

THE COMPANIES ACTS 1985-1989

COMPANY LIMITED BY SHARES

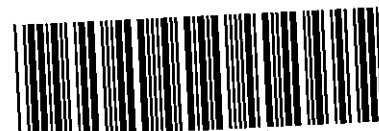
WRITTEN RESOLUTION

of

BETABITE HYDRAULICS LIMITED
(the 'Company')

(Passed on **21.02.** 2007)

TUESDAY



A48 *AUWHENTB* 420
13/03/2007
COMPANIES HOUSE

We, the undersigned, being the holders of the entire issued share capital of the Company entitling the holder to attend and vote at general meetings of the Company **hereby resolve** in accordance with s381A Companies Act 1985

1. 'That the Articles of Association be and they are hereby amended by:

1.1 the insertion of the following as new Article 13, 14, 15 and 16:

13. **"Permitted transfer of shares**

13.1 Subject to Articles 13.2 no sale or transfer of any shares in the Company or any interest in any shares in the Company shall be made by any member unless the provisions set out in Article 14 shall first be complied with.

13.2 Any member shall be entitled to sell or transfer any shares in the Company or any interest in any shares in the Company without restriction:

(a) to any other person with the written consent of all of the persons for the time being who are holders of shares in the Company;

(b) to any of the following persons (the '**Permitted Persons**');

(1) any trustee or nominee where there is no change to the beneficial ownership of the shares in the Company in question;

- (2) the spouse, child, step-child and grandchildren of a member (including adopted children and their issue) and step and adopted children of such children and grandchildren and their respective spouses, parent, brother or sister of any member (each of which shall be referred to as a **'Family Member'**);
 - (3) the trustees of a settlement created inter vivos by any member under which no person is, or may be, a beneficiary who is not a Family Member;
 - (4) any trustee of any employee share participation scheme or employee share option scheme established by the Company or any employee of the Company in accordance with the rules of any employee share participation scheme or employee share option scheme established by the Company; or
 - (5) any company which is a holding company (as defined by s736 of the Companies Act 1985 (the **'Act'**)) or subsidiary (as defined by s736 of the Act) of such corporate member or any subsidiary of any such holding company or subsidiary (all of which companies shall be referred to as a **'Group'**).
- (c) any other person who is at that time already a member of the Company;

13.3 Subject to Article 15.8, if any person who has acquired shares from a member pursuant to Article 13.2 ceases to bear the relationship to that member by which he qualified as a Permitted Person, that person shall forthwith be deemed to have served on the Company a Transfer Notice in respect of all the shares in the Company registered in its name at the date of cessation of such relationship and the provisions of Article 14 shall apply accordingly.

14. **Transfer of shares**

14.1 If at any time any member, (the **'Vendor'**) shall desire to sell or transfer any shares in the Company or any interest in any shares in the Company (including the grant of contractual rights or options over or in respect of shares), whether legal or beneficial, other than pursuant to Article 13.2, (the **'Sale Shares'**) he shall serve on the Company a notice (a **'Transfer Notice'**). Each Transfer Notice shall indicate the Vendor's desire to sell or transfer the Sale Shares and shall specify (a) the Sale Shares which he desires to sell or transfer, (b) the name of the party to whom he proposes to sell or transfer the Sale Shares (if available at the time), (c) the price at which he proposes to sell or transfer the Sale Shares and (d) whether he wishes not to be bound to sell or transfer part only of the Sale Shares as a result of only part of the Sale Shares being accepted in accordance with the provisions of this Article 14 (the **'Total Transfer Condition'**). No Transfer Notice may be withdrawn once it has been given, unless the Transfer Notice states that no sale or transfer shall be permitted unless

purchasers have been found for all the Sale Shares or the Vendor elects to withdraw the Transfer Notice under Article 14.3. Each Transfer Notice shall constitute each of the directors irrevocably and unconditionally as the attorney of the Vendor for the specific purpose of executing and completing any stock transfer form relating to the sale or transfer of the Sale Shares, subject to the following provisions:

