

THE COMPANIES ACT 1985
COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL
MEMORANDUM OF ASSOCIATION
OF
HIE ARGYLL AND THE ISLANDS*
(NON-CHARITABLE)

1 The name of the company (hereinafter called "the Company") is HIE Argyll and the Islands*

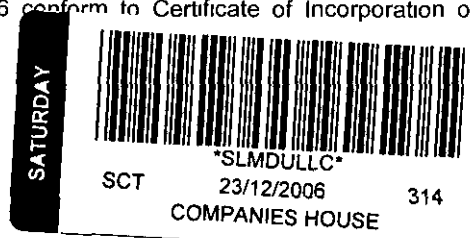
2 The registered office of the Company will be situated in Scotland

3 The objects for which the Company is established are

for the benefit of the communities of Argyll, Bute, Arran and the Cumbraes (hereinafter referred to as "the Local Area") to stimulate the growth and development of enterprise there, encourage the creation of viable jobs and the reduction of unemployment, promote the increase of overall corporate and personal income, improve the skill of the residents and the workforce, realise the potential of disadvantaged groups and communities, undertake and promote social and community development, help to stabilise the population level and achieve and maintain a balanced population structure, improve the environment and carry out the functions defined in any operating agreement or other instrument of delegation which may be concluded between Highlands and Islands Enterprise and the Company, and for these objects (but without prejudice to the generality of the foregoing) to

- (a) conduct local economic audits from time to time, involving in each an assessment of the business development and skills needs and opportunities of the Local Area and a review of existing local resources and provisions,
- (b) draw up plans from time to time for carrying into effect the Company's objects, taking into account the results of the local economic audits,
- (c) ensure the delivery of suitable national and local training and vocational educational programmes for the young, the unemployed and adults requiring new knowledge, skills and technical training,
- (d) promote opportunities and provide financial assistance for economic development including the development and implementation of initiatives, projects and programmes specific to particular sectors or localities so as to realise the full economic potential of the Local Area,

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- (e) design, develop and secure the delivery of assistance to existing and new businesses located or intending to locate in the Local Area,
- (f) promote the development of existing businesses and the establishment of new ones in the Local Area,
- (g) help to enhance the social infrastructure, foster community development and provide financial assistance towards social and community development projects in the Local Area,
- (h) secure the development and provision of sites, premises and related facilities for industrial and commercial undertakings, and
- (i) identify and secure land renewal and environmental improvements

It is hereby declared that the objects of the Company specified above shall be separate and distinct objects and shall not be in any way limited by reference to any other paragraph of this Clause or the order in which it occurs

The powers which the Company shall have for the furtherance of the foregoing objects, but not further or otherwise are

- (a) to establish, finance and manage in the United Kingdom any body, association or organisation (whether corporate or unincorporate) including a subsidiary company to carry out the objects herein set out,
- (b) to establish, promote or encourage the formation of or to affiliate, support, or co operate and exchange information with any other association, trust, society, firm or body (corporate or unincorporate), and to liaise, communicate, co operate or co ordinate with any public body, local or governmental authority, professional body, company, committee or other organisation in all or in any parts of the world in furtherance of the objects of the Company,
- (c) generally to aid and to receive aid from any association, trust, society, firm or body (corporate or unincorporate) in furtherance of the objects or any of the objects of the Company,
- (d) to purchase, take on feu or lease, hire or otherwise acquire in its own name or otherwise, and also (subject to such consents (if any) as may for the time being be imposed or required by law) sell, grant securities over, lease, grant licences, servitudes and other rights or privileges over, exchange or otherwise deal with or dispose of any heritable or moveable or real or personal property (including any estate or interest therein) for the purposes of the Company,
- (e) to build, construct, demolish, furnish, equip, improve, renew, alter, maintain, manage, insure or control in whole or in part buildings, premises and sites and to contribute to or assist in any of the aforesaid activities with a view to the promotion or carrying out of the objects of the Company,

