

2.8.99

Company No: 2746852

COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM
OF ASSOCIATION

OF

SUNSAIL INTERNATIONAL LIMITED

INCORPORATED ON
11TH SEPTEMBER 1992

RE-REGISTERED AS A PRIVATE COMPANY ON
2ND AUGUST 1999



THE COMPANIES ACTS 1985 AND 1989

CONSENT OF HOLDERS OF 'C' ORDINARY SHARES

(Pursuant to section 380(4)(d) of the Companies Act 1985)

Of

SUNSAIL INTERNATIONAL Plc

DATED 30TH JULY 1999

On 30th July 1999, the holders of all the issued 'C' Ordinary Shares of the Company duly gave the following consent:

CONSENT OF HOLDERS OF 'C' ORDINARY SHARES

- 1 That the Company be re-registered as a private company under the Companies Act 1985 by the name of SunSail International Limited, and that its memorandum of association be amended accordingly as follows:
 - 1.1 in the title by changing "PUBLIC COMPANY LIMITED BY SHARES" to "PRIVATE COMPANY LIMITED BY SHARES" and by changing "Plc" to "LIMITED";
 - 1.2 in clause 1, by changing "Plc" to "Limited";
 - 1.3 by deleting clause 2;
 - 1.4 by renumbering clauses 3 to 6 as clauses 2 to 5 respectively.
- 2 That the title to the Company's articles of association be amended by changing "PUBLIC COMPANY LIMITED BY SHARES" to "PRIVATE COMPANY LIMITED BY SHARES" and by changing "Plc" to "LIMITED".

Signed



Director/Secretary

COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

SUNSAIL INTERNATIONAL LIMITED

(as amended by special resolution passed on 30th July 1999)

1. The company's name is Sunsail International Limited.
2. The registered office of the company is to be situate in England and Wales.
3. The objects of the company are:
 - (a) To carry on the business of a property and investment holding company in all its branches, and for that purpose in particular to acquire by purchase, lease, exchange or otherwise and hold by way of investment, land, buildings or other structures thereon, land covered by water, and any estate, interest, easement, servitude or right in or over such land, buildings or structures and any real or immovable property of any tenure or description in the United Kingdom or elsewhere in any part of the world, including (without limiting the generality of the foregoing) freehold or leasehold ground rents, reversions, mortgages and charges; and to acquire by purchase, subscription, exchange or otherwise and hold by way of investment, shares, stocks, securities or obligations issued or guaranteed by any person, firm, company or trust constituted or carrying on business in any part of the world or by any government, state, dominion, colony, public body or authority, supreme, municipal, local or otherwise, whether at home or abroad;

- (b) To manage any such property and investments so acquired and to collect and receive the income and rents therefrom;
- (c) To improve any property so acquired by constructing, reconstructing, pulling down, altering, adding to, enlarging, decorating, furnishing, fitting up and maintaining the same whether as offices, flats, houses, shops, factories, garages, warehouses, wharves or other buildings, works and conveniences and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others; and to provide services and amenities of all kinds;
- (d) To create freehold and leasehold ground rents and to grant leases, underleases, tenancies and licences;
- (e) To sell, assign, realise, vary, surrender, exchange or dispose of any property or investments for the time being of the company if from time to time it shall be found necessary or advisable so to do, but so that nothing in this Clause shall authorise the company to deal in property or investments by way of trade and so that all appreciations or surpluses realised from the sale, assignment, realisation, payment off or other disposal of property or investments or from any variation or exchange of property or investments or other realisations of capital assets shall be regarded and treated as capital surpluses and shall not be regarded or treated as profits of the company available for dividend, but may nevertheless be capitalised in accordance with the company's Articles of Association;
- (f) To carry on all kinds of financial, trust, agency and broking business and any other business which is capable of being carried on by an individual;

- (g) To promote companies and ventures for any purpose whatsoever and to undertake and assist in financial operations of every description;
- (h) To advance, issue, deposit or lend money, securities and property of any kind, and to draw, make, issue, accept, discount, buy, sell, hold and exchange, bills, notes, warrants, coupons and other negotiable or transferable instruments, documents and obligations;
- (i) To receive money on deposit or loan and to borrow or raise money and to secure or discharge any debt or obligation of or binding on the company by the issue of debentures or debenture stock or in any other manner;
- (j) To mortgage and charge the undertaking and all or any of the real and personal property and assets, present or future, and all or any of the uncalled capital for the time being of the company, and to issue at par or at a premium or discount, and for such consideration, and with such rights, powers and privileges as may be thought fit, debentures, mortgage debentures or debenture stock, payable to bearer or otherwise, and either permanent or redeemable or repayable, and collaterally to secure any securities of the company by a trust deed or other assurance;
- (k) To issue and deposit any securities which the company has power to issue by way of mortgage to secure any sum less than the nominal amount of such securities;
- (l) To guarantee, support or secure, whether by direct obligation or covenant or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the company or by any one or more or all of such methods or by any other method, and whether or not the company receives any advantage therefor, the performance of any obligations or commitments, and the repayment or payment

of the principal amounts of or the premiums, interest and dividends on any securities, of any person, firm or company, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary company or holding company of the company or a subsidiary company of such holding company or which is otherwise associated directly or indirectly with the company in business or through shareholdings;

- (m) To establish and maintain or procure the establishment and maintenance of any share option or share incentive or profit sharing schemes or trusts or non-contributory or contributory pension or superannuation schemes or funds for the benefit of, and to make or give or procure the making or giving of loans, donations, gratuities, pensions, allowances or emoluments (whether in money or moneys worth) to, or to trustees on behalf of, any persons who are or were at any time in the employment of the company, or of any company which is a subsidiary of the company or is allied to or associated with the company or with any such subsidiary company, or who are or were at any time directors or officers of the company or of any such other company as aforesaid, or any persons in whose welfare the company or any such other company as aforesaid is or has been at any time interested, and the wives, husbands, widows, widowers, families and dependants of any such persons, and to establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the company or of any such other company as aforesaid, or of any such persons as aforesaid, and to make payments for or towards policies of assurance on the lives of any such persons and policies of insurance for the benefit of or in respect of any such persons as aforesaid (including insurance against their negligence or breach of duty to the company), and to pay, subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any political, public,

general or useful object, and to do any of the above things, either alone or in conjunction with any such other company as aforesaid;

- (n) Subject as provided in sub-clause (e) of this Clause to distribute among the members in specie any property of the company, or any proceeds of sale or disposal of any property of the company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law;
- (o) To carry on any other business or activity, whether investing manufacturing trading or otherwise, which may seem to the company capable of being conveniently carried on in connection with the business of the company, or calculated, directly or indirectly, to be for the benefit of and to promote the prosperity of the company, or to enhance the value of or render more profitable any of the company's property or to advance the interests of the company or of its members;
- (p) To sell, improve, manage, develop, turn to account, exchange, let on rent, royalty, share of profits or otherwise, grant licences, easements and other rights in or over, and in any other manner deal with or dispose of the undertaking and all or any of the property and assets for the time being of the company for such consideration as may seem expedient;
- (q) To adopt such means of making known the businesses or any of them or the products of the company or the businesses or products of any other person as may seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication in books and periodicals, and by granting prizes, rewards and donations, and to carry on and conduct prize and competition schemes or any scheme or arrangement of any

kind, either alone or in conjunction with any other person, firm or company, whereby the said businesses or any of them may be promoted or developed, or whereby the said products may be more extensively advertised and made known;

- (r) To enter into any arrangement with any government or authority, supreme, municipal, local or otherwise, of any country, and to obtain from any such government or authority all legislation, orders, rights, concessions, and privileges that may seem requisite;
- (s) To enter into any partnership or joint-purse arrangement or arrangement for sharing profits, union of interests or co-operation with any company, firm or person;
- (t) To purchase or otherwise acquire and undertake all or any part of the business, property, liabilities and transactions of any person, firm or company which is calculated to benefit this company or to advance its interests, or which comprises any property suitable for any purpose of the company;
- (u) To pay for any property or rights acquired by the company either in cash or fully or partly paid-up shares, with or without preferred or deferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or by any securities which the company has power to issue, or partly in one mode and partly in another, and generally on such terms as may seem expedient;
- (v) To accept payment for any property or rights sold or otherwise disposed of or dealt with by the company either in cash, by instalments or otherwise, or in fully or partly paid-up shares of any company or corporation, with or without deferred or preferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or in debentures or mortgage debentures or

debenture stock, mortgages or other securities of any company or corporation, or partly in one mode and partly in another, and generally on such terms as may seem expedient and to hold, dispose of or otherwise deal with any shares, stock or securities so acquired;

- (w) To amalgamate with any other company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertaking, subject to the liabilities of this or any other such company as aforesaid, with or without winding-up or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of this or any other such company as aforesaid, or by partnership, or any arrangement of the nature of partnership, or in any other manner;
- (x) To pay out of the funds of the company all expenses which the company may lawfully pay of or incidental to the formation, registration and advertising of or raising money for the company and the issue of its capital, including brokerage and commissions for obtaining applications for or taking, placing or underwriting shares, debentures or debenture stock, and to apply at the cost of the company to Parliament for any extension of the company's powers;
- (y) To do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise; and
- (z) To do all such other things as are in the opinion of the company incidental or conducive to the above objects or any of them.

