

THE COMPANIES ACT 1985

KALON LIMITED

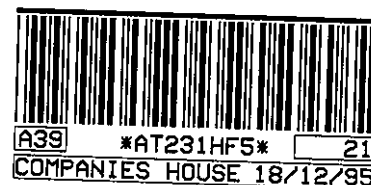
Written resolutions of the sole member of the Company entitled to attend and vote at general meetings of the Company, of which resolution 1 will take effect as a special resolution and resolutions 2 and 3 will take effect as ordinary resolutions.

RESOLUTIONS

1. That the regulations contained in the document attached to this resolution and marked "A" be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all existing articles of association.
2. That Steven John Webb (who has indicated his willingness to act) be appointed an additional director of the Company with immediate effect.
3. That the authorised share capital of the Company be increased from £500,000 to £65,000,000 by the creation of £64,500,000 ordinary shares of £1 each to rank pari passu with the existing shares of the Company.


.....
KALON GROUP PLC

13 December 1995
DATE



ARTICLES OF ASSOCIATION

OF

KALON LIMITED

(Company number 436135)

Adopted on 13 December 1995

**WALKER MORRIS
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THE COMPANIES ACTS 1985 to 1989

PRIVATE COMPANY LIMITED BY SHARES

KALON LIMITED

ARTICLES OF ASSOCIATION

1. PRELIMINARY

- 1.1 The regulations contained in Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (S1 1985 No. 805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (S1 1985 No. 1052) (such table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such regulations (save as so excluded or varied) and the articles hereinafter contained shall be the regulations of the Company.
- 1.2 In these articles the expression "the Act" means the Companies Act 1985, but so that any reference in these articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

2. ALLOTMENT OF SHARES

- 2.1 All shares in the capital of the Company from time to time shall be under the control of the directors who may (subject to section 80 of the Act and to paragraph 2.3 below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.
- 2.2 In accordance with section 91(1) of the Act, sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.

- 2.4 The directors are generally and unconditionally authorised for the purposes of section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of adoption of these articles and the directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said section 80) be renewed, revoked or varied by ordinary resolution of the Company in general meeting.

3. GENERAL MEETINGS AND RESOLUTIONS

- 3.1 Every notice convening a general meeting shall comply with the provisions of section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the directors and to the auditors for the time being of the Company.
- 3.2 A proxy shall be entitled to vote on a show of hands and regulation 54 in Table A shall be modified accordingly.
- 3.3 If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting 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; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed therefor such adjourned general meeting shall be dissolved.
- 3.4 Regulation 41 in Table A shall not apply to the Company.

- 3.5 A resolution in writing in accordance with regulation 53 of Table A shall be deemed to have been executed on behalf of a corporation if signed by one of its directors or its secretary. In the case of a share held by joint holders the signature of any one of them shall be sufficient for the purposes of that Clause.

4. **APPOINTMENT OF DIRECTORS**

- 4.1 Regulation 64 in Table A shall not apply to the Company.
- 4.2 The maximum number and minimum number respectively of the directors may be determined from time to time by ordinary resolution in general meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of directors and the minimum number of directors shall be one. Whensoever the number of directors holding office shall be one, the sole director shall have authority to exercise all the powers and discretions by Table A and by these articles expressed to be vested in the directors generally, and regulation 89 in Table A shall be modified accordingly.
- 4.3 The directors shall not be required to retire by rotation and regulations 73 to 80 (inclusive) in Table A shall not apply to the Company.
- 4.5 Without prejudice to the powers of the Company under section 303 of the Act to remove a director by ordinary resolution, the holder or holders for the time being of more than 50 per cent of the issued ordinary shares of the Company shall have the power from time to time and at any time to appoint any person or persons as a directors or directors and to remove from office any director howsoever appointed. Any such appointment or removal shall be effected by notice in writing signed by the member or members making the same or in the case of a member being a corporation signed on its behalf by one of the directors or its secretary and shall take effect upon being lodged at the registered office of the Company.

- 4.6 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 any number determined in accordance with paragraph 4.2 above as the maximum number of directors for the time being in force.
- 4.7 Unless and until otherwise determined by the Company by ordinary resolution either generally or in any particular case no director shall vacate or be required to vacate his office as a director on or by reason of his attaining or having attained the age of seventy and any person proposed to be appointed a director shall be capable of being appointed as a director notwithstanding that he has attained the age of seventy and no special notice need be given of any resolution for the appointment as a director of a person who shall have attained the age of seventy and it shall not be necessary to give to the members notice of the age of any director or person proposed to be appointed as such.

5. **BORROWING POWERS**

The directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property, and uncalled capital, 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.

6. **ALTERNATE DIRECTORS**

- 6.1 An alternate director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of regulation 66 in Table A shall be modified accordingly.

6.2 A director may appoint any person willing to act as his alternate and regulation 65 of Table A shall be modified accordingly and such person may represent more than one director. An alternate director shall be entitled at any meeting of the directors or of any committee of the directors to one vote for every director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

6.3 If the appointor of an alternate director is not available the signature of the alternate director to any resolution in writing of the directors shall be as effective as the signature of the appointor. An alternate director shall be deemed to be a director for the purpose of signing instruments to which the seal is affixed and article 10.1 shall be read accordingly.

7. GRATUITIES AND PENSIONS

7.1 The directors may exercise the power of the Company conferred by the memorandum of association of the Company and shall be entitled to retain any benefit received by them or any of them by reason of the exercise of any such powers.

7.2 Regulation 87 in Table A shall not apply to the Company.

8. PROCEEDINGS OF DIRECTORS

8.1 A director may vote, at any meeting of the directors or of any committee of the directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.

8.2 Regulations 94 to 97 (inclusive) in Table A shall not apply to the Company.

8.3 Any director or member of a committee of the board of directors may participate in a meeting of the directors or such committee by means of conference telephone or other means of electronic communication whereby all the persons participating in a meeting can hear each other and any director so participating shall be deemed to be present in person at such meeting and may vote and be counted in the quorum therefor.

8.4 A director shall not be required to hold any share qualification but he shall be entitled to receive notice of and to attend and speak at any general meeting of the Company.

9. **NOTICES**

Any notice required by these articles to be given by or to the Company may be given by any visible form on paper including telex and facsimile transmission and a notice communicated by such forms of immediate transmission shall be deemed to be given at the time it is transmitted to the person or company to whom it is addressed. Regulations 111 and 112 of Table A shall be amended accordingly.

10. **THE SEAL**

10.1 If the Company has a seal it shall only be used with the authority of the directors or of a committee of directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or a second director. The obligation under regulation 6 of Table A relating to the sealing of share certificates shall apply only if the Company has a seal. Regulation 101 of Table A shall not apply to the Company.

10.2 The Company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the directors.

11. INDEMNITY

- 11.1 Every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 144 or section 727 of the Act in which relief is granted to him by the Court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this article shall only have effect in so far as its provisions are not avoided by section 310 of the Act.
- 11.2 The directors shall have power to purchase and maintain for any director, officer or auditor of the Company insurance against any such liability as is referred to in section 310(1) of the Act.
- 11.3 Regulation 118 in Table A shall not apply to the Company.