

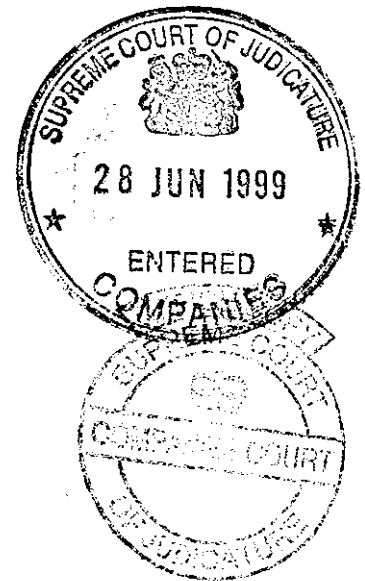
No. 02740 of 1999

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT  
THE HONOURABLE  
MR JUSTICE LLOYD  
MONDAY, 28 JUNE 1999

IN THE MATTER OF PARITY PLC

- and -

IN THE MATTER OF  
THE COMPANIES ACT 1985



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**ORDER**

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**UPON THE PETITION** of the above named Parity Plc (the "Company") whose registered office is situated at 18 Grosvenor Gardens, Victoria, London, SW1W 0DH on 3 June 1999 preferred unto this Court;

**AND UPON HEARING** Counsel for the Company and for Parity Group plc;

**AND UPON READING** the said Petition and the evidence;

**AND UPON** Parity Group plc by Counsel for the Company, being their Counsel for the purpose of consenting to and undertaking to be bound by the said Scheme of Arrangement and to execute and do or procure to be executed and done all such documents, acts or things as may be necessary or desirable to be executed or done by them or on their behalf for the purpose of giving effect thereto;



**THE COURT HEREBY SANCTIONS** the Scheme of Arrangement as set forth in the First Schedule hereto;

**AND THE COURT CONFIRMS** the reduction of the capital of the Company from £3,400,000 to £914,683.45 resolved on and effected by a special resolution passed at an Extraordinary General Meeting of the Company held on 2 June 1999 in accordance with the provisions of the above mentioned Act;

**AND THE COURT APPROVES** the Minute set forth in the Second Schedule hereto;

**AND IT IS ORDERED:-**

1. That this Order be produced to the Registrar of Companies and that an office copy hereof be delivered to him together with a copy of the said Minute;
2. That the Registrar of Companies do register this Order notwithstanding Section 139(1) of the above mentioned Act.
3. That notice of the registration by the Registrar of Companies of this Order (insofar as it confirms the said reduction of capital) and of the said Minute be published once in the Financial Times newspaper within 21 days after such registration.

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## SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

No. 02740 of 1999

IN THE MATTER OF PARITY PLC  
and  
IN THE MATTER OF THE COMPANIES ACT 1985  
SCHEME OF ARRANGEMENT  
(under section 425 of the Companies Act 1985)  
between  
PARITY PLC  
and  
THE SCHEME SHAREHOLDERS  
(as hereinafter defined)

### PRELIMINARY

(A) In this Scheme of Arrangement, unless the context otherwise requires, the following expressions shall bear the following meanings:

"Act"	the Companies Act 1985 (as amended);
"Business Day"	any day on which banks are generally open for business in England and Wales other than a Saturday or Sunday;
"Court"	the High Court of Justice in England and Wales;
"Court Hearing"	the hearing of the petition by the Court to sanction the Scheme and confirm the reduction of capital;
"Court Meeting"	the meeting of the Scheme Shareholders convened by order of the Court under section 425 of the Act for 2 June 1999 (or any adjournment or postponement thereof) notice of which is set out on pages 22 and 23 of the document circulated to Scheme Shareholders with the Scheme;
"CREST"	the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo;
"CRESTCo"	CRESTCo Limited;
"Effective Date"	the date on which this Scheme becomes effective in accordance with its terms;
"Effective Time"	8.30 am on the Effective Date;
"Group"	Parity and its subsidiary undertakings;
"holder"	includes any person entitled by transmission;
"Parity"	Parity Plc;
"Parity Group"	Parity Group plc (Company No. 3539413), the proposed new holding company of the Group;
"Parity Group Shares"	the ordinary shares of 5 pence each in the capital of Parity Group;

