



SC02056-1

THE COMPANIES ACT, 1929.

COMPANY LIMITED BY SHARES.

ARTICLES OF ASSOCIATION

OF

SHIPBREAKING INDUSTRIES
LIMITED

CONSTITUTION.

1. The Company is established as a Private Company within the meaning of Section 26 of the Companies Act, 1929, in accordance with and subject to the provisions of that Act and of its Memorandum of Association and of the Regulations contained in Table A in the First Schedule to the Companies Act, 1929 (hereinafter referred to as "Table A"), which are hereby adopted with the exception of Clauses 19, 35, 45, 47, 48, 50, 54, 61, 64, 65, 66, 69, 72, 80, 82, 83, 99, 101, 103 and 104 of Table A, and subject to the provisions of the following additional Articles in modification of Table A so far as hereby adopted.

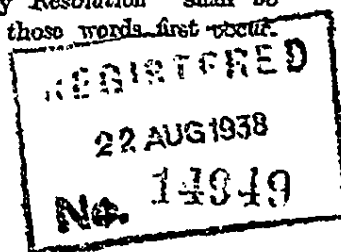
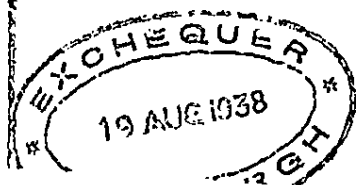
2. The number of the members of the Company (not including persons who are in the employment of the Company, and persons who, having been formerly in the employment of the Company, were while in that employment and have continued after the determination of that employment to be members of the Company) shall be limited to fifty; no transfer which would increase such number of members beyond fifty shall be valid and the Directors shall refuse to recognise any such transfer; where two or more persons hold one or more shares in the Company jointly, they shall be treated as a single member.

3. No invitation shall be issued to the public to subscribe for any shares or debentures of the Company, and the Company and its Directors, Managers and all persons acting on its behalf are hereby prohibited from making any such invitation to the public.

4. The right to transfer the shares of the Company is restricted in manner provided in these Articles.

SHARES.

5. In Clause 2 of Table A the words "Ordinary Resolution" shall be substituted for the words "Special Resolution," where those words first occur.



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1. The first step in the process of the investigation is the identification of the problem. This is done by the investigator who is responsible for the study. The investigator must first identify the problem that is being investigated. This is done by the investigator who is responsible for the study.

12. The Directors may also suspend the registration of transfers for a period of not more than thirty days in each year. The Directors may decline to recognise any instrument of transfer unless (A) such fee, not exceeding two shillings and sixpence, as the Directors may from time to time determine, is paid to the Company in respect thereof, and (B) the transfer is 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. The Directors may decline to register a transfer of any shares on which the Company has a lien. If the Directors refuse to register a transfer of any shares or debentures they shall within two months after the date of lodgment of the transfer send to the transferee notice of the refusal as required by Section 66 of the Companies Act, 1929.

PROCEEDINGS AT GENERAL MEETINGS.

13. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Two members present personally or by proxy shall be a quorum.

14. The Chairman of the Board of Directors shall preside at every General Meeting, but if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, they shall choose some member present to be Chairman of the meeting.

15. 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 at least one member present in person or by proxy and for the time being entitled to vote at the meeting, and unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution.

16. Subject to any special rights or restrictions as to voting for the time being attached to any special class of shares, on a show of hands every member present personally or by proxy shall have one vote. On a poll every member shall have one vote for each £1 Share held by him.

FORM OF PROXY.

17. A proxy may be in the following form, or in any other form which the Directors shall approve:—

"To SHIPBREAKING INDUSTRIES LIMITED.

"I,
"of
"in the County of , being a
"member of SHIPBREAKING INDUSTRIES LIMITED, hereby
"appoint of
"or failing him, of
"as my proxy to attend, act and vote for me and on my behalf
"at the (Ordinary or Extraordinary or Adjourned, as the case
"may be) General Meeting of the Company to be held on the
" day of , and at any adjournment
"thereof.

"Signed this day of ."

DIRECTORS.

