

Spark Energy Limited (the "Company")

Registered in Scotland No. SC301188

The Companies Act 2006

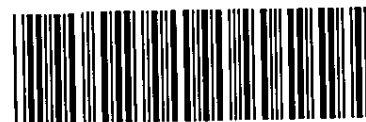
Print of Members' General Meeting Resolutions

At the Annual General Meeting of the Company, duly convened and held on 4 February 2015 at 12:00 noon at Ettrick Riverside Business Centre, Dunsdale Road, Selkirk, TD7 5EB, the following resolutions were duly passed, as Ordinary and Special Resolutions, as indicated:-

ORDINARY RESOLUTIONS

- (1) THAT Johnston Carmichael be reappointed as auditors of the Company until the conclusion of the next General Meeting and that the remuneration of the auditors be fixed by the Board of Directors.
- (2) THAT, in accordance with section 551 of the Companies Act 2006 ("the CA 2006"), the directors of the Company be and are hereby generally and unconditionally authorised to issue and allot such number of ordinary shares of £0.0001 each in the share capital of the Company ("Ordinary Shares") that, on full exercise by Morgan Stanley Capital Group Inc. or its permitted assignee(s) ("MSCGI"), will result in MSCGI being issued with and subscribing for Ordinary Shares equal to the Agreed Percentage (the "MSCGI Shares"), DECLARING THAT:-
 - a. the "Agreed Percentage" means 4.99% of the Fully Diluted Share Capital as at the Valuation Date;
 - b. "Fully Diluted Share Capital" means the entire ordinary share capital of the Company determined on a fully diluted basis, accounting for (i) all Ordinary Shares issued by the Company on or before the Valuation Date; (ii) the B ordinary shares and C ordinary shares in each case of £0.00005 each in the share capital of the Company, assuming that such B ordinary shares and C ordinary shares have been converted into Ordinary Shares in accordance with article 5 of the Articles immediately before the Valuation Date; and (iii) any warrants, options (including any unallocated options pursuant to the Company's authorised share option pool for employees, directors, consultants, creditors and shareholders (as per the Articles)) or other securities convertible into Ordinary Shares issued or granted on or before the Valuation Date and which have not lapsed on or before the Valuation Date; but excluding any Ordinary Shares issued by the Company following the Valuation Date and excluding any warrants, options or other securities convertible into Ordinary Shares issued or granted by the Company following the Valuation Date;

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- c. **"Valuation Date"** means the date on which the Valuation is achieved (the **"Valuation"** being the total Fair Value (as defined in the Articles) of the Fully Diluted Share Capital of the Company being equal to or greater than £30 (thirty) million pounds sterling), or, in the event of an Exit Event or Insolvency Event prior to the Valuation being achieved, the date of such Exit Event or Insolvency Event;
- d. **"Exit Event"** and **"Insolvency Event"** shall have the meanings given to such terms in the new Articles of Association of to be adopted pursuant to resolution (5) below;
- e. the MSCGI Shares may only be issued and allotted on or after the Valuation Date;
- f. the number of MSCGI Shares shall be adjusted as necessary pursuant to the Wholesale Energy Trading Agreement between the Company and MSCGI as the initial warrant holder, dated 2 December 2013 and as may be varied and/or amended from time to time with the agreement of MSCGI and the Company (**"WETA"**), should MSCGI breach any of its material obligations under the WETA and fail to remedy such breach in accordance with the terms of the WETA);
- g. this resolution shall supersede and replace the first ordinary resolution that was passed by the shareholders of the Company on 4 June 2014 and referred to as "ordinary resolution (a)"

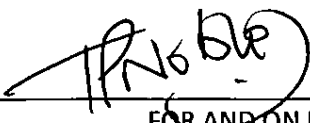
AND SUBJECT ALWAYS to the condition that this authority shall expire on expiry of the period of five years from the date of passing this resolution (unless varied, revoked or renewed by the Company by shareholder resolution or in general meeting) and provided that the Company may before such expiry make an agreement (including for these purposes any agreement constituted in terms of a warrant instrument executed on behalf of the Company after the date hereof) which would or might require such shares to be allotted after such expiry and the directors of the Company may allot such shares in pursuance of such warrant instrument as if the power hereby conferred had not expired.

