

Jey W.  
3898489

**THE COMPANIES ACT 1985**

**PRIVATE COMPANY LIMITED BY SHARES**

(Company No. 3898489)

**MEMORANDUM OF ASSOCIATION**

**OF**



**MERIDIAN HEALTHCARE (HOLDINGS) LIMITED**

(Adopted by Special Resolution dated 14<sup>th</sup> March 2007)

1. The Company's name is "Meridian Healthcare (Holdings) Limited".<sup>1</sup>
2. The Company's registered office is to be situated in England and Wales.
- 3.1 The object of the Company is to carry on business as a general commercial Company.
- 3.2 To give indemnity for, or to guarantee, support or secure the performance of all or any of the obligations of any person or company whether by personal covenant or by mortgage, charge or lien on the whole or any part of the undertaking, property and assets of the Company both present and future, including its uncalled capital, or by all or any of such methods; and in particular, but without limiting the generality of the foregoing, to give indemnity for, or to guarantee, support or secure whether by personal covenant or by any such mortgage, charge, or lien, or by all or any of such methods, the performance of all or any of the obligations (including the repayment or payment of the principal and premium of, and interest on, any securities) of any company which is for the time being the Company's holding company or subsidiary or any subsidiary of any such holding company.

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<sup>1</sup> The Company was incorporated on 22<sup>nd</sup> December 1999 as Rickco (141) Limited, changed its name to Meridian Healthcare Limited on 14 January 2000 and to Meridian Healthcare (Holdings) Limited on 27 April 2006

- 3.3. To invest the funds of the Company not required for its immediate purposes in or upon such shares, stocks, funds, securities or freehold or leasehold property or other land or investments in any part of the world and on such terms as may be thought fit.
- 3.4 To insure and arrange insurance cover for the Company and its officers and servants from and against all risks and liabilities incurred or arising in performance of the objects of the Company but only in so far as such insurance is lawful.
- 3.5 To make all necessary and reasonable provisions for the payment of pensions and superannuation to or on behalf of employees and their widows and other dependants.
- 3.6 To do all such other lawful things as shall promote the achievement of the above objects or any of them.
- 4. The liability of the members is limited.
- \*5. The share capital of the Company is £100,000 divided into 100,000 shares of £1 each.
- 6. The shares in the original or any increased capital of the Company may be issued with such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting return of capital or otherwise as the Company may from time to time determine, the rights and privileges attached to any of the shares of the Company may be modified, carried, abrogated or dealt with in accordance with the provisions for the time being of the Company's Articles of Association.

\*Note 1 By Special Resolution passed on 26 May 2000 the authorised share capital was increased and reorganised so as to be £150,000 divided into 1,500,000 Ordinary Shares of 10p each.

\*Note 2. By Special Resolution passed on 14<sup>th</sup> March 2007 the authorised share capital was converted and reclassified into 1,130,459 A Ordinary Shares of 10p each and 369,541 B Ordinary Shares of 10p each.

I, the person whose name and address is subscribed, am desirous of being formed into a Company, in pursuance of this Memorandum of Association, and I agree to take the number of shares in the capital of the Company as set opposite my name.

Name and Address of Subscriber	Number of shares taken by the Subscriber (in words)
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John Paul Lockett 4 Norfolk Street Manchester M2 1DW Solicitor	One
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**WITNESS** to the above signature

Robert Edward Loveday  
4 Norfolk Street  
Manchester  
M2 1DW  
Solicitor

Dated 10<sup>th</sup> December 1999

*Handwritten signatures*

**THE COMPANIES ACT 1985**

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**PRIVATE COMPANY LIMITED BY SHARES**  
**CO. NO. 3898489**

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**ARTICLES OF ASSOCIATION**

Adopted by Special Resolution passed on 14<sup>th</sup> March 2007

**MERIDIAN HEALTHCARE HOLDINGS LIMITED**

The Company changed its name by Special Resolution dated 25 April 2006

Lockett Loveday McMahon  
4 Oxford Court  
Manchester  
M2 3WQ  
DX 14345 Manchester

Telephone: 0161 237 3627  
Facsimile: 0161 237 3621

## **PRELIMINARY**

### **1 Application of Table A**

The regulations in Table A in The Companies (Tables A to F) Regulations 1985 apply to the Company except insofar as they are excluded by or are inconsistent with These Articles.

- 2 Regulations 24, 41, 58, 64, 73 to 78, 80, 94 and 188 of Table A shall not apply to the Company.

### **3 Interpretation**

In these Articles (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively:

"The Act"	The Companies Act 1985.
"The Statutes"	The Act, and every other statute or statutory instrument for the time being in force concerning companies and affecting the Company.
"These Articles"	These Articles of Association as from time to time altered.
"Auditors"	The auditors of the Company:
"Bad Leaver"	Any member who: (i) is dismissed as an employee of the Company (or of the Group) and who was in the opinion of the Directors (or the Directors of the Group as the case

may be) dismissed on the grounds of misconduct or lack of capability in their duties; or

(ii) ceases to be employed by the Company (or by the Group) by reason of their resignation and who becomes Engaged Competitively within the six month period following termination of their employment with the Company (or the Group as the case may be).

"Board" or "Directors"

The directors of the Company or a quorum of the directors present at a board meeting;

"Engaged Competitively"

a member who ceases to be employed by the Company or by the Group and becomes employed by or acts as agent or consultant to an otherwise directly or indirectly, provides services for or to any company, firm or other business entity which is in the habit of providing the same or similar services as that provided by the Company or the Group.

"Formula"

The price per share calculated in accordance with the following formula:

Price per share =  $1.5 \times A/B$  where:

A = The consolidated profits before tax  
(after any exceptional costs but  
before amortisation of goodwill)  
determined from the profit and loss

account in the audited accounts to the year ending last before the relevant Transfer Notice, Mandatory Transfer Notice or Trust Transfer Notice.