18. The number of the Directors shall not be less than two nor more than nine.
19. The first Directors of the Company shall be appointed in writing by the subscribers to the Memorandum of Association of the Company.
20. The Directors shall require no share qualification.
21. The Company in General Meeting from time to time may direct such sum or sums as may be thought fit to be paid as and by way of remuneration to the Directors for their services, and such remuneration may be by way of salary, fees, commission or participation in the profits or by all or any of these methods. They shall also be entitled to be repaid all travelling and hotel expenses reasonably incurred by them respectively in or about the performance of their duties as Directors.
22. If any Director shall be called upon to perform special services of any kind, or to travel, at home or abroad, on the Company's business, the Directors may pay the reasonable travelling expenses and outlays of such Director, and may arrange with him for such special remuneration for such services either by way of salary, commission, or payment of a lump sum of money, or otherwise, as they shall think fit.

POWERS AND DUTIES OF DIRECTORS.

23. Clause 68 of Table A shall be varied by omitting therefrom all the words therein after the words "from any cause to be a Director."
24. In Article 70 of Table A the words from and including "and every Director" to the end of the Article shall be excluded.
25. The Directors from time to time, and at any time, may provide through Local Boards, Attorneys or Agencies for the management of the affairs of the Company abroad, and may appoint any persons to be members of such Local Boards or as Attorneys or Agents, and may fix their remuneration and may at any time remove any person so appointed. The Company may exercise the powers conferred by Sections 103 and 32 of the Companies Act, 1929, and those powers shall accordingly be exercisable by the Directors.
26. The Directors from time to time, and at any time, may delegate to any Local Board, Attorney or Agent any of the powers, authorities and discretions for the time being vested in the Directors, and any such delegation may be made in such terms and subject to such conditions as the Directors may think fit, and may include a power to sub-delegate, and the Directors may at any time annul or vary any such delegation, but no person dealing in good faith and without notice of such annulment or variation shall be affected thereby.

BORROWING POWERS.

27. The Directors may from time to time in their discretion, borrow for the purposes of the Company such sums without limit to the amount and such sums may be borrowed from a Director as well as from others and such borrowings may be secured in such manner and upon such terms as the Directors may think fit.

DISQUALIFICATION OF DIRECTORS.

28. A Director may hold the office of Secretary or any other office under the Company, except that of Auditor.

29. The Office of Director shall be vacated:—

- (a) If he becomes bankrupt or compounds with his creditors.
- (b) If he becomes insane, or becomes of unsound mind.
- (c) If he shall be requested to vacate office by an extraordinary resolution of the Company in General Meeting.
- (d) If he absents himself from the meetings of the Directors during the period of three consecutive months without special leave of absence from the Directors, unless he be absent on the business of the Company, or his absence be caused by sickness.
- (e) If by notice in writing to the Company, he resigns his office.

~~30. No Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser, solicitor or otherwise, nor shall any such contract or arrangement, or any contract or arrangement entered into by or on behalf of the Company, in which any Director shall be in any way interested, be voided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established, but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is first taken into consideration if his interest then exists, or in any other case at the first meeting of the Directors after the acquisition of his interest, and he shall not vote in respect of such contract or arrangement. A Director shall not vacate office by reason of holding any appointment under the Company except that of Auditor, although he receive remuneration therefor. A general notice that a Director is a member of any specified company or firm, and is to be regarded as interested in any transaction with such company or firm shall be sufficient disclosure under this Article, and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such company or firm as aforesaid.~~

See new
Article 30
to be
inserted

31. The continuing Directors may act notwithstanding any vacancy in their body.

PROCEEDINGS OF DIRECTORS.

32. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be two.

33. A resolution in writing signed by all the Directors shall have the same effect and validity as a resolution duly passed at a meeting of the Directors duly convened and constituted.

34. All cheques, drafts, bills of exchange, promissory notes and other documents of debt, granted or drawn by, upon or in favour of the Company shall be signed by one Director and the Secretary of the Company, or otherwise as the Directors may appoint.

DIVIDENDS.

35. Subject to the rights of members entitled to shares issued upon special conditions, the profits of the Company shall be divisible among the members in proportion to the amount paid up, or held as paid up, on the shares held by them respectively.

ACCOUNTS.

36. The Directors shall from time to time determine whether and to what extent and at what times and places, and under what conditions and regulations the accounts and books of the Company, or any of them, shall be open to the inspection of the members; and no member shall have any right of inspecting any account or book or document of the Company, except as conferred by Statute or authorised by the Directors or by a resolution of the Company in General Meeting.

INDEMNITY.

