

COMPANIES ACT 1985**PRIVATE COMPANY LIMITED BY SHARES****DMWSL 314 LIMITED****(Registered No. 4026996)****NOTICE OF WRITTEN RESOLUTION OF SOLE SHAREHOLDER**

Notice is hereby given that on 29th September 2000 the shareholders of the Company resolved by means of written resolution pursuant to Section 381A of the Companies Act 1985 (as amended):

"THAT:

"THAT:

- (a) 1,279,633 of the authorised but unissued ordinary Shares of £0.01 each in the capital of the Company be and are hereby reclassified as A₁ Convertible Redeemable Ordinary Shares of £0.01 having the rights attached to the A Shares of £0.01 each set out in the articles of association to be adopted pursuant to paragraph (c) below; and
- (b) 63,191 of the authorised but unissued Ordinary Shares of £0.01 each in the capital of the Company be and are hereby reclassified as A₂ Ordinary Shares of £0.01 each having the rights attached to the A₂ Shares of £0.01 each set out in the articles of association to be adopted pursuant to paragraph (c) below.
- (c) that the articles of association in the form of the draft initialled by the Chairman for the purposes of identification only be and are hereby adopted as the articles of association of the Company in substitution for the Company's existing articles of association."



Director



Revised

THE COMPANIES ACTS 1985 TO 1989
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
of

DMWSL 314 LIMITED

Registered No. 4026996

Incorporated in England and Wales the 4th day of July 2000

Adopted on the 20th day of September 2000

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COMPANIES HOUSE

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Dickson Minto W.S.
Royal London House
22-25 Finsbury Square
London EC2A 1DX

Tel: 020 7628 4455
Fax: 020 7628 0027

THE COMPANIES ACT 1985 TO 1989
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of
DMWSL 314 LIMITED
(Registered Number 4026996)

CONSTITUTION

1. The Company is established as a private company within the meaning of Section 1(3) of the Act in accordance with and subject to the provisions of the Act and of the Memorandum of Association of the Company and of the Regulations contained in Table A, set out in Statutory Instrument 1985 No. 805 as amended by Statutory Instrument 1985 No. 1052 (hereinafter referred to as "Table A") subject to the exceptions and amendments thereto set out in paragraph 2 of the Schedule to these Articles.

INTERPRETATION

2. In these Articles, unless the context otherwise requires, words and expressions shall bear the meaning ascribed to them in the Schedule 1 to these Articles which shall be part of and construed as one with these Articles.

SHARE CAPITAL

3. The share capital of the Company is £15,797.92 divided into 1,279,633 A₁ Shares, 63,191 A₂ Shares and 236,968 Ordinary Shares.

RIGHTS ATTACHING TO THE SHARES

4. The rights and restrictions attaching to the Equity Shares are as follows:

Income

- 4.1 Subject to Article 5.1, any profits which the Directors may lawfully determine to distribute in respect of any financial year shall be distributed amongst the holders of the Equity Shares pro rata in relation to the Paid Up Amount upon each such Share held as if they constituted one class of Share.

Capital

- 4.2 Subject to Article 5.1 the capital and assets of the Company on a winding-up or other return of capital shall be distributed amongst the holders of the Equity Shares pro rata in relation to the Paid Up Amount upon each such share held as if they constituted one class of Share.

Voting

- 4.3 On a show of hands every holder of Equity Shares who (being an individual) is present or (being a corporation) is present by a duly authorised representative (not being himself a member entitled to vote) shall have one vote and on a poll every member holding Equity Shares shall have one vote for every such share of which he is the holder.
- 4.4 In the event that and for so long as an Event of Default subsists each Employee Member hereby undertakes to exercise all and any voting rights attaching to any shares held by him as directed in writing by the holders of a majority of the A Shares.

Conversion

- 4.5 Upon the occurrence of a Conversion Event the provisions of the Schedule 2 shall apply.

Same Class

- 4.6 Save as expressly set out herein the A₁ Shares and the A₂ Shares shall constitute one class of shares and the A Shares and the Ordinary Shares shall constitute one class of shares.

5. The rights and restrictions attaching to the Deferred Shares are as follows:

5.1 Income/Voting/Capital

The holders of Deferred Shares (as holders of Deferred Shares) shall not be entitled to receive any dividend or distribution and shall not be entitled to receive notice of, nor to attend, speak or vote at any General Meeting of the Company. On a return of assets, whether on liquidation or otherwise, the Deferred Shares shall entitle the holder thereof only to the repayment of the amounts paid up on such shares (including any premium) after repayment of the capital paid up on the Equity Shares plus the payment of £5,000,000 on each of the Equity Shares and the holders of the Deferred Shares (as such) shall not be entitled to any further participation in the assets or profits of the Company.

5.2 Purchase

The Special Resolution passed on the date of adoption of these Articles and creating the Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time after Completion to appoint any person to execute on behalf of the holders of the Deferred Shares remaining in issue (if any) a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Company may determine as custodian thereof and to cancel and/or acquire the same (in accordance with the provisions of the Act) without making any payment to or obtaining the sanction of the holders thereof and pending such transfer and/or the cancellation and/or purchase to retain the certificate (if any) for such shares. The Company may, at its option at any time after Completion, redeem all or any of the Deferred Shares then in issue (if any), at a price not exceeding 1 penny for all the Deferred Shares redeemed, at any time upon giving the registered holder of such share or shares not less than twenty-eight (28) days' previous notice in writing of its intention so to do, fixing a time and place for its redemption.

5.3 Re-classification

Upon the redemption or purchase by the Company or cancellation of any Deferred Shares, the directors may, pursuant to the authority given by the adoption of this Article, convert and sub-divide the authorised share capital created as a consequence of such redemption or purchase by the Company or cancellation into shares of any class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares of such class then in issue.

6. 6.1 Any shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.
- 6.2 Subject to the provisions of the Act and of every other statute for the time being in force concerning companies and affecting the Company and to any direction to the contrary that may be given by ordinary resolution of the Company, all the unissued shares (including any redeemable shares) of the Company (whether forming part of the existing or any increased capital) shall be at the disposal of the Directors, who may offer, allot, issue, grant options or rights over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions and with such preferred, deferred or other special rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Directors may determine, but so that no shares shall be issued at a discount.
- 6.3 For the purposes of Section 80 of the Act, the Directors are authorised generally and unconditionally to allot without the authority of the Company in general meeting up to a maximum of £13,902.17 in nominal amount of relevant securities (as defined in Section 80(2) of the Act) of the Company at any time or times from the date of adoption of these Articles until the date occurring five years after such date. The aforesaid authority may be previously revoked or varied by the Company in general meeting and may be renewed by the Company in general meeting for a further period not exceeding five years. The Company may make any offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after this authority has expired and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of this authority. In this paragraph, references to the allotment of relevant securities shall be construed in accordance with Section 80 of the Act.
- 6.4 In accordance with Section 95 of the Act, sub-Section (1) of Section 89 of the Act shall be excluded from applying to the allotment of equity securities (as defined in Section 94 of the Act).

7. Modification of Rights

- 7.1 Subject to the Act all or any of the special rights for the time being attaching to any class of shares may from time to time (whether by these Articles or otherwise and whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three quarters of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of such shares.

- 7.2 To any separate general meeting of the holders of any class of shares, all the provisions of these Articles as to general meetings of the Company shall, *mutatis mutandis*, apply, but so that:
- 7.2.1 the necessary quorum shall be any person holding or representing by proxy not less than one-third in nominal amount of the issued shares of the class;
 - 7.2.2 every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him;
 - 7.2.3 any holder of shares of the class present in person or by proxy may demand a poll; and
 - 7.2.4 at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum and for the purpose of this Article one holder present in person or by proxy may constitute a meeting.
- 7.3 The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.
8. The Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other rights in respect of any share except an absolute right to the entirety thereof held by the registered holder. The Company shall however be entitled to register trustees as such in respect of any shares.

TRANSFER OF SHARES

9. 9.1 The Directors shall register transfer of shares made in accordance with the provisions of Articles 34 to 41 (*permitted transfers, pre-emptive transfers, compulsory transfers, fair price, change of control, tag-along and drag-along*) or in accordance with the provisions of Clause 15.2 of the Subscription Agreement. Save as aforesaid the Directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of any shares, whether or not such shares are fully paid.
- 9.2 Subject to such of the restrictions set out in these Articles as may be applicable, any member may transfer all or any of his shares by instrument of transfer in writing in any usual or common form or in any other form which the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee and the transferor shall remain the holder of the shares and as such a member of the Company until the name of the transferee is entered in the Register of Members in respect thereof.

GENERAL MEETINGS

10. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, one Non-employee Member present in person or by proxy or, if a corporation, by a duly authorised representative shall be a quorum.

11. If a quorum is not present within half an hour of the time appointed for a general meeting the meeting, if convened on the requisition of members, shall be dissolved; in any other case it shall stand adjourned to such day and at such time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.
12. A resolution in writing signed by all the members of the Company who would be entitled to receive notice of and to attend and vote at a general meeting at which such resolution was to be proposed, or by their duly appointed attorneys or representatives, shall be as valid and effectual as if it had been passed at a general meeting of the Company duly convened and held. Any such resolution may consist of several documents in the like form each signed by one or more of the members or their duly appointed attorneys or representatives and the signature in the case of a corporation which is a member shall be sufficient if made by a director or the secretary thereof or by its duly appointed attorney(s) or representative(s).
13. A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy or, if a corporation, by any representative duly authorised and entitled to vote. Regulation 46 of Table A shall be construed accordingly.
14. No resolution not previously approved by the Directors shall be moved by any member other than a director at a general meeting unless the member intending to move the same shall have left a copy thereof with his name and address at the Office three clear days prior to such meeting.
15. A notice of every general meeting shall be given to every member whether or not he shall have supplied to the Company an address within the United Kingdom for the giving of notices and Regulation 112 of Table A shall be construed accordingly.