B = The total number of ordinary shares at 10 p each issued in the Company.

"Group"

the Company and its subsidiary undertakings from time to time and references to a "member of the Group" or a "Group Member" shall be construed accordingly:

"In writing"

Written or produced by any substitute for writing or partly one and partly another and shall include, except where otherwise expressly specified in these Articles or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in or the provisions of the Statutes, any representation of words in some visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever;

"Month"

Calendar month:

"Office"

The registered office of the Company for the time being.

"Paid"	Paid or credited as paid.
"Register"	The register of members of the Company.
"Seal"	The common seal of the Company and, as appropriate, any official seal kept by the Company by virtue of Section 40 of the Act;
"Transfer Office"	The place where the Register is situate for the time being.
"The Trust(s)"	The employee benefit trust(s) known as Meridian Healthcare Employees' Trust (No 1) and/or Meridian Healthcare Employees' Trust (No 2);
"Trust Deed(s)"	The Deed of Trust between the Company and each of the Trustees:
"Trust Rules"	The rules comprised in the Trust Deeds for the operation of the Trust(s);
"United Kingdom"	Great Britain and Northern Ireland;

References to a statutory provision includes any amendment or re-enactment. Except for the above definitions, words or expressions defined in the Statutes shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

The headings are inserted for convenience and do not affect the construction of these Articles.



## SHARE CAPITAL

### 4 Amount of Share Capital

- A. The authorised share capital of the Company at the date of the adoption of these amended Articles is £150,000 divided into 1,130,459 'A' Ordinary Shares of 10p each ("the A Ordinary Shares") and 369,541 'B' Ordinary Shares of 10p each ("the B Ordinary Shares").
- B. Subject only to provisions set out in Article 4(C) and 4(D) below the right attaching to the A Ordinary Shares and the B Ordinary Shares shall be the same and accordingly the A Ordinary Shares and B Ordinary Shares shall rank equally in all respects (save only for the differences set out in Article 4(C) and 4(D) below).
- C. On any winding up of the Company or on a return of assets on liquidation or otherwise the assets of the Company remaining after the payment of its liabilities shall be distributed among the holders of the A Ordinary Shares and the B Ordinary Shares in proportion to the amounts paid up or credited as paid upon the A Ordinary Shares and B Ordinary Shares held by them respectively save that the amount distributed to the holders in respect of each A Ordinary Share shall not exceed £29.40 for each share with any further amount which would, but for this provision, be payable to the holders of the A Ordinary Shares shall be payable to the holder of the B Ordinary Shares in proportion to the amounts paid up or credited as paid up on each B Ordinary Shares.
- D. No offer for any of the A Ordinary Shares shall be accepted by the holders of A Ordinary Shares and no registration of any transfer of A Ordinary Shares which would result in the transferee holding or controlling more than 50% of the A Ordinary Shares in issue shall be permitted by the Company unless the party making the offer:
- (i) extends their offer to the holders of all the B Ordinary Shares and (subject to (ii) below) on the same terms which are the same or better than those offered to the holders of the A Ordinary Shares; and

- (ii) In any event limits their offer to the holders of the A Ordinary Shares to an amount not exceeding £29.40 for each A Ordinary Share and whether that offer is payable in cash, in other shares or in any other manner whatsoever and whether payable in one amount or in a series of amounts on one date or more than one date.

## **5 Increase of share capital**

The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares shall be subject to the provisions of the Statutes and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

## **6 Consolidation, subdivision and cancellation**

The Company may by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled:
- (c) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provision of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares.

**7 Purchase of its own shares**

Subject to the provisions of the Statutes, the Company may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class.

**8 Reduction of capital**

Subject to the provisions of the Act, the Company may by Special Resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way.

**SHARES**

**9 Rights attaching to shares on issue**

Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time by ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes the Company may issue any shares which are, or at the option of the Company or the holder are liable, to be redeemed.

**10 Directors' power to allot**

- (a) Subject to the provisions of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise

dispose of them to such persons, at such times and on such terms as they think proper.

(b) (i) The Directors shall be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Act to exercise for each prescribed period all the powers of the Company to allot relevant securities up to an aggregate nominal amount equal to the Section 80 Amount.

(ii) During each prescribed period the Directors shall be empowered to allot equity securities wholly for cash pursuant to and within the terms of the said authority:

- (a) in connection with a rights issue; and
- (b) otherwise than in connection with a rights issue, up to an aggregate nominal amount equal to the Section 89 Amount;

as if Section 89(1) of the Act did not apply to any such allotment.

(iii) By such authority and power the Directors may during such period make offers or agreements which would or might require the allotment of securities after the expiry of such period.

(iv) For the purposes of this Article:

- (a) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders on the register on a fixed record date of ordinary shares in proportion to their respective holdings (for which purpose holdings in certificates and uncertificated form may be treated as separate holdings) but subject to such exclusions or other arrangements as

the directors may deem necessary or expedient in relation to fractional entitlements:

- (b) "prescribed period" means any period (not exceeding 15 months on any occasion) for which the authority and power conferred by sub-paragraphs (i) and (ii) above are granted or renewed by a Special Resolution of the Company stating the Section 80 Amount and Section 89 Amount for such period;
- (c) "the Section 80 Amount" shall be that stated in the relevant Special Resolution or any increased amount fixed by Resolution of the Company in General Meeting;
- (d) "the Section 89 Amount" shall be that stated in the relevant Special Resolution or any increased amount fixed by Special Resolution of the Company in General Meeting; and
- (e) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or to convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

## **11 Commissions on issue of shares**

The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted. The Company may also on any issue of shares pay such brokerage as may be lawful.

## **12 Renunciation of allotment**

The Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder:

- (a) recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation; and/or
- (b) allow the rights represented thereby to be one or more participating securities;

in each case upon and subject to such terms and conditions as the Directors may think fit to impose.

### **13 Trust etc. interests not recognised**

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, (future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the holder.

