

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.**

**If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.**

**ITE Group plc  
Notice of Annual  
General Meeting 2010**



# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the ITE Group plc (the 'Company') will be held at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX on 28 January 2010 at 12 noon for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions and Special Resolutions as specified below:

## Ordinary Resolutions

1. To receive and adopt the Directors' Report and Accounts and the Auditors' Report for the year ended 30 September 2009.
2. To re-elect Malcolm Wall as a Director of the Company.
3. To re-elect Iain Paterson as a Director of the Company.
4. To re-elect Russell Taylor as a Director of the Company.
5. To declare a final dividend of 3.9p recommended by the Directors for the year ended 30 September 2009 which, if approved, will be paid on 15 February 2010 to shareholders on the register on the close of business on 8 January 2010.
6. To reappoint Deloitte LLP as auditors of the Company from the conclusion of the meeting until the conclusion of the next Annual General Meeting of the Company at which accounts are laid.
7. To authorise the Directors to agree the remuneration of the Auditors of the Company.
8. To approve the Remuneration report (as set out in the Report and Accounts).
9. THAT:
  - (a) the Directors be and they are hereby generally and unconditionally authorised under section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ('Rights'):
    - (i) up to an aggregate nominal amount of £827,075; and
    - (ii) comprising equity securities (as defined in section 560 of the Companies Act 2006), up to an aggregate nominal amount of £1,654,152 (including within such limit any relevant securities issued under (i) above) in connection with an offer by way of a rights issue to:
      - (x) ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and
      - (y) holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary as permitted by the rights of those securities,  
  
but subject to such exclusions and other arrangements as the Directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter;
  - (b) such authorities shall expire (unless previously revoked by the Company) on the earlier of 27 April 2011 and the conclusion of the next Annual General Meeting of the Company and in each case during this period the Company may make an offer or agreement which would or might require relevant securities to be allotted after the authority has expired and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding that this authority has expired; and
  - (c) all previous authorities to allot shares or grant Rights, to the extent unused, shall be revoked.

## Special Resolutions

### 10. THAT:

- (a) subject to the passing of resolution 9, the Directors be and they are hereby empowered under section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash under the authority conferred by resolution 9 as if section 561 of the Companies Act 2006 did not apply to the allotment and this power shall be limited to:
  - (i) the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under paragraph (a)(ii) of resolution 9, by way of a rights issue only) to:
    - (x) ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and
    - (y) holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary as permitted by the rights of those securities,but subject to such exclusions and other arrangements as the Directors may consider necessary or appropriate in relation to fractional entitlements, record dates, treasury shares or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter; and
  - (ii) in the case of the authority granted under paragraph (a)(i) of resolution 9, the allotment of equity securities (otherwise than under paragraph (i) of this resolution) up to an aggregate nominal amount of £124,061;
- (b) this power shall cease to have effect when the authority given by resolution 9 is revoked or expires but during this period the Company may make an offer or agreement which would or might require equity securities to be allotted after this authority expires and the Directors may allot equity securities in pursuance of that offer or agreement notwithstanding that the authority has expired; and
- (c) this power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Companies Act 2006 as if the words 'under the authority conferred by resolution 9' were omitted from the introductory wording to this resolution.

### 11. THAT the Company be, and it is hereby, generally and unconditionally authorised for the purpose of sections 693 and 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 1p each in the capital of the Company upon such terms and in such manner as the Directors of the Company shall determine, provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 24,812,270;
- (b) the minimum price which may be paid for such ordinary shares is 1 pence per share (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share cannot be more than an amount equal to the higher of:
  - (i) an amount equal to 105% of the average of the closing middle market price for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the day the purchase is made; and
  - (ii) the price stipulated by Article 5(1) of Commission Regulation (EC) No 2273/2003 (the Buy-back and Stabilisation Regulation);
- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 27 April 2011, whichever is the earlier; and
- (e) the Company may make a contract or contracts to purchase ordinary shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

# Notice of Annual General Meeting continued

12. THAT:

- (a) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
- (b) the amended Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

13. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

**Neil Netto**  
**Company Secretary**  
18 December 2009

**Registered Office:**  
105 Salusbury Road, London NW6 6RG  
Incorporated and registered in England and Wales with registered number 1927339

The Directors of the Company consider that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions.

# Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. Instructions for use are shown on the form. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Equiniti Helpline on 0871 384 2030. Calls to this number are charged at 8p per minute from a BT landline. Other telephone provider costs may vary. For calls from overseas please call +44 121 415 7047. To appoint more than one proxy, you may photocopy the proxy form. Please indicate the proxy holder's name (if you wish to appoint someone other than the chairman of the meeting) and the number of shares in relation to which they are authorised to act as proxy (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. Please also indicate if the instruction is one of multiple instructions being given.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the offices of the Company's registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL not later than 12 noon on 26 January 2010.
3. You may, if you wish, register the appointment of a proxy or voting instructions for the meeting electronically by logging onto [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need to use the series of numbers made up of your Reference Number, Card ID and Account Number printed on your proxy form. Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by Equiniti not later than 12 noon on 26 January 2010. Please note that any electronic communication sent to the Registrars that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the Annual General Meeting is governed by Equiniti's conditions of use set out on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk), and may be read by logging onto the site.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 7RA01) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

# Notes continued

6. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction or the electronic registration of a proxy appointment or voting instruction will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
9. The Company specifies that only those shareholders included in the Register of Members as at 6pm on 26 January 2010 (or, in the event of any adjournment, the later of 48 hours before and at 6pm on the day which falls before the adjourned meeting), shall be entitled to attend and vote at the Annual General Meeting (or adjourned meeting) in respect of the number of shares registered in their names at that time. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting (or adjourned meeting).
10. As at 18 December 2009 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consists of 248,122,702 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 18 December 2009 are 248,122,702.
11. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
12. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
13. Except as provided above, members who wish to communicate with the Company in relation to the Annual General Meeting should do so using the following means: (1) by writing to the Company Secretary at the Registered Office address; or (2) by writing to the Registrars, Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. No other methods of communication will be accepted. In particular you may not use any electronic address provided either in this Notice of Annual General Meeting or in any related documents (including the Proxy Form) for any purposes other than expressly stated.
14. A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at [www.ite-exhibitions.com/investor\\_relations.aspx](http://www.ite-exhibitions.com/investor_relations.aspx).
15. Copies of the Directors' service contracts, Non-executive Directors' letter of appointment, the proposed and current Articles of Association will be available for inspection at Olswang LLP, 90 High Holborn, WC1V 6XX on weekdays (Saturdays and public holidays excepted) during business hours from the date of this Notice until the date of the Annual General Meeting, when they will be available for inspection at the place of the Annual General Meeting from 11.45am until the conclusion of the Annual General Meeting.

# Explanatory notes on the Resolutions

The notes on the following pages give an explanation of certain of the proposed resolutions.

Resolutions 1 to 9 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 10 to 13 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

## **Resolutions 2–4:**

In accordance with the Company's Articles of Association at every Annual General Meeting a certain number of Directors must retire by rotation. Messrs Wall, Paterson and Taylor are retiring by rotation and resolutions 2, 3 and 4 seek approval for their re-election as Non-executive Directors in the case of Messrs Wall and Paterson and as Executive Director in the case of Mr Taylor. Biographical details for the Directors are set out on pages 30 to 31 of the Report and Accounts.

The Board is content that each of the Non-executive Directors standing for re-election is independent in character and there are no relationships or circumstances which are likely to affect their character or judgement. Each of the Directors has had a formal performance evaluation and the nomination committee believes that each of them continues to be effective and demonstrate commitment to the role.

## **Resolution 9:**

Paragraph (a)(i) of resolution 9 would give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value of £827,075. This represents approximately one third of the share capital of the Company in issue at 18 December 2009 (being the last practicable date prior to the publication of this notice).

Resolution 9 would give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company in connection with a rights issue up to an aggregate nominal value of £1,654,152 (as reduced by the nominal amount of any shares issued under paragraph (a)(i) of this resolution). This amount (before any reduction) represents approximately two thirds of the share capital of the Company in issue at 18 December 2009 (being the last practicable date prior to the publication of this notice). If the aggregate actual usage of the authority exceeds one third, the Directors intend to take note of relevant corporate governance guidelines on the use of such powers in the event that the authority is exercised following the decision to make the issue in question.

Except in relation to the Company's employee share schemes, the Directors have no present intention of using this authority. This authority will expire 15 months from the date of this resolution or, if earlier, at the conclusion of the next Annual General Meeting.

## **Resolution 10:**

Under section 570 of the Companies Act 2006, when new shares are allotted or treasury shares are sold for cash, they must first be offered to existing shareholders pro rata to their holdings. This special resolution empowers the Directors to: (a) allot shares of the Company in connection with a rights issue, scrip dividend or other similar issue; and (b) otherwise allot shares of the Company, or sell treasury shares for cash, up to an aggregate nominal value of £124,061 (representing in accordance with institutional investor guidelines, approximately 5% of the share capital in issue as at 18 December 2009 (being the last practicable date prior to the publication of this notice) as if the pre-emption rights of section 570 did not apply.

Except in relation to the Company's employee share schemes, the Directors have no immediate plans to make use of these authorities. In line with best practice, the Company confirms that it has not issued more than 7.5% of its issued share capital on a non-pro rata basis over the last three years.

These authorities power will expire 15 months from the date of this resolution or, if earlier, at the conclusion of the next Annual General Meeting.

# Explanatory notes on the Resolutions continued

**Resolution 11:**

This resolution renews the Directors' current authority to make limited market purchases of the Company's ordinary shares. The power is limited to a maximum aggregate number of 24,812,270 shares (representing 10% of the issued share capital as at 18 December 2009 (being the latest practicable date prior to publication of this notice)) and details the minimum and maximum prices that can be paid, exclusive of expenses.

