
COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
of
STRAKER (HOLDINGS) LIMITED*

(as adopted by Special Resolution passed on 28th September, 1993)
(and amended by Special Resolutions passed on 24th June 1994, 29th September 1994, 28th April 1995 and
23rd June 1995, Ordinary Resolution dated 19th May 1997 and Special Resolution dated 26th June 1997)

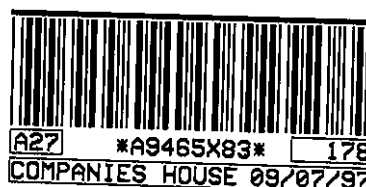
1. PRELIMINARY

- 1.1 The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called "Table A") shall apply to the Company save insofar as they are excluded or varied hereby and such regulations (hereinafter referred to as "Regulations") (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company. Regulations, 8, 95 and 118 shall not apply to the Company. A reference herein to any Regulation is to that Regulation as set out in Table A.
- 1.2 In these Articles the expression the "Act" means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.
- 1.3 Words and expressions defined in or bearing a specific meaning for the purposes of the Act shall bear the same meaning where used in these Articles.

2. SHARE CAPITAL

The share capital of the Company at the date of amendment of these Articles is £1,157,788 divided into 2,280,350 Ordinary Shares of 10p each ("Ordinary Shares") 801,753 Cumulative Redeemable Participating Preference Shares of £1 each ("Preference Shares") and 128,000 10% Cumulative Redeemable Preference Shares of £1 each ("the 'B' Preference Shares"). Such shares shall carry the respective rights hereinafter provided, but in all other respects shall be identical and rank pari passu.

* The name of the Company was changed from Refal 397 Limited pursuant to a special resolution dated 23 September 1993 to Straker (Holdings) Limited, by a special resolution dated 23 June 1995 to Straker (Holdings) PLC, and by a further special resolution dated 26 June 1997 to Straker (Holdings) Limited.



3. **DIVIDENDS**

Any profits of the Company available for distribution shall be applied as follows.

3.1 **Preference Dividend and "B" Preference Dividend**

3.1.1 First, the holders of the Preference Shares shall be entitled to receive in respect of each Preference Share held *pari passu* in accordance with Article 3.1.5 with any dividend payable to the holders of the "B" Preference Shares and in priority to any dividend paid to the holders of the Ordinary Shares, and the Company shall pay a fixed cumulative preferential gross cash dividend (the "Preference Dividend") at the Annual Preference Coupon and the holders of the "B" Preference Shares shall be entitled to receive in respect of each "B" Preference Share held, *pari passu* in accordance with Article 3.1.5 with any dividend payable to the holders of the Preference Shares and in priority to any dividend paid to the holders of the Ordinary Shares, and the Company shall pay a fixed cumulative preferential gross cash dividend of 10 per cent per annum (the "B" Preferential Dividend").

3.1.2 The Annual Preference Coupon shall be:

- (i) in respect of the period to 31st December 1994, 10 per cent. per annum;
 - (ii) in respect of the calendar year ending on 31st December 1995, 11.25 per cent. per annum;
 - (iii) in respect of the calendar year ending on 31st December 1996, 12.5 per cent. per annum;
 - (iv) in respect of the calendar year ending on 31st December 1997, 13.75 per cent. per annum;
 - (v) in respect of the period from 1st January 1998, 15 per cent. per annum;
- of the nominal value of the Preference Share.

3.1.3 The Preference Dividend and the "B" Preference Dividend shall accrue from day to day on the basis of a 365 day year.

3.1.4 The Preference Dividend and the "B" Preference Dividend shall be paid by two equal instalments on 1st February and 1st August each year (the "Dividend Payment Dates"), the first such payment in respect of the "B" Preference Dividend to be made on 1st February 1995 and calculated in respect of the period from the date of issue of such Preference Share until 31st December 1994, and subsequent payments being made on:

- (i) any 1st February, in respect of the period from 1st July to 31st December in the previous year; and

(ii) any 1st August in respect of the period from 1st January to 30th June in that year.

3.1.5 In the event that the profits available for distribution are insufficient to enable both the Preference and the "B" Preference Dividends to be paid in full, the profits available for distribution shall be apportioned between the Preference and the "B" Preference Dividends in proportion to the aggregate numbers of the Preference Shares and "B" Preference Shares in issue at the record date for the dividend.

3.2 Redemptions

Second, such profits shall be applied in redeeming any Preference Shares and "B" Preference Shares that are due to be redeemed pursuant to Article 6 or paying any arrears due in respect of Preference Shares and "B" Preference Shares that have been redeemed for which purpose the said profits will be apportioned between the Preference and "B" Preference Shares in proportion to the aggregate numbers of Preference and "B" Preference Shares respectively in issue at the relevant redemption date.

3.3 Ordinary Dividend

3.3.1 Third, (subject to payment in full of the Preference Dividend and the "B" Preference Dividend and any arrears thereof) the holders of the Ordinary Shares shall be entitled to receive in respect of each Ordinary Share held a fixed cumulative gross cash dividend (the "Ordinary Dividend") at the Annual Ordinary Coupon.