## **SHARE CERTIFICATES**

### **14 General**

Every share certificate shall be executed by the Company in such manner as the Directors may decide and shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class.

### **15 Joint holders**

In the case of a share held jointly by several persons the Company shall not be bound to issue more than one certificate therefore and delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

## **16 Issue of share certificates**

Any person (subject as aforesaid) whose name is entered in the Register in respect of shares in certificated form shall upon the issue or transfer to him of such shares be entitled without payment to a certificate therefore (in the case of issue) *within one month (or such longer period as the terms of issue shall provide)* after allotment or (in the case of a transfer of fully-paid shares) within thirty days after lodgement of the transfer or (in the case of a transfer of partly-paid shares) within two months after lodgement of the transfer.

## **17 Replacement of share certificates**

- (a) If a share certificate shall be damaged or defaced or alleged to have been lost stolen or destroyed, a new certificate representing the same shares may be issued to the holder upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of any exceptional out-of pocket expenses of the Company in connection with the request as the Directors may think fit.
- (b) In the case of shares held jointly by several persons any such request may be made by any one of the joint holders.

## **CALLS ON SHARES**

### **18 Power to make calls**

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of allotment of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

**19 Liability for calls**

Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders or a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

**20 Interest on overdue amounts**

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

**21 Other sums due on shares**

Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of allotment of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of allotment the same becomes payable. In case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

**22 Power to differentiate between holders**

The Directors may on the allotment of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.



## **FORFEITURE AND LIEN**

### **23 Notice on failure to pay a call**

- (a) If a member fails to pay in full any call or instalment of a call on or before the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason or such non-payment.
- (b) The notices shall name a further day (not being less than seven days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.

### **24 Forfeiture for non-compliance**

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

### **25 Disposal of forfeited shares**

A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or

to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposal the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such other person as aforesaid.

**26     Holder to remain liable despite forfeiture**

A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares (and shall surrender to the Company for cancellation of the certificate for such shares) but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at such rate as the Directors may determine, from the date of forfeiture or surrender until payment.

**27     Lien on partly-paid shares**

The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share and the Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.

**28     Sale of shares subject to lien**

The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving the notice of intention to sell in default shall have been given to the holder for the time being of the share or the person

entitled thereto by reason of his death or bankruptcy or otherwise by operation of law.

## **29      Proceeds of shares subject to lien**

The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the amount in respect whereof the lien exists so far as the same is then payable and any residue shall, upon surrender (in the case of shares held in certificated form) to the Company for cancellation of the certificate for the shares sold and subject to a like lien for sums not presently payable as existed upon the shares prior to the sale, be paid to the person entitled to the shares at the time of the sale. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer the shares sold to, or in accordance with the directions of, the purchaser.

## **30      Evidence of forfeiture**

A statutory declaration in writing that the declarant is a Director or the Secretary and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall not be bound to see to the application of the consideration (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

## **VARIATION OF RIGHTS**

### **31 Manner of variation of rights**

- (a) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up.
- (b) To every such separate meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (but so that at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him.
- (c) The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

### **32 Matters not constituting variation of rights**

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be

deemed to be varied by (a) the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto or (b) the purchase by the Company of any of its own shares.

## **TRANSFER OF SHARES**

### **33 Form of transfer**

- (a) All transfers of shares which are in certificated form may be effected by transfer in writing (which must be in physical form) in any usual or common form or in any other form acceptable to the Directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof.
- (b) All instruments of transfer which are registered shall be retained by the Company.

### **34 Balance certificate**

Where some only of the shares comprised in a share certificate are transferred the old certificate shall be cancelled and, to the extent that the balance is to be held in certificated form, a new certificate for the balance of such shares issued in lieu without charge.

### **35 Right to refuse registration**

The Directors may, in their absolute discretion and without assigning any reason, decline to register any transfer which includes shares which are not fully paid or a transfer to a person of whom they do not approve. They may

also decline to register any transfer of shares upon which the Company has a lien.

The Directors may also decline to register any instrument of transfer, unless:

- (a) the instrument of transfer, duly stamped, is deposited at the Office or such other place as the Directors may appoint accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of share; and
- (c) in the case of a transfer to joint holders, they do not exceed four in number.

**36** If the Directors refuse to register a transfer they shall, within 30 days after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal and any instrument of transfer which the Directors decline to register shall (except in the case of fraud) be returned to the person depositing it.

**37** Subject to Section 80 of the Act, nothing in these Articles shall preclude the Directors from allowing the allotment of any share to be renounced by the allottee in favour of some other person. For all purposes of these Articles relating to the registration of transfers of shares, this renunciation shall be deemed to be a transfer and the Directors shall have the same power of refusing to give effect to it as if the renunciation were a transfer and the restriction imposed upon the transfer of shares by these Articles shall apply.

**38** The Company shall be entitled to destroy (a) all instruments of transfer of shares and all other documents on the faith of which entries are made in the register of members at any time after the expiration of six years from the date of registration, (b) all dividend mandates and notification of change of name or

address at any time after the expiration of two years from the date of recording, (c) all share certificates which have been cancelled at any time after the expiration of one year from the date of cancellation. If the Company destroys a document in good faith and without notice of any claim (regardless of the parties) to which the document might be relevant, it shall conclusively be presumed in favour of the Company that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered, every share certificate so destroyed was a valid and effective document duly and properly cancelled and every other document mentioned above so destroyed was a valid and effective document in accordance with the recorded particulars in the books or records of the Company. Nothing in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any document at an earlier date than that provided above or if the condition as to good faith and absence of notice is not met. References in this Article to the destruction of any document include references to its disposal in any manner.

## **TRANSFER OF SHARES**

### **39 Restrictions on the Transfer of Shares**

Except in the case of a transfer permitted by Article 40 below the right to transfer or otherwise dispose of a Share or any interest in or arising from a Share shall be subject to the following restrictions and provisions.

