**Companies Act 2006****BRAHAM & MURRAY LIMITED (the Company) (Registration no. 04941964)****Proposed written resolution of the Company**Circulation date: *22 August* 2008

In accordance with Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose the following resolutions numbered 1 to 4 below as special resolutions and resolutions numbered 5 and 6 below as ordinary resolutions (together the **Resolutions**)

Special Resolutions

- 1 That each of the one hundred issued ordinary shares of £1 each in the capital of the Company and each of the 900 ordinary shares of £1 each in the capital of the Company be and hereby are subdivided into 100 ordinary shares of £0 01 each, each having the rights and obligations set out in the Company's articles of association proposed to be adopted pursuant to resolution numbered 4 below,
- 2 That following the subdivision of shares referred to at resolution 1 above, 3,466 of the authorised but unissued ordinary shares of £0 01 each be and hereby are converted into A ordinary shares of £0 01 each, each having the rights and obligations set out in the Company's articles of association proposed to be adopted pursuant to resolution numbered 4 below,
- 3 That the memorandum of association of the Company be amended by deleting the existing clause 5 and by adopting the following as clause 5

"The share capital of the Company is £1,000 divided into 3,466 A ordinary shares of £0 01 each and each 96,534 ordinary shares of £0 01 each, each having the rights and obligations set out in the articles of association ",
- 4 That the articles of association attached hereto and marked 'A' for identification purposes only be adopted in place of the Company's existing articles of association

Ordinary Resolutions

- 5 THAT the directors be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (within the meaning of that section and including any class of the Company's shares) up to the aggregate nominal amount of the company's authorised but unissued share capital for the time being, provided that this authority is for a period expiring five years from the date of this resolution but the Company may before such expiry make an

offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unused.

- 6 That the directors are empowered pursuant to section 95 of the Companies Act 1985 to allot 3,466 A ordinary shares of £0.001 each wholly for cash to South West Ventures Fund (limited partnership number LP008298) pursuant to the authority conferred by the previous paragraph to as if section 89(1) of the Act did not apply to any such allotment.

How to agree to the Resolutions

Please read the notes at the end of this document before signifying your agreement to the Resolutions.


The undersigned, each being a person entitled to vote on the Resolutions on the above date, irrevocably agrees to the Resolution.

Signed


HENRY BRAHAM

Date

Signed


GLYNIS MURRAY

Date

Notes

- 1 If you agree with the Resolutions, please indicate your agreement by signing and dating this document where indicated above, and returning it to the Company using one of the following methods:
- 1.1 **Personal delivery** By delivering the signed copy to any director or the secretary of the Company, or leaving it in a letter box or other appropriate place for the receipt of letters at either address given in paragraph 1.2 below.

- 1 2 **Post** By returning the signed copy by post to the Company at its registered address or to the following address – c/o Michelle Kinsella, Clark Willmott, 1 Georges Square, Bath Street, Bristol, BS1 6BA

If you do not agree with the Resolutions, you need not do anything you will not be deemed to agree if you fail to reply

- 2 Once you have indicated your agreement to the Resolutions, you may not revoke your agreement
- 3 Unless, by the date which is 28 days following the circulation date, sufficient agreement has been received for the Resolution to pass, it will lapse
- 4 In the case of joint holders of shares, only the vote of the senior holder who votes will be counted by the Company Seniority is determined by the order in which the names of the joint holders appear in the register of members
- 5 If you are signing this document on behalf of a person under a power of attorney or other authority, please send a copy of the relevant power of attorney or authority when returning this document

ARTICLES OF ASSOCIATION

ADOPTED BY SPECIAL RESOLUTION

ON 22 August 2008

Nina Mallord
Senior Staff Solicitor
DDI 0117 314 5463
Email nmallord@vwl.co.uk
Reference nm.2y254.Braham Murray

 Veale Wasbrough
Lawyers

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Company No: 04941964

**THE COMPANIES ACTS 1985 TO 1989
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION**

-of-

BRAHAM MURRAY LIMITED

(Adopted by a Special Resolution dated 22 Aug 2008)

1. Preliminary

1 1 The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 2007 and the Companies (Tables A to F) (Amendment) (No 2) Regulations (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company

1 2 In these Articles the following definitions shall apply -

"A Ordinary Shares" the A Ordinary Shares of £0.01 each in the capital of the Company,

"Adoption Date" the date on which these Articles of Association are adopted by the Company,

"Associate" in relation to any person means (a) any person who is an associate of such person and the question of whether a person is an associate of another is to be determined in accordance with section 435 of the Insolvency Act 1986 and (whether or not an associate as so determined), or (b) a Member of the same Group,

"Auditors" the auditors of the Company from time to time or, if the Company is not required to appoint auditors, its accountants for the time being,

"Bad Leaver" an Early Leaver or a Gross Misconduct Leaver,

"Board" the board of Directors of the Company from time to time,

"Business Plan"	the business plan of the Company agreed by the Fund from time to time,
"BVCA"	the British Venture Capital Association,
"CA06"	Companies Act 2006,
"CA85"	Companies Act 1985,
"CEO"	a chief executive officer or chief operating officer of the Company,
"Civil Partner"	means, in relation to a Shareholder, a civil partner (as defined in the Civil Partnerships Act 2004) of the Shareholder,
"Company Disposal"	the sale or transfer of the whole or substantially the whole of the undertaking or assets of the Company,
"Controlling Interest"	an interest (within the meaning of Section 225 of CA06) in shares conferring in the aggregate more than fifty per cent of the total voting rights conferred by all the shares in the equity share capital of the Company for the time being in issue and conferring the right to vote at all general meetings,
"Default Period"	any period in which, except with the consent of the Fund <ul style="list-style-type: none"> a) the Company is in liquidation or receivership or administration or otherwise insolvent within the meaning of Section 123 of the Insolvency Act 1986 (or the equivalent in any jurisdiction outside England and Wales), or b) an event of default is outstanding for the purposes of the Loan Agreement and this has not been remedied within the timescale set out in the Loan Agreement , or c) without limiting the foregoing, any of the special rights or privileges attaching to any A Ordinary Shares in these Articles shall have been breached and (if remediable) not remedied within fourteen days of the breach to the reasonable satisfaction of the