3.3.2 The Annual Ordinary Coupon shall be:-

- (i) in respect of the period to 31st December 1994, 1.5625 pence per Ordinary Share;
- (ii) in respect of the calendar year ending on 31st December 1995, 3.125 pence per Ordinary Share;
- (iii) in respect of the calendar year ending on 31st December 1996, 6.25 pence per Ordinary Share;
- (iv) in respect of the calendar year ending on 31st December 1997, 6.875 pence per Ordinary Share;
- (v) in respect of the calendar year ending on 31st December 1998 and each subsequent calendar year, 7.5 pence per Ordinary Share.

3.3.3 Any Ordinary Dividend declared shall be paid on the Dividend Payment Dates and Articles 3.1.3 and 3.1.4 shall apply mutatis mutandis to the Ordinary Dividend.

3.4 Participating Ordinary Dividend

3.4.1 Fourth, (subject to payment in full of the Preference Dividend and the "B" Preference Dividend and any arrears thereof and the Ordinary Dividend and any arrears thereof), the holders of the Ordinary Shares shall be entitled to receive as a class in respect of the year commencing 1st January 1996 and each subsequent calendar year a net cash dividend (the "Participating Ordinary Dividend") calculated on the basis set out below, such distribution shall be made to such holders of the Ordinary Shares pro rata to the number of shares held by them:

X-Y-Z

3

where:

X is the net profits of the Company in the relevant calendar year calculated on the historical cost accounting basis and shown in the consolidated audited profit and loss account of the Company and its subsidiaries for that financial period (to the nearest £1):

- (i) before any payment or provision is made for any dividend on any share in the capital of the Company or for any other distribution or for the transfer of any sum to reserve and after making any provision for writing off goodwill but before charging or crediting extraordinary items;
- (ii) after deducting 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;

Y is the amount of monies used to redeem any Preference Shares and "B" Preference Shares in the relevant calendar year; and Z is the amount paid by way of fixed Preference Dividend and "B" Preference Dividend and Ordinary Dividend (net of taxation) in the relevant calendar year.

3.4.2 Any Participating Ordinary Dividend shall be paid on the 1st April following the end of the calendar year by which that Participating Ordinary Dividend is calculated.

3.5 Participating Preference Dividend

3.5.1 Fifth, (subject to payment in full of the Preference Dividend and the "B" Preference Dividend and any arrears thereof, the Ordinary Dividend and any arrears thereof and the Participating Ordinary Dividend) the Directors will vote in each calendar year to pay to the holders of the Preference Shares as a class a dividend equal to 1% of the amount of the Ordinary Dividend paid in any calendar year and the Directors may vote to pay to the holders of the Preference Shares as a class, such dividend as the Directors think fit provided that the maximum amount of the Participating Dividend paid in any calendar year shall be no greater than 5% of the Ordinary Dividend paid in that year, such distribution shall be made to the holders of the Preference Shares pro rata to the number of shares held by them at the date of the vote ("Participating Preference Dividend").

3.5.2 Any Participating Preference Dividend declared shall be paid on the next following 1st April.

4. CAPITAL

On a return of assets on a liquidation the assets of the Company available for distribution to members shall be distributed in the following order:

- 4.1 first, in or towards returning to the holders of the Preference Shares and the "B" Preference Shares the Issue Price of each of the Preference Shares and the "B" Preference Shares held by them together with any amount accrued but unpaid on such shares in respect of the Preference and "B" Preference Dividends;
- 4.2 second, in or towards returning to the holders of the Ordinary Shares the Issue Price of each of the Ordinary Shares held by them; and
- 4.3 third, the balance of such assets available for distribution to members shall then be distributed to the holders of the Ordinary Shares pro rata to the number of such shares held by each of them.

For the purposes of this Article 4, the "Issue Price" shall mean in respect of each Preference Share, "B" Preference Share or Ordinary Share the aggregate of the amount paid up or credited as paid up and any amounts credited to share premium account on such Preference Share, "B" Preference Share or Ordinary Share.

5. **VOTING**

5.1 The Preference Shares and "B" Preference Shares shall confer the right to receive notice of and to attend but not to vote either in person or by proxy at general meetings of the Company unless:

5.1.1 at the date of the notice convening the meeting any Preference Dividend or "B" Preference Dividend due and payable in respect of them is 6 months or more in arrears; or

5.1.2 at the date of the notice convening the meeting any Ordinary Dividend due and payable is 6 months or more in arrears, provided always that the Company has sufficient distributable profits (as defined in section 181 of the Act) to pay such dividends in full; or

5.1.3 the business of the meeting includes the consideration of a resolution for winding up the Company or any resolution varying or abrogating the special rights attached to the Preference Shares or "B" Preference Shares (as relevant); or

5.1.4 the Company shall have failed to redeem as relevant any of the Preference Shares or "B" Preference Shares in accordance with the provisions of Article 6 below,

in which case the Preference Shares will carry one vote for every £1 paid up (or deemed to be paid up) on such shares or "B" Preference Shares (as relevant);

5.2 The Ordinary Shares shall carry the right to one vote per share.

6. **REDEMPTION**

6.1 The Preference Shares and "B" Preference Shares shall be redeemed by the Company on the following terms:

6.1.1 the Preference Shares and "B" Preference Shares shall be redeemed by the Company, pro rata to the number of Preference Shares or "B" Preference Shares (as the case may be) held by each holder thereof, for the Issue Price of each Preference Share or "B" Preference Share (as the case may be):

