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THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

of

DIGITAL PROJECTION INTERNATIONAL PLC

(FORMERLY YPCS 49 plc)

Registered Number 3280170

(adopted by special resolution on 1 July 1998)

Preliminary

1 In these articles:-

1.1 "the Act" means the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force.

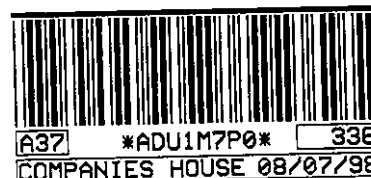
1.2 "Table A" means Table A in the Companies (Tables A - F) Regulations 1985 as amended by the Companies (Tables A - F) (Amendment) Regulations 1985.

1.3 "3I" means 3i Group plc (registered number: 1142830).

1.4 "PDV" means the group of parallel limited partnership investment funds constituted by the Fund Constituents.

1.5 "Fund Constituents" means together the 'A' Fund, the 'B' Fund, the 'C' Fund and the 'D' Fund as described in the Schedule to these Articles (constituting the fund).

1.6 The expression "Investor" shall mean each of 3i and PDV, or any nominee of 3i or of PDV but excluding any person nominated by 3i or PDV to subscribe for shares beneficially in his own right other than the PDV Co-Investment Scheme. The expression "member of an Investor's Group" shall mean an Investor, any subsidiary of that Investor and any holding company of that Investor and any subsidiary of such holding company and any nominee of any of the foregoing and "Investor's Group" or "Group" shall be construed accordingly.



- 1.7 **"the Investment Agreement"** means the agreement for loans and share subscription entered into on 19 December 1996 between the Company (1) the Managers (as defined therein) (2) 3i plc (3) 3i (4) and PDV (5) as amended and supplemented by a supplemental agreement dated 25 June 1997 between the same parties, Phildrew Nominees Limited, Richard Raworth and Peter Blaxtan and a subsequent investment agreement dated 29 June 1998 between the parties to the supplemental agreement (except Peter Blaxton) and Brenda Blaxton (**"the Subsequent Investment Agreement"**).
- 1.8 **"Investment Fund"** means any person, company, trust, limited partnership or fund holding shares for investment purposes.
- 1.9 The expression **"voting rights"** shall be construed in accordance with section 736(A) of the Act.
- 1.10 The expression **"Relevant Directors"** shall mean the Company's and any subsidiary's directors and former directors where such directors are interested in shares in the Company and their connected persons (as defined by section 839 Income and Corporation Taxes Act 1988) but excluding any Special Director (as hereinafter defined).
- 1.11 The expression **"Executive Director"** shall mean a director of the Company from time to time who is employed on a full time basis and who devotes the whole of his time and attention to the business of the Company. The expression **"Non-executive Director"** shall mean a director of the Company from time to time who is not an Executive Director, but excluding Special Directors (as defined in Article 17).
- 1.12 The word **"emoluments"** shall include all salary and all items set out in paragraph 1(4) of schedule 6 to the Act.
- 1.13 Where any amount is stated to be Index Linked it shall be increased on 1 January in each year for the following period of 12 months. The first increase shall take place with effect from 1 January 1998. The amount of the increase shall be the percentage increase (if any) in the retail price index published by the Government for the preceding 12 months period.

- 1.14 The expression "**Employee Member**" means a person who is or has been a director and/or an employee of the Company or any of its subsidiaries save that Richard Raworth and his permitted successors and assigns shall not be or be treated as an Employee Member in respect of any 'A' ordinary shares or Preference Shares held by him or them from time to time but, for the avoidance of doubt Richard Raworth and his permitted successors and assigns shall be an Employee Member in respect of all ordinary shares held by him or them from time to time.
- 1.15 The expression "**Employee Trust**" means the Digital Projection employee benefit trust established by a trust deed dated 19 December 1996 and in respect of which the trustee is Digital Projection Trustee Limited, a subsidiary of the Company and whose beneficiaries are the bona fide employees of the Company or any of its subsidiaries.
- 1.16 The expression "**Early Leaver**" means an Employee Member who ceases to be a director or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them by reason of resignation where such cessation occurred on or before 18 December 1998.
- 1.17 The expression "**Bad Leaver**" means an Employee member who ceases to be a director or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them where cessation occurs for one of the following reasons:-
- 1.17.1 fraud;
  - 1.17.2 gross misconduct conclusively determined by a court or tribunal of competent jurisdiction;
  - 1.17.3 having been convicted of an offence under any statutory enactment or regulation relating to insider dealing;
  - 1.17.4 having been disqualified from acting as a director of a company under the Company Directors Disqualification Act 1986 in circumstances where a court has made a declaration under section 213 or 214 of the Insolvency Act 1986 (participation in fraudulent trading/wrongful trading);
  - 1.17.5 having tendered, and had accepted, his resignation other than for one of the

following reasons:-

- (a) death;
- (b) illness;
- (c) disablement;
- (d) retirement at normal retirement age.

where the Termination Date arising from such resignation falls within the period beginning on 19 December 1996 and ending on 18 December 1998 (both dates inclusive).

1.17.6 having tendered and had accepted his resignation other than for one of the reasons specified in paragraphs (a) to (d) inclusive in sub-Article 1.17.5 where the Termination Date arising from such resignation falls within the period beginning on the second and ending on the fourth anniversary of the date of the adoption of these Articles (both dates inclusive) save where such resignation has been approved or sanctioned or ratified by a resolution of the board of directors or, absent of any such resolution, where such resignation has been approved or sanctioned or ratified by an Investor Majority.

1.18 The expression "**Good Leaver**" means an Employee Member who ceases to be a director or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them in circumstances where he is neither an Early Leaver nor a Bad Leaver.

