

Company No. 3616334

Certified to be a true copy.....

Chairman

THE COMPANIES ACT 1985
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

of

Daido Industrial Bearings Europe Limited

(Amended by Special Resolution 21 February 2008)

PRELIMINARY

- 1 Subject as hereinafter provided and except where the same are varied by or inconsistent with these articles the Regulations contained in Table A in the Companies (Tables A-F) Regulations 1985 as amended by the Companies (Tables A-F) (Amendment) Regulations 1985 (hereinafter called "Table A") shall apply to the Company
- 2 Regulations 23-28 inclusive, 40, 41, 50, 54, 57, 64, 65-69 inclusive and 73-80 inclusive 89, 91, 94, 95 and 118 of Table A shall not apply to the Company, but the articles hereinafter contained and in the remaining Regulations of Table A, subject to the modifications hereinafter expressed, shall constitute the Regulations of the Company
3. In these articles "the Act" means the Companies Act 1985 (and every statutory modification or re-enactment thereof for the time being in force).
- 4 Any proposed amendment of or variation of these articles or of the memorandum of association of the Company shall be deemed to be a variation of the rights attached to the "A" shares and the "B" shares in the capital of the Company
- 5 The provisions of section 89(1) of the Act shall not apply to the Company

SHARE CAPITAL

- 6 The share capital of the Company at the date of adoption of these articles is £13,500,000 divided into 12,250,000 "A" ordinary shares (herein referred to as "A" shares) and 1,250,000 "B" ordinary shares (herein referred to as "B" shares) all of £1 each.



- 7 "A" shares and "B" shares shall constitute different classes of shares for the purposes of the Act but shall save as expressly provided in these Articles confer upon the holders thereof the same rights and rank *pari passu* in all respects.
- 8 Unless otherwise agreed in writing by all the members unissued shares in the capital of the Company for the time being shall only be allotted on the following basis:-
- 8 1 every allotment shall be of such numbers of "A" shares and "B" shares respectively as shall represent the same proportions thereof as the proportions in which the share capital of the Company is divided into "A" shares and "B" shares as set out in Article 6,
- 8 2 on the occasion of each allotment the "A" shares and the "B" shares shall be allotted at the same price (not being at a discount) and on the same terms as to date for payment,
- 8 3 no shares of any class shall be issued otherwise than to members holding shares of the same class,
- 8 4 the maximum amount of relevant securities (as defined by section 80(2) of the Act) which the directors may allot, grant options or subscriptions or conversion rights over or otherwise deal with or dispose of pursuant to this Article shall be the authorised but as yet unissued share capital of the Company at the date of adoption of these articles. The authority conferred on the directors by this Article shall expire on the day preceding the fifth anniversary of the date of incorporation of the Company
- 9 The Company may from time to time by special resolution, whether or not all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up, increase its share capital by new shares of such amount as the special resolution prescribes
- 10 Save as provided in Article 8 the directors shall have no power to issue unissued shares and shall not allot, grant options, subscriptions, or conversion rights over or otherwise dispose of the same
- 11 The Company shall have a first and paramount lien on every share for all moneys (whether presently payable or not) called or payable at a fixed time and in respect of that share, and the Company shall also have a first and paramount lien on all shares registered in the name of any person (whether solely or jointly with others) for all moneys owing to the Company from him or his estate either alone or jointly with any other person whether as a member or not and whether such moneys are presently payable or not. The directors may at any time declare any share wholly or partly exempt from the provisions of this Article. The Company's lien on a share shall extend to any amount payable in respect of it