### **40 Trust Transfer**

A Share (or any right or any interest in any Share) may be transferred by a Member to the Trust(s) or by the Trust(s) to any Member provided such Transfer complies with the Trust Rules and complies with the provisions of Articles 41 to 55 inclusive of these Articles.

**41      Transfer Notice**

Before transferring or disposing of any Share or any interest in or arising from any Share or any rights attaching thereto, the person proposing to transfer or dispose of the same (a "Proposing Transferor") shall give a notice in writing (a "Transfer Notice") addressed to the Directors at the registered office of the Company specifying the shares, interest and/or rights of which the Proposing Transferor wishes to dispose ("Sale Shares") and the full name and address of the person or persons (if any) to whom the Proposing Transferor wishes to transfer the Sale Shares or stating that the Proposing Transferor wishes the Trust to consider purchasing the Sale Shares ("Trust Transfer").

**42      Total Transfer Condition**

Except in the case of any Transfer Notice which a Member is bound to give or is deemed to have given pursuant to Article 50 below (a "Mandatory Transfer Notice"), a Transfer Notice may include a condition (a "Total Transfer Condition") that if all the Sale Shares (of whatever class) are not sold to Members then none shall be so sold.

**43      Share Price**

Except in the case of Mandatory Transfer Notice or where the Transfer Notice is in respect of a Trust Transfer, if the Proposing Transferor is proposing to transfer all his legal title to, beneficial ownership of and all other interest and rights attaching to the Sale Shares the Transfer Notice shall state, in addition to details of the Sale Shares the entire consideration for each share for which any such transfer or transfers will be made.

**44      Directors Satisfied on Price**

Subject to the Directors being satisfied (and to that end being provided with such evidence as they may reasonably require) that the price (other than in connection with a Mandatory Transfer Notice or a Trust Transfer) is a bona



fide price (not inflated for particular reasons) the said price shall be the Sale Price.

**45 Trust Transfer Price**

The Sale Price in respect of a Trust Transfer shall be the price per share determined by the Trustees of the Trust(s) as being the fair and reasonable price for the Shares in all the circumstances. In reaching their determination the Trustees shall obtain and have regard to such advice and guidance as they shall in their absolute discretion deem appropriate.

**46 Directors approval of Share Transfer**

- (a) The Directors shall be empowered to decline to approve the proposed transfer and shall (subject to Article 47 below) within 42 days of receipt of the Transfer Notice determine whether the proposed transfer comprised within the Transfer Notice is approved by them.
- (b) In reaching their determination the Directors shall consider whether in their opinion the proposed transfer is in the interests of the Proposing Transferor and/or the Company and in this regard shall pay proper consideration to the proposed Sale Price, the number of Shares it is proposed are transferred and the circumstances of such proposed transfer.

**47 Further Information to Directors**

- (a) In the event the Directors require further information from the Proposing Transferor to enable them to reach their determination in accordance with Article 46 the period of 42 days referred to in Article 46 will not commence until the Proposing Transferor has provided the necessary information to the Directors.

- (b) Where the Directors require further information they shall notify the Proposing Transferor in writing within 30 days of receipt of the Transfer Notice stating the information they require.

#### **48 Director Notification**

- (a) The Directors shall inform the Proposing Transferor whether they have approved or declined to approve the proposed transfer. They shall notify the Proposing Transferor in writing of that fact within seven days of the end of the 42 day period specified in Article 46.
- (b) In the event the Directors approve the proposed transfer they shall, in their notice to the Proposing Transferor include a statement that the transfers shall take place within 60 days of the notice or the approval will lapse.

#### **49 Company Purchase**

Within 14 days after the receipt by the Company of a Transfer Notice (or a Mandatory Transfer Notice), the Directors shall be entitled to resolve if they in their absolute discretion so decide that the Sale Shares are offered to the Company which shall have a period of 21 days during which the Directors may resolve that the Company shall purchase the Sale Shares pursuant to the provisions of Part V of the Companies Act, in which case the Chairman of the Directors shall determine a timetable for such purchase and all parties and Members shall adhere thereto.

#### **50 Mandatory Transfer Notice**

Subject to Article 54 on the occasion of either of the events described in Sub Article 50(A) or 50(B) below the Member (other than the Trust(s) to whom the event relates shall be deemed to have irrevocably served a Transfer Notice in respect of his/her entire holding of Shares ("Mandatory Transfer Notice") and subject to Article 49 the provisions of Articles 33 to 48 shall apply mutatis mutandis to such Transfer Notice.

For the purposes of this Article the events shall be:

- (a) Any Member who ceases for any reason to be an employee or Director of the Company whether or not a Bad Leaver; or
- (b) Any Member who is declared a bankrupt;

#### **51 Price per share on a Mandatory Share Transfer**

Subject always to Article 52 (Bad Leaver) the price per share in respect of a share subject to a Mandatory Transfer Notice shall be the price per share determined by the Formula.

#### **52 Bad Leaver**

In the event the Mandatory Transfer Notice is in respect of shares held by a Member who constitutes a Bad Leaver the price shall be the lowest of:

- (a) The price subscribed or paid by him for the Share; or
- (b) The price per share determined by the Formula; or
- (c) Nil in respect of any Share allotted and issued to him free of charge.

Subject to Article 54 a member whose Shares are subject to a Mandatory Transfer Notice in respect of any Sale Shares which were appropriated to him under a Staff Share Scheme approved by HM Inland Revenue ("the Scheme") shall be deemed to have had irrevocably served a Transfer Notice on the day following the third anniversary of those Shares being appropriated to him under the Scheme.

#### **54 Members who retire, die or suffer permanent incapacity**

- 54.1 Notwithstanding the provisions of article 50 any Member who ceases to be an employee and/or a Director of the Company (or of the Group) by reason of:-

- (a) Retirement at an age of not less than 60 years; or
- (b) Death; or
- (c) Permanent mental or physical incapacity

Shall be entitled either themselves or by their legal representative (as the case may be) to give notice in writing to the Board that they desire to retain their Shares in the Company. To be valid and effective the notice in writing of that intention must be received by the Company at its registered office not later than 30 days after the Member ceases to be an employee and/or Director as aforesaid.

