

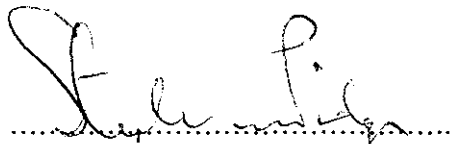
**THE COMPANIES ACT 1985 AND 1989
COMPANY LIMITED BY SHARES
WRITTEN RESOLUTION
of
TARGET DIRECT (HOLDINGS) LIMITED
("Company")**



In accordance with section 381A of the Companies Act 1985, we being all the members of the Company who as at the date of these resolutions would be entitled to attend and vote at a general meeting of the Company had the resolutions been put to such a meeting, hereby make the following resolutions which shall each have effect as a special resolution, namely:

WRITTEN RESOLUTIONS

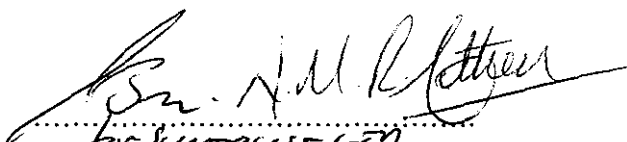
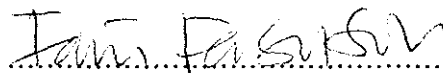
1. That the existing articles of association of the Company be amended as follows:
 - (i) by adding to article 7.1 a new sub paragraph (e) between sub-paragraph (d) and the proviso to that article, in the following terms: "any transfer which falls within the provisions of article 9";
 - (ii) by deleting the word "same" after the words "upon the" and before the word "terms" in article 9.4 and inserting at the end of that article the words "which (for the avoidance of doubt) need not be the same for all shareholders, provided that the directors determine in their unfettered opinion that such price is fair and reasonable";
 - (iii) by the deletion of Article 9.5; and
 - (iv) by the deletion of article 10.
2. That the provisions of article 2.5 shall not apply to the issue of ordinary shares in the capital of the Company to the holder or holders of shares in the capital of any subsidiary of the Company ("**Subsidiary Shares**") in exchange for the transfer of such Subsidiary Shares to the Company.



Stephen Pidgeon



Nicholas Thomas


[please insert name of trust company]

Iain Ferguson

Dated: 31 May 2004

Company no. 02786070

THE COMPANIES ACTS 1985 - 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

TARGET DIRECT (HOLDINGS) LIMITED

(Adopted by Special Resolution dated 14 January 2003
and amended by Special Resolution dated
31 May 2004)

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THE COMPANIES ACTS 1985 - 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

TARGET DIRECT (HOLDINGS) LIMITED

1. PRELIMINARY

- 1.1 The Regulations contained or incorporated in Table A of the Companies (Tables A to F) Regulations 1985 and the Companies (Tables A to F) (Amendment) Regulations 1985, other than Regulations 24, 40 and 41, 73, 74, 75 to 76 inclusive, 78 to 80 inclusive, 94 and 95 shall, subject to the modifications hereinafter expressed, apply to the Company and together with the regulations hereinafter contained, shall constitute the Articles of Association of the Company.
- 1.2 In Regulation 1 of Table A "**execution**" includes both signature under hand and execution under seal. The Company may execute any documents required by the Regulations to be under seal in accordance with Section 36A of the Companies Act 1985 as amended (the "**Act**") and the Regulations shall be modified accordingly.
- 1.3 Words and expressions which are defined in Table A have the same meanings when used in these Articles and reference to "**Regulations**" means the regulations contained in Table A.

2. SHARES

- 2.1 The authorised share capital of the Company is £100,016 divided into 10,001,600 ordinary shares of 1 pence each.
- 2.2 Subject to the provisions of Articles 2.3, 2.4 and 2.5, the Directors may unconditionally exercise the power of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) and without prejudice to the generality of the foregoing any shares unissued at the date of adoption of these Articles and any shares

hereafter created shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons (including the Directors themselves) on such terms and at such times as they may think proper, provided that no Shares shall be issued at a discount.