- "Parity Shares"** the ordinary shares of 5p each in the capital of Parity;
- "Scheme Record Date"** the Business Day immediately preceding the Effective Date;
- "Scheme Record Time"** 4.30 pm on the Scheme Record Date;
- "Scheme Shareholders"** holders of Scheme Shares;
- "Scheme Shares"** the Parity Shares:
- (a) in issue at the date of this document;
  - (b) (if any) issued after the date of this document but before the Court Meeting in respect of which the holders are entitled to vote thereat; and
  - (c) (if any) issued thereafter but before the close of business on the Business Day prior to the Court Hearing sanctioning the Scheme either on terms that they are bound by the Scheme or in respect of which the holders have undertaken in writing to be bound by the Scheme;
- "Scheme" or "Scheme of Arrangement"** this Scheme of Arrangement under section 425 of the Act in its present form or with any modification or addition or condition approved or imposed by the Court;
- "uncertificated" or "in uncertificated form"** recorded on the relevant register as "in uncertificated form" being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations may be transferred by means of CREST; and
- "US"** the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia.
- (B) The authorised share capital of Parity is £3,400,000 divided into 68,000,000 ordinary shares of 5 pence each, of which at 6 May 1999 49,506,913 had been issued and were fully paid and the remainder were unissued.
- (C) Parity Group was incorporated in England and Wales as a public limited company on 2 April 1998 under the name Actionreturn plc with registered number 3539413. On 30 April 1999, the Company changed its name to Parity Group plc.
- (D) The authorised share capital of Parity Group at the date of this Scheme is £100,000 divided into 2,000,000 Parity Group Shares, of which 40 are in issue and fully paid. Philip Swinstead and Paul Davies, each of whom holds more than 7 Scheme Shares, holds 20 Parity Group Shares. Subject to the approval of the shareholders of Parity at the extraordinary general meeting to be held on 2 June 1999, the authorised share capital of Parity Group will be increased by the creation of 298,000,000 Parity Group Shares.
- (E) The purpose of this Scheme is to provide for the cancellation of the Scheme Shares in consideration of the allotment by Parity Group of Parity Group Shares to each Scheme Shareholder on the register of Parity as at the Scheme Record Time.
- (F) Parity Group has agreed to appear by Counsel on the Court Hearing of the Petition to sanction this Scheme and to consent thereto and to undertake to be bound thereby and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

## THE SCHEME

### 1. CANCELLATION OF SCHEME SHARES

- 1.1 The issued share capital of Parity shall be reduced by cancelling and extinguishing the Scheme Shares.
- 1.2 Forthwith and contingently upon the said reduction of capital taking effect:
- (a) the share capital of Parity shall be increased to its former amount by the creation of such number of new ordinary shares of five pence each in Parity as shall be of an aggregate nominal amount equal to the aggregate nominal amount of the shares cancelled pursuant to sub-clause 1.1 of this clause 1: and
  - (b) Parity shall apply the credit arising in its books of account on such reduction of capital in paying up, in full at par, the new Parity Shares created pursuant to clause 1.2(a) of this Scheme and shall allot and issue the same credited as fully paid up at par to Parity Group and/or its nominees.

### 2. CONSIDERATION FOR THE CANCELLATION OF THE SCHEME SHARES

- 2.1 In consideration of the cancellation of the Scheme Shares and the allotment and issue of the new Parity Shares as provided in clause 1.2(b), Parity Group shall (subject to the provisions of clauses 2.3 and 2.4 below) allot and issue (credited as fully paid) Parity Group Shares to the Scheme Shareholders on the register at the Scheme Record Time on the following basis:

**for every one existing Scheme Share cancelled  
three Parity Group Shares.**

*and so in proportion for any other number of Scheme Shares held.*

- 2.2 The Parity Group Shares to be issued pursuant to clause 2.1 above shall rank in full for all dividends or other distributions made, paid or declared after the Effective Date on the ordinary share capital of Parity Group.
- 2.3 The two persons referred to in preliminary paragraph D above who each hold 20 of the issued Parity Group Shares shall be treated as having received such shares as part of their entitlement under this Scheme and their entitlement shall be reduced accordingly.
- 2.4 The provisions of this clause shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, the allotment and issue of Parity Group Shares pursuant to this Scheme to Scheme Shareholders who are citizens, residents or nationals of jurisdictions outside the United Kingdom ("overseas shareholders") may only be carried out in full compliance with all applicable laws, rules and regulations of such jurisdictions. If, in respect of any overseas shareholder, Parity Group is advised that the allotment and issue of Parity Group Shares pursuant to this clause 2 would infringe the laws of any jurisdiction outside the United Kingdom or would require Parity Group to observe any governmental or other consent or any registration, filing or other formality then Parity Group may determine that no Parity Group Shares shall be allotted or issued to such holder under this clause 2, but shall instead be allotted to a nominee appointed by Parity Group, as trustee for such holder, on terms that the nominee shall, as soon as practicable following the Effective Date, sell the Parity Group Shares so allotted at the best price which can reasonably be obtained and shall account for the net proceeds of such sale (after the deduction of all expenses and commissions, including value added tax payable thereon) by sending a cheque or warrant to such Scheme Shareholder in accordance with the provisions of clause 3.2 below.