The objects specified in each of the paragraphs of this clause shall not, except where the context expressly so requires, be

in any way limited or restricted by the terms of any other paragraph and shall be construed as separate, distinct and independent objects capable of being performed and carried out separately, distinctly and independently of each other.

4. The liability of the Members is limited.
5. The share capital of the company is £284,067.25p divided into 5,681,345 shares of 5p each. *

*Note:

- (1) On 30th September 1992 the share capital of the company was increased from £100 divided into 100 shares of £1 each to £217,500 divided into 4,350,000 shares of 5p each.
- (2) On 7th December 1994 the share capital of the company was increased from £217,500 divided into 4,350,000 shares of 5p each to £220,625 divided into 4,412,500 shares of 5p each.
- (3) On 6th February 1995 the share capital of the company was increased from £220,625 divided into 4,412,500 shares of 5p each to £221,253.20 divided into 4,425,064 shares of 5p each.
- (4) On 23rd April 1996 the share capital of the company was increased from £221,253.20 divided into 4,425,064 shares of 5p each to £284,067.25 divided into 5,681,345 shares of 5p each.
- (5) On 23rd April 1996 the share capital of the company was reduced from £284,067.25 divided into 5,681,345 shares of 5p each to £231,668.90 divided into 4,633,378 shares of 5p each.

WE, the subscribers to this memorandum of association wish to be formed into a company pursuant to this memorandum; and we agree to take the number of shares shown opposite our respective names.

Names and Addresses of Subscribers	Number of shares taken by each Subscriber
------------------------------------	--

1. Director for and on behalf of LOVITING LIMITED Registered Office 21 Holborn Viaduct London EC1A 2DY	One
---	-----

A Company limited by shares

2. Director for and on behalf of SERGEANTS' INN NOMINEES LIMITED Registered Office 21 Holborn Viaduct London EC1A 2DY	One
--	-----

A Company limited by shares

Total shares taken	<u>Two</u>
--------------------	------------

Dated 17th August 1992

WITNESS to the above signatures,

C J Burt
Trainee Solicitor
65 Holborn Viaduct
London EC1A 2DY

COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(Adopted by special resolution passed on 30th July 1999)

OF

SUNSAIL INTERNATIONAL LIMITED

REGULATIONS OF THE COMPANY

1. The articles comprise these Articles and, save insofar as it is modified by these Articles, Table A (which expression means that Table as prescribed by regulations made pursuant to the Companies Act 1985 and in force on the date of adoption of these Articles)
2. (1) Regulations 8, 24, 25, 50, 53, 54, 60-62 (inclusive), 65-69 (inclusive), 73~~2~~⁷⁸ (inclusive), 80, 82, 87, 89, 100, 109 and 118 in Table A do not apply to the Company.

(2) Unless the context otherwise requires:-
 - (a) words denoting the singular number shall include the plural number and vice-versa;
 - (b) words denoting the masculine gender shall include the feminine and neuter genders and vice-versa; and
 - (c) references to persons shall include bodies corporate, unincorporated associations and partnerships.

DEFINITIONS

3. (1) In these Articles unless the context otherwise requires the words standing in the first column of the following table bear the meanings set opposite them respectively in the second column: -

<u>Expression</u>	<u>Meaning</u>
Act	the Companies Act 1985 (as amended from time to time);
'A' Ordinary Shareholders	the holders for the time being of 'A' Ordinary Shares;
'A' Ordinary Shares	the 'A' Ordinary Shares of five pence each in the capital of the Company;
Auditors	the auditors for the time being of the Company;
Board	the board of directors for the time being of the Company;
'B' Ordinary Shareholders	the holders for the time being of 'B' Ordinary Shares;
'B' Ordinary Shares	the 'B' Ordinary Shares of five pence each in the capital of the Company;
Capitalisation Value	<p>the relevant of the following:</p> <p>(i) in the event of a Listing, the aggregate value of all the existing issued and to be issued equity shares for which a Listing is obtained (excluding any such shares issued by the Company as part of the arrangements relating to the Listing (other than any new shares to be paid up by way of capitalisation of reserves)) ("Offer Shares") determined by</p>

reference to the price per share at which the Offer Shares are to be offered for sale, placed or otherwise marketed pursuant to the arrangements relating to the Listing;

- (ii) in the event of a Sale, the aggregate purchase price attributable to the whole of the issued equity share capital of the Company payable on completion of such Sale provided that if any part of the purchase price is payable otherwise than in cash or is cash payable on deferred terms the amount of the purchase price shall be the aggregate of the amount of the purchase price payable in cash on completion of the Sale and the Cash Equivalent of any other consideration. If some Shares are already held by the Outside Purchaser, so that the offer does not extend to all the equity share capital, the value of the aggregate consideration shall be increased pro rata;

Cash Equivalent

the sum certified by the Auditors (acting as experts and not arbitrators and whose certificate shall be binding on all members save in the case of manifest error) as being in their opinion the then current value of the right to receive the consideration in question (where the consideration is payable on deferred terms) or (in the case of consideration payable otherwise than in cash) their

	opinion of the monetary value of such consideration at that time;
'C' Ordinary Shares	the 'C' Convertible Ordinary Shares of five pence each in the capital of the Company;
'C' Ordinary Shareholders	the holders for the time being of 'C' Ordinary Shares;
Conversion Date	the date of conversion of the 'C' Ordinary Shares in accordance with Article 5(5);
Conversion Event	any of the following events: <ul style="list-style-type: none"> (a) the obtaining of a Listing; or (b) the entering into of one or more unconditional agreements for a Sale; or (c) where an agreement or agreements for a sale is or are conditional in any respect, that agreement or those agreements (as the case may be) becoming unconditional in all respects;
Deferred Shares	the Deferred Shares of 5 pence each in the capital of the Company resulting from the conversion of 'C' Ordinary Shares pursuant to Article 5(5);
Deferred Shareholders	the holders for the time being of Deferred Shares;
ECI	ECI5, ECI 5'B', and ECI Developments 3 (three limited partnerships), acting by their general partner ECI Ventures GP Limited (or in each case their nominees);

Financial Advisers	the merchant bank and/or broker appointed by the Board to advise in connection with a Listing;
Group	the Company and its subsidiaries from time to time;
Investment Agreement	the shareholders' agreement dated 23rd April 1996 between C R C Gordon and others, Mercury Asset Management plc, the Company, and ECI;
Investors	Mercury Asset Management plc and ECI and such other person as becomes an Investor pursuant to the Investment Agreement;
Issue Price	in respect of a share the aggregate of the amount paid up or credited as paid up on the share and any share premium thereon;
Listing	the admission of the whole of any class of the issued share capital of the Company to the Official List of the London Stock Exchange or the unconditional grant of permission for such share capital to be dealt in on any other recognised investment exchange (within the meaning of Part V of the Financial Services Act 1986) approved by the holders of 75% in nominal value of the 'B' Ordinary Shares and the 'C' Ordinary Shares (treated for this purpose as one class) ;
Ordinary Shares	the 'A' Ordinary Shares, the 'B' Ordinary Shares, and the 'C' Ordinary Shares;
Ordinary Shareholders	the 'A' Ordinary Shareholders, the 'B' Ordinary

