

COMPANY NO.

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF

ITHAKA LIFE SCIENCES LIMITED

(Adopted by Special Resolution passed on 11 March 2002)



4353762

1. INTERPRETATION

- 1.1 In these articles, if not inconsistent with the subject or context, the following words and expressions shall have the following meanings:

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

"Associate" means:

- (a) the husband, wife, mother, father, grandmother, grandfather, brother, sister, child (including adopted child) or other lineal descendant of the relevant person;
- (b) the trustees of any settlement (whether or not set up by the relevant person) under which the relevant person and/or any other Associate of the relevant person is or is capable of being a beneficiary;
- (c) any nominee or bare trustee for the relevant person or any other Associate of the relevant person;
- (d) if the relevant person is a company, any subsidiary or holding company of the relevant person and any other subsidiary of any such holding company; and
- (e) any person with whom the relevant person or any Associate of the relevant person is connected, the question of whether any such person is so connected falling to be determined for this purpose in accordance with the provisions of s 839 of the Income and Corporation Taxes Act 1988;

Investment Dividends Dividends paid to the Shareholder pursuant to the provisions of the Shareholders Agreement between Paul Rodgers, Gavin Scott Duncan and Ruston Poole International Plc of even date herewith.

Connection as defined by Section 839 of the Income and Corporation Tax

Persons	Act 1988
"Net Profits"	profits remaining after deduction of all usual outgoings and expenditure other than bonuses payable to the directors of the Company and interest payable on loans made to the Company by its directors;
"Preference Dividend"	dividend payable in accordance with clause 4.1.1
"Table A"	means Table A in the Schedule to the Companies (Tables A-F) Regulations 1985.

2. TABLE A

- 2.1 The regulations contained in Table A shall apply to the Company except in so far as they are excluded by or are inconsistent with these articles.
- 2.2 Regulations 8, 17, 24, 39, 40, 41, 65, 73-80, 94, 97 and 118 of Table A shall not apply to the Company,

3. SHARES

- 3.1 The authorised share Capital of the Company at the date of the adoption of these Articles is £1000 divided into 990 Ordinary Shares and 10 B Preference Shares.
- 3.2 The maximum amount of relevant securities (as defined by section 80(2) of the Act) which the directors may allot, grant options or subscriptions or conversion rights over or otherwise deal with or dispose of pursuant to this article shall be the authorised but as yet unissued share capital of the Company at the date of adoption of these articles. The authority conferred on the directors by this article shall expire on the day preceding the Fifth anniversary of the date of adoption of these articles.
- 3.3 Subject to section 80 of the Act all unissued shares shall be at the disposal of the directors who may allot, grant options or subscriptions or conversion rights over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper provided that no shares shall be issued at a discount.
- 3.4 The Company shall have a first and paramount lien on every share for all moneys (whether presently payable or not) called or payable at a fixed time and in respect of that share, and the company shall also have a first and paramount lien on all shares registered in the name of any person (whether solely or jointly with others) for all moneys owing to the Company from him or his estate either alone or jointly with any other person whether as a shareholder or not and whether such moneys are presently payable or not. The directors may at any time declare

any share to be wholly or partly exempt from the provisions of this article. The Company's lien on a share shall extend to any amount payable in respect

4. SHARE RIGHTS

4.1 As to income

- 4.1.1 Each B Preference Share shall confer on its holder the right to receive, in priority to (other than in priority to any Investment Dividends paid from time to time) the transfer of any sum to reserve or any rights of the other Shareholders in the Company and payable without any resolution of the Directors or of the Company, a Preference Dividend at the rate of 60% of the Net Profits in the year to 31 December 2002 less the amount of Investment Dividends paid in that year; 50% of the Net Profits in the year to 31 December 2003 less the amount of Investment Dividends paid in that year; 40% of the Net Profits in the year to 31 December 2004 less the amount of the Investment Dividends paid in that year and 40% of the Net Profits in the year to 31 December 2005 less the amount of the Investment Dividends paid in that year together with a final dividend of such amount as equals the Investment Dividends paid prior to the 31 December 2005 (the "Final Dividend", but the total of such dividends in all years shall not exceed in aggregate £100,000. The Preference Dividend shall be paid yearly, 30 days from the adoption of the Shareholders of the audited accounts for the relevant accounting period which shall end on the 31 December in each year. The first payment shall be calculated from the date of the adoption of these Articles to the 31 December 2002.
- 4.1.2 Investment Dividends shall be paid to shareholders *pari passu* their percentage shareholding in the Company save that as regards Investment Dividends paid to the Ordinary Shareholder (but not for the avoidance of doubt the Preference Shareholders), such Investment Dividends shall be paid equally to each Ordinary Shareholder
- 4.1.3 Save as set out above the B Preference shares and the Ordinary shares shall rank *pari passu* in all respects.