DIRECTORS

16. The quorum for the transaction of the business of the Directors may be fixed by the Directors and, unless so fixed at any other number or unless there is only one director, shall be two, one of whom shall be an Investor Director. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.
17. Unless and until otherwise determined by ordinary resolution of the Company, the minimum number of directors shall be one and there shall be no maximum number. A sole director shall have all the power and authority vested in "the Directors" in terms of these Articles.
18. A director shall not be required to hold shares of the Company in order to qualify for office as a director, but he shall be entitled to receive notice of and attend and speak at all general meetings of the Company or meetings of any class of members of the Company.
19. A director who is in any way whether directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 317 of the Act. Subject to such disclosure as aforesaid a director may vote in respect of any contract or proposed contract or arrangement in which he is interested and if he does so vote his vote shall be counted and he may be counted in ascertaining whether a quorum is present at any meeting at which any such contract or proposed contract or

arrangement shall come before the Directors for consideration and may retain for his own absolute use and benefit all profits and advantages accruing to him therefrom.

20. For the purposes of Article 19:

- (a) a general notice given 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; and
- (b) 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.

21. The office of a director shall be vacated:

- (a) if he becomes bankrupt or suspends payment of or compounds with his creditors;
- (b) if he becomes of unsound mind or a patient for the purpose of any statute relating to mental health or otherwise *incapax*;
- (c) if (not being a director holding executive office as such for a fixed term) by notice in writing to the Company he resigns his office;
- (d) if he is prohibited by law from being a director or ceases to be a director by virtue of any provision of the Act;
- (e) if he is removed from office by notice in writing signed by all his co-directors and served upon him;
- (f) if he is removed from office by notice in writing signed by the holders of shares representing 50% or more of the aggregate Voting Rights; and/or
- (g) if he shall for more than six consecutive months have been absent without permission of the Directors from meetings of the Directors held during that period and the Directors resolve that his office be vacated.

22. The Directors shall have power at any time to appoint any person to be a director of the Company either to fill a casual vacancy or as an addition to the existing directors.

23. The ordinary remuneration of the directors for their services as directors shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree or, failing agreement, equally except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for such proportion of remuneration as relates to the period during which he has held office. The Directors may repay (subject, where appropriate, to production of relevant receipts) to any director all such reasonable expenses as he may properly incur in attending meetings of the Directors or of any committee of the Directors or general meetings of the Company or any class of members of the Company or otherwise in or about the business of the Company. In the event of any director necessarily performing or rendering any special duties or services to the Company outside his ordinary duties as a director the Directors may, if so authorised by an ordinary resolution of the Company, pay such director special remuneration and such special remuneration may be paid by way of

salary, commission, participation in profits or otherwise as may be arranged and approved by the Board.

24. The Directors may from time to time appoint one or more of their number to an executive office (including that of Managing Director, Deputy or Assistant Managing Director, Manager or any other salaried office) for such period and on such terms and conditions as they shall think fit and, subject to the terms and conditions of any agreement entered into in any particular case, may revoke such appointment. Subject to the terms and conditions of any such agreement the appointment of any director as aforesaid shall be ipso facto determined if he ceases from any cause to be a director. Regulation 72 of Table A shall extend to the posts of Deputy or Assistant Managing Director or Manager aforesaid.
25. A Managing Director, Deputy or Assistant Managing Director, Manager or other executive officer as aforesaid shall receive such remuneration (either by way of salary, commission, participation in profits or pension or otherwise howsoever, whether similar to the foregoing or not) as the Directors may determine.
26. The Directors on behalf of the Company and without the approval of any resolution of the Company may establish, maintain, participate in and contribute to, or procure the establishment and maintenance of, participation in and contribution to, any pension, superannuation, benevolent or life assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of any persons (including Directors, former Directors, officers and former officers) who are or shall have been at any time in the employment or service of the Company or of any company which at the time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company (as defined in Section 736 of the Act) or otherwise associated with the Company or of the predecessors of the Company in business or of any such other company as aforesaid, or for the benefit of the relations, spouses, widows, families, connections or dependants of any such persons or for the benefit of any other persons whose service or services have directly or indirectly been of benefit to the Company and their relations, connections or dependants, and the Directors on behalf of the Company and without the approval of any resolution of the Company may grant or procure the grant of donations, gratuities, pensions, allowances, including allowances on death, or other payments or benefits of any kind to any of such persons as aforesaid; and the Directors on behalf of the Company and without the approval of any resolution of the Company may establish, subsidise, subscribe to or support institutions, associations, clubs, schools, funds or trusts calculated or considered to be for the benefit of any of such persons as aforesaid or otherwise for the advancement of the interests and well-being of the Company or of any such other company as aforesaid or its members; and the Directors on behalf of the Company and without the approval of any resolution of the Company may make payments for or towards the insurance of any of such persons as aforesaid. Any such director or ex-director may participate in and retain for his own benefit any such donation, gratuity, pension, allowance, payment or other benefit conferred under or pursuant to this Article and the receipt thereof shall not disqualify any person from being or becoming a director of the Company.
27. The Directors on behalf of the Company and without the approval of any resolution of the Company (but subject to the provisions of Sections 151 to 158 of the Act) may establish and contribute to any employees' share scheme (within the meaning of Section 743 of the Act) for the purchase or subscription by trustees of shares of the Company or of a holding company of the Company and may lend money to the Company's employees to enable them to purchase or subscribe for shares of the Company or of a holding company of the Company; and may establish and maintain any option or incentive scheme whereby selected employees (including salaried directors and officers) of the Company are given the opportunity of acquiring shares

in the capital of the Company; and may formulate and carry into effect any scheme for sharing the profits of the Company with its employees (including salaried directors and officers) or any of them. Any director may participate in and retain for his own benefit any such shares, profit or other benefit conferred under or pursuant to this Article and the receipt thereof shall not disqualify any person from being or becoming a director of the Company.

28. The Directors shall not be subject to retirement by rotation and accordingly all references in Table A to retirement by rotation shall be disregarded.
29. A resolution in writing signed by all the Directors for the time being in the United Kingdom shall be as valid and effectual as a resolution passed at a meeting of the Directors duly convened and held and may consist of several documents in the like form, each signed by one or more of the directors.
30. A meeting of the Directors or of a committee of the Directors may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously. A director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Subject to the Act, all business transacted in such manner by the Directors or a committee of the Directors shall for the purposes of these Articles be deemed to be validly and effectively transacted at a meeting of the Directors or a committee notwithstanding that fewer than two directors or alternate directors are physically present at the same place. 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. The word "meeting" in these Articles shall be construed accordingly.

BORROWING AND OTHER POWERS

31. The Directors may exercise all the powers of the Company without limit as to amount to borrow and raise money and to accept money on deposit and to grant any security, mortgage, charge or discharge as they may consider fit for any debt or obligation of the Company or which is binding on the Company in any manner or way in which the Company is empowered so to grant and similarly as they may consider fit to enter into any guarantee, contract of indemnity or suretyship in any manner or way in which the Company is empowered so to enter into.

ALTERNATE DIRECTORS

32.
 - 32.1 Any director (other than an alternate director) may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person to be his alternate director and may in like manner at any time terminate such appointment. If such alternate director is not another director, such appointment, unless previously approved by the Directors, shall have effect only upon and subject to being so approved (provided that the appointment of an alternate by an Investor Director shall be effective immediately on notice of such appointment being given to the Company and shall not require the approval of the Directors).
 - 32.2 The appointment of an alternate director shall determine on the happening of any event which if he were a director would cause him to vacate such office or if his appointor ceases to be a director.
 - 32.3 An alternate director shall (except when absent from the United Kingdom) be entitled to receive notice of all meetings of the Directors and of all meetings of

committees of the Directors of which his appointor is a member and shall be entitled to attend and vote as a director at any such meetings at which his appointor is not personally present and generally at such meetings to perform all the functions of his appointor as a director in his absence and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a director. If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill-health or disability, an alternate director's signature to any resolution in writing of the Directors shall be as effective as the signature of his appointor. Every person acting as an alternate director shall have one vote for each director for whom he acts as alternate (in addition to his own vote if he is also a director). An alternate director shall not (save as aforesaid) have power to act as a director or be deemed to be a director for the purposes of these Articles.

- 32.4 An alternate director may be repaid expenses and shall be entitled to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a director but he shall not be entitled to receive from the Company any remuneration except only such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

INDEMNITY

33. Every director or officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution or discharge of the duties of his office or otherwise 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 in which the charge is found not proven or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court and no director or other officer shall be liable for any loss, damage or misfortune which may happen to be incurred by the Company in the execution or discharge of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.

PERMITTED TRANSFERS

34. The following transfers of shares may be made without restriction as to price or otherwise and without any requirement to offer such shares pursuant to the provisions of Article 35 (*pre-emptive transfers*) or, save in the case of sub-paragraph (h) below, to comply with the provisions of Article 39 (*change of control*) namely transfers:
- (a) by any member being a company to any holding company of such company or any direct or indirect subsidiary of any such holding company;
 - (b) by any member holding shares as a nominee or on trust (whether directly or indirectly) for an employee share scheme to any other nominee or trustee of the same scheme;
 - (c) by any nominee or trustee to any other nominee or trustee of the same beneficiary;
 - (d) by any Original Employee Member to any Permitted Transferee (subject always to such transferee undertaking in a form satisfactory to the Investor Director acting reasonably (including a power of attorney in respect of such shares) that such transferee will be bound by the provisions of these Articles

(in particular, the provisions of Article 36 (*compulsory transfers*) as if such transferee were the Original Employee Member and the transferred shares remained held by the Original Employee Member);

- (e) by the trustees of any trust established for the benefit of employees or directors (or former employees or directors) to the beneficiary of such trust (or any of them) as may be approved by an Investor Director;
- (f) by Close Investment 1997 Fund (acting by its General Partner, Close Investment Partners Limited (and/or any nominee of it)) to Close Brothers PLC, its subsidiaries and/or any person, fund, partnership or company (or any nominee thereof) managed or advised by Close Brothers PLC or any of its subsidiaries;
- (g) by any Financial Institution which is a fund to:
 - (i) the holders of units in, or a nominee or trustee for the holders of units in, or partners in, or members of or investors in such fund;
 - (ii) a nominee or trustee for such fund;
 - (iii) another fund (or nominee or trustee for another fund) which is managed or advised by the same manager or adviser as the transferor or by any member of the same group of companies of such manager or adviser;
 - (iv) to any other Financial Institution (or any member of the British Venture Capital Association); and/or
- (h) by any member with the prior written consent of the holders of shares representing not less than 75% of the aggregate Voting Rights provided that each member undertakes that it shall not consent to any transfer which would trigger a requirement to make a General Offer pursuant to Article 39 (*change of control*) unless such transfer is being made on arms length terms.