1.19 The expression "**Termination Date**" means:

1.19.1 where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;

1.19.2 where a contract of employment is terminated by the employer and a payment is made in lieu of notice and accepted by the Employee Member, the date on which notice of termination was served;

1.19.3 where the Employee Member concerned is a director but not an employee, the date on which his contract for services with the Company is terminated;

- 1.19.4 in any case, where the Employee Member leaves and becomes involved in a business competitive with the Company, the date on which the Company becomes aware of such involvement; and
- 1.19.5 in any other case, the date on which the contract of employment is terminated.
- 1.20 The expression "**Relevant Employee Member Shares**" shall mean shares held by an Employee Member or his permitted successors or assigns and which are subject to the provisions relating to mandatory transfer on cessation of employment pursuant to Article 8.10.
- 1.21 The expression "**Non-relevant Employee Member Shares**" shall mean such numbers of ordinary shares as shall represent the proportion of the Company's equity share capital set opposite the names of the Employee Members who are shareholders at the date of the adoption of these Articles set out below which shares shall not be subject to the provisions relating to the mandatory transfer on cessation of employment pursuant to Article 8.10

**PROVIDED THAT** the Employee Member is a Good Leaver:-

Brian Critchley	2%
Dermot Quinn	0.33%
Michael Blackburn	0.33%
David Green	0.33%
Richard Raworth	0.5%
Michael Levi	0.33%
Timothy Cronin	0.33%

- 1.22 The expression "**Preference Shares**" means the 'A' preference shares and the 'B' preference shares described in Article 3 and the expression "**Preference Dividend**" means the 'A' Preference Dividend and/or the 'B' Preference Dividend.
- 1.23 The expression "**Remuneration Committee**" means a committee of the board of

directors comprising the Chairman, the Managing Director, the Special Directors and the non-executive directors, in each case as from time to time appointed.

#### Table A

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- 2.1 The regulations contained in or incorporated in Table A shall apply to the Company save insofar as they are excluded or varied hereby or are inconsistent herewith and such regulations (save as so excluded varied or inconsistent) and the articles hereinafter contained shall be the regulations of the Company.
- 2.2 Regulations 54, 73-80 (inclusive), 82, 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company.
- 2.3 Regulation 6 shall be construed as if the words "shall be sealed with the seal and" were deleted therefrom.

#### Share capital

- 3 The share capital of the Company is £392,500, divided into 50,000,000 'A' preference shares of 0.1p each, 2,500,000 'B' preference shares of 0.1p each, 1,000,000 'A' ordinary shares of 10p each and 8,000,000 ordinary shares of 3p each.

The rights attaching to the respective classes of shares are as follows:-

#### 3.1 Income

The profits of the Company available for distribution shall be applied as follows:-

- 3.1.1 First in paying to the holders of the 'B' preference shares (if any) a fixed cumulative preferential net cash dividend (hereinafter in these articles referred to as the "'B' Preference Dividend") of 8 pence per annum on each share (and all arrears and accruals thereof) accruing from the date of adoption of these articles and payable half yearly on 1 July and 31 December commencing on 31 December 1999.
- 3.1.2 Second in paying to the holders of the 'A' preference shares (if any) a fixed cumulative preferential net cash dividend (hereinafter in these articles referred to as 'the "'A' Preference Dividend") of 8 pence per annum on

each share (and all arrears and accruals thereof) accruing from 1 April 1997 and payable half yearly on 1 July and 31 December commencing on 31 December 1999.

- 3.1.3 Third in paying to the holders of the 'A' ordinary shares and the ordinary shares as a class in respect of each financial year of the Company a cumulative preferential net cash dividend (hereinafter in these articles referred to as "**the Participating Dividend**") to be calculated as set out below and paid to the holders of the 'A' ordinary shares and ordinary shares in the proportions set out below:-

The aggregate amount of the Participating Dividend for the relevant financial year shall be calculated as follows:-

- (a) if the amount of the Preference Dividend paid for that financial year exceeds a sum equal to 20% of the Net Profit (calculated as hereinafter provided), then the Participating Dividend for the relevant financial year shall be £nil; or
- (b) if a sum equal to 20% of the Net Profit exceeds the amount of the Preference Dividend paid for that financial year, then the aggregate Participating Dividend for the relevant financial year shall be an amount equal to the difference between the amount of the Preference Dividend and the sum of 20% of Net Profit.

The Participating Dividend (if any) for each financial year due and payable on each 'A' ordinary and each ordinary share shall be DA and DM respectively where:

$$DA = P / (A + (M / 18.55))$$

$$DM = DA / 18.55$$

P = the aggregate amount of the Participating Dividend due

A = the number of 'A' ordinary shares in issue

M = the number of ordinary shares in issue and so that the amount of the Participating Dividend payable (if any) to each holder of ordinary

shares in respect of the relevant financial year shall be rounded down to the nearest whole penny calculated by reference to the total number of ordinary shares held by such shareholder on the relevant record date.

PROVIDED THAT the Participating Dividend to be paid to the holders of the ordinary shares (if any) shall be paid in respect of all financial years of the Company up to and including the financial year ending 31 December 2001 whereafter the Participating Dividend payable to the holders of the ordinary shares shall be declared but not paid and shall accrue.

The Participating Dividend (if any) shall be paid not later than 4 months after the end of each successive accounting reference period of the Company or not later than 14 days after the audit report on the accounts of the Company for such period is signed by the Company's auditors, whichever is earlier.

For the purpose of calculating the Participating Dividend, the expression "Net Profit" shall mean the profit on ordinary activities after taxation of the Company and its subsidiaries calculated on the historical cost accounting basis and shown in the audited consolidated profit and loss account of the Company and its subsidiaries for the relevant financial year (to the nearest pound) but adjusted by:-

- (c) adding back any amortisation of goodwill; and
- (d) adding back any amount in respect of emoluments payable to Relevant Directors in excess of the amount of the aggregate emoluments of the Relevant Directors approved by the Remuneration Committee .

3.1.4 In addition, in paying to the holders of the 'A' ordinary shares in respect of each financial year of the Company a cumulative preferential net cash dividend (hereinafter in these articles referred to as "**the Compensatory Dividend**") on each share of an amount equal to the Excess Remuneration (as hereinafter defined) divided by the number of ordinary shares held by or on behalf of Relevant Directors in issue on the last day of the relevant



financial year.

For the purpose of calculating the Compensatory Dividend the expression "**Excess Remuneration**" shall mean emoluments in excess of the aggregate of all emoluments payable in respect of the relevant financial year to Relevant Directors as approved by the Remuneration Committee of the Board after deducting income tax at the basic rate on such excess sum. The Compensatory Dividend (if any) shall be paid on the due date for payment of the Participating Dividend.