(a) in the case of the Preference Shares in five equal tranches on 1st October 1994, 1st October 1995, 1st October 1996, 1st October 1997 and 1st October 1998, and

(b) in the case of the "B" Preference Shares in four equal tranches on 1 May 1996, 1 May 1997, 1 May 1998 and 1 May 1999

or, if earlier, on the date of a Sale or Listing (as defined in Article 6.2 below) of the shares of the Company (each of the aforesaid dates being a "Primary Redemption Date");

- 6.1.2 the Company shall, at least 14 days prior to the relevant Primary Redemption Date, give written notice of redemption to the holders of the Preference Shares and (if applicable) the holders of the "B" Preference Shares and upon such Primary Redemption Date the holders of the Preference Shares and (if applicable) the holders of the "B" Preference Shares shall deliver to the Company at its registered office the certificates for the Preference Shares and (as the case may be) the "B" Preference Shares held by them and upon such delivery the Company shall pay to such holder (or, in the case of joint holders, to the holder whose name stands first in the register of members in respect of such shares) the amount due to him in respect of such redemption;
- 6.1.3 there shall be paid on each Preference Share and "B" Preference Share redeemed a sum equal to any arrears, deficiency or accruals of the Preference Dividend or "B" Preference Dividend (as the case may be) thereon to be calculated down to the relevant Primary Redemption Date and to be payable irrespective of whether or not such dividend has been declared or earned;
- 6.1.4 the receipt of the registered holder for the time being of any Preference Shares or (as the case may be) the "B" Preference Shares of the monies payable on redemption thereof shall constitute an absolute discharge to the Company in respect thereof; and
- 6.1.5 the Company may at any time redeem the whole or any part of the Preference Shares or (as the case may be) the "B" Preference Shares then outstanding pro rata to the number of shares held by each holder thereof (provided that the minimum amount that may be redeemed at any one time shall be £10,000 save where a holder of Preference Shares or (as the case may be) the "B" Preference Shares wishes or is required to redeem his entire holding of Preference Shares or (as the case may be) the "B" Preference Shares and the sum required to redeem that holding is less than £10,000) and the provisions of Articles 6.1.2 to 6.1.4 above shall have effect mutatis mutandis save that the redemption date shall be that date specified in a notice served by the Company on the holders of the Preference Shares or (as the case may be) the "B" Preference Shares in which the Company shall give not less than 14 days' notice to the holders of the Preference Shares or (as the case may be) the "B" Preference Shares of such redemption;

- 6.2 For the purposes of this Article 6, the expression "Sale or Listing" shall mean immediately upon the happening of any of the following events:

- 6.2.1 completion of the purchase by any party of such amount of the issued share capital of the Company for the time being or of such amount of the share capital other than that already held by such party or any person acting in concert (as defined for the purposes of The City Code on Take-Overs and Mergers) with him which carries more than 90% of the voting rights in the Company; or
- 6.2.2 a successful application being made to the Council of the London Stock Exchange for the ordinary share capital of the Company to be admitted to the Official List or to be dealt with on the Unlisted Securities Market; or
- 6.2.3 a successful application being made for the ordinary share capital of the Company to be dealt in on any other recognised stock exchange or over-the-counter market.

7. ALLOTMENT AND ISSUE OF SHARES

- 7.1 The Directors are authorised to allot, grant options over, or otherwise deal with or dispose of any relevant securities (as defined by section 80(2) of the Act) to such persons at such times and on such terms as they think fit. This authority extends to the share capital with which the Company is registered on incorporation and will expire on the fifth anniversary of the date of adoption of these Articles. The Directors may allot shares pursuant to any employees' share scheme.
- 7.2 The Directors may, after the expiry of the said five year period, allot shares in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time be renewed, varied or revoked by an ordinary resolution of the Company.
- 7.3 Section 89 of the Act shall apply to any allotment authorised by Articles 7.1 and 7.3.
- 7.4 With and subject to any consent required by law, the Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and may purchase its own shares (including any redeemable shares) and may make any payment for any such purpose, including a payment otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares. Regulation 3 shall not apply.

8. TRANSFER OF SHARES

- 8.1 Subject to the provisions of Regulation 24 any shares may at any time be transferred:

- 8.1.1 by any member being a company (not being in relation to the shares concerned a holder thereof as a trustee of or on behalf of a trustee of any Family Trusts or any Unit Trust Scheme) to a Member of the same Group as the Transferor Company; and/or
 - 8.1.2 by any member (being in relation to the shares concerned a holder thereof as the trustee of or on behalf of the trustee of a Unit Trust Scheme) to the trustee of the Unit Trust Scheme or any other person holding such shares on behalf of the trustee of the Unit Trust Scheme; and/or
 - 8.1.3 by any person entitled to shares in consequence of the death or bankruptcy of an individual member to any person to whom such individual member, if not dead or bankrupt, would be permitted hereunder to transfer the same (Regulation 30 shall not apply and Regulation 31 shall be modified so that the words "provided that the person would be permitted hereunder to be the transferee of such share" shall be added after the word "member").
- 8.2 Subject to the provisions of Article 8.1 the specific prior consent in writing of NatWest Ventures Investments Limited, The Royal Trust Company of Canada (CI) Limited and ECI International Management Limited and any shareholder of the Company who holds at least 10% of the Company's issued share capital (which consent may be unconditional or subject to any terms or conditions deemed appropriate) shall be required for any other transfer.
- 8.3 Where shares have been transferred to trustees of Family Trusts either in accordance with Articles 8.3.1, 8.3.2 or otherwise in accordance with the Articles of the Company from time to time, the trustees and their successors in office may transfer all or any of the Relevant Shares as follows:
- 8.3.1 to the trustees for the time being of the Family Trust concerned on any change of trustees;
 - 8.3.2 to the trustees for the time being of any other trusts being Family Trusts in relation to the same individual member or deceased or former member pursuant to the terms of such Family Trusts or discretion vested in the trustees thereof or any other person; and
 - 8.3.3 to the relevant member or former member or any Privileged Relation of the relevant member or deceased or former member who has thereby become entitled to the shares proposed to be transferred on the total or partial termination of or pursuant to the terms of the Family Trusts concerned or in consequence of the exercise of any such power or discretion as aforesaid.

- 8.4 If and whenever any of the Relevant Shares come to be held otherwise than upon Family Trusts, except in circumstances whereunder a transfer thereof is authorised to be and is to be made to the person or persons entitled thereto, it shall be the duty of the trustees holding such shares to notify NatWest Ventures Investments Limited, The Royal Trust Company of Canada (CI) Limited, ECI International Management Limited (in each case whilst it holds any shares in the capital of the Company) and the Directors in writing that such event has occurred and the trustees shall be bound (unless NatWest Ventures Investments Limited, The Royal Trust Company of Canada (CI) Limited, ECI International Management Limited (in each case whilst it holds any shares in the capital of the Company) and the Directors require otherwise) to give a Transfer Notice (as defined in Article 9) in respect of the shares concerned.
- 8.5 If a transferee Company ceases to be a Member of the same Group as the Transferor Company from which (whether Directly or by a series of transfers under Article 8.1.1) the Relevant Shares derived, it shall be the duty of the Transferee Company to notify NatWest Ventures Investments Limited, The Royal Trust Company of Canada (CI) Limited, ECI International Management Limited (in each case whilst it holds any shares in the capital of the Company) and the Directors in writing that such event has occurred and (unless the Relevant Shares are thereupon transferred to the Transferor Company or a member of the same Group as the Transferor Company, any such transfer being deemed to be authorised under the foregoing provisions of this Article) the Transferee Company shall be bound (unless NatWest Ventures Investments Limited, The Royal Trust Company of Canada (CI) Limited, ECI International Management Limited (in each case whilst it holds any shares in the capital of the Company) and the Directors require otherwise) to give a Transfer Notice (as defined in Article 9) in respect of the Relevant Shares.
- 8.6 Where shares are held by or have been transferred under this Article to the trustee or trustees of a Unit Trust Scheme, the member may transfer all or any of the Relevant Shares to the trustees for the time being of the Unit Trust Scheme on any change of trustee.
- 8.7 For the purposes of these Articles:
- 8.7.1 the expression "Privileged Relation", as regards any particular individual member or deceased or former individual member, means and includes the husband or wife or any

former husband or wife or the widower or widow of the individual and all the lineal descendants and ascendants in the direct line of that individual and the brothers and sisters of that individual and their lineal descendants and a husband or wife or former husband or wife or widower or widow of any of the above persons and for the purposes aforesaid a step-child or adopted child or illegitimate child of any person shall be deemed to be a lineal descendant of such person and of the lineal ascendants of such person;

8.7.2 the expression "Family Trusts", as regards any particular individual member or deceased or former individual member, means trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy); under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than that individual and/or Privileged Relations of that individual and so that for the purposes aforesaid a person shall be deemed to be beneficially interested in a share if such share or the income thereof is or may become liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are or may become liable to be exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons;

8.7.3 the word "company" includes any body corporate;

8.7.4 the expression "a Member of the same Group", as regards any company, means a company which is for the time being a holding company or a subsidiary of that company or of any such holding company;

8.7.5 the expression "Transferor Company" means a company (other than a Transferee Company) which has transferred or proposed to transfer shares to a Member of the same Group;

8.7.6 the expression "Transferee Company" means a company for the time being holding shares in consequence, directly or indirectly, of a transfer or series of transfers of shares between

Members of the same Group (the relevant Transferor Company in the case of a series of such transfers being the first transferor in such series);

8.7.7 the expression the "Relevant Shares" means and includes (so far as the same remain for the time being held by the trustees of any Family Trusts or by any Transferee Company) the shares originally transferred to such trustees or Transferee Company and any additional shares issued to such trustees or Transferee Company by way of capitalisation or acquired by such trustees or Transferee Company in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred; and

8.7.8 the expression "Unit Trust Scheme" means and includes any arrangements with the exception of Family Trusts made by deed for the purpose or having the effect of providing facilities for the participation by persons as beneficiaries under a trust in profits or income arising from the acquisition, holding, management or disposal of securities or any other property whatsoever.