	Fund,
"Directors' Emoluments"	directors' emoluments including all salaries, cars, fees, percentages, taxable allowances, pension contributions and benefits in kind receivable by Executive Directors of the Company and all subsidiaries of the Company,
"Directors"	all of the directors of the Company from time to time,
"Early Leaver"	any Executive Director or other director or employee shareholder of the Company, who ceases to be an employee of the Company and such cessation is not as a result of <ul style="list-style-type: none"> a) his death, b) his incapacity to work caused by his illness, or c) unfair or wrongful dismissal or redundancy, d) the terms of his service agreement,
"Entire Issued Share Capital"	the entire issued share capital of the Company (from time to time),
"Equity Shares"	the Ordinary Shares and the A Ordinary Shares,
"Executive Director"	any Director (other than the Fund Director) who is an employee of the Company,
"Exit"	a Company Disposal or a Sale or a Listing,
"Expert"	a firm of chartered accountants agreed between the holders of the Ordinary Shares and the A Ordinary Shares or failing such agreement within 10 business days, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales (or next available officer) on application by any holder of Ordinary Shares or A Ordinary Shares,
"Fund"	SOUTH WEST VENTURES FUND a limited partnership duly registered under

the Limited Partnership Act 1907 with number LP008298 whose principal place of business is at Argentum, 510 Bristol Business Park, Coldharbour Lane, Bristol, BS16 1EJ and its successors and assigns and any assignee of the rights and benefits of the Fund under the Investment Agreement and/or the Loan Agreement,

"Fund Director"

any Director of the Company appointed by the Fund pursuant to **Article 4**,

"GM"

Glynis Murray,

"Gross Misconduct"

Gross misconduct includes any of the following examples of behaviour by the Executive Director or non-executive Director or employee in circumstances where such behaviour would entitle the Company to summarily dismiss them as an employee

- i Theft or other serious dishonesty whether committed at or outside work,
- ii Conviction for an indictable criminal offence other than a minor road traffic offence,
- iii Repeated or gross acts of negligence or repeated or gross acts of rudeness to colleagues, customers or other third parties,
- iv. Unauthorised absence from work for a sustained period of time,
- v Careless or deliberate damage to the Company's property,
- vi Careless or deliberate breaking of any statutory rule or regulation or the Company's rules or regulations, which is capable of injuring or endangering anybody, or leaving the Company open to prosecution or censure,
- vii Any conduct whether at or outside work which in the Company's disciplinary officer's reasonable view may jeopardise the Company's good reputation or

profitability,

- viii Assault, fighting, harassment on any grounds and the use of offensive language,
- ix Misuse of the Company's information systems, associated data, copyright, software or the telecommunications network, or
- x Being under the influence of drink or drugs at work in circumstances where the Executive Director is not able to perform his job competently,

"Gross Misconduct Leaver"

any Executive Director or other employee shareholder of the Company who is dismissed for Gross Misconduct (and such dismissal is not wrongful dismissal) at any time after the Adoption Date,

"HB"

Henry Braham,

"Holding Company"

shall have the meaning set out in section 736 of the CA 1985,

"Investment Agreement"

an agreement dated the same date as the Adoption Date made between the Fund, the Manager, the Company and GM and HB,

"Listing"

the admission to the official list maintained by the UK Listing Authority or the daily official list of the London Stock Exchange plc or any other recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000) of any Share or the admission or the dealing therein on the Alternative Investment Market or admission to trading on the primary market operated by PLUS Markets Plc,

"Loan"

the Loan made by the Fund to the Company under the Loan Agreement,

"Loan Agreement"

the loan agreement dated on or about the Adoption Date,

"the Manager"

YFM Venture Finance Limited (registered in England and Wales with number 0419561) or any party appointed as the successor to YFM Venture Finance

	Limited as the representative of the Fund,
"Member of the Same Group"	as regards any company, a company which is for the time being a Holding Company or a Subsidiary of that company or a Subsidiary of any such Holding Company,
"Ordinary Shares"	the ordinary shares of £0.01 each in the capital of the Company,
"Sale"	the sale of (or the grant of a right to acquire or to dispose of) any Shares (in one transaction or as a series of transactions) which will result in the purchaser of such Shares (or grantee of such right) and persons connected (in terms of section 839 of the Income and Corporation Taxes Act 1988) with him together having a Controlling Interest,
"Share Option Scheme"	any share option scheme in favour of the Company's employees as agreed from time to time by a majority of the holders of Ordinary Shares and the majority of holders of A Ordinary Shares,
"Subscription Price"	the price paid for each share including the par value and any premium thereon,
"Subsidiary"	shall have the meaning set out in section 736 of the CA 1985,
"Third Party Purchaser"	a third party other than an existing shareholder of the Company interested in purchasing the Entire Issued Share Capital

2. Share Capital

- 2.1 The authorised share capital of the Company at the Adoption Date is £1,000 divided into -
- 2.2 96,534 Ordinary Shares, and
- 2.3 3,466 A Ordinary Shares

3. Share Rights

- 3.1 The Shares shall confer upon their holders the following class rights -

3 1 1 As to income the profits of the Company available for distribution shall be applied in accordance with CA85 and CA06 and to the extent permitted by CA85 and CA06 as follows -