Outside Purchaser	Shareholders and the 'C' Ordinary Shareholders; the Offeror referred to in Article 13(13);
Preference Dividend	the dividend payable under Article 5 (1) (b);
Preference Shareholders	the holders for the time being of Preference Shares;
Preference Shares	the Cumulative Redeemable Preference Shares of five pence each in the capital of the Company;
Sale	the unconditional completion of the sale of the whole of the issued equity share capital of the Company from time to time to a single person or to any group of persons acting in concert (as defined by the July 1994 edition of the City Code on Take-Overs and Mergers) either as a single transaction or as part of a series or group of transactions and for the purposes of these Articles none of the 'C' Ordinary Shareholders the 'B' Ordinary Shareholders the 'A' Ordinary Shareholders and the Preference Shareholders shall be deemed to be acting in concert with one another;
Special Directors	directors appointed pursuant to Article 25;
Specified Date	the date when a Conversion Event occurs;
Subscription Agreement	the subscription and share sale and purchase

agreement dated 23rd April 1996 between C R C

Gordon and others, the Company, and ECI Funds

- (2) Save where the context otherwise requires words and phrases defined in the Investment Agreement or in the Act shall have the same meaning herein.

SHARE CAPITAL

4. The share capital of the Company is £231,668.90 and is divided into:-

- (a) 2,637,955 Cumulative Redeemable Preference Shares of 5 pence each;
- (b) 1,171,724 'B' Ordinary Shares of 5 pence each;
- (c) 565,817 'A' Ordinary Shares of 5 pence each; and
- (d) 257,882 'C' Ordinary Shares of 5 pence each.

Each of the Preference Shares, the 'A' Ordinary Shares, the 'B' Ordinary Shares, and the 'C' Ordinary Shares shall constitute separate classes of Shares.

5. The rights and restrictions attaching to the respective classes of shares shall be as follows:-

(1) Income

The profits which are available for distribution (including retained distributable profits) shall be applied:-

- (a) *This Article was deleted by special resolution passed on 14 May 1998 and is now intentionally left blank;*
- (b) If and to the extent that any of the Preference Shares have not been redeemed, in paying to the holders of such Preference Shares until such Preference Shares are redeemed in respect of the financial year ending on the date specified in column (1) in the table set out below the fixed cumulative gross cash dividend (inclusive of the associated tax credit at the rate from time to time prevailing) specified in column (2) in the table set out below on the Issue Price of each such unredeemed

Preference Share to accrue on a daily basis and to be payable as to one half on 1st August in the financial year and as to one half on 1st August in the next financial year (save for the Preference Dividend payable in respect of the financial year ending on 31 October 2002, which shall be payable as to 8.8% on 1 August 2002 and as to 12.5% on 1 August 2003). The Preference Dividend shall be due and payable on the dates or at the times herein stipulated and notwithstanding the fact that the same are expressed to be, and shall in the event of their not being paid be, 'cumulative', the amounts due and payable on such dates or at such times shall ipso facto and without any resolution of the directors or the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 105 (inclusive) of Table A) and before application of any profits to reserve or for any other purposes and notwithstanding that such dividend is expressed to be cumulative automatically become a debt due from and immediately payable by the Company to the Preference Shareholders entitled to such dividends on the relevant payment date (subject to there being profits out of which the same may lawfully be paid).

(1)	(2)
<u>Financial Year Ending</u>	<u>Preference Dividend</u>
31st October 1998	10%
31st October 1999	10%
31st October 2000	11.6%
31st October 2001	13.8%
31st October 2002	21.3%
31st October 2003	25%
31st October 2004	25%
31st October 2005	25%

- (c) The balance of the profits which the Company may determine to distribute in respect of any financial year after payment of the Participating Dividend and the Preference Dividend shall be distributed amongst the 'A' Ordinary Shareholders, the 'B' Ordinary Shareholders and the 'C' Ordinary Shareholders *pari passu* on

the paid-up nominal amount (disregarding any share premium thereon) of the 'A' Ordinary Shares, the 'B' Ordinary Shares and the 'C' Ordinary Shares held by them respectively PROVIDED THAT no such dividends shall be payable without the consent of the 'B' Ordinary Shareholders and the 'C' Ordinary Shareholders (treated for this purpose as holding one class of shares) holding at least three quarters in nominal value of the 'B' Ordinary Shares and the 'C' Ordinary Shares.

- (d) The Deferred Shareholders shall not be entitled to receive any dividend.
- (e) *This Article was deleted by special resolution passed on 14 May 1998 and is now intentionally left blank;*

(2) As regards capital

In the event of a winding up of the Company or upon a reduction or return of capital, the assets of the Company remaining after payment of its debts and liabilities and of the costs, charges and expenses of such winding up or reduction or return of capital shall be applied in the following manner and order of priority:-

- (i) firstly, in paying to the Preference Shareholders a sum equal to all unpaid arrears or accruals of Preference Dividend (whether declared or not) calculated down to and including the date of repayment);
- (ii) secondly, in paying to the Preference Shareholders the Issue Price of each Preference Share issued and outstanding;
- (iii) *This Article was deleted by special resolution passed on 14 May 1998 and is now intentionally left blank*
- (iv) fourthly, in paying to the 'B' Ordinary Shareholders and the 'C' Ordinary Shareholders (treating them as holders of one class of shares and pari passu in all respects) the Issue Price of each 'B' Ordinary Share or 'C' Ordinary Share remaining in issue;
- (v) *This Article was deleted by special resolution passed on 14 May 1998 and is now intentionally left blank;*

- (vi) sixthly, in paying to the holders of 'A' Ordinary Shares the Issue Price of each 'A' Ordinary Share;
- (vii) seventhly, but subject to the rights of the Deferred Shareholders below, in distributing the balance amongst the 'C' Ordinary Shareholders, the 'B' Ordinary Shareholders and the 'A' Ordinary Shareholders in proportion to the paid-up nominal amount (disregarding any share premium thereon) of the 'C' Ordinary Shares remaining in issue, the 'B' Ordinary Shares, and of the 'A' Ordinary Shares as if they were all holders of shares of the same class.

The Deferred Shareholders will be entitled to receive the amount paid up on their shares after all other shareholders in the Company have been repaid the Issue Price of their shares in full and such shareholders have received an additional amount of £100,000 per share.

(3) As regards redemption

- (i) (a) Unless previously redeemed in accordance with sub-clause (v) below and save to the extent already redeemed pursuant to sub-clause (i)(b) below, the Company shall on 1st August in each of the three years commencing on 1st August 2002 (or as soon thereafter as the law permits) redeem the Preference Shares for the time being issued and outstanding at the following rates:-

<u>Date</u>	<u>Number of Preference Shares to be redeemed</u>
1st August 2002	879,318
1st August 2003	879, 318
1st August 2004	<u>879,319</u>
	2,637,955

- (b) The Company may at its option at any time other than 3 months before or after the financial year end of the Company redeem some or all of the Preference Shares prior to the dates specified in the above table on the basis that the Preference Shares due for redemption in 2002 shall be redeemed before those due for redemption in 2003 and the Preference Shares due for

redemption in 2003 shall be redeemed before those due for redemption in 2004.

- (ii) Not less than 28 days prior to redemption of any Preference Shares under sub-clause (i), the Company shall give notice to the Preference Shareholders specifying the total amount of Preference Shares to be redeemed on that occasion, the method by which this was calculated, the number of such holder's Preference Shares to be redeemed in accordance with sub-clause (iii), the applicable redemption date and place at which the certificate of such shares are to be delivered for the redemption. Upon such redemption date each of the Preference Shareholders shall be bound to deliver to the Company at such place the certificates for such of the Shares concerned as are held by him. Upon such delivery the Company shall pay to such holder the amount due to him in respect of such redemption. If any certificate so delivered to the Company includes any Preference Shares not to be redeemed on the relevant redemption date, a fresh certificate for such Shares shall be issued free of charge to the holder delivering such certificate to the Company.
- (iii) The Preference Shares to be redeemed on any occasion shall be selected, as nearly as may be, pro rata from the holdings of each Preference Shareholder.
- (iv) On each such redemption the holders of the Preference Shares being redeemed shall be paid the sum of £1 per Preference Share together with a sum equal to any arrears or deficiency or accruals of the Preference Dividend (whether earned or declared or not) in respect of the previous financial year calculated to and including the date of such redemption.
- (v) On the Specified Date (or as soon thereafter as the law permits), the Company shall redeem all those Preference Shares then in issue whether or not then due for redemption and the provisions of sub-clauses (ii) and (iv) above shall apply to such redemption mutatis mutandis.