54.2 It shall be for the Board to determine whether the Member in question has ceased to be employed and/or to be a Director by reason of the grounds set out in (a), (b) or (c ) above and in the absence of manifest error, their decision shall be final and binding in this regard.

54.3 In the event a capital Member (or his legal representatives as the case may be) serves a notice upon the Board as specified by article 54.1 and the Board are satisfied as to the reason specified in article 54.2 then the Board shall as soon as reasonably practicable give notice in writing to the Member (or his legal representatives) that the provisions of articles 50 and 51 shall not apply until the later of three years after the date of the adoption of these Articles or three years after the Member ceased to be an employee and/or Director. Upon the expiry of the said three year period if the Member is the holder of the Shares, the Mandatory Transfer Notice provisions in articles 50, 51 and 55 shall apply immediately.

54.4 A notice in writing under article 54.1 may only be given in respect of all the Member's Shares (and not merely in respect of part of their holding of Shares).

## **55 Failure or Refusal**

If a Member whose shares are subject to a Mandatory Transfer Notice shall fail or refuse to transfer any Sale Shares to a Purchaser hereunder, the Directors shall authorise some person to execute and deliver on his behalf of the necessary transfer and the Company may receive the purchase money in trust for that Member and cause the Purchaser to be registered as the holder of such Shares.

## **TRANSMISSION OF SHARES**

### **56 Persons entitled on death**

Subject to Articles 50 to 55 in case of the death of a shareholder, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

## **GENERAL MEETINGS**

### **57.1 Annual and Extraordinary General Meetings**

An Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

## **57.2 Convening of General Meetings**

The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

## **NOTICE OF GENERAL MEETINGS**

### **58 Length of notice for General Meetings**

An annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in a manner hereinafter mentioned to all members other than such as are not under the provisions of these Articles entitled to receive such notices from the Company: Provided that the Company may determine that only those persons entered on the Register at the close of business on a day determined by the Company, such day being no more than 21 days before the day that notice of the meeting is sent, shall be entitled to receive such a notice and Provided also that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

## **59      Contents of notice of General Meetings**

- (a) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.
- (b) The notice shall specify the general nature of the business to be transacted at the meeting; and if any resolution is to be proposed as an Extraordinary Resolution or as a Special Resolution, the notice shall contain a statement to that effect.
- (c) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (d) For the purposes of determining which persons are entitled to attend or vote at a meeting and how many votes such person may cast, the Company may specify in the notice of the meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend or vote at the meeting.

## **PROCEEDINGS AT GENERAL MEETINGS**

### **60      Chairman**

The Chairman of the Directors shall preside as chairman at a General Meeting. If there is no such Chairman or if at any meeting he is not present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director is present or if all the Directors present decline to take the chair, the members present

and entitled to vote shall choose one of their number) to be chairman of the meeting.

**61 Quorum**

No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

**62 Lack of quorum**

If within five minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such other day and such time and place as may have been specified for the purpose in the notice convening the meeting or (if not so specified) as the chairman of the meeting may determine.

**63 Adjournment**

The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for 30 days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

**64 Notice of adjourned meeting**



Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

## **POLLS**

### **65 Demand for Polls**

- (a) At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by:
  - (i) the chairman of the meeting; or
  - (ii) not less than three members present in person or by proxy and entitled to vote: or
  - (iii) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
  - (iv) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
- (b) A demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman. A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

### **66 Procedure on a poll**

A poll shall be taken in such manner (including the use of ballot or electronic voting or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at

which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers (who need not be members) and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

**67     *Voting on a poll***

On a poll votes may be given either personally or by proxy and a person entitled to more than vote need not use all his votes or cast all the votes he uses in the same way.

**68     *Timing of poll***

A poll demanded on the choice of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

**VOTES OF MEMEBRS**

**69     *Votes attaching to shares***

Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

**70     Votes of joint holders**

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the share.

**71     Chairman not to have a casting vote**

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a casting vote in addition to any other vote he may have.

**72     Restriction on voting in particular circumstances**

No member shall, unless the Directors otherwise determine, be entitled in respect of any share held by him to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings if any call or other sum presently payable by him to the Company in respect of share remains unpaid.

**PROXIES**

**73     Proxy need not be a member**

A proxy need not be a member of the Company.

**74     Form of proxy**

An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and is permitted by the Statutes and shall be signed by the appointor or his attorney.

## **75 Deposit of form of proxy**

An instrument appointing a proxy must be left at or delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Transfer Office) not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

## **76 Rights of proxy**

An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll but shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting.

# **DIRECTORS**

## **77 Number of Directors**

Subject as hereinafter provided the Directors shall not be less than four nor more than seven in number. The Company may by Ordinary Resolution from time to time vary the minimum number and/or maximum number of Directors.

## **78 Share qualification**

A Director shall not be required to hold any share of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at shareholders' meetings.

**79 Directors' fees**

The ordinary remuneration of the Directors shall from time to time be determined by the Directors.

**80 Directors' expenses**

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or shareholders' meetings or otherwise in connection with the business of the Company.

**81 Appointment of executive Directors**

- (a) The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of Chairman or Deputy Chairman) on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.
- (b) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

**82 Powers of executive Directors**

The Directors may entrust to and confer upon any Director holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either

collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

## **APPOINTMENT AND RETIREMENT OF DIRECTORS**

### **83 Retirement by rotation**

The Directors shall not be required to retire by rotation.