### 3. ALLOTMENT AND ISSUE OF PARITY GROUP SHARES

- 3.1 Not later than ten Business Days after the Effective Date, Parity Group shall:
- (a) allot and issue all Parity Group Shares which it is required to allot and issue pursuant to clause 2 of this Scheme and shall send by post to the allottees, or as they may direct, certificates for such Parity Group Shares (as applicable). Where the Scheme Shares are held in uncertificated form, Parity Group will procure that CRESTCo is instructed to credit the appropriate stock account in CREST of the Scheme Shareholder concerned with such shareholder's entitlement to Parity Group Shares provided that Parity Group may (if, for any reason, it wishes to do so) determine that all or part of such consideration shall be settled in the manner referred to in the first sentence of this paragraph 3.1(a): and

- (b) satisfy any cash consideration payable by it pursuant to clause 2.4 of this Scheme relating to the sale of any relevant Parity Group Shares pursuant to clause 2.4 by delivering to the persons respectively entitled thereto, or as they may direct, cheques and/or warrants by post within five business days following completion of such sale.

- 3.2 All deliveries of certificates and all cheques required to be sent by the nominee referred to in clause 2.4 shall be sent through the post in prepaid envelopes addressed to the persons respectively entitled thereto, or as they may direct, at their respective addresses appearing in the register of members of Parity on the Scheme Record Time (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of such joint holding) or in accordance with any special instructions regarding communications.
- 3.3 None of Parity, Parity Group or the nominee referred to in clause 2.4 shall be responsible for any loss or delay in transmission of certificates or cheques sent in accordance with this clause 3 which shall be sent at the risk of the persons entitled thereto.
- 3.4 All cheques and warrants shall be made payable to the holder or, in the case of joint holders, to the first-named holder of the Scheme Shares concerned and the encashment of any such cheque or warrant shall be a complete discharge to Parity Group for the money represented thereby.
- 3.5 With effect from and including the Effective Date, all certificates representing Scheme Shares shall cease to be valid in respect of such holding and will cease to be of value. All certificates representing Scheme Shares shall at the request of Parity Group be delivered for cancellation to Parity Group or to any person appointed by Parity Group to receive the same. In addition, with effect from and including the Effective Date, in respect of those shareholders holding their Scheme Shares in uncertificated form, CRESTCo shall be instructed to cancel such shareholders' entitlement to the Scheme Shares.
- 3.6 The preceding sub-clauses of this clause shall take effect subject to any prohibition or condition imposed by law.

#### **4. MANDATED PAYMENTS AND OTHER INSTRUCTIONS**

Each mandate in force at 4.30 pm on the Scheme Record Date relating to the payment of dividends on Scheme Shares and each instruction then in force as to notices and other communications shall, unless and until varied or revoked, be deemed as from the Effective Date to be a valid and effective mandate or instruction to Parity Group in relation to the corresponding Parity Group Shares to be allotted and issued pursuant to this Scheme.

#### **5. OPERATION OF THIS SCHEME**

This Scheme shall become effective as soon as an office copy of the Order of the Court sanctioning this Scheme under section 425 of the Act and confirming under section 137 of the said Act the reduction of the capital of Parity provided for by clause 1 of this Scheme shall have been duly delivered to the Registrar of Companies for registration and, in the case of the confirmation of the reduction of capital, registered by him.

#### **6. EFFECTIVE DATE**

Unless this Scheme has become effective on or before 30 September 1999 or such later date, if any, as Parity and Parity Group may agree and the Court may allow, it shall never become effective.

#### **7. MODIFICATION**

Parity and Parity Group may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose.

#### **8. COSTS**

Parity will pay all the costs and expenses relating to the negotiation, preparation and implementation of the Scheme.

Dated the 7 day of May 1999.

## THE SECOND SCHEDULE

"The capital of Parity Plc was by virtue of a special resolution and with the sanction of an Order of the High Court of Justice dated 28 June 1999 reduced from £3,400,000 divided into 68,000,000 ordinary shares of 5p each to £914,683.45 divided into 18,293,669 ordinary shares of 5p each.

By virtue of a Scheme of Arrangement sanctioned by the said Order and the said special resolution the capital of the Company on the registration of this minute is £3,400,000 divided into 68,000,000 ordinary shares 5p each none of which have been issued.

No. 02740 of 1999

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CHANCERY DIVISION  
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THE HONOURABLE  
MR JUSTICE LLOYD  
MONDAY, 28 JUNE 1999

IN THE MATTER OF PARITY PLC

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IN THE MATTER OF THE  
COMPANIES ACT 1985

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ORDER

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