- 3.1.5 Subject to the payment of the Preference Dividend, the Participating Dividend and the Compensatory Dividend, the profits which the Company may determine to distribute in respect of any financial year shall be applied with the prior written consent of the holders of 75% by nominal value of the 'A' ordinary shares and with the prior written consent of the holders of 75% by nominal value of the ordinary shares in distributing the balance of such profits amongst the holders of the 'A' ordinary shares and the ordinary shares in the same proportions as the 'A' ordinary shares and the ordinary shares respectively, shall be entitled to vote on a poll at general meetings of the Company and so that the amount of such distribution under this sub-Article to each holder of ordinary shares in respect of the relevant financial year shall be rounded down to the nearest whole penny calculated by the total number of ordinary shares held by such shareholder on the relevant record date.
- 3.1.6 Every dividend shall unless otherwise provided accrue on a daily basis.
- 3.1.7 Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act (in which case the Preference Dividend and the Compensatory Dividend shall accumulate and the Participating Dividend shall be declared but not paid) the Preference Dividend and the Participating Dividend and the Compensatory Dividend shall (notwithstanding regulations 102 to 108 inclusive contained in Table A or any other provision of these articles and in particular notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting) be paid

immediately on the due date and if not then paid shall be a debt due by the Company and be payable in priority to any other dividend provided that if due to delays in the preparation of the audited accounts of the Company the Participating Dividend cannot be calculated by the date it is due for payment then, subject always to the provisions of the Act, there shall be paid forthwith an interim dividend in respect of the Participating Dividend of a sum equal to the last Participating Dividend payable save to the extent that such interim dividend cannot be justified by reference to the "relevant accounts" of the Company (as defined by sections 270 to 276 of the Act) in which case there shall be paid an interim dividend in respect of the Participating Dividend of the greatest sum which can be justified by reference to such accounts. The next and (if appropriate) any subsequent Participating Dividend shall be adjusted to take account of any overpayment or underpayment in respect of the said interim dividend which becomes apparent when the audited accounts are available.

- 3.1.8 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 any redemption moneys due on the Preference Shares and the Preference Dividend and the Participating Dividend and the Compensatory Dividend.

## 3.2 Capital

On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied as follows:-

- 3.2.1 first in paying to the holders of the 'B' preference shares £1 per 'B' preference share together with a sum equal to any arrears or accruals of the 'B' Preference Dividend calculated down to the date of the return of capital;
- 3.2.2 second in paying to the holders of the 'A' preference shares £1 per 'A' preference share together with a sum equal to any arrears or accruals of the 'A' Preference Dividend calculated down to the date of the return of capital;

3.2.3 the balance of such assets shall be distributed between the holders of the 'A' ordinary shares and the holders of the ordinary shares, in the same proportions as the 'A' ordinary shares and ordinary shares respectively shall be entitled to vote on a poll at general meetings of the Company together with a sum equal to any accrual of the Participating Dividend calculated down to the date of the return of capital.

### 3.3 Redemption

3.3.1 Subject to the provisions of the Act, all of the 'B' preference shares in issue shall be redeemed on 31 December 2003 and any 'B' preference shares not redeemed upon the due date shall be redeemed forthwith upon redemption becoming permissible under the Act.

3.3.2 Subject to the provisions of the Act and provided all of the 'B' preference shares have been redeemed pursuant to Article 3.3.1, 15% of the 'A' preference shares in issue shall be redeemed on 31 December 2003 and the balance on 31 December 2004, and any 'A' preference shares not redeemed upon the due date shall be redeemed forthwith upon redemption becoming permissible under the Act.

3.3.3 Subject to the provisions of the Act the Company may with the prior written consent of the holders of 75% by nominal value of the 'B' preference shares provided there are no arrears of dividend on the 'A' ordinary shares or the 'B' preference shares redeem all or (in instalments of not less than 500,000 shares) some of the 'B' preference shares in advance of the due date for redemption and in the absence of any contrary agreement between such holders and the Company any partial early redemption shall be deemed to relate to the shares falling due for redemption in inverse order of maturity.

3.3.4 Subject to the redemption of all 'B' preference shares then in issue the provisions of article 3.3.3 shall mutatis mutandis apply to redemption of the 'A' preference shares in advance of their due dates for redemption.

3.3.5 Subject to the provisions of the Act all of the 'B' preference shares and thereafter all of the 'A' preference shares shall (unless the holders of 75% by nominal value of the Preference Shares give notice in writing to the

Company to the contrary) be redeemed immediately upon any of the following dates:-

- (a) the date upon which any of the equity share capital of the Company is admitted to the Official List of the London Stock Exchange or permission for any of the equity share capital of the Company to be dealt in on any recognised investment exchange (as defined in section 207 of the Financial Services Act 1986) or EASDAQ becomes effective; or
- (b) the date upon which a successful offer to purchase 90% or more of the issued equity share capital of the Company (or 90% or more of all such capital including any already held by the offeror) is completed.

3.3.6 On the dates fixed for any redemption the Company shall pay to each registered holder of Preference Shares which are due for redemption the amount payable in respect of such redemption and upon receipt of that amount each such holder shall surrender to the Company the certificate for his shares which are to be redeemed in order that they may be cancelled provided that if any certificate so surrendered includes any shares not redeemable at that time the Company shall issue a fresh certificate for the balance of the shares not redeemable to the holder. If there is more than one holder of Preference Shares due for redemption any redemption shall be made among such holders pro rata (as nearly as may be) to their respective holdings of such shares.

3.3.7 The Company shall pay on each of the Preference Shares so redeemed the sum of £1 and shall contemporaneously pay any arrears or accruals of the Preference Dividend on such shares calculated to the date of redemption and in the absence of any direction to the contrary by the holder of the relevant Preference Share any moneys paid on redemption of such share shall relate first to the said arrears and accruals of Preference Dividend. The Preference Dividend shall cease to accrue on shares so redeemed from the date of payment of the redemption moneys.

### 3.4 Voting

- 3.4.1 The 'A' ordinary shares shall confer on the holders thereof (in that capacity) the right to attend, speak and vote at all general and other meetings of the Company and on a show of hands every holder of 'A' ordinary shares who (being an individual) is present in person or who (being a corporation) is present by a duly authorised representative shall have one vote and on a poll every holder of 'A' ordinary shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote for every 'A' ordinary share of which he is the holder.
- 3.4.2 The ordinary shares shall confer on the holders thereof (in that capacity) the right to attend, speak and vote at all general and other meetings of the Company and on a show of hands every holder of ordinary shares who (being an individual) is present in person or who (being a corporation) is present by a duly authorised representative shall have one vote and on a poll every holder of ordinary shares (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have 1/18.55 of a vote for every ordinary share of which he is the holder PROVIDED THAT upon casting a vote on a poll the number of votes cast by a holder of ordinary shares shall be rounded down to the next whole number of votes.