TRANSFER OF SHARES

12. Except in the case of a partly paid share when the instrument of transfer thereof shall be executed by or on behalf of the transferor and the transferee, the instrument of transfer of any share shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof
13. Forthwith upon registration of the transfer of any shares to an existing member of the Company, the shares so transferred shall be redesignated as shares of the class in respect of which the transferee shall already be registered as a member
14. No transfer of any shares or any interest in any shares shall be made by any member unless the following provisions are complied with in respect of such transfer -
 - 14 1 any member who wishes to transfer shares or any interest in shares ("the vendor") shall give to the Company notice thereof in writing ("the transfer notice") Subject as hereinafter mentioned, a transfer notice shall constitute the directors the vendor's agents for the sale of the shares specified therein ("the sale shares") at a price ("the sale price") to be agreed upon by the vendor and the directors or, in the absence of such agreement, at the price which the auditors of the Company (acting as experts and not as arbitrators) shall certify to be in their opinion the fair value thereof as at the date of the transfer notice as between a willing seller and a willing buyer contracting on arm's length terms, having regard to the fair value of the business of the Company and its subsidiaries as a going concern taking into account (if it be the case) that the sale shares constitute a minority interest
 - 14 2 the auditors' certificate shall be binding upon all parties
 - 14.3 if the auditors are asked to certify the sale price the Company shall within seven days of the issue of the auditors' certificate furnish a copy thereof to the vendor and the vendor shall be entitled, by notice in writing given to the Company within 28 days of the service upon him of the said copy, to withdraw the transfer notice. The cost of obtaining the certificate shall be for the account of the Company Except as otherwise expressly provided in this Article a transfer notice shall not be revocable except with the consent of all the directors of the Company, who may impose such condition to any consent as they think fit, including a condition that the vendor bears all costs arising therefrom
 - 14 4 upon the sale price being fixed as aforesaid and provided the vendor does not give notice of withdrawal as aforesaid the directors shall forthwith by notice in writing offer to the other members the sale shares at the sale price

pro rata to their existing holdings. Such offer shall be open for a period of 28 days from the date of the notice ("the acceptance period") If the other members shall within the acceptance period apply for all or any of the sale shares the directors shall allocate the sale shares or such of the sale shares as are applied for amongst the other members, in the case of competition in proportion to their then existing holdings of shares in the capital of the Company (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by such applicant)

- 14 5. if within the acceptance period the other members ("the transferees") accept the offer of all or any of the sale shares at the sale price the directors shall forthwith give notice in writing ("the acceptance notice) of such acceptance to the vendor and shall specify in such notice the place and time (being not earlier than seven and not later than 28 days after the date of the acceptance notice) at which the sale of the sale shares or such of the sale shares as are applied for shall be completed
- 14 6 the vendor shall be bound to transfer the sale shares or such of the sale shares as are applied for to the transferees at the time and place specified in the acceptance notice and payment of the sale price for the sale shares or such of the sale shares as are applied for shall be made to the directors as agents for the vendor If the vendor shall fail to transfer the sale shares or such of the sale shares as are applied for the chairman of the Company or some other person appointed by the directors shall be deemed to have been appointed attorney of the vendor with full power to execute, complete and deliver, in the name and on behalf of the vendor, a transfer of the sale shares or such of the sale shares as are applied for to the transferee against payment of the sale price to the Company On payment of the sale price to the Company the transferee shall be deemed to have obtained a good discharge for such payment and on execution and delivery of the transfer the transferee shall be entitled to insist upon its name being entered in the register of members as the holder by transfer of the sale shares or such of the sale shares as are applied for The Company shall forthwith pay the price into a separate bank account in the Company's name and shall hold such price in trust for the vendor subject to applying the same on its behalf in settling any fees or expenses falling to be for the account of the vendor. After the name of the transferee has been entered in the register of members in purported exercise of the previously mentioned powers, the validity of the proceedings shall not be questioned by any person
- 14 7. if the offer for the sale shares at the sale price is accepted in part only by the transferee within the acceptance period then the vendor for a period of six months thereafter shall be at liberty to transfer all or any of such of the sale shares as are not applied for by the transferee to any person at a price not being less than the sale price provided that the directors may require to be satisfied that the sale shares not applied for by the transferee are being

transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance of any kind to the purchaser and if not so satisfied may refuse to register the relevant instrument of transfer