- a) **A Ordinary Share Dividend** - First in paying in respect of every financial year of the Company, starting with the financial year commencing 1 April 2010, to the holders of the A Ordinary Shares in priority to the right of the holders of any other class of share in the capital of the Company a dividend per share ("the **A Ordinary Share Dividend**") of a cash sum (net of any associated tax credit) equal to

the greater of either

- i the highest dividend per share paid on any other class of shares in the capital of the Company in the same period (including for the avoidance of doubt the Ordinary Shares), or
- ii 2 5% (to increase to 5% from and including 1 April 2012 and to 15% from and including 1 April 2013) of the Net Profit (as defined in **Article 3.1.3**) divided by the number of shares of the class then in issue

The A Ordinary Share Dividend shall accrue from day to day and be paid out of the profits of the Company available for distribution (without any resolution of the directors or of the Company in general meeting and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A) not more than fourteen days after the annual accounts for the relevant year are approved and in any event not later than three months after the end of the relevant year. The A Ordinary Share Dividend shall be distributed amongst the holders of the A Ordinary Shares pro rata according to the amount paid up thereon. Without prejudice to the rights of the holders of the A Ordinary Shares hereunder any amount not so paid shall be carried forward and be paid (without any resolution of the directors or of the Company in general meeting and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A) on the next date on which the A Ordinary Share Dividend is payable in priority to the A Ordinary Share Dividend payable on that date.

- b) **Ordinary Share Dividend** - Secondly, in paying in respect of every financial year of the Company, to the holders of the Ordinary Shares in priority to the right of the holders of any other class of share in the capital of the Company a dividend per share (the **Ordinary Share Dividend**) of a cash sum (net of any associated tax credit) equal to the highest dividend per share paid or payable on the A Ordinary Shares and shall accrue from day to day and be paid out of the profits of the Company available for distribution notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A. The Ordinary Share Dividend shall be distributed amongst the holders of the Ordinary Shares pro rata according to the amount paid up thereon.

3 1 2 In the event of default by the Company in the due payment of the A Ordinary Share Dividend (or any part thereof) after 1 April 2011, the Company shall pay to the holders of the class of Shares who are entitled to such dividend interest on the amount in respect of which default is made from the date of such default until the actual date of payment of the A Ordinary Share Dividend or (or part thereof) as well after as before judgment at the rate 2% per annum above the base rate of Barclays Bank plc ("Interest"), such Interest shall be deemed to accrue from day to day computed in respect of the actual number of days elapsed on the basis of a year consisting of 365 days and shall be paid quarterly on 31 March 30 June 30 September and 31 December in each year

3 1 3 For the purpose of this **Article 3** "Net Profit" means the Company's profit calculated on the historical cost basis as shown in the profit and loss account of the Company in its last annual accounts or (in the event of there being subsidiaries of the Company) the consolidated profit and loss account of the Company and its subsidiaries for the relevant financial year

- a) before charging any exceptional or extraordinary items,
- b) before amortisation of goodwill and other intangibles,
- c) before making any provision for any dividends or any transfer to reserves,
- d) before charging taxation,
- e) before charging Directors Emoluments in excess of £150,000 which sum shall be adjusted as shall be agreed between the Company and the Fund on each anniversary of the Adoption Date but, in any event, adjusted in accordance with the Retail Prices Index or any substitution or replacement of it, and
- f) after payment of all interest excluding interest on any overdue dividends

3 1 4 The Company shall procure that the profits of any subsidiary for the time being available for distribution shall be paid to it by way of dividend if and to the extent that but for such payment the Company would not itself otherwise have sufficient profits available to pay any Equity Share Dividend

3 1 5 Subject to clause 3 1 1, the Company shall not declare or pay any dividends on the A Ordinary Shares or the Ordinary Shares without the prior written consent of the Fund

3 2 As to capital

3 2 1 On a liquidation or other return of capital, the surplus assets available after payment of the Company's liabilities (other than unpaid arrears and interest of the A Ordinary Share Dividend) shall be distributed as follows -

- a) first in paying to the holders of the A Ordinary Shares a sum equal to all unpaid arrears and accruals of the A Ordinary Share Dividend and interest,

- b) second in paying to the holders of the A Ordinary Shares the amounts subscribed for such shares,
- c) third in paying to the holders of the Ordinary Shares, the amounts paid up or credited as paid up upon such shares, and
- d) fourth in distributing the balance amongst the holders of the Equity Shares and as if the same constituted one class in proportion to the amounts paid up or credited as paid up thereon respectively

3 2 2 On an Exit the proceeds (net of any expenses payable by the Company in connection therewith) shall be applied as follows -

- a) first in paying to the holders of the A Ordinary Shares a sum equal to all unpaid arrears and accruals of the A Ordinary Share Dividend and Interest,
- b) second in paying to the holders of the A Ordinary Shares the amounts subscribed for such shares,
- c) third in paying to the holders of the Ordinary Shares the amounts subscribed for such shares, and
- d) fourth in distributing the balance amongst the holders of the Equity Shares and as if the same constituted one class in proportion to the amounts paid up or credited as paid up thereon respectively

3 3 As to Voting

3 3 1 The holders of the Equity Shares shall be entitled to receive notice of attend and speak and vote at all General Meetings of the Company and, on a poll, a holder of Equity Shares shall be entitled to one vote for each share registered in his name provided that on a poll, the holders of the A Ordinary Shares as a class shall be entitled to such additional number of votes as shall be equivalent to 75% of all the votes capable of being exercised on a poll in the event of the following circumstances subsisting -