- 14.2 The Sale Shares shall be offered to the Company to be re-purchased in accordance with Part V, Chapter VII of the Act and Regulation 35. If at the expiry of 45 days following determination of the price in accordance with Article 14.3, the directors have not agreed to accept the offer, the Sale Shares shall be offered to all the members (other than the Vendor) in proportion to their respective holdings of shares in the Company on the date when the Transfer Notice was served and to the extent that the Sale Shares are not accepted the Sale Shares shall be dealt with as provided by Article 14.6.
- 14.3 The price at which the Sale Shares shall be offered under Article 14.2 shall be the price as shall be agreed between the Vendor and the directors other than the Vendor within 30 days of the service on the Company of the Transfer Notice. In the absence of such agreement, the price at which the Shares shall be offered under Article 14.2 shall be the price which shall be determined by the auditors for the time being of the Company (acting as experts and not as arbitrators). The members and the directors shall use their reasonable endeavours to procure that the auditors determine the price as soon as possible. If the auditors fail to agree to undertake the task within 7 days after the request by the directors or if the Vendor or the directors object to the appointment of the auditors, the price shall be determined by an independent firm of chartered accountants, either nominated jointly by the Vendor and the directors or, in default of a joint nomination within 14 days of the expiry of such 7 day period or the objection (as the case may be), nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales, (acting as experts and not as arbitrators). Such price shall be the fair value of the Sale Shares as at the date when the Transfer Notice was served on the Company as between a willing seller and a willing buyer *contracting on arm's length terms, having regard to the fair value of the Company as a going concern and such other circumstances as shall seem to them to be relevant.* They shall, in making such a determination, be entitled to take into account the size of the shareholding being disposed of pursuant to the Transfer Notice (and in particular a discount for a minority shareholding and a premium for a majority shareholding or shareholding conferring a majority shall be applied). The auditors' or independent accountants' determination as appropriate, shall be final and binding on all parties. The Company shall within 7 days of the issue of the determination furnish a copy of it to the Vendor who shall be entitled within 7 days of the service upon him of such copy to withdraw the Transfer Notice. If he does withdraw the Transfer Notice he shall not be entitled to give another Transfer Notice within a period of six months from the date of the Transfer Notice. The costs of the auditors' or independent

accountants' determination shall be apportioned between the members and the Vendor as the auditors or independent accountants as appropriate shall determine.

- 14.4 Any offer under Article 14.2 shall be in writing and shall specify the total number of Sale Shares, the number of Sale Shares offered to the Company or member as the case may be, whether or not the Transfer Notice contained a Total Transfer Condition, the period for acceptance and shall indicate that, in the case of an offer to the members of the Company they may apply for more or less Sale Shares than are offered to them. The offer shall be accompanied by a copy of the relevant Transfer Notice and any determination made under Article 14.3 and shall in the case of an offer to members be open for acceptance by notice in writing to the Company within 15 days after the price shall have been determined under Article 14.3. If such offer is not accepted within such time limit it will be deemed to have been refused.
- 14.5 At the expiration of such 15 days the directors shall allocate to each accepting member his proportionate entitlement to the Sale Shares or such lesser number of Sale Shares for which he may have applied.
- 14.6 If any member has applied for less than his proportionate entitlement, the excess shall be allocated and offered to the members in the following manner:
- (a) if the number of any Sale Shares which remain unallocated equals or is greater than the number of Sale Shares for which excess applications have been made, each accepting member who has applied for excess Sale Shares shall be allocated the number of excess Sale Shares for which he applied; and
 - (b) if the number of Sale Shares which remains unallocated is less than the number of Sale Shares for which excess applications have been made, the unallocated Sale Shares shall be allocated (as nearly as may be without involving fractions) in the proportions which the applications for excess Sale Shares bear to one another.
- 14.7 (a) If the Transfer Notice contained a Total Transfer Condition then no offer of Sale Shares pursuant to this Article shall be capable of acceptance until all of the Sale Shares shall have been accepted by the Company and/or the members (or any of them). If the directors do not receive acceptances in respect of all the Sale Shares within the stated periods they shall forthwith give notice in writing of that fact to the Vendor, none of the Sale Shares will be sold to the Company and/or the members pursuant to this Article 14, and the Vendor will be at liberty within 90 days of receipt of such notice to sell the Sale Shares to any person, including any third person named in the Transfer Notice (other than an Excluded Person), as long as the directors consider him to be suitable for admission to the Company provided that such sale shall be at a price which shall not be less than the higher of the price

stated in the Transfer Notice and the fair value of the Sale Shares as shall be agreed, or, if necessary, certified in accordance with Article 14.3.

- (b) If the Transfer Notice did not contain a Total Transfer Condition and if within 120 days after the date of service on the Company of a Transfer Notice the directors shall not have found members willing to purchase all the Sale Shares, the Vendor shall be at liberty within 90 days after the expiry of the said period of 120 days to sell all the unaccepted Sale Shares to any person, including any third person named in the Transfer Notice, as long as the directors consider him to be suitable for admission to the Company other than an Excluded Person provided that such sale shall be at a price which shall not be less than the higher of the price stated in the Transfer Notice and the fair value of the Sale Shares as shall be agreed, or, if necessary, certified in accordance with Article 14.3.

14.8 If the Vendor shall not have found purchasers whom the directors consider suitable for all the unaccepted Sale Shares in the 90 day period referred to in Article 14.7 at the expiry of such 90 day period, the directors shall if there is no Total Transfer Condition be at liberty within 90 days thereafter to sell such unaccepted Sale Shares or any part thereof to any person other than an Excluded Person provided that such sale shall be at a price which shall not be less than the higher of the price stated in the Transfer Notice and the fair value of the Sale Shares as shall be agreed or, if necessary, certified in accordance with Article 14.3.