### **84 Election or appointment of additional Director**

The Company may by Ordinary Resolution elect, and without prejudice thereto the Directors shall have power at any time to appoint, any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with these Articles. Any person so appointed by the Directors shall hold office only until and shall retire at the next Annual General Meeting and shall then be eligible for election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

### **85 Vacation of office**

The office of a Director shall be vacated in any of the following events, namely:

- (a) if he shall become prohibited by law from acting as a Director;
- (b) if he shall resign by writing under his hand left at the Office or if he shall offer to resign by notice in writing in physical form and the Directors shall resolve to accept such offer;
- (c) if he shall have a bankruptcy order made against him or shall compound with his creditors generally or shall apply to the court for an interim order under Section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;

- (d) if in England or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;
- (e) if he shall be absent from meetings of the Directors for six months without leave and the Directors shall resolve that his office be vacated; or
- (f) if he shall be removed from office by notice in writing in physical form served upon him signed by all his co-Directors, but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

#### **86 Removal of Director**

The Company may in accordance with and subject to the provisions of the Statutes by Ordinary Resolution of which special notice has been given remove any Director from office (notwithstanding any provision of these Articles or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and elect another person in place of a Director so removed from office. In default of such election the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy.

### **MEETINGS AND PROCEEDINGS OF DIRECTORS**

#### **87 Convening of meetings of Director**

- (a) Subject to the provisions of these Articles the Directors may meet together for the despatch of business, adjourn and otherwise regulate their proceedings as they think fit. At any time any Director may, and

the Secretary at the request of a Director shall, summon a meeting of the Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from the United Kingdom. Any Director may waive notice of any meeting and any such waiver may be retroactive.

- (b) A meeting of the Directors or of a committee appointed in accordance with Article 98 may consist of a conference between Directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously; and the word "meeting" in the Articles shall be construed accordingly. A Director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

## **88 Quorum**

The quorum necessary for the transaction of business to the Directors may be fixed from time to time by the Director and unless so fixed at any other number shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

## **89 Chairman**

The Directors may elect from their number a Chairman and determine the period for office. If no Chairman shall have been appointed or if at any meeting of the Directors no Chairman shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairman of the meeting.



**90 Casting vote**

Questions arising at any meeting of the Directors shall be determined by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall not have a second or casting vote.

**91 Directors Interests**

Subject to the provisions of the Statutes, and provided that he has disclosed to the Directors the nature and extent of any interest of his, a Director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any contract, transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
- (c) may (or any firm of which he is a partner, employee or member may) act in a professional capacity for the Company (other than as Auditor) and be remunerated therefore; and
- (d) shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate or for such remuneration and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

## **92      Restrictions on voting**

- (a)      Save as herein provided, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he (together with any person connected with him within the meaning of Section 346 of the Act) has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote.
  
- (b)      If a question arises at any time as to the materiality of a Director's Interest or as to his entitlement to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fairly disclosed.
  
- (c)      The Company may by Ordinary Resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

## **93      Number of Directors below minimum**

The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors or Director may act for the purpose of filling such vacancies or of summoning General Meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two members may summon a General Meeting for the purpose of appointing Directors.

**94      Written resolutions**

A resolution in writing signed by all the Directors for the time being in the United Kingdom and entitled to vote thereon shall be as valid and effectual as a resolution duly passed at a meeting of the Directors and may consist of several documents in the like form each signed by one or more Directors.

**95      Validity of proceedings**

All acts done by any meeting of Directors, or of any committee of the Directors, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any of the persons acting as aforesaid, or that any such persons were disqualified or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of the committee and had been entitled to vote.

**COMMITTEES OF THE DIRECTORS**

**96      Appointment and constitution of committees**

The Directors may delegate any of their powers or discretions (including without prejudice to the generality of the foregoing all powers and discretions whose exercise involves or may involve the payment of remuneration to or the conferring of any other benefit on all or any of the Directors) to committees. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors.

**97      Proceedings of committee meetings**

The meetings and proceedings of any such committee consisting of two or more persons shall be governed mutatis mutandis by the provisions of these

Articles regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any regulations made by the Directors under the last preceding Article.

## **POWERS OF DIRECTORS**

### **98 General powers**

The business and affairs of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these Articles required to be exercised by the Company in General Meeting subject nevertheless to any regulations of these Articles, to the provisions of the Statutes and to such regulations as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

### **99 Appointment of attorney**

The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit.

## **SECRETARY**

### **100 The Secretary**

- (a) The Secretary shall be appointed by the Directors at such remuneration and upon such terms as they think fit. The Secretary may be removed by the Directors. The Directors may appoint an assistant Secretary or assistant Secretaries and temporary substitutes for the Secretary. An assistant Secretary or temporary substitute for the purpose of these Articles be deemed to be and may fulfil the duty of the Secretary subject to any limitation prescribed by the Directors.
- (b) A provision of the Statutes or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

## **THE SEAL**

### **101 The Seal**

- (a) The Seal shall be used only by the authority of the Directors or of a committee of Directors authorised by the Directors. The Directors may determine who shall sign any instrument to which the Seal is affixed. Unless otherwise determined it shall be signed by a Director and by the Secretary or by a second Director or some other person approved by the Board.
- (b) A document signed by a Director and by the Secretary or another Director and expressed, in whatever form of words, to be executed by the Company shall have the same effect as if it were under seal. A document executed in this way which makes it clear on its face that it is intended to be a deed, in whatever form of words, has effect, upon delivery, as a deed.

## ALTERNATE DIRECTORS

### 102 Alternate Directors

- (a) The Directors may appoint any person who is approved by the Board to be an alternate Director, and may remove from office an alternate Director appointed to him.
- (b) An alternate Director shall be entitled (subject to his giving to the Company an address within the United Kingdom at which notices may be served upon him) to receive notices of all meetings of the Board and of any committee of the Board of which his appointor is a member and to attend and vote as a Director at any of the meetings at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in the absence of the appointor. When acting also as a Director or as an alternative director for more than one Director, an alternate Director shall have one vote for every Director he represents, in addition to his own if he is himself a Director; and, where the quorum exceeds two, he shall be considered as two Directors for the purpose of making a quorum.
- (c) An alternate Director shall cease to be an alternate Director if his appointor ceases for any reason to be a Director. If a Director retires by rotation but is re-elected by the meeting at which the retirement takes effect, an appointment made by him under this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not retired.
- (d) All appointments and removals of alternate Directors shall be effected by notice In Writing by the Director making or revoking the appointment given to the Company at the Office or at a duly convened and held meeting of the Board.