- 2.3 The maximum nominal amount of share capital which or in respect of which the Directors may allot, grant options or subscription or conversion rights, create, deal or otherwise dispose of in accordance with this Article shall be the amount by which the nominal amount of the authorised but unissued share capital exceeds the nominal amount of the issued share capital of the Company at the date of adoption of these Articles.
- 2.4 The authority conferred on the Directors by Articles 2.2 and 2.3 shall expire on the day preceding the fifth anniversary of the date of adoption of these Articles.
- 2.5 Save for shares issued under the terms of any employee share option scheme operated by the Company unissued shares in the capital of the Company for the time being shall only be allotted as follows:
- (a) every allotment shall be to the shareholders (other than those holding shares under an employee option scheme or who have received their shares by virtue of a transfer pursuant to Article 7 from a person who obtained shares under an Employee Option Scheme) in proportion to the Shareholders' then existing holding of Ordinary Shares; and
 - (b) on the occasion of each allotment the Shares shall be allotted at the same price (not being at a discount) and on the same terms as to date for payment, ranking for dividend and otherwise howsoever.
- 2.6 Save as provided in Articles 2.2 to 2.5 (inclusive), the Directors shall have no power to issue unissued Shares and shall not allot, grant options or subscription or conversion rights over or otherwise dispose of the same.
- 2.7 The provisions of section 89(1) of the Act shall not apply to the Company.
- 2.8 No shares shall be issued to any infant, bankrupt or person suffering from mental disorder (as that expression is used in Regulation 81(c)).

3. LIEN

The lien conferred by Regulation 8 shall extend also to fully paid shares and to all shares registered in the name of any person indebted or under liability to the Company (whether solely or jointly with any other person and whether he shall be the sole registered holder thereof or shall be one of several joint holders) and shall be a first and paramount lien for all monies and liabilities owed to the Company whether presently due and payable or not.

4. FORFEITURE

The liability of any member in default of payment of a call shall, if the Directors so direct, also include any costs and expenses suffered or incurred by the Company in respect of such non-payment and Regulations 18 and 21 shall be amended accordingly.

5. TRANSMISSION OF SHARES

The Directors may at any time give notice requiring any person entitled to a share by reason of the death or bankruptcy of the holder thereof to elect either to be registered himself in respect of the share or to transfer the share and if the notice is not complied with within 30 days of the date of such notice the Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with and Regulation 31 shall be modified accordingly.

6. VOLUNTARY TRANSFER OF SHARES

6.1 Subject to Articles 7.1 and 7.2 and unless in any particular case the Board otherwise agree in writing, none of the shares of the Company shall be transferred and the Directors shall not register any transfer of any shares of the Company except pursuant to this Article.

6.2 Every holder of Shares who wishes or is required by these Articles to transfer all or any of his shares or to dispose of any interest therein (such holder being hereinafter referred to as a "**Vendor**") shall serve on the Board a notice in writing of his wish (a "**Transfer Notice**") so to do accompanied by the relevant share certificates. Where the Transfer Notice is deemed to have been given it is referred to as a Deemed Transfer Notice where the context requires it to be distinguished. Such Transfer Notice shall state the number of shares which the Vendor desires to transfer or dispose of and shall constitute the Board as the Vendor's agent for the sale of such shares (the "**Sale Shares**") at the Sale Price (as defined in Article 6.9). The Transfer

Notice shall also give details of the person, if any, to whom the Vendor wishes to transfer the Sale Shares in the event that no purchaser shall have been found pursuant to Articles 6.3 to 6.5 (inclusive). Save as provided in this Article 6.2 and in Article 6.4, a Transfer Notice once given or deemed to be given shall not be capable of being withdrawn and may not, in any circumstances, be varied. A Vendor may specify in the Transfer Notice (but not a Deemed Transfer Notice) that it is conditional on a minimum number of Sale Shares (the "**minimum sale number**") therein specified being transferred and in such case such Transfer Notice shall operate accordingly and take effect in accordance with the provisions of Article 6.4. The Vendor may, by notice in writing given to the Company within 10 days after communication to him of the opinion of the independent chartered accountants referred to in Article 6.9 of the Sale Price, withdraw the Transfer Notice unless the shares are being sold pursuant to a Deemed Transfer Notice.