If any person to whom shares are transferred pursuant to sub-paragraphs (a) to (g) above ceases to be within the required relationship with the original transferor of such shares, such shares shall be transferred back to the original transferor (or to any other person falling within the required relationship with the original transferor) forthwith upon such relationship ceasing and, if the holder of such shares fails to make such transfer, the holder shall be deemed to have served a separate Transfer Notice in respect of all of such shares then held by him and the provisions of Article 35 (*pre-emptive transfers*) shall apply save that the Specified Price shall be deemed to be the Fair Price.

PRE-EMPTIVE TRANSFERS

- 35. 35.1 Save as provided by Article 34 (*permitted transfers*) and Article 36 (*compulsory transfers*) and Article 39 to Article 41 (*change of control, tag-along, drag-along*) no member or person entitled by transmission shall transfer or dispose of or agree to transfer or dispose of or grant any interest or right in any Equity Share to any person (hereinafter a "transferee") without first offering the same for transfer to the holders for the time being of Equity Shares (other than the proposing transferor). Such offer may be in respect of all or part only of the Equity Shares held by the proposing transferor, shall be made by the proposing transferor by the giving in writing of a notice ("a Transfer Notice")

and may make acceptance of the offer conditional upon acquiring other securities (whether of the Company or any of its subsidiaries).

- 35.2 Each Transfer Notice shall specify the number of Equity Shares offered (hereinafter called "the Sale Shares") and (unless the Transfer Notice is deemed given as provided by these Articles) the price at which the Sale Shares are offered ("the Specified Price") and the identity(ies) of the proposed transferee(s) (if any) and it shall constitute the Directors as the agent of the proposing transferor for the sale of the Sale Shares to the other holders of Equity Shares (other than the proposing transferor).
- 35.3 Upon receipt or deemed receipt by the Company of the Transfer Notice the Directors shall forthwith give written notice to the holders of Equity Shares (other than the proposing transferor) of the number and description of the Sale Shares and the Specified Price and (unless the Transfer Notice is deemed given as provided by these Articles) the identity(ies) of the proposed transferee(s) inviting each of such holders to state by notice in writing to the Company within 60 days whether he is willing to purchase any and, if so, what maximum number of the Sale Shares ("Maximum") he is willing to purchase, and shall also forthwith give a copy of such notice to the proposing transferor. A person who, pursuant to such a notice, expresses a willingness to purchase any Sale Shares is referred to below as a "Purchaser".
- 35.4 Within 10 days of the expiration of the said period of 60 days the Directors shall, subject to Article 35.6 below, allocate the Sale Shares to or amongst the Purchasers and such allocation shall be made so far as practicable as follows:
 - (a) if the proposing transferor is an Employee Member, first, if the Directors (acting with the consent of an Investor Director) so direct, to existing or prospective employees of the Company or any of its subsidiaries or a trust established for the benefit of such employees or former employees (in each case as approved by an Investor Director), second (or first if no such direction is given by the Directors) to other Employee Members and third (or second if no such direction is given by the Directors) to Non-employee Members; or
 - (b) if the proposing transferor is Streamline (UK) Limited ("Streamline"), to all members; or
 - (c) if the proposing transferor is a Non-employee Member (other than Streamline), to other Non-employee Members (and, for the avoidance of doubt, no allocation shall be made to Employee Members).
- 35.5 Each allocation among the relevant persons identified in Article 35.4 shall in the case of competition be made pro-rata to the number of Equity Shares held by them but individual allocations shall not exceed the Maximum which the relevant person shall have expressed a willingness to purchase.
- 35.6 If the Transfer Notice shall state that the proposing transferor is not willing to transfer part only of the Sale Shares, no allocation shall be made unless all the Sale Shares are allocated.
- 35.7 Forthwith upon such allocation being made, the Purchasers to or amongst whom such allocation has been made shall be bound to pay to the Company (as agent for the proposing transferor) the Specified Price for, and to accept a

transfer of, the Sale Shares so allocated to them respectively and the proposing transferor shall, subject to Article 39 (*change of control*) be bound forthwith upon payment of the Specified Price as aforesaid to deliver to the Company (as agent for the Purchasers) such documents as are required to transfer such shares to the respective Purchasers.

- 35.8 If in any case the proposing transferor, after having become bound to transfer Sale Shares as aforesaid, makes default in so doing the Company may receive the Specified Price and the Directors may appoint some person to execute instruments of transfer of such Sale Shares in favour of the Purchasers and shall thereupon, subject to such transfers being properly stamped, cause the name of each of the Purchasers to be entered in the Register of Members as the holder of those Sale Shares allocated to him as aforesaid and shall hold the Specified Price in trust for the proposing transferor. The issue of a receipt by the Company therefor shall be a good discharge to the Purchasers and after their names shall have been entered in the Register of Members in exercise of the aforesaid power the validity of the transactions shall not be questioned by any person.
- 35.9 If, at the expiration of the period of 10 days referred to in Article 35.4 above, any of the Sale Shares have not been allocated in accordance with the provisions of this Article, the proposing transferor may at any time within a period of 60 days after the expiration of the said period of 10 days referred to in Article 35.4 above transfer such unallocated Sale Shares to the proposed transferee(s) (if any) specified in the Transfer Notice, or to any other person at any price not being less than the Specified Price provided that:
- (a) if the Transfer Notice shall contain the statement referred to in Article 35.6 the proposing transferor shall not be entitled hereunder to transfer any of such unallocated Sale Shares unless in aggregate all of such unallocated Sale Shares are so transferred;
 - (b) the Board may require to be satisfied on reasonable grounds that such unallocated 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 whatsoever to the transferee and if not so satisfied may refuse to register the instrument of transfer.
- 35.10 The restrictions on transfer contained in this Article shall apply to all transfers and transmissions by operation of law or otherwise of Equity Shares.
- 35.11 Where a member or other person is under these Articles deemed to have served a Transfer Notice in respect of Equity Shares, such Transfer Notice shall be deemed not to contain the statement referred to in Article 35.6.

COMPULSORY TRANSFERS

36. 36.1 Subject to Article 36.4, a Leaver shall be deemed on the date of cessation of employment to have served a separate Transfer Notice in respect of all of the Shares then held by him (and such deemed Transfer Notice shall supersede any previous Transfer Notice which has not completed) and, subject to Article 36.2, the provisions of Article 35 shall apply.

- 36.2 A deemed service of a Transfer Notice pursuant to Article 36.1 shall provide that the Specified Price in respect of any shares the subject of the deemed Transfer Notice shall be:
- (a) in respect of a Good Leaver who becomes a Good Leaver on or prior to expiry of the Initial Period (other than by reason of death or permanent incapacity due to ill-health (save where such ill-health arises as a result of an abuse of drink or drugs)) or a Bad Leaver the lower of:
 - (i) the subscription price paid therefor (including any premium paid thereupon) (which, in the case of shares issued on or around the date of adoption of these articles, shall be deemed to be £1.00 per share); and
 - (ii) the Minority Price;
 - (b) in respect of a Good Leaver who becomes a Good Leaver after the Initial Period the Fair Price.
- 36.3 Notwithstanding any other provision herein contained if a Leaver retains shares he shall have all the rights of and shall rank *pari passu* with the other holders of the class or classes of shares held by him save that he shall be deemed on a poll to vote at any general meeting of the Company or class meeting of the Company in the same manner as the majority of the votes cast at the relevant meeting by holders of each relevant class of shares, in a written resolution shall be deemed to have signed such resolution (and hereby appoints any director of the Company to sign any such resolution on his behalf) and shall be deemed to grant any consent in respect of any matters to be consented to in respect of any such meetings where a majority of the other shareholders in each relevant class of shares have so consented and shall not otherwise be entitled to vote at any such meeting.
- 36.4 The Directors may, by notice in writing served on the Company and the Leaver prior to the expiry of three months from the date upon which the relevant person became a Leaver, specify that not all of the Leaver's shares are to be the subject of the deemed Transfer Notice and may, by notice in writing served on the Leaver, suspend the operation of the provisions of Article 33 for all or any part of such three month period.

SHARE VALUATION

37. "Fair Price" means the price per share as at the date of occurrence of the event which triggered the requirement to agree or determine Fair Price agreed between the selling shareholder and the Directors or, in the absence of such agreement the price as at such date certified in writing by the Valuer as being in their opinion the fair value of the shares as between a willing seller and a willing buyer (with no discount to reflect the unquoted status of the shares) provided that the Valuer in determining the fair value of any of such shares shall:
- (a) determine the sum which a willing buyer would offer to a willing seller for the whole of the issued share capital of the Company;
 - (b) divide the resultant figure by the number of issued shares and outstanding options or rights to acquire shares (assuming exercise in full); and

- (c) make such adjustment as they consider necessary to allow for any rights attaching to the shares to be transferred which may be outstanding and any rights whereby any person, firm or body corporate may call for the allotment or issue of shares or may exercise any right of conversion;

but so that there shall be no addition or subtraction of any premium or discount arising in relation to the size of the holding the subject of the relevant transfer, or in relation to any restrictions on the transferability of the shares arising only out of the provisions of these Articles and provided further that the Valuer shall take into account in relation to determining the appropriate figure for sub-paragraph (a) above any bona fide offer from any third party to purchase any holdings the subject of a Transfer Notice.

