed a director to any subsidiary of the Company.

16. Notwithstanding any other provisions in these Articles Cheshire shall be entitled to approve the appointment of the Chairman from time to time of the Board of Directors and no person shall be appointed Chairman (other than on an ad hoc basis pending such approval) without such approval.

BORROWING POWERS

17. Subject as hereinafter provided the Directors may exercise all the powers of the Company (whether express or implied):-

- (a) of borrowing or securing the payment of money;
- (b) of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and
- (c) of mortgaging or charging the property assets and uncalled capital of the Company and issuing debentures but so that:-
 - (i) the Directors of the Company shall procure that the aggregate amounts for the time being remaining undischarged by virtue of any of the foregoing operations and by virtue of any like operations by any subsidiary of the Company (including any liability (whether ascertained

or contingent) under any guarantee for the time being in force but excluding inter-company loans, mortgages and charges) shall not without the previous sanction of Cheshire exceed the sum of £1,000,000; and

- (ii) except with the previous sanction of Cheshire no mortgage or charge shall be created on any part of the undertaking property or assets of the Company or any subsidiary of the Company.

ALTERNATE DIRECTORS

- 18. (a) An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of Clause 66 in Table A shall be modified accordingly.
- (b) A Director, or any such other person as is mentioned in Clause 65 in Table A, may act as an alternate Director to represent more than one Director, and an alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

DISQUALIFICATION OF DIRECTORS

- 19. The office of a Director shall be vacated if he becomes incapable and remains so for a period of 6 months by reason of illness or injury of managing and administering his property and affairs, and Clause 81 in Table A shall be modified accordingly.

GRATUITIES AND PENSIONS

- 20. The Directors may exercise the powers of the Company conferred by Clause 87 of Table A and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

PROCEEDINGS OF DIRECTORS

- 21. (a) A Director may vote, at any meeting of the Directors or of any committee of the Directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.
- (b) Clauses 94 to 97 (inclusive) in Table A shall not apply to the Company.

INDEMNITY

22. (a) Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.
- (b) Clause 118 in Table A shall not apply to the Company.

TRANSFER OF SHARES

23. (1) Subject to Articles 6 and 7 above any person (hereinafter called "the proposing transferor") proposing to transfer any shares of whatever class shall give notice (hereinafter called "the transfer notice") to the Company that he desires to transfer the same and specifying the price per share which in his opinion constitutes the fair value thereof. The transfer notice shall constitute the Company the agent of the proposing transferor for the sale of all (but not some of) the shares comprised in the transfer notice to any member or members willing to purchase the same (hereinafter called "the purchasing member") at the price specified therein or at the fair value certified in accordance with paragraph (3) of this Article (whichever shall be the lower). A transfer notice shall be revocable for a period of 14 days after receipt by the proposing transferor of the notice informing him of the fair value as certified in accordance with paragraph (3) if the fair value is less than the price specified in the transfer notice and if the proposing transferor agrees to pay the costs of the valuation by the auditor but otherwise shall not be revocable except with the sanction of the directors.
- (2) The shares comprised in any transfer notice shall be offered to the members (other than the proposing transferor) who hold "A" Ordinary Shares or Ordinary Shares as nearly as may be in proportion to the number of such shares in the Company held by them respectively. Such offer shall be made by notice in writing (hereinafter called "the offer notice") within seven days after the receipt by the Company of the transfer notice. The offer notice shall state the price per share specified in the transfer notice and shall limit the time in which the offer may be accepted, not being less than thirty-five days nor more than fifty-six days after the date of the offer notice, provided that if a certificate of valuation is requested under paragraph (3) of this Article the offer shall remain open for acceptance for a period of twenty-eight days after the date on which notice of the fair value certified in accordance with that paragraph shall have been given by the Company to the members. 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 to state in his reply the number of additional shares (if any) in excess of his proportion which he desires to purchase and if all the members who hold "A" Ordinary Shares or Ordinary Shares do not accept the offer in respect of their respective proportions in full the shares not so accepted shall be used to satisfy the claims for additional shares as nearly as may be in proportion to the number of such shares already held by them respectively, provided that no member shall be obliged to take more shares than he shall have applied for. If any shares shall not be capable of acceptance without fractions being offered to the members who hold "A" Ordinary Shares or Ordinary Shares in proportion to their existing holdings of such shares, 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.