- (f) to take any gift or bequest of property whether subject to any trust or not and whether or not any of the same shall be subject to any liability, and (subject to such consents (if any) as may for the time being be imposed or required by law) to sell, lease, call in, convert into money, dispose of or otherwise deal with all or any part of the same in such manner as shall further the objects of the Company,
- (g) generally to obtain, collect and receive money and raise funds and to invite and receive contributions from any persons or organisations (whether corporate or unincorporate and including Government Departments, Public Corporations and Local Authorities) by way of subscription, donation (including deeds of covenant) and otherwise,
- (h) to borrow and raise money upon banking account or otherwise and to secure or discharge any debt or obligation of or binding upon the Company by the issue of or upon such securities, bonds, debentures, bills of exchange, promissory notes, or such other obligations as the Company may think fit subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law,
- (i) to invest the monies of the Company not immediately required for its purposes in or upon any investments, securities or property as the Company may think fit, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law and subject always to the proviso to this Clause,
- (j) to subscribe for, underwrite, purchase or otherwise acquire, and to hold, dispose of and deal with any shares or other securities, and any options or rights in respect thereof or interests therein,
- (k) either with or without security provided by the recipient, to give financial assistance by way of loans, donations or subscriptions or otherwise to any individual, company, association or other body (whether corporate or unincorporate) for the purpose of furthering the objects of the Company,
- (l) to lend money to and guarantee or provide security (whether by way of cautionary obligation, bond or security upon all or any part of the undertaking, property and assets (present and future) of the Company) for any borrowing by or the performance of the contracts or obligations of any association, trust, society, firm or body (corporate or unincorporate) and for the purpose aforesaid to give indemnities,
- (m) to establish, undertake and execute any trusts which may lawfully be undertaken by the Company and are directly ancillary to its objects,
- (n) to draw, make, accept, endorse, discount, negotiate, execute and issue, and to buy, sell and deal with bills of exchange, promissory notes, warrants, debentures and other negotiable or transferable instruments or securities and to operate bank accounts,
- (o) to compile, print, publish or otherwise disseminate or procure the compilation, printing, publication or other dissemination gratuitously or otherwise of any

reports, journals, periodicals, books, newspapers, pamphlets, leaflets or other forms of literature or documents and to broadcast, televise or to make and issue or otherwise show films and video tapes or to procure the broadcasting, televising or the making, issuing and showing of films and video tapes in furtherance of the objects of the Company,

- (p) to employ, hire or otherwise obtain and to pay reasonable and proper remuneration to staff, professional advisers, business counsellors and consultants (whether or not they are also members or Directors) as are considered necessary for the objects of the Company or any of them,
- (q) to make all reasonable and necessary provision for the payment of pensions and superannuation to or on behalf of employees and their widows and other dependants,
- (r) to do all such lawful things as shall be necessary to assist in attaining the above objects,

PROVIDED that

- (i) the Company shall not create any security, or trust over any property which it acquires from, or which is created in full or in part out of funds provided by Highlands and Islands Enterprise without the consent in writing from Highlands and Islands Enterprise having first been obtained,
- (ii) the Company shall not engage in any activities designed to promote or encourage investment from outside the United Kingdom in the location of new businesses or in existing businesses in Scotland except with the prior written consent or at the invitation of Highlands and Islands Enterprise
- (iii) in case the Company shall take or hold any property which may be subject to a trust, the Company shall only deal with or invest the same in such manner as is allowed by law, having regard to such trusts,
- (iv) the Company's objects shall not extend to the regulation of relations between workers and employers or organisations of workers and organisations of employers

4 The income and property of the Company, however derived, shall be applied solely towards the promotion of the objects of the Company as set forth in this Memorandum of Association and no portion of this shall be paid or transferred directly or indirectly by way of dividend, bonus or other distribution by way of profit to the members of the Company provided that nothing herein shall prevent the payment in good faith by the Company of

- (a) reasonable and proper remuneration to staff, officers or professional advisers of or consultants to the Company for services rendered to it,
- (b) interest on money lent by a member of the Company at a reasonable and proper rate per annum not exceeding the base rate of the Bank of Scotland from time to time,