9. TRANSMISSION OF SHARES/PRE-EMPTION RIGHTS

9.1 Any person becoming entitled to any share(s) in consequence of the death of a member shall be deemed to vote such share(s) in accordance with the wishes of the Executive Directors such share(s) to be apportioned between the said Executive Directors on a pro rata basis.

9.2 Except in the case of a transfer of shares expressly authorised by Article 8 (hereinafter called a "Permitted Transfer"), the right to transfer shares or any interest in shares in the Company shall be subject to the following restrictions and provisions.

9.3 Before transferring any shares or any interest therein the person proposing to transfer the same (hereinafter called the "Proposing Transferor") shall give a notice in writing (hereinafter called a "Transfer Notice") to the Company that he desires to transfer such shares. The Transferor Notice shall constitute the Company his agent for the sale of the shares therein mentioned (together with all rights then attached thereto) at the Prescribed Price during the Prescribed Period to any member or to any other person selected or approved by the Directors on the basis set out in the following provisions of this Article and shall not be revocable except with the consent of the Directors.

- 9.4 If not more than one month before the date on which the Transfer Notice was given the Proposing Transferor and the Directors shall have agreed a price per share as representing the fair value thereof or as being acceptable to the Proposing Transferor and not more than the fair value thereof or if a bona fide offer shall have been received from a third party and shall remain open for acceptance for the shares comprised in the Transfer Notice (but subject to the right of the Directors to satisfy themselves that such offer is for a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the purchaser) then such price shall be the Prescribed Price (subject to the deduction therefrom where the Prescribed Price has been agreed with the Directors of any dividend or other distribution declared or made after such agreement and prior to the said date). Otherwise, upon the giving of the Transfer Notice, the Directors shall request the auditors of the Company at that time to determine and certify the sum per share considered by them to be the fair value thereof as at the said date and the sum per share so determined and certified shall be the Prescribed Price. The auditors shall act hereunder at the cost and expense of the Company as experts and not as arbitrators and their determination shall be final and binding on all persons concerned and, in the absence of fraud, the auditors shall be under no liability to any such person by reason of their determination or certificate or by anything done or omitted to be done by the auditors for the purpose thereof or in connection therewith.
- 9.5 If the Prescribed Price was agreed as aforesaid prior to the said date the Prescribed Period shall commence on such date and expire 12 weeks thereafter. If the Prescribed Price was not so agreed the Prescribed Period shall commence on such date and expire 2 months after the date on which the auditors shall have notified the Directors of their determination of the Prescribed Price pending which the Directors shall defer the making of the offer hereinafter mentioned.
- 9.6 In the case of a Transfer Notice served by any member who at the date of service of the Transfer Notice is also a director, employee or consultant or former director, employee or consultant of the Company or any person who has acquired his shares directly or indirectly from such person as a result of one or more Permitted Transfers all shares included in any Transfer Notice shall by notice in writing be offered by the Company to all members (other than the member to whose shares the Transfer Notice relates) for purchase at the Prescribed Price on the terms that in case of competition the shares so offered shall (in accordance with but subject to the provisions of Article 9.6) be sold to the acceptors in proportion (as nearly as may be without involving fractions or

increasing the number sold to any member beyond that applied for by him) to their existing holdings of shares of the same class. Such offer shall limit the time (not being less than 21 days) within which it must be accepted or in default will lapse. Any shares not so accepted may be offered by the Directors to such persons as they may think fit for purchase at the Prescribed Price.

9.7 If the Company shall within the Prescribed Period find members or such other persons as aforesaid (each such person being hereinafter called a "Purchaser") to purchase the shares concerned or any of them and give notice in writing thereof to the Proposing Transferor he shall be bound, upon payment of the Prescribed Price, to transfer such shares to the respective Purchasers, provided that, if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the shares concerned, this provision shall not apply unless the Company shall have found Purchasers for the whole of such shares but so that a member who is required to give a Transfer Notice in respect of his shares by virtue of Article 11 shall not be permitted to state that he is not willing to transfer part only of the shares concerned. Every such notice shall state the name and address of the Purchaser concerned and the number of shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Directors not being less than 3 days nor more than 10 days after the date of such notice.

9.8 If a Proposing Transferor shall fail or refuse to transfer any shares to a Purchaser hereunder the Directors may authorise some person to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Purchaser to be registered as the holder of such shares. The receipt of the Company for the purchase money shall constitute a good discharge to the Purchaser (who shall not be bound to see to the application thereof) and after the Purchaser has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person. The Company shall not pay the purchase money to the Proposed Transferor until he shall have delivered his share certificate and the necessary transfers to the Company.