#### Class Rights

- 4 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, only with the consent in writing of the holders of 75% by nominal value of the issued shares of that class. Without prejudice to the generality of this article, the special rights attached to the 'A' preference shares, the 'B' preference shares and the 'A' ordinary shares shall be deemed to be varied and, subject to the provisions of Article 4.3, the ordinary shares shall be deemed to be varied, other than by Article 4.1.9 and Article 4.2.6, by:-

- 4.1 the Company or the Board as appropriate:
  - 4.1.1 altering its memorandum or articles of association; or
  - 4.1.2 varying in any way (whether directly or indirectly) the rights attached to any of the shares for the time being in the capital of the Company; or
  - 4.1.3 applying by way of capitalisation any sum in or towards paying up any share or loan capital of the Company; or
  - 4.1.4 entering into a contract to purchase any of its shares; or
  - 4.1.5 redeeming any of its shares (otherwise than pursuant to these articles); or
  - 4.1.6 passing a resolution that it be wound up; or
  - 4.1.7 appointing or removing its auditors; or
  - 4.1.8 altering its accounting reference date; or
  - 4.1.9 appointing or removing any director of the Company or any Employee Member as an employee.
- 4.2 the Company or any of its subsidiaries:
  - 4.2.1 altering, increasing, reducing, sub-dividing or consolidating its authorised or issued share capital; or
  - 4.2.2 granting any option or other right to subscribe for shares save for the grant of options under the Share Option Scheme (as defined in the Investment Agreement); or
  - 4.2.3 disposing of its undertaking or any substantial part thereof; or
  - 4.2.4 disposing of or acquiring any interest in any share in the capital of any company or
  - 4.2.5 calling a meeting to effect or approve any matter which would by virtue of this article be a variation of the class rights of the 'A' ordinary, ordinary shares, or Preference Shares; or
  - 4.2.6 calling a meeting to effect or approve the appointment or removal of any Director of the Company or any subsidiary.

4.3 Without prejudice to the generality of this Article, the matters referred to in sub-articles 4.1 and 4.2 (other than 4.1.9 and 4.2.6) shall be deemed to be a variation of the special rights attached to the ordinary shares in all circumstances save to the extent that from time to time:-

4.3.1 the Preference Dividend has not been paid in accordance with these Articles **PROVIDED THAT** the Preference Dividend for the financial years prior to the financial year ending 31 December 2001 shall not be treated for the purpose of this sub-Article only as being in arrear and/or unpaid unless:

- (a) the Preference Dividend for the financial year ending 31 December 2001 (together with any arrears and accruals of the Preference Dividend for any of the preceding financial years ) shall not be paid on the due date for payment in accordance with these Articles; or
- (b) such arrears and accruals of the Preference Dividend are not being paid by the Company in accordance with the schedule contained in the Business Plan; or

4.3.2 any Preference Shares have not been redeemed on the relevant redemption date set out in sub-Articles 3.3.1 and 3.3.2 together with any arrears or accruals of the Preference Dividend calculated down to the date of redemption; or

4.3.3 there exists in relation to the Company or any of its subsidiaries any circumstance which is reasonably likely to result in the Company or any of its subsidiaries being in material default under any facility for the provision of borrowings to the Company or any of its subsidiaries which, in the context of the Company and its subsidiaries taken as whole, is likely to have a materially detrimental effect on the business of the Company and the subsidiaries; or

4.3.4 the financial performance of the business carried on by the Company and its subsidiaries in any financial year as measured by reference to the Company's consolidated audited accounts for that financial year has failed in one or more material respects to achieve the targets set out for the performance of such business in the Business Plan (as defined in the

Subsequent Investment Agreement) for the relevant financial year minus a margin of 25%.

### Lien

- 5 The lien conferred by regulation 8 of Table A shall apply to all shares of the Company whether fully paid or not and to all shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder thereof or one of several joint holders.

### Calls

- 6 The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words 'and all expenses that may have been incurred by the Company by reason of such non-payment.'

### Transfer of Shares

- 7 The directors shall refuse to register any transfer of shares made in contravention of the provisions of these articles but (subject to Regulation 24 of Table A and Article 9.17) shall not otherwise be entitled to refuse to register any transfer of shares. For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these articles, the directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question.

### 8 Preliminary definitions

- 8.1 For the purposes of these articles:-

8.1.1 **"Privileged Relation"** in relation to a member means the spouse or widow or widower of the member and the member's children and grandchildren



(including step and adopted children and their issue) and step and adopted children of the member's children;

8.1.2 **"Family Trust"** in relation to a settlor means a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of:-

- (a) that settlor and/or a Privileged Relation of that settlor; or
- (b) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income therefrom when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities);

and under which no power of control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or the settlor or the Privileged Relations of the settlor;

8.1.3 **"settlor"** includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member.

#### Permitted transfers to relations and Family Trusts

8.2 Notwithstanding any other provision in these articles any member may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to a Privileged Relation or to trustees to be held upon a Family Trust of which he is the settlor

#### Permitted transfers by Family Trusts

8.3 Where any shares are held by trustees upon a Family Trust:-

8.3.1 on any change of trustees such shares may be transferred to the new trustees of that Family Trust;

8.3.2 such shares may be transferred at any time to the settlor or to another Family Trust of which he is the settlor or to any Privileged Relation of the

settlor.