- (c) reasonable and proper rent for premises let to the Company by any of its members,
- (d) reasonable and proper out-of-pocket expenses to any Director of the Company, and
- (e) reasonable and proper payment for goods supplied to the Company by any of its members

5 The liability of the members is limited

6 Every member of the Company undertakes to contribute to the assets of the Company in the event of the same being wound up while he is a member, or within one year after he ceases to be a member for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and of the costs, charges, and expenses of winding up the same, and for the adjustment of the rights of the contributories among themselves, such amount as may be required, not exceeding #1

7 If upon the winding up or dissolution of the Company there remains, after the satisfaction of all its debt and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the Company but shall be given or transferred to some other trust, association, body or bodies (whether corporate or not) having objects similar to the objects of the Company, and which shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as is imposed on the Company under or by virtue of Clause 4 hereof, such trust, association, body or bodies (whether corporate or unincorporate) to be determined by the Secretary of State for Scotland at or before the time of dissolution

8 No addition to or alteration in the provisions of this Memorandum or the Articles of Association of the Company may be made without the prior approval of Highlands and Islands Enterprise

I, Norman C Walker being chairman of the general meeting of Argyll and the Islands Enterprise Company, held on 27th March 1991 hereby certify that this and the 5 preceding pages, all initialled by me for the purpose of identification, constitute a true copy of the memorandum of association of the said company adopted by special resolution passed at the said meeting

[Signature N C Walker]

THE COMPANIES ACT 1985
A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL
ARTICLES OF ASSOCIATION
OF
HIE ARGYLL AND THE ISLANDS*

PRELIMINARY

- 1 The regulations in Table C in the Companies (Tables A to F) Regulations 1985 shall not apply to the Company

INTERPRETATION

- 2 In these Articles

"the Act" means the Companies Act 1985,

"the Acts" means the Act and every other Act for the time being in force concerning companies and affecting the company,

"the Articles" means the Articles of Association of the Company from time to time in force,

"the Auditors" means the Auditors for the time being of the Company,

"the Company" means the above named Company,

"the Local Area" means the same as it is defined in the Memorandum of Association of the Company,

"Director" means a member of the Board of Directors of the Company or a director as referred to in the Act,

"the Directors" means the Board of Directors of the Company,

"HIE" means Highlands and Islands Enterprise established by the Enterprise and New Towns (Scotland) Act 1990,

"the Memorandum" means the Memorandum of Association of the Company from time to time in force,

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"the Office" means the registered office of the company,

"Unsound Mind" means suffering from mental disorder and either

- (a) admitted to hospital in pursuance of an application for admission under the Mental Health (Scotland) Act 1984 or, in England and Wales, an application for admission for treatment under the Mental Health Act 1983, or
- (b) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere in matters concerning mental disorder for detention or for the appointment of a curator bonis, receiver or other person to exercise powers with respect to property or affairs,

"the Seal" means the Common Seal of the Company,

"the Secretary" means, without prejudice to section 283 of the Act, any person appointed to perform the duties of the secretary of the Company,

Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography, facsimile and other modes of representing or reproducing words in legible form

Unless the context otherwise requires

words in the singular shall include the plural and vice versa, and

words importing the masculine gender shall include the feminine gender

References to a person shall include a corporation, firm or any entity having a separate legal persona

References to any statute shall be construed as relating to any statutory amendment or re enactment thereof for the time being in force

Subject as aforesaid, any words or expressions defined in the Acts shall (if not inconsistent with the subject or context) bear the same meanings in the Articles

MEMBERS AND MEMBERSHIP

- 3 There is no upper limit on the number of members
- 4 The subscribers to the Memorandum and such persons as the Directors shall admit to membership in accordance with the Articles shall be members of the Company The rights of a member shall not be transferable and shall cease on death
- 5 Every member of the Company other than the subscribers to the Memorandum shall sign either a written application or consent to become a member or sign the register of members on becoming a member
- 6 The Secretary shall keep an accurate register of members of the Company

7 Any member may withdraw from the Company by giving three months' notice in writing to the Secretary of his intention to do so or on such shorter period as the Directors may agree. Any person ceasing for whatever reason to be a member shall remain liable for and shall pay to the Company all moneys due from him to the Company at the time of his ceasing to be a member or for which he may become liable under the provisions of the Memorandum and Articles.