5. PERMITTED TRANSFERS

- 5.1 The Directors shall not register any transfer of Shares in the Company save as expressly permitted by these Articles.
- 5.2 Any Share may be transferred at any time by a shareholder to any other person with the consent of the holders of all of the issued shares of the Company.
- 5.3 No Share may be transferred prior to the third anniversary of the adoption of these Articles other than as required in Article 7 other than with the consent referred to in Article 5.2 above, and thereafter only in accordance with Article 6.

5.4 Any Preference Shareholder which is a body corporate may transfer any preference Shares to any member of its Group if the transferee gives an undertaking to the Company that, immediately prior to its ceasing to be a member of that Group, the shares shall be transferred to another body corporate in that Group.

5.5 Any Ordinary Shareholder may transfer Ordinary Shares at any time to an Associate.

6. TRANSFERS OF ORDINARY SHARES

6.1 In this Article and Article 7 the following definitions apply:

" Sale Shares" means Ordinary Shares specified in a Transfer Notice served by a retiring Shareholder;

"Auditors" means independent auditors who (in default of agreement among the Proposing Transferor and those shareholders who have accepted the offer) shall be nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales;

"Offer Price" means the offer price (if any) at which Shares are offered in a Transfer Notice;

"Qualifying Transferee" A proposed transferee of any Ordinary Shares approved by the holders of all of the Ordinary Shares.

"Vendor" means any Ordinary Shareholder desiring to sell or otherwise dispose of any A Ordinary Shares;

"Shares" means any Ordinary Share ;

"Transfer Notice" means a notice in writing from a shareholder specifying the Shares held by that shareholder which he desires to sell or dispose of.

6.2 Any Vendor shall first deliver a Transfer Notice to the Company at its registered office. The Transfer Notice shall constitute the Company the agent for the sale of the A Sale Shares at the Offer Price. On receipt of the Transfer Notice the Company shall forthwith offer the A Sale Shares at the Offer Price to the other holders of A Ordinary Shares or a Qualifying Transferee.

6.3 If, within 30 days of the receipt by the Company of a Transfer Notice in respect of any Sale Shares, the other holder of Ordinary Shares or a Qualifying Transferee accepts the whole or part of the Sale Shares at the Offer Price then the sale shall be completed within seven days. To the extent that the other holders of Ordinary Shares or Qualifying Transferees do not accept Sale Shares contained in the Transfer Notice within 30 days, the offer contained in the Transfer Notice shall be deemed to be declined.

- 6.4 If the Directors do not find another holder of Ordinary Shares or Qualifying Transferee willing to purchase all the Sale Shares the subject of a Transfer Notice, the Vendor shall, at any time within 90 days after that has been determined, be at liberty to sell and transfer the Sale Shares, or those for which the Directors shall not have found a purchaser or purchasers, to any third party named in the Transfer Notice or to any other third party for a cash price payable prior to transfer and being not less than the Offer Price, provided that the Directors do not reasonably object to the identity of the proposed purchaser.