#### Permitted transfers by Investors

8.4 Notwithstanding any other provision in these articles the following transfers may be made without restriction as to price or otherwise and any such transfers shall be registered by the directors:-

8.4.1 any transfer by any member of an Investor's Group to any other member in the same Investor's Group (but if such transferee ceases to be a member of the Investor's Group it shall forthwith transfer the relevant shares to a member of the relevant Investor's Group);

8.4.2 a transfer of any shares in the Company held by an Investor (or a nominee of an Investor) who is:-

(a) a person whose principal business is to make, manage or advise upon investments (an "**Investment Manager**"); or

(b) a fund, partnership, company, syndicate or other entity whose principal purpose is to make investments and whose business is managed by an Investment Manager (an "**Investment Fund**"); or

(c) a nominee of an Investment Manager or an Investment Fund

may be made between the Investor (or its nominee) and:-

(a) where the Investor is an Investment Manager or a nominee of an Investment Manager:-

(i) any participant or partner in or member of any Investment Fund in respect of which the shares are held (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course);

(ii) any Investment Fund whose business is managed by the Investment Manager who is or whose nominee is the transferor;

- (iii) any other Investment Manager who manages the business of the Investment Fund in respect of which the shares are held;
- (b) where that Investor is an Investment Fund or a nominee of an Investment Fund:-
  - (i) any participant or partner in or member of the Investment Fund which is or whose nominee is the transferor (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course);
  - (ii) any other Investment Fund whose business is managed by the same Investment Manager as the Investment Fund which is or whose nominee is the transferor;
  - (iii) the Investment Manager who manages the business of the Investment Fund which is or whose nominee is the transferor

(or, in any such case, a nominee on behalf thereof).

8.5 Notwithstanding any other provision in these Articles, an Investment Fund, or its trustee, custodian or nominee, may at any time transfer all or any shares held by it:

8.5.1 to any trustee, nominee or custodian for such fund and vice versa;

8.5.2 to any unitholder, shareholder, partner, participant, manager or adviser of any such fund;

8.5.3 to any other Investment Fund; or

8.5.4 to a trustee, nominee or custodian for, or to a Member of the same Group of, any of the persons referred to in this Article 8.5.

8.6 Any shareholder being an Investment Fund or its nominee may at any time transfer all or any shares held by it to a "Co-Investment Scheme", being a scheme under which certain officers, employees or partners of such Investment Fund or of its adviser or manager are entitled (as individuals or through a body corporate or any other vehicle) to acquire shares which the Investment Fund would otherwise acquire.

- 8.7 A Co-Investment Scheme which holds shares through a body corporate or another vehicle may at any time transfer all or any shares held by it to:
- 8.7.1 another body corporate or another vehicle which holds or is to hold shares of the Co-Investment Scheme; or
  - 8.7.2 the officers, employees or partners entitled to the shares under the Co-Investment Scheme.

#### Transfers with shareholder approval

- 8.8 Notwithstanding any other provisions of these articles a transfer of any shares approved by the holders of 75% by nominal value of the ordinary shares and the holders of 75% by nominal value of the 'A' ordinary shares may be made without restriction as to price or otherwise and any such transfer shall be registered by the directors.

#### Mandatory transfer if trust ceases to be a 'Family Trust'

- 8.9 If and whenever any shares held by trustees upon a Family Trust cease to be so held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to any Privileged Relation of the settlor) or there cease to be any beneficiaries of the Family Trust other than a charity or charities a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of the relevant shares (as hereinafter defined) by the holders thereof and such shares may not otherwise be transferred.

For the purposes of this sub-article the expression "relevant shares" means and includes the shares originally transferred to the trustees and any additional shares issued or transferred to the trustees by virtue of the holding of the relevant shares or any of them.

#### Mandatory transfer on cessation of employment

- 8.10 If an Employee Member ceases to be a director or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them,

Transfer Notices shall be deemed to have been served on the relevant Termination Date in respect of:

- 8.10.1 in the case of an Employee Member who is a shareholder at the date of the adoption of these Articles and a Good Leaver, all of the Relevant Employee Member Shares then held by him (but not, for the avoidance of doubt, any Non-relevant Employee Member Shares then held by him); and
- 8.10.2 in the case of an Employee Member who is a shareholder at the date of adoption of these Articles and a Good Leaver all of the Relevant Employee Member Shares (but not, for the avoidance of doubt, any Non-relevant Employee Member Shares) then held by the Employee Member's Privileged Relations and/or Family Trusts (other than shares which the directors are satisfied were not acquired by such holders either (i) directly or indirectly from the Employee Member or (ii) by reason of their connection with the Employee Member, and the decision of the board of directors in this respect will be final);
- 8.10.3 in the case of an Employee Member who is a shareholder at the date of the adoption of these Articles and either an Early Leaver or a Bad Leaver, all of the Relevant Employee Member Shares and all the Non-relevant Employee Member Shares then held by him;
- 8.10.4 in the case of an Employee Member who is a shareholder at the date of the adoption of these Articles and either an Early Leaver or a Bad Leaver, all of the Relevant Employee Related Shares and all of the Non-relevant Employee Member Shares then held by the Employee Member's Privileged Relations and/or Family Trusts (other than shares which the directors are satisfied were not acquired by such holders either (i) directly or indirectly from the Employee Member or (ii) by reason of their connection with the Employee Member, and the decision of the board of directors in this respect will be final);
- 8.10.5 in the case of an Employee Member who was not a shareholder at the date of adoption of these Articles all the shares then held by the Employee Member and all the shares then held by the Employee Member's Privileged

Relations and/or Family Trusts (other than shares which the directors are satisfied were not acquired by such holders either (i) directly or indirectly from the Employee Member or (ii) by reason of their connection with the Employee Member, and the decision of the board of directors in this respect will be final).

Transfers under this sub-article are in these Articles referred to as Compulsory Employee Transfers.

### **Pre-emption rights**

#### **9     Transfer Notices**

- 9.1     Save as otherwise provided in these Articles every member who desires to transfer any shares (hereinafter called "**the Vendor**") shall give to the Company notice in writing of such desire (hereinafter called a "**Transfer Notice**"). Where the Transfer Notice is deemed to have been given it is referred to as a Deemed Transfer Notice. Transfer Notices and Deemed Transfer Notices shall constitute the Company the Vendor's agent for the sale of the shares specified therein (hereinafter called "**the Sale Shares**") in one or more lots at the discretion of the directors at the Sale Price.