(4) As regards Voting

Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in

person or by proxy shall have one vote for every share of which he is the holder. Preference Shares shall entitle the holder to receive notice of and attend any General Meeting but shall not entitle the holder to vote upon any resolution other than a resolution for winding up the Company or reducing its share capital or a resolution directly or adversely varying or abrogating any of the special rights attached to such shares or the 'B' Ordinary Shares or the 'C' Ordinary Shares unless at the date of the notice convening the meeting at which such resolution is proposed any accrued Preference Dividend has not been paid in full or any Preference Shares due to be redeemed have not for any reason been redeemed when every Preference Shareholder shall in the case of non payment of dividends have one vote for every Preference Share of which he is the holder or (in the case of non redemption) one vote for every Preference Share held by him which has not been so redeemed PROVIDED THAT no Preference Shareholder shall have more than one vote per share. Deferred Shareholders shall not be entitled to receive notice of or attend any General Meeting or to vote on any resolution to be proposed thereat.

(5) As regards Conversion

- (a) If the Capitalisation Value on a Conversion Event which occurs (1) at any time up to and including 31st October, 1999 is equal or greater than £22,500,000; (2) at any time between 1st November, 1999 and 31st October, 2000 is equal or greater than £28,000,000; or (3) at any time between 1st November, 2000 and 31st October, 2001, is equal or greater than £35,000,000 then 22,959 of the 'C' Ordinary Shares in issue shall be converted by whatever lawful means the Company may resolve into Deferred Shares with effect from the Business Day immediately preceding the Conversion Event.
- (b) If the Conversion Event occurs at any time on or after 1st November, 2001 then no 'C' Ordinary Shares shall be converted.
- (c) the 'C' Ordinary Shares to be converted shall be converted into Deferred Shares pro rata in respect of the holdings of each 'C' Ordinary Shareholders.
- (d) the balance of the 'C' Ordinary Shares not converted into Deferred Shares in accordance with sub-clause (b) above shall be converted into 'B' Ordinary Shares by whatever lawful means the Company may resolve with effect from the Business Day immediately preceding the Conversion Event.

- (e) the former 'C' Ordinary Shareholders shall be bound to send to the Company the certificates in respect of their holdings of 'C' Ordinary Shares and the Company shall in exchange issue to such members respectively certificates for the Deferred Shares and B Ordinary Shares resulting from such conversion.
- (f) on the Conversion Date or thereafter, the Company may (subject to the Act) purchase all the Deferred Shares in issue for the sum of £1.

CLASS RIGHTS

6. (1) When ever the capital of the Company is divided into different classes of shares the special rights attached to any class of shares may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up, with the consent in writing of the holders of 75% of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, save that the necessary quorum shall be two persons at least holding or representing by proxy one third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum and where there is only one person holding shares of that class that sole shareholder shall be a quorum), and that the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively.
- (2) Without prejudice to the generality of this Article the special rights attached to the 'B' Ordinary Shares and the 'C' Ordinary Shares (treated for this purpose as one class of shares) shall be deemed to be varied:-
- (a) by any alteration to the Memorandum or Articles of Association of the Company;
or
 - (b) by any alteration, increase, reduction, sub-division consolidation or other variation of any of the rights attached to any of the shares for the time being in the capital of the Company or of any of its subsidiaries or the reduction in the amount, if any, standing to the credit of the share premium account or capital

redemption reserve fund of the Company or any of its subsidiaries except as expressly provided in or permitted by these Articles; or

- (c) by the creation and/or issue of any shares in the Company or any subsidiary undertaking other than pursuant to the Investment Agreement or by conversion of 'C' Ordinary Shares in accordance with these Articles;
- (d) by the grant of any right to require the allotment or issue of any shares or securities in the Company (other than the creation, allotment or issue of any shares or securities on the date of adoption of these Articles or as expressly provided for or permitted by the Investment Agreement); or
- (e) by the sale or transfer or other disposal (other than from one wholly owned subsidiary to another or from or to the Company to or from a wholly owned Subsidiary) of the undertaking, or any substantial part of the assets or property of the Company or of any of its subsidiaries; or
- (f) by any alteration or relaxation of the restrictions on the powers of the directors of the Company or any of its subsidiaries to borrow or give guarantees or create any mortgage or charge contained in Article 26 hereof or in the Articles of Association of any subsidiary of the Company; or
- (g) by any change in the accounting reference date or the auditors for the time being of the Company; or
- (h) by the application by way of capitalisation of any sum in or towards paying any debenture or debenture stock (whether secured or unsecured) of the Company; or
- (i) by the purchase or other acquisition (but not including redemption of Preference Shares in accordance with these Articles or the purchase of Deferred Shares in accordance with Article 5(5)(f) or pursuant to the Subscription Agreement) by the Company or any of its subsidiaries of any share capital of the Company; or
- (j) by the passing of a resolution for the winding-up of the Company or any of its subsidiaries; or
- (k) by any Listing or Sale; or
- (l) by the exercise of the powers conferred on the directors by Article 33; or

- (m) by the declaration or payment of any dividend or other distribution by the Company other than the Preference Dividend.

ALLOTMENT OF SHARES

7. (1) Subject to paragraph (4) of this Article the directors shall not without the authority of the Company in general meeting and of any consents required pursuant to Article 6(2) allot any of the shares in the capital of the Company.
- (2) Where authority has been given to the directors as referred to in paragraph (1) of this Article to allot shares the directors may subject to the terms of such authority and subject to any terms on which any shares are created or issued and in accordance with this Article allot shares provided that no shares shall be issued at a discount contrary to the Act.
- (3) In the foregoing paragraphs of this Article references to allotment of shares shall include references to the grant of any right to subscribe for, or to convert any security into, shares.
- (4) Where authority has been given to the directors as referred to in this Article to grant a right to subscribe for, or to convert any security into, shares the directors shall allot such shares as may require to be allotted pursuant to the exercise of such right.
- (5) Unless the Company in General Meeting by special resolution shall otherwise determine, no shares in the Company shall be allotted on terms that the right to the same may be renounced by the allottees.
8. In Regulation 3 in Table A there shall be inserted after the words "provided by the articles" the following words, namely: "or by special resolution".
9. A Subject to the provisions of Part V of the Act to the provisions of these Articles and to any other rights attaching to any class of share of the Company the Company may:-
- (a) issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholders concerned;
- (b) purchase its own shares (including any redeemable shares).

9. B On the purchase of any 'A' Ordinary Shares by the Company such shares will be automatically re-designated, without any further resolution of the Company or of any class of shareholders in the Company, as 'B' Ordinary Shares.

SHARE CERTIFICATES

10. In Regulation 6 in Table A there shall be inserted after the word "seal" the following words, namely: "or the official seal of the company".

LIEN

11. The Company shall have a first and paramount lien on all the shares registered in the name of any member (whether solely or jointly with others) for all moneys due to the Company from him or his estate, whether solely or jointly with any other person (whether a member or not) and whether such moneys are presently payable or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The directors may at any time resolve that any share shall be exempt, wholly or partly, from the provisions of this Article provided that no such resolution shall be passed without the prior consent of the 'B' Ordinary Shareholders and the 'C' Ordinary Shareholders (treated for this purpose as of one class).

CALLS ON SHARES

12. The directors shall be obliged to accept from any member payment made by that member of the whole or any part of the amount remaining unpaid on any share held by him notwithstanding that no part of that amount has been called up.