- (e) An alternate Director may be repaid by the Company such expenses as might properly be repaid by him if he were a Director. He shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to him appointor as his appointor by notice In Writing to the company directs. He shall not otherwise in respect of the appointment be entitled to receive any remuneration from the Company. An alternate Director may be indemnified by the Company to the same extent as a Director.
- (f) An alternate Director shall be an officer of the Company. He shall alone be responsible to the Company for his own acts or defaults and shall not be deemed to be the agent of or for the Director appointing him.

## **DIVIDENDS**

### **103 Dividends**

- (a) The profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. The Company in General Meeting may declare dividends accordingly. No dividend or interim dividend may be paid otherwise than in accordance with Part VIII of the Act.
- (b) Dividends must be declared and paid according to the amounts paid on the shares in respect of which the dividends are paid. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share. Dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portions of the period in respect of which the dividend is paid but, if any share is issued on terms providing that it ranks for dividend as from a particular date, the share shall rank for dividend accordingly.

- (c) The Directors must transfer to share premium account as required by the Statutes sums equal to the amount or value of any premiums at which any shares of the Company are issued.
- (d) The Directors may pay such interim dividends as appear to them to be justified by the profits of the Company.
- (e) A General Meeting declaring a dividend or bonus may direct payment of the dividend or bonus wholly or partly by the distribution of specific assets and, in particular, of paid share or debentures of another company or in any one or more of these ways. The Directors shall give effect to the resolution and, where a difficulty arises in regard to the distribution, the Directors may settle it as they think expedient. In particular they may issue certificates in respect of fractions and fix the value for distribution of specific assets, may determine that cash payments are made to any members upon the footing of that value in order to adjust the rights of all parties and may vest the assets in trustees as may seem expedient to the Directors.
- (f) A resolution of the Company or of the Directors declaring a dividend may specify any date as the record date for the dividend, whether or not prior to the date on which the resolution is passed.
- (g) The Directors may deduct from any dividend or bonus payable to a member any sums presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.
- (h) No unpaid dividend, bonus or interest shall bear interest as against the Company.
- (i) The Directors may retain any dividends and bonuses payable on shares on which the Company has a lien permitted by the Statutes and may apply them in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.



- (j) The Directors may retain the dividends and bonuses payable upon shares in respect of which any person is, under the provisions of these Articles relating to the transmissions of shares, entitled to become a member, or which any person under those provisions is entitled to transfer, until he becomes a member in respect of the shares or duly transfers them.
- (k) A dividend may be paid by cheques or warrant sent through the post to the registered address of the member or person entitled to it, or by direct bank transfer to such bank account as the member or person entitled to it directs, and in case of joint holders to any one of them or to such person and such address or such bank account as the joint holders may direct. The cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the member, person entitled or joint holders direct. Payment of the cheque or warrant shall be a good discharge to the Company. Every cheque or warrant shall be sent at the risk of the person entitled to the money which it represents.
- (l) If several persons are registered as joint holders of a share, any one of them may give an effective receipt for any dividend or other monies payable on or in respect of the share.
- (m) All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Dividends unclaimed for 12 years after they became due for payment shall, unless the Directors otherwise resolve, be forfeited and revert to the Company.

## **SCRIP DIVIDENDS**

### **104 Scrip Dividends**

The Directors may, if authorised by an Ordinary Resolution, offer any holders of ordinary shares one or more of the following options:

- (a) Instead of taking the net cash amount due to them in respect of all or any part (to be determined by the Directors) of any dividend declared or payable on any ordinary shares held by them, either to invest the cash in subscribing for unissued ordinary shares, payable in full or by instalments, or in paying up in full or by instalments, or in paying up in full or by instalments any unpaid or partly paid ordinary shares held by them; or
- (b) Instead of taking the net cash amount due to them in respect of all or any part (to be determined by the Directors) of any dividend declared or payable on any ordinary shares held by them, to elect to receive new ordinary shares credited as fully paid; or
- (c) To forego their entitlement to all or any part (to be determined by the Directors) of any dividend declared or payable on any ordinary shares held by them and to take instead fully paid bonus ordinary shares; or
- (d) Any other option in respect of all or any part (to be determined by the Directors) or any dividend on any ordinary shares held by them as the Directors determine.

## **ACCOUNTING AND INFORMATION**

### **105 Reserves**

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve which

shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied. Pending application the sum reserved may either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors think fit. The Directors may, without placing them to reserve, carry forward any profits which they think it prudent not to divide.

#### **106    Discovery and secrecy**

No member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter in the nature of a trade secret or secret process which relates to the conduct of the business of the Company and which, in the opinion of the Directors, it would be inexpedient in the interests of the members of the Company to communicate to the public.

#### **107    Accounts**

- (a)    The Directors shall cause true accounts to be kept:
  - (i)    Of the sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
  - (ii)   Of all sales and purchases of goods and services by the Company; and
  - (iii)   Of the assets and liabilities of the Company.
- (b)    The books of account shall be kept at the Office, or at such other place as the Directors think fit, and shall always be open to the inspection of the Directors. No member (other than as Directors) shall have any right of inspecting any account, book or document of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting.