- a) there is a material breach of the Investment Agreement or Loan Agreement which has not been remedied within the requisite time period or such a breach is threatened or proposed,
- b) a petition or order is made or a meeting of the members of the Company is called for the purpose of considering a resolution *for the winding up of the Company or any subsidiary* or if the appointment of a Receiver Manager or Administrator of the assets of the Company or any subsidiary occurs or is threatened or proposed,
- c) a voluntary arrangement pursuant to Section 1 of the Insolvency Act 1986 is proposed by a member,

- d) in the event that the Company fails to pay the A Ordinary Share Dividend (including any interest payable thereon) if it is legally able to do so

3 3 2 For the purpose of Section 125 CA85, the following matters shall be treated as a variation of the rights attached to the A Ordinary Shares and, accordingly, shall require either the consent in writing of the holders of three quarters in nominal value of the issued A Ordinary Shares or the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the A Ordinary Shares, namely -

- a) the creation, allotment or issue of any shares by the Company or the grant of any right to require the allotment or issue of any such shares except pursuant to a Share Option Agreement entered into with the consent of the Fund pursuant to a Share Option Scheme,
- b) any amendment to a provision of the Memorandum or Articles of Association of the Company,
- c) the creation of any charge by the Company or any subsidiary of the Company,
- d) the redemption or purchase of shares in the capital of the Company or any subsidiary or the reduction of the capital of the Company or the cancellation or reduction of share premium account or capital redemption reserve fund,
- e) the removal of a Fund Director from office,
- f) a proposed Company Disposal or the proposed disposal of the whole or a substantial part of the share capital of any subsidiary company where the business of such subsidiary accounts for more than 25% of the combined business of the Company and the subsidiary and any other subsidiary of the Company,
- g) in the event that a voluntary arrangement pursuant to section 1 of the Insolvency Act 1986 is proposed by a member

3 4 As to Conversion

- a) Any holder of A Ordinary Shares shall have the right at any time by giving the Company notice in writing (a "Conversion Notice") to convert at par any or all of his holding of A Ordinary Shares into Ordinary Shares at the rate of one A Ordinary Share for one Ordinary Share. The conversion shall take effect within 14 days following service of the Conversion Notice and the holder shall as soon as reasonably practicable thereafter deliver to the Company at its registered office the certificate or certificates in respect of the shares to be converted and the Company shall promptly issue to the person entitled thereto a certificate or certificates for the Ordinary Shares arising on conversion together (if appropriate) with a balancing certificate in respect of any A Ordinary Shares comprised in the certificates surrendered and which remain unconverted

- b) The Ordinary Shares arising on a conversion hereunder shall rank pari passu in all respects with the Ordinary Shares then in issue and shall entitle the holder thereof to all dividends and other distributions declared made or paid on the Ordinary Shares after the effective date of conversion but shall not rank for any dividend or other distribution declared made or paid on the Ordinary Shares in respect of any period ending on or before the effective date of conversion but shall rank for the A Ordinary Share Dividend up to and including the effective date of conversion
- c) The A Ordinary Share Dividend on the A Ordinary Shares so converted shall cease to accrue with effect from the day following the effective date of conversion

3 5 If New Securities are issued by the Company at a price per New Security less than the Starting Price (which, if the New Security is not issued for cash, shall be a price certified by the Auditors or, upon the request of any party, such firm of accountants as the Company and the fund may agree or, failing agreement, as recommended by the President for the time being of the Institute of Chartered Accountants (or next available officer) (for the purposes of this **Article 3.5** the "Auditors"), acting as experts and not as arbitrators as being in their opinion the current cash value of the non cash consideration for the allotment of the New Securities) then the Company shall, unless and to the extent that any of the holders of A Ordinary Shares (in their capacity as such) shall have specifically waived their rights in writing, offer (such offer, unless waived, to remain open for acceptance for at least 15 clear days) to each holder of A Ordinary Shares (the "Exercising Investor") the right to receive such number of new A Ordinary Shares by applying the following formula (and rounding the product, N, down to the nearest whole share) (the "Anti-Dilution Shares")

$$3\ 5\ 1 \quad N = \left(\frac{W}{X} \right) - Z, \text{ or}$$

3 5 2 Where the holder of A Ordinary Shares is required to subscribe in cash for any Anti-Dilution Shares in accordance with **Article 3.5** the following calculation shall apply -

$$N = \frac{(W - (XZ))}{(X - V)}$$

Where

N = the number of Anti-Dilution Shares,

W = the total amount subscribed (whether in cash or by way of conversion of a loan) by each Exercising Investor for his A Ordinary Shares,

X = the price (if any) at which each New Security is to be issued (which if the New Security is not issued for cash shall be the sum certified by the Auditors acting as experts and not arbiters as being in their opinion the current cash value of the non cash consideration for the allotment of the New Securities),

Z = the number of A Ordinary Shares held by each relevant Exercising Investor prior to the application of this article,

V = the nominal value of each Anti-Dilution Share

3.5.3 The Anti-Dilution Shares shall

3.5.3.1 be paid up by the automatic capitalisation of available reserves of the Company, unless and to the extent that the same shall be impossible or unlawful or the Exercising Investors shall agree otherwise, in which event the Exercising Investors shall be entitled to subscribe for the Anti-Dilution Shares in cash at par. In the event of any dispute between the Company and any Exercising Investor as to the effect of **Article 3.5**, the matter shall be referred (at the cost of the Company) to the Auditors for certification of the number of Anti-Dilution Shares to be issued. The Auditor's certification of such matter shall in the absence of manifest error be final and binding on the Company and the Exercising Investor, and