Current legislation allows companies to hold shares acquired by way of market purchase in treasury, rather than having to cancel them. The Directors may use the authority to purchase shares and hold them in treasury (and subsequently sell or transfer them out of treasury as permitted in accordance with legislation) rather than cancel them, subject to institutional guidelines applicable at the time. Shares will only be purchased if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally. The Board has previously indicated its intention to continue to return surplus cash to shareholders via on-market purchase of its own shares where it is not required to finance the organic expansion of the business, acquisitions and dividend payments.

On 18 December 2009, being the latest practicable date prior to publication of this document, the Company had 1,205,205 options and share awards outstanding under its various share schemes that could potentially need to be satisfied by new issue of shares. This represented 0.49% of the issued share capital of the Company. If the Company were to purchase and cancel shares up to the maximum permitted by the resolution set out above, that percentage would increase to 0.54%.

The authority conferred by this resolution will expire at the conclusion of the Company's next Annual General Meeting or 15 months from the passing of this resolution, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchase through the London Stock Exchange.

**Resolution 12:**

It is proposed in this resolution to adopt new articles of association (the 'New Articles') in order to update the Company's current articles of association (the 'Current Articles') primarily to take account of the implementation of the Companies Act 2006.

The principal changes introduced in the New Articles are summarised in Appendix 1 to this Notice. Other changes, which are of a minor, technical or clarifying nature or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform have not been noted in Appendix 1. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 4 of this document.

**Resolution 13:**

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (Annual General Meetings will continue to be held on at least 21 clear days' notice.)

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an Annual General Meeting on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 13 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

# Appendix 1

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

### 1. Articles which duplicate statutory provisions

Certain provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are to be removed in the New Articles. Certain other provisions are to be amended to bring them into line with the Companies Act 2006. The main changes made to reflect this approach are detailed below.

### 2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

### 3. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been removed in the New Articles.

### 4. Records to be kept

The provision in the Current Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.

### 5. Distribution of assets otherwise than in cash

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

### 6. 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. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the Company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the Company's articles of association but the Company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 12 (a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

### 7. Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company will be 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.

### 8. Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

### 9. Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

# Appendix 1 continued

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

### **10. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital**

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 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. Accordingly the relevant enabling provisions have been removed in the New Articles.

### **11. Use of seals**

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

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one director in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

### **12. Suspension of registration of share transfers**

The Current Articles permit the Directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

### **13. Voting by proxies and corporate representatives**

Under the Companies Act 2006 proxies are entitled to vote on a show of hands and any one shareholder may appoint multiple proxies or multiple corporate representatives.

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution.

The New Articles reflect all of these new provisions. The opportunity has also been taken to generally refresh the provisions in the Current Articles relating to proxies and corporate representatives to bring them up to date.

### **14. Electronic conduct of meetings**

Amendments made to the Companies Act 2006 by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The New Articles include new provisions for the holding of electronic meetings in line with the relevant provisions.

### **15. Chairman's casting vote**

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the Companies Act 2006.

### **16. Notice of general meetings**

The Shareholders' Rights Regulations amend the Companies Act 2006 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.

The Companies Act 2006 requires that the notice of a meeting must state the general nature of the business to be dealt with at the meeting. Previously the legislation, subject to the Articles, permitted that only special business need be described in the notice. The Current Articles contain provisions reflecting the previous legislation and these have been removed in the New Articles.

Article 143 of the Current Articles allows, in certain circumstances (such as by reason of the suspension or any curtailment of postal services), notice of a meeting to be given by way of a newspaper advert. Section 308 of the Companies Act 2006 only allows a notice to be in hard copy, in electronic form or by website and that section is not subject to the articles. This brings into doubt whether a notice may be given by way of a newspaper advert. However, under section 310 of the Companies Act 2006, the persons to whom a notice is sent can be subject to the articles. The Current Articles have been amended so that in limited circumstances (such as suspension or any curtailment of postal services) the persons to whom notice must be sent is more limited (therefore seeking to remove the doubt as to the efficacy of this Article). The obligation for the Company to publish the notice by newspaper advert remains.

**17. Adjournments for lack of quorum**

Under the Companies Act 2006 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 Current Articles have been changed to reflect this requirement.

**18. Auditors**

References to the Auditors have been deleted from the Current Articles in relation to indemnity provisions to bring this in line with the model articles for public companies produced by the Department for Business, Innovation and Skills.

**19. Notices requiring information about interests in shares**

The provisions in the Current Articles relating to sanctions for failure to comply with notices requiring information about interests in its shares have been amended to ensure they are consistent with the Listing Rules.

**20. General**

In places, the opportunity has been taken to bring clearer language into the New Articles, to update definitions and legislative references and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.

The opportunity has also been taken to clarify references to 'Directors' and 'Board' where they appear in the Articles and to reorder certain Articles.



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