37. Subject to the provisions of Section 152 of the Companies Act, 1929, the Directors, trustees, solicitors and officers of the Company and each of them, shall at all times be indemnified out of the funds of the Company from and against all loss, costs and charges which they or he may properly incur or be put to in or about the *bona fide* execution of the duties of their or his office, and none of them shall be answerable for any act or default of any other of them, or for the sufficiency of any security which may be taken by them or any of them, unless the loss thereby arising shall happen through his own wilful neglect or default, nor shall they or he be liable for any agent, broker, banker or other person with whom or into whose hands the money or property of the Company shall from time to time be deposited or come, or for any involuntary loss or damage whatever, which may happen in the execution of their respective offices, services or trusts, or in relation thereto.

CAPITALISATION OF RESERVES.

38. (1) The Company in General Meeting may at any time and from time to time pass an Ordinary Resolution to the effect that the whole or any part of the undivided profits of the Company standing to the credit of any of the Company's Reserve Accounts (including any Reserve Account created wholly or partially out of credit balances arising from the realisation of assets or created by the re-valuation of appreciated assets), or standing to the credit of the Profit and Loss Account be capitalised, and that accordingly any such sum or sums be set free for distribution, and be appropriated free from any deduction whatever as a capital bonus to and amongst the shareholders who would have been entitled thereto if the same had been distributed as dividend, in such proportions and manner as the resolution may direct, and such resolution shall be effective, and the Directors shall, in accordance with such resolution, apply such sum or sums in paying up any shares or debenture stock or debentures of the Company on behalf of the persons to whom the same shall have been so appropriated, and distribute the shares or debenture stock or debentures so paid up, amongst the shareholders entitled thereto as aforesaid in the proportions in which they are so entitled, and in satisfaction of their respective shares and interests in the sum or sums so capitalised or any part thereof, or may apply the same in paying up on behalf of the shareholders aforesaid, the whole or any part of the balance which shall for the time being be unpaid in respect of any issued shares, or otherwise deal with such sum or sums as directed by such resolution. Where any difficulty arises in respect of such distribution, the Directors may settle the same as they think expedient, and in particular they may issue fractional share certificates, fix the value for distribution of any fully paid shares or debenture stock or debentures, make cash payments to any shareholders on the footing of the value so fixed in order to adjust rights, and may vest any shares or debenture stock or debentures in trustees upon such trusts for the persons entitled to share in the appropriation and distribution as the Directors may think expedient.

(2) When deemed requisite, a contract shall be filed in accordance with Section 42 of the Companies Act, 1929, and the Directors may appoint any person to sign such contract as agent for and on behalf of the persons entitled to share in the appropriation and distribution, and such appointment shall be effective.

NOTICES.

39. A notice may be given by the Company to any member, either personally or by sending it by post to him to his registered address, or (if he has no registered address within Great Britain) to the address, if any, within Great Britain supplied by him to the Company for the giving of notices to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected at the expiration of twenty-four hours after posting thereof.

40. If a member has no registered address in Great Britain, and has not supplied to the Company an address within Great Britain for the giving of notices to him, a notice to such member shall be deemed to have been given at the expiration of twenty-four hours after the notice has been posted up in the registered office of the Company.

WINDING-UP.

41. In a winding up the Liquidators may, with the sanction of an Extraordinary Resolution, distribute all or any of the assets *in specie* among the members in such proportions and manner as may be determined by such resolution, provided always that if any such distribution is proposed to be made otherwise than in accordance with the existing rights of the members, every member shall have the same right of dissent and other ancillary rights as if such resolution were a Special Resolution passed pursuant to Section 234 of the Companies Act, 1929.

 NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS.

James Sellar Buchanan,
145, St. Vincent Street,
Glasgow. C.2.
Chartered Accountant

Robert Kemp.
145 St Vincent Street
Glasgow C.2.
Chartered Accountant

Dated the thirtieth day of August, One thousand nine hundred and thirty-eight.

Witness to the above Signatures:—

William W. Shaw. Witness.
Clerk.
145 St. Vincent Street,
Glasgow. C.2.

new Article 3a to be inserted

30. No Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser, solicitor or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company, in which any Director shall be in any way interested, be voided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established, but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is first taken into consideration if his interest then exists, or in any other case at the first meeting of the Directors after the acquisition of his interest, and he shall be entitled to vote in respect of any such transaction, contract, arrangement or agreement with the Company in which he is in any way, whether directly or indirectly, interested and if he shall do so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present. A Director shall not vacate office by reason of holding any appointment under the Company except that of Auditor, although he receive remuneration therefor. A general notice that a Director is a member of any specified company or firm, and is to be regarded as interested in any transaction with such company or firm shall be sufficient disclosure under this Article, and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such company or firm as aforesaid.