TRANSFER OF SHARES

13. (1) No transfer of any share may be registered without the approval of the directors. The directors may withhold such approval if (but only if) either the share is not fully paid up or the Company has a lien thereon or the transfer has not been effected in accordance with these Articles or the Investment Agreement or the directors are otherwise entitled to withhold such approval under these Articles but the directors shall approve a transfer permitted by these Articles or the Investment Agreement.

- (2) In respect of the 'A' Ordinary Shares this Article is subject to the provisions of Article 17.
- (3) The provisions contained in this paragraph (3) relate only to the transfer of 'A' Ordinary Shares.
- (i) A member or a person entitled by transmission or otherwise, who intends to transfer shares (the "Vendor") shall give to the Company notice in writing of his intention (the "Transfer Notice"), specifying the shares which he intends to transfer (the "Shares for Sale") and the price per share (the "Sale Price") at which he is prepared to sell the Shares for Sale, or where appropriate, that he is prepared to sell at the fair value to be determined in accordance with sub-paragraph (vii) of paragraph (3) of this Article. The Board and the Vendor may within 28 days of the date of the Transfer Notice agree the price per share for the Shares for Sale and if they agree it within that period, the price per share so agreed shall be the Sale Price (and not, if the Vendor specified in the Transfer Notice the price per share at which he was prepared to sell the Shares for Sale, the price so specified).
- (ii) The Transfer Notice once given may not be withdrawn save as set out in sub-paragraph (viii). On receipt of the Transfer Notice by the Company the Transfer Notice shall constitute the Company the Vendor's agent for the sale in accordance with the following provisions of this Article.
- (iii) On receipt by the Company of a Transfer Notice the Board shall be entitled to determine, subject to the prior written approval of one MAM Special Director and one ECI Special Director, to allocate the Shares for Sale either at the Sale Price, if it was agreed by the Board and the Vendor pursuant to paragraph (i) of this Article, or otherwise at the fair value to be determined in accordance with paragraph (vii) of this Article:-
- (a) to a person or persons replacing (directly or indirectly) the Vendor as an employee or director of the Company PROVIDED THAT such replacement is found within 3 months of the date of the Transfer Notice; or

- (b) to a trust for the benefit of employees or directors; or
- (c) a suitable nominee company (pending nomination of a person pursuant to sub-paragraph (a)).

Such determination shall be made within 35 days of the date of the Transfer Notice and shall be communicated in writing to the Vendor. If no such determination is made within this period, or if a determination is made and no replacement is found within the period specified in paragraph (a), the Shares for Sale shall be offered in accordance with the remaining provisions of this Article. The date of expiry of the said 35 day or 3 months period, as the case may be, is herein referred to as "the Relevant Date".

- (iv) Within 7 days of the Relevant Date the Company shall offer the Shares for Sale to the 'A', 'B', and 'C' Ordinary Shareholders (other than the Vendor) on the register at the Relevant Date. The offer will invite them to apply for such number of the Shares for Sale as they are respectively prepared to purchase. Every such offer shall be made in writing and shall specify the number of Shares for Sale offered to each Shareholder (other than the Vendor) and the Sale Price (if any). Each such Shareholder (other than the Vendor) shall be entitled to shares as nearly as may be in proportion to the number of the existing issued Ordinary Shares held by him at the date of the offer (the "Proportionate Entitlement"). Each offer shall be accompanied by forms of application for use by the Shareholder in accepting his Proportionate Entitlement and in applying for any shares in excess of his Proportionate Entitlement (the "Excess Shares"). Every such offer shall be open for acceptance in whole or in part within twenty-one days from the date of its despatch. Every form of application completed by a purchasing Shareholder pursuant to any such offer shall state whether, in respect of all (but not some) of the shares applied for, the Shareholder is prepared to accept the Sale Price (if any) or requires a fair value to be fixed in accordance with paragraph (vii) of this Article.
- (v) At the expiration of such twenty-one days, the directors shall allocate the Shares for Sale, in the following manner: -

- (a) if a determination has been made, in accordance with paragraph (iii) of this Article;
 - (b) subject to paragraph (a) above, to each purchasing Shareholder there shall be allocated his Proportionate Entitlement or such lesser number of the Shares for Sale for which he may have applied;
 - (c) if the number of any Shares for Sale which remain unallocated is less than the aggregate number of Excess Shares for which applications have been made, the unallocated shares shall be allocated (as nearly as may be) in the proportions which the Excess Share applications bear to one another;
 - (d) if the number of the Shares for Sale which remain unallocated equals or is greater than the aggregate number of shares for which Excess Share applications have been made, each purchasing member who has applied for Excess Shares shall be allocated the number of Excess Shares for which he applied.
- (vi) Within seven days of the determination under paragraph (iii) or the expiry of the period in which applications from purchasing members can be made in accordance with this Article, as the case may be, the Company shall notify the Vendor and the person in whose favour the determination has been made under paragraph (iii) of the details of that determination or, as the case may be, shall notify all purchasing members of the details of the acceptances and applications which have been made and of the allocations made as between purchasing members under this Article. Each purchasing member shall be bound by the terms of any acceptance and application made by him to purchase in accordance with this Article such number of shares as are specified therein at the Sale Price (if any) or, where there is no Sale Price or where such purchasing member has specified that he is not prepared to accept the Sale Price, the fair value per share.
- (vii) In the case of a determination under sub-paragraph (iii) where the Board have not allocated the Shares for Sale at the Sale Price, or if there is no sale Price, or if any purchasing member states in his form of acceptance and application that he is not prepared to accept the Sale Price, the directors shall arrange

that the Auditors shall certify in writing the sum which in their opinion, is the fair value of a share comprised in the Shares for Sale (on the basis that the sale is between a willing vendor and purchaser) and such sum shall be deemed to be the fair value thereof unless the Vendor on his Transfer Notice shall have notified the Company that a third party, acting in good faith, is willing to purchase the Shares for Sale at a particular price per share and can demonstrate, to the reasonable satisfaction of the Auditors (such satisfaction to be notified to the Company in writing by the Auditors), the existence of such an offer, when such price shall instead be deemed to be the fair value. In certifying such sum the Auditors shall have regard to such criteria as they shall regard as appropriate for the purpose. In so certifying, the Auditors shall be considered to be acting as experts and not as arbitrators and, accordingly, the Arbitration Acts 1950 and 1979 or any statutory re-enactment or modification thereof for the time being in force shall not apply. The cost of obtaining such Auditors' certificate shall be borne, if the determination was required because the Vendor required but the Board refused or failed to agree that the price per share for the Shares for Sale should be the same as or less than the price per share at which any shares of the same class as the Shares for Sale were last transferred pursuant to Article 13 (or otherwise on arm's length terms) or the same as or less than the fair value thereof most recently determined by the Auditors hereunder if such determination was made after the last such transfer, then by the Company; if the determination was required because the Vendor required but the Board refused or failed to agree that the price per share for the Shares for Sale should be more than the price per share at which any shares of the same class as the Shares for Sale were last transferred pursuant to Article 13 (or otherwise on arm's length terms) or more than the fair value thereof most recently determined by the Auditors hereunder if such determination was made after the last such transfer, then by the Vendor; subject to the foregoing in the case of a determination under sub-paragraph (iii), by the Company and in all other cases by those purchasing members who have required a fair value to be fixed, in proportion to the number of shares allocated to each such purchasing member.