9.9 If the Company shall not within the Prescribed Period find Purchasers willing to purchase all the shares and gives notice in writing thereof to the Proposing Transferor, or if the Company shall within the Prescribed Period give to the Proposing Transferor notice in writing that the Company has no prospect of finding Purchasers, the Proposing Transferor at any time thereafter up to the expiration

of 2 months after the Prescribed Period shall be at liberty (subject only to the provisions of Regulation 24) to transfer those shares for which the Company has not within the Prescribed Period given notice that it has found (or has given notice that it has no prospect of finding) Purchasers to any person by way of a bona fide sale at any price not being less than the Prescribed Price (after deducting, where appropriate, any dividend or other distribution declared or made after the date of the Transfer Notice and to be retained by the Proposing Transferor), provided that:

- 9.9.1 if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the shares concerned he shall not be entitled hereunder to transfer any of such shares unless in aggregate the whole of such shares are so transferred; and
- 9.9.2 the Directors may require to be satisfied that such shares are being transferred pursuant to a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the Purchaser and if not so satisfied may refuse to register the instrument of transfer.

10. **BARE NOMINEES**

No share (other than any held on behalf of a Unit Trust Scheme by the trustee(s) for the time being of that Unit Trust Scheme) shall be held by any member as a bare nominee for and no interest in any share shall be sold to any person unless a transfer of such share to such person would rank as a Permitted Transfer. If the foregoing provision shall be infringed the holder of such share shall be bound to give a Transfer Notice in respect thereof. This Article 10 shall have no application to any shares held by Lex Nominees Limited for the benefit of either Charles Jonathan Paul Straker or David Peter Gray or any of their Privileged Relations.

11. **COMPULSORY TRANSFERS**

- 11.1 A person entitled to a share in the Company in consequence of the bankruptcy of a member shall be bound at any time, if and when required in writing by the Directors so to do, to give a Transfer Notice in respect of such share.
- 11.2 If a share remains registered in the name of a deceased member who was not also an Executive Director for longer than one year after the date of his death the Directors may require the legal personal representatives of such deceased member either to effect a transfer of such shares (including for such purpose an election to be registered in respect thereof) being a Permitted Transferor or to show to the satisfaction of the Directors that a Permitted Transfer will be effected up to or promptly upon the completion of the administration of the estate of the deceased member or (failing compliance with either of the foregoing within one month or such longer period as the Directors may allow for the purpose) to give a Transfer Notice in respect of such share.
- 11.3 In the case of a member who is also a Director or an employee of the Company, on such person ceasing to be a Director or so employed, the Directors will, at the request of ECI Investments or NatWest Ventures Investments Limited (whilst it retains any shares in the Company) or 25 per cent. of the holders of the Ordinary Shares, within 28 days after the happening of such event serve notice on such member requiring such member to give a Transfer Notice (as defined in Article 9) in respect of all the shares held by such member.
- 11.4 In the case of a share being acquired in pursuance of rights or interests obtained by a Director or an employee of the Company, by a member who is not (or has ceased to be) such a Director or employee, the Directors will, at the request of ECI Investments or NatWest Ventures Investments Limited (whilst it retains any shares in the Company) or 25 per cent. of the holders of the Ordinary Shares, within 28 days after the date on which any such share was acquired serve notice on such member requiring such member to give a Transfer Notice (as defined in Article 9) in respect of all the shares held by such member.
- 11.5 In Articles 11.3 and 11.4 the word "Company" shall mean this Company or any holding company of this Company or any subsidiary of any such holding company or of this Company.

12. **ACQUISITION OF CONTROL**

- 12.1 In the event that any person other than a person who was a member on the date of the adoption of these Articles (the "Acquiring Member") shall become beneficially entitled to more than 30% of the issued ordinary share capital of the Company after the date of adoption of these Articles or being so beneficially entitled shall become beneficially entitled to a further 1% in any 12 month period he shall forthwith be required to serve notice on the Company that he has become so beneficially entitled and shall thereupon be bound to offer to purchase the remaining shares in the Company (conditionally only upon receipt of acceptances in respect of more than 50% of the issued share capital) at a price per share (the "Acquisition Price") equal to the highest price per share paid by the Acquiring Member for the shares acquired by him in the 12 months preceding the date on which he became beneficially entitled as aforesaid. The Company shall forthwith give notice to every member other than the Acquiring Member that he may within 28 days from the date of such notice sell his shares to the Acquiring Member at the Acquisition Price. Any member may accept such offer by giving notice of his intention so to do to the Company accompanied by share certificates for the shares agreed to be sold together with the necessary transfers.
- 12.2 In the event that any member becomes beneficially entitled to more than 70% of the issued ordinary share capital of the Company after the date of adoption of these Articles, such member shall be required within a month of becoming so entitled to make a takeover offer (as that term is defined in section 428 of the Act) and the provisions of sections 428 to 430F of the Act shall apply mutatis mutandis.
- 12.3 The Directors may at any time require any member to furnish the Company with details of the beneficial interests in the shares held by such member.
- 12.4 The Directors may require to be satisfied that the shares acquired by the Acquiring Member in the period referred to in Article 9.4 were acquired bona fide for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the purchaser and if not so satisfied may require a price to be agreed or determined in accordance with Article 9.3.
- 12.5 If the Acquiring Member shall fail to offer to purchase in accordance with Article 12.1 the shares held by other members he shall cease to have any rights to vote or to dividends in respect of

all the shares held by him and the Directors may refuse to register the transfer of the shares most recently acquired by the Acquiring Member and may require the Acquiring Member to serve a Transfer Notice in accordance with Article 9 in respect of all the shares held by him.