7. COMPULSORY TRANSFERS OF A ORDINARY SHARES

7.1 Definitions

In the Article the following further definitions shall apply:-

"Mandatory Transfer Notice"	a notice in writing from a shareholder specifying the shares held by that shareholder and any shares deemed to be held for the shareholder or his Associates pursuant to Article 7
"Auditors"	the auditors for the time being of the Company.
"Fair Price"	means the fair price of any Shares as certified by the Auditors;
"Leaver"	any person who is a Director or who is employed by the Company or any subsidiary of the Company and whose Directorship or service contract or employment with the Company or any subsidiary has terminated for any reason.
"Restrictive Covenants"	covenants contained in the service contract or employment contract of a Leaver restricting him from for example competing with the Company or any of its subsidiaries, poaching or attempting its customers or staff, or similar
"Sale Shares"	the shares the subject of a Mandatory Transfer Notice
"Warehouse"	a subsidiary of the Company established for the purposes of holding shares in the Company or any of its subsidiaries upon trust for employees, or past employees, or those to be appointed as employees in all cases of the Company or any of its subsidiaries

- 7.2 If a shareholder becomes a Leaver then on the date such shareholder becomes a Leaver (the "Termination Date") a Mandatory Transfer Notice shall be deemed to have been served on the Termination Date by the Leaver and his Associates.
- 7.3 The sale price of the Sale Share in the case of a transfer pursuant to Article 7.2 shall be Fair Price except

7.3.1 in the case of gross misconduct by the Leaver (1) justifying summary dismissal or (2) the Leaver being in breach of any Restrictive Covenants at any time prior to the completion of the purchase of the Sale Shares, where the sale price shall be the price paid on subscription, or;

7.3.2 in the case that the Leaver voluntarily resigns his position so that the Termination Date falls within the period of 3 years from the date of adoption of these Articles, where the sale price shall be C in accordance with the formula below:

A = the number of days passed since the date of the adoption of the Articles.

B = 1095

$$C = \text{Fair Price} \times \frac{A}{B}$$

7.4 The Sale Shares will be offered by the Directors to the Ordinary Shareholders of the Company (other than the Leaver) pro rata as nearly as may be to the respective number of shares held by such shareholders. Any offer made by the Directors will invite the shareholders to state in writing the maximum number of Sale Shares they wish to purchase and will remain open for 21 days (the "First Offer Period").

7.5 If at the end of the First Offer Period there are any Sale Shares offered which have not been successfully allocated the Directors shall offer such shares to such shareholders as have stated in writing their willingness to purchase all the Sale Shares previously offered to them. This offer will invite the relevant shareholders to state in writing the maximum number of Sale Shares they wish to purchase. If there are insufficient Sale Shares to meet the demand then the Directors will allocate the Sale Shares pro rata as nearly as may be in proportion to the number of Sale Shares held or deemed to be held by the relevant shareholders. This further offer will remain open for a further period of twenty-one days ("the Second Offer Period").

7.6 If at the end of the Second Offer Period there are any Sale Shares which have not been successfully allocated and the Directors wish the Company to repurchase some or all of the Sale Shares, and provided the Company and Shareholders can comply with the provisions of the Companies Act regarding repurchase of shares, the Directors shall give notice (the "Company Repurchase Notice") of that fact to the Leaver provided that such Company Repurchase Notice is served on the Leaver within 6 months of the Termination Date (the "Company Offer Period"). The Company Repurchase Notice shall set out the date for completion of the purchase of the Sale Shares (the "Company Completion Date") and the procedure to be followed by the Directors and the Company in respect thereof.

7.7 If all the Sale Shares are not purchased by the Company on the Company Completion Date or if the Directors do not give the Leaver a Company Repurchase Notice during the Company Offer Period, the Directors shall offer the remaining Sale Shares to the Warehouse subject to the Warehouse being able to comply with any provisions of the Companies Act regarding funding of the

Warehouse. The Warehouse shall if it wishes to purchase some or all of the remaining Sale Share give notice of that fact ("Warehouse Purchase Notice") to the Directors within 21 days of the end of the Company Offer Period or the Company Completion Date, as the case may be (the "Warehouse Offer Period"). The Directors shall on receipt of a Warehouse Purchase Notice send a copy to the Leaver, who on receipt shall be obliged on receipt of the sale price from the Warehouse transfer the Sale Shares specified in the Warehouse Purchase Notice to the Warehouse.