8 All persons proposed for membership require to be approved by HIE before the Directors may admit such persons into membership of the Company.

Subject to this condition, admission to membership shall be at the sole discretion of the Directors who may without showing cause refuse to admit any person as a member of the Company, but nothing herein contained shall entitle the Directors to discriminate in any way between or against applicants by reason of race, colour, creed or sex.

9 Subject to obtaining the prior consent of HIE, the Directors may also without showing cause, by a resolution passed by a majority consisting of not less than two thirds of the Directors present at a meeting of the Directors of and at which the member in question has been given reasonable notice and a reasonable opportunity of being heard in his own defence, convened (solely or not) for the purpose of considering such resolution, refuse to continue any person as a member of the Company and if such resolution shall be so passed then (subject to Article 7) such person shall cease to be a member and his name shall be removed from the register of members.

GENERAL MEETINGS

10 The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. Provided that so long as the Company holds its first annual general meeting within 18 months after its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place, as the Directors shall appoint.

11 All general meetings other than annual general meetings shall be called extraordinary general meetings.

12 The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall be convened also on requisition in accordance with the Acts. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any Director or any member of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

13 An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty one days' notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing at the least. The notice shall

be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned or in such other manner, as may be prescribed by the Company in general meeting, to such persons as are, under the Articles, entitled to receive such notices from the Company

Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat,
 - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety five per cent of the total voting rights at that meeting of all the members
- 14 The accidental omission to give notice of a meeting to, or the non receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting

PROCEEDINGS AT GENERAL MEETINGS

- 15 All business shall be deemed special which is transacted at an extraordinary general meeting, and also which is transacted at an annual general meeting, with the exception of the consideration of the accounts, balance sheets, and the report of the Directors and auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors
- 16 No business shall be transacted at any general meeting unless a quorum of members is present or represented by proxy The quorum shall be one member
- 17 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved, in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Directors may determine The quorum for the adjourned meeting shall continue to be as provided in Article 16
- 18 The chairman, if any, of the Board of Directors or in his absence the vice chairman shall preside as chairman at every general meeting of the Company, or if there is no such chairman or vice chairman or if he shall not be present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting
- 19 If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for the holding of the meeting, the members present shall choose one of their number to be chairman of the meeting

20 The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

21 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.

(a) by the chairman, or

(b) by at least four members present in person or by proxy, or

(c) by any 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.

Unless a poll be 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 and an entry to that effect in the book containing the minutes of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

22 Except as provided in Article 24, if a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

23 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 be entitled to a second or a casting vote.

24 A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

25 Subject to the provisions of the Act a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representative) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

26 Any matter or thing which may under these presents be dealt with by ordinary resolution and is not required by law to be dealt with in general meeting may, if the Directors so resolve, be determined by a postal ballot to be conducted in such manner as the Directors may think fit and any resolution declared by the Directors to have been carried

by a majority of the members voting on such ballot shall have effect in all respects as if it were an ordinary resolution duly passed at a meeting of the Company duly convened and held

VOTES OF MEMBERS

- 27 On a show of hands, every member present in person shall have one vote. On a poll, every member present in person or by proxy shall have one vote. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed shall be valid and counted. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 28 Subject to Article 9 hereof a curator bonis, or other person appointed in respect of a member of Unsound Mind to administer his property and affairs may vote in place of that member whether on a show of hands or on a poll, and on a poll such vote may be by proxy.
- 29 The instrument appointing a proxy shall be in writing signed by the appointer or notarially executed on his behalf or signed by a person duly authorised by power of attorney to sign on his behalf. A proxy need not be a member of the Company.
- 30 The instrument appointing a proxy and the power of attorney, if any, under which it is signed or a notarially certified copy of that power shall be deposited at, or at the discretion of the Chairman faxed to the Office of the Company or at such other place within the United Kingdom as is specified for that purpose in the notice convening the meeting, not less than one hour before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than one hour before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- 31 An instrument appointing a proxy shall be in such form as the Directors may from time to time specify.
- 32 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- 33 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, insanity or revocation as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

- 34 Any corporation (within the meaning of section 375 of the Act) which is a member of the Company may by resolution of its board of directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an

individual member of the Company. A corporation so represented is deemed present in person at such a meeting.