- 12.6 For the purposes of this Article any person who is a party to an agreement to which section 204 of the Act applies shall be taken to be beneficially interested in all shares in the Company in which any other party to the agreement is interested (whether or not the interest of the other party in question was acquired or includes any interest which was acquired in pursuance of the agreement).

13. **INFORMATION CONCERNING TRANSFERS AND SHAREHOLDINGS**

- 13.1 For the purpose of ensuring that a transfer of shares is a Permitted Transfer or that no circumstances have arisen whereby a Transfer Notice is required to be given hereunder the Directors may from time to time require any member of the legal personal representatives of any deceased member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may think fit regarding any matter which they may deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the Directors within a reasonable time after such requirement the Directors shall be entitled to refuse to register the transfer in question or (if no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the shares concerned.
- 13.2 In the Case where the Directors have duly required a Transfer Notice to be given in respect of any shares and such Transfer Notice is not duly given within a period of one month, or such longer period as the Directors may allow for the purpose, such Transfer Notice shall (except and to the extent that a Permitted Transfer of any of such shares shall have been lodged) be deemed to have been given on such date after the expiration of the said period as the Directors may by resolution determine and the foregoing provisions of these Articles shall take effect accordingly.

14. **PROCEEDINGS AT GENERAL MEETINGS**

- 14.1 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 shall be modified accordingly.
- 14.2 A resolution in writing executed or approved by telegram, facsimile transmission or telex by or on behalf of the holders of shares in the capital of the Company giving the holder the right to vote on such resolution shall be as valid and effectual as if the same had been passed at a general meeting duly convened and held and may consist of several documents in the like form, each executed by or on behalf of one or more persons, but a resolution so executed shall not be effective to do anything required by law to be done in general meeting or by special or extraordinary resolution. In the case of a company or corporation the resolution may be signed on its behalf by a director or secretary thereof or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be modified accordingly.

15. **ALTERNATE DIRECTORS**

- 15.1 Any Director (other than an alternate director appointed pursuant to this article) may appoint any other Director, or any other person approved by resolution of the Directors and willing to act, to be an alternate director (an "Alternate Director") and may remove from office an Alternate Director so appointed by him. The same person may be appointed as the Alternate Director of more than one Director.
- 15.2 An Alternate Director shall be entitled:
- 15.2.1 to receive notices of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, save that it shall not be necessary to give notice of such meeting to an Alternate Director who is absent from the United Kingdom;
- 15.2.2 to attend, be counted in the quorum for and vote at any such meeting at which the Director appointing him is not personally present; and
- 15.2.3 generally at such meeting to perform all the functions of his appointor as a Director in his absence.

If an Alternate Director is himself a Director or attends any such meeting as an Alternate Director for more than one Director, then his voting rights shall be cumulative.

- 15.3 An Alternate Director shall cease to be an Alternate Director if his appointor ceases to be a Director; but, if a Director retires but is re-appointed or deemed to have been re-appointed at the meeting at which he retires, any appointment of an Alternate Director made by him which was in force immediately prior to his retirement shall continue after his re-appointment.
- 15.4 Any appointment or removal of an Alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.
- 15.5 An Alternate Director shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.
- 15.6 Save as otherwise provided in these Articles, an Alternate Director shall not have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.
- 15.7 An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- 15.8 Regulations 65 to 69 shall not apply.

16. **DIRECTORS**

- 16.1 The Directors shall not be subject to retirement by rotation. Regulations 73 to 75 and the last two sentences of Regulations 79 shall not apply and Regulations 76, 77, 78 and 80 shall be modified accordingly.
- 16.2 A resolution in writing signed or approved by telegram, facsimile transmission or telex by all the Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or a committee of the Directors duly convened and held and may consist of several documents in the like form each signed by one or more Director; a resolution signed by an Alternate Director need not

also be signed by his appointor and, if it is signed by a Director who has appointed an Alternate Director, it need not be signed by the Alternate Director in that capacity. Regulation 93 shall not apply.

- 16.3 For the purposes of determining whether the quorum for the transaction of the business at a meeting of the Directors exists:

16.3.1 in the case of a resolution agreed by Directors in telephonic communications, all such Directors shall be counted in the quorum and entitled to vote;

16.3.2 in the case of a meeting 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.

- 16.4 A Director may vote as a 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. Regulation 94 shall be modified accordingly.

17. **ACCOUNTS AND DOCUMENTS**

A member, subject to such conditions and regulations as the Directors may determine having regard to any obligation binding upon the Company to keep confidential information supplied to it by other persons, may inspect personally or by his agent at any time and may from time to time inspect any account or book or document of the Company (and take and retain copies thereof). Regulation 109 shall not apply.

18. **INDEMNITY**

Subject to the provisions of and so far as may be permitted by law but without prejudice to any indemnity to which such officer may otherwise be entitled, every Director, Auditor, Secretary or other officer of the Company shall be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in his favour (or the

proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court. This Article shall only have effect insofar as its provisions are not avoided by section 310 of the Act. Regulation 118 shall not apply.

19. **NOTICES**

19.1 The third sentence in Regulation 88 shall be deleted.

19.2 At the end of Regulation 111 there shall be added the following new sentence, "Communications by facsimile transmission or telex shall be deemed to be in writing".