- 7.8 It at the end of the Company Offer Period and the Warehouse Offer Period as the case may be there are any Sale Shares not sold, these shall be offered within 21 days of the expiry of the Company Offer Period and the Warehouse Offer Period as the case may be to such person who may be selected by the Directors provided such offer is made and accepted within 21 days of the end of the Company Offer Period and the Warehouse Offer Period as the case may be (the "Directors Choice Offer Period").
- 7.9 If the Directors find a purchaser for all or any of the Sale Shares under the terms of this Article the Leaver shall be bound upon receipt of the sale price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons.
- 7.10 If the Directors do not find purchasers for all of the Sale Shares under the foregoing provisions of this article the Leaver shall at any time within six months after the final offer by the Directors to its shareholders be free to sell and transfer such of the Sale Shares as have not been so sold to any person at a price being no less than the sale price calculated in accordance with the provisions of Article 7.3 as the case may be subject to such person meeting with the consent of the Directors such consent not to be unreasonably withheld or delayed.
- 7.11 If in any case the Leaver fails to transfer any of the Sale Shares as required by these Articles *the Directors may receive the purchase money which shall be paid into a separate bank account.* The Directors shall, within a reasonable period, nominate some person to execute an instrument or instruments of transfer of the relevant Sale Shares in the name and on behalf of the Leaver and the Directors shall cause the name of the relevant purchaser or purchasers to be entered in the register as the holder or holders of the relevant Sale Shares and shall hold the purchase money in trust for the Leaver but without being liable for interest. The receipt of a Director for the purchase money shall be a good discharge to the purchaser or purchasers and, after his or their names have been entered into the register, the validity of the proceedings shall not be questioned by any person.
- 7.12 Upon receipt of a written application from any shareholder holding Shares, and upon payment by him of the costs thereby incurred, the Directors shall request the Auditors of the Company for the time being to state (for illustrative purposes only) the sum which in their opinion is the Fair Price of the Share or Shares being the subject of such application and such statement shall be certified in writing by the Auditors (acting as experts not as arbitrators). Any shareholder holding Shares shall be entitled at any time to make an application to the Directors in pursuance of this Article and such application shall not be deemed to constitute a notice of his intention to transfer shares within the meaning of these Articles.

8. TRANSFERS CHANGING CONTROL

- 8.1 For the purpose of this Article 8 "a controlling interest" means shares conferring in the aggregate more than 50% of the total voting rights capable of being exercised at general meetings of the Company (including shares held by all persons who in relation to each other are Connected Persons or persons acting in concert within the meaning of the City Code on Takeovers and Mergers).
- 8.2 No transfer of any Ordinary Shares or Preference Shares shall be made to any person if it would result in that person obtaining or increasing a controlling interest in the Company unless, before the transfer is registered, that person or his nominee has first made an offer (which must remain open for acceptance for at least twenty-eight days) to purchase all the other Ordinary Shares and Preference Shares on the same terms as the proposed transfer to himself, and in addition in respect of payment for the Preference Shares a sum equal £100,000 less any sum paid to the Preference Shareholders as Preference Dividend. The provisions of this Article shall not apply to the acquisition of shares by a shareholder who is a shareholder at the date of adoption of these Articles.
- 8.3 If any offer for all the shares of the Company is made which is accepted by shareholders holding at least 75% of the Ordinary Shares then any holder of shares who has not accepted the offer shall be bound to accept such offer and the provisions of Article (mandatory sell provisions) shall apply accordingly.
- 8.4 If at any time an offer is made Pursuant to Article 8.3 then any holder of Shares in the Company who has not accepted the Qualifying Offer (a "Mandatory Seller") shall be obliged to sell all of his Shares held by him (free from all liens charges encumbrances and third party rights whatsoever and together with all rights attaching thereto) in accordance with such Qualifying Offer provided always that the same price is offered for all the shares save as set out in 8.2 above. On a transfer of Shares required by this Article no shareholder of the Company shall have any pre-emption rights whether under these Articles or otherwise.
- 8.5 If any Mandatory Seller fails to transfer any Shares in accordance with Article 8.4 above the Directors may authorise any person to execute and deliver on his behalf the necessary Stock Transfer form and the Company shall receive the purchase money in trust for the Mandatory Seller and cause the Purchaser to be registered as a holder of such shares (subject to payment of any Stamp Duty). The receipt of the Company for the purchase money shall be a good discharge for the purchaser (who shall not be bound to see to the application thereof). The Mandatory Seller shall in such case be bound to deliver up this Certificate for such Shares to the Company whereupon he shall be entitled to receive the purchase price without interest.
- 8.6 While Article 8.5 applies to a Mandatory Seller's Shares, those Shares may not be transferred pursuant to any other provisions of these Articles.