SPECIAL RESOLUTIONS

- (3) THAT, subject to the passing of resolution (2) above, in accordance with section 570 of the CA 2006, the directors of the Company be generally empowered to allot equity securities (as defined in section 560 of the CA 2006) pursuant to the authority conferred by such ordinary resolution, as if section 561(1) of the CA 2006 did not apply to any such allotment(s).
- (4) THAT, subject to the passing of resolution (2) above, the directors of the Company be generally empowered to allot equity securities (as defined in section 560 of the CA 2006) pursuant to the authority conferred by such ordinary resolution, as if all rights

of pre-emption pursuant to the articles of association of the Company from time to time did not apply to any such allotment(s).

- (5) THAT the Articles of Association of the Company be amended to incorporate the amendments specified in the Schedule to the Notice of General Meeting dated 15 January 2015.



FOR AND ON BEHALF OF
SPARK ENERGY LIMITED (SC301188)

Dated: 4 February 2015

WARNING: You should take independent legal advice before subscribing for or purchasing any shares in Spark Energy Limited because all such shares issued or transferred to you will be subject to the terms of this document.

ARTICLES of ASSOCIATION

SPARK ENERGY LIMITED

(Registered Number SC301188)

(ADOPTED 4 February 2015)

ARTICLES OF ASSOCIATION

of

SPARK ENERGY LIMITED

(Registered Number SC301188)

A PRIVATE LIMITED COMPANY

Incorporated under

THE COMPANIES ACTS

(ADOPTED 4 February 2015)

1. DEFINITIONS AND INTERPRETATION

1.1 In these Articles:

- 1.1.1 The words and expressions below shall have the following meanings unless the context requires otherwise:

"the Act" means the Companies Act 2006 including any statutory modification or re-enactment thereof for the time being in force;

"Acting in Concert" shall have the meaning given to it in the City Code on Takeovers and Mergers from time to time;

"Approved Issue" means the issue of:-

- (i) any Ordinary Shares pursuant to any options, warrants or other securities convertible into Ordinary Shares granted or issued by the Company prior to the date of adoption of these Articles; and
- (ii) any Ordinary Shares to MSCGI or its permitted assignee(s) pursuant to warrants granted or to be granted by the Company to MSCGI;

all subject to the approval of the Board from time to time;

"Articles" means these articles of association constituted by the following regulations together with any duly authorised amendments or alterations from time to time, and the term **"Article"** shall be a reference to a regulation contained in these Articles;

"Associated Company"	means an "associated body corporate" as defined in the Act;
"Auditors"	means the auditors of the Company from time to time; unless auditors are not required pursuant to the Act and have not been appointed, in which case such reference shall instead mean the accountants of the Company from time to time;
"B Ordinary Shares"	means "B" ordinary shares of £0.00005 each in the share capital of the Company with such rights and restrictions attaching to them as set out in these Articles;
"Board"	means the board of Directors of the Company (comprising both executive and non-executive directors) from time to time;
"Borrowing Limit"	means an aggregate borrowing limit of £5,000,000, regardless of source or type of financing;
"C Ordinary Shares"	means "C" ordinary shares of £0.00005 each in the share capital of the Company with such rights and restrictions attaching to them as set out in these Articles;
"Circulation Date"	means the earliest date on which a proposed written resolution is communicated in hard copy or electronic form (including without limitation by electronic mail or by publication on a website) to every eligible member who is entitled to receive such communication;
"clear days"	in relation to the period of notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
"Company"	means Spark Energy Limited, a private limited company incorporated under the Companies Acts 1985, registered in Scotland under number SC301188 and having its registered office at 5th Floor, 125 Princes Street, Edinburgh, EH2 4AD;
"Compulsory Transferor"	means a member (including any joint holder) required to transfer his shares in accordance with Article 11;
"Confidential Information"	means information which is distributed to the members of the Company in accordance with Articles 16.1.1 or 16.1.2, or information which is marked confidential or which ought reasonably to be treated as confidential in whatever form which is disclosed by the Company to a member of the Company in connection with Article 16.1.3;
"Connected Persons"	shall have the meaning ascribed to it in sections 1122 and 1123 of the Corporation Tax Act 2010;
"Control Percentage"	means any percentage exceeding 30%;