38. "Minority Price" means the price per share as at the date of occurrence of the event which triggered the requirement to agree or determine Minority Price agreed between the selling shareholder and the Directors or, in the absence of such agreement the price as at such date certified in writing by the Valuer as being in their opinion the fair value of the shares as between a willing seller and a willing buyer provided that the Valuer in determining the fair value of any of such shares shall:
- (a) have regard to the rights and restrictions attached to such shares in respect of *inter alia* income and capital and transferability or arising out of the provisions of these Articles;
 - (b) have regard as to the size of the holding the subject of the relevant transfer.

CHANGE OF CONTROL

39. Notwithstanding any other provision of these Articles, *but save for transfers* pursuant to Articles 34(a)-(g) (*permitted transfers*) no sale or transfer of, or transfer of any interest in, any shares conferring a right to vote at general meetings of the Company to any person whomsoever (other than the Original Investor), which would result, if made and, if appropriate, registered, in a person (together with persons acting in concert therewith) whether or not then a member of the Company obtaining or increasing a Controlling Interest in the Company, shall be made or registered and no right to subscribe for any shares which would result, when such shares are issued, in such a person obtaining or increasing a Controlling Interest in the Company shall be exercised unless:
- (a) prior to such transfer being completed, a General Offer is made to all members by the person or persons proposing to acquire the Controlling Interest to purchase all the Equity Shares and Deferred Shares in issue and all the unissued Equity Shares for which any person shall then be entitled to subscribe; and
 - (b) the relevant offer is approved by an Investor Director.

Any General Offer shall conform to the requirements of the Code (so far as applicable and subject as hereinafter provided) as if the Code applied to such General Offer (with an Investor Director making any determinations which would otherwise fall to be made by the Panel (such determinations to be binding on all of the members provided they are made by the Investor Director in good faith and in accordance with the general principles set out in the Code in what he believes to be the interests of the members as a whole)) and shall attribute an equal value to each (issued and unissued) Equity Share (being a value not less than the highest value paid or agreed to be paid for an Equity Share by the proposed acquiror(s) of the Controlling Interest in the 6 months preceding the date of the General Offer or in the proposed acquisition

of the Controlling Interest which gives rise to the General Offer) and a price of 1p in aggregate for all of the Deferred Shares.

It shall be a term of a General Offer and of any agreement to acquire any shares pursuant thereto that a Controlling Interest is only obtained or increased in consequence of such General Offer or agreement if such General Offer becomes wholly unconditional in respect of each class of shares. Any General Offer shall be made in writing (stipulated to be open for acceptance for at least twenty-eight days) to all shareholders and shall include an undertaking by the offeror that neither he nor any person acting in concert with him has within the 6 months immediately preceding the making of the General Offer entered into more favourable terms with any member for the purchase of shares of the same class. Such a General Offer shall be accepted or rejected in writing within the time period stipulated and shall be deemed to have been rejected by a member if he does not respond within such time period.

TAG-ALONG

40. 40.1 If as the result of a General Offer a person or persons or their nominee or nominees (in this Article the "Buyer") acquires a Compulsory Purchase Interest the Company shall forthwith notify all members accordingly and any member who did not accept the General Offer may by written notice to the Company served within 60 days of such notification require the Company as agent for such member to serve a notice (in this Article a "Compulsory Purchase Notice") on the Buyer (or any of them if there is more than one) requiring it to buy such member's shares at the consideration applicable to such General Offer. The Company shall serve the Compulsory Purchase Notice forthwith upon the Buyer being entered in the register of members of the Company.
- 40.2 The Buyer shall complete the purchase of all shares in respect of which a Compulsory Purchase Notice has been given and no later than 21 days from the date of the serving of such Compulsory Purchase Notice on it. The consideration shall be payable in full without any set off. Any transfer pursuant to a Compulsory Purchase Notice shall not require the proposing transferor to give a Transfer Notice. The Directors shall not register any transfer to the Buyer and the Buyer shall not be entitled to exercise or direct the exercise of any rights in respect of any shares to be transferred to the Buyer until in each case the Buyer has fulfilled all his obligations pursuant to this Article. If and for so long as the Buyer fails to comply with the provisions of this Article, the shares held by the Buyer shall confer on the Buyer no right to attend or vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class until the obligations of the Buyer hereunder have been complied with and such shares shall confer no right to receive notice of, attend or vote at any meeting of the Company unless and until the Buyer has complied with such obligations under this Article.

DRAG-ALONG

41. 41.1 If as the result of a General Offer a person or persons or their nominee or nominees (in this Article the "Buyer") acquires a Compulsory Purchase Interest the Buyer (or any of them if there is more than one) may by written notice to the Company served within 60 days of such acquisition require the Company as agent for the Buyer to serve notices (in this Article each a "Compulsory Purchase Notice") on members who have not accepted such offer (the "Minority Shareholders") requiring them to sell their shares at the consideration applicable to such General Offer. In the case of more than one

Buyer serving a Compulsory Purchase Notice the Company shall be entitled (but not obliged) to nominate which notice shall be effective and references to the Buyer in this Article shall be deemed to be references to the relevant Buyer nominated by the Company. The Company shall serve the Compulsory Purchase Notices forthwith and for the period of 21 days from the service of the Compulsory Purchase Notices the Minority Shareholders shall not be entitled to transfer their shares to anyone except the Buyer or a person identified by the Buyer.

- 41.2 The Buyer shall complete the purchase of all shares in respect of which a Compulsory Purchase Notice has been given at the same time and no later than 21 days from the date of the serving of such Compulsory Purchase Notices. The consideration shall be payable in full without any set off. Any transfer pursuant to a Compulsory Purchase Notice shall not require the proposing transferor to give a Transfer Notice. The Directors shall not register any transfer to the Buyer and the Buyer shall not be entitled to exercise or direct the exercise of any rights in respect of any shares to be transferred to the Buyer until in each case the Buyer has fulfilled all his obligations pursuant to this Article.
- 41.3 If in any case a Minority Shareholder, on the expiration of 28 days from the service of the Compulsory Purchase Notice, shall have not transferred his shares to the Buyer or a person identified by the Buyer against payment of the price therefor, the Directors may authorise some person to execute and deliver on his behalf any necessary transfer in favour of the Buyer or the person identified by the Buyer and shall receive the consideration in respect of such shares and shall thereupon (subject to the transfer being duly stamped) cause the name of the Buyer (or the person identified by the Buyer) to be entered into the Register of Members as the holder of the relevant shares. The Company shall hold the consideration in trust for the Minority Shareholder but shall not be bound to earn or pay interest thereon. The issue of a receipt by the Company for the consideration shall be a good receipt for the price for the relevant shares but the Buyer shall not be discharged from procuring that the Company applies the money in payment to the Minority Shareholder which shall be made against delivery by the Minority Shareholder of the certificate in respect of the shares or an indemnity in respect of the same. After the name of the Buyer or the person identified by the Buyer has been entered in the Register of Members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

INVESTOR DIRECTOR

42. 42.1 Members holding more than one half in nominal value of the shares from time to time in issue may, by notice in writing addressed to the Company signed by or on behalf of each of them and delivered to the Office appoint any person or persons to be directors of the Company and remove any persons so appointed.
- 42.2 For so long as the Investors hold any shares then Investors holding a majority of shares held by Investors may, by notice in writing addressed to the Company signed by or on behalf of each of them and delivered to the Office, appoint any person or persons to be directors of the Company designated as Investor Directors and, in like manner, remove any Investor Director and/or appoint any replacement provided there are no more than two Investor Directors at any one time.

- 42.3 If, at any time, there is no Investor Director so appointed then the Investors entitled to appoint an Investor Director may designate any person to be an Observer. An Observer shall have the right to attend all meetings of the Directors and of any committee of the Directors and to receive such other information as a director would be entitled to receive at the same time as such information is provided to Directors and shall, as regards confidentiality, have the same obligations to the Company as if he were a director. An Observer shall be entitled to attend and speak at any such meetings of the Board but shall not be entitled to vote.
- 42.4 Each Investor Director and/or Observer shall be entitled to report back to the members appointing him on the affairs of the Company and its subsidiaries and to disclose to such members such information as he shall reasonably consider appropriate including, for the avoidance of doubt, all papers distributed to the Board.