14 8 if the offer of the sale shares at the sale price shall not be accepted in whole or in part by the transferee within the acceptance period then the vendor for a period of six months thereafter shall be at liberty to transfer all or any of the sale shares to any person at a price not being less than the sale price provided that the directors may require to be satisfied that the sale shares are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance of any kind to the purchaser and if not so satisfied may refuse to register the relevant instrument of transfer

14.9. upon transferring the sale shares to the transferee or to a third party in accordance with the provisions of this Article the vendor shall procure that all directors appointed by it to the board of the Company shall resign

14 10 notwithstanding the foregoing provisions of this Article the directors may decline to register any transfer of any share on which the Company has a lien

14 11 the restrictions on transfer contained in this Article shall not apply to -

14 11 1 any transfer in writing by all the members,

14 11 2.any transfer by a corporate member to an associated Company (that is to say any holding Company or wholly-owned subsidiary of such corporate member and any other wholly-owned subsidiary of any such holding Company), provided always that if the transferee Company subsequently ceases to be a wholly-owned subsidiary of such holding Company the transferee Company shall be deemed to have given a transfer notice immediately prior to that event in respect of all shares so transferred,

14.11 3 any transfer by a corporate member to a Company formed to acquire the whole or a substantial part of the undertaking and assets of such corporate member as part of a scheme of amalgamation or reconstruction;

Provided that it must be proved to the reasonable satisfaction of the directors that the transfer bona fide falls within one of these exceptions

14.12. for the purposes of this Article and other relevant provisions of these articles the following shall be deemed (without limitation) to be service of a transfer notice:-

14.12.1 any direction (by way of renunciation, nomination or otherwise) by a member entitled to an allotment or transfer of shares to the effect that such shares or any of them be allotted or issued or transferred to some person other than himself,

14.12.2 any sale or other disposition of any beneficial interest in a share (whether or not for consideration or otherwise) by whomsoever made and whether or not effected by an instrument in writing

14.13 if any member of the Company enters into a transaction of the kind referred to in paragraph 14.12 of this Article or otherwise attempts to transfer any shares otherwise than in accordance with this Article, or in the case of a corporate member enters into liquidation (except a members' voluntary liquidation for the purpose of reconstruction or amalgamation) or suffers an administrative receiver or receiver to be appointed over all or any of its assets or suffers an administration order to be made against it, such member shall be deemed to have given a transfer notice in respect of all shares of each class held by such member or by any nominee for him respectively immediately prior to that event

14.14 if any corporation becoming or having become a member shall at any time cease to be controlled by the person (which expression shall include a body corporate or firm) or persons who at the time when the corporation became a member had control, the member shall be deemed immediately prior to that event to have served a transfer notice in respect of all shares held by it, unless all the holders of shares shall otherwise agree in writing. For the purposes of this paragraph, a person shall be deemed to have control of a corporation if by reason of the ownership of shares in that corporation or otherwise, the person concerned is able directly or indirectly to secure that the affairs of that corporation are conducted in accordance with the wishes of that person

14.15 in respect of any transfer notice deemed to have been given under paragraphs 14.13 or 14.14 of this Article, then (a) such notice shall be deemed to contain a provision that unless all the sale shares comprised therein are sold by the Company pursuant to this Article none shall be sold and any such provision shall be binding on the Company and (b) paragraph 14.3 of this Article shall not apply in so far as it entitles the vendor to withdraw the transfer notice. Furthermore, where a member gives a transfer notice in circumstances where a transfer notice would otherwise be deemed to have been given by him then (b) above shall apply.

14 16 for the purpose of ensuring that a transfer of shares is duly authorised hereunder, or that no circumstances have arisen whereby a transfer notice is deemed to have been given hereunder, the directors may require any member or the legal representatives of a deceased member or the liquidator of any corporate member or any person named as transferee in any transfer lodged for registration, to furnish to the Company such information and evidence as the directors may think fit regarding any matter they deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the directors within a reasonable time after such request, the directors shall be entitled to refuse to register the transfer in question or (in case no transfer is in question) to require by notice in writing that a transfer notice be given in respect of the shares concerned, and they may likewise so require if any such information or evidence discloses that a transfer notice ought to be given in respect of any shares. If the directors do so require and the notice is not duly given within one month from the date of its being so required, such notice shall be deemed to have been given at the expiration of such period and the provisions of this Article shall take effect accordingly.