"Deferred Shares"	means deferred shares of £0.0001 each in the share capital of the Company;
"Director"	means a director of the Company or any alternate director duly appointed in accordance with these Articles;
"Disposal"	means the sale or transfer of the whole of the undertaking or assets of the Company and its subsidiaries (in one transaction or as a series of related transactions);
"electronic communications"	shall have the meaning given to it in the Electronic Communications Act 2000;
"employee"	means an employee of the Company or any Group Member of the Company including any executive Directors but excluding for the avoidance of doubt any non-executive Directors or consultants;
"Exit Event"	means the occurrence of a Sale, Disposal, or Flotation;
"Fair Value"	means the fair value of any shares calculated on the basis of the value of the whole Company on a going concern basis as between a willing seller and a willing buyer, with no reduction or other account being taken (i) of the proportion which any shares to be sold or transferred bear to the total number of shares in issue, or (ii) of any restrictions on the ability to transfer the shares to be sold or transferred, or (iii) of any purported transferor ceasing to be an employee or Director, but taking into account any differences in class rights between shares;
"Flotation"	means the admission to listing of any part of the Company's share capital (or the share capital of any Group Member of the Company) on the London Stock Exchange plc or the grant of permission to deal in all or any part of the share capital of the Company (or of any Group Member of the Company) on the Alternative Investment Market or on any recognised investment exchange (as defined in the Financial Services and Markets Act 2000), or any other sale or issue of shares of the Company (or of any Group Member of the Company) by way of flotation or public offering in any country;
"Founder"	means Peter John Darling, of The Elms, Roxburgh Street, Kelso, TD5 7DU;
"Group Member"	means any holding company, subsidiary company or wholly-owned subsidiary company, or a parent company, in each case as defined in the Act;
"holder"	in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

"Insolvency Event"	means the liquidation or winding up of the Company in accordance with the Insolvency Act 1986, otherwise than for the purpose of a solvent amalgamation or reconstruction;
"Issued Share Capital"	<p>means the entire issued ordinary share capital of the Company, accounting for:-</p> <ul style="list-style-type: none"> (i) all Ordinary Shares issued by the Company (including any shares issued pursuant to the exercise of any warrants, options or other securities convertible into shares) on or before the relevant date of calculation; (ii) the B Ordinary Shares and C Ordinary Shares assuming that such B Ordinary Shares and C Ordinary Shares have been converted into Ordinary Shares in accordance with article 5 immediately before the relevant date of calculation; <p>but excluding any warrants, options or other securities convertible into Ordinary Shares issued or granted by the Company and excluding any unallocated options pursuant to the Company's authorised share option pool for employees, directors, consultants, creditors and shareholders and excluding any Deferred Shares;</p>
"member"	means a person registered as a member in the register of members of the Company;
"Model Articles"	means the model Articles for private companies limited by shares contained in Schedule 1 of The Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended from time to time;
"MSCGI"	means Morgan Stanley Capital Group Inc., a corporation organised and existing under the laws of the State of Delaware whose principal place of business is at 1585 Broadway, New York, NY 10036, USA;
"office"	means the registered office of the Company;
"Option Holder"	means a holder of options, warrants or any other right to acquire new shares in the share capital of the Company;
"Ordinary Shares"	means ordinary shares of £0.0001 each in the share capital of the Company;
"Privileged Relation"	means (i) the spouse, civil partner, surviving civil partner or widow of the relevant person; (ii) the relevant person's issue (including step and adopted issue); (iii) the relevant person's parents and grandparents (including step and adoptive parents); (iv) the relevant person's siblings and cousins and their respective issue (including step and adoptive siblings or cousins or issue) ("family members"), (v) any trust established for the

