



VICKERS ENGINEERING PLC
("the Company")

Written resolution of the members of the Company to substitute Article 101 of the Articles of Association

9 December, 1998

IT WAS HEREBY RESOLVED that:

That the Article 101 of the Articles of Association of the Company be substituted to read as follows:

101 Limit on borrowings

(a) The Directors may exercise all the powers of the Company to borrow or raise any sum or sums of money upon such terms as to interest; or otherwise as they may deem fit and for the purpose of securing the same and interest, or for any other purpose, create, issue, make and give respectively any perpetual or redeemable debentures or debenture stock, or any mortgage or charge on the undertaking of the whole or any part of the property, present or future, or the uncalled capital, of the Company, and any debenture, debenture stock, and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

(b) The Board shall restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiaries and subsidiary undertakings so as to secure (as regards subsidiaries and subsidiary undertakings, so far as by such exercise they can secure) that, save with the previous sanction by an ordinary resolution of the Company, no moneys shall be borrowed if the aggregate principal amount (including any premium payable on final repayment) outstanding of all moneys borrowed by the Group (excluding amounts borrowed by any member of the Group from any other member of the Group) then exceeds or would as a result of the borrowing exceed thereafter, an amount equal to the Cash Resources plus twice the aggregate of:

- i) the amount paid up on the share capital of the Company; and
- ii) the total of the capital and revenue reserves of the Group, including any share premium account, capital redemption reserve and credit balance on the profit and loss account and all amounts attributable to the interests of minority and other shareholders in subsidiaries and subsidiary undertakings, but excluding sums set aside for taxation and deducting any debit balance on the profit and loss account; and
- iii) an amount equal to the total goodwill arising on acquisitions made after the date of adoption of this Article as is amortised after such date under the provisions of Financial Reporting Standard 10 or equivalent provisions under

a future United Kingdom Accounting Standard all as shown in the latest group accounts of the Company, but adjusted as may be necessary in accordance with paragraph (e) of this Article in respect of any variation in the Paid up share capital or reserves of the Company since the date of that balance sheet.

(c) For the purposes of this Article, but without prejudice to the generality of the terms "borrowing" and "borrowed", moneys borrowed for the purpose of repaying the whole or any part of any moneys previously borrowed and then outstanding (including any premium payable on final repayment) and applied for that purpose within 6 months of the borrowing shall not, pending such application, be taken into account as moneys borrowed.

(d) for the purposes of this Article the expression the "Cash Resources" means at any material time the aggregate amount of:-

- (i) cash in hand and deposits with any bank or other person (not being a member of the Group), whether on current account or otherwise, which are repayable to the relevant members of the Group within 12 months or on or within 12 months of any demand (with or without any penalty, in the case of early termination of the deposit); and
- (ii) the value of any bonds, certificates of deposit, commercial paper or other instruments which mature or are repayable within 12 months or which, in the opinion of the Directors (or any person designated by the Directors for this purpose), are capable of being sold for cash within such period;

and which, in each case, are beneficially owned by any member of the Group; Provided that:

- (aa) in the case of cash, deposits, bonds, certificates of deposit, commercial paper or other instruments which is or are beneficially owned by a subsidiary of the Company which is not wholly-owned by the Company, a proportion of the amount or value thereof equal to the proportion of the issued equity share capital of such subsidiary which is not attributable to the Company shall be excluded;
- (bb) for this purpose, the value of any bond, certificate of deposit, commercial paper or other instrument shall be deemed to be such amount as the Directors (or any person designated by the Directors for this purpose) shall reasonably consider to be the amount which could be realised on its immediate sale on arm's length terms for cash; and
- (iii) the principal amount (including any premium payable on final repayment) of any debentures issued in whole or in part for a consideration other than cash shall be taken into account as moneys borrowed by the member of the Group issuing them.

(e) For the purposes of this Article, adjustments shall be made to reflect any variation in the amount of such Paid up capital and capital and revenue reserves as specified in paragraph (b) which has occurred since the date of such group accounts (and for this purpose share capital allotted shall be treated as having been issued and any share capital already called up or payable at any future date within the following 12 months shall be treated as already Paid up). If the Company proposes

to issue any shares for cash and the issue of such shares has been underwritten, then such shares shall be deemed to have been issued and the subscription moneys (including any premium) payable in respect thereof within the following 12 months shall be deemed to have been Paid up.

(f) When the aggregate amount of borrowings required to be taken into account for the purposes of this Article on any particular day is being ascertained, any of such moneys denominated or repayable (or repayable at the option of any person other than the Company) in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent at the rate of exchange prevailing on that day in London PROVIDED that any of such moneys shall be converted at the rate of exchange prevailing in London 6 months before such day if thereby such aggregate amount would be less (and so that for this purpose the rate of exchange shall be taken as the middle market rate as at the close of business).

(g) Subject always to the provisions of the Statutes, no debt incurred or security given in respect of moneys borrowed or to be taken into account as moneys borrowed in excess of the above limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed has been exceeded, but no lender or other person dealing with the Company shall be concerned to see or enquire whether the borrowing limit has been observed.

(h) For the purposes of this Article, "Group" shall be construed to refer to the Company, its subsidiaries and subsidiary undertakings and the reference to figures appearing in the "group accounts" shall be those figures as appearing in the Company's group accounts prepared in accordance with the Companies Act 1985 as amended and substituted by the Companies Act 1989.

(i) A certificate or report by the auditors for the time being of the Company as to the amount of the limit on borrowings or the amount of any borrowings or to the effect that the limit imposed by this Article has not been or will not be exceeded at any particular time or times shall be conclusive evidence of such amount or fact for the purposes of this Article.

WE, being the holders of all of the issued share capital of the Company, HEREBY RESOLVE that the directors of the Company be and hereby authorised to make this alteration.



For and on behalf of
Vickers plc



For and on behalf of
A.L. John