- (c) The Directors shall not be bound, unless expressly instructed so to do by an Extraordinary Resolution of the Company in general meeting, to publish any list or particulars of the securities or investments held by the Company or to give to any shareholder any information relating to them.
- (d) Once at least in every year the Directors shall lay before the Company in General Meeting a profit and loss account giving a true and fair view of the profit or loss of the Company for the financial year to which it relates and a balance sheet giving a true and fair view of the state of affairs of the Company as at the date at which it is made out.
- (e) Except as provided in the next following Article, a copy of the report by the Directors and of the Auditors' report, accompanied by the balance sheet (including every document required by law to be annexed or attached to it), and profit and loss account, consolidated balance sheet and consolidated profit and loss account, shall, at least 21 days before the Annual General Meeting, be delivered or sent by post to the registered address of every member.

## **108 Auditors**

The Company shall at each annual general meeting appoint Auditors to hold office until the next annual general meeting.

## **NOTICES**

### **109 Notices**

- (a) Any notice or document may be served by the Company on any member either personally or by sending it through the post in a prepaid letter addressed to him at his registered address as appearing in the register of members. A member is entitled to receive notices from the Company notwithstanding that his registered address as appearing in the register of members is outside the United Kingdom. In the case of

joint holders of a share, notices shall be given to that one of the joint holders whose name stands first in the register of members and notice given to him shall be sufficient notice to all the joint holders.

- (b) Any notice or other document, if served by post, shall be deemed to have been served at the expiration of 24 hours after the time when the letter containing it is posted. In proving service it shall be sufficient to prove that the letter containing the notice or document was properly addressed, stamped and posted.
- (c) Any notice or document delivered or sent by post to or left at the registered address of any member shall, notwithstanding that the member is then dead or bankrupt and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in his name as sole or joint holder, unless at the time of the service of the notice or document his name has been removed from the register as the holder of the share. The service shall for all purposes be deemed a sufficient service of the notice or document on all persons interested in the share (whether jointly with or as claiming through or under him).

## **WINDING UP**

### **110 Winding up**

- (a) On a winding up of the Company, the balance of the assets available for distribution, after deduction of any provision made under Section 719 of the Act and (subject to any special rights attaching to any class of shares) shall be applied in repaying to the members of the Company the amounts paid up on the shares held by them. Any surplus assets will belong to the holders of any ordinary shares (subject to any special rights attaching to any class of shares) then in issue according to the numbers of shares held by them or, if no ordinary shares are then in

issue, to the holders of any unclassified shares then in issue according to the numbers of shares held by them.

- (b) If the Company is wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of an Extraordinary Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of properties of different kinds. He may for that purpose set such value as he deems fair upon any one or more class or classes of property and may determine how the division is carried out as between the members or different classes of members. He may, with the same authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the same authority thinks fit, but no contributory shall be compelled to accept any shares in respect of which there is a liability.
- (c) The power of sale of a liquidator includes a power to sell wholly or partially for shares or Debenture, or other obligations of another company either then already constituted or about to be constituted, for the purpose of carrying out the sale.

## INDEMNITY

### 111 Indemnity

*Except so far as the provisions of this Article are avoided by any provisions of the Statutes, the Directors, executive Directors, Auditors, Secretary and other officers of the Company, and their respective executors or administrators, shall to the extent permitted by the Statutes be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices, unless incurred through their own wilful neglect or default.*

None of them shall be answerable for the acts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any monies or assets of the Company are lodged or deposited for safe custody, or for the insufficiency or deficiency or any security upon which any monies of the Company are placed out or invested, or for any other loss or damage which happens in the execution of their offices, unless resulting from their own wilful neglect or default. Subject to the provisions of the Act, the Directors may purchase and maintain insurance at the expense of the Company for the benefit of any Director or other officer or auditor of the Company against any liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done by him as a director, officer or auditor.

Names, addresses and descriptions of subscribers.

I, the person whose name and address is subscribed, am desirous of being formed into a Company, in pursuance of this Memorandum of Association, and I agree to take the number of shares in the capital of the Company as set opposite my name.

Name and Address of Subscriber	Number of shares taken by the Subscriber (in words)
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John Paul Lockett 4 Norfolk Street Manchester M2 1DW Date: 20 May 2000	One
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Robert Edward Loveday 4 Norfolk Street Manchester M2 1DW Date: 20 May 2000	One
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## ***File Note***

**CLIENT: WELD LAG (PRESTON) LIMITED**

**SUBJECT: SALE OF SHARES**

**DATE: 8 MARCH 2007**

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The sale of the insulation business has been discussed and it has been agreed that a valuation should be placed on goodwill at the amount suggested in A Tipping's email of 8 March 2007 i.e. £110,000.

This amount is similar to the approximate valuation placed on the goodwill as calculated under an alternative method by WNJ.

There are a number of defences should the valuation be the subject of an enquiry by HMRC as follows:

1. The goodwill of the asbestos division is subject to a third party offer at £350,000 based on annual profits of £300,000, a multiplier of 16.7%.
2. Using the same basis for valuation of the insulation division, annual profits of £100,000 results in a goodwill valuation of £116,700.
3. The third party is initially acquiring both divisions and then selling the insulation trade.
4. The goodwill could be argued as personal to Howard.
5. An existing 50% shareholder is departing completely and will not be involved in either division post sale.
6. An external offer has previously been received for the whole in the same "ball park" figure as those above.

Vendors are happy to proceed with the sale value of £110,000 for the insulation division goodwill, without prejudice and subject to contract, as follows:

- a. Buyers retain profit for April 2007 as contribution towards the corporation tax payable on the goodwill disposal
- b. No specific indemnity is given for any subsequent increase in tax payable should the Revenue challenge the valuation of the insulation division goodwill. Any additional corporation tax payable will be the sole responsibility of the buyers.
- c. A minimum overall deal price of £560,000 (excluding the insulation division goodwill) calculated as follows:

Consideration (Day 1)	350,000
Deferred consideration (based on NAV of asbestos division)	50,000
Loan notes (based on NAV of insulation division)	<u>160,000</u>
Total	<u>560,000</u>

In addition, the insulation division goodwill valuation of £110,000 will be satisfied by loan notes issued to Howard.