- 6.3 Within seven days after a Transfer Notice has been received by the Board or is deemed to have been given or, if later, within 7 days after the Sale Price shall have been determined the Sale Shares shall first be offered to the Company. Any Sale Shares not sold to the Company within 21 days of first being offered to it shall be offered by the Board giving details in writing of the number of the Sale Shares available and the Sale Price to the holders of the existing Ordinary Shares (other than the Vendor) *pro rata* as nearly as may be in proportion to the number of Ordinary Shares then held by such holders, and inviting each such shareholder to state in writing within 21 days from the date of the offer notice whether he is willing to purchase any of the Sale Shares at the Sale Price and, if so, the maximum number thereof. Each such offer shall specify any minimum sale number stipulated in the Transfer Notice. The Board shall also give details to the holders of the then existing Ordinary Shares (other than the Vendor) of the person, if any, to whom the Vendor wishes to transfer the Sale Shares in the event that no purchaser shall have been found pursuant to Articles 6.3 to 6.5 (inclusive). At the expiration of the said period the balance of any Sale Shares offered to the holders of Ordinary Shares but not so accepted shall be offered to the holders of the Ordinary Shares who have accepted all the shares to which they are respectively entitled who shall, if more than one, be entitled to purchase such balance of shares in the proportion as nearly as the circumstances will permit to the number of Ordinary Shares (including any accepted pursuant to the foregoing provisions of this paragraph) then held by each of them

respectively. Such further offer shall be deemed to have been refused if not accepted within 14 days of the date of the further offer.

- 6.4 The Board shall as soon as practicable after the expiration of the above periods notify the Vendor whether the Company and/or members are willing to purchase any or all of the Sale Shares. If such notice shall state that the Company and/or members are not willing to purchase at least the minimum sale number (if applicable) of Sale Shares, the following provisions of this Article shall not apply and the Transfer Notice shall be treated as withdrawn unless the shares are being sold pursuant to a Deemed Transfer Notice. If such notice shall state that the Company and/or members are willing to purchase any or all of the Sale Shares, the notice shall state the numbers of Sale Shares which the Company and/or members are willing to purchase. Every such notice shall state the name and address of each proposed purchaser and the number of shares agreed to be purchased by it or him. If under the preceding paragraphs of this Article the Company and/or members are willing to purchase all or any of the Sale Shares the Vendor shall be bound, on receipt of the Sale Price per share, to transfer the Sale Shares (or such of the same for which purchasers have been found) to the purchasers specified by the Board in accordance with this Article. The purchase shall be completed as soon as reasonably practicable at a place and time to be appointed by the Board when, against payment of the Sale Price for each share and any relevant stamp duties, the purchaser(s) shall be registered as the holder(s) of the relevant shares in the Register of Members of the Company and share certificate(s) in the names of such purchaser(s) and in respect of the relevant shares shall be delivered.
- 6.5 If the Vendor, after having become bound to transfer any Sale Shares to a purchaser, makes default in so doing, the Board shall authorise some person (who shall be deemed to be the attorney of the Vendor for that purpose) to execute any necessary transfer of the Sale Shares in favour of the purchaser and shall enter the name of the purchaser in the Register of Members as the holder of such of the Sale Shares as shall have been transferred to him as aforesaid. The Company shall receive the purchase money on behalf of the Vendor but shall not be bound to earn or pay interest thereon. The receipt of the Company for the purchase money shall be a good discharge to any purchaser who shall not be bound to see to the application thereof, and after the name of the purchaser has been entered in the Register of Members in purported exercise of

the aforesaid powers, the validity of the proceedings shall not be questioned by any person.

- 6.6 If by the end of the applicable periods specified in Article 6.3 the Board shall not have found purchasers for all or at least the minimum sale number of the Sale Shares (where applicable) pursuant to this Article, the Vendor shall be at liberty to sell and transfer all or any of the Sale Shares for which no purchasers shall have been found at any time within the following 6 months to the person, if any, specified in the Transfer Notice as the person to whom the Vendor wishes to transfer the Sale Shares or, if no such person is specified, any person or persons in pursuance of a *bona fide* sale, in each case at any price not being less than the Sale Price Provided that the Board shall require to be satisfied that such Shares are being transferred in pursuance of a *bona fide* sale for a consideration not being less than the Sale Price without any deduction, rebate or allowance whatsoever to the purchaser and if not so satisfied they shall refuse to register the transfer or instrument concerned.
- 6.7 For the purpose of ensuring that a transfer of Shares is in accordance with the foregoing provisions of this Article and duly authorised hereunder or for the purpose of ascertaining when a Transfer Notice is deemed to have been given hereunder the Board may require any member, the legal personal representatives of a deceased member, the trustee in bankruptcy of a bankrupt member or the liquidator of any corporate member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Board may think fit regarding any matter they deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the Board within a reasonable time after such request or if any such information or evidence discloses that a Transfer Notice ought to be given in respect of any shares, the Board shall refuse to register the transfer in question and shall be entitled to serve a Transfer Notice in respect of the Shares concerned and the provisions of these Articles shall take effect accordingly.
- 6.8 Any Transfer of Shares pursuant to this Article 6 shall be made free from any claims, equities, liens and encumbrances whatsoever and with all rights attached to the Sale Shares as at the date of service of the Transfer Notice, but without the benefit of any other warranties or representations whatsoever.