9. GENERAL MEETINGS

- 9.1 No business shall be transacted at any general Meeting unless the requisite quorum is present. Two shareholders present in person or by proxy (or, in the case of a shareholder being a corporation by representative) shall be a quorum for all purposes.
- 9.2 If within half an hour from the time appointed for any general meeting a quorum is not present the meeting shall stand adjourned to the same day in the next week but one (or if that day be a holiday to the next working day thereafter) and at the same time and place or to such other date time and place (not being more than 30 days nor less than 10 days after the date appointed for the adjourned meeting unless so agreed by the holders of not less than nine tenths in nominal value of the shares entitled to vote at the meeting) as the directors may determine and if at the adjourned meeting a quorum is not, present within half an hour from the time appointed for the meeting the shareholders present shall be a quorum.
- 9.3 Where a meeting is adjourned under article 9.2 for 10 days or more, not less than seven days' notice of the adjourned meeting shall be given as in the case of an original meeting.

10. DIRECTORS

- 10.1 The directors shall unless otherwise determined, by special resolution of the Company be not less than two nor more than five in number.
- 10.2 A director (including an alternate director) shall not require any shareholding qualification, but shall nevertheless be entitled to notice of and shall be entitled to attend and speak at any general meeting.

11. POWERS AND DUTIES OF DIRECTORS

- 11.1 The directors may exercise all the powers or the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit and subject to section 80 of the Act to grant any mortgage charge or standard security over its undertaking property and uncalled capital or any part thereof and to issue debentures debenture stock and, other securities whether outright or as security for any debt liability or obligation of the Company or of any third party.
- 11.2 Subject to the provisions of the Act a director (including an alternate director) may contract with and participate in the profits of any contract or arrangement with the Company as if he were not a director. A director shall also be capable of voting, in respect of such contract or arrangement, where he has previously disclosed his interest to the Company, or in respect of his appointment to any office or place of profit under the Company and the terms thereof and may be counted in the quorum at any meeting at which any such matter is considered.

12. ALTERNATE DIRECTORS

- 12.1 Any director (other than an alternate director) may appoint any person to be an alternate director and may remove from office an alternate director so appointed by him.
- 12.2 An alternate director shall not be entitled as such to receive any remuneration from the Company save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- 12.3 When an alternate director is also a director or acts as an alternate director for more than one director such alternate director shall have one vote for every director so represented by him (in addition to his own vote if he is himself a director) and when so acting shall be considered as two directors for the purposes of making a quorum if the quorum exceeds two.

13. GRATUITIES AND PENSIONS

In regulation 87 of Table A there shall be substituted in the first line for the words the "directors" the words the "directors on behalf of the Company".

14. PROCEEDINGS OF DIRECTORS

- 14.1 Regulation 88 of Table A shall be amended by substituting for the sentence:

"It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom."

the following sentence:

"Notice of every meeting of directors shall be given to each director or his alternate director, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company their address outside the United Kingdom. Directors who are for the time being absent from the United Kingdom shall be entitled to receive seven days' notice of every meeting."

- 14.2 Any meeting of the directors shall be properly constituted and duly held if the directors in question are present in person or by telephone or by some other means or communication provided that each such director shall at all times be able to hear and be heard by all the directors so present at the meeting.

15. CAPITALISATION OF PROFITS

The Words "Special resolution" shall be substituted for the words "ordinary resolution" in regulation 110 of Table A.

16. NOTICES

Any notice required by these articles to be given by the Company may be given by any visible form on paper, including telex, facsimile and electronic mail and a notice communicated by such forms of immediate transmission shall be deemed to be given at the time it is transmitted to the person to whom it is addressed. Regulations 111 and 11.2 of Table A shall be amended accordingly.

17. INDEMNITY

Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled every director or other officer 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 of the duties or in the exercise of his powers or otherwise in connection with his office including any liability incurred by him (a) in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding or admission of any material breach of duty on his part or (b) in connection with any application in which relief is granted to him by the court from liability in respect of any act or omission done or alleged to be done by him as an officer or employee of the Company.