- (viii) Any sale of shares effected (where there is a Sale Price) under paragraph (iii) where the Board allocated the Shares for Sale at the Sale Price or pursuant to this Article to a purchasing member who has stated that he is prepared to accept the Sale Price shall be at the Sale Price and subject thereto any sale of shares effected pursuant to this Article under paragraph (iii) or to a purchasing member who has required a fair value to be fixed pursuant to paragraph (vii) of this Article shall be at the fair value so fixed save that the Vendor may, within 14 days of the issue of the certificate by the Valuer, indicate in writing that he is not prepared to sell at the fair value in which case the Transfer Notice shall be deemed to be withdrawn.
- (ix) Within seven days of the certificate of the Auditors being received by the Company, the Company shall send a copy thereof to the Vendor and to the person in whose favour a determination has been made under paragraph (iii) (unless the Board allocated the Shares for Sale at the Sale Price) or, as the case may be, to all purchasing members.
- (x) The Vendor shall be bound, upon payment of the Sale Price or (subject to paragraph (viii)) the fair value (as the case may be), to transfer the Shares for Sale which have been allocated pursuant to this Article to the persons nominated by the Board pursuant to paragraph (iii) or to the purchasing members (as the case may be). If, after becoming so bound, the Vendor makes default in transferring any of the Shares for Sale, the Company may receive the purchase money and the Vendor shall be deemed to have appointed any one director or the secretary of the Company as his agent to execute a transfer of Shares for Sale to the purchaser and upon execution of such transfer, the Company shall hold the purchase money in trust for the Vendor. The receipt of the Company for the purchase money shall be a good discharge to each purchaser and, after his name has been entered in the register of members of the Company, the validity of the proceedings shall not be questioned by any person.
- (xi) If all or any of the Shares for Sale are not accepted by purchasers in accordance with this Article, (and the Transfer Notice has not been

withdrawn under paragraph (viii)) the Vendor may within six months of the date on which he receives notification of the details of the acceptances and applications by purchasing members under this Article or, when any such purchasing member has required a fair value to be fixed, within six months after the receipt by the Vendor of a copy of the certificate of the Valuer under paragraph (ix) of this Article, transfer all of the Shares for Sale which have not been accepted, to any person or persons approved by the directors (such approval not to be unreasonably withheld) on a bona fide sale at a price per share not less than whichever is the higher of the Sale Price or the fair value (after deduction, where appropriate, of any dividend or other distribution to be retained by the Vendor).

- (4) Preference Shares, 'C' Ordinary Shares, and 'B' Ordinary Shares shall be freely transferable.
- (5) The provisions of this Article shall apply mutatis mutandis to the sale or other disposal of any shares allotted to a member by means of a renounceable letter of allotment or other renounceable document of title. No member shall transfer or agree to transfer the legal or beneficial ownership of any share registered in his name or allotted to him except by means of a transfer and subject to the provisions of this Article.
- (6) The directors shall not recognise a renunciation of the allotment of any share by the allottee in favour of some other person; and in all cases a Transfer Notice shall be deemed to have been given the day before the date of such renunciation.
- (7) Any member of the Company who (being an individual) shall have made in respect of him a petition for a bankruptcy order or an application for a Voluntary Arrangement (as that expression is defined in Section 1(1) of the Insolvency Act 1986) or (being a body corporate) shall have any action, application or proceeding taken in respect of it for a Voluntary Arrangement or composition or reconstruction of its debts, the presentation of an administration petition, its winding up or dissolution or the appointment of a receiver, liquidator, trustee or administrative receiver or similar officer, shall be deemed to have given a Transfer Notice at the fair value (and without the right of withdrawal contained in Article 13(3)(viii)) in respect of all of his or its shares in the

capital of the Company immediately before the happening of such event. Regulations 29-31 of Table A shall be construed accordingly.

- (8) (i) If any director or employee of the Company or any of its subsidiaries ceases for any reason whatsoever to be such a director or employee without remaining or becoming a director or employee of the Company or any other subsidiary (as the case may be) such director or employee or his personal representative (where such director or employee has died) shall be deemed to have given a Transfer Notice on the date of such cessation (and without the right of withdrawal contained in Article 13(3)(viii)) in respect of all the shares then registered in his or their names at the fair value determined pursuant to Article 13(3)(vii).

- (ii) If at any time any person (whether or not a member) ceases for any reason whatsoever to be a director or employee of the Company or any of its subsidiaries and at any time thereafter he or his personal representative (in the case of death) becomes the holder of any shares in the Company in pursuance of any rights or interests obtained by him whilst he was such director or employee, he or his personal representative (as appropriate) shall thereupon be deemed to have given a Transfer Notice (and without the right of withdrawal contained in Article 13(3)(viii)) in respect of all such shares at the fair value determined pursuant to Article 13(3)(vii).

- (9) A person becoming entitled to a share in consequence of the death or bankruptcy of a member who is also a director or employee of the Company or any of its subsidiaries may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. In either case, he shall give notice to the Company to that effect (accompanied, if appropriate by an instrument of transfer in favour of the nominated transferee) and the directors shall, subject to Article 14, register such person or his nominated transferee (as appropriate) as the holder of the share concerned. Regulations 29 to 31 (inclusive) of Table A shall take effect accordingly.

- (10) For the purpose of ensuring that a transfer of shares is duly authorised hereunder or that no circumstances have arisen whereby a Transfer Notice is required to be given

hereunder the directors may and shall at the written request of the holders from time to time of 75% in nominal value of the issued Preference Shares and at the Company's expense request any member or past member or the personal representative or trustee in bankruptcy, administrative receiver or liquidator or administrator of any member or any person named as transferee in any instrument of transfer lodged for registration to furnish to the Company such information and evidence as the Board may reasonably think fit regarding any matter which they may deem relevant to such purpose. Failing such information or evidence being furnished to the reasonable satisfaction of the Board within 14 days after such request, the Board shall be entitled to refuse to register the transfer in question or if such information or evidence discloses that a Transfer Notice ought to have been given in respect of any shares the holders of 75% in nominal value of the 'B' Ordinary Shares and the 'C' Ordinary Shares (treated for this purpose as one class) may by notice in writing require that a Transfer Notice be given forthwith in respect of the shares concerned.

- (11) If, in any case where under the provisions of these Articles:
- (a) the holders of 75% in nominal value of the 'B' Ordinary Shares and the 'C' Ordinary Shares (treated for this purpose as one class) may require a Transfer Notice to be given in respect of any shares; or
 - (b) a person has become bound to give a Transfer Notice in respect of any shares;

and such a Transfer Notice is not duly given within a period of two weeks of demand being made or within the period allowed thereafter respectively a Transfer Notice shall be deemed to have been given at the expiration of the said period. In any such case as aforesaid the provisions of this Article shall take effect.

- (12) No share shall be issued or transferred to any bankrupt or person of unsound mind.
- (13) No share or any interest therein may be transferred to any person except MAM or ECI who will after the transfer have control or who will increase control (as defined in The City Code on Take-overs and Mergers) of the Company except in a case where the transferee (hereinafter called "the Offeror") makes or procures to be made a written offer ("the Offer") to purchase all the remaining 'B' Ordinary Shares and 'C' Ordinary Shares (if any) on the following terms: -

- (a) save as provided in paragraph (b) below, the Offer must be conditional only upon the Offeror having received acceptances in respect of the Ordinary Shares which, together with the Ordinary Shares held by the Offeror, will result in the Offeror holding more than 50% of the Ordinary Shares;
- (b) the Offer may, if appropriate, be conditional upon notification being received from the Office of Fair Trading that the Secretary of State for Trade and Industry does not intend to refer the proposed acquisition by the Offeror to the Monopolies and Merger Commission;
- (c) the Offer must be open for acceptances for a period of not less than 21 days and not more than 60 days;
- (d) at the same time the Offer is made, the Offeror must offer in cash at least £1 per share for all the Preference Shares together with all arrears and accruals of dividend; and
- (e) the Offer must be in cash and must, in respect of each class of Ordinary Shares, be at not less than the price certified by the Auditors as being, in their opinion, the fair value for each share of such class. In certifying such sum the Auditors shall have regard to such criteria as they shall regard as appropriate for the purpose (including any price offered by the Offeror to any Shareholder in respect of Ordinary Shares plus any other consideration (in cash or otherwise) offered to such holder which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price payable for such Shares). In so certifying the Auditors shall be considered as acting as experts and not as arbitrators and, accordingly, the Arbitration Acts 1950 and 1979 or any statutory re-enactment or modification thereof for the time being in force shall not apply. The cost of obtaining such Auditor's certificate shall be borne by the Offeror. If the Offer becomes unconditional in all respects shares may be transferred to the Offeror without exhausting the rights of pre-emption set out in Article 13.

For the purposes of this Article 13(13) the Offeror shall be deemed to include persons acting in concert with it (as that expression is defined in The City Code on Take-overs and Mergers) save that none of the 'C' Ordinary Shareholders, the 'B' Ordinary Shareholders, the 'A' Ordinary Shareholders and the Preference Shareholders shall be deemed to be acting in concert with one another.

