

THE COMPANIES ACTS 1948 to 1976

C O M P A N Y L I M I T E D B Y S H A R E S

NEW
ARTICLES OF ASSOCIATION
of
CLYDE VALLEY CONTROL SYSTEMS LIMITED
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1. The Regulations contained in and applied by Part II of Table A in the First Schedule to the Companies Act 1948, as amended by the Companies Acts 1967 to 1976 (hereinafter called "Table A") shall, in so far as not excluded, altered or modified by or inconsistent with the following Articles, apply to the Company and be deemed to be incorporated herein.
2. Regulations 4, 7, 8, 11, 24, 53, 62, 67, 75, 77, 84(2), 84(4), 87, 88(a), 88(f), 89, 114 and 115 of Part I of Table A and Regulations 3 and 4 of Part II of Table A shall not apply to the Company and are hereby expressly excluded. The following Regulations of Part I of Table A shall be modified:-

Regulation 1 so that the word "Statutes" shall be substituted for the word "Act" in the last paragraph and so that there will be inserted the following additional definition immediately after the definition of "the Act" - "the Statutes" means the Companies Acts 1948 to 1976 and every other Act for the time being in force concerning companies and affecting the Company.

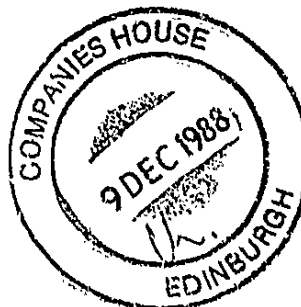
Regulation 15 so that the words "provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for payment of the last preceding call" shall be held to be delete.

Regulation 22 so that the words "(except in the case of fully paid shares) by or on behalf of the" shall be inserted immediately before the word "transferee" where it first appears in this regulation.

Regulation 52 so that the words "the fixing of the remuneration of the Directors" shall be inserted immediately after the word "retiring".

Regulation 58 so that in paragraph (b) the words "one member" shall be substituted for the words "three members" and so that the word "or" at the end of paragraph (b) and the whole of paragraphs (c) and (d) shall be held to be delete.

Regulation/



Regulation 60 so the words "provided always that he is a member of the Company" shall be inserted after the word "shall".

Regulation 76 so that the words "and shall be divided amongst them as they shall agree and failing agreement equally" shall be inserted after the word "meeting" at the end of the first sentence.

Regulation 79 so that the proviso thereto shall be held to delete.

Regulation 86 so that the words "and every director present at any meeting of directors or committee of directors shall sign his name in a book to be kept for that purpose" shall be held to be delete.

Unless otherwise required by the context of these Articles and Table A, in so far as not excluded and as modified in terms of this Article, words importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine.

BUSINESS

3. Any branch or kind of business which, by the Memorandum of Association of the Company or these Articles, is either expressly or by implication authorised to be undertaken by the Company may be undertaken by the Directors at such time as they shall think fit, and further may be suffered by them to be in abeyance, whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.

SHARE CAPITAL

4. The share capital of the Company at the date of adoption of these Articles is £100,000 divided into 30000 Ordinary Shares of £1 each (hereinafter called "the Ordinary Shares") and 70000 10 1/2% Cumulative Convertible Participating Redeemable Preference Shares of £1 each (hereinafter called "the Preference Shares").
5. The rights attaching to the respective classes of shares shall be as follows:-

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(A) As regards income

The profits of the Company available for distribution(hereinafter called "the distributable profits") in respect of any financial year or other financial period(hereinafter in this paragraph referred to as "the relevant period") shall be applied in the first place in paying to the holders of the Preference Shares a fixed cumulative preferential cash dividend (hereinafter called the preferential dividend") at the rate of 10 1/2% per annum on the Preference Shares held by them respectively to be payable half yearly on the 1st day of December and the 1st day of June in every year commencing the first payment thereof on the 1st day of December, 1980(it being understood for the purposes of this Article that the preferential dividend is to be deemed to be earned and to accrue equally from day to day and that the Directors shall not have power to pass the preferential dividend if sufficient distributable profits are available), next and subject thereto in respect of any relevant period when the net profits as hereinafter defined exceed £100,000 in paying to the holders of the Preference Shares a further aggregate cash dividend on the Preference Shares(hereinafter called ("the participating dividend") of £750 for each complete £20000 by which the net profits exceed £100000 to be payable within fourteen days after the date of the General Meeting of the Company at which the accounts for the relevant period are adopted provided that in the event that the accounts of the Company for any relevant period have not been adopted at a General Meeting of the Company on the date(hereinafter called "the relevant date") nine months from the end of such relevant period then the participating dividend will be paid within fourteen days of the relevant date and will be for the same amount as the equivalent participating dividend in the immediately preceding relevant period(subject to any adjustment which may be required after the adoption of the relevant accounts); And subject thereto and to the provisions of Article 23 hereof the balance of the distributable profits shall be distributed amongst the holders of the Ordinary Shares according to the amounts paid up or credited as paid up on the Ordinary Shares held by them respectively provided that no such distribution to the holders of the Ordinary Shares shall exceed the amount recommended by the Directors and approved by the Company in general meeting.

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The expression "net profits" means the group profit shown in the consolidated profit and loss account of the Company and its subsidiaries for the relevant period but:

- (i) before making any provision for any dividends or any transfer to reserves;
- (ii) before charging any taxation on the profits of the Company for the relevant period;
- (iii) after charging any remuneration payable to the Directors of the Company.

(B) As regards capital

On a return of assets on liquidation or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be applied first in paying to the holders of the Preference Shares the sum of £1 per share together with all arrears and accruals of dividend to be calculated down to the date of the return of capital in priority to any repayment to holders of the Ordinary Shares and to be payable whether such dividend has been declared or earned or not and subject thereto the balance of such assets shall be distributed amongst the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on them.

(C) As regards redemption

- (1) The registered holders of all but not part only of the Preference Shares in issue for the time being may at any time prior to 30th November, 1990 by notice in writing to the Company require the Company to redeem the Preference Shares on the following terms and conditions:-
 - (i) The Preference Shares shall be redeemed by the Company at the Registered Office of the Company on the date on which the Company shall have received the subscription monies referred to in paragraph (D) (2) of this Article.

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(ii) There will be paid on each of the Preference Shares redeemed a sum equal to any arrears, deficiency or accruals of the preferential dividend and the participating dividend thereon to be calculated down to the date of redemption whether such dividend has been declared or not and whether (in the case of the preferential dividend) such dividend has been earned or not and the preferential dividend and the participating dividend shall cease to accrue from that date unless upon delivery of the certificate for such share payment of the redemption monies shall be refused.

(2) The registered holders of all but not part only of the Preference Shares in issue for the time being may at any time prior to 30th November, 1990 by notice in writing to the Company, require the Company to treat the Preference Shares as irredeemable and on receipt of such notice by the Company the rights of redemption set forth in the following sub-paragraph(3) shall cease to be of any effect but otherwise the rights attached to the Preference Shares shall not be varied in any way and without prejudice to the foregoing generality the provisions of the foregoing sub-paragraph shall continue in full force and effect.

(3) Subject to the provisions of the foregoing sub-paragraphs(1) and (2) the Preference Shares shall be redeemed by the Company on the following terms and conditions:-

(i) one half of the Preference Shares held as at 30th November, 1990 by each such registered holder shall be redeemed by the Company at the Registered Office of the Company on 31st December 1990 (or if at that date the Company cannot comply with the provisions of the Statutes relating to such redemption such later date on which the Company shall first be able so to comply);

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(ii) all the Preference Shares still in issue at 31st December 1991 shall be redeemed by the Company at the Registered Office of the Company on 31st December, 1991 (or if at that date the Company cannot comply with the provisions of the Statutes relating to such redemption such later date on which the Company shall first be able so to comply);

(iii) The Preference Shares to be redeemed in accordance with the foregoing provisions shall be redeemed by the Company at the Registered Office of the Company; and

(iv) There will be paid on each of the Preference Shares redeemed a sum equal to any arrears, deficiency or accruals of the preferential dividend and the participating dividend thereon to be calculated down to the date of redemption whether such dividend has been declared or not and whether (in the case of the preferential dividend) such dividend has been earned or not and the preferential dividend and the participating dividend shall cease to accrue from that date unless upon delivery of the certificate for such share payment of the redemption monies shall be refused.

(D) As regards subscription

- (1) The registered holders of all but not part only of the Preference Shares in issue for the time being may at any time by notice in writing to the Company direct the Company to issue to such holders in proportion to their respective holdings (fractions being rounded up or down to the nearest whole number) such number of Ordinary Shares of £1 each in the capital of the Company for cash at an aggregate subscription price of £700000 as shall in aggregate after such issue be equal to 30% of the total number of Ordinary Shares of £1 of the Company then in issue. Provided always that at the date of giving such notice the notice referred to in paragraph (C)(1) of this Article shall already have been given by such registered holders to the Company.
- (2) The Company shall within fourteen days of such direction against payment of the appropriate subscription monies allot to the holders of the Preference Shares the Ordinary shares which fall to be issued in terms of this paragraph (D).

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- (3) Upon receipt by the Company of the subscription monies such monies shall be applied by the Company forthwith in redemption in full of the Preference Shares then in issue pursuant to paragraph(C)(2) of this Article.
- (4) The Ordinary Shares which may fall to be issued by the Company in terms of this paragraph (D) shall not rank for any dividend in respect of any financial year or other financial period ending prior to the date on which they are issued and shall in respect of the financial year or other financial period in which they are issued rank only for a dividend of an amount per share which when there is added to it an amount equal to the amount per share then already paid to the holders of the Preference Shares by way of dividend on such Preference Shares in respect of such financial year or other financial period is equal to the amount per share paid to the holders of the remaining ordinary shares by way of dividend in respect of such financial year or other financial period and shall, subject as aforesaid, rank pari passu in all respects with the remaining Ordinary Shares in the Company Provided always that the foregoing provisions of this subparagraph (4) shall be without prejudice to the right of the holders of the Preference Shares to retain dividends then already paid to them as holders of such Preference Shares.

SHARES

- (6) Subject to Articles 7 and 23 hereof, the shares shall be under the control of the Directors who may allow, grant options over or otherwise dispose of them to such persons at such times and upon such terms and conditions as the Directors may determine but so that no share shall be issued at a discount except in accordance with section 57 of the Companies Act 1943.
- (7) All unissued shares in the capital for the time being of the Company which the Directors determine to issue shall be offered in the first instance to the holders for the time being of the Ordinary Shares in the capital of the Company in proportion to the nominal amounts of such Ordinary Shares held by them respectively.

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Such offer shall be made by notice specifying the number of shares for which such Members respectively are entitled to subscribe and limiting the time within which the offer, if not accepted, shall be deemed to be declined and, after the expiration of such time or on receipt of an intimation from any Member to whom such notice may have been given that he declines to accept the shares offered, the Directors may dispose of such shares as they may think fit.

The Directors may likewise dispose of any unissued shares which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid, or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered under this article.

- (8) The Company shall not be bound to recognise but shall be entitled to recognise in such manner and to such extent as it may think fit any trusts in respect of any of the shares of the company. Notwithstanding any such recognition the Company shall not be bound to see to the execution, administration or observance of any trust, whether expressed, implied or constructive, in respect of any shares of the Company and shall be entitled to recognise and give effect to the acts and deeds of the registered holders of such shares as if they were the absolute owners thereof. For the purpose of this article "trust" includes any right in respect of any shares of the Company other than an absolute right thereto in the registered holder thereof for the time being or such other rights in the case of transmission thereof as are mentioned in part I of table A.
- (9) Every Member shall without payment be entitled to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate under the Seal for all the shares for each class registered in his name. Provided that in the case of joint holders the Company shall not be bound to issue more than one certificate to all the joint holders, and delivery of such certificates to any one of them shall be sufficient delivery to all. Every certificate shall be under the Seal and shall specify the class of the shares to which it relates and the amount paid up thereon. A Member may require more than one certificate in respect of the shares of each class held by him in the capital of the Company for the time being on the payment of such sum for each additional certificate not exceeding twelve and one half pence as the Directors may determine, provided that no member shall be entitled to more than one certificate in respect of any one share held by him.

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TRANSFER AND TRANSMISSION OF SHARES

- (10) Subject to Articles 11 and 12 hereof all transfers of shares of the Company shall be subject to the approval and sanction of the Directors, and the Directors may in their absolute discretion and without assigning any reason therefore refuse to register any transfer of any share, and the right to transfer the Shares of the Company is restricted accordingly.
- (11) (a) If any member or other person entitled be desirous of selling or transferring all or any of his shares in the capital of the Company (such member or other person entitled being hereinafter called "the Proposing Transferor") he shall give notice in writing (herein after called "a Transfer Notice") to the Company stating the number of shares to be sold or transferred. Such notice shall constitute the Directors his agents for the sale of such shares to any person or persons including themselves or any of them at their fair value as at the date of receipt of the Transfer Notice as shall be agreed between the Proposing Transferor and the Directors or, failing agreement within a period of 21 days after the date of receipt of the Transfer Notice, as shall be fixed by an independent Chartered Accountant to be nominated, failing agreement between the Proposing Transferor and the Directors by the President for the time being of the Institute of Chartered Accountants in Scotland. Such independent Chartered Accountant shall act as an expert and not as an arbiter and his certificate as to the fair value shall be final and binding on all the parties. A Transfer Notice shall not be revocable except with the sanction of the Directors.
- (b) With a view to finding a purchaser for the shares comprised in a Transfer Notice the Directors shall offer such shares at the fair value as agreed or fixed as aforesaid to the persons then holding the remaining shares in the capital of the Company as nearly as may be in proportion to their respective holdings of shares in the capital of the Company and shall limit the time within such offer if not accepted in whole or in part shall be deemed to be declined, and shall notify such persons that any such person who desires to purchase shares in excess of his said proportion shall in his reply state how many additional shares he desires to purchase at the fair value as agreed or fixed as aforesaid, and if all such persons do not accept their said proportions in full the unaccepted shares shall be used for satisfying the said claims for additional shares.

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If there shall be insufficient of the said unaccepted shares to satisfy in full all such claims for additional shares the said unaccepted shares shall be distributed amongst the persons making such claims as nearly as may be in proportion to their said respective holding of shares in the capital of the Company, provided that no person shall be bound to take more additional shares than those he shall have offered to purchase.

The Directors shall make such arrangements as regards the finding of a purchaser for any shares not accepted or claimed as aforesaid within the time so limited as they shall think just and reasonable.

- (c) If the Directors within the space of three calendar months after receipt of a Transfer Notice find any person or persons as aforesaid willing to purchase the shares comprised in such Transfer Notice or any of them and give notice in writing thereof to the Proposing Transferor he shall be bound upon payment of the fair value as agreed or fixed as aforesaid, to transfer such shares to the purchaser or purchasers thereof who shall be bound to complete the purchase within fourteen days from the service of such last mentioned notice.
- (d) If in any case the Proposing Transferor, after having become bound as aforesaid, makes default in transferring any shares to a purchaser thereof, the Directors shall be entitled to receive the purchase money, to cause a transfer to be executed for and on behalf of the Proposing Transferor, to cause the name of the Purchaser to be entered in the Register of Members as the holder of the shares, and to hold the purchase money in trust for the Proposing Transferor. The receipt of the Directors for the purchase money shall be a good discharge to the purchaser and after the purchaser's name has been entered in the Register of Members in purported exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person.
- (e) If the Directors shall not within the space of three calendar months after receipt of a Transfer Notice find a purchaser or purchasers for all the shares comprised in such Transfer Notice or shall fail for any reason to give notice to the Proposing Transferor in terms of paragraph (c) hereof or if a purchaser shall fail to complete his purchase within the time limit laid down in paragraph (c) hereof, the Proposing Transferor shall at any time within three calendar months thereafter be entitled to transfer the shares or those not purchased as the case may be to any person (provided that in the case of a sale the price bona fide paid to the

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- (e) Proposing Transferor for the shares shall not be less than the fair value as agreed or fixed as aforesaid). In the event of the Proposing Transferor exercising such entitlement upon a transfer being effected the transferee shall be entitled to present the transfer in his favour and have himself registered as a member accordingly.
- (f) Subject to the provisions of the Companies Act 1985 the Company may purchase its own Shares including any Redeemable Shares and make a payment in respect of the redemption or purchase of its own Shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of Shares.
- (12) In the event of the death of any member of the Company or in the event of the bankruptcy or liquidation (other than for the purpose of reconstruction or amalgamation) of any member or in the event of any member employed by the company ceasing to be so employed the Directors shall be entitled at any time within three months after the date of such death, bankruptcy, liquidation or cessation of employment as the case may be by notice in writing to require such member or executors, testamentary trustees, trustees in bankruptcy or liquidator of such member as the case may be to give a Transfer Notice in terms of Article 11 hereof as regards all or any of the shares registered in name of such member and in the event of such Transfer Notice not being received by the Company within the period of fourteen days after such notice given by the Directors the Directors shall be entitled to proceed as if such Transfer Notice had actually been received by them on the last of such fourteen days and Regulations 30 to 32 of Part I of Table A shall be modified accordingly.

MODIFICATION OF CLASS RIGHTS

- (13) Subject to the provisions of Section 72 of the Act and Article 23 hereof whenever the capital of the Company is divided into different classes of shares, all or any of the special rights and privileges attached or belonging to any class may, either with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate general meeting of such holders (but not otherwise), be modified, varied or abrogated and may be so modified, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up.

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To every such separate general meeting all the provisions of these Articles relating to General Meetings or to the proceedings thereat shall ~~mutatis~~ mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class, and so that every holder of shares of the class in question in person or by proxy may demand a poll and shall be entitled on a poll to one vote in respect of each share of the class held by him, and that if at any adjourned meeting of such holders a quorum is not present, any two of such holders present in person or by proxy shall be a quorum.

PROCEEDINGS AT GENERAL MEETINGS

- (14) No business shall be transacted at any General Meeting of the Company unless a quorum of the members is present at the time when the Meeting proceeds to business; save as herein otherwise provided, two members present in person or by proxy or (being a corporation) present by representative shall be a quorum.

VOTES OF MEMBERS

- (15) Subject to any special rights or restrictions as to voting upon which any shares may be issued or may for the time being be held, upon a show of hands every person present whether as a member or as a proxy for a member or as a representative of a member being a corporation shall have one vote and upon a poll every member who is present in person or by proxy or (being a corporation) present by representative shall have one vote for every share held in the capital of the Company. Provided that the Preference Shares shall entitle the holders thereof to receive notice of and to attend all General Meetings but shall not entitle the holders thereof to vote at any General Meeting unless (i) at the date of the notice or requisition to convene the Meeting the preferential or the participating dividend on the Preference Shares is two years or more in arrears or (ii) the business of the meeting includes the consideration of a resolution for winding up the Company or reducing its capital or abrogating or varying any of the rights or privileges of the holders of the Preference Shares in which event on a show of hands each of the holders of the Preference Shares shall have one vote and on a poll the holders of the Preference Shares shall in aggregate have such number of votes as shall equal three times the total number of votes exerciseable in General Meeting by the holders of all shares (other than the Preference Shares) in the capital of the Company in issue at the relevant date./Cont'd

LIEN

- (16) The Company shall have a first and paramount lien and charge on all the shares (whether fully paid up or not) registered in the name of any member (whether solely or jointly with others) and on all dividends payable thereon for all monies due to the Company from him or his estate, either alone or jointly with any other person whether a member or not, and whether such monies are presently payable or not but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this article

DIRECTORS

- (17) The number of Directors shall not be less than two.
- (18) It shall not be necessary for a Director to hold any shares in the Company to qualify him to act as such Director. A Director who is not a Member of the Company shall not be entitled to vote at General Meetings of the Company but shall be entitled to receive notice of all such Meetings and to attend and speak at the same and Regulation 134 of Part I of Table A is modified accordingly.
- (19) At the first Annual General Meeting of the Company and every subsequent Annual General Meeting one-third of the Directors for the time being, or if their number is not three or a multiple of three then the number nearest to but not exceeding one-third shall retire from office.
- (20) A Director shall be entitled to vote in respect of any contract or agreement in which he is interested and shall be taken into account in reckoning the quorum present at the meeting when such contract or agreement is under consideration.
- (21) Any Director appointed to any executive office or who devotes special attention to the Company or who otherwise performs services which in the opinion of the Directors are outwith the scope of the ordinary duties of a Director may be paid such extra remuneration by way of salary, commission, participating in profits or otherwise as the Board of Directors may determine.

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POWER OF DIRECTORS

- (22) Without restricting the generality of their powers the Directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of or employed by or in the service of the Company or of any company which is the holding company of or a subsidiary company of or allied or associated with the Company or any such holding company or subsidiary company and to the wives, widows, children, and other relatives and dependents of any such persons and may set up, establish, support and maintain pension, superannuation and other funds or schemes (whether contributory or non-contributory) and make payments towards insurance or other payments (either in connection with any such fund or scheme or otherwise) for the benefit of such persons or any of them or any class of them, and so that any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit (whether under any such fund or scheme or otherwise).

SPECIAL RIGHTS OF MELVILLE STREET INVESTMENTS
(EDINBURGH) LIMITED

- (23) The provisions in this Article shall remain in force and have effect (notwithstanding any other provisions in these Articles) while and so long as Melville Street Investments (Edinburgh) Limited (hereinafter referred to as "MSI") or any subsidiary of MSI shall hold any share of any class in the capital of the Company:-
- (i) MSI shall be entitled from time to time as a Director of the Company any one person approved by the Directors of the Company (whose approval shall not be unreasonably withheld) and to remove from office any person so appointed and to appoint another person in his place. Remuneration shall be paid to such Director by the Company at such rate as shall be agreed between him and the company or in default of such agreement at such reasonable rate as may be fixed by MSI. Any such appointment or removal shall be made by instrument in writing signed by any director other officer of and on behalf of MSI and shall take effect on delivery of such an instrument to the company at its registered office or on such later date as shall be specified therein. The provisions of Article 19 hereof shall not apply to a Director appointed in terms of this Article.

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- (ii) The Company shall keep MSI fully informed of the progress of the business of the company and the business of every subsidiary of the Company and shall furnish to MSI such information in such form and at such times as MSI may reasonably require.
- (iii) The Company shall not without the previous written consent of MSI part with control of any subsidiary of the Company. For the purpose of this provision, the company shall be deemed to part with control if as a result of any transaction or series of transactions whether or not involving a transfer of shares in the relevant subsidiary of the Company, or the issue by such subsidiary of further shares, the Company ceases (either directly or indirectly) to be the holders of shares representing at least 50% of the equity share capital of such subsidiary and conferring the right to exercise not less than 50% of the total voting rights exercisable at any general meeting of that subsidiary.
- (iv) The Company shall, before the issue of any new shares offer for subscription to MSI and any subsidiary of MSI for the time being holding shares in the capital of the Company such proportion of such new shares as the aggregate nominal value of shares in the equity share capital of the Company for the time being held by or capable of issue in terms of Article 5(D)(1) hereof to MSI or such subsidiary (as the case may be) bears to the total issued equity share capital of the Company and such offer to MSI and any such subsidiary (as the case may be) shall be made upon like terms and conditions as to payment and otherwise as the issue of the remainder of such new shares and so that such new shares shall at the request of MSI be registered in the name or names of MSI or one or more of the subsidiaries of MSI.
- (v) A transfer of shares in the capital of the Company or any of them from time to time held by MSI or by any subsidiary of MSI may be made at any time and from time to time between MSI and any such subsidiary or from one such subsidiary to another without restrictions as to price or otherwise and the Directors shall register and give effect to any such transfer.

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- (vi) No sale or transfer of any shares (hereinafter called "the specified shares") conferring the right to vote at General Meetings of the Company shall if intended to be made to a person not a member of the Company at the date of adoption of these Articles and which would result if made and registered in the name of a person or persons who was or were not a member or members of the Company on that date obtaining a controlling interest in the Company be made or registered without the previous written consent of MSI unless, before the transfer is lodged for registration, the proposed transferee or transferees or his or their nominees has or have offered to purchase the whole of the shares registered in the name of MSI, any of their subsidiaries and any of their nominees at the specified price as hereinafter defined (MSI having been given full and adequate opportunity to exercise the right attached to the Preference Shares to subscribe for Ordinary Shares before the offer is made). For the purpose of this paragraph the expression "a controlling interest" shall mean shares in aggregate representing at least fifty per cent of the equity share capital and conferring not less than fifty per cent of the total voting rights exercisable at any General Meeting of the Company.