14.9 If, having applied the provisions of Articles 14.2 to 14.8 there remain unaccepted Sale Shares, the Vendor shall be free to sell all or any part of such unaccepted Sale Shares in the period of 60 days following expiry of the 90 day period referred to in Article 14.8 to any persons at any price other than an Excluded Person.

14.10 Upon either of the agreement by purchasers to acquire all the Sale Shares pursuant to Articles 14.2 to 14.9 or the expiry of the 30 day period referred to in Article 14.9, the chairman of the directors shall as soon as practicable arrange a time and place for completion of the sale of the Sale Shares to be sold under Articles 14.2 to 14.9.

14.11 If and to the extent that any offer under this Article 14 is accepted, the Vendor shall be bound upon payment of the price determined in accordance with Article 14.3 to transfer the Sale Shares accepted. If any Vendor is bound to transfer any Sale Shares in accordance with this Article 14 and makes default in so doing, the Company may receive the purchase money in trust for the Vendor (which it shall pay into a separate bank account in the Company's name) and shall thereupon cause the name of the person accepting such Sale Shares to be entered in the Company's register of members as the holder thereof or, if the Company is purchasing such Sale Shares, cancel such Sale Shares. The receipt of the Company for the purchase money shall be a good discharge to the person accepting such Sale Shares and after his

name has been entered in the Company's register of members the validity of the proceedings shall not be questioned by any person. The Company shall not be bound to earn or pay interest on any money so held and shall not pay such money to the Vendor until he delivers his share certificates (or an appropriate indemnity in respect of any lost certificates) to the Company.

14.12 The restrictions on transfer contained in this Article 14 shall apply to all transfers or transmissions by operation of law or otherwise of shares in the capital of the Company.

15. **Compulsory transfer of shares**

15.1 This Article 15 shall not apply to Edward Fort and Ian Wilson.

15.2 On the date of a member's death, a Transfer Notice shall be deemed to have been served in respect of all the shares in the Company registered in the name of such member at such date or in the name of any Permitted Person who received his shares from, that deceased member whether directly or indirectly, and the provisions of Article 14 shall apply accordingly.

15.3 If any member shall be adjudged bankrupt, his trustee in bankruptcy shall on the date of his bankruptcy be deemed to have served on the Company a Transfer Notice with effect from the date of such member's bankruptcy in respect of all the shares registered in the name of such member at the date of his bankruptcy and in the name of any Permitted Person who received his shares from, whether directly or indirectly, that member and the provisions of Article 14 shall apply accordingly.

15.4 In the event that there is a change in the control of a corporate member a transfer notice shall thereupon be deemed to have been served by such corporate member in respect of all the shares in the Company registered in its name and the provisions of Article 14 shall apply accordingly. For the purposes of this Article the expression '**control**' shall be construed in accordance with s 840 Income and Corporation Taxes Act 1988 or any statutory modification or re-enactment thereof.

15.5 If any member who is, or is proposed to be, employed or engaged by the Company or any of its subsidiaries or whose services are made available to the Company or any of its subsidiaries under the terms of an agreement between the Company or any of its subsidiaries (an '**Employee**') from time to time, ceases to be an Employee ('**the Leaver**'), then the Leaver shall (if he has not already done so) together with any Permitted Persons who have received shares in the Company whether directly or indirectly from the Leaver shall thereupon be deemed to have served on the Company a Transfer Notice in respect of all the shares in the Company registered at the date of the cessation in the name of the Leaver and in the name of any Permitted Person who received shares from that Leaver whether directly

or indirectly at the date of the cessation of his employment and the provisions of Article 14 shall apply accordingly.