#### **Calculation of the Sale Price**

- 9.2     The Sale Price shall be the price agreed by the Vendor and the directors. For this purpose, the price agreed between the directors and the Vendors shall not constitute the Sale Price for the purposes of this Article unless at least one Special Director shall concur with the price agreed. If no Special Director concurs on the agreement of the Sale Price, or if the Vendor and the directors are unable to agree a price within 28 days of the Transfer Notice being given or being deemed to have been given the Sale Price will instead be the price which the auditor of the Company for the time being ("**the Auditor**") shall certify to be the fair value thereof. In arriving at his opinion the Auditor will value the shares on a going concern basis as between a willing seller and a willing buyer ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction. The decision of the Auditor as to the Sale Price shall in the absence of manifest error be

final and binding. In cases where the Sale Shares carry an entitlement to a Participating Dividend which has been accrued in respect of such shares but not paid to the holder of such shares as the date on which the Sale Price is agreed or determined, the amount of the Sale Price as agreed or determined shall, to the extent that the amount of any accrued Participating Dividend has not already been taken into account in arriving at such value, be increased by the amount of any such accrued Participating Dividend.

#### Restriction of Sale Price for certain transfers by Employee Members

- 9.3 In the case of Compulsory Employee Transfers where the Employee Member is not a Good Leaver the Sale Price shall be restricted to a maximum of the original subscription price of the Sale Shares, and where the Employee Member is a Good Leaver the Sale Price shall be fair value as determined pursuant to these Articles.

#### Right of Vendor to reject partial sales

- 9.4 A Transfer Notice (but not a Deemed Transfer Notice) may contain a condition ("a **Total Transfer Condition**") that unless all the shares comprised therein are sold by the Company pursuant to this Article none shall be sold. Any such provision shall be binding on the Company.

#### Certification of the Sale Price and right of Vendor to cancel

- 9.5 If the Auditor is asked to certify the fair value the certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Vendor. The Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the shares are to be sold pursuant to a Deemed Transfer Notice. The cost of obtaining the certificate shall be paid by the Company unless the Vendor cancels it in which case the Vendor shall bear the cost.

### Pre-emptive offers-general

- 9.6 Once the Sale Price has been determined then unless the Vendor gives a valid notice of cancellation the Sale Shares shall be offered for sale as set out below. All offers made by the Company shall give details of the number and Sale Price of the Sale Shares.

### Preliminary offer to a 'Warehouse'

- 9.7 Unless the Remuneration Committee of the Board of Directors of the Company to be established pursuant to the Investment Agreement agree otherwise any shares being sold by reason of an Employee Compulsory Transfer shall first be offered to the Employee Trust ("**the Warehouse**"). Any shares not sold to the Warehouse under this sub-article within 21 days of such offer will be offered for sale to the members of the Company as set out below.

### First Offer

- 9.8 As soon as Sale Shares become available they shall be forthwith offered for sale by the Company as follows:-
- 9.8.1 in the cases of A ordinary shares, 'A' preference shares and 'B' preference shares, to all holders of 'A' ordinary shares (other than the Vendor) pro rata as nearly as may be to the respective numbers of 'A' ordinary shares held by such members;
- 9.8.2 in the case of ordinary shares:-
- (a) if the Vendor is an Executive Director, to all holders of ordinary shares who are Executive Directors (other than the Vendor) pro rata as nearly as may be to the respective numbers of ordinary shares held by such Executive Directors; or
  - (b) if the Vendor is a Non-executive Director, to all the holders of ordinary shares who are Non-executive Directors (other than the Vendor) pro rata as nearly as may be to the respective numbers of ordinary shares held by such Non-executive Directors; or



- (c) if the Vendor is neither an Executive Director nor a Non-executive Director, to all holders of ordinary shares (other than the Vendor) pro rata as nearly as may be to the respective numbers of ordinary shares held by such members.

Any offer made by the Company under this sub-article will invite the relevant members to state in writing the maximum number of the shares offered to them they wish to purchase and will remain open for twenty one days ("**the First Offer Period**").

#### 9.9 Second Offer

If at the end of the First Offer Period there are any Sale Shares offered which have not been allocated the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them.

This offer will invite the relevant members to state in writing the maximum number of shares they wish to purchase. If there are insufficient Sale Shares to meet the demand then the directors will allocate the Sale Shares pro rata as nearly as may be in proportion to the number of ordinary shares or 'A' ordinary shares (as the case may be) held or deemed to be held by the relevant members. This further offer will remain open for a further period of twenty one days ("**the Second Offer Period**").

#### 9.10 Third Offer - ordinary shares only

If at the end of the Second Offer Period there are any Sale Shares which are ordinary shares which have not been allocated the Company will offer such shares as follows:-

- 9.10.1 if the Vendor is an Executive Director, to all holders of ordinary shares who are Non-executive Directors pro rata as nearly as may be to the respective numbers of ordinary shares held by such Non-executive Directors; or
- 9.10.2 if the Vendor is a Non-executive Director, to all the holders of ordinary shares who are Executive Directors pro rata as nearly as may be to the respective numbers of ordinary shares held by such Executive Directors.

Any offer made by the Company under this sub-Article will invite the relevant members to state in writing the maximum number of shares offered to them they wish to purchase and will remain open for a further period of twenty one days ("the **Third Ordinary Offer Period**").

9.11 Fourth Offer - ordinary shares only

If at the end of the Third Ordinary Offer Period there are any Sale Shares which are ordinary shares which have not been allocated the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them under the Third Offer - ordinary shares only.

This offer will invite the relevant members to state in writing the maximum number of shares they wish to purchase. If there are insufficient Sale Shares to meet the demand then the directors will allocate the Sale Shares pro rata as nearly as may be in proportion to the number of ordinary shares held or deemed to be held by the relevant members. This further offer will remain open for a further period of twenty one days ("the **Fourth Ordinary Offer Period**").

9.12 Penultimate Offer

If at the end of the Second Offer Period or the Fourth Ordinary Offer Period (as the case may be) there are any Sale Shares which have not been allocated the Company will offer such shares as follows:

- 9.12.1 in the case of 'A' ordinary shares, 'A' preference shares and 'B' preference shares, to all holders of ordinary shares (other than the Vendor if applicable) pro rata as nearly as may be to the respective numbers of ordinary shares held by such members; and
- 9.12.2 in the case of ordinary shares, to all holders of 'A' ordinary shares (other than the Vendor if applicable) pro rata as nearly as may be to the respective numbers of 'A' ordinary shares held by such members.

The Company shall invite each such member to whom shares have been offered under this sub-article to state in writing within twenty-one days in the case of ordinary shares and 90 days in the case of 'A' ordinary shares, 'A' preference shares or 'B' preference shares from the date of the relevant notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. This offer will remain open for a period of twenty one days and 90 days respectively ("**the Penultimate Offer Period**").