3.5.3.2 subject to the payment of any cash payable pursuant to **Article 3.5.3.1** (if applicable), be issued, credited fully paid up in cash within 5 clear days of the expiry of the offer being made by the Company to the Exercising Investor and pursuant to **Article 3.5**, and shall rank equally in all respects with the existing A Ordinary Shares

3.5.4 For the purpose of this **Article 3.5** the following expressions shall have the following meanings

"New Securities" any shares (other than shares issued pursuant to a Share Option Scheme or this Article 3.5) or other securities convertible into, or carrying the right to subscribe for such shares, issued by the Company after the date of adoption of these Articles,

"Starting Price" £40.392384,

3.5.5 PROVIDED THAT this Article 3.5 shall not apply to any issue of New Securities unless and until the Company has issued New Securities with an aggregate (and cumulative) value of £100,000 whether in one or more tranches and/or to one or more subscriber

4. Appointment of Fund Directors

4.1 Notwithstanding any other provision of these Articles, the Manager on behalf of the holders of a majority of the A Ordinary Shares for the time being in issue shall be entitled to appoint any one person as a Fund Director of the Company and to remove from office any person so appointed and to appoint another person in his place

4.2 In addition, and without prejudice to the rights of the holders of the A Ordinary Shares to appoint a Fund Director, the holders of a majority of the A Ordinary Shares for the time being in issue shall be entitled to appoint one or more persons to attend meetings of the Directors of the Company ("the Observer"). The Observer shall be entitled to reasonable notice of all such meetings and shall be entitled to speak but shall not be entitled to vote thereat

- 4 3 In the event that pursuant to Article 3 3 the holders of A Ordinary Shares are entitled to enhanced votes at General Meetings of the Company a Fund Director shall be entitled to such number of votes in addition to his own vote as shall constitute a majority on the Board

5. Allotment of Shares

- 5 1 All Ordinary Shares which the Directors propose to issue, shall (subject to **Article 3.5**) first be offered to the members in proportion (as nearly as they may be) to the number of Ordinary Shares and A Ordinary Shares in the Company already held by them respectively, unless the Company in general meeting directs otherwise by Special Resolution. The offer shall be made by notice in writing specifying the number of Ordinary Shares offered, and stating a period (of not less than fourteen days) within which the offer, if not accepted, will be deemed to have been declined. After the expiration of that period, those shares so deemed to be declined, shall be offered to the A Ordinary Shareholders who have, within the stated period, accepted Ordinary Shares so offered to them. Such further offer shall be made in like terms, in the same proportions and in the same manner, and limited by a like period as the original offer.
- 5 2 Any shares not accepted in respect of such offer (or further offer) as is mentioned in **Article 5.1** or which cannot be offered except by dividing shares into fractions, shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of them to such persons, on such terms and in such manner as they think fit, provided that they shall not be disposed of on terms which are more favourable than the terms on which they were offered to the members.
- 5 3 Any A Ordinary Shares proposed to be issued shall be offered to the A Ordinary Shareholders in proportion to the number of existing A Ordinary Shares held by them respectively unless the Company shall by special resolution otherwise direct and any A Ordinary Shares not accepted pursuant to such offer or not capable of being offered as aforesaid except by way of fractions shall not be issued,
- 5 4 Any shares released from the provisions of **Article 5.1** by special resolution shall (subject to **Article 3.3**) be under the control of the Directors, who may (subject to section 80 of the CA85 and to the Articles) allot, grant options over or otherwise dispose of them to such persons, on such terms and in such manner as they think fit.
- 5 5 The provisions of **Article 5** shall
- 5 5 1 have effect subject to section 80 CA85,
- 5 5 2 not apply to Shares issued to a Share Option Scheme
- 5 6 Regulation 4 of Table A and, in accordance with section 91(1) of the CA85, sections 89(1) and 90(1) to (6) (inclusive) of CA85 shall not apply to the Company

6. Transfer of Shares

- 6 1 Subject to the provisions of this **Article 6** and **Article 7** and **Article 8** below the Directors shall register the transfer of any share which has been transferred in accordance with this **Article 6** and **Article 7** and **Article 8** below
- 6 2 All other regulations of the Company relating to the transfer of shares and the right to registration of transfers shall be read subject to the provisions of this Article

6 3 For the purpose of **Article 7** and **Article 8** below -

6 3 1 the expressions "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renounee under any such letter of allotment,

6 3 2 a "Privileged Relation" in relation to a member means the spouse, civil partner or widow, widower of the member or the surviving partner of a civil partnership or the member's adult children,

6 3 3 the expression "Family Trusts" in relation to any member means a trust which does not permit any of the said property or the income thereof to be applied otherwise than for the benefit of that member and/or a Privileged Relation of that member under which no power or control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or such member or his Privileged Relations,

6 3 4 the expression "settlor" includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or any intestacy of a deceased member

6 4 The Directors shall refuse to register any transfer of shares made in contravention of the provisions of this **Article 6**, **Article 7** and **Article 8** For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these Articles the Directors may request the transferor or the person named as transferee in any transfer lodged for registration to furnish the Company with such information and evidence as the Directors may reasonably think necessary or relevant Failing such information or evidence being furnished to the satisfaction of the Directors within a period of 28 days after such request the Directors shall be entitled to refuse to register the transfer in question

6 5 Notwithstanding any other provision of these Articles (other than **Article 8** and **Article 9**) any member may at any time transfer (or by will bequeath or otherwise dispose of on death) up to 50% of any shares held by him to a Privileged Relation or to trustees to be held upon a Family Trust provided that any transfer of shares to trustees to be held upon a Family Trust may during the lifetime of such member only be made with the consent in writing of the holders of 75% of the A Ordinary Shares

6 6 Where the consent of a holder of A Ordinary Shares is requested to a transfer to a Family Trust such consent shall be given when the holder is satisfied -