	benefit of the relevant person or his family members, or (vi) any charitable trust established by the relevant person and/or by his family members;
"Qualifying Majority"	means 75%;
"Remuneration Committee"	means the committee established or to be established for the purpose of determining the remuneration to be paid to directors and employees of the Company and its subsidiaries, and such committee shall consist of any non-executive directors of the Company and any other persons unanimously appointed to the committee by the Board;
"Sale"	means the sale of (or grant of a right to acquire or to dispose of) 75% or more of the shares in the capital of the Company (in one transaction or as a series of transactions);
"Scottish Enterprise"	means Scottish Enterprise, established by the Enterprise and New Towns (Scotland) Act 1990 and having its principal place of business at Atrium Court, 50 Waterloo Street, Glasgow G2 6HQ;
"Scottish Enterprise Group"	means Scottish Enterprise, any subsidiary for the time being of Scottish Enterprise and any company, corporation or other body of persons which shall have acquired the whole or substantially the whole of the undertaking of Scottish Enterprise or any subsidiary of such company, corporation or body and any other body to which the statutory functions of Scottish Enterprise have been delegated or a Scottish Enterprise Successor and the expression "member of the Scottish Enterprise Group" shall be construed accordingly;
"Scottish Enterprise Successor"	means any party succeeding in whole or in part to the interest of Scottish Enterprise;
"secretary"	means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company including a joint, assistant or deputy secretary;
"Senior Employees"	means any director, employee or consultant of the Company or any Group Member of the Company whose aggregate benefits (being all fees, salary, bonuses, pension contributions and any other taxable benefits whether in cash or otherwise) are £40,000 per annum or more;
"share"	means any share forming part of the share capital of the Company;
"Summary Dismissal"	means dismissal without notice by the Company of an employee for reasons of gross misconduct or some other substantial reason relating to the material adverse conduct of the employee;

"Table A"

means Table A of the Companies (Tables A to F) Regulations 1985, SI1985/805 (as amended including without limitation by the Companies (Tables A to F) (Amendment) Regulations 2007, SI 2007/2541, the Companies (Tables A to F) (Amendment) (No. 2) Regulations 2007 (SI 2007/2826) and any subsequent amendment from time to time);

"Termination Date"

means, in respect of an employee, the date on which the contract of employment is terminated which in the case where notice is served shall be the date on which such notice expires and in the case where payment in lieu of notice is made shall be the date on which such payment is made and in the case of death shall be the date of death and, in respect of a Director, the date on which the Director ceases to be a statutory director of the Company and/or any Group Member of the Company;

"Valuer"

means the Auditors of the Company, unless they decline to act and in such an instance the valuer shall instead be appointed by the President for the time being of the Institute of Chartered Accountants of Scotland; and

"Voting Shares"

means the Ordinary Shares and the B Ordinary Shares.

- 1.2 Words importing the singular include the plural and vice versa.
- 1.3 Words importing a particular gender include any gender.
- 1.4 References to a "person" include any natural person, or any legal person, body or organisation, incorporated or unincorporated.
- 1.5 The headings in these Articles are for convenience only and shall not affect the construction of these Articles.
- 1.6 Words and expressions defined in the Act shall bear the same meanings in these Articles, excluding any statutory modification to those defined terms not in force as at the date of adoption of these Articles.
- 1.7 Unless provision is made to the contrary, references to any statute or statutory provision includes a reference to:
 - 1.7.1 that statute or statutory provision as from time to time amended, extended, re-enacted or consolidated whether before or after the date of adoption of these Articles; and
 - 1.7.2 all statutory instruments or orders made pursuant to it.
- 1.8 All references in these Articles to Sections or Sub-sections of the Act shall unless clearly stated to the contrary refer to the section or sub-section numbers of the Companies Act 2006.
- 1.9 Unless otherwise stated, the expression "fully diluted" in relation to the share capital of the Company shall be construed as meaning the entire issued equity share capital of the Company as increased by any options or rights to subscribe for or convert into equity shares in the Company which have been granted and have not lapsed.

- 1.10 The regulations contained in Table A shall not apply to the Company. The regulations contained in the Model Articles shall not apply to the Company.

2. SHARE CAPITAL

- 2.1 *Not used.*

- 2.2 Subject to the provisions of the Act and the other provisions of these Articles and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.