- 6.9 For the purposes of this Article 6 the expression the "**Sale Price**" shall mean the fair value per share as the Vendor and the Board shall agree or, failing agreement within 14 days of the date of the Transfer Notice, shall mean the fair value per share that an independent chartered accountant appointed by agreement of the Vendor and the Board (or failing such agreement within 21 days of the date of the Transfer Notice appointed at the request of either the Vendor or the Board by the President for the time being of the Institute of Chartered Accountants of England and Wales) acting as expert and not as arbitrator shall state in writing to be in his opinion the fair selling value of the Sale Shares on the open market having regard to the fair value of the business of the Company as a going concern and on the basis of an arm's length transaction as between a willing vendor and a willing purchaser but disregarding the fact that the Sale Shares may comprise only a minority holding in the Company. The determination of the independent chartered accountant shall, in the absence of *manifest error*, be *final and binding on all concerned* and his costs shall be borne as he shall reasonably determine. For this purpose the independent chartered accountant shall be given by the Board, and shall take account of, all information which a prudent prospective purchaser of the entire issued share capital of the Company might reasonably require if such purchaser were proposing to purchase it from a willing vendor by private treaty and at arm's length. The Board shall procure that a copy of the valuation is sent to the Vendor as soon as practicable after the issue thereof.
- 6.10 Each of the Shareholders appoints the others (or any Director or Directors nominated by that other) irrevocably, and by way of security for the performance of its obligations under this Article 6 and as its attorney or attorneys, to execute any necessary document, including, without limitation, any transfer of Shares. The Company may receive any purchase monies on behalf of the Vendor but shall not be bound to earn or pay interest thereon. The receipt by the Company of the purchase monies shall be a good discharge to the other Shareholders, who shall not be bound to see to the application thereof. If the purchasing party shall fail to deliver the purchase monies to the selling party on the completion date, the purchase monies shall bear interest at the rate of 2 per cent. above the base rate from time to time of Lloyds TSB plc calculated on a daily basis and compounded monthly. Subject to Article 6.6, the selling party hereby irrevocably authorises the Board to approve the registration of any Transfer of Shares pursuant to this Article 6.

6.11 On a Transfer of shares in accordance with this Article:

- (a) the transferring Shareholder shall repay all loans, loan capital, borrowings and indebtedness in the nature of borrowings outstanding to the Company from that Shareholder (together with any accrued interest thereon);
- (b) the Company or the purchaser of Shares shall repay all loan, loan capital, borrowings and interest in the nature of borrowings outstanding to the transferring Shareholder from the Company (together with any accrued interest thereon);
- (c) the transferring Shareholder shall (if applicable) resign as a Director of the Company; and
- (d) the transferring Shareholder shall co-operate by doing all such things and executing all such documents as the purchasing Shareholder may reasonably require to procure that the Company shall adopt new Articles of Association in such form as the purchasing Shareholder may require.

6.12 Notwithstanding anything contained in these Articles, the Board may decline to register any transfer of any share on which the Company has a lien to a person of whom they shall not approve and shall, subject to Articles 7.1 and 7.2, refuse to register any proposed transfer of a share other than a transfer made pursuant to or permitted by the provisions of Articles 6.1 to 6.11 (inclusive).

7. PERMITTED SHARE TRANSFERS

7.1 The provisions of Articles 6.1 to 6.11 (inclusive) shall not apply to:

- (a) any transfer by a member to a privileged relation of such member;
- (b) any transfer to trustees to be held on the trusts of a family trust;
- (c) any transfer by a member to a body corporate over which he or a privileged relation or family trust has Control;
- (d) in the case of a member being a body corporate, any transfer to a member of the same group;
- (e) any transfer which falls within the provisions of article 9.

PROVIDED THAT the voting rights attaching to shares which are the subject of a transfer to a privileged relation, a family trust, body corporate or a member of the same group shall, for so long as the member who made such transfer holds shares, or is an employee or director of the Company or any of its subsidiaries, be exercised by him/it and not by the person in whose favour the transfer was made.

7.2 For the purposes of these Articles:

- (a) **"privileged relation"** 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 or wife or widower or widow of any of the above persons). In the event of any person ceasing to be a privileged relation of the person from whom he acquired any shares, the former privileged relation shall be bound to notify the Board in writing forthwith that such an event has occurred and, if and when requested in writing by the Board so to do, to give a Transfer Notice (as defined in and for the purposes of Articles 6.1 to 6.11 (inclusive)) in respect of the shares concerned.
- (b) Where shares have been transferred under Article 7.1(b) to trustees, the relevant shares may on a change of trustees be transferred to the trustees for the time being of the trusts concerned and Article 7.1(b) shall be deemed to permit transfers of any of the relevant shares to privileged relations of the member or former member concerned rather than to privileged relations of any such trustee. If and whenever any of the relevant shares come to be held otherwise than on family trusts (otherwise than in connection with a transfer by the trustees authorised under this Article) the trustees shall be bound to notify the Board in writing forthwith that such event has occurred and, if and when required in writing by the Board so to do, to give a Transfer Notice (as defined in and for the purposes of Articles 6.1 to 6.11 (inclusive)) in respect of the shares concerned.
- (c) **"family trusts"** means trusts (whether arising under a settlement *inter vivos* or a testamentary disposition by whomsoever 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 privileged relations and no power of control over the voting powers conferred by such shares is for the time being exercisable

by or subject to the consent of any person other than the trustees as trustees or the member concerned or a privileged relation of such member.

- (d) Where shares have been transferred under Article 7.1(d) (whether directly or by a series of transfers thereunder) from a body corporate (the "**transferor company**", which expression shall not include a second or subsequent transferor in such a series of transfers) to a member of the same group (the "**transferee company**") otherwise than under a scheme of reconstruction or amalgamation whereunder the transferor company is placed in liquidation and the transferee company acquires the whole or the major part of its undertaking and assets, and subsequently the transferee company ceases to be a member of the same group as the transferor company, the transferee company shall be bound to notify the Board in writing forthwith that such event has occurred and (unless within 14 days after such event the relevant shares are transferred to the transferor company or a member of the same group as the transferor company any such transfer only being deemed to be authorised under Article 7.1(d) the transferee company shall be deemed to have given a Transfer Notice (as defined in and for the purposes of Articles 6.1 to 6.11 (inclusive)) in respect of the relevant shares.
- (e) a "**member of the same group**" or "**Group Company**" means a company (within the meaning ascribed thereto by section 736(3) of the Act) which is for the time being a holding company of the transferor company or a subsidiary of the transferor company or any such holding company or a company acquiring the whole or the major part of the undertaking and assets of the transferor company under a scheme of reconstruction or amalgamation whereunder the transferor company is placed in liquidation.
- (f) the "**relevant shares**" means and includes, so far as the same remain for the time being held by the privileged relation, trustees or the transferee company, the shares originally transferred and any additional shares issued or transferred to the privileged relation, the trustees or the transferee company (as the case may be) by virtue of the holding of the relevant shares or any of them or the membership thereby conferred.

8. COMPULSORY SHARE TRANSFERS

8.1 Unless otherwise agreed by the Board, if an Employee Member ceases to be a director and employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them, a Transfer Notice pursuant to Article 6.2 shall be deemed to have been served on the relevant Termination Date in respect of:

- (a) all Shares held by the Employee Member and all Shares which the Employee Member had in option under any employee share option scheme operated by a Group Company (in relation to which those options can be and are exercised in accordance with the relevant employee share option scheme rules following the Termination Date) immediately before such cessation; and
- (b) all Shares then held by any transferee of the Employee Member pursuant to Article 7

(Articles 8.1(a) and 8.1(b) together the "Shares");

- (c) in the case of Stephen Pidgeon and Nicholas Thomas, the provisions of Articles 8.1(a) and 8.1(b) shall apply in respect of 50% of such Ordinary Shares so held.

8.2 In these Articles:

- (a) **"Employee Member"** means any person who is a director and/or an employee of the Company and/or a Group Company and holds shares in the Company; and
- (b) **"Termination Date"** means:
 - (i) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;
 - (ii) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;

- (iii) where the Employee Member concerned is a member but not an employee, the date on which his contract for services with the Company and/or Group Company is terminated; and
- (iv) in any other case, the date on which the contract of employment is terminated.

9. DRAG ALONG RIGHTS

- 9.1 If any one or more Shareholders (the "**Selling Shareholder(s)**") wish to transfer any interest in the Company to a third party (the "**Purchaser**") resulting in the Purchaser obtaining 60% per cent. or more of the issued shares of the Company (and for the purposes of this Article 9 the term "issued shares" shall mean the enlarged issued share capital of the Company following the deemed exercise of any options over shares in the Company existing at that time), the Selling Shareholder shall have the option (the "**Drag Along Option**") to require all other shareholders (including any person who becomes a shareholder as a result of exercising an option over shares in the Company) of the Company to transfer all their shares in the Company to the Purchaser or as the Purchaser shall direct on the terms of this Article 9.
- 9.2 The Selling Shareholder(s) may exercise the Drag Along Option by giving notice to that effect ("**Drag Along Notice**") to all other shareholders (including any person who becomes a shareholder as a result of exercising an option over shares in the Company) of the Company (a "**Called Shareholder**") at any time before the transfer of its shares to the Purchaser. A Drag Along Notice shall specify that the Called Shareholder is required to transfer all of his shares in the Company (the "**Called Shares**") pursuant to this Article 9, the price at which the Called Shares are to be transferred (as stated in Article 9.4) and the proposed date of the transfer.
- 9.3 A Drag Along Notice is irrevocable but the Drag Along Notice and all obligations under it will lapse if for any reason the Purchaser has not completed the purchase of the Called Shares within 60 days after the date of the Drag Along Notice.
- 9.4 The Called Shareholder will be obliged to sell the Called Shares upon the terms and at the price per share offered by the Purchaser pursuant to this Article 9 which (for the avoidance of doubt) need not be the same for all shareholders, provided that the directors determine in their unfettered opinion that such price is fair and reasonable.

10. GENERAL MEETINGS

- 10.1 No business shall be transacted at any general meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted each being a member or a proxy for a member, or a duly authorised representative of a corporation, shall be a quorum. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such quorum ceases to be present, the meeting if convened on the requisition of Members will be dissolved. In any other case, the meeting will stand adjourned to the same day in the next week at the same time and place or to such time and place as the Directors may determine. If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting will be dissolved.
- 10.2 At any General Meeting of the Company, a poll may be demanded by one or more Members present in person or by proxy and having the right to vote at the meeting and sub-paragraphs (b), (c) and (d) of Regulation 46 shall be modified accordingly.

11. APPOINTMENT AND REMOVAL OF DIRECTORS

- 11.1 Unless otherwise determined by Ordinary Resolution the minimum number of Directors shall be one and a sole Director shall have and exercise all the powers, duties and discretions conferred on or vested in the Directors by these Articles, and Regulations 64 and 89 shall be modified accordingly.
- 11.2 The Directors shall not be required to retire by rotation.
- 11.3 Subject as otherwise provided by these Articles, the Company may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.
- 11.4 The Directors may also 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. A Director so appointed shall not be subject to retirement or re-election at any Annual General Meeting.
- 11.5 In addition and without prejudice to the provisions of Sections 303 and 304 of the Act, the Company may by Extraordinary Resolution remove any Director before the expiration of his period of office and may, if thought fit, by Ordinary Resolution

appoint another person in his stead. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.

12. POWERS OF DIRECTORS

12.1 The Directors may, subject to the provisions of this Article 13, exercise all the powers of the Company conferred by the Memorandum to pay and/or provide pensions, annuities, gratuities, superannuation and other allowances, benefits, advantages, facilities and services both for persons who are or have been Directors of, or who are or have been employed by the Company or by any subsidiary or associated company of the Company and their dependants and relatives and the Directors are entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers and Regulation 87 does not apply to the Company.

12.2 Except with the prior sanction of the holders of more than 50 per cent. of the Ordinary Shares from time to time the Directors shall procure that the Company shall not and shall use all powers of control exercisable by the Company in relation to its subsidiaries to procure that each of its subsidiaries shall not:

- (a) sell, transfer or otherwise dispose of the whole of its undertaking, property or (save in the ordinary course of trading) assets or a part thereof being substantial in relation to its total undertaking property and assets;
- (b) issues shares, loan stock, debentures or any other form of security of the Company including for this purposes any issue of redeemable shares;
- (c) purchase any of its own shares;
- (d) engage any person as Director;
- (e) enter into any contract or other agreement or arrangements with or in respect of any of its Directors;
- (f) institute any litigation save in respect of the debts owing to it in the ordinary course of business;

- (g) acquire or dispose of any shares, debentures, debenture stock or other securities in any other company;
- (h) mortgage or charge the whole or part of its undertaking assets property or uncalled capital; and
- (i) allow the aggregate of the amounts borrowed and raised by the Company and its subsidiaries to exceed £400,000.

13. PROCEEDINGS OF DIRECTORS

- 13.1 The quorum necessary for the transaction of business of the Directors shall be three Directors, one of which shall be Stephen Pidgeon or Nicholas Thomas.
- 13.2 Subject to the Act, a Director may vote at a meeting of Directors or of a committee of Directors (and may be counted in the quorum present at any such meeting) on any resolution concerning any matter in which he has, directly or indirectly, an interest which conflicts or may conflict with the interests of the Company provided that at or prior to such meeting he complies in respect of such a matter with the disclosure provisions of Section 317 of the Act. Compliance with Section 317 of the Act shall be sufficient disclosure by a Director for the purpose of Regulations 85 and 86.
- 13.3 *Any Director or member of a committee of Directors may participate in a meeting of the Directors or such committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and any Director or member of a committee participating in a meeting in this manner shall be deemed to be present in person at such meeting.*

14. REMUNERATION OF DIRECTORS

- 14.1 The Directors shall be entitled to such remuneration (if any) by way of fee as shall from time to time be determined by resolution of the Directors and the Directors (including alternate Directors) shall also be entitled to be paid their reasonable travelling, hotel and other expenses of attending and returning from meetings of the Company or otherwise incurred while engaged on the business of the Company or in the discharge of their duties and Regulations 82, 83 and 84 shall be amended accordingly.

- 14.2 Any Director who, by request of the Directors, performs special services for any purpose of the Company which in the opinion of the Directors is outside the normal scope of such Director's duties shall receive such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine, which shall be charged as part of the Company's ordinary revenue expenses.

15. BORROWING POWERS

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and/or uncalled capital or any part thereof without limit and to issue debentures and other securities whether outright or as security (principal or collateral) for any debt liability or obligation of the Company or of any third party.

16. ALTERNATE DIRECTORS

The following provisions apply to the Company by way of variation of Regulations 65 to 69 inclusive:

- 16.1 The appointment of an alternate Director shall automatically terminate on the happening of any event which, if he were a Director, would cause him to vacate the office of Director or if his appointor shall cease for any reason to be a Director otherwise than by retiring and being reappointed at the same Meeting;
- 16.2 An alternate Director shall be repaid by the Company such expenses as might properly be repaid to him if he had been a Director. An alternate Director shall be entitled to be indemnified by the Company to the same extent as if he were a Director;
- 16.3 A Director or any other person may act as alternate Director to represent more than one Director and an alternate Director shall be entitled at Meetings of the Directors or 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 and Regulation 88 shall be modified accordingly.

17. NOTICES

- 17.1 Any notice to be given to or by any person pursuant to these Articles shall be in writing except that a notice to a Director need not be in writing.

- 17.2 In Regulation 112 the words "**or by telex or facsimile transmission**" shall be inserted before the words "**or by sending it by**" and the words "**first class**" shall be inserted before the words "**post in a prepaid envelope**". The provisions of Regulation 112 as so varied shall (mutatis mutandis) apply also to notices to Directors.
- 17.3 Where a notice is sent by first class post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the same is posted.

18. INDEMNITY

- 18.1 Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which in such capacity 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 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 provided that this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.
- 18.2 The Directors shall have the power to purchase and maintain for any Director officer or Auditor of the Company insurance against any such liability as is referred to in Section 310(1) of the Act.