THE OFFICE OF CHIEF EXECUTIVE OF THE COMPANY

- 35 The Directors may from time to time appoint a chief executive (who may be a Director) of the Company for such period and on such terms as it thinks fit. The chief executive shall be an individual and (whether or not he is also a Director) shall not have any outside commercial interest which might conflict with the interests of the Company. The Directors may pay the chief executive such reasonable remuneration as they shall think fit and make such reasonable provision for and grant such pension to the chief executive after his retirement as they shall also think fit. The Directors shall also have power to provide for the powers, rights and duties of the chief executive and these may include the supervision of the administrative activities of the Company, the recruitment of staff, and the supervision of any premises and the contents thereof acquired for the Company. The chief executive (save as provided below) shall be entitled to receive notice of and to attend and speak but not, merely by virtue of being chief executive, to vote at general meetings and at meetings of the Directors and of committees and sub committees of the Directors. He shall not by virtue only of having been appointed chief executive become a member or Director of the Company.

DIRECTORS

- 36 The Company shall have a minimum of 7 and a maximum of 12 Directors.
- 37 All Directors must be individuals.
- 38 At least two thirds of the Directors including the Chairman must be chairmen, directors, chief executives or senior level managers of another company, firm or other business with a place of business in the Local Area or owners of or partners in businesses there.
- 39 The first Directors shall be appointed in writing by the subscribers to the Memorandum.
- 40 Directors may not appoint alternate Directors.
- 41 The Directors shall be entitled to claim all reasonable travelling, hotel and other expenses properly incurred by them in attending meetings of the Directors or any committee or sub committee of the Directors or general meetings of the Company or in connection with the business of the Company. The Directors shall be entitled to such remuneration as Directors as the Company may by ordinary resolution determine.
- 42 Subject to the provisions of the Memorandum, the Directors may exercise all the powers of the Company to borrow money, and to grant securities over its undertakings and property, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

POWERS AND DUTIES OF DIRECTORS

- 43 The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting, forming and registering the Company, and may

exercise all such powers of the Company as are not, by the Acts or by the Articles, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Acts or these Articles, and to any directions given by special resolution of the Company. No alteration of the Memorandum or the Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

- 44 The Directors shall have power from time to time to adopt and make, alter or revoke, bye laws for the regulation of the Company and otherwise for the furtherance of the purposes for which the Company is established, provided that such bye laws are consistent with the Memorandum and Articles. In particular, the Directors shall adopt and make bye laws regulating the confidentiality of the Company's business and the disclosure to members and Directors of information received which is commercial and confidential, so as to anticipate and avoid as far as possible any potential conflict of interest arising in respect of any such person and set up procedures for dealing with complaints from third parties arising from the activities of the Company or its Directors. All such bye laws for the time being in force shall be binding upon all members of the Company until the same shall cease to have effect. No member shall be absolved from such bye laws by reasons of his not having received a copy of the same, or of any alterations or additions thereto, or having otherwise no notice of them.
- 45 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such two or more persons as the Directors shall from time to time by resolution determine.
- 46 The Directors shall cause minutes to be made in books provided for the purpose
- (a) of all appointments of officers made by the Directors,
 - (b) of the names of the Directors present at each meeting of the Directors and of any committee or sub committee of the Directors,
 - (c) of all resolutions and proceedings at all meetings of the Company and of the Directors, and of committees and sub committees of the Directors.