- 2.3 Subject to the provisions of the Act and the other provisions of these Articles, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by the Articles.

- 2.4 The Company may pay any person (the "**Procurer**") a commission in consideration for that person procuring subscriptions for shares in the Company, subject to the following restrictions:

2.4.1 the subscriptions must be from third parties who are not current members of the Company;

2.4.2 any such commission may be paid in cash, or in fully paid or partly paid shares or other securities, or partly in one way and partly in the other in respect of an absolute subscription only;

2.4.3 the commission paid or agreed to be paid shall not exceed 5% of the price at which the shares are issued; and

2.4.4 any subscription that the Procurer makes personally shall not be included in the calculation for determining the commission.

- 2.5 The Company may at its sole discretion recognise and record the holding of a share by a person on trust, or in the names of trustees, but unless specifically recognised by the Company as such a holding, the Company shall not be bound by, or obliged to recognise, any interest in any share except for the absolute rights of the holder named in the register of members.

- 2.6 Any original Ordinary Shares of the Company for the time being unissued and any new Ordinary Shares from time to time to be created shall be offered to existing members in strict proportion to the aggregate nominal value of equity shares (excluding any Deferred Shares) held by them at that time irrespective of share class. The offer shall be made by notice to each member specifying the number of Ordinary Shares offered and stating a period (not being less than 21 days) within which the offer if not accepted by notice to the Company shall be deemed to be declined. Following the expiry of such period or receipt of notice of the acceptance or refusal of every offer made hereunder the Directors may dispose of any Ordinary Shares not accepted by the members in such manner as they think most beneficial to the Company provided that such Ordinary Shares shall not be disposed of on terms which are more favourable to the allottee than the terms on which they were offered to the members hereunder. The provisions of this Article 2.6 shall not apply to any Approved Issue and may be waived in any event by a special resolution.

- 2.7 No new B Ordinary Shares or C Ordinary Shares may be created or issued by the Company. No new Deferred Shares may be issued by the Company other than in accordance with Article 5.1.2.

- 2.8 Pursuant to the Act, all statutory rights of pre-emption shall be excluded from applying to the Company.

- 2.9 The Company is entitled, on request from MSCGI, to issue warrants to MSCGI or its permitted assignee(s), on terms acceptable to the Directors, and to issue and allot such number of shares as are

required pursuant to such warrants, subject to the terms of any resolution of the Company granting the Directors authority to allot such shares.

3. CLASS RIGHTS

- 3.1 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the holders of 75% of the issued shares of that class.
- 3.2 A variation or abrogation of any rights attached to the Ordinary Shares shall not be deemed a variation or abrogation of any rights attached to the B Ordinary Shares or to the C Ordinary Shares or to the Deferred Shares.
- 3.3 A variation or abrogation of any rights attached to the B Ordinary Shares or to the C Ordinary Shares or to the Deferred Shares shall be considered a variation or abrogation of the rights attached to the Ordinary Shares, and Article 3.1 shall apply accordingly.

4. RIGHTS ATTACHING TO SHARES

4.1 *Income*

- 4.1.1 Any profits which the Company may determine to distribute shall be distributed to the holders of Ordinary Shares and C Ordinary Shares (irrespective of share class) *pro rata* to the number of Ordinary Shares and C Ordinary Shares (irrespective of share class) held as if the same were one class of shares.
- 4.1.2 The holders of B Ordinary Shares shall have no rights to dividends, distribution of profits or other income.
- 4.1.3 The holders of the Deferred Shares shall have no rights to dividends, distribution of profits or other income.