19.3 In Regulation 112 after the words "in a pre-paid envelope" there shall be added "or by facsimile transmission or telex" and the final sentence shall be deleted.

19.4 Proof that an envelope containing a notice was properly addressed, pre-paid and posted or that a facsimile transmission or telex was despatched shall be conclusive evidence that the notice was given. A notice sent by post shall be deemed to be given at the expiration of forty eight hours after the envelope containing it was posted. A notice sent by facsimile transmission or telex shall be deemed to be given when sent. Regulation 115 shall not apply.

20. **RESTRICTIONS ON POWERS OF THE COMPANY AND ITS DIRECTORS**


The Company shall not (during the period that NatWest Ventures Investments Limited and The Royal Trust Company of Canada (CI) Limited shall together hold in excess of 10% of the issued Ordinary Shares in the Company):

20.1 without the consent in writing of NatWest Ventures Investments Limited, the Royal Trust Company of Canada (CI) Limited and ECI International Management Limited (provided that such consent is not required from a party that has ceased to be the holder of issued Ordinary Shares):

20.1.1 permit or cause to be proposed any alteration to its share capital (including any increase thereof) of the rights attaching to its shares;

- 20.1.2 create, allot, issue or redeem any share or loan capital or grant or agree to grant any options for the issue of any share or loan capital) save for the issue of up to 285,480 additional Ordinary Shares on the exercise of options to be granted under any share option scheme adopted by the Company);
- 20.1.3 make any payment otherwise than on any arm's length basis;
- 20.1.4 enter into or give or permit or suffer to subsist any guarantee of or indemnity or contract of suretyship for or otherwise commit itself in respect of the due payment of money or the performance of any contract, engagement or obligation of any other person or body;
- 20.1.5 make a substantial alteration or reduction in the nature or extent of the business carried on by it;
- 20.1.6 subscribe or otherwise acquire, or dispose of any shares in the capital of any other company;
- 20.1.7 acquire or dispose of the whole or part of the undertaking of any other person, firm or company;
- 20.1.8 permit or cause to be proposed any amendment to its Memorandum of Association or these Articles;
- 20.1.9 cease or propose to cease to carry on its business or be wound up save where it is insolvent;
- 20.1.10 propose or pay any other dividend or propose or make any other distribution out of its profits available for distribution (other than the Preference Dividend);
- 20.1.11 enter into any partnership or joint venture;
- 20.1.12 borrow monies in excess of £750,00 (excluding its agreed overdraft facility) or accept credit in excess of £100,000 excluding normal trade credit);
- 20.1.13 mortgage or charge or permit the creation of or suffer to subsist any mortgage or charge over the whole or any part of its assets;
- 20.1.14 make any loan or give any credit (other than normal trade credit) or acquire any loan capital of any corporate body (wherever incorporated) in excess of £35,000;
- 20.1.15 enter into any contract outside the ordinary course of business pursuant to the terms of which the company would assume obligations which would bind the Company for a period exceeding 24 months;

- 20.1.16 permit the appointment of any person as a Director of it (other than any Director appointed by NatWest Ventures Investments Limited or ECI International Management Limited);
- 20.1.17 conduct any litigation, save for the collection of debts arising in the ordinary course of the business carried on by it or any application for an interim injunction or other application or action which is urgently required in the best interest of the Company in circumstances in which it is not reasonably practicable to obtain prior consent as aforesaid;
- 20.1.18 make any change to:
- (i) its auditors;
 - (ii) its bankers or the terms of the mandate given to such bankers in relation to its account(s);
 - (iii) its accounting reference date;
 - (iv) its accounting policies (save as required by law);
- 20.1.19 enter into or vary any transaction or arrangement with, or for the benefit of any of the Directors or any other person who is connected with (within the meaning of section 830 of the Income and Corporation Taxes Act 1988) any of the Directors;
- 20.2 without the consent in writing of any Director appointed by NatWest Ventures Investments Limited (if any) or, failing such appointment, of NatWest Ventures Investments Limited:
- 20.2.1 incur any capital expenditure (including obligations under hire-purchase and leasing arrangements) exceeding the amount in the relevant capital expenditure budget by £10,000 or (where no items were specified but a general provision made) in relation to any item exceeding £15,000;
- 20.2.2 dispose of (otherwise than at the time and for the price contained in the relevant capital disposals forecast) any asset of a capital nature with a book or market value in excess of £50,000;
- 20.2.3 engage any employee on terms that either his contract cannot be terminated by 3 months' notice or less or his emoluments and/or commissions or bonuses are or are likely to be at the rate of £35,000 per annum or more or increase the emoluments and/or commissions or bonuses of any employee to more than £35,000 per annum or vary the terms of employment of any employee earning (or so that after such variation he will, or is likely to earn) more than £35,000.

- 
- 20.2.4 enter into any contract pursuant to the terms of which the Company would assume obligations which would either oblige the Company to make or entitle it to receive payments exceeding £35,000 per annum;
- 20.2.5 deal in any way (including the acquisition or disposal whether outright or by way of licence or otherwise howsoever) with intellectual property;
- 20.2.6 make any loan or give any credit (other than normal trade credit) or acquire any loan capital of any corporate body (wherever incorporated) in excess of £10,000.