

Company no.: 1944667  
The Companies Act 1985  
Company Limited by Shares  
Watermark Group plc



At the Annual General Meeting of Watermark Group plc held at The Encompass Centre, International Avenue, Heston, Middlesex TW5 9NJ on 29 June 2005, the following resolutions were passed.

#### ORDINARY RESOLUTION

1. That for the purposes of Section 80 of the Companies Act 1985 ("the Act") the directors be and are hereby authorised generally and unconditionally to exercise all powers of the Company to allot or grant options over any relevant securities (as defined in sub-Section (2) of Section 80 of the Act) of the Company up to an aggregate nominal amount of £143,253.24 representing 14,325,324 Ordinary Shares of 1p each provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2006, save that the Company may, before each expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

#### SPECIAL RESOLUTIONS

2. That the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94 of the Act) of the Company for cash pursuant to the authority conferred by resolution number 8 set out in the notice of this Meeting as if Section 89(1) of the Act did not apply to such allotment provided that this power should be limited:-
  - (i) to the allotment of equity securities in connection with a rights issue where, in the opinion of the directors, it is reasonably necessary or expedient to allot equity securities otherwise than in accordance with Section 89(1) of the Act for the purpose of dealing with fractional entitlements or legal practical problems under the laws of any territory or the requirements of any recognised regulatory body in any territory

(ii) to the allotment otherwise than pursuant to paragraph (i) above of equity securities of the Company up to an aggregate nominal value of £21,487.99 representing 2,148,799 Ordinary Shares of 1 p each (being 5 per cent of the share capital in issue at the date of this notice)

and shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2006 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an agreement as if the authority conferred hereby has not expired.

3. (i) That in accordance with Article 5 of the Articles of Association of the Company and Chapter VII of Part V of the Companies Act 1985 ("the Act") and subject to paragraph (ii) of this Resolution, the Company be and is hereby granted general and unconditional authority (pursuant to Section 166 of the Act) to make purchases (as defined in Section 163 of the Act) of its own shares on such terms and in such manner as the directors of the Company may from time to time determine

(ii) The authority conferred by paragraph (i) of this Resolution shall:-

(a) expire on the earlier of the day falling before the first anniversary of the date of passing of this Resolution and the date of the Annual General Meeting of the Company for the year 2006

(b) be limited to a maximum of 4,297,597 Ordinary Shares of 1 pence

(c) not permit the payment per share of more than 5 per cent above the average of the middle market quotations for an Ordinary Share derived from the London Stock Exchange daily official list for the 5 business days immediately preceding the day on which any purchase by the Company of Ordinary Shares is made

(d) before its expiry entitle the Company to enter into any contract for the purchase of shares which might be executed and completed wholly or partly after its expiry and to make purchases of shares in pursuance of any such contract

(iii) the minimum price which may be paid for any Ordinary Shares is  
1 pence

(iv) This authority shall only be capable of variation, revocation or  
renewal by the Company in General Meeting.

A handwritten signature in black ink, consisting of a stylized 'C' followed by 'F' and 'QUAIL' in a cursive script.

.....  
C F QUAIL  
COMPANY SECRETARY