- 15.6 In the event that any Leaver or any Permitted Person who received his shares from the Leaver, whether directly or indirectly, or any trustee in bankruptcy or personal representative of any member, shall become entitled to any shares in the Company under any agreement or arrangement for the issue, allotment, sale or transfer or any right to call for the issue, allotment, sale, or transfer of such shares, whether in accordance with any employee profit sharing scheme established by the Company or any employee share option scheme established by the Company or otherwise, after the date of the cessation of the Leaver's employment by the Company or the date of such member's bankruptcy, such person shall thereupon be deemed to have served on the Company a Transfer Notice in respect of all such shares in the Company and the provisions of Article 14 shall apply accordingly.
- 15.7 In the event of either the appointment of a receiver having the power of sale over any property of a corporate member, the liquidation of any corporate member or the appointment of an administrator or an administrative receiver over the property of a corporate member, the receiver, liquidator, administrator or administrative receiver shall thereupon be deemed to have served a Transfer Notice in respect of all the shares in the Company registered in the name of such corporate member and the provisions of Article 14 shall apply accordingly.
- 15.8 In the event that any corporate member, holding shares in the Company transferred to it under Article 13.2(b)(5) ceases to be a member of the same Group as the corporate member who held such shares and transferred them to it, does not, prior to so ceasing, transfer all such shares to another member of such Group, such corporate member shall thereupon be deemed to have served on the Company a Transfer Notice in respect of all the shares in the Company registered in its name at the date of the cessation of its membership of such Group and the provisions of Article 14 shall apply accordingly.
- 15.9 Where a Transfer Notice is deemed to have been served under any provision of these Articles and the circumstances are such that the directors (as a whole) are unaware of the facts giving rise to the same, such Transfer Notice shall be deemed to have been served on the date on which the directors (as a whole) actually become aware of such facts.
- 15.10 A deemed Transfer Notice shall be deemed to contain a Total Transfer Condition, shall not be revocable and shall be deemed not to specify a price or a person to whom the shares the subject of the Transfer Notice should be transferred.

16. **Drag Along and Tag Along**

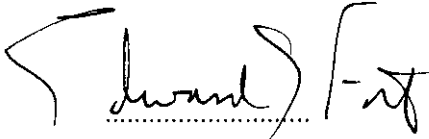
- 16.1 In this Article 16 a '**Qualifying Offer**' shall mean a bona fide arms length offer in writing by or on behalf of any person (the '**Offeror**') to the holders of Shares to acquire all their Shares for

a specified amount of consideration being not less than that payable to other shareholders in terms of the consideration and any other ancillary benefits to be received by such shareholder.

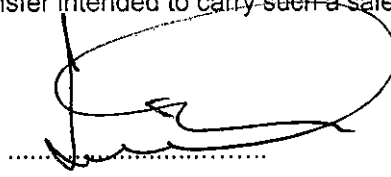
- 16.2 If the holders of not less than 75% of the Shares (the '**Accepting Shareholders**') wish to accept the Qualifying Offer, then the provisions of this Article 16 shall apply.
- 16.3 The Accepting Shareholders shall give written notice to the remaining holders of Shares (the '**Remaining Shareholders**') of their wish to accept the Qualifying Offer and the Remaining Shareholders shall, subject to the Accepting Shareholders accepting the Qualifying Offer, be bound to accept the Qualifying Offer.
- 16.4 If any Remaining Shareholder shall not, within 7 days of receiving notice requiring him to do so, execute and deliver transfers in respect of the Shares held by him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then the Company Secretary shall be entitled to, and shall be entitled to authorise and instruct such person as he thinks fit to, execute the necessary transfer(s) and indemnities on the Remaining Shareholder's behalf and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Shares, deliver such transfer(s) and certificate(s) or indemnities to the Offeror (or his nominee) and register such Offeror (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.
- 16.5 As security for the obligations in this Article 16, each member irrevocably appoints the Company Secretary as his attorney to execute and do all such deeds, documents and things in the name of and on behalf of such member as may reasonably be required to give full effect to the provisions of this Article.
- 16.6 If at any time one or more members (the '**Proposed Sellers**') propose to sell, in one or a series of related transactions, a holding of not less than 75% in nominal value of the Shares (the '**Majority Holding**') to any person (not being an Offeror for the purposes of Article 16.1), the Proposed Sellers may only sell the Majority Holding if they comply with the provisions of this Article.
- 16.7 The Proposed Sellers shall give written notice (the '**Proposed Sale Notice**') to the other holders of Shares of such intended sale at least 14 days prior to the date thereof. The Proposed Sale Notice shall set out, to the extent not described in any accompanying documents, the identity of the proposed buyer (the '**Proposed Buyer**'), the purchase price and other terms and conditions of payment, the proposed date of sale (the '**Proposed Sale Date**') and the number of Shares proposed to be purchased by the Proposed Buyer (the '**Proposed Sale Shares**').

16.8 The Proposed Sellers shall procure that (by reducing the number of Shares they sell or otherwise) any other holder of Shares who gives written notice to the Proposed Sellers within 7 days of receipt of the Proposed Sale Notice, may sell to the Proposed Buyer such percentage of his Shares as is equal to the percentage of the entire equity share capital in the Company represented by the Majority Holding on the same terms and conditions as those set out in the Proposed Sale Notice.

16.9 If any member is not given the rights accorded him by the provisions of this Article, the Proposed Sellers may not complete their sale and the Company shall be bound to refuse to register any transfer intended to carry such a sale into effect."

A handwritten signature in black ink, appearing to read 'Edward Fort', written over a dotted line.

Edward Fort

A handwritten signature in black ink, appearing to read 'Ian Wilson', written over a dotted line.

Ian Wilson