

B. THE SCHEME OF ARRANGEMENT

1. *Cancellation of Preference Shares*

Each of the existing 100,000 6½% cumulative preference shares of \$1 each of which 80,000 have been issued and are fully paid up will be cancelled. Consequently the nominal capital of the company will be reduced by \$100,000.

2. *Reduction of Capital*

The sum of \$80,000 being the share capital paid up on the issued 6½% cumulative preference shares thus cancelled will be carried to the credit of an account in the books of the company to be called "Preference Share Redemption Account".

3. *Entitlement to Ordinary Shares*

Each holder of the issued 6½% cumulative preference shares at the time of cancellation will be allotted and issued ordinary shares of \$1 each fully paid up in the capital of the company in the ratio of 2 ordinary shares for each 3 6½% cumulative preference shares held. In the case of fractions the ordinary shares so to be allotted shall be calculated to the nearest whole number.

4. Such ordinary shares to be issued as fully paid the sum of \$53,333 or such other sum as shall equal the nominal amount of the ordinary shares to be allotted to the holders of cancelled 6½% cumulative preference shares shall be withdrawn from the Preference Share Redemption Account and applied in paying up in full such ordinary shares. The balance of the Preference Share Redemption Account shall remain in such account as if it were a share premium account established under section 64 of the Companies Act 1955 and shall be paid out only in the circumstances set out in the said section 64 and shall be held subject to the conditions therein set out.

5. *Dividends*

(a) The holders of the 6½% cumulative preference shares cancelled as aforesaid shall remain entitled to the

final payment of dividend thereon for the year ended 30 June 1976 which will be approved by members at the extraordinary general meeting of the company proposed to be held on the 19th day of August 1976 for the purpose of approving the scheme.

(b) The new ordinary shares to be issued as aforesaid shall in all respects rank *pari passu* with the existing ordinary shares of the company except that they will not participate in any final dividend or distribution in lieu of dividend to be declared and paid on ordinary shares in respect of the financial year of the company ended on 30 June 1976 but they will participate in all dividends and distributions in lieu of dividends declared or made in respect of ordinary shares thereafter in lieu and in full satisfaction of all further preferential dividends that would otherwise have been payable upon the 6½% cumulative preference shares to be cancelled pursuant to this arrangement.

6. *Replacement of Reduced Capital*

The authorised capital of the company having been reduced by \$100,000 will be increased by \$100,000 by the creation of a further 100,000 ordinary shares of \$1 each.

7. *Effective Date of Scheme*

Subject to the separate approval of each class of shareholders and of the company in general meeting and to the sanction of the Supreme Court the scheme of arrangement will come into force with effect from the date it is sanctioned by the Supreme Court and registered with the Registrar of Companies or the 30th day of August 1976 whichever is the later. The Directors of the company may assent to any modification of the scheme or to any conditions which the Court may think fit to approve or impose.

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