14 17 subject to paragraph 14 16 of this Article the directors shall register any transfer made pursuant to or permitted by the foregoing provisions of this Article, but shall refuse to register any other transfer.

GENERAL MEETING

- 15 The powers of consolidation, division, sub-division and cancellation of the share capital of the Company conferred by Regulation 32(b), (c) and (d) of Table A shall be exercised by special resolution.
16. No business shall be transacted at any general meeting unless the requisite quorum is present. Two members present in person or by proxy (or, in the case of a member being a corporation by representative) shall be a quorum for all purposes, provided that so long as the issued share capital of the Company is divided into "A" and "B" shares one such member shall be the holder of an "A" share and the other such member shall be the holder of a "B" share. Where all the holders of any such class have waived in writing the quorum requirement as concerns that class then such waiver shall be effective for the meeting or particular business specified in the waiver or otherwise as specified in the waiver.
- 17 If within half an hour from the time appointed for any general meeting a quorum is not present the meeting shall stand adjourned to the same day in the next week but one (or if that day be a holiday to the next working day thereafter) and at the same time and place or to such other date time and place (not being more than 30 days nor less than ten days after the date appointed for the adjourned meeting unless so agreed by the holders of not less than nine tenths in nominal value of the shares entitled to vote at the meeting) as the directors may determine and if at the

adjourned meeting a quorum of one "A" shareholder and one "B" shareholder is not present within half an hour from the time appointed for the meeting the members present shall be a quorum

- 18 Where a meeting is adjourned under Article 17 for ten days or more, not less than seven days' notice of the adjourned meeting shall be given as in the case of an original meeting
- 19 Voting:-
 - 19.1 No "A" share shall confer any right to vote either on a show of hands or on a poll upon a resolution for the appointment or removal from office of a "B" director (as defined in Article 23)
 - 19.2 No "B" share shall confer any right to vote either on a show of hands or on a poll upon a resolution for the appointment or removal from office of an "A" director (as defined in Article 21)

MEETINGS OF DIRECTORS

20. The directors shall unless otherwise determined by a special resolution of the Company be not more than seven in number.
- 21 The holders of a majority of the "A" shares may from time to time appoint any person to be a director but so that not more than five persons shall at any one time hold office by virtue of an appointment by holders of "A" shares under this Article Each person holding office pursuant to this Article is herein called an "A" director. One of the "A" directors shall be designated as chairman of the board of directors and in the event that there shall be an equality of votes for and against any matter put before any meeting of the directors then the chairman shall have the casting vote.
- 22 Each "A" director shall hold office subject to Article 31 hereof and may at any time be removed from office by the holders of a majority of the "A" shares
23. The holders of a majority of "B" shares may from time to time appoint any person to be a director but so that not more than two persons shall at any one time hold office by virtue of an appointment by the holders of "B" shares under this Article Each person holding office pursuant to this Article is herein called a "B" director
- 24 Each "B" director shall hold office subject to Article 31 hereof and may at any time be removed from office by the holders of a majority of the "B" shares
25. Any such appointment or removal shall be made in writing under the hands of the holders for the time being of the shares in whom the power of appointment or removal is vested, or their duly authorised agents and shall take effect on and from

the date on which notice in writing thereof is lodged at the registered office for the time being of the Company or delivered to the secretary or to a meeting of the directors.

- 26 A director (including an alternate director) shall not require any shareholding qualification, but shall nevertheless be entitled to notice of and shall be entitled to attend and speak at any general meeting.