- (3) Any member who holds "A" Ordinary Shares or Ordinary Shares may, not later than eight days after the date of the offer notice, serve on the Company a notice in writing requesting that the auditor for the time being of the Company (or at the discretion of the auditor a person nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales) certify in writing the sum which in his opinion represents the fair value of the shares comprised in the transfer notice as at the date of the transfer notice and for the purpose of this Article reference to the auditor shall include any person so nominated. Upon receipt of such notice the Company shall instruct the auditor to certify as aforesaid and shall forthwith notify all members that it has so instructed the auditor and the costs of such valuation shall be apportioned among the proposing transferor and the purchasing members or borne by any one or more of them as the auditor in his absolute discretion shall decide. In certifying fair value as aforesaid the auditor shall be considered to be acting as an expert and not as an arbitrator or arbiter and accordingly any provisions of law or statute relating to arbitration shall not apply. Upon receipt of the certificate of the auditor, the Company shall by notice in writing inform all members of the fair value of each share and of the price per share (being the lower of the price specified in the transfer notice and the fair value of each share) at which the shares comprised in the transfer notice are offered for sale. For the purpose of this Article the fair value of each share comprised in the transfer notice shall be the sum certified as aforesaid divided by the number of shares comprised in the transfer notice. For the purpose of this Article the fair value of each share comprised in the transfer notice shall be its value as a rateable proportion of the total value of all the issued shares of the same class in the Company and shall not be discounted or enhanced by reference to the number of shares referred to in the transfer notice.
- (4) If purchasing members shall be found for all the shares comprised in the transfer notice within the appropriate period specified in paragraph (2) of this Article, the Company shall not later than seven days after the expiry of such

appropriate period give notice in writing (hereinafter called "the sale notice") to the proposing transferor specifying the purchasing members and the proposing transferor shall be bound upon payment of the price due in respect of all the shares comprised in the transfer notice to transfer the shares to the purchasing members.

- (5) If in any case the proposing transferor after having become bound as aforesaid makes default in transferring any shares the Company may receive the purchase money on his behalf, and may authorise some person to execute a transfer of such shares in favour of the purchasing member. The receipt of the Company for the purchase money shall be a good discharge to the purchasing member. The Company shall pay the purchase money into a separate bank account.
- (6) If the Company shall not give a sale notice to the proposing transferor within the time specified in paragraph (4) of this Article he shall, during the period of sixty days next following the expiry of the time so specified, be at liberty (subject always to the provisions of Article 8) to transfer all (but not part only) of the shares comprised in the transfer notice to any person or persons and at any price not being less than that at which such shares were available to other members of the Company in accordance with the foregoing provisions of this Article and in that event the directors shall not have power to decline to register any such transfer.
- (7) The provisions of this Article shall apply separately with regard to each different class of shares where the proposing transferor wishes to transfer shares of more than one class Provided that where any shareholder issues transfer notices in respect of more than one class of shares at the same time the Company shall not be entitled to issue a sale notice under paragraph (4) unless it is able to do so in respect of all the shares comprised in each transfer notice.
- (8) In the application of clauses 29 to 31 (inclusive) in Table A to the Company:
 - (i) save where the proposed transfer or transmission is within paragraph (9) below ("a permitted transfer") any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall give a transfer notice before he elects in respect of any share to be registered himself or to execute a transfer;
 - (ii) if a person so becoming entitled shall not have executed a permitted transfer or have given a transfer notice in respect of any share within six months of the death or bankruptcy, the directors may at any time thereafter upon resolution passed by them give notice requiring such person within thirty days to execute permitted transfers or give a transfer notice in respect of all the shares to which he has so become entitled and for which he has not previously done so and if he does not do so he shall at the end of such thirty days be deemed to have given transfer notice pursuant to paragraph (1) of this Article relating to

those shares in respect of which he has still not executed permitted transfers or given a transfer notice;