- (14) Any notice or invitation required to be given under these Articles by the Company to a member or by a member to the Company or otherwise shall be given or served either personally or by sending it by first class post to the registered office of the Company or to the residential address of the member given in the Register of Members of the Company (as the case may be) or, (if he has no such address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the Company for the giving of notice to him. When a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and to have been effected at the time at which the letter would be delivered in the ordinary course of post. Unless this Article stipulates otherwise every invitation for shares shall state a time being not less than 14 days within which the application for shares must be made.
14. The directors may also refuse to register a transfer unless:-
- (1) it is lodged duly stamped at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
 - (2) it is in respect of only one class of share; and
 - (3) it is in favour of not more than four transferees.
15. If the directors refuse to register a transfer of a share, they shall within fourteen days after the date on which the transfer was lodged with the Company send to the transferor notice of the refusal.
16. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

EXCLUSION OF PRE-EMPTION RIGHTS

17. This Article applies to the 'A' Ordinary Shares.

- (1) Except in the cases set out in paragraph (2) no 'A' Ordinary Shares shall be transferred and no interest in any 'A' Ordinary Shares shall be transferred or (except by the Company) created unless and until the rights of pre-emption conferred by Article 13 have been exhausted.
- (2) Pursuant to the following which are the exceptions to paragraph (1) no 'A' Ordinary Shareholder may transfer either by one or a series of transaction more than 20% of his holding of or interest in 'A' Ordinary Shares as determined at the date of adoption of these Articles:-
 - (i) any transfer pursuant to Article 13(3)(iii);
 - (ii) any transfer to the spouse or child of an 'A' Ordinary Shareholder or to the trustees of any trust the sole beneficiaries of which are one or more of that 'A' Ordinary Shareholder, such spouse or child

PROVIDED THAT if and whenever any such persons cease to be the sole beneficiaries of such trust the trustee or trustees shall forthwith give a Transfer Notice pursuant to Article 13 in respect of the 'A' Ordinary Shares in question and, if they fail to give a Transfer Notice within 14 days of such cessation, they shall be deemed to have given a Transfer Notice at the end of such period of 14 days;

- (iii) in the case of a trustee of a trust any transfer to the beneficiaries or to another trustee of that trust only subject to the same proviso as is stated in sub-paragraph (ii);
- (iv) any transfer of 'A' Ordinary Shares made pursuant to Article 13(13).

ALTERATION OF SHARE CAPITAL

18. The provisions of regulations 32, 33, 34 and 36 of Table A shall take effect subject to the provisions of Article 6.

GENERAL MEETINGS

19. 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 Auditors.

20. A poll may be demanded by any member present in person or by proxy or (being a corporation) by its duly authorised representative. Regulation 46 in Table A shall be construed accordingly.

VOTES OF MEMBERS

21. The instrument appointing a proxy shall be in writing in any usual or common form and shall (except in the case of an appointment by telex or a facsimile copy of an appointment otherwise complying with the requirements of this Article) be executed by the appointor or his attorney duly authorised in writing or in such other form as the directors may approve. A proxy need not be a member of the Company.
22. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is executed, or a notarially certified copy of such power or authority, shall be deposited or received at the registered office (or at such other place in the United Kingdom as is specified for that purpose in any instrument of proxy sent by the Company in relation to the meeting) not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or handed to the chairman of the meeting or adjourned meeting, and, in default, the instrument of proxy shall be invalid.
23. Subject to the provisions of the Act, a resolution in writing signed by all the members of the Company who would be entitled to receive notice of and to attend and vote at a general meeting, or by their duly appointed proxies or attorneys, shall be as valid and effectual as if it had been passed at a general meeting of the Company duly convened and held. Any such resolution may be contained in one document or in several documents in the same terms each signed by one or more of the members or their proxies or attorneys, and signature in the case of a body corporate which is a member shall be sufficient if made by a director or the secretary thereof or by its duly authorised representative.

DIRECTORS

24. (1) Unless and until otherwise determined by special resolution of the Company the number of directors shall not be less than two nor more than 8. Regulation 64 in Table A shall not apply to the Company.
- (2) A director shall not require a share qualification but shall be entitled to attend and speak at any general meeting of the Company and at any separate meeting of the holders of any class of shares in the capital of the Company.

SPECIAL DIRECTORS

25. (1) The holders of 51% in nominal value of the issued 'B' Ordinary Shares shall be entitled by notice in writing addressed to the Company from time to time to appoint as directors of the Company any two people ("the MAM Special Directors") and may remove from office any person so appointed and to appoint another person in his place by such written notice and the holders of 51% in nominal value of the issued 'C' Ordinary Shares shall be entitled by notice in writing addressed to the Company from time to time to appoint as a director of the Company any person ("the ECI Special Director") and may remove from office any person so appointed and to appoint another person in his place by such written notice.
- (2) Any MAM Special Director or the ECI Special Director appointed pursuant to paragraph (1) above, shall be entitled to all notices and voting rights and in all other respects be treated as the other directors of the Company, save that the remuneration of the MAM Special Directors and the ECI Special Director shall be at such a fee as is agreed pursuant to the Investment Agreement.
- (3) On any resolution pursuant to section 303 of the Act or Article 29 hereof for the removal of a MAM Special Director the 'B' Shareholders present at such meeting shall together have twice as many votes as all other Shareholders voting on such resolution.
- (4) On any resolution pursuant to section 303 of the Act or Article 29 hereof for the removal of the ECI Special Director the 'C' Shareholders present at such meeting shall together have twice as many votes as all other Shareholders voting on such resolution.

BORROWING POWERS

26. (1) Subject as hereinafter provided the directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.
- (2) The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its Subsidiaries and subsidiary undertakings (if any) so as to secure (as regards subsidiaries and subsidiary undertakings so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Company and its subsidiaries and subsidiary undertakings for the time being shall not at any time without the written consent of the holders of 75% of the 'B' Ordinary Shares and the 'C' Ordinary Shares (treated for this purpose as one class) exceed £8,000,000.
- (3) For the purpose of these Articles (but without prejudice to the generality of the expression "moneys borrowed"):
- (a) the amount outstanding in respect of acceptances by the Company or any of its subsidiaries or by any bank or accepting house under any acceptance credit opened on behalf of the Company or any subsidiaries or subsidiary undertakings (not being acceptances in relation to the purchase of goods or services in the normal course of business) shall be taken into account as money borrowed;
 - (b) moneys borrowed for the purpose of repaying the whole or any part of the moneys previously borrowed and then outstanding (including any premium payable on final repayment) and applied for that purpose within three months of such borrowing shall not, pending such application, be taken into account as moneys borrowed;
 - (c) the following shall be deemed to be money borrowed:

- (i) the principal amount for the time being owing in respect of any debenture within the meaning of part XXVI of the Act whether issued for cash or otherwise;
- (ii) the nominal amount of any share capital and the principal amount of any borrowings (excluding Preference Shares) or other indebtedness the redemption or repayment of which is guaranteed or secured or is the subject of an indemnity given by the Company or any of its subsidiaries or subsidiary undertakings and the beneficial interest in which is not owned by the Company or any of its subsidiaries or subsidiary undertakings;
- (iii) any amount raised by bills of exchange;
- (iv) the principal amount for the time being owing in respect of any arrangements for hire, hire-purchase or purchase on credit sale or conditional sale terms and including sums due under finance leases;
- (v) the aggregate amount of any book debts sold by the Company or any of its subsidiaries or subsidiary undertakings in respect of which the purchase price is outstanding;
- (vi) the aggregate amount for the time being of any unpaid and overdue taxation in respect of which the Company or any of its subsidiaries or subsidiary undertakings is or may be required to pay interest;
- (vii) the amount of any borrowings subordinated in the event of the liquidation of the Company to the unsecured creditors of the Company;
- (viii) factoring or like agreements or trade finance or other arrangements entered into primarily as a method of raising finance but not shown as borrowings on the balance sheet of the company receiving credit and liabilities incurred primarily in connection with the raising of finance but which are off-balance-sheet by reason of being contingent, conditional, limited recourse or netted-out against an asset or otherwise;

- (d) moneys borrowed shall not include any borrowings between the Company and any wholly owned subsidiary or between any wholly owned subsidiary and another;
 - (e) moneys borrowed and outstanding in a currency other than sterling shall be converted into sterling at the market rate of exchange prevailing for the relevant currency in London on the date on which the borrowing limit falls to be applied;
 - (f) where moneys borrowed by a member of the Group are guaranteed by another member of the Group only the principal indebtedness shall be included.
- (4) A certificate by the Auditors as to the aggregate amount of moneys borrowed which may at any one time in accordance with this Article be owing by the Company and its subsidiaries and subsidiary undertakings shall in the absence of manifest error be conclusive and shall be binding upon the Company, its members and all persons dealing with the Company.
- (5) No liability or security given in respect of moneys borrowed in excess of the limit imposed by paragraph (2) of this Article shall be invalid or ineffectual except in the case of express notice at the time when the liability was incurred or security given that the limit thereby imposed had been or was thereby exceeded.