POWERS AND DUTIES OF DIRECTORS

27. Subject to the provisions of the Act a director (including an alternate director) may contract with and participate in the profits of any contract or arrangement with the Company as if he were not a director. A director shall also be capable of voting in respect of such contract or arrangement, where he has previously disclosed his interest to the Company, or in respect of his appointment to any office or place of profit under the Company and the terms thereof and may be counted in the quorum at any meeting at which any such matter is considered. Regulations 94 and 97 of Table A shall not apply to the Company.

ALTERNATE DIRECTORS

- 28 Any director (other than an alternate director) may appoint any person to be an alternate director and may remove from office an alternate director so appointed by him. Any such appointment or removal shall be effected by notice in writing (including telex and facsimile transmission) delivered to the registered office of the Company. When an alternate director is also a director or acts as an alternate director for more than one director, such alternate director shall have one vote for every director so represented by him (in addition to his own vote if he is himself a director) and when so acting shall be considered as two directors for the purpose of making a quorum if the quorum exceeds two.

DISQUALIFICATION OF DIRECTORS

- 29 Regulation 81 of Table A shall be amended by substituting for paragraphs (c) and (e) thereof the following provisions -

(c) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as a director, or

(e) he is otherwise duly removed from office.

No director shall vacate his office or be ineligible for re-election, nor shall any person be ineligible for appointment as a director, by reason only of his attaining or having attained any particular age

PROCEEDINGS OF DIRECTORS

30. The directors may subject to these articles meet together for the despatch of business, and adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the transaction of business at any meeting of the directors or of any committee shall comprise two "A" directors and one "B" director and Article 72 of Table A shall be amended accordingly Any director in loud-speaking telephonic communication with a duly convened meeting of directors will be deemed to be present at the meeting and will be counted in the quorum for the transaction of business at such meeting
31. Questions arising at any meeting of the directors or of any committee shall be decided by a majority of votes of the directors present and the chairman shall have no second or casting vote and Article 88 of Table A shall be modified accordingly, provided that if at any meeting of the directors or of any committee any "A" director or "B" director is not present in person or represented by an alternate director the votes of the "A" director or "A" directors or, as the case may be, the "B" director or "B" directors present in person or represented by an alternate director shall be pro tanto increased so that such "A" director or "A" directors or such "B" director or "B" directors shall be entitled to cast the same aggregate number of votes as could be cast by the "A" directors of the "B" directors if they were all present
32. The words "of filling vacancies, or" shall be omitted from Regulation 90 of Table A
33. Regulation 88 of Table A shall be amended by substituting for the sentence -
"Notice of every meeting of directors shall be given to each director or his alternate director, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company their address outside the United Kingdom Directors who are for the time being absent from the United Kingdom shall be entitled to receive at least 14 days' notice of every meeting "

CAPITALISATION OF PROFITS

34. The words "special resolution" shall be substituted for the words "ordinary resolution" in Regulation 110 of Table A provided that on any occasion when shares are allotted and distributed credited as fully paid pursuant to the provisions of Regulation 110 of Table A as amended by this Article the shares allotted to holders of "A" shares shall forthwith on allotment automatically stand converted into "A" shares and the shares allotted to holders of "B" shares shall forthwith on allotment automatically stand converted into "B" shares
35. Any notice required by these articles to be given by the Company may be given by any visible form on paper, including telex, facsimile and electronic mail and a notice communicated by such forms of immediate transmission shall be deemed to be

given at the time it is transmitted to the person to whom it is addressed Regulations 111 and 112 of Table A shall be amended accordingly

INDEMNITY

- 36 Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director, secretary, auditor or other officer of the Company shall be entitled to be indemnified by the Company against all losses and liabilities sustained or incurred by him in the execution of his duties or in the exercise of his powers or otherwise in connection with his office including, but without prejudice to the generality of the foregoing, any liability incurred by him (a) in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding or admission of any material breach of duty on his part or (b) in connection with any application in which relief is granted to him by the court from liability in respect of any Act or omission done or alleged to be done by him as an officer or employee of the Company