#### 9.13 Final Offer

If at the end of the Penultimate Offer Period there are any Sale Shares which have not been allocated the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them. Such remaining shares shall be offered pro rata as nearly as may be to the respective numbers of ordinary shares or 'A' ordinary shares (as the case may be) then held by such members which offer shall remain open for a final period of twenty-one days. Thereafter the Company shall continue to make offers on the same terms while any member continues to state in writing his willingness to purchase all shares offered to him.

#### Transfer procedure for pre-emptive offers

- 9.14 If the Company finds a purchaser for all or any of the Sale Shares under the terms of this Article the Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Vendor defaults in transferring Sale Shares the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Sale Shares as shall have been transferred to them as aforesaid.

### Transfers free of pre-emption

- 9.15 If the Company does not find purchasers for all of the Sale Shares under the terms of this Article the Vendor shall at any time within six months after the final offer by the Company to its members be free to sell and transfer such of the Sale Shares as have not been so sold to any person at a price which is no less than the Sale Price, provided that notwithstanding anything to the contrary contained in these Articles the Directors shall be entitled to refuse to register a transfer of 'A' preference shares, 'B' preference shares or 'A' ordinary shares if the transferee is in their reasonable opinion, a competitor of the Company or any subsidiary of the Company. If the Sale Shares were the subject of a Total Transfer Condition such a sale may only be made of all the shares and not part only.

### Effect of non-compliance

- 9.16 Any purported transfer of shares otherwise than in accordance with the foregoing provisions of these articles shall be void and have no effect.

### Deed of Adherence

- 9.17 Notwithstanding anything to the contrary contained in these Articles the Directors shall refuse to register any transfer of any shares in the Company unless the transferee enters into a deed of adherence as required by the Subsequent Investment Agreement.

### Limitation on transfer of control

10

- 10.1 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered without the consent in writing of:-

- (a) the Investors; and
- (b) the holders of 'A' ordinary shares (other than those held by the Investors) and of ordinary shares who together, in relation to a resolution in respect of the same, would be entitled to cast a total of 52,462 votes,

if as a result of such sale or transfer and registration thereof a Controlling Interest (as hereinafter defined) would be obtained in the Company:-

- 10.1.1 by a company (other than a company to which the immediately following sub-article applies) or by a person or persons (other than a company) who are not Original Members (as hereinafter defined) unless the proposed transferee or transferees or his or their nominees are independent third parties acting in good faith and has or have offered to purchase all the 'A' ordinary shares and the ordinary shares at the Specified Price (as hereinafter defined) and (if not redeemed) all the Preference Shares at a price per share of at least £1 plus a sum equal to any arrears or accruals of the Preference Dividend grossed up at the rate of corporation tax then in force calculated down to the date of sale or transfer; or
- 10.1.2 by a company in which one or more of the members of the Company or persons acting in concert (which expression shall have the meaning ascribed to it in the July 1993 edition of the City Code on Takeovers and Mergers) with any member of the Company has or as a result of such sale or transfer will have a Controlling Interest.

10.2 For the purpose of this article:-

- 10.2.1 the expression "**a Controlling Interest**" shall mean an interest in shares in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company taking account of restrictions on voting rights contained in the articles of association of that company;
- 10.2.2 the expression "**Original Members**" shall mean persons who were members of the Company on the date of the adoption of these articles and the Privileged Relations of such members;
- 10.2.3 the expressions "**transfer**" and "**transferee**" shall include respectively the renunciation of a renounceable letter of allotment and the renouncee under any such letter of allotment; and

10.2.4 the expression "the Specified Price" shall mean at the option of the holders of 80% by nominal value of the 'A' ordinary shares and the holders of 80% by nominal value of the ordinary shares as if the same were one class of share either:-

- (a) a price per share of £1; or
- (b) the consideration (in cash or otherwise) per share equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for any other shares in the Company plus the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such other shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for such other shares provided that if any part of the price per share is payable otherwise than by cash the holders of the 'A' ordinary shares and the ordinary shares may at their option elect to take a price per share of such cash sum as may be agreed by them having regard to the substance of the transaction as a whole;

plus in either case a sum equal to any arrears or accruals of the dividends on such share grossed up at the rate of corporation tax then in force calculated down to the date of sale or transfer. In the event of disagreement the calculation of the Specified Price shall be referred to the Auditor whose decision shall be final and binding.

10.3 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.

### Voting

11

11.1 Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, shall have one vote, and on a poll every

member who is present in person or by proxy or (being a corporation) is present by a representative or by proxy shall (except as hereinafter provided) have one vote for every share in the capital of the Company of which he is the holder.

### **Appointment of Directors**

12

12.1 Subject to the provisions of article 12.2, the directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director. In addition, the holders of shares carrying voting rights representing more than 50% of the voting rights attaching to all shares in the capital of the Company may by notice in writing to the Company together appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

12.2 The appointment of any director pursuant to article 12.1 may only be made with the previous consent in writing of the holders of 75% by nominal value of the 'A' ordinary shares.

### **Proceedings of Directors**

13 Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him.

14

14.1 The quorum necessary for the transaction of business at every meeting of the directors shall subject as hereinafter provided be two directors of which one shall be an Executive Director and one shall be a Special Director. A person who holds office only as an alternative director shall, if his appointor is not present, be counted in the quorum. Regulation 89 of Table A shall be amended accordingly.

14.2 If a meeting of the directors shall not be quorate within half an hour of the time

appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned for 72 hours from the time appointed for the meeting at the same place and at any such adjourned meeting the quorum necessary for the transaction of business at such meeting shall be two directors.

- 14.3 All or any of the directors or of the members of any committee of the board of directors may participate in a meeting by means of a conference telephone or any communications equipment which allows all persons participating in the meeting to hear and speak to each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 14.4 For so long as Brian Critchley remains a director of the Company every committee of the board shall consist of at least Brian Critchley together with such other directors as may be nominated by the board from time to time to constitute any such committee.
- 14.5 All matters relating to the remuneration and other emoluments of the directors shall be determined by the Remuneration Committee.

15

- 15.1 Subject to the provisions of the Act and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:-
- 15.1.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
- 15.1.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;
- 15.1.3 may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body



corporate in which the Company is in any way interested;

15.1.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and

15.1.5 shall be entitled to vote and be counted in the quorum on any matter concerning the foregoing paragraphs of this article.