APPOINTMENT AND RETIREMENT OF DIRECTORS

- 47 At the first and each subsequent annual general meeting, one third of the directors, or if their number is not a multiple of three, the number nearest to one third shall retire from office, subject always to the minima specified in articles 36 and 38 being maintained.
- 48 Subject to the provisions of the Act, the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed directors on the same day, those to retire (unless they agree otherwise among themselves) shall be determined by lot.
- 49 If the company at the meeting at which a director retires by rotation, does not fill the vacancy the retiring director shall, if willing to act, be deemed to have been reappointed.

unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost

- 50 No person other than a director retiring by rotation shall be appointed or reappointed a director at any general meeting unless
- (i) approved by HIE, or
 - (ii) not less than 14 nor more than 35 clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the company of the intention to propose that person for appointment or reappointment stating the particulars which would, if the person were so appointed or reappointed, be required to be included in the company's register of directors together with notice executed by that person of his willingness to be appointed or reappointed
- 51 Not less than 7 nor more than 28 clear days before the date appointed for holding a general meeting notice shall be given to all who are entitled to receive notice of the meeting of any person (other than a director retiring by rotation at the meeting) who is recommended by the directors for appointment or reappointment as a director at the meeting or in respect of whom notice has been duly given to the company of the intention to propose him at the meeting for appointment or reappointment as a director. The notice shall give particulars of that person which would, if he were so appointed or reappointed, be required to be included in the company's register of directors
- 52 Subject as aforesaid, the company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director and may also determine the rotation in which any additional directors are to retire
- 53 Subject to approval by HIE the directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed the maximum specified in Article 36. A director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the directors who are to retire by rotation at the meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof
- 54 Subject as aforesaid, a director who retires at an annual general meeting may, if willing to act be reappointed. If he is not reappointed, he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting

VACATION OF OFFICE OF DIRECTOR

- 55 The office of Director shall be vacated if the Director
- (a) without the consent of the Company in general meeting holds any other office of profit under the Company, or
 - (b) is adjudged bankrupt or his estate is sequestrated, or he grants a trust deed for his creditors, or a composition contract, or

- (c) becomes prohibited from being a Director by reason of any order made under the Acts, or
- (d) becomes incapacitated by virtue of being of Unsound Mind or unable or unfit otherwise to discharge his functions as a Director, or
- (e) is convicted of any crime (other than minor traffic offences), or
- (f) resigns his office by notice in writing to the Company, or
- (g) ceases to be a Director by virtue of any provision of the Acts, or
- (h) is absent for more than four consecutive months without permission of the Directors from meetings of Directors or of committees or sub committees of Directors held during that period and the Directors resolve that his office should be vacated

REMOVAL OF DIRECTORS

- 56 The Company may in accordance with and subject to the provisions of the Acts by ordinary resolution of which special notice has been given remove any Director before the expiration of his period of office (notwithstanding anything in these presents or in any agreement between the Company and such Director) and subject to Articles 36, 37 and 38 elect another person in place of a Director so removed from office

PROCEEDINGS OF DIRECTORS

- 57 The Directors shall meet together for the despatch of business at least once every three months but may otherwise, meet, adjourn and regulate their meetings as they think fit Questions arising at any meeting shall be decided by a majority of votes In the case of an equality of votes the chairman shall have a second or casting vote A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors
- 58 Save as herein otherwise provided the quorum necessary for the transaction of the business of the Directors shall be four, provided that a majority of those present must come from the categories of Director specified in Article 38
- 59 The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose
- 60 The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office, but, if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting

- 61 The Directors may delegate any of their powers to any committee or sub committee consisting of one or more Directors. They may also delegate to any chief executive or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. All acts and proceedings of each such committee or sub committee should be reported back to the Directors as soon as possible.
- 62 The meetings and proceedings of any such committee or sub committee as is referred to in Article 53 shall be governed by the provisions of the Articles regulating the meetings and proceedings of the Directors so far as the same are applicable and are not superseded by any regulations made by the Directors.
- 63 All acts bona fide done by any meeting of the Directors or of a committee or sub committee of the Directors, or by any person acting as a Director or as a member of a committee or sub committee, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or member of a committee or sub committee.
- 64 A resolution in writing, signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors.
- 65 A Director
- (a) shall not be present or take part in the deliberation of the Directors or of a committee or sub committee of Directors on any contract or proposed contract in which he has an interest or any other matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company, and
 - (b) shall not vote at a meeting of Directors or of such a committee or sub committee on a resolution concerning such contract or other matter,
- unless the Directors decide that to do any such thing will not prejudicially affect their consideration of such contract or other matter. For the avoidance of doubt, this Article shall apply to a Director who is also the chief executive of the Company.
- For the purposes of this Article, an interest of a person who is, for any purpose of the Act (excluding any statutory amendment thereof not in force when this Article becomes binding on the Company), connected with a Director shall be treated as an interest of the Director.
- 66 A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
- 67 Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any body corporate in which the