- (iii) where a transfer notice is given or deemed to be given under this paragraph (8) and no price per share is specified therein the transfer notice shall be deemed to specify the sum which shall, on the application of the directors, be certified in writing by the auditor in accordance with paragraph (3) of this Article as the fair value thereof;
 - (iv) a transfer notice given or deemed given in the circumstances contemplated by this paragraph (8) shall in no circumstances be revocable.
- (9) Notwithstanding the provisions of paragraphs (1) - (7) of this Article any member being an individual may at any time transfer or by will bequeath or otherwise dispose of on death all or any shares held by him:-
- (i) To any other member; or
 - (ii) To any person with the prior written consent of all the other members; or
 - (iii) To any member of his family; or
 - (iv) To Trustees to be held upon a family trust.

Where the shares are held by Trustees upon a family trust:

- (a) Such shares may on any change of Trustees be transferred to the new Trustees of that family trust;
- (b) Such shares may at any time be transferred to any person to whom the same could have been transferred by the settlor if he had remained the holder thereof; and
- (c) If and when ever any such shares cease to be held upon family trust (otherwise than in consequence of a transfer authorised by sub-paragraph (b)) the Trustees shall forthwith give a transfer notice in respect of the relevant shares and such shares may not otherwise be transferred and failure so to give a transfer notice within 28 days of the shares ceasing to be held as aforesaid shall result in the transfer notice being deemed immediately to be given in respect of the shares held by the Trustees specifying the sum which shall on the application of the directors be certified in writing by the auditor in accordance with paragraph (3) of this Article as the fair value thereof. A transfer notice given or deemed given as aforesaid shall in no circumstances be revocable.

For the purposes of this paragraph (9):

- (1) "family" means and includes husband or wife or widower or widow and all lineal descendants and ascendants in direct line and brothers and sisters (including the husband and wife or widower or widow of any of the above person); and
 - (2) "family trust" means trusts (whether arising under a settlement or in testamentary disposition by whosoever made or on an intestacy) under which no immediate beneficial interest in the shares in question is for the time being vested in any person other than a particular member or deceased or former member and his family.
- (10) Whenever any member of the Company who is a director of the Company, a consultant to the Company or who is employed by the Company or any subsidiary of the Company in any capacity (whether or not he is also a director) ceases to be a director or consultant to or to be employed by the Company or any such subsidiary otherwise than by reason of his death or whenever any member has directly or indirectly acquired shares in the Company under paragraph (9) above from a member or former member of the Company who is a director of the Company a consultant to the Company or who is employed by the Company or any subsidiary of the Company in any capacity (whether or not he is also a director) and such member or former member ceases to be a director of the Company, a consultant to the Company or to be employed by the Company or any subsidiary otherwise than by reason of his death the Directors may resolve within 12 months of such member or former member ceasing to be a director of, consultant to or employed by the Company or any subsidiary that such member shall be deemed to have served a transfer notice pursuant to paragraph (1) of this Article and to have specified therein the fair value to be certified in accordance with paragraph (3) of this Article. A transfer notice deemed given as aforesaid shall in no circumstances be revocable.

24. Notwithstanding anything to the contrary contained in these Articles no member of the Company shall be entitled to acquire any shares in the Company or to exercise any right of pre-emption hereunder which would result in him acquiring individually or together with persons to whom he has transferred shares pursuant to paragraph (9)(ii) (iii) or (iv) at this Article a Controlling Interest (as defined in Article 8 hereof) in the Company without the prior written consent of Cheshire.