15.2 For the purposes of this article:-

15.2.1 a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;

15.2.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

15.2.3 an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

### **Directors' Borrowing Powers**

16 Subject as hereinafter provided the directors may exercise all the powers of the Company (whether express or implied):-

16.1 of borrowing or securing the payment of money;

16.2 of guaranteeing the payment of money and the fulfilment of obligations and the

performance of contracts; and

- 16.3 of mortgaging or charging the property assets and uncalled capital of the Company and (subject to section 80 of the Act) of issuing debentures

but so that:-

- 16.4 the directors of the Company shall procure that the aggregate amounts for the time being remaining undischarged by virtue of any of the foregoing operations by the Company and all subsidiaries of the Company and by virtue of any like operations by the Company and all subsidiaries of the Company (including any liability (whether ascertained or contingent) under any guarantee for the time being in force and including amounts due under any hire purchase, credit sale, conditional sale or leasing agreements (other than leases of real or heritable property) which can in accordance with current accounting practice be attributed to capital but excluding inter-company loans, mortgages and charges) shall not without the previous sanctions of the holders of 75% by nominal value of the 'A' ordinary shares and the holders of 75% by nominal value of the Preference Shares and subject to sub-Article 16.8 the holders of 75% by nominal value of the ordinary shares exceed a sum which is the greater of £15,000,000 or 3 times the aggregate of the nominal amount of the share capital of the Company for the time being issued and paid up or credited as paid up and the amounts for the time being standing to the credit of the capital and revenue reserves and the share premium account of the Company and all its subsidiaries (excluding any amounts arising from the writing up of the book values of any capital assets any amounts attributable to goodwill and minority interests and any amounts set aside for future taxation) all as shown by the then latest audited consolidated balance sheet of the Company;
- 16.5 no such sanction shall be required to the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding, notwithstanding that the same may result in such limit being exceeded;
- 16.6 no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this article is observed and no debt or liability

incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded;

16.7 except with the previous sanction of the holders of 75% by nominal value of the 'A' ordinary shares, the holders of 75% by nominal value of the Preference Shares and, subject to Article 16.8, the holders of 75% by nominal value of the ordinary shares, no mortgage or charge shall be created on any part of the undertaking property or assets of the Company or any subsidiary of the Company except for the purpose of securing moneys borrowed from any member of an Investor's Group with interest thereon and from bankers with interest thereon and bank charges.

16.8 The consents referred to in sub-articles 16.4 and 16.7 required from the holders of 75% by nominal value of the ordinary shares shall be required in all circumstances save to the extent that from time to time:-

16.8.1 the Preference Dividend has not been paid in accordance with these Articles **PROVIDED THAT** the Preference Dividend for the financial years prior to the financial year ending 31 December 2001 shall not be treated for the purpose of this sub-Article only as being in arrear and/or unpaid unless:

- (a) and until the Preference Dividend for the financial year ending 31 December 2001 (together with any arrears and accruals of the Preference Dividend for the preceding financial years shall not be paid on the due date for payment in accordance with these Articles; or
- (b) such arrears and accruals of the Preference Dividend are not being paid by the Company in accordance with the schedule contained in the Business Plan or;

16.8.2 any Preference Shares have not been redeemed on the relevant redemption date set out in sub-Articles 3.3.1 and sub-Article 3.3.2 together with any arrears or accruals of the Preference Dividend calculated down to the date of redemption; or

- 16.8.3 there exists in relation to the Company or any of its subsidiaries any circumstance which is reasonably likely to result in the Company or any of its subsidiaries being in material default under any facility for the provision of borrowings to the Company or any of its subsidiaries which, in the context of the Company and its subsidiaries taken as whole is likely to have a materially detrimental effect on the business of the Company and the subsidiaries; or
- 16.8.4 the financial performance of the business carried on by the Company and its subsidiaries in any financial year as measured by reference to the Company's consolidated audited accounts for that financial year has failed in any one or more material respects to achieve the targets set out for the performance of such business in the Annual Business Plan (as defined in the Subsequent Investment Agreement) for the relevant financial year minus a margin of 25%.

#### **Special Director**

- 17 Notwithstanding any other provisions of these Articles each Investor shall be entitled to appoint as a director of the Company any person (each such person herein referred to as a "**Special Director**") approved by the directors (whose approval shall not be unreasonably withheld) and to remove from office any person so appointed and (subject to such approval) to appoint another person in his place. The remuneration and reasonable expenses to be paid to a Special Director shall be payable by the Company and shall be such sum as may be agreed between him and the Company. Upon request by the Investor by whom he is appointed the Company shall also procure that a Special Director be appointed a director to any subsidiary of the Company. For the purposes of these Articles the expression 'an Investor Majority' shall mean the holders of at least three quarters of the total nominal value of the equity share capital of the Company held by Investors (PROVIDED THAT for the purposes of this definition shares held by a member of an Investor's Group shall be deemed to be held by the relevant Investor).

### Indemnity

- 18 Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

## **Digital Projection International plc**

### **SCHEDULE**

#### **to the Articles of Association**

#### **(Definition of "Fund Constituents")**

THE PHILDREW VENTURES FOURTH FUND (LP4907) an English limited partnership acting by its managing general partner Canven (C.I.) Limited whose principal place of business and registered office respectively is at 24 Union Street, St Helier, Jersey JE4 8UJ (Channel Islands) (the "**A Fund**").

THE PHILDREW VENTURES FOURTH FUND B (LP4906) an English limited partnership acting by its managing general partner Canven (C.I.) Limited whose principal place of business and registered office respectively is at 24 Union Street, St Helier, Jersey JE4 8UJ (Channel Islands) (the "**B Fund**").

THE PHILDREW VENTURES FOURTH FUND C (LP4908) an English limited partnership acting by its managing general partner Canven (C.I.) Limited whose principal place of business and registered office respectively is at 24 Union Street, St Helier, Jersey JE4 8UJ (Channel Islands) (the "**C Fund**").

THE PHILDREW VENTURES FOURTH FUND D (LP4978) an English limited partnership acting by its managing general partner Canven (C.I.) Limited whose principal place of business and registered office respectively is at 24 Union Street, St Helier, Jersey JE4 8UJ (Channel Islands) (the "**D Fund**").