Company is interested, the proposals may be divided and considered in relation to each Director separately and (provided he is not for another reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment

- 68 If a question arises at a meeting of Directors or of a committee or sub committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive

SECRETARY

- 69 Subject to the provisions of the Acts the Secretary or Joint Secretaries shall be appointed by the Directors for such time, at such reasonable and proper remuneration and upon such conditions consistent with Clause 4 of the Memorandum as they may think fit, and any Secretary so appointed may be removed by them. The Directors may from time to time by resolution appoint an assistant or deputy Secretary, and any person so appointed may act in place of the Secretary if there be no Secretary capable of acting
- 70 A provision of the Acts or the 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 place of, the Secretary

THE SEAL

- 71 The company is not obliged to have a Seal. If the company has a Seal, it may only be used by the authority of the Board. Every document bearing an impression of the Seal must be signed by a Director, and countersigned by the Secretary or by a second Director, or signed by two authorised signatories

ACCOUNTS

- 72 The Directors shall cause proper accounting records to be kept in accordance with the Acts
- 73 The accounting records shall be kept at the Office or subject to the provisions of the Acts at such other place as the Directors shall think fit, and shall always be open to the inspection of the Directors
- 74 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) 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 the Company in general meeting or ordered by a court of competent jurisdiction
- 75 A proper income and expenditure account shall be made up in respect of each financial year of the Company in accordance with the Acts together with a proper balance sheet made up as at the date to which the said account is made up. The said account and the

said balance sheet shall be accompanied by proper reports of the Directors and of the Auditors and by any other documents required by law to be annexed or attached thereto ("the Accounts") The Accounts shall from time to time be laid before the Company in general meeting in accordance with the Acts and shall be sent not less than 21 clear days before the date of the meeting to the Auditors and to all other persons entitled to receive notices of general meetings in the manner in which notices are hereinafter directed to be served

INSPECTION OF FINANCIAL MATERIALS

- 76 HIE, their appointees and representatives and persons duly authorised by the European Court of Auditors or the European Commission shall be entitled to inspect all of the books, accounts, records, auditors' working papers, documents and other materials relevant to the financial management of the Company which are under the control of Directors Such right of inspection shall be exercisable at any time and on giving such prior notice as is reasonable in the circumstances but shall be exercised so as to minimise the inconvenience suffered by the Directors and the employees of the Company If so requested, the Directors shall provide facilities to inspectors exercising their rights under this Article

NOTICES

- 77 A notice may be given by the Company to any member or other person entitled in terms of the Articles to receive notice either personally or by sending it by post to his registered address Where a notice is sent by post, service of the notice shall be deemed to be affected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected at the expiry of 48 hours after the letter containing the same is posted
- 78 Notice of every general meeting shall be given in any manner hereinbefore authorised to
- (a) every member;
 - (b) every person being a legal personal representative or a trustee in bankruptcy of a member or a trustee on the sequestrated estate of a member, where the member but for his death or bankruptcy or sequestration of his estate would be entitled to receive notice of the meeting,
 - (c) the auditors for the time being of the Company, and
 - (d) the chief executive for the time being appointed under Article 35 hereof,

INDEMNITY

- 79 Subject to the provisions of the Acts and the Memorandum, every Director or other officer (including any auditor) of the Company shall be entitled to be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings whether civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as such Director or other officer and in which judgement is given in his favour or in which he is acquitted or in connection with any

application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company

WINDING-UP

- 80 The provisions of Clause 7 of the Memorandum relating to the winding up or dissolution of the Company shall have effect and be observed as if the same were repeated in the Articles