6 6 1 with the terms of the trust instrument and in particular with the powers of the trustees,

6 6 2 with the identity of the proposed trustees,

6 6 3 that the proposed transfer will not result in infringement of the provisions of **Article 7**, and

6 6 4 that no costs incurred in connection with the setting up or administration of the Family Trust in question are to be paid by the Company

6 7 Where any shares are held by trustees upon a Family Trust -

- a) on any change of trustee such shares may be transferred to the new trustees of that Family Trust,
- b) such shares may be transferred at any time to the settlor or to another Family Trust of the settlor or to any Privileged Relation of the settlor, and
- c) if and whenever any such shares cease to be held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to another Family Trust of the settlor or to any Privileged Relation of the settlor), or the member who originally held the shares at such time held upon a Family Trust becomes a Bad Leaver a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of the relevant shares (as hereinafter defined in **Article 6.8**) by the holders thereof and such shares may not otherwise be transferred

- 6 8 For the purposes of this Article the expression 'relevant shares' means and includes the shares originally transferred to the trustees and any additional shares issued or transferred to the trustees by virtue of the holding of the relevant shares or any of them
- 6 9 Save as otherwise provided in these Articles every member who desires to transfer shares (hereinafter called the "Vendor") shall give to the Company notice in writing of such desire (hereinafter called a "Transfer Notice") Subject as hereinafter mentioned a Transfer Notice shall constitute the Company the Vendor's agent for the sale of the shares specified therein (hereinafter called the "Sale Shares") in one or more lots at the discretion of the Directors to all the holders of Equity Shares (other than the Vendor) at a specified price ("the Sale Price")
- 6 10 The Sale Price shall be the price agreed by the Vendor and the Directors or if the Vendor and the Directors are unable to agree a price within 28 days of the Transfer Notice being given or if the Transfer Notice is a deemed Transfer Notice an Expert shall be appointed and instructed that within 45 days he shall by writing under his hand certify what is in his opinion a fair value thereof on a going concern basis as between a willing seller and a willing buyer ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction ("the Fair Market Value") Save for shares sold pursuant to a deemed Transfer Notice as set out in **Article 7** the Transfer Notice may contain a provision that unless all the shares comprised therein are sold by the Company pursuant to this Article none shall be sold and any such provision shall be binding on the Company
- 6 11 If an Expert is asked to certify the Fair Market Value as aforesaid his certificate shall be delivered to the Company and as soon as the Company receives the certificate it shall furnish a certified copy thereof to the Vendor and save for shares sold pursuant to a deemed Transfer Notice (as set out in **Article 7** below) the Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the certified copy to cancel the Company's authority to sell the Sale Shares The cost of obtaining the certificate shall be borne by the Company unless the Vendor shall have given notice of cancellation as aforesaid in which case the Vendor shall bear the cost
- 6 12 Upon the price being fixed as aforesaid and provided the Vendor shall not give a valid notice of cancellation the Company shall forthwith offer the Sale Shares to all holders of Equity Shares (other than the Vendor) pro rata as nearly as may be in proportion to

the existing numbers of Equity Shares held by such members giving details of the number and the Sale Price of such Sale Shares. The Company shall invite each such member as aforesaid to state in writing within twenty-one days from the date of the notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the expiration of the said period of twenty-one days there are any Sale Shares offered which any of the members hereinbefore mentioned have not so stated their willingness to purchase the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them. Such remaining shares shall be offered pro rata as nearly as may be in proportion to the existing numbers of Equity Shares then held by such members which offer shall remain open for a further period of twenty-one days.

- 6 13 If the Company shall pursuant to the above provisions of this Article find a member or members of the Company willing to purchase all or any of the Sale Shares the Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person as attorney to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the register of members as the holder of such of the Sale Shares as shall have been transferred to them as aforesaid.
- 6 14 If the Directors shall not have found a member or members of the Company willing to purchase all of the Sale Shares pursuant to the foregoing provisions of this Article the Vendor shall at any time within six months after the final offer by the Company to its members be at liberty 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.
- 6 15 The foregoing provisions of this **Article 6** and **Article 7** below shall not apply to a transfer if the holders of 75% of the A Ordinary Shares so direct in writing and the Directors shall be obliged to register any such transfer.
- 6 16 Irrespective of anything contained in these Articles, any shareholder which is or is managed by a member of the BVCA shall be entitled to transfer its shareholding to another BVCA member or to any venture capital fund managed by such a member.

7. Deemed transfers

- 7 1 In this Article a "**Relevant Event**" means

- 7 1 1 a member or the settlor of a Family Trust holding any class of shares, or the original holder of shares transferred to a Privileged Relation, becoming a Bad Leaver,
- 7 1 2 in relation to a member being an individual such a member being adjudicated bankrupt,
- 7 1 3 a member making any voluntary arrangement or composition with his creditors,
- 7.1 4 in relation to a member being a body corporate

- a) a receiver, manager, administrative receiver or administrator being appointed of such member or over all or any part of its undertaking or assets,
- b) such member entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction),

7 2 Any member who becomes aware of the occurrence of a Relevant Event shall immediately notify the Company, who shall notify all the other members in writing of that Relevant Event. In this Article the expression "Relevant Date" means, in relation to a Relevant Event, the date on which the members (as a whole) actually become aware of such Relevant Event.

7 3 After the happening of a Relevant Event in respect of a member (the "Relevant Member") the Board of Directors of the Company must if required by the holder of the A Ordinary Shares serve written notice ("Requirement Notice") on the Relevant Member within 3 months of the Relevant Date requiring the Relevant Member to serve a Transfer Notice in respect of all his Shares. A Requirement Notice may not be served more than once on a member in respect of the same Relevant Event.