QUALIFICATION OF DIRECTORS

27. In addition to the provisions of Regulation 81, the office of a director shall also be vacated if:-
- (a) he becomes of unsound mind;
 - (b) he is removed under Article 25, being a MAM Special Director or an ECI Special Director.
28. Any person may be appointed or elected as a director, whatever his age, and no director shall be required to vacate his office by reason of his attaining or having attained the age of seventy years or any other age.

REMOVAL OF DIRECTORS

29. In addition and without prejudice to the provisions of Section 303 of the Act but subject to Articles 25(3) and (4), the Company may by extraordinary resolution remove any director

before the expiration of his period of office and may by ordinary resolution appoint another director in his stead. A person appointed in the place of a director so removed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

ALTERNATE DIRECTORS

30. A director may at any time appoint any other person (whether a director or member of the Company or not) to act as alternate director at any meeting of the directors at which the director is not present, and may at any time revoke such appointment. An alternate director so appointed shall not be entitled as such to receive any remuneration from the Company but shall otherwise be subject to the provisions of Table A and of these Articles with regard to directors. An alternate director shall be entitled to receive notice of all meetings of the directors and to attend and vote as a director at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions, rights, powers and duties of the director by whom he was appointed. An alternate director shall ipso facto cease to be an alternate director if his appointor ceases for any reason to be a director. Where a director who has been appointed to be an alternate director is present at a meeting of the directors in the absence of his appointor such alternate director shall have one vote in addition to his vote as director. Every appointment and revocation of an alternate director shall be made by instrument in writing under the hand of the director making or revoking such appointment and such instrument shall only take effect on the service thereof at the registered office of the Company.

DIVIDENDS

31. Regulations 102 to 105 (inclusive) of Table A shall be subject to Article 5.

REMUNERATION OF DIRECTORS

32. The directors shall be entitled to the remuneration which the duly appointed remuneration committee of the Board (which always has the Special Directors as members) shall from time to time approve. Any director who serves on any committee, or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of such committee are in addition to or outside the scope of the ordinary duties of a director (which

services shall include, without limitation, visiting or residing abroad in connection with the Company's affairs), may be paid such extra remuneration by way of salary, percentage of profits or otherwise as such committee shall approve.

DIRECTORS' AND EMPLOYEES' GRATUITIES AND PENSIONS

33. Subject to the Investment Agreement and to the Investors' reasonable consent (it being unreasonable not to consent to the implementation of an employee share scheme which dilutes the 'A' Ordinary Shareholders, 'B' Ordinary Shareholders and 'C' Ordinary Shareholders pro rata by less than 5%) the directors may: -

- (a) establish and maintain, or procure the establishment and maintenance of any share option or share incentive or profit sharing schemes or trusts or any non-contributory or contributory pension or superannuation schemes or funds for the benefit of, and may make or give or procure the making or giving of loans, donations, gratuities, pensions, allowances or emoluments (whether in money or money's-worth) to, or to trustees on behalf of, any persons who are or were at any time in the employment of the Company, or of any company which is a subsidiary of the Company, or is allied to or associated with the Company or with any such subsidiary, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and to the wives, husbands, widows, widowers, families and dependents of any such person;
- (b) establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of, or to advance the interests and well-being of the Company, or of any such other company as aforesaid or of any such persons as aforesaid;
- (c) make payments for or towards policies of assurance on the lives of any such persons and policies of insurance of or in respect of any such persons (including insurance against their negligence) as aforesaid;
- (d) pay, subscribe or guarantee money to or for any charitable or benevolent objects, or for any exhibition, or for any political, public, general, or useful object; and
- (e) do any of the above things either alone or in conjunction with any such other company as aforesaid.

Subject always if the Act shall so require to particulars with respect to the proposed

payment being disclosed to the members of the Company and to the payment being approved by the Company in general meeting, any director shall be entitled to participate in and retain for his own benefit any such loan, donation, gratuity, pension, allowance or emolument.

PROCEEDINGS OF DIRECTORS

34. In Regulation 88 in Table A there shall be substituted for the third sentence the following sentences namely: "All directors shall be given notice of every meeting of the directors. Any director or alternate director may by notice to the Company waive his right to receive notice of the meeting and the presence of any director or alternate director at the commencement of a meeting shall constitute such waiver by him".
35. (1) The quorum for meetings of the directors shall be three one of whom must be one of the MAM Special Directors (if appointed) or his alternate and two other directors one of whom shall not for the purposes of quorum only be the other MAM Special Director or his alternate.
- (2) For the purpose of determining whether a quorum exists for the transaction of the business of the board of directors:-
- (a) in the case of a resolution agreed by directors in telephonic communication with one another, all such directors shall be counted in the quorum and any resolution so agreed shall (provided that one of the directors is one of the MAM Special Directors (if appointed) and two other directors one of whom is not a MAM Special Director) be as valid and effective as if passed at a meeting of the board of directors duly convened and held;
 - (b) in the case of a meeting of the board of directors, in addition to the directors present at the meeting, any director in telephonic communication with such meeting shall be counted in the quorum and entitled to vote; and
 - (c) any person attending a meeting of the board, or in telephonic communication with such a meeting, who is both a director and is acting as an alternate director for two or more of the Directors shall, for the purposes of the quorum, be counted as one for each such person for whom he is acting as an alternate director and, if

applicable, also be counted as a director, but not less than three individuals shall constitute a quorum.

36. A resolution in writing of all the directors or all the members of a committee of directors shall be as effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held either:

- (a) if it consists of an instrument executed by or on behalf of each such director or committee member; or
- (b) if it consists of several instruments in the like form each either:
 - (i) executed by or on behalf of one or more of such directors or committee members; or
 - (ii) sent by or on behalf of one or more of such directors or committee members by telex or facsimile transmission and deposited or received at the office or received by the secretary, and any such instrument executed or sent by or on behalf of an alternate director shall be deemed to have been duly executed or sent (as the case may be) by or on behalf of his appointor.

37. Subject to any requisite declaration of interest in accordance with the provisions of the Act and (if applicable) Regulation 85 in Table A having been made by him, a director may vote as a director in regard to any transaction or arrangement in which he is interested, or upon any matter arising therefrom and Regulations 94 and 95 in Table A shall be construed subject to this provision.

38. In Regulation 97 in Table A: -

- (a) there shall be inserted after the words "the appointment" the following words, namely: "or the terms of appointment"; and
- (b) the following words shall be deleted, namely: "and be counted in the quorum" and there shall be inserted after the words "his own appointment" the following words, namely: "and shall be counted in the quorum in respect of each resolution including that concerning his own appointment".

MINUTES

39. The directors shall cause minutes to be made in books kept for the purpose:-
- (a) of all appointments of officers and alternate directors made by the directors; and
 - (b) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company of the directors, and of committees of directors, including the names of the persons present at each such meeting.

THE SEAL

40. The Company is authorised pursuant to Section 39 of the Act for so long as its objects require or comprise the transaction of business in foreign countries to have an official seal for use in any territory, district, or place elsewhere than in the United Kingdom.

INDEMNITY

41. (1) Every director or other officer of the Company shall be entitled to 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 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 insofar as its provisions are not avoided by Section 310 of the Act.
- (2) Without prejudice to the provisions of paragraph (1) the directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company or any of the predecessors of the Company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which employees of the Company or of

any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund.