

No. of Company 2785067

The Companies Act 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

of

BENJAMIN PRIEST GROUP LIMITED

Passed on 9th October, 1995

AT an EXTRAORDINARY GENERAL MEETING of the above-named company (the "Company") duly convened and held at the offices of Benjamin Priest Group Limited at Priest House, Priest Street, Cradley Heath, Warley, West Midlands, B64 6JW on 9th October, 1995 the following resolution was duly passed as a Special Resolution:

SPECIAL RESOLUTION

THAT:

- (A) the Directors of the Company be and are authorised for all purposes and at their sole discretion to accept, approve, agree to register and subsequently register or procure to be registered any transfer of shares demonstrated to their reasonable satisfaction to have been agreed to be entered into or to have been effected in each case in contemplation either of the making of the Offers (within the meaning ascribed thereto in paragraph (B) below) or of their becoming or being declared unconditional in all respects (whether before or after the date of passing of this Resolution) notwithstanding that such transfer may not comply in all respects with the Articles of Association of the Company for the time being or a subscription agreement dated 6th May, 1993 to which the Company was a party, and that any prior such acceptance, approval, agreement or registration be and is ratified; and
- (B) subject to and conditionally upon the Offers (as defined in the offer document ("Offer Document") issued by Close Brothers Limited dated 14th September, 1995 and addressed to existing Benjamin Priest shareholders, a copy of which is now produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification) becoming or being declared unconditional in all respects, or unconditional save only for the passing of this Resolution:



- 1) the Articles of Association of the Company be and are amended by the deletion of the existing Articles 11.1, 13 and 14 thereof, and the substitution instead of the following:

"Transfer of Shares"

11.1 Save as permitted by articles 12 and 13 below no person shall transfer any share in the capital of the Company or any right or interest (legal or beneficial) therein without the prior written approval of the Directors and the Directors may in their absolute discretion and without assigning any reason therefor refuse to give such approval for or to register any transfer which is not permitted by Article 13,

13

13.1 In this Article the expression "the Offers" shall have the meaning ascribed thereto in the Special Resolution by which this Article was adopted as part of the Articles of Association of the Company.

13.2 13.2.1 The restrictions on transfer contained in these Articles shall not apply to and, subject only to stamping (if appropriate), the Directors shall register any transfer made pursuant either to the Offers or to the application of any of the provisions of Part XIII of the Act as a consequence of the Offers.

13.2.2 The lien contained in regulation 8 of Table A (as modified by Article 8) shall not attach to any share in the capital of the Company which is transferred where such a transfer is permitted by Article 13.2.1 above.

14 [There is no Article 14]"

and by the insertion of the following as Article 36A:

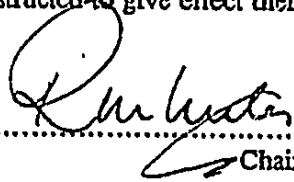
"Dividends"

36A.1 Notwithstanding any other provision of these Articles, the Company may by special resolution declare dividends by reference to a record date in the future and/or in favour of persons who held shares on a date prior to such record date, and the Directors shall give effect thereto and are in addition authorised to give effect to and to pay the dividend so declared by the Company by virtue of the Resolution whereby this Article was adopted as part of the Articles of Association of the Company and on the terms therein set out.";

- 2) each of the "A" Ordinary Shares and "B" Ordinary Shares in the Company be and is converted into and redesignated as an Ordinary Share of £1 credited as fully paid up and ranking *pari passu* in all respects;

- 3) the share capital of the Company be and is increased by the creation of 3,888,888 new Ordinary Shares of £1 each in the capital of the Company ranking *pari passu* in all respect with the existing Ordinary Shares in the Company;
- 4) the Directors of the Company be and are authorised pursuant to section 80 of the Companies Act 1985 to allot the new Ordinary Shares created under paragraph 3 above to The Alumasc Group plc, such authority to expire on 8th October, 2000, and the provisions of section 89(1) of the Companies Act 1985 and of Article 4.3 of the Articles of Association of the Company shall not apply to such allotment; and
- 5) a dividend of 70p per share be and is declared to the holders of the "A", "B" and "C" Ordinary Shares of £1 each in issue immediately after the implementation of the Reorganisation (as defined in the Offer Document), but for this purpose alone:
 - (a) ignoring the redesignation of shares referred to in paragraph 2) above;
 - (b) excluding new shares referred to in paragraphs 3) and 4) above; and
 - (c) as if the holder of "A" and "B" Ordinary Shares of £1 each were those registered as such on 1st September, 1995;

which dividend shall be payable on 31st October, 1995, and that the Directors of the Company be and are authorised and instructed to give effect thereto.


.....
Chairman

No. 2785067

The Companies Act 1985

COMPANY LIMITED BY SHARES

NEW
ARTICLES OF ASSOCIATION

-of-

BENJAMIN PRIEST GROUP LIMITED

Adopted by Special Resolution passed on 6th May, 1993
Amended by Special Resolutions passed on 4th May, 1995 and 9th October, 1995

Incorporated on 29th January, 1993



Wragge & Co



The Companies Act 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

-of-

BENJAMIN PRIEST GROUP LIMITED

Adopted by Special Resolution passed on 6th May, 1993
Amended by Special Resolutions passed on 4th May, 1995 and 9th October, 1995

PRELIMINARY

1. The Articles hereinafter contained and, subject as hereinafter provided, the regulations (hereinafter referred to as "Table A") contained in Table A of The Companies (Tables A to F) Regulations 1985 as amended by The Companies (Tables A to F) (Amendment) Regulations 1985 shall constitute the regulations of the Company. In the case of any variation or inconsistency between these Articles and the regulations in Table A, the provisions of these Articles shall prevail.
2. Regulations 2, 24, 32, 40, 50, 54, 73 to 78 (inclusive), 80, 81, 88, 89, 94 to 97 (inclusive), 101, 111 and 115 of Table A shall not apply to the Company.
3.
 - 3.1 In regulation 1 of Table A the words "and in the articles adopting the same" shall be inserted after the words "In these regulations" and the words "or in the articles adopting the same" shall be inserted after the words "contained in these regulations".
 - 3.2 In these Articles the following words shall have the following meanings:-
 - (a) "the Act" shall mean the Companies Act 1985;
 - (b) "'A' Ordinary Shares" shall mean the "A" Ordinary Shares of £1 each in the capital of the Company;
 - (c) "'A' Preferred Ordinary Shares" shall mean the "A" Cumulative Redeemable Convertible Participating Preferred Ordinary Shares of £1 each in the capital of the Company;

- (d) "'A" Redeemable Preference Shares" shall mean the "A" Cumulative Redeemable Preference Shares of 50p each in the capital of the Company;
- (e) "Audited Accounts" shall mean in relation to any financial year of the Company the audited consolidated accounts (prepared under the historical cost convention) of the Company and its subsidiaries and subsidiary undertakings for the time being in the form required by law to be laid before members of the Company in respect of that financial year;
- (f) "the Auditors" shall mean the auditors of the Company from time to time;
- (g) "'B" Ordinary Shares" shall mean the "B" Ordinary Shares of £1 each in the capital of the Company;
- (h) "'B" Preferred Ordinary Shares" shall mean the "B" Cumulative Redeemable Convertible Participating Preferred Ordinary Shares of £1 each in the capital of the Company;
- (i) "'B" Redeemable Preference Shares" shall mean the "B" Cumulative Redeemable Preference Shares of 50p each in the capital of the Company;
- (j) "business day" shall mean a day on which banks in London are open for a full range of banking transactions;
- (k) "Connected Company" shall mean in relation to any body corporate any subsidiary or holding company of and any subsidiary of the holding company of that body corporate;
- (l) "'C" Ordinary Shares" shall mean the "C" Ordinary Shares of £1 each in the capital of the Company;
- (m) "Deferred Shares" shall mean Deferred Ordinary Shares of £1 each in the capital of the Company;
- (m1) "the Employee Trust" shall mean the employee share trust to be established by the Company by a Trust Deed made between the Company (1) and Benjamin Priest Employee Trust Company Limited (2) and to be entitled "The Benjamin Priest Employee Share Trust";
- (m2) "the Employee Trustees" shall mean the trustees for the time being of the Employee Trust acting as such;

- (n) "equity share capital" shall mean the Preferred Ordinary Shares and the Ordinary Shares in the capital of the Company for the time being in issue;
- (o) "financial year" shall mean the financial year as defined in Section 223 of the Act;
- (p) "the Fixed Preference Dividend" shall mean the dividend referred to in Article 5.1.1;
- (q) "IMS" shall mean International Marine Systems PLC;
- (r) "Independent Accountant" shall mean an independent accountant agreed upon by the parties in dispute or in default of agreement nominated on the application of either party by the President for the time being of the Institute of Chartered Accountants in England and Wales such accountant to act as an expert and not as an arbitrator;
- (s) "the Loan Stock Instrument" shall mean the loan stock instrument dated 6th May 1993 and issued by the Company;
- (s1) "Management Accounts" shall mean unaudited management accounts of the Company and/or its subsidiaries whether they relate to all their respective businesses or any of them;
- (t) "Net Capitalisation" shall mean:
 - (i) in the case of a Sale such sum as represents the total aggregate consideration in money or money's worth receivable in respect of the whole or substantially the whole (being 90% or more) of the equity share capital; and
 - (ii) in the case of a Listing such sum as is equal to the issue price per share at which ordinary shares in issue from time to time in the capital of the Company are to be sold or offered in connection with the Listing or in the case of an offer for sale, being the underwritten price or, in the case of a placing, the price at which shares are to be sold under such placing or in any other case, by reference to the best possible estimate the sponsoring broker(s) can make of the bona fide price at which dealings shall start, multiplied in any such case by the number of such ordinary shares in issue immediately after such Listing (including, for the avoidance of doubt, any Ordinary Shares resulting from a conversion pursuant to the provisions of Article 5.5 but disregarding any shares allotted and issued as part of the Listing) as conclusively certified by the sponsor

in each case

- (A) after deducting the amount payable in redemption of all of the Redeemable Preference Shares (and payment of all arrears, deficiencies and accruals, of the Fixed Preference Dividend) which have at the date of the Relevant Event not been redeemed in accordance with the provisions of Article 5.3.1;
 - (B) after deducting the amount payable on payment or satisfaction in full of all monies due and owing under the Loan Stock Instrument in accordance with the terms of such Instrument; and
 - (C) after the discharge in full in accordance with their terms of all liabilities of the Company under the medium term loan letter dated 6th May 1993 under the terms of which Lloyds Bank PLC lent £8,000,000 to the Company and any leasing commitments of the Company of up to £1,250,000 outstanding to Lloyds Bowmaker PLC or any other loan(s) or leasing commitments from time to time replacing the same
- (u) "NWV" shall mean NatWest Ventures Investments Limited;
 - (v) "Options" shall mean the option to subscribe for, in aggregate, 2,850,000 Option Shares granted to each of J R Ainsworth, P J Horrell, R M Miles, M J Barber, M J Poole, M E Widdows in the form of an option for each such individual to subscribe for 475,000 Option Shares such options having been granted by the Company on 24th April 1993;
 - (w) "Option Dividend" shall mean the dividend referred to in Article 5.1.3;
 - (x) "Option Shares" shall mean 2,850,000 cumulative redeemable preference shares of £1 each to be allotted and issued pursuant to the terms of the Options;
 - (y) "Ordinary Deferred Shares" shall mean Deferred Ordinary Shares of 50p each;
 - (z) "Ordinary Shares" shall mean the "A" Ordinary Shares, the "B" Ordinary Shares and the "C" Ordinary Shares of £1 each in the capital of the Company;
 - (aa) "paid up" or "credited as paid up" shall mean in respect of any share the amount paid up or credited as paid up on that share including, for the avoidance of doubt, sums paid up or credited as paid up by way of premium;

- (bb) "the Participating Dividend" shall mean the dividend referred to in Article 5.1.2;
- (cc) "Preferred Ordinary Shares" shall mean the "A" Preferred Ordinary Shares and the "B" Preferred Ordinary Shares together with 100,000 unclassified Cumulative Redeemable Convertible Participating Preferred Ordinary Shares of £1 each in the capital of the Company which unclassified shares shall, pursuant to the provisions of Article 4.6 be allotted and issued as "A" Preferred Ordinary Shares or "B" Preferred Ordinary Shares;
- (dd) "Pre-tax Profit" shall mean in relation to any financial year of the Company the consolidated net profit on ordinary activities of the Company and its subsidiaries and subsidiary undertakings for the time being calculated on the historical cost accounting basis and as shown in the Audited Accounts for the relevant financial year or, if the Audited Accounts are not available, an unaudited consolidated profit and loss account reviewed by the Auditors (subject to such adjustment as may be necessary to ensure that the net profit is calculated to the nearest £1):-
- (i) after taking account of all normal trading expenses and interest paid or received;
 - (ii) before any provision is made for the payment of any dividend on any share in the capital of the Company or any of its subsidiaries or for any other distribution or for the transfer of any sum to reserves;
 - (iii) before there has been deducted the amount of any dividend declared and paid in respect of any share in the capital of the Company or any of its subsidiaries in the financial year in question;
 - (iv) before there has been deducted any corporation tax (or any other tax levied upon or measured by reference to profits or gains) on the profits earned and gains realised by the Company and/or any of its subsidiaries in the financial year in question;
 - (v) before there has been added or deducted the amount of extraordinary items which are shown in the said profit and loss account; and
 - (vi) before taking into account the writing off or amortisation of any goodwill or other intangible asset whatsoever;
- (ee) "Redeemable Preference Shares" shall mean the "A" Redeemable Preference Shares and the "B" Redeemable Preference Shares;

(ff) "Relevant Event" shall mean:-

- (i) a transaction under the terms of which the whole or substantially the whole (being 90% or more) of the issued equity share capital of the Company is to be acquired by a third party for cash and/or in exchange for the issue of shares of one or more classes or other securities by such third party ("a Sale"); or
- (ii) the effective admission of the share capital of the Company (or some part thereof) to the official list of The Stock Exchange or to any other recognised stock exchange or the unconditional grant of permission to deal in such share capital (or some part thereof) in the Unlisted Securities Market of The Stock Exchange ("a Listing");

(gg) "the Relevant Period" shall mean any financial year of the Company ending on or prior to 31st December 1995 and the two financial years of the Company commencing on 1st January 1996 and ending on 31st December 1997;

(hh) "3i" shall mean 3i Group plc;

(ii) "the Subscription Agreement" means an agreement dated 6th May 1993 and made between the Company (1) J R Ainsworth and Others (2) M E Widdows and Others (3) NWV (4) 3i (5) and IMS (6);

(jj) "subsidiary" and "holding company" shall mean the subsidiary and/or the holding company as respectively defined in Section 736 of the Act;

(kk) "the Tate Conversion Event" the election by IMS to satisfy a claim by the Company under the Tate Agreement other than in cash or the failure by IMS to make any election as to how it will satisfy a claim within the period of 3 Business Days referred to in clause 9.5 of the Tate Agreement save in the event that a dispute arises as referred to in clause 9.9 of the Tate Agreement in which case it shall be the day on which IMS and the Company reach written agreement or on which a judgment is given in each case referred to in clause 9.9 of the Tate Agreement;

(ll) "the Tate Agreement" shall mean an agreement dated 6th May 1993 and made between IMS (1) and the Company (2).

3.3 In these Articles, where the context so permits, words importing the singular number only shall include the plural number and vice versa, words importing the masculine gender only shall include the feminine gender and words importing persons shall include corporations.

SHARE CAPITAL

4. 4.1 The share capital of the Company at the time of the adoption of these Articles is £6,066,666 divided into 3,228,572 "A" Redeemable Preference Shares of 50p each, 538,094 "B" Redeemable Preference Shares of 50p each, 628,570 "A" Preferred Ordinary Shares of £1 each, 104,763 "B" Preferred Ordinary Shares of £1 each and 100,000 unclassified Preferred Ordinary Shares of £1 each, 2,850,000 Option Shares of £1 each, 396,500 "A" Ordinary Shares of £1 each and 103,500 "B" Ordinary Shares of £1 each.
- 4.2 Subject to the provisions of Articles 4.3, 6 and 7 and Section 80 of the Act, all the unissued shares for the time being in the capital of the Company shall be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons, at such times and on such terms and conditions as they think proper, provided that no shares shall be issued at a discount.
- 4.3 4.3.1 Subject to the provisions of Article 4.6 notwithstanding any other provision of these Articles the Directors shall be bound to offer to any member for the time being holding shares in the equity share capital of the Company such a proportion of any shares forming part of the equity share capital of the Company which the Directors determine to issue as the aggregate number of shares in the equity share capital of the Company for the time being held by such member bears to the total number of issued shares in the equity share capital of the Company immediately prior to the issue of the shares. The offer, which shall be in writing, shall invite each such member to apply in writing for such proportion of such shares as he wishes to take within such period as shall be specified (being a period expiring not less than 28 days from the date of despatch of the offer) within which period the offer, if not accepted, will be deemed to have been declined. Any shares issued to such member pursuant to such offer shall be issued upon such terms and conditions as to payment and otherwise as the Company shall determine.
- 4.3.2 Any shares not applied for in accordance with the provisions of Article 4.3.1 shall be offered to those members for the time being holding equity share capital who shall have applied for their full entitlement of shares and such additional offer shall be made in like manner as the offer referred to in Article 4.3.1 and shall invite such members to apply for such maximum number of the shares remaining to be issued as he wishes to take. At the expiration of the period specified in respect of such additional offer the shares so offered (or so many of them as shall have been applied for) shall be allotted on the same terms to and amongst the members who have applied for them, and if more than one member shall have so applied the shares shall be divided between them in proportion (so far as possible) to the number of issued shares held by each of them in the equity share capital

Provided that no member shall be obliged to take more than the maximum number of shares applied for by him as aforesaid.

4.3.3 The Directors may in accordance with the provisions of Article 4.2 dispose of any shares which remain unissued by reason of being rejected or deemed to be rejected under the provisions of Articles 4.3.1 or 4.3.2 provided always that such shares shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the members under the provisions of Articles 4.3.1 and 4.3.2.

4.4 Subject to the provisions of the Act and without prejudice to any right attaching to any existing shares any share may be issued with such rights or restrictions as the Company may by Ordinary Resolution determine.

4.5 The words "or by special resolution" shall be inserted after the words "as may be provided by the articles" in regulation 3 of Table A.

4.6 All unclassified Preferred Ordinary Shares acquired pursuant to the exercise of the warrants pursuant to the Loan Stock Instrument shall be designated to be "A" Preferred Ordinary Shares or "B" Preferred Ordinary Shares where such warrants are exercised by persons who at the date of adoption of these Articles subscribed for "A" Preferred Ordinary Shares and "B" Preferred Ordinary Shares respectively or by transferees of such subscribers and the allotment and issue of such shares pursuant to such warrants shall not be governed by the provisions of Article 4.3. Provided that for the purposes of this Article 4.6 any such exercise by National Westminster Bank PLC shall be treated as if it had been made by NWV.

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

5.1 As regards income:

5.1.1 The holders of the Redeemable Preference Shares from time to time in issue shall be entitled to receive out of the Company's profit available for distribution in priority to the payment of dividend to the holders of all or any other shares in the capital of the Company a fixed net cash cumulative dividend at the rate of:-

5.1.1.1 7% per annum of the amount paid up or credited as paid up thereon for each of the financial years of the Company ending on 31st December 1993 and 31st December 1994; and

5.1.1.2 10% per annum of the amount paid up or credited as paid up thereon for each of the financial years of the Company ending on or after 31st December 1995;

the same to be distributed amongst them according to the amounts paid up or credited as paid up thereon to accrue on a daily basis and to be payable half yearly in arrears on 30th June and on 31st December in every year the first such dividend to be payable on 31st December 1993 in respect of the period from the date of issue of the Redeemable Preference Shares to such date (both dates inclusive).

5.1.2 Subject as aforesaid the holders of the Preferred Ordinary Shares from time to time in issue shall be entitled to receive out of the Company's profits available for distribution a cumulative participating net cash dividend of such sum (if any) as shall be equal to:-

5.1.2.1 10% of the Pre-tax Profit for the financial year of the Company ending on 31st December 1994; and

5.1.2.2 15% of the Pre-tax Profit for the financial years of the Company ending on or after 31st December 1995; and

such participating dividend to be distributed amongst the holders of the Preferred Ordinary Shares according to the amounts paid up or credited as paid up thereon and to be paid within 14 days after the Annual General Meeting of the Company at which the Audited Accounts of the Company for such financial period are adopted provided always that in no case shall such participating dividend be paid later than 4 months after the end of the relevant financial year the first such dividend to be payable (if appropriate) in respect of the Pre-tax Profit for the financial year ending on 31st December 1994.

Provided always that for the purpose of calculating the Participating Dividend in respect of any period for which there are no Audited Accounts the Participating Dividend for such period shall be calculated by reference to management accounts for such period and Provided further that in the event that the holder or holders when taken together of one half in nominal value of the Preferred Ordinary Shares do not agree with the amount of the Participating Dividend following such calculation such holder or holders may refer the calculation of the Participating Dividend to an Independent Accountant whose decision thereon shall be certified in writing to the holder or holders of Preferred Ordinary Shares and the Company and be binding on them. The fees and expenses of the Independent Accountant shall be borne as he shall direct;

5.1.2.3 where the Company prepares its Audited Accounts for any of the years from 31st December 1994 onwards to a date other than 31st December or if any such accounts for a financial period ending 31st December are for a

period greater or less than twelve months the Participating Dividend shall be calculated by reference to such accounts as are available which include results for the relevant period with such adjustment as may be necessary to ensure that so far as is practicable the Participating Dividend is calculated in accordance with the Pre-tax Profit for the appropriate period. A certificate of the Auditors as to the amount of such Participating Dividend as is payable following an adjustment of such accounts of the Company shall in the absence of manifest error be final and binding on the Company and all of its members;

5.1.3 Subject as aforesaid the holders of the Option Shares from time to time in issue shall be entitled to receive out of the Company's profits available for distribution a fixed gross cash cumulative dividend at the rate per annum of 1% below the base lending rate from time to time of National Westminster Bank PLC the same to be distributed amongst them according to the amounts paid up or credited as paid up thereon to accrue on a daily basis and to be payable half yearly in arrears on 30th June and 31st December in every year the first such dividend to be payable in respect of the period from the date of allotment and issue of the Option Shares to the next following 30th June or 31st December whichever shall first occur (both dates inclusive).

5.1.4 Subject as aforesaid the profits which the Company may determine to distribute in respect of any financial year shall, subject to the provisions of this Article, be paid within 14 days after the Annual General Meeting of the Company at which the Audited Accounts of the Company for the financial year in question are laid Provided always that in no case shall such profits be distributed later than 4 months after the end of the relevant financial year, and the amount distributed shall to the extent that it is sufficient for the purpose be applied in the following order:-

5.1.4.1 first, in paying to the holders of the Redeemable Preference Shares any arrears deficiency or accruals of the Fixed Preference Dividend;

5.1.4.2 secondly, in paying to the holders of the Preferred Ordinary Shares any arrears, deficiency or accruals of the Participating Dividend (if any);

5.1.4.3 thirdly, in paying to the holders of the Option Shares any arrears, deficiency or accruals of the Option Dividend;

5.1.4.4 fourthly, in paying to the holders of the Preferred Ordinary Shares and the Ordinary Shares any residue so determined to be distributed such residue being apportioned rateably to and between the holders of the Preferred Ordinary Shares and the Ordinary Shares by reference to the amounts paid up or credited as paid up on such shares respectively held by them.

5.1.5 For the avoidance of doubt it is hereby expressly provided that:-

5.1.5.1 the Fixed Preference Dividend and the Participating Dividend shall be paid in the amounts or at the rates mentioned together with (and not inclusive of) any imputed tax credit at the rate from time to time prevailing; and

5.1.5.2 the Option Dividend shall be paid at the rate mentioned without (and inclusive of) any imputed tax credit at the rate from time to time prevailing; and

5.1.5.3 the Fixed Preference Dividend, the Participating Dividend and the Option Dividend shall be due and payable on the dates or at the time 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) become a debt due from and immediately payable by the Company to the holders of the Redeemable Preference Shares and/or the Preferred Ordinary Shares and/or the Option Shares entitled to such dividend(s) and subject only to there being profits out of which the same may lawfully be paid;

5.1.5.4 the Company shall procure that each of its subsidiaries which has profits available for distribution shall from time to time declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of the Fixed Preference Dividend the Participating Dividend and the Option Dividend; and

5.1.5.5 the holders of Deferred Shares and Ordinary Deferred Shares from time to time in issue shall not be entitled to participate in any dividends or distributions made

paid or declared by the Company or otherwise to participate in the Company's profits available for distribution.

- 5.1.6 If any payment to be made under this Article 5.1 remains unpaid for more than 28 days the Company shall pay to each of the members interest on the amount of any such payments respectively due to them from the due date for payment at the annual rate of 4% above the base lending rate for the time being of National Westminster Bank plc accruing on a daily basis until payment is made.

5.2 As regards capital:

On a winding-up or other return of capital the surplus assets of the Company shall be applied:-

- 5.2.1 first, and in priority to the rights of the holders of all other classes of shares, in repaying to the holders of the Redeemable Preference Shares the amount paid up or credited as paid up thereon together with a sum equal to any arrears deficiency or accruals of the Fixed Preference Dividend thereon whether earned declared or not to be calculated down to the date of such winding-up or return of capital and on the basis that the Fixed Preference Dividend accrues due and becomes payable on a daily basis;
- 5.2.2 secondly, in repaying to the holders of the Preferred Ordinary Shares the amount paid up or credited as paid up thereon together with a sum equal to any Participating Dividend declared thereon but not paid and to any arrears deficiency or accruals of the Participating Dividend whether earned or declared or not to be calculated down to the date of such winding-up or return of capital and on the basis that the Participating Dividend accrues due and becomes payable on a daily basis;
- 5.2.3 thirdly, in repaying to the holders of the Option Shares the amount paid up or credited as paid up thereon together with a sum equal to any arrears deficiency or accruals of the Option Dividend thereon whether earned declared or not to be calculated down to the date of such winding-up or return of capital and on the basis that the Option Dividend accrues due and becomes payable on a daily basis;
- 5.2.4 fourthly, in repaying to the holders of the Ordinary Shares the amount paid up or credited as paid up thereon together with a sum equal to any dividends declared thereon but not paid; and
- 5.2.5 the balance of any surplus assets shall belong to and be distributed amongst the holders of the Preferred Ordinary Shares and the Ordinary Shares such balance being apportioned rateably to and between the

holders of the Preferred Ordinary Shares and the Ordinary Shares by reference to the amounts paid up or credited as paid up on such shares respectively held by them.

Provided always that, for the avoidance of doubt, on a winding up or other return of capital or a Sale the holders of the Deferred Shares and the Deferred Ordinary Shares from time to time in issue shall only be entitled to receive (as a class and subject to the satisfaction of all monies pursuant to Articles 5.2.1 to 5.2.5 (inclusive) the aggregate sum of £1.

5.3 As regards redemption:

5.3.1 Subject to the provisions of Articles 5.3.3 and 5.3.4 the following provisions shall have effect with regard to the redemption of the Redeemable Preference Shares, the Preferred Ordinary Shares and the Option Shares:-

5.3.1.1 the Company shall have the right at any time subject to:-

- (a) the provisions of the Act; and
- (b) all arrears, deficiency and accruals of the Fixed Preference Dividend, the Participating Dividend and the Option Dividend (if any) having been paid or satisfied in full; and
- (c) all monies due and owing under the Loan Stock Instrument having been paid or satisfied in full in accordance with the terms of such instrument;

to redeem the whole or any number being 25,000 (or a whole number multiple thereof) of the Redeemable Preference Shares and/or the Option Shares for the time being issued and outstanding upon giving to the holders of the Redeemable Preference Shares and/or the Option Shares to be redeemed not less than 30 days previous notice in writing;

5.3.1.2 in the case of any partial redemption under Article 5.3.1.1, the Company shall redeem a proportion of the holding of each holder of Redeemable Preference Shares and/or Option Shares corresponding to the proportion which the number of Redeemable Preference Shares and/or Option Shares proposed to be redeemed bears to the number of Redeemable Preference Shares and/or Option Shares issued and outstanding immediately prior to the date of the proposed redemption. Provided always that any such redemption

shall be treated as a redemption of those Redeemable Preference Shares last falling due for redemption under the provisions of Article 5.3.1.3;

- 5.3.1.3 subject to the provisions of the Act, the Company shall in any event redeem the following numbers of Redeemable Preference Shares (or so many thereof as then remain unredeemed) on the following dates (or, if any of such dates is not a business day, then on the business day immediately following that date):-

<u>Date of Redemption</u>	<u>Number of Shares</u>
31st December 1996	350,000
31st December 1997	350,000
31st December 1998	1,000,000
31st December 1999	1,000,000
31st December 2000	1,066,666

- 5.3.1.4 subject to the provisions of the Act, the Company shall in any event redeem the Redeemable Preference Shares or as many thereof as are outstanding contemporaneously with a Relevant Event (or as soon thereafter as the Company shall be able to comply with the provisions of the Act);

5.3.2 Subject to the provisions of Articles 5.3.3 and 5.3.4 the following provisions shall have effect with regard to the redemption of the Preferred Ordinary Shares during the Relevant Period;

- 5.3.2.1 the Company shall have the right subject to:-

- (a) the provisions of Articles 5.3.1.1(a) to (c) inclusive, and
- (b) the Company having satisfied or contemporaneously satisfying in full its obligation to redeem all of the Redeemable Preference Shares in accordance with the provisions of Article 5.3.1.4; and
- (c) a Relevant Event occurring

to redeem contemporaneously with the Relevant Event effective immediately and prior to any conversion in accordance with Article 5.4.1.1 but effective immediately after any conversion in accordance with

Article 5.4.2 such number of Preferred Ordinary Shares as is determined in accordance with Article 5.3.2.2

5.3.2.2 In the event that the Net Capitalisation is in excess of the sum set out in column (1) below in respect of the occurrence of a Relevant Event in the period set opposite such sum in column (2) below:-

(1) <u>Net Capitalisation</u>	(2) <u>Period</u>
£12,000,000	6th May 1993 to 31st December 1995
£15,000,000	1st January 1996 to 31st December 1996
£20,000,000	1st January 1997 to 31st December 1997

then the Company shall redeem such number of Preferred Ordinary Shares as, after such redemption, results in the issued "A" Ordinary Shares and "B" Ordinary Shares representing 45% of the equity share capital;

5.3.2.3 For the avoidance of doubt any Preferred Ordinary Shares not redeemed pursuant to the foregoing provisions of this Article 5.3.2 shall forthwith upon the happening of a Relevant Event be converted into "C" Ordinary Shares in accordance with the provisions of Article 5.4.1;

5.3.3 5.3.3.1 the Company shall on each of the dates specified in Article 5.3.1.3 and on the date of expiry of any notice of redemption pursuant to Article 5.3.1.1 or 5.3.2.1 redeem a proportion of the holding of each holder of Redeemable Preference Shares or Preferred Ordinary Shares or Option Shares (as the case may require) corresponding to the proportion which the number of Redeemable Preference Shares or Preferred Ordinary Shares or Option Shares (as the case may require) falling due for redemption on such date bears to the number of Redeemable Preference Shares or Preferred Ordinary Shares or Option Shares (as the case may require) issued and outstanding immediately prior to such date;

5.3.3.2 if the Company shall be unable in compliance with the provisions of the Act to redeem all or any of the Redeemable Preference Shares in accordance with this Article 5.3.3 on the date or dates specified in this Article 5.3.3 then the Company shall redeem such shares as soon after such date or dates as the Company shall be able to comply with the provisions of the Act;

5.3.3.3 any profits of the Company available for distribution (for the purposes of Part VIII of the Companies Act 1985) shall first be applied in satisfying any arrears of the dividends referred to in Article 5.1.4 before being applied in any redemption whether of Redeemable Preference Shares or Preferred Ordinary Shares or Option Shares.

5.3.4 The following provisions shall have effect with regard to the redemption of the Redeemable Preference Shares and/or the Preferred Ordinary Shares and/or Option Shares:-

5.3.4.1 any notice of redemption shall specify the particular shares to be redeemed, the date fixed for redemption and the place in the United Kingdom at which the certificates for such shares are to be presented for redemption and upon such date each of the holders of the shares concerned shall be bound to deliver to the Company at such place the certificates for such of the shares concerned as are held by him in order that the same may be cancelled. 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 shares which are not to be redeemed on that occasion a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company;

5.3.4.2 there shall be paid on each Redeemable Preference Share and/or the Preferred Ordinary Shares and/or Option Shares redeemed:-

- (a) the amount paid up or credited as paid up thereon; and
- (b) a sum equal to any arrears, deficiency or accruals of the Fixed Preference Dividend and/or the Participating Dividend and/or Option Dividend thereon (such arrears, deficiency or accruals to be calculated down to the date of redemption on the basis that such dividends are

payable irrespective of whether they have been earned or declared or not);

5.3.4.3 as from the date fixed for redemption of any Redeemable Preference Shares and/or Preferred Ordinary Shares and/or Option Shares the Fixed Preference Dividend or Participating Dividend or Option Dividend thereon shall cease to accrue except on or in relation to any share in respect of which upon due presentation of the certificate relating thereto the Company fails to make payment of the redemption moneys;

5.3.4.4 if any payment to be made under this Article 5.3 remains unpaid for more than 28 days the Company shall pay to each of the members interest on the amount of any such payment respectively due to them from the due date for payment at the annual rate of 4% above the base lending rate for the time being of National Westminster Bank plc accruing on a daily basis until payment is made.

5.4 As regards conversion:

5.4.1 The following provisions shall have effect with regard to the conversion of the Preferred Ordinary Shares:-

5.4.1.1 each of the Preferred Ordinary Shares for the time being in issue shall, subject to the provisions of Article 5.4.2, be converted into one "C" Ordinary Share:

- (a) contemporaneously with a Relevant Event; or
- (b) upon a holder of Preferred Ordinary Shares giving the Company 30 days notice Provided always that if a holder of "B" Preferred Ordinary Shares gives a notice pursuant to this Article 5.4.1.1 (b) prior to the termination of the Tate Agreement such notice shall be invalid unless prior to the giving of such notice the holder or holders when taken together of one half in nominal value of the "B" Preferred Ordinary Shares have given a binding undertaking to the Company to procure that any claim by the Company under the Tate Agreement will be satisfied in cash;

5.4.2 The following provisions shall have effect with regard to the conversion of the "B" Redeemable Preference Shares and the "B" Preferred Ordinary Shares:-

5.4.2.1 on the 10th Business Day following the happening of the Tate Conversion Event there shall forthwith automatically be converted into Deferred Ordinary Shares or Deferred Shares respectively such number of "B" Redeemable Preference Shares and "B" Preferred Ordinary Shares respectively as is calculated by the following formulae:

(i) $\frac{X}{X+Y+Z}$ multiplied by W

(ii) $\frac{Y}{X+Y+Z}$ multiplied by W

where: X = the aggregate value (being, for the avoidance of doubt, the aggregate amount paid up or credited as paid up) of the "B" Redeemable Preference Shares in issue immediately prior to the conversion of any such shares pursuant to the provisions of this Article 5.4.2.1

Y = the aggregate nominal value of "B" Preferred Ordinary Shares in issue immediately prior to the conversion of any such shares pursuant to the provisions of this Article 5.4.2.1

Z = the aggregate nominal value of the Loan Stock held by IMS or any transferees of IMS immediately prior to any repayment by the Company of any such stock pursuant to the provisions of Clause 6.1 of the Loan Stock Instrument

W = the amount claimed by the Company from IMS under the Tate Agreement

- 5.4.3 forthwith after conversion takes effect pursuant to Article 5.4.1.1 or Article 5.4.2 the holders of Preferred Ordinary Shares or "B" Redeemable Preference Shares shall send to the Company the certificates in respect of their respective holdings of Preferred Ordinary Shares or "B" Redeemable Preference Shares so converted and the Company shall record the conversion in the register of members and shall issue to such holders respectively certificates for the "C" Ordinary Shares or the Deferred Shares or the Deferred Ordinary Shares (as appropriate) resulting from the conversion;
- 5.4.4 the "C" Ordinary Shares resulting from such conversion will be credited as fully paid and shall rank *pari passu* in all respects with the then existing Ordinary Shares in the capital of the Company;
- 5.4.5 on the date of conversion the Company shall pay a dividend to the holders of the Preferred Ordinary Shares the "B" Preferred Ordinary Shares and the "B" Redeemable Preference Shares of a sum equal to any arrears or deficiencies or accruals of the Participating Dividend or the Fixed Preference Dividend. For the purpose of calculating the Participating Dividend in respect of any period for which there are no Audited Accounts the Participating Dividend for such period shall be calculated by reference to management accounts for the period ending on the date of conversion Provided always that in the event that the holder or holders when taken together of one half in nominal value of the Preferred Ordinary Shares (or in the case only of a conversion pursuant to Article 5.4.2 one half in nominal value of the holder or holders when taken together of the "B" Preferred Ordinary Shares) do not agree with the amount of the Participating Dividend following such calculation such holder or holders may refer the calculation of the Participating Dividend to an Independent Accountant whose decision thereon shall be certified in writing to the holder or holders of Preferred Ordinary Shares (or the "B" Preferred Ordinary Shares) and the Company and be binding on them. The fees and expenses of the Independent Accountant shall be borne as he shall so direct.

5.5 As regards General Meetings and Voting Rights:

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles on a show of hands each member who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote and on a poll each member who is present in person or by a proxy or (being a corporation) is present by a representative shall (except as hereinafter provided) have one vote for each share in the capital of the Company of which he is the holder Provided always that:-

- 5.5.1 whilst the Redeemable Preference Shares shall entitle the holders thereof to receive notice of and attend at all General or other meetings

of the Company they shall not entitle the holders to vote at any such meeting unless:-

5.5.1.1 at the date of the meeting the Fixed Preference Dividend is 28 days in arrears (by reference to the payment dates stipulated in Article 5.1.1) or any Redeemable Preference Shares due to be redeemed in accordance with Article 5.3.1 shall have remained unredeemed for a period exceeding 28 days from the due date of redemption thereof or any payment due in accordance with the provisions of the Loan Stock Instrument shall have remained unpaid for a period exceeding 28 days from the due date of payment thereof (whether or not there were sufficient profits or other funds available out of which such dividends or payment could be paid or such redemption could be made); or

5.5.1.2 the business of the meeting is or includes the consideration of a resolution for winding-up the Company or a resolution for reducing the Company's share capital or a resolution varying, modifying, altering or abrogating any of the rights, privileges, limitations or restrictions attached to the Redeemable Preference Shares (in which case the holders of the Redeemable Preference Shares shall be entitled to vote only on such resolution(s));

5.5.2 the Preferred Ordinary Shares and the Ordinary Shares shall entitle the holders thereof to receive notice of, and to attend and vote at, all General Meetings of the Company;

5.5.3 the holders of the Option Shares, the Deferred Shares and the Deferred Ordinary Shares shall not be entitled to receive notice of or to attend and vote at any general or other meetings of the Company.

6. No shares shall be issued to any infant, bankrupt or person of unsound mind.

7. The Company is a private company to which Section 81 of the Act applies and accordingly:-

7.1 any offer to the public (whether for cash or otherwise) of any shares in or debentures of the Company; and

- 7.2 any allotment of, or agreement to allot, (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public;

is prohibited.

LIEN

8. In regulation 8 of Table A the words and brackets "(not being a fully paid share)" shall be omitted.

VARIATION OF CLASS RIGHTS

9. 9.1 Subject to the provisions of Article 9.2 whenever the capital of the Company is divided into different classes of shares the special rights attached to any class 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 three fourths of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of that class but not otherwise. To every such separate meeting all the provisions of these Articles relating to General Meetings of the Company or the proceedings thereat shall mutatis mutandis apply except that the necessary quorum shall be one person at least holding or representing by proxy one third in nominal amount of the issued shares of the class and that the holders of the class shall on a poll have one vote in respect of each share of the class held by them respectively; Provided always that for the purposes only of the foregoing the "A" Redeemable Preference Shares shall be treated as being a different class from the "B" Redeemable Preference Shares and the "A" Preferred Ordinary Shares shall be treated as a different class from the "B" Preferred Ordinary Shares; Provided further that without prejudice to the generality of this Article the special rights attaching to the Redeemable Preference Shares as a class and the Preferred Ordinary Shares as a class shall be deemed to be varied by the occurrence of any of the events referred to in Articles 9.1.2 to 9.1.7 inclusive and 9.1.11 to 9.1.19 inclusive and by the occurrence of any of the events referred to in Articles 9.1.1, 9.1.8, 9.1.9 and 9.1.10 when such events are necessary to effect a rights issue, a Listing or to vary the borrowing powers of the Company or any of its subsidiaries without the prior consent in writing of the holder or holders when taken together of one half in nominal value of the Redeemable Preference Shares and the Preferred Ordinary Shares Provided further that without prejudice to the generality of this Article the special rights attaching to the "A" Redeemable Preference Shares and the "B" Redeemable Preference Shares (as separate classes) and to the "A" Preferred Ordinary Shares and the "B" Preferred Ordinary Shares (as separate classes) shall be deemed to be varied by the occurrence of any of the events referred to in Article 9.1.1, 9.1.8, 9.1.9 or 9.1.10 without the prior consent in writing of the holder or holders when taken together of one half in nominal value of the "A" Redeemable Preference Shares of such holders of the "B" Redeemable Preference Shares of such

holders of the "A" Preferred Ordinary Shares and of such holders of the "B" Preferred Ordinary Shares in each case, for the avoidance of doubt as a separate class. Provided always that the foregoing provision in respect of Articles 9.1.1, 9.1.8, 9.1.9 and 9.1.10 shall not apply in respect of any matter referred to in those Articles which may be necessary to affect a rights issue, a Listing or to vary the borrowing powers of the Company or any of its subsidiaries:-

- 9.1.1 any increase in or the granting of options over or alterations or variation or reduction of the authorised or issued capital of the Company or of any subsidiary of the Company or any alteration or variation of the share capital or of any of the rights attached to or any purchase or redemption by the Company or of any subsidiary of the Company of any of the shares for the time being in the capital of the Company or of any subsidiary of the Company (but not including any redemption by the Company of the Redeemable Preference Shares or the Preferred Ordinary Shares in accordance with the provisions of these Articles or any issue or allotment of shares pursuant to the exercise of the warrants contained in the Loan Stock); or
- 9.1.2 the allotment and/or issue of any Option Shares pursuant to the provisions of the Options; or
- 9.1.3 the sale, transfer, lease, assignment or other disposal of the whole or any material part (meaning in relation to the whole 5% or more) of the undertaking, property or other assets (whether by one transaction or a series of transactions in any one financial period whether related or not) of the Company or of any subsidiary of the Company other than the sale of current assets in the ordinary course of trading; or
- 9.1.4 any sale, transfer or other disposal or issue (otherwise than to the Company or its wholly owned subsidiaries) of any issued or unissued share capital of any of the Company's subsidiaries for the time being; or
- 9.1.5 the incorporation or acquisition of any subsidiary or associated company; or
- 9.1.6 any distribution (which expression shall be deemed to include every description of distribution of the Company's or any subsidiary's assets to its members whether in cash or otherwise) other than by way of payment of the Fixed Preference Dividend or the Participating Dividend or on a redemption or a conversion of the Redeemable Preference Shares or the Preferred Ordinary Shares; or
- 9.1.7 the proposal at any General Meeting of the Company or other passing of any resolution for the reduction of the share capital of the Company or of any subsidiary or any uncalled liability in respect thereof; or

- 9.1.8 the proposal at any General Meeting of the Company or other passing of any special resolution or any resolution whereby the classification or status of the Company or of any subsidiary may be changed; or
- 9.1.9 any alteration of the Memorandum of Association of the Company or of any subsidiary or of these Articles or of the Articles of Association of any subsidiary; or
- 9.1.10 the proposal at any General Meeting of the Company or of any subsidiary or other passing of any resolution to wind up the Company or any of its subsidiaries; or
- 9.1.11 the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock (whether secured or unsecured) of the Company or any of its subsidiaries; or
- 9.1.12 the making of any material alteration (including cessation) in the nature, conduct or scope of the business of the Company or any of its subsidiaries; or
- 9.1.13 the creation or issue or permitting to come into being of any mortgage, charge, debenture or debenture stock, lien or other encumbrance (save for liens arising in the ordinary course of business) upon the whole or any part of its undertaking, property or other assets or uncalled capital or acquire by any means any asset which is already subject to and has not been released from any mortgage, charge, debenture, lien or other encumbrance; or
- 9.1.14 the Company acquiring, selling, transferring, assigning or otherwise disposing whether directly or indirectly of any part of its interest in any share capital, loan capital, mortgage, charge, debt or other obligation of any subsidiary of the Company except to or in favour of the Company or any wholly owned subsidiary of the Company; or
- 9.1.15 the removal of the Auditors or the appointment of new auditors of the Company; or
- 9.1.16 the change in the accounting reference date of the Company or any of its subsidiaries; or
- 9.1.17 the removal of a Director appointed pursuant to Article 27 otherwise than in accordance with the procedure set out in that Article; or

- 9.1.18 any act or omission whereby the limits on borrowings contained in Article 36 would be exceeded; or
- 9.1.19 the breach by the Company or any Director of any of the provisions of these Articles or of the Subscription Agreement or of the Loan Stock Instrument.
- 9.2 Notwithstanding the provisions of Article 9.1 the consent in writing or the sanction of an Extraordinary Resolution of the holders of the Option Shares or of the Deferred Shares or of the Deferred Ordinary Shares shall not be required under any circumstances whatsoever.

TRANSFER OF SHARES

10. Any direction (by way of renunciation, nomination or otherwise) by a member entitled to an allotment of shares, to the effect that such shares or any of them be allotted or issued to some person other than himself, shall for the purpose of these Articles be deemed a transfer.
11. 11.1 Save as permitted by articles 12 and 13 below no person shall transfer any share in the capital of the Company or any right or interest (legal or beneficial) therein without the prior written approval of the Directors and the Directors may in their absolute discretion and without assigning any reason therefor refuse to give such approval for or to register any transfer which is not permitted by Article 13.
- 11.2 No shares may be transferred to any infant, bankrupt or person of unsound mind.
- 11.3 Ordinary Shares and Option Shares may only be transferred pursuant to the provisions of Articles 12 or 13:
- 11.3.1 in the case of "A" Ordinary Shares and Option Shares in tranches of at least 5,000 shares;
- 11.3.2 in the case of "B" Ordinary Shares in tranches of at least 1,000 shares;
- Provided always that shares in smaller tranches than those referred to in this Article 11.3 may be transferred if, following such transfer, the member in question would no longer hold any shares of the relevant class.
12. 12.1 Subject to the provisions of Article 11:
- 12.1.1 A holder of Ordinary Shares or Option Shares may at any time transfer all or any of such shares:-

12.1.1.1 in the case of an individual whether as Settlor or otherwise howsoever:-

(a) to a Privileged Relation (as hereinafter defined); or

(b) to trustees to be held on Family Trust (as hereinafter defined); or

Provided always that any transfer made pursuant to the provisions of Article 12.1.1.1 (a) shall be subject to the prior approval of the Directors

12.1.1.2 to a nominee of the holder or where the holder is a nominee for any other person to that person or to another nominee for him Provided that in any such case the transferor certifies to the Company that no beneficial interest in the share passes by reason of the transfer.

12.1.2 Where shares are held by trustees upon Family Trust (as hereinafter defined):-

12.1.2.1 such shares may on any change of trustees be transferred to the new trustees; or

12.1.2.2 such shares may at any time be transferred to any person to whom under this Article 12.1 they could have been transferred by the Settlor if he had been holder thereof.

12.1.3 Any Redeemable Preference Share or Preferred Ordinary Share may be transferred at any time by a holder of any such share:-

12.1.3.1 to a Connected Company;

12.1.3.2 by any Connected Company to the transferor who is a member of the same group or to another company which is a Connected Company in relation to such transferor;

12.1.3.3 by any transferor which is a body corporate or Connected Company to its underlying investors in accordance with the articles of association, partnership deed, trust deed or other document constituting such transferor or Connected Company;

for the purpose of this Article 12.1.3 the expression "a member of the same group" means in relation to the transferor company a company which is for the time being a holding company (as defined in Section 736 of the Act) of the transferor company or a subsidiary (as defined in that Section) of the transferor company or of any such holding company.

12.1.3A Any "A" Ordinary Share or "B" Ordinary Share may at any time be transferred without restriction as to price or otherwise:

12.1.3A.1 to the new trustee or trustees of the Employee Trust upon any change of trustees of such trust; and

12.1.3A.2 by the Employee Trustees to any beneficiary under the Employee Trust

provided always that any transfer made pursuant to the provisions of Article 12.1.3A.2 shall be subject to the prior approval of the Directors.

12.1.4 Any share in the capital of the Company may be transferred at any time by a member to the Company upon a purchase by the Company of such share pursuant to the provisions of Part V Chapter VII of the Act.

12.1.5 Any share comprised in a transfer notice (as defined in Article 13.1) may be transferred by a member to any other member who has agreed to purchase the same through and in accordance with the procedure prescribed in Article 13 and by a holder of Redeemable Preference Shares or Preferred Ordinary Shares to any financial institution which is a full member of the British Venture Capital Association once the procedure prescribed in Article 13 has been satisfied.

12.1.6 For the purposes of this Article 12.1:-

12.1.6.1 "Privileged Relation" in relation to a holder means the spouse of the holder, their children and grandchildren (including, in each case, adopted and step-children);

12.1.6.2 "Family Trust" in relation to a holder means a trust under which no immediate beneficial interest in the shares in question is for the time being vested in any person other than the holder or his Privileged Relation in that control over the voting powers conferred by such shares is for the time being exercisable by or subject to

the consent of any person other than the trustees as trustees of such holder or his Privileged Relation;

12.1.6.3 "Settlor" includes a testator and an intestate and a disposition by a Settlor on Family Trust includes trusts arising respectively under a testamentary disposition or an intestacy.

12.2 Subject to the provisions of Article 11.3 the Directors shall register a transfer made in accordance with the foregoing provisions of this Article but, save as aforesaid, none of the shares of the Company shall be transferred except with the approval of the Directors. The Directors shall have an absolute discretion in giving or withholding such approval and need not assign any reason therefor.

13

13.1 In this Article the expression "the Offers" shall have the meaning ascribed thereto in the Special Resolution by which this Article was adopted as part of the Articles of Association of the Company.

13.2 13.2.1 The restrictions on transfer contained in these Articles shall not apply to and, subject only to stamping (if appropriate), the Directors shall register any transfer made pursuant either to the Offers or to the application of any of the provisions of Part XIII A of the Act as a consequence of the Offers.

13.2.2 The lien contained in regulation 8 of Table A (as modified by Article 8) shall not attach to any share in the capital of the Company which is transferred where such a transfer is permitted by Article 13.2.1 above.

14 [There is no Article 14]

ALTERATION OF SHARE CAPITAL

15. The Company may by Ordinary Resolution:-

15.1 increase its share capital by new shares of such amount as the Ordinary Resolution prescribes;

15.2 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

15.3 subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the Ordinary Resolution may determine that, as

between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and

- 15.4 cancel shares which, at the date of the passing of the Ordinary Resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

PROCEEDINGS AT GENERAL MEETINGS

16. No business shall be transacted at any General Meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum. Provided always that a General Meeting shall not be quorate unless such persons include a member or members holding when taken together one half in nominal value of the Redeemable Preference Shares and the Preferred Ordinary Shares.
17. The words "and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the member or members present in person or by proxy shall be a quorum and will constitute a valid meeting for all purposes" shall be inserted immediately following the words "as the Directors may determine" in regulation 41 of Table A.
18. A poll may be demanded at any General Meeting by the Chairman or by any member present in person or by proxy and entitled to vote. Regulation 46 of Table A shall be altered accordingly.
19. 19.1 The words and figures "Subject to regulation 51 of these regulations" shall be inserted before the words "A poll shall be taken" in regulation 49 of Table A.
- 19.2 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall be entitled to a casting vote in addition to any other vote he may have.

VOTES OF MEMBERS

20. A member shall not be entitled to appoint more than one proxy to attend on the same occasion and accordingly the final sentence of regulation 59 of Table A shall not apply to the Company. Any such proxy shall be entitled to cast the votes to which he is entitled in different ways.

NUMBER OF DIRECTORS

21. The number of the Directors other than alternate directors shall not be less than 2.

DIRECTORS

22. A Director shall not require a share qualification.
23. Any person may be appointed or elected as a Director and a Director shall be required to vacate his office by reason of his attaining or having attained the age of sixty-five years Provided always that a Director who has reached the age of sixty-five years may remain in office only with the consent of the other Directors and of the holder or holders when taken together of one half in nominal value of the Redeemable Preference Shares and the Preferred Ordinary Shares such consent to be given for the period of 12 months following the date upon which such Director reached the age of 65 years and for a like period of 12 months on each subsequent anniversary of such date. Provided further that such consent shall not be required in respect of any Director appointed pursuant to the provisions of Article 27.
24. In addition and without prejudice to the provisions of Section 303 of the Act, the Company may by Extraordinary Resolution remove any Director from office at any time and may (pursuant to Article 26) by Ordinary Resolution appoint another Director in his stead but such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.

APPOINTMENT AND RETIREMENT OF DIRECTORS

25. The Directors shall not be liable to retirement by rotation and accordingly the words "and shall not be taken into account in determining the directors who are to retire by rotation at the meeting" in regulation 79 of Table A shall not apply to the Company.
26. Without prejudice to the powers of the Directors under regulation 79 of Table A, the Company may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.
27.
 - 27.1 The holder or holders when taken together of one half in nominal value of the Redeemable Preference Shares and the Preferred Ordinary Shares shall be entitled to appoint one person as they think fit as a Director of the Company at any time and from time to time and to remove from office any person so appointed and to appoint another person in his place;
 - 27.2 Such appointment and removal shall be effected by a notice in writing signed by or on behalf of the holder or holders when taken together of one half in nominal value of the Redeemable Preference Shares and the Preferred Ordinary Shares and given to the Company at the Company's registered office accompanied by the appropriate form signed by the appointee consenting to such an appointment.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

28. The office of a Director shall be vacated if:-
- 28.1 he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or
 - 28.2 he becomes bankrupt or insolvent or makes any arrangement or composition with his creditors; or
 - 28.3 he is, or may be, suffering from mental disorder and either:-
 - 28.3.1 he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - 28.3.2 an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
 - 28.4 (not being precluded from so doing by the terms of any contract with the Company) by notice in writing he resigns the office of Director; or
 - 28.5 he is removed from office by a Resolution duly passed pursuant to Section 303 of the Act or Article 24.

REMUNERATION OF DIRECTORS

29. In addition and without prejudice to regulation 82 of Table A, 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 the Directors are outside the scope of the ordinary duties of a director may be paid such extra remuneration by way of lump sum, salary, participation in profits or otherwise as the Directors may determine.

DIRECTORS' GRATUITIES AND PENSIONS

30. The words and figures "Without prejudice to the generality of regulation 70" shall be inserted before the words "The Directors may provide benefits" in regulation 87 of Table A.

PROCEEDINGS OF DIRECTORS

31. 31.1 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Unless all Directors indicate their willingness to accept shorter notice of a meeting of Directors, at least 5 clear days' prior notice of the time and place of each meeting of Directors shall be given. Questions arising at any meeting shall be determined by a majority of votes and in the case of an equality of votes the Chairman of the meeting shall, provided always that such Chairman is Richard Miles or such other person approved by the holder or holders when taken together of one half in nominal value of the Redeemable Preference Shares and the Preferred Ordinary Shares, have a second or casting vote.
- 31.2 A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors. Notice of every meeting of the Directors shall be given to every Director in accordance with the provisions referred to in Article 39, but the non-receipt of notice by any Director shall not invalidate the proceedings at any meeting of the Directors.
32. The quorum necessary for the transaction of the business of the Directors shall be two Directors or their respective alternates, of whom one must be the Director, if any, appointed by the holder or holders of the Redeemable Preference Shares and the Preferred Ordinary Shares in accordance with the provisions of Article 27 or his alternate, or, if no such Director is at the relevant time appointed, Richard Miles or such other person approved by the holder or holders when taken together of one half in nominal value of the Redeemable Preference Shares and the Preferred Ordinary Shares, present throughout the meeting at which the business is to be transacted. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Director or Directors and/or alternate Director or Directors present shall be a quorum and will constitute a valid meeting for all purposes.
33. Any Director or member of a committee of the Board may participate in a meeting of the Directors or such committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and any Director or member of a committee participating in a meeting in this manner shall be deemed to be present in person at such meeting.
34. Provided a Director declares his interest therein in the manner provided by the Act he may vote as a Director at any meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company, and if he shall so vote his vote shall be counted, and he shall be counted in the quorum at any such meeting where such a matter is under consideration.

TRANSFERS CHANGING CONTROL

35. 35.1 Notwithstanding anything in these Articles no sale or transfer of any shares (hereinafter called "the specified shares") conferring the right to vote at general meetings of the Company which would result if made and registered in a person or persons who was or were not a member or members of the Company on the date this Article was adopted as an Article of Association of the Company obtaining a controlling interest in the Company shall be made or registered unless before the transfer is lodged for registration the proposed transferee or transferees or his or their nominees has or have offered to purchase all the shares in issue on terms no less favourable overall having regard to the rights attaching to the different classes of shares in the Company to those offered to the holders of the specified shares and provided always that such offer to purchase is not in any event at a price per share less than the amount paid up or credited as paid up on any such share.
- 35.2 For the purposes of this Article 35 only:-
- 35.2.1 the expression "a controlling interest" shall mean shares conferring in the aggregate 50% or more of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring the right to vote at all General Meetings. All other regulations of the Company relating to the transfer of shares and the right to registration of transfers shall be read subject to the provisions of this Article;
- 35.2.2 the expressions "transfer" "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment the original allottee and the renouncee under any such letter of allotment; and
- 35.2.3 in the event of disagreement upon the terms on which the shares (other than the relevant specified shares) in issue are to be acquired the matter shall be referred to a chartered accountant (acting as an expert and not as arbitrator) nominated by the parties concerned (or in the event of disagreement as to nomination appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall be final and binding and whose costs shall be borne in the manner laid down by such expert.
- 35.3 Without prejudice to the provisions of Article 13, if a holder of "A" Preferred Ordinary Shares or "A" Redeemable Preference Shares shall receive an offer to purchase any of their shares other than from a permitted transferee pursuant to Article 12.1.3, they shall not be entitled to sell or transfer the same (and the Directors shall refuse to register the transfer of the same) unless the holder of such shares shall procure that the proposed purchaser or purchasers offer

to purchase such number of "B" Preferred Ordinary Shares or "B" Redeemable Preference Shares as represents the same proportion of such classes respectively as the proportion of the "A" Preferred Ordinary Shares or "A" Redeemable Preference Shares proposed to be sold bears to all of the issued shares of those classes respectively. Provided always that such offer to purchase, which need not be accepted, shall be on terms no less favourable than those offered to the holders of "A" Preferred Ordinary Shares and "A" Redeemable Preference Shares respectively.

BORROWING POWERS

36. Without prejudice to the generality of regulation 70 of Table A, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and, subject to Section 80 of the Act, 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. Provided always that such powers shall be limited to a maximum of £25,000,000.

DIVIDENDS

- 36A.1 Notwithstanding any other provision of these Articles, the Company may by special resolution declare dividends by reference to a record date in the future and/or in favour of persons who held shares on a date prior to such record date, and the Directors shall give effect thereto and are in addition authorised to give effect to and to pay the dividend so declared by the Company by virtue of the Resolution whereby this Article was adopted as part of the Articles of Association of the Company and on the terms therein set out.

CAPITALISATION OF PROFITS

37. In regulation 110(b) of Table A, the words 'and in the same proportions' and 'in those proportions' shall not apply to the Company.

THE SEAL

38. If the Company has a seal it shall be used only with the authority of the Directors or of a committee of the Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined, every instrument to which the seal is affixed shall be signed by one Director and by the

secretary or another Director. The obligation under regulation 6 of Table A relating to the sealing of share certificates shall only apply if the Company has a seal.

NOTICES

39. 39.1 Any notice to be given to or by any person pursuant to these Articles shall be in writing provided that a notice to a Director need not be in writing if in any case that Director indicates that notice in writing is not necessary.
- 39.2 In regulation 112 of Table A, the words "or by telex or facsimile transmission" shall be inserted before the words "or by sending it by" and the words "first class" shall be inserted before the words "post in a prepaid envelope". The provisions of regulation 112 as so varied shall (mutatis mutandis) apply also to notices to Directors.
- 39.3 Where a notice is sent by first class 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 in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the same is posted.

WINDING-UP

40. In regulation 117 of Table A, the words "with the like sanction" shall be inserted immediately before the words "determine how the division".

GENERAL

41. A person shall be "a person of unsound mind" for the purposes of Articles 6 and 11.2 if he is a person to whom, if he were a Director, the provisions of Article 28.3 would apply.