7 4 If the Relevant Member fails to serve a Transfer Notice within 14 days of the date of receipt (or deemed receipt) of the Requirement Notice then he shall be deemed to have done so on the fifteenth day following receipt (or deemed receipt). For the purpose of this **Article 7.4** the Fair Market Value of the Relevant Member's Sale Shares shall be calculated by agreement within 14 days of the service of a Requirement Notice between the Relevant Member and the other members as representing the Fair Market Value of the Relevant Member's Shares or failing any such agreement (for whatever reason) such sum per Sale Share as shall be determined by an expert as the Fair Market Value in accordance with **Article 6 10**. Notwithstanding any price per Sale Share specified in such a Transfer Notice (or the failure to give a Transfer Notice), the Sale Price shall be

7 4 1 in the case of a Bad Leaver who is a Gross Misconduct Leaver, then the lower of the Fair Market Value of the Sale Shares and the par value of the Sale Shares,

7 4 2 in the case of a Bad Leaver who is an Early Leaver, if the Transfer Notice has been served (or deemed served) within

7 4 2 1 12 months of the Adoption Date, then the higher of 25% of the Fair Market Value of the Sale Shares and the par value of the Sale Shares,

7 4 2 2 24 months of the Adoption Date, then the higher of 50% of the Fair Market Value of the Sale Shares and the par value of the Sale Shares,

7 4 2 3 36 months of the Adoption Date, then the higher of 75% of the Fair Market Value of the Sale Shares and the par value of the Sale Shares,

7 5 Articles 7 4 1 and 7 4 2 shall not apply to any shares held by GM and shall apply only to 50% of the shares held by HB on the relevant date. The Sale Price for the remaining 50% of shares held by HB on the relevant date shall be Fair Market Value,

7 6 Articles 7.4 1 and 7 4 2 shall cease to apply to any shares held by HB on the date upon which a CEO of the Company completes a 6 month probationary period to the satisfaction of the Fund (acting reasonably)

7 6 1 The Company shall be responsible for referring any valuation to the Expert if he is required pursuant to this Article and shall use all reasonable endeavours to procure that the Expert shall reach its determination as soon as possible after such referral

7 7 References to a 'member' in the definition of Relevant Event include a joint holder of shares If a Relevant Member holds shares jointly then the provisions of this **Article 7** shall extend to all the jointly held shares and to all the joint holders of the relevant shares

7 8 Any Requirement Notice served during the active period of a previous Sale Notice relating to all or any of the same shares shall prevail and upon such service such Transfer Notice shall immediately cease to have effect

8. Drag along rights

8 1 If a bona fide third party who is not an Associate of a member (the "Purchaser") makes an arms' length offer to the members (the "Offer") to acquire all of their shares for cash (or for assets for which there is a ready market for sale in exchange for cash) then members who wish to accept the offer and who hold between them at least 75 per cent of the Equity Shares (the "Accepting Shareholders") may give written notice to the Company signed by or on behalf of all of them (the "Drag Along Notice") stating

8 1 1 the identity of the Purchaser

8 1 2 that they wish to accept the Offer,

8 1 3 the price per share payable under the Offer (the "Selling Share Price"), and

8 1 4 any other conditions attaching to the Offer (the "Selling Share Terms")

PROVIDED THAT the Accepting Shareholders shall include the Fund

8 2 Not later than the date five clear days after the date of service of the Drag Along Notice, the Directors shall serve a copy of it on all members who have not signed it

8 3 If not later than the date 20 clear days after the date of service of the Drag Along Notice the Directors or another member has not made or procured to be made an irrevocable and unconditional offer for all the issued shares then held by the Accepting Shareholders on terms which in the reasonable opinion of the Directors are better than the terms of the Offer, then all shareholders who have not already accepted the Offer (the "Called Shareholders") will be deemed to have accepted the Offer referred to in the Drag Along Notice and must transfer their shares to the Purchaser on the 20th clear day following the expiry of the 20 clear day period against payment or delivery to them of the consideration as allocated between the members and subject always to **Article 8.5** but without requiring the Called Shareholders to assume any other obligation

8 4 If a Called Shareholder fails to transfer his shares as required by **Article 8.3** the provisions of **Article 6.9** will apply as if references to the proposing transferor were to the Called Shareholder, references to the purchasing member(s) were to the Purchaser and references to the purchase money were references to the consideration payable for the shares of the Called Shareholder

8 5 The Offer shall not be subject to **Article 6.1**

8 6 If any person becomes a member of the Company (a "New Member") pursuant to the exercise of a pre-existing option or other rights to acquire shares after a Drag-Along Notice has been served, the New Member will be bound to transfer all shares acquired by him to the Purchaser or as the Purchaser may direct. The provisions of **Article 8.1, Article 8.2, Article 8.3, Article 8.4 and Article 8.5** shall apply (with necessary changes) to the New Member, save that if the shares are acquired after the sale of shares by the Called Shareholders has been completed, completion of the sale of the New Member's Shares shall take place immediately on the New Member acquiring the Shares

9. Tag along rights

9 1 The provisions of **Article 9** will apply if a member (a "Proposed Seller") proposes to transfer any Shares (a "Proposed Transfer") which would, if put into effect, result in any person (a "Proposed Transferee") acquiring a Controlling Interest in the Company

9 2 A Proposed Seller must, before making a Proposed Transfer procure the making by the Proposed Transferee of an offer to the other members to acquire all of their Shares for a consideration per share the value of which is at least equal to the consideration per share offered to the Proposed Seller