SCHEDULE 1

1. In the Articles to which this forms a schedule the following words and expressions shall, unless the context otherwise requires, bear the following meanings:

"A Shareholder"	means a member who holds A Shares acting in his capacity as a holder of A Shares and not in his capacity as the holder of any other class of shares;
"A Shares"	means A ₁ Convertible Redeemable Ordinary Shares of £0.01 each in the capital of the Company ("the A ₁ Shares") and the A ₂ Convertible Ordinary Shares of £0.01 each in the capital of the Company ("the A ₂ Shares");
"Act"	means the Companies Act 1985 (as amended by the Companies Act 1989) including any statutory modification or re-enactment thereof for the time being in force;
"acting in concert"	shall bear the meaning attributed thereto in the Code;
"AIM"	means the Alternative Investment Market regulated by the London Stock Exchange;
"Anniversary"	means the anniversary of the date on which the relevant Leaver first became a shareholder in the Company;
"Auditors"	means the auditors of the Company from time to time;
"Bad Leaver"	means a Leaver where the cessation of employment is as a result of the relevant member: <ul style="list-style-type: none"> (a) resigning (other than in circumstances which constitute constructive dismissal or as a result of permanent incapacity due to ill health (save where such ill-health arises as a result of an abuse of drink or drugs)); or (b) failing to renew his employment with a relevant member of the Group after the expiry of any fixed term contract of employment; or (c) being summarily dismissed in circumstances where the Company is not liable to pay him compensation for the cessation of his employment (other than compensation required by statute or statutory instrument);
"Buyer"	as defined in Article 40.1 (<i>tag-along</i>) and/or 41.1 (<i>drag-along</i>);
"Code"	means the City Code on Takeovers and Mergers;

"Completion"	bears the meaning attributed thereto in the Subscription Agreement;
"Compulsory Purchase Interest"	means an interest in shares carrying more than 66% of Voting Rights;
"Compulsory Purchase Notice"	as defined in Article 40.1 (<i>tag-along</i>) and/or 41.1 (<i>drag-along</i>);
"Controlling Interest"	means shares representing not less than 50% of Voting Rights;
"Conversion"	means the conversion of A Shares in accordance with the provisions of Article 4.5;
"Conversion Date"	means the date of the first occurring Conversion Event;
"Conversion Event"	means Listing, Sale or Liquidation;
"Default"	shall bear the meaning attributed thereto in the Facilities Agreement;
"Deferred Shareholder"	means a member who holds Deferred Shares acting in his capacity as a holder of Deferred Shares and not in his capacity as a holder of any other class of Shares;
"Deferred Shares"	means Convertible Redeemable Deferred Shares of £0.01 each in the capital of the Company;
"Directors"	means the board of directors of the Company from time to time or any duly constituted committee of it;
"Employee Member"	means any member who is or was an employee of the Company or any of its subsidiaries and any person who acquired shares from any such member pursuant to a Permitted Transfer;
"Equity Shareholder"	means a member who holds Equity Shares acting in his capacity as a holder of Equity Shares and not in his capacity as a holder of any other class of shares;
"Equity Shares"	means prior to Conversion, the A Shares and the Ordinary Shares and after Conversion, the Ordinary Shares;
"Fair Price"	means the price per share determined in accordance with Article 37 (<i>share valuation</i>);
"Family Settlement"	means in relation to any Employee Member any trust or trusts (whether arising under a settlement <i>inter vivos</i> or a testamentary disposition by whomsoever made or on intestacy) under which no immediate beneficial interest in the shares in question is, for the time being, vested in any person other than the Employee Member concerned and/or his Privileged Relations;

"Financial Institution"	means any institution recognised by the United Kingdom Inland Revenue as carrying on through its lending office a <i>bona fide</i> banking business in the United Kingdom for the purposes of section 349(3) of the Income and Corporation Taxes Act 1988 or any member of the British Venture Capital Association;
"Financing Documents"	means the facilities agreement entered into on or around the date hereof between the Company, HSBC plc and others (the Facilities Agreement) or such other documents as may from time to time be entered into by the Company and specified by an Investor Director as "Financing Documents" for the purposes of Article 4.4 (<i>voting</i>);
"General Offer"	means an offer made in accordance with the provisions of Article 39 (<i>change of control</i>);
"Good Leaver"	any Leaver other than a Bad Leaver;
"Group"	means the Company and its subsidiaries from time to time and "member of the Group" shall be construed accordingly;
"Initial Period"	means the period of 18 months from the date upon which the relevant Employee Member first acquired Equity Shares;
"Investor Director"	means a director appointed pursuant to Article 42.2 (<i>Investor Director</i>) (or if there is no Investor Director at the relevant time, the Observer (if any));
"Leaver"	means any holder of shares who is employed by the Company or any of its subsidiaries from time to time (other than an Investor or Investor Director) and who dies or who ceases to be an employee of any such company (and does not continue (or is not immediately re-employed) as an employee of any other such company) whether or not the holders contract of employment is terminated and whether or not there has been a breach by the relevant employer of such contract (whether repudiatory or otherwise). In this definition and in the definition of "Bad Leaver" any reference to the date of cessation of employment (or similar) shall be the date upon which the relevant person gives or is given notice of termination of his contract of employment or the date of occurrence of the repudiatory breach (whichever is the earliest);
"Liquidation"	means the making of a winding up order by the court or the passing of a resolution by the members that the Company be wound up;
"Listing"	means the admission of any Equity Shares to the Official List of the London Stock Exchange becoming effective, or the granting of permission for any of the Equity Shares to be dealt in on any other public

securities market (including the AIM) and "float" shall be construed accordingly;

"Loan Stock"	means the £7,000,000 loan stock to be created by the Company at a meeting dated on or around the date of adoption of these Articles and constituted by an instrument of the Company dated on or around the date of adoption of these Articles;
"the London Stock Exchange"	means the London Stock Exchange PLC;
"member"	means a person (whether an individual or a corporation) who holds shares;
"Minority Price"	means the price per share determined in accordance with Article 38 (<i>share valuation</i>);
"Minority Shareholders"	as defined in Article 41.1 (<i>drag-along</i>);
"Non-employee Member"	means any member who is not an Employee Member;
"Observer"	means any person appointed pursuant to Article 42.3;
"Office"	means the registered office of the Company;
"Ordinary Shareholder"	means a member who holds Ordinary Shares acting in his capacity as a holder of Ordinary Shares and not in his capacity as the holder of any other class of shares;
"Ordinary Shares"	means Ordinary Shares of £0.01 each in the capital of the Company;
"Original Employee Member"	means each Employee Member other than an Employee Member who became an Employee Member by reason of a Permitted Transfer;
"Original Investor"	shall bear the meaning attributed thereto in the Subscription Agreement;
"Paid Up Amount"	means the amount paid up or credited as paid up disregarding any premium;
"Panel"	means the Panel on Takeovers and Mergers;
"Permitted Transfer"	means a transfer of shares pursuant to Articles 34 (<i>permitted transfers</i>);
"Permitted Transferee"	means, in respect of any Employee Member, any Privileged Relation or Family Settlement of that Employee Member;
"Privileged Relation"	means in respect of any Employee Member the parent or spouse or brother or sister of the Employee Member or any lineal descendent of the Employee Member and for these purposes the step-child or adopted child of any person shall be deemed to be that person's lineal

descendent but no person may be a Privileged Relation who is a minor;

"Register of Members"	means the register of members kept by the Company pursuant to Section 352 of the Act;
"Remuneration Committee"	means the remuneration committee of the Company from time to time or, if there is no remuneration committee, the board of directors of the Company;
"Sale"	means the acquisition of 66% of the Voting Rights by any person (or by persons who in relation to each other are acting in concert);
"Sale Shares"	as defined in Article 35.2;
"Shareholder"	means a Member;
"shares"	means shares in the share capital of the Company;
"Specified Price"	as defined in Article 35.2;
"Subscription Agreement"	means the shareholders agreement entered into by the Company and others on or around the date of adoption of these Articles;
"Table A"	as defined in Article 1;
"Transfer Notice"	as defined in Article 35.1;
"Valuer"	means the Auditors (or in the event of their being unwilling or unable to act or, at the written request of the Company or the member whose shares are to be valued, an independent firm of chartered accountants nominated by the President of the Institute of Chartered Accountants of England and Wales (or his equivalent from time to time) in each case acting as an expert and not as an arbiter); and
"Voting Rights"	means the right to receive notice of, attend (in person or by proxy), speak (in person or by proxy) and vote (in person or by proxy) at general meetings of the Company.

2. The Regulations contained in Table A shall apply to the Company save insofar as they are amended by or are inconsistent with these Articles and, in particular:

- 2.1 Regulations 2, 3, 5, 23, 24, 40, 41, 53, 54, 64 to 69 (inclusive), 73 to 87 (inclusive), 89, 93, 94 and 118 of Table A shall not apply;
- 2.2 In Regulation 1 of Table A the words "the common seal of the Company" shall be omitted and the words "any seal for the time being adopted by the Company as its common seal" shall be inserted after the words "'the Seal" means";
- 2.3 In Regulation 8 of Table A the words "(not being a fully paid share)" shall be omitted and the words "and the Company shall also have a first and

paramount lien on all shares standing registered in the name of a single person or in the name of any person jointly with another or others for all monies presently payable by him or any of them or his estate or their estates to the Company" shall be inserted after the words "in respect of that share";

- 2.4 In Regulation 12 of Table A the words "save in the case of a call deemed to have been made in terms of Regulation 16 which call shall be irrevocable." shall be inserted after the words "postponed in whole or in part";
 - 2.5 In Regulation 15 of Table A the words "and all expenses that may have been incurred by the Company by reason of such non-payment" shall be inserted after the word "Act)" and after the words "payment of the interest";
 - 2.6 In Regulation 18 of Table A the words "and expenses that may have been incurred by the Company by reason of such non-payment" shall be inserted after the words "may have accrued".
3. Words and expressions defined in the Act shall, unless the context otherwise requires, bear the same meanings herein.
 4. This Schedule and Schedule 2 shall be deemed to be part of, and shall be construed as one with, the Articles.