Notwithstanding anything in this paragraph no transfer of any share shall after registration of such transfer be deemed to be invalid by reason only that it was made in contravention of the foregoing provisions, if the Directors shall prior to the registration thereof have obtained from the transferor and the transferee a Statutory Declaration that so far as the transferor and the transferee are respectively aware the transfer is not being made directly or indirectly in pursuance of any arrangement for the sale or acquisition of a controlling interest in the Company and will not result in such a controlling interest being acquired by any person or persons who was or were not a member or members of the Company at the date of adoption of these Articles.

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For the purpose of this paragraph:-

- (a) the expression "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renouncee, under any such letter of allotment; and
 - (b) "the specified price" shall mean a price per share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the specified shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the specified shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the specified shares and in the event of disagreement the calculation of the specified price shall be referred to an umpire (acting as expert and not as arbiter) nominated by the parties concerned (or, in the event of disagreement as to nomination, appointed by the president for the time being of the Institute of Chartered Accountants in Scotland) whose decision shall be final and binding on all concerned.
- (vii) All the shares in the capital of the Company from time to time held by MSI and/or any subsidiary of MSI shall constitute and form a separate class of shares for the purpose of Article 13 hereof and without prejudice to the generality of the provisions of such Article the rights attached to such shares shall be deemed to be varied :-
- (a) by any alteration or increase or reduction of the authorised or issued capital of the Company or of any of its subsidiaries, or by any variation of any of the rights attached to any of the shares for the time being in the capital of the Company; or
 - (b) by the sale of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof; or

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- (vii)
- (c) by any resolution to wind up the Company; or
 - (d) by any alteration of these articles; or
 - (e) by any material alteration in the nature of the business of the company; or
 - (f) by the payment of any dividend on any of the Ordinary Shares in the capital of the Company without the prior written consent of MSI; or
 - (g) by the payment to any Director of the Company by the Company or any of its subsidiaries in any calendar year of remuneration, whether by way of salary, bonus, commission, director's fee or otherwise howsoever, which when aggregated with all such remuneration so paid to such Director in such calendar year, exceeds the aggregate of £20,000 and the relevant fraction of £20,000.

For the purposes of paragraph (g) of this Article "the relevant fraction" shall be:-

$$\frac{3(x-y)}{4y}$$

where "x" is the figure at which the index of retail prices stands at the end of the calendar year in question and "y" is the figure at which the said index stands at the date of adoption of these Articles. For the purpose of this definition the index of retail prices shall mean the Index of Retail Prices published by the Department of Employment (or by any Government department upon which duties in connection with such index shall have devolved).

In the event of any change after the date of adoption of these Articles in the reference base used to compile the said index the figure taken to be shown in the said index after such change shall be the figure which would have been shown in the said index if the reference base current at the date of adoption of these Articles had been retained.

(vii)/

In the event of it becoming impossible by reason of any change after the date of adoption of these Articles in the methods used to compile the said index or for any other reason whatsoever to calculate the relevant fraction by reference to the said index the determination of the relevant fraction shall be referred to an umpire (acting as expert and not as arbiter) nominated by the Company and the holder or holders of the majority of the preference shares in issue (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in Scotland) whose decision shall be final and binding.

(viii)

Neither the Company nor any subsidiary of the Company shall without the previous written consent of MSI:-

- (a) otherwise than in the ordinary course of business sell, dispose of, transfer or otherwise alienate any asset (whether heritable, leasehold or moveable) or enter into factoring arrangements in respect of any of its book debts;
- (b) grant any guarantee in connection with the obligations, liabilities or duties of any other person, firm or corporation;
- (c) advance or lend any sum to any person, firm or corporation with or without security other than in the ordinary course of business;
- (d) apply for, purchase or otherwise acquire any share in any other company;
- (e) grant or create any security or charge on its undertaking, property and assets or any part thereof;
- (f) issue or create any debentures or debenture stock or similar obligations;
- (g) grant to any employee of the Company a service contract for a period in excess of 12 months.