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COMPANIES FORM No. 123

Notice of increase in nominal capital

123

Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

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32564 83

Name of company

* Pinnacle Group Limited

*Insert full name
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company dated 4 August 1998 the nominal capital of the company has been increased by £ 400,000 beyond the registered capital of £ 3,300,000.

A copy of the resolution authorising the increase is attached.[†]

The conditions (e.g. voting rights, dividend rights, winding-up rights etc.) subject to which the new shares have been or are to be issued are as follows:

[†]The copy must be
printed or in some
other form approved
by the registrar

Please see attached schedule.

Please tick here if
continued overleaf



Insert Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed

Designation Director

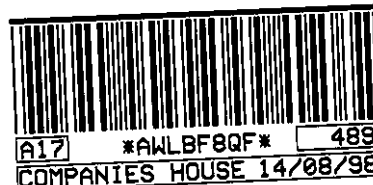
Date 4 August 1998

Presentor's name, address and
reference (if any):

Osborne Clarke
50 Queen Charlotte Street
Bristol BS1 4HE

(Ref: br/srg/672475)

For official use
General section



OYEZ

The Solicitors' Law Stationery Society Ltd, Oyez House, 7 Spa Road, London SE16 3QQ

Companies G123

1987 Edition

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Schedule to Form 123 - dated 4 August 1998

1. Rights attaching to shares

1.1 *Income*

(a) *Preference Shares - Fixed Dividend*

The holders of Preference Shares shall be entitled to receive, in priority to the holders of any other class of shares, a fixed cumulative preferential net cash dividend ("**the Preference Dividend**") of 6.0 per cent. per annum of the nominal value of each share for the period from 1 July 1998 until the occurrence of an Exit Event, such dividend to accrue from day to day from 1 July 1998 and to be payable half yearly on 30 June and 31 December, the first such payment to be made on 31 December 1998.

(b) *Preference Shares - Participating Dividend*

The holder of Preference Shares shall be entitled to receive in priority to any payment by way of dividend to the holders of any other shares in the capital of the Company (but subject to the payment of all dividends accrued and in arrears on the Preference Shares in respect of any earlier financial year and payment of the Preference Dividend) as a class, a net cash participating dividend ("**the Participating Dividend**") equal to 0.5 per cent of the amount by which the net profit before tax of the Company as shown by the latest audited profit and loss account of the Company exceeds £3,000,000 but does not exceed £4,000,000, such dividend to be payable annually on 30 June in each year, the first such payment to be made on 30 June 1999.

(c) *Ordinary Shares*

The balance of any profits resolved to be distributed in any financial year or period may be distributed amongst the holders of the Ordinary Shares pro rata according to the amount for the time being paid up on them.

(d) *Deferred Shares*

The Deferred Shares shall carry no entitlement to income.

(e) *Declaration and payment of dividends*

- (i) Subject to the provisions of paragraph (iii) below, every sum which shall become payable by the Company on any due date ("**dividend date**") in respect of the Preference Shares in accordance with the foregoing provisions of this Article 3 shall on that dividend date ipso facto and without any resolution of the Directors or of the Company in general meeting and notwithstanding anything provided in Regulations 102 to 105 (inclusive) of Table A become a debt due from the Company.
- (ii) The Company shall procure that each of its Subsidiaries shall from time to time and so far as lawfully able declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of the Preference Dividend and the Participating Dividend.
- (iii) In the event, whether by reason of any principle of law or otherwise, that the Company is unable to pay in full on a dividend date any Preference Dividend or the Participating Dividend, which would otherwise be required to be paid pursuant to the foregoing provisions of this Article on that dividend date ("**the relevant dividend**"), then:
 - (A) on the dividend date the Company shall pay the maximum sum (if any) which can then consistently with any such principle of law or other restrictive circumstance be properly paid by the Company first in or towards paying off all arrears of Preference Dividend and thereafter in paying off all arrears of Participating Dividend;
 - (B) on every succeeding dividend date the Company shall pay to such holders and in such order on account of the balance of the relevant dividend for the time being remaining outstanding (until the relevant dividend shall have been paid in full) the maximum sum (if any) on each such succeeding dividend date respectively which can, consistent with any such principle law or circumstance still prevailing, be properly paid by the Company; and

- (C) interest shall accrue from day to day on the amount of the relevant dividend unpaid (plus the associated tax credit) at the rate of 4% per annum above the base lending rate of Bank of Scotland from time to time and shall be paid at the same time as the amount to which it relates is paid or, if any such amount remains outstanding on 31 June or 31 December in any year, on such half-yearly dates to the extent accrued at that time.