9 3 The offer referred to in **Article 9.2** must be expressed to be capable of acceptance for a period of not less than 5 clear days and if it is accepted by any member (a "Selling Shareholder") within that period, the completion of the Proposed Transfer will be conditional upon the completion of the purchase of all the Shares held by Selling Shareholders

10. Lien

10 1 The lien conferred by Regulation 9 of Table A shall attach also to fully paid shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company (whether that person is the full registered holder of those shares or one of two or more joint holders) for all sums presently payable by him or his estate to the Company

10 2 The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 of Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment"

11. Notices of General Meetings

11 1 Every notice convening a general meeting shall comply with the provisions of section 325 CA06 as to giving information to members in regard to their right to appoint proxies, and notices of, and other communications relating to, any general meeting

which any member is entitled to receive shall be sent to the Directors and to the auditors of the Company

12. Quorum

12 1 If a quorum is not present within half an hour from the time appointed for the start of a general meeting the meeting shall be adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place (not later than 14 days from the time originally appointed for the general meeting) as the Directors may determine. A quorum for the purposes of a general meeting (other than an adjourned general meeting) must include a duly appointed representative of the Fund, and either of GM or HB, unless the Fund or either of GM or HB (as the case may be) otherwise agrees in writing. The quorum for an adjourned general meeting is one member (entitled to vote on the business to be transacted) in person or by proxy.

12 2 Regulation 41 of Table A shall not apply to the Company

13. Number of Directors

13 1 Regulation 64 of Table A shall not apply to the Company

13 2 Subject to the rights of the Fund under **Article 4** the maximum number and the minimum number of Directors may be determined from time to time by Ordinary Resolution in general meeting of the Company. Subject to and in default of any such determination, there shall be no maximum number of Directors and the minimum number shall be two.

14. Appointment of Directors

14 1 Subject to **Article 4** no person shall be appointed a Director at any general meeting unless either -

14 1 1 he is recommended by the Directors including the Fund Director, or

14 1 2 not less than fourteen nor more than thirty-five clear days before the date appointed for the general meeting, notice signed by a member qualified to vote at the general meeting has been given to the Company of the intention to propose that person for appointment, together with notice signed by that person of his willingness to be appointed.

14 2 Subject to paragraph 14 1 above, the Company may by Ordinary Resolution in general meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director. Any person appointed, who is not a member of the Company, shall not be appointed as a Fund Director unless he is appointed under the terms of **Article 4**.

14 3 The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number determined in accordance with **Article 13** as the maximum number of directors and for the time being in force.

15. Retirement of Directors

- 15 1 The directors shall not be required to retire by rotation and Regulations 73 to 80 (inclusive) of Table A shall not apply to the Company

16. Directors' Borrowing Powers

- 16 1 The directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit and, subject (in the case of any security convertible into shares) to section 80 CA85, to grant any mortgage, charge of standard security over the Company's 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

17. Alternate Directors

- 17 1 An alternate director shall not be entitled as such to receive any remuneration from the Company, except that he may be paid by the Company such part (if any) of the remuneration otherwise payable to the Company from time to time direct, and the first sentence of Regulation 66 of Table A shall be modified accordingly
- 17 2 A director, or any such other person as is mentioned in Regulation 65 of Table A, may act as an alternate director to represent more than one director, and an alternate director shall be entitled at any meeting of the directors or of any committee of the directors to one vote for every director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present

18. Gratuities and Pensions

- 18 1 The directors may exercise the powers of the Company conferred by the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers
- 18 2 Regulation 87 of Table A shall not apply to the Company

19. Directors' Interests in Transactions

- 19 1 At any meeting of the directors (or of any Committee of the Directors) a Director may (subject to complying with section 317 CA85 or section 177 CA06, and 182 of CA06 (as applicable) vote on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest. If he does vote on any such resolution, his vote shall be counted. Such a Director shall be counted as part of the quorum present at the meeting (and in relation to such a resolution) whether or not the Director votes on the resolution
- 19 2 Regulations 94 to 97 (inclusive) of Table A shall not apply to the Company

20. Company Seal

- 20 1 If the Company has a seal it shall be used only with the authority of the Directors or of a Committee of Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and by the secretary or second Director. The obligation under Regulation 6

of Table A relating to the sealing of share certificates shall apply only if the Company has a seal Regulation 101 of Table A shall not apply to the Company

- 20 2 The Company may exercise the powers conferred by section 39 CA85 with regard to having an official seal for use abroad, and those powers shall be vested in the directors

21. Indemnity

- 21 1 Every Director, or other officer or auditor of the Company shall 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 of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted, or in connection with any application under section 144 or section 727 CA85 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 of the duties of his office or in relation thereto But this Article shall have effect only in so far as its provisions are not avoided by section 232 of CA06
- 21 2 The Directors must purchase and maintain for any director, officer or auditor of the Company, insurance against any such liability as is referred to in section 310(1) of the Act
- 21 3 Regulation 118 of Table A shall not apply to the Company

22. Data Protection

- 22 1 Each of the shareholders of the Company (from time to time) consent to the processing of their personal data by the Company, its shareholders and directors, and the Fund (which for this purpose shall be deemed to include the Manager) (each a "Recipient") for the purpose of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information amongst themselves A Recipient may process such personal data either electronically or manually The personal data which may be processed for such purposes under this article shall include any information (but excepting all "sensitive data" as defined in the Data Protection Act 1998 for which it is recognised separate consent would be obtained) which may have a bearing on the prudence or commercial merits of investing, or disposing of any shares (or other investment or security) in the Company Subject to any confidentiality undertakings given to them by a Recipient, each of the Company's shareholders and directors (from time to time) consent to the transfer of such personal data to persons acting on behalf of any Recipient and to the offices of any Recipient within the European Economic Area for the purposes stated above, where it is necessary or desirable to do so