

Explanatory Notes of Principal Changes to the Company's Articles of Association

1. The Company's Objects

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles of Association. The Company's Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake.

The Companies Act 2006 (the "2006 Act") significantly reduces the constitutional significance of a company's Memorandum. Under the 2006 Act, the Memorandum no longer contains an objects clause and simply records the names of the subscribers and the number of shares which each subscriber agreed to take in the Company. As of 1 October 2009, the objects clause and all other provisions which are contained in the Company's Memorandum are deemed to be contained in the Articles and the Company can remove these provisions by special resolution.

Unless the Articles provide otherwise, the Company's objects will be unrestricted. The Company is proposing to remove its objects clause together with all other provisions of its Memorandum. Resolution 11 confirms the removal of these provisions and adopts the new Articles.

2. Limited Liability (Article 3)

Under the 2006 Act, the Memorandum of Association no longer contains a clause stating that the liability of the members is limited and this statement is automatically treated as having moved into the Articles on 1 October 2009. As the effect of Resolution 11 will be to remove the statement currently in the Company's Memorandum regarding limited liability, the new Articles contain an express statement regarding the limited liability of shareholders.

3. Authorised Share Capital and Unissued Shares (Former Article 4)

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the new Articles reflect this. Directors will still require the usual shareholders' authorisation in order to allot shares. References to authorised share capital and to unissued shares have therefore been removed from the new Articles.

4. Redeemable Shares (Article 5)

Under the 2006 Act, the Articles need not include the terms on which redeemable shares may be redeemed. The directors may determine the terms, conditions and manner of redemption of redeemable shares provided they are authorised to do so by the Articles. The new Articles contain such authorisation.

5. Authority to Purchase own Shares, Consolidate and Sub-divide Shares, and Reduce Share Capital (Article 8, 9 and 10)

Under the 1985 Act, a company required specific enabling provisions in its Articles of Association to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital as well as shareholder authority to undertake the relevant action. Under the 2006 Act, a company will only require shareholder authority to do any of these things and it will no longer be necessary for Articles to contain enabling provisions. Amendments have been made to the new Articles to reflect these changes, although the explicit authorities have been retained.

6. Share Certificates (Article 17)

The new Articles contain new provisions for the issue of consolidated share certificates, in line with the model form Articles.

7. Suspension of Registration of Share Transfers (Former Article 41)

Under the 2006 Act, a company must either register a transfer or give the transferee notice of, and reasons for, its refusal to register the transfer. Any registration of a transfer or notice of refusal must be made or given as soon as practicable and in any event within two months from the date that the transfer is lodged with the company. The new Articles reflect these requirements. The Company cannot in any event refuse to transfer a fully paid share except in very limited circumstances. The provision which gave the ability to suspend the registration of transfers of shares for periods not exceeding 30 days in any one year has been removed from the new Articles as there is no ability under the 2006 Act to close the register.

8. Stock (Former Articles 52, 53 and 54)

The Company's current Articles of Association provide that the Company may, by ordinary resolution, convert any fully paid up shares into stock and re-convert into fully paid up shares. The new Articles reflect the 2006 Act, which abolishes the power to convert shares into stock.

9. Notice of General Meetings (Article 52)

The Shareholders' Rights Regulations amend the 2006 Act to require the Company to give 21 clear days' notice of general meetings unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The new Articles amend the provisions of the current Articles to be consistent with the new requirements.

10. Adjournments (Article 57)

Under the 2006 Act as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The new Articles have been changed to reflect this requirement.

11. Participation in Meetings at Different Places and by Electronic Means (Article 58)

Amendments made to the 2006 Act by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The new Articles include amendments to provide greater scope for members to participate in meetings of the Company even if they are not present in person at the principal place where the meeting is being held. The amendments allow for members to participate not only by attendance at satellite meeting locations, but also by any other electronic means of participation.

12. Voting Rights (Article 67)

The Shareholders' Rights Regulations clarify the various powers of proxies and representatives of corporate members in respect of resolutions taken on a show of hands. Where a proxy has been duly appointed by one member, he has one vote on a show of hands unless he has been appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been appointed by more than one member to vote for the resolution and by more than one member to vote against the resolution. Where a corporate member appoints representatives to attend meetings on its behalf, each representative duly appointed by a corporate member has one vote on a show of hands. The new Articles contain provisions which clarify these rights and also clarify how the provisions giving a proxy a second vote on a show of hands should apply to discretionary powers.

13. Voting Record Date (Article 69)

The new Articles allow the Company, when convening a meeting, to specify a time not more than 48 hours before the time of the meeting (excluding any part of a day that is not a business day), by which a person must be entered on the register of members in order to have the right to attend or vote at the Meeting. This provision is in line with a requirement for listed companies introduced by the Shareholders' Rights Regulations.

14. Validity of Votes (Article 72)

Following the implementation of the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. The new Articles contain a provision stating that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions given to him and that votes cast by a proxy or corporate representative will be valid even if he has not voted in accordance with his instructions.

15. Appointing Proxies (Articles 74 and 80)

Under the 2006 Act, members may appoint a proxy to exercise all or any of their rights to attend, speak and vote at meetings. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share or shares. The new Articles reflect these proxy rights. The 2006 Act also provides for multiple corporate representatives to be appointed and the new Articles therefore refer to the right to appoint multiple corporate representatives.

16. Receipt of Appointments of Proxy (Article 76)

Article 76 provides that proxies for a poll to be taken after the date of a meeting or adjourned meeting must be received not less than 24 hours before the time of the poll. The new Articles also permit the Directors to specify in a notice of a meeting, that in determining the time for delivery of proxies, no account should be taken of non-business days.

17. Quorum for Board Meetings (Article 104)

The New Articles contain a provision which states that a Director cannot be counted in the quorum in relation to a matter or resolution on which he is not entitled to vote, but that he may be counted in the quorum for the other matters or resolutions to be considered or voted on at the same meeting. This amendment is for clarification.

18. The Seal (Former Articles 120 and Article 117)

Under the 1985 Act, a company required authority in its Articles to have an official seal for use abroad. Under the 2006 Act, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the new Articles.

In line with the 2006 Act, the new Articles provide that when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness.

19. Making and Retention of Minutes (Article 136)

The new Articles contain a provision to the effect that minutes of Board meetings must be retained for at least 10 years, reflecting the relevant provision of the 2006 Act. (No minimum retention time was previously specified.)

20. Change of Name (Article 157)

Under the 1985 Act, a company could only change its name by special resolution. Under the 2006 Act, a company is able to change its name by other means provided for by its Articles. To take advantage of this provision, the new Articles enable the Directors to pass a resolution to change the Company's name.

21. General

Generally the opportunity has been taken to bring clearer language into the new Articles and in some areas to conform the language of the new Articles to that used in the model public companies produced by the Department for Business, Innovation and Skills and the 2006 Act.