SCHEDULE 2

1. In this Schedule:

- "A%" means the percentage of equity represented by the A₁ Shares immediately prior to application of the calculations in this Schedule where such percentage shall be expressed as an integer plus up to 3 decimal places (for example, 58.01% shall be expressed as 58.01);
- "A" means the number of A₁ Shares in issue immediately prior to Conversion;
- "B" means the number of Ordinary Shares in issue immediately prior to Conversion;
- "C" means the number of A₂ Shares in issue immediately prior to Conversion;
- "C%" means the percentage of equity represented by the A₂ Shares immediately prior to the application of the calculations in this Schedule where such percentage shall be expressed as an integer plus up to 3 decimal places (for example, 4.035% shall be expressed as 4.035);
- "Cash Flow" or "CF" means:
- (a) subscription moneys paid by the Investors in respect of the A Shares, the Loan Stock and any subscription moneys paid by the Investors in respect of any Fresh Issue;
 - (b) dividends or interest received by the Investors on the A Shares and any Fresh Issue from the date of their issue to and including the Conversion Date;
 - (c) interest (including default interest, penalties and other payments) received by the Investors on any Loan Stock or Fresh Issue;
 - (d) redemption moneys received by the Company on the redemption or repayment of any Loan Stock and any Fresh Issue redeemed or repaid on or prior to the Conversion Date other than in respect of any A Shares; and
 - (e) moneys received by the Investors on a return of capital in respect of A Shares or on any Fresh Issue;

provided that no payment to or by the Investors shall be counted more than once and where payments to the

Investors will be treated as positive and payments by the Investors will be treated as negative (and for the avoidance of doubt, the value of the A Shares at the time of Conversion will not be included within the meaning of Cash Flow) and each item within Cash Flow shall be deemed to arise on the last day of the month in which its date of payment or receipt occurs;

"Cash Equivalent"

means, in relation to any deferred consideration, the sum agreed between the holders of not less than 50% of the A Shares and 50% of the Ordinary Shares (or, failing such agreement, certified by the Valuers) as being in their opinion the current value of the right to receive that consideration and, in relation to any non-cash consideration, the sum agreed between the holders of not less than 50% of the A Shares and 50% of the Ordinary Shares (in issue prior to Conversion) or, failing such agreement, certified by the Valuers as being in their opinion the current market value of that non-cash consideration;

"Fresh Issue"

means any shares, loan notes, debenture or other security of the Company subscribed for by the Investors subsequent to the date of adoption of these Articles and before the Conversion Date;

"Investors"

means Close Investment Partners Limited (in its capacity as general partner of certain limited partnerships);

"IRR"

means the annualised discount rate which when applied to a series of cash flows produces an aggregate net present value of such cash flows as at the Subscription Date equal to zero;

"Market Capitalisation" or
"MC"

means:

- (i) in the case of Listing, the market value of the Ordinary Shares in issue (on the assumption that Conversion has occurred) determined by reference to the new issue price of any shares to be issued on Listing or, if there is no new issue, the price at which any such Shares are to be placed or offered for sale for the purposes of Listing (where, if the shares to be issued on Listing are not Ordinary Shares the Valuers shall be requested to take account of any reorganisation or recapitalisation which occurs on or immediately prior to Listing and to certify what the value of Ordinary Shares would be in determining Market Capitalisation) less such proportion of market value as shall be equal to the proportion which the total number of equity shares to be issued on Listing will, immediately following their issue, bear to the number of equity shares then

in issue;

- (ii) in the case of a Sale, the aggregate cash consideration payable by the relevant purchasers for the Equity Shares (on the assumption that the entire issued share capital of the Company is acquired by them pursuant to the Sale) plus, to the extent that consideration shall be so payable otherwise than in cash or shall be so payable on deferred terms, the Cash Equivalent of that consideration; and
- (iii) in the case of a Liquidation the aggregate amount, including the Cash Equivalent of any non-cash consideration, which the holders of A Shares and Ordinary Shares will receive on completion of the Liquidation;

"month"	means calendar month;
"NA"	means the number of A ₁ Shares which convert into Ordinary Shares;
"NC"	means the number of A ₂ Shares which convert into Ordinary Shares;
"p%"	means the percentage of equity represented by the A Shares held by Investors immediately prior to application of the calculations in this Schedule where such percentage shall be expressed as an integer plus up to 3 decimal places (for example, 58.01% shall be expressed as 58.01);
"Subscription Date"	means the date of adoption of these Articles; and
"Threshold Amount"	means: <ul style="list-style-type: none"> (a) if the Conversion Date is within two years of the Subscription Date, a positive amount equal to two times the aggregate of all negative payments included in Cash Flow; or (b) if the Conversion Date is a date which is on or after the date which is three years from the Subscription Date, a positive amount equal to 2.25 times the aggregate of all negative payments included in Cash Flow; or (c) if the Conversion Date is later than two years after the Subscription Date but earlier than three years after the Subscription Date, a positive amount equal to X times the aggregate of all negative payments included in Cash Flow where X shall be:

$$(2 + \frac{n}{365} * 0.25)$$

where n will be the number of days between the date which is two years after the Subscription Date and the Conversion Date.

2. 2.1 For the purposes of this Schedule, Cash Flow arises in the month in which it is paid or received.
- 2.2 References in this Schedule to paragraphs are to paragraphs of this Schedule unless the context otherwise requires.

3. Conversion Calculations

- 3.1 The Board shall at least 14 days prior to the Conversion Date:
 - (a) estimate the timing of the Conversion Date ("Anticipated Conversion Date");
 - (b) procure that the calculations provided for in paragraph 3.2 of this Schedule are made;
 - (c) procure that the Valuers certify their opinion of the Cash Equivalent (if required) and that the other calculations provided for are made in accordance with this Schedule insofar as necessary to enable the provisions of paragraph 5 to be given effect; and
 - (d) notify Shareholders of the results of such calculations. The holders of A Shares and Ordinary Shares and the Board shall use all reasonable endeavours to reach agreement as to the accuracy of such calculations in such period, to record that agreement in writing signed by or on behalf of the holders of at least one half in aggregate of each of the A Shares and Ordinary Shares and, if they fail to do so, to procure the determination thereof by the Valuers who shall issue a certificate accordingly. Any such written agreement and any such certificate shall, in the absence of manifest error, be final and binding on all Shareholders, each of whom shall be sent a copy as soon as practicable following its issue.
- 3.2 For the purposes of determining the number of Ordinary Shares arising on Conversion the calculations set out in this paragraph shall be carried out immediately prior to Conversion.
 - (a) The MC shall be calculated.
 - (b) Two amounts shall be calculated which, if they were received by the Investors on the Conversion Date would, when taken together with the Cash Flow, result in an IRR of 30% and 35% to the Investors. These amounts shall be referred to as I_1 and I_2 and shall be calculated as:

$$I_1 + \sum_{j=0}^n CF_j * (1.3)^{\frac{n-j}{12}} = 0$$

$$I_2 + \sum_{j=0}^n CF_j * (1.35)^{\frac{n-j}{12}} = 0$$

where:

"n" is the number of months between the month in which the Subscription Date falls and the month in which Conversion falls counting the month in which the Subscription Date falls as a month 0 and the month in which Conversion Date falls as month n;

"j" is the arithmetical number attributable to a month, the number 0 being attributed to the month in which the Subscription Date falls, the number 1 being attributed to the following month and so forth until j=n;

"CF_j" is the amount of Cash Flow in month j;

"*" means multiply by;

$\sum_{j=0}^n$ means the sum of the items which follow this symbol from month 0 to month n; and

- (c) The values of MC at which the Investors would receive a share of the MC equal to I_1 and I_2 shall be referred to as M1C and M2C and shall be calculated as the formulae

$$M1C = \frac{I_1 * 100}{p\%}$$

$$M2C = M1C + \frac{(I_2 - I_1) * A\% * 100}{p\% * (75 - C\%)}$$

- (d) If MC is greater than M2C and the Investors receive proceeds on exit (after taking account of these calculations in connection with conversion and including any repayment of principal of Loan Stock and taking into account all payments of interest in respect of the Loan Stock) equal to or in excess of the Threshold Amount then

NA shall equal

$$\frac{B * (A\% - 75 + C\%) * M1C + (65 - C\%) * MC + 10 * M2C}{35 * MC - (A\% - 75 + C\%) * M1C - 10 * M2C}$$

and

$$NC \text{ shall equal } \frac{C\%}{100} * TNOS$$

where TNOS shall equal:

$$\frac{B*MC*100}{(75-A\%-C\%)*M1C-10*M2C+35*MC}$$

unless as a result of conversion with NA equal to the above Investors would receive proceeds on Exit (including repayment of the principal of Loan Stock and taking into account all payments of interest in respect of the Loan Stock) in an amount less than the Threshold Amount then NA shall be increased to such a number as would ensure such proceeds were equal to the Threshold Amount provided that NA shall not exceed A and, if NA is so adjusted:

$$NC \text{ will equal } \frac{C\%*TNOS}{100}$$

$$\text{where TNOS will equal } \frac{B*100}{NB\%}.$$

Where NB% will equal (100-NA%-C%)

$$\text{and NA\% will equal } \frac{(TA-L)*100}{MC} * \frac{A\%}{p\%}$$

where:

TA = Threshold Amount; and

L = amount of principal and interest in respect of the Loan Stock repaid and/or paid to Investors on or before Conversion.

$$NA \text{ will therefore equal } \frac{(TA-L)}{MC} * \frac{B*100}{NB\%} * \frac{A\%}{p\%}$$

- (e) If MC is greater than M1C but less than or equal to M2C and the Investors would receive proceeds on exit (after taking account of these calculations in connection with conversion and including any repayment of principal of Loan Stock) equal to or in excess of the Threshold Amount then

NA shall equal

$$B * \frac{(A\%-75+C\%)*M1C+(75-C\%)*MC}{25*MC-(A\%-75+C\%)*M1C}$$

and

$$NC \text{ shall equal } \frac{C\%}{100} * TNOS$$

$$\text{where TNOS shall equal } \frac{B*MC*100}{(75-A\%-C\%)*M1C+25*MC}$$

Unless as a result of conversion with NA equal to the above, the Investors would receive proceeds on exit (including repayment of

the principal of Loan Stock and taking into account all payments of interest in respect of the Loan Stock) in an amount less than the Threshold Amount then NA shall be increased to such a number as would ensure such proceeds were equal to the Threshold Amount provided that NA shall not exceed A and if NA is so adjusted

$$NC \text{ will equal } \frac{C\% \cdot TNOS}{100}$$

$$\text{where TNOS will equal } \frac{B \cdot 100}{NB\%}.$$

Where NB% will equal $(100 - NA\% - C\%)$

$$\text{and NA\% will equal } \frac{(TA - L) \cdot 100}{MC} \cdot \frac{A\%}{p\%}$$

where:

TA = Threshold Amount; and

L = amount of principal and interest in respect of the Loan Stock repaid and/or paid to Investors on or before Conversion.

$$NA \text{ will therefore equal } \frac{(TA - L)}{MC} \cdot \frac{B \cdot 100}{NB\%} \cdot \frac{A\%}{p\%}$$

(f) If MC is less than or equal to M1C then NA will equal A

4. Change in Circumstances

If after any such certification as referred to in paragraph 3.1 has been made there shall be any change in the MC, or any delay in the occurrence of the Conversion Date shall arise such that is expected to occur in a month later than the month next after that in which the anticipated Conversion Date falls, the procedures set out in the preceding paragraphs of this Schedule shall be repeated (as often as required) and the calculations recomputed accordingly.