1.2 *Capital*

On a return of assets on liquidation or capital reduction or otherwise (except upon the redemption of shares of any class or the purchase by the Company of its own shares), the assets of the Company available for distribution amongst Shareholders after payment of its liabilities shall be applied in the following manner and order of priority:

- (a) first, in paying to the holders of the Preference Shares £1 per share together with a sum equal to all unpaid arrears, interest and accruals of the Preference Dividend and Participating Dividend down to the date of the return of capital on the Preference Shares;
- (b) subject to sub-paragraph (c) below, in paying the balance to the holders of the Ordinary Shares; and
- (c) the Deferred Shares shall carry a right to a return of the nominal value paid up on such shares but only if the holders of Ordinary Shares will receive a payment of at least £1,000,000 per Ordinary Share pursuant to sub-paragraph (b) above.

1.3 *Redemption*

- (a) Subject to the provisions of the Act, the Company may redeem all or (in instalments of not less than 100,000 Preference Shares or the balance of Preference Shares then outstanding, if less,) some of the Preference Shares at any time by giving one month's notice of the redemption to the shareholder.
- (b) Subject to the provisions of the Act, on the date upon which an Exit Event occurs, all of the Preference Shares shall be redeemed immediately.
- (c) Subject to receipt of the relevant share certificates or an indemnity in respect of them in a form reasonably satisfactory to the Company, on the dates fixed for any redemption the

Company shall pay to the holder of each Preference Share then to be redeemed:

- (i) £1 per share; and
 - (ii) all arrears, interest and accruals of Preference Dividend payable on it (whether earned or declared or not) calculated in the case of the Preference Dividend to and including the date fixed for redemption which shall become a debt due and payable by the Company to the holder.
- (d) If any certificate so delivered to the Company includes any Preference Shares not redeemed on the relevant redemption date a fresh certificate for the Preferences Shares not so redeemed shall be issued to the Shareholder concerned.
- (e) If there is more than one holder of Preference Shares, the number of each holder's Preference Shares to be redeemed on each occasion on which Preference Shares are redeemed shall be such number (as nearly as may be) as shall bear the same proportion to the total number of Preference Shares to be redeemed on each such occasion as that proportion which each such holder's entire holding of Preference Shares bears to the total number of Preference Shares then in issue.
- (f) Any Preference Shares not redeemed and still outstanding as at 31 December 2004 shall be redeemed in accordance with this Article on that date. If the Company is unable at that time to redeem in accordance with the Act the number of Preference Shares then due to be redeemed pursuant to this Article, the Company shall:
- (i) redeem on that date such number of Preference Shares as it is then able to redeem in accordance with the Act and shall redeem the balance as soon as it is able to do so; and
 - (ii) interest shall accrue from day to day on the redemption monies then due and payable in accordance with Article 3.3(c) at the rate of 4% per annum above the base lending rate of Bank of Scotland plc from time to time and shall become due (as a charge against the Company) and be paid at the same time as the amount to which it relates is paid or, if any such amount remains outstanding on 30 June or 31 December in any

year, on such half-yearly dates to the extent accrued at that time.

1.4 *Voting*

(a) *Preference Shares*

The holders of the Preference Shares shall be entitled to receive notice of and to attend either in person or by proxy at any general meeting of the Company but shall not be entitled to vote at it (either personally or by proxy) unless at the date when the notice convening such general meeting is sent to the Shareholders the business of the meeting includes a resolution directly and adversely affecting, altering or abrogating the rights, privileges or restrictions attached to the Preference Shares in which event each holder of Preference Shares present in person or by proxy or representative shall be entitled to one vote on a show of hands and on a poll to such number of votes for each Preference Share held by him as results in the voting rights conferred on all holders of Preference Shares representing 90% of the voting rights attaching to all shares in the capital of the Company after the application of this vote enhancement.

(b) *Ordinary Shares*

The holders of the Ordinary Shares shall have the right to receive notice of and attend and vote at any general meeting of the Company. Each such holder present in person or by proxy or by representative shall be entitled on a show of hands to one vote and on a poll to one vote for each Ordinary Share held by him.

(c) The Deferred Shares shall not confer on the holders thereof any rights to attend and vote at any general meeting of the Company.