4.2 *Capital*

- 4.2.1 On a winding up, share capital reduction or other return or distribution of capital or assets, any capital or assets shall be returned or distributed in the following order of priority:-
 - 4.2.1.1. first, in paying to the holders of Voting Shares (irrespective of share class) *pari passu* the sum of £1.75 per Voting Share held by them respectively (and where such return of capital is less than £1.75 per Voting Share, such return shall be distributed to the holders of Voting Shares (irrespective of share class) *pro rata* to the number of Voting Shares held);
 - 4.2.1.2. second, in paying to the holders of Deferred Shares the sum of £0.0001 per Deferred Share; and
 - 4.2.1.3. third, the balance of any such capital and/or assets shall be distributed to the holders of Ordinary Shares and C Ordinary Shares (irrespective of share class) *pro rata* according to the numbers of Ordinary Shares and C Ordinary Shares (irrespective of share class) held by them respectively.
- 4.2.2 Upon a sale of shares to any person (and/or to any persons acting in concert with him) which are subject to the provisions of Articles 12 or 13, the members who sell shares

(irrespective of class) in such a sale shall be entitled to share in the proceeds thereof as if the same had been distributed to those members under the provisions of Article 4.2 and the directors shall refuse to register any transfer of any such shares (irrespective of class) unless the sale proceeds are so distributed.

4.3 Trade Sale

4.3.1 In the event of the sale of the entire issued share capital of the Company on an arms length basis to a party who is not a shareholder in the Company as at the date of adoption of these Articles (a "Trade Sale") the entire proceeds of the sale less all costs incurred in connection with the Trade Sale (the "Sale Proceeds") shall be distributed as follows:-

- 4.3.1.1. first, in paying to the holders of Voting Shares (irrespective of share class) *pari passu* the sum of £1.75 per Voting Share held by them respectively (and where such distribution of Sale Proceeds is less than £1.75 per Voting Share, such Sale Proceeds shall be distributed to the holders of Voting Shares (irrespective of share class) *pro rata* to the number of Voting Shares held);
- 4.3.1.2. secondly, in paying to the holders of Deferred Shares the sum of £0.0001 per Deferred Share; and
- 4.3.1.3. third, the balance of any such Sale Proceeds shall be distributed to the holders of Ordinary Shares and C Ordinary Shares (irrespective of share class) *pro rata* according to the numbers of Ordinary Shares and C Ordinary Shares (irrespective of share class) held by them respectively.

4.4 Voting

- 4.4.1 The Voting Shares shall entitle the holders thereof to receive notice of and to attend all general meetings and to receive copies of all circulars sent to holders of shares or debentures in the Company and all resolutions of the Company in general meeting and shall entitle the holders thereof to vote at any general meeting and to execute any written resolutions. On a show of hands every holder of Voting Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative (not being himself a member entitled to vote) shall have one vote and on a poll every holder of Voting Shares shall have one vote for every Voting Share of which he is the holder.
- 4.4.2 The C Ordinary Shares shall entitle the holders thereof to receive notice of and to attend all general meetings and to receive copies of all circulars sent to holders of shares or debentures in the Company and all resolutions of the Company in general meeting but subject to Article 3 shall not entitle the holders of the C Ordinary Shares to vote.
- 4.4.3 The Deferred Shares shall entitle the holders thereof to receive notice of and to attend all general meetings and to receive copies of all circulars sent to holders of shares or debentures in the Company and all resolutions of the Company in general meeting but subject to Article 3 shall not entitle the holders of the Deferred Shares to vote.

5. CONVERSION RIGHTS

5.1 Ordinary Shares

- 5.1.1 No Ordinary Shares may be converted into B Ordinary Shares or C Ordinary Shares after 29 September 2009. Any purported conversion of Ordinary Shares into B Ordinary Shares or C Ordinary Shares shall be void.

- 5.1.2 In the event that MSCGI's aggregate holding of Ordinary Shares exceeds 4.99% of the Issued Share Capital (otherwise than in connection with or conditional upon an Exit Event or an Insolvency Event), then any Ordinary Shares held by MSCGI in excess of such percentage shall automatically convert into Deferred Shares, without the need for any shareholder or Board resolution to effect the same.

5.2 *B Ordinary Shares and C Ordinary Shares*

- 5.2.1 The B Ordinary Shares and C Ordinary Shares may convert into Ordinary Shares at a rate of one B Ordinary Share plus one C Ordinary Share into one Ordinary Share (the "**Conversion Rate**") (and for the avoidance of doubt, no other conversion rate of the B Ordinary Shares and/or the C Ordinary Shares shall be permitted), subject to the provisions of this Article 5.2.

- 5.2.2 The B Ordinary Shares and the C Ordinary Shares shall convert automatically into Ordinary Shares at the Conversion Rate in the following circumstances:-

5.2.2.1. where the entire issue of the B Ordinary Shares and the entire issue of the C Ordinary Shares are transferred to a person other than the Founder or a Privileged Relation of the Founder pursuant to Articles 9.2.3, 12 or 13 (including for the avoidance of doubt in the event of a Trade Sale);

5.2.2.2. where all or any of the B Ordinary Shares and C Ordinary Shares are transferred to a person other than the Founder or a Privileged Relation of the Founder pursuant to Article 9.2.2.

The conversion of the B Ordinary Share(s) and C Ordinary Share(s) shall occur automatically (without the need for any shareholder or Board resolution to effect the same) immediately upon completion of the relevant transfer, such that the transferee acquires Ordinary Shares.

- 5.2.3 The B Ordinary Shares and the C Ordinary Shares shall convert automatically into Ordinary Shares at the Conversion Rate in the event of a Flotation, without the need for any shareholder or Board resolution to effect the same. Such mandatory conversion will be effective only immediately prior to the date of such Flotation, and if such Flotation does not become effective or does not take place, such conversion shall be deemed not to have taken place.

- 5.2.4 In the event that Article 5.2.3 applies, the B Ordinary Shares and the C Ordinary Shares must be held in equal proportions by each holder of such shares. The Founder shall be obliged to ensure that the holders of such B Ordinary Shares and C Ordinary Shares re-organise the shareholdings (by way of transfers of shares pursuant to Article 9.2.1) such that each holder of B Ordinary Shares holds the same number of C Ordinary Shares immediately prior to a Flotation, whereby the share price for such transfer may be freely agreed between the relevant holders of such B Ordinary Shares or C Ordinary Shares. If the holders of such B Ordinary Shares and C Ordinary Shares fail to comply with this obligation, the Directors will be deemed to have been appointed the agents for all of the holders of B Ordinary Shares and C Ordinary Shares for the purpose of ensuring that all such shares are transferred to the Founder immediately prior to the date of such Flotation, on such terms as the Directors in their discretion may deem appropriate.

- 5.2.5 In addition to the conversion rights pursuant to Article 5.2.2, where all B Ordinary Shares and C Ordinary Shares are held by the Founder (or a Privileged Relation of the Founder), the Founder (or such Privileged Relation of the Founder) may elect by notice in writing to the Board to convert the entire issue of the B Ordinary Shares and the entire issue of the C Ordinary Shares into Ordinary Shares at the Conversion Rate. Such conversion shall occur on the date agreed between the Founder (or such Privileged Relation of the Founder) and the Board.

5.3 *Deferred Shares*

- 5.3.1 No Deferred Shares may be converted into B Ordinary Shares or C Ordinary Shares and any purported conversion of Deferred Shares into B Ordinary Shares or C Ordinary Shares shall be void.

6. **SHARE CERTIFICATES**

- 6.1 Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the receipt of such reasonable sum as the Directors may determine. Every certificate shall be executed in accordance with the Act or the Requirements of Writing (Scotland) Act 1995 and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- 6.2 If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) and payment of the expenses reasonably incurred by the Company as the Directors may determine, and (in the case of defacement or wearing-out) on delivery of the old certificate.

7. **LIEN**

- 7.1 The Company shall have a first and paramount lien on every share for all monies, whether presently payable or not, called or payable at a fixed time in respect of that share, and the Company shall also have a first and paramount lien on all shares registered in the name of any person, whether solely or jointly with others, for all moneys owed to the Company by that person, or that person's estate, either alone or jointly with any other person, whether as a member or not, and whether such monies are presently payable or not. The Directors may at any time declare any share to be wholly or partly exempt from the provisions of this Article.
- 7.2 The Company may sell in such manner as the Directors determine any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
- 7.3 To give effect to a sale made in accordance with Article 7.2, the Directors may authorise any legal person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
- 7.4 The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

8. CALLS ON SHARES AND FORFEITURE

- 8.1 Subject to the terms of allotment, the Directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.
- 8.2 A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
- 