5. Conversion of A Shares

5.1 On the first occurring Conversion Event:

- (i) the number of A₁ Shares equal to NA shall convert into Ordinary Shares on a one for one basis and the remainder of the A₁ Shares shall convert into Deferred Shares on a one for one basis where "NA" is calculated in accordance with the provisions of this Schedule 2 and the number of A₂ Shares equal to NC shall convert into Ordinary Shares on a one for one basis and the remainder of the A₂ Shares shall convert into Deferred Shares on a one for one basis where NC is calculated in accordance with the provisions of this Schedule 2;
- (ii) the "NA" Ordinary Shares and (A-NA) Deferred Shares so arising under paragraph 5.1(i) above shall be allocated to members pro rata to their holding of A₁ Shares immediately prior to Conversion; and

- (iii) the "NC" Ordinary Shares and (C-NC) Deferred Shares so arising under paragraph 5.1(i) above shall be allocated to members pro rata to their holding of A₂ Shares immediately prior to Conversion.

5.2 If Conversion and the allocation of shares referred to above would result in any member holding a fraction of an Ordinary Share or a fraction of a Deferred Share the number of the Ordinary Shares held by that Member shall be rounded up and the number of Deferred Shares held by that member shall be rounded down, in each case to the nearest whole number of shares. The calculations set out in this Schedule must be agreed between each of the Remuneration Committee (on behalf of the Company) the holders of more than 50% of the A Shares (on behalf of the A Shareholders) and the holders of more than 50% of the Ordinary Shares (on behalf of the Ordinary Shareholders). In the event of a dispute over the operation of the provisions of this paragraph 5.1 and this Schedule 2 the Remuneration Committee shall instruct the Valuers to make the calculations required and the determination of the Valuers shall be final and binding on the Company and the members.

5.3 The Company shall inform the A Shareholders and the Ordinary Shareholders of the results of the calculations or determinations set out in paragraph 3 forthwith upon their being made available. Forthwith upon receipt of a notice from the Company requiring them so to do, the A Shareholders shall deliver to the Company at the Office the share certificates in respect of the Shares of which they were, prior to Conversion, the holders (or an indemnity in respect thereof in a form reasonably satisfactory to the Company), and the Company shall, on receipt of such certificates (or an indemnity in respect thereof in a form reasonably satisfactory to the Company), deliver to such members new certificates, in respect of the Ordinary Shares arising from Conversion to which they are entitled.

5.4 After Conversion, the shares (excluding the Deferred Shares) shall constitute one class of shares and shall rank *pari passu* in all respects.

6. Miscellaneous

6.1 Forthwith upon Conversion, the Company shall give written notice to each of the Shareholders of the number of Ordinary Shares and the number of Deferred Shares (if any) of which it is the holder.

6.2 Forthwith upon receipt of such notice, each Shareholder shall deliver to the Company at the Office the share certificates in respect of A₁ Shares or the A₂ Shares as the case may be, of which it was prior to Conversion, the holder, and the Company shall, forthwith on receipt of such certificates, deliver to the relevant Shareholder free of charge new certificates in respect of the Ordinary Shares and the Deferred Shares to which it is entitled arising from Conversion.

6.3 Subject to any special rights which may be attached to any other class of shares, any profits which the Company may determine to distribute after Conversion and any capital or assets which may be distributed, on a winding up or otherwise, by way of return of capital after Conversion shall be distributed amongst the holders of Ordinary Shares pro rata according to the amount paid up or credited as paid up thereon (excluding any premium over their nominal value).

7. Illustrative Example

The Annexure to this Schedule contains a worked example showing the operation of the provisions set out in this Schedule. The worked example is illustrative only and, in the event of any ambiguity between the provisions of the Schedule and the worked example the terms of the Schedule shall prevail.

Assumptions				
Subscription date:	Aug-00			
Exit Dates:	Aug-01	Aug-02	Aug-03	Aug-04
Market Capitalisation ("MC")	6,000,000	9,000,000	11,000,000	19,000,000
Assume interest on loan note paid every June and December at			7%	
Assume no dividend payable				

Initial funding structure				
		Number	Subscription (£)	Equity %
A1 Shares (A)	Investors	1,216,441		77.00% =p%
	Vendors	63,193		4.00%
		1,279,634	400,000	81.00% =A%
Ordinary shares (B)	Managers	236,968	250,000	15.00%
A2 Shares (C)	Vendors	63,192		4.00% =C%
	Total	1,579,794	650,000	
Loan Stock	7%		7,000,000	
Debt			9,000,000	
Purchase Price			16,650,000	

Ratchet Intentions				
	Investors IRR			
Target IRR 1	30%			
Target IRR 2	35%			
		Above target		
		1 but less		
Equity split		Up to target 1	than target 2	Above target 2
A1 Shareholders		81%	71%	61%
A2 Shareholders		4%	4%	4%
Management		15%	25%	35%

Summary of Results				
Exit at the end of month	Aug-01	Aug-02	Aug-03	Aug-04
Number of Ordinary Shares				
A1 shareholders	1,279,634	1,082,562	1,121,444	1,028,772
A2 Shareholders	63,192	54,981	56,601	52,739
Management	236,968	236,968	236,968	236,968
	1,579,794	1,374,511	1,415,013	1,318,479
% of equity				
A1 shareholders	81.00%	78.76%	79.25%	78.03%
A2 Shareholders	4.00%	4.00%	4.00%	4.00%
Management	15.00%	17.24%	16.75%	17.97%
	100.00%	100.00%	100.00%	100.00%
Split of MC				
A1 Shareholders:				
Investors	4,619,999	6,738,333	8,287,341	14,093,039
Vendors	240,005	350,050	430,520	732,121
A2 Shareholders	240,001	360,001	440,002	760,003
Management	899,996	1,551,615	1,842,137	3,414,837
	6,000,000	9,000,000	11,000,000	19,000,000
Investors IRR	66%	43%	34%	35%

Cashflow workings

Paragraph ref

3 a Calculate MC

6,000,000 9,000,000 11,000,000 19,000,000

3 b Calculate amount giving investors an IRR of 30% ("I1") and 35% ("I2")

n =

12 24 36 48

Months	j	Subscription	Interest	Redemption	Year1 Total (CFj)	Year 2 Total (CFj)	Year3 Total (CFj)	Year 4 Total (CFj)	Year1 $CF_j \cdot (1+30\%)^j \cdot ((n-j)/12)$	Year 2 $CF_j \cdot (1+30\%)^j \cdot ((n-j)/12)$	Year3 $CF_j \cdot (1+30\%)^j \cdot ((n-j)/12)$	Year 4 $CF_j \cdot (1+30\%)^j \cdot ((n-j)/12)$
Aug-00	0	(7,400,000)	-		(7,400,000)	(7,400,000)	(7,400,000)	(7,400,000)	(9,620,000)	(12,506,000)	(16,257,800)	(21,135,140)
Sep-00	1				-	-	-	-	-	-	-	-
Oct-00	2				-	-	-	-	-	-	-	-
Nov-00	3				-	-	-	-	-	-	-	-
Dec-00	4		245,000		245,000	245,000	245,000	245,000	291,829	379,378	493,191	641,148
Jan-01	5				-	-	-	-	-	-	-	-
Feb-01	6				-	-	-	-	-	-	-	-
Mar-01	7				-	-	-	-	-	-	-	-
Apr-01	8				-	-	-	-	-	-	-	-
May-01	9				-	-	-	-	-	-	-	-
Jun-01	10		245,000		245,000	245,000	245,000	245,000	255,951	332,736	432,557	562,324
Jul-01	11				-	-	-	-	-	-	-	-
Aug-01	12				7,081,667	7,081,667	-	-	7,081,667	-	-	-
Sep-01	13				-	-	-	-	-	-	-	-
Oct-01	14				-	-	-	-	-	-	-	-
Nov-01	15				-	-	-	-	-	-	-	-
Dec-01	16		245,000		-	245,000	245,000	245,000	-	291,829	379,378	493,191
Jan-02	17				-	-	-	-	-	-	-	-
Feb-02	18				-	-	-	-	-	-	-	-
Mar-02	19				-	-	-	-	-	-	-	-
Apr-02	20				-	-	-	-	-	-	-	-
May-02	21				-	-	-	-	-	-	-	-
Jun-02	22		245,000		-	245,000	245,000	245,000	-	255,951	332,736	432,557
Jul-02	23				-	-	-	-	-	-	-	-
Aug-02	24				7,081,667	7,081,667	-	-	-	7,081,667	-	-
Sep-02	25				-	-	-	-	-	-	-	-
Oct-02	26				-	-	-	-	-	-	-	-
Nov-02	27				-	-	-	-	-	-	-	-
Dec-02	28		245,000		-	-	245,000	245,000	-	-	291,829	379,378
Jan-03	29				-	-	-	-	-	-	-	-
Feb-03	30				-	-	-	-	-	-	-	-
Mar-03	31				-	-	-	-	-	-	-	-
Apr-03	32				-	-	-	-	-	-	-	-
May-03	33				-	-	-	-	-	-	-	-
Jun-03	34		245,000		-	-	245,000	245,000	-	-	255,951	332,736
Jul-03	35				-	-	-	-	-	-	-	-
Aug-03	36				7,081,667	-	7,081,667	-	-	-	7,081,667	-
Sep-03	37				-	-	-	-	-	-	-	-
Oct-03	38				-	-	-	-	-	-	-	-
Nov-03	39				-	-	-	-	-	-	-	-
Dec-03	40		245,000		-	-	-	245,000	-	-	-	291,829
Jan-04	41				-	-	-	-	-	-	-	-
Feb-04	42				-	-	-	-	-	-	-	-
Mar-04	43				-	-	-	-	-	-	-	-
Apr-04	44				-	-	-	-	-	-	-	-
May-04	45				-	-	-	-	-	-	-	-
Jun-04	46		245,000		-	-	-	245,000	-	-	-	255,951
Jul-04	47				-	-	-	-	-	-	-	-
Aug-04	48				7,081,667	-	-	7,081,667	-	-	-	7,081,667

Sum of cashflows

I1 =

I2 = (cashflow workings shown in Appendix 1)

(1,990,554)	(4,164,440)	(6,990,492)	(10,664,360)
1,990,554	4,164,440	6,990,492	10,664,360
2,351,503	6,096,282	8,801,733	13,804,093

3 c

Calculate M1C and M2C

M1C = I1 * 100 / P%

2,885,135 6,408,366 9,078,564 13,849,822

M2C = M1C + (I2 - I1) * A% * 100 / (p% * (75 - C%))

3,119,926 6,789,000 11,762,133 18,501,710

3 d to 3 f

Threshold Amount Multiple of aggregate negative payments in Cash Flow

2 2 2.25 2.25

Threshold Amount ("TA") equals

14,800,000 14,800,000 16,650,000 16,650,000

Loan Stock Principal + Interest Total of Principal + Interest = L

7,671,667 8,061,667 8,551,667 9,041,667

Prior to operation of the ratchet is p% * MC > L > TA

Is MC greater than M1C

No	Yes	Yes	Yes
Yes	Yes	Yes	Yes

Is MC greater than M2C

Yes	Yes	No	Yes
-----	-----	----	-----

Does ratchet operate

No	Yes	Yes	Yes
----	-----	-----	-----

Therefore NA =

1,279,634 823,720 1,121,444 1,028,772

B =

236,968 236,968 236,968 236,968

TNOS =

1,679,794 1,104,883 1,415,013 1,318,479

NC = C% * TNOS / 100

63,192 44,196 66,601 62,739

After operation of the ratchet is Investor's share of MC > TA - L ?

N/A	No	Yes	Yes
-----	----	-----	-----

Revised N/A

N/A	78.76% N/A	N/A	N/A
-----	------------	-----	-----

C% =

N/A	4.00% N/A	N/A	N/A
-----	-----------	-----	-----

NB% =

N/A	17.24% N/A	N/A	N/A
-----	------------	-----	-----

TNOS =

N/A	1,374,511 N/A	N/A	N/A
-----	---------------	-----	-----

NC =

N/A	64,981 N/A	N/A	N/A
-----	------------	-----	-----

NA = (TA - L) * B * 100 / (MC * NB%)

N/A	1,082,562 N/A	N/A	N/A
-----	---------------	-----	-----

IRR Calculation					
Months	j	Year1	Year 2	Year3	Year 4
Aug-00	0	(7,400,000)	(7,400,000)	(7,400,000)	(7,400,000)
Sep-00	1	-	-	-	-
Oct-00	2	-	-	-	-
Nov-00	3	-	-	-	-
Dec-00	4	245,000	245,000	245,000	245,000
Jan-01	5	-	-	-	-
Feb-01	6	-	-	-	-
Mar-01	7	-	-	-	-
Apr-01	8	-	-	-	-
May-01	9	-	-	-	-
Jun-01	10	245,000	245,000	245,000	245,000
Jul-01	11	-	-	-	-
Aug-01	12	11,701,665	-	-	-
Sep-01	13	-	-	-	-
Oct-01	14	-	-	-	-
Nov-01	15	-	-	-	-
Dec-01	16	-	245,000	245,000	245,000
Jan-02	17	-	-	-	-
Feb-02	18	-	-	-	-
Mar-02	19	-	-	-	-
Apr-02	20	-	-	-	-
May-02	21	-	-	-	-
Jun-02	22	-	245,000	245,000	245,000
Jul-02	23	-	-	-	-
Aug-02	24	-	13,820,000	-	-
Sep-02	25	-	-	-	-
Oct-02	26	-	-	-	-
Nov-02	27	-	-	-	-
Dec-02	28	-	-	245,000	245,000
Jan-03	29	-	-	-	-
Feb-03	30	-	-	-	-
Mar-03	31	-	-	-	-
Apr-03	32	-	-	-	-
May-03	33	-	-	-	-
Jun-03	34	-	-	245,000	245,000
Jul-03	35	-	-	-	-
Aug-03	36	-	-	15,369,008	-
Sep-03	37	-	-	-	-
Oct-03	38	-	-	-	-
Nov-03	39	-	-	-	-
Dec-03	40	-	-	-	245,000
Jan-04	41	-	-	-	-
Feb-04	42	-	-	-	-
Mar-04	43	-	-	-	-
Apr-04	44	-	-	-	-
May-04	45	-	-	-	-
Jun-04	46	-	-	-	245,000
Jul-04	47	-	-	-	-
Aug-04	48	-	-	-	21,174,706
Monthly		4%	3%	2%	3%
Annual		66%	43%	34%	35%

Appendix 1 - I2 Cashflow workings

Paragraph ref

3.a Calculate MC 6,000,000 9,000,000 11,000,000 19,000,000

3.b Calculate amount giving investors an IRR 35% ("I2")

		n =		12		24		36		48	
				Year1		Year 2		Year3		Year 4	
Months	j	Subscription	Interest	Redemption	$CF_j * (1.35)^{((n-j)/12)}$	$CF_j * (1.35)^{((n-j)/12)}$	$CF_j * (1.35)^{((n-j)/12)}$	$CF_j * (1.35)^{((n-j)/12)}$	$CF_j * (1.35)^{((n-j)/12)}$	$CF_j * (1.35)^{((n-j)/12)}$	$CF_j * (1.35)^{((n-j)/12)}$
Aug-00	0	(7,400,000)	-	-	(9,990,000)	(13,486,500)	(18,206,775)	(24,579,146)			
Sep-00	1	-	-	-	-	-	-	-	-	-	-
Oct-00	2	-	-	-	-	-	-	-	-	-	-
Nov-00	3	-	-	-	-	-	-	-	-	-	-
Dec-00	4	-	245,000	-	299,265	404,007	545,410	736,303			
Jan-01	5	-	-	-	-	-	-	-	-	-	-
Feb-01	6	-	-	-	-	-	-	-	-	-	-
Mar-01	7	-	-	-	-	-	-	-	-	-	-
Apr-01	8	-	-	-	-	-	-	-	-	-	-
May-01	9	-	-	-	-	-	-	-	-	-	-
Jun-01	10	-	245,000	-	257,566	347,714	469,414	633,709			
Jul-01	11	-	-	-	-	-	-	-	-	-	-
Aug-01	12	-	-	7,081,667	7,081,667	-	-	-	-	-	-
Sep-01	13	-	-	-	-	-	-	-	-	-	-
Oct-01	14	-	-	-	-	-	-	-	-	-	-
Nov-01	15	-	-	-	-	-	-	-	-	-	-
Dec-01	16	-	245,000	-	-	299,265	404,007	545,410			
Jan-02	17	-	-	-	-	-	-	-	-	-	-
Feb-02	18	-	-	-	-	-	-	-	-	-	-
Mar-02	19	-	-	-	-	-	-	-	-	-	-
Apr-02	20	-	-	-	-	-	-	-	-	-	-
May-02	21	-	-	-	-	-	-	-	-	-	-
Jun-02	22	-	245,000	-	-	257,566	347,714	469,414			
Jul-02	23	-	-	-	-	-	-	-	-	-	-
Aug-02	24	-	-	7,081,667	-	7,081,667	-	-	-	-	-
Sep-02	25	-	-	-	-	-	-	-	-	-	-
Oct-02	26	-	-	-	-	-	-	-	-	-	-
Nov-02	27	-	-	-	-	-	-	-	-	-	-
Dec-02	28	-	245,000	-	-	-	299,265	404,007			
Jan-03	29	-	-	-	-	-	-	-	-	-	-
Feb-03	30	-	-	-	-	-	-	-	-	-	-
Mar-03	31	-	-	-	-	-	-	-	-	-	-
Apr-03	32	-	-	-	-	-	-	-	-	-	-
May-03	33	-	-	-	-	-	-	-	-	-	-
Jun-03	34	-	245,000	-	-	-	257,566	347,714			
Jul-03	35	-	-	-	-	-	-	-	-	-	-
Aug-03	36	-	-	7,081,667	-	-	7,081,667	-	-	-	-
Sep-03	37	-	-	-	-	-	-	-	-	-	-
Oct-03	38	-	-	-	-	-	-	-	-	-	-
Nov-03	39	-	-	-	-	-	-	-	-	-	-
Dec-03	40	-	245,000	-	-	-	-	299,265	404,007		
Jan-04	41	-	-	-	-	-	-	-	-	-	-
Feb-04	42	-	-	-	-	-	-	-	-	-	-
Mar-04	43	-	-	-	-	-	-	-	-	-	-
Apr-04	44	-	-	-	-	-	-	-	-	-	-
May-04	45	-	-	-	-	-	-	-	-	-	-
Jun-04	46	-	245,000	-	-	-	-	257,566	347,714		
Jul-04	47	-	-	-	-	-	-	-	-	-	-
Aug-04	48	-	-	7,081,667	-	-	-	-	-	7,081,667	
Sum of cashflows		-I2=			(2,351,503)	(5,096,282)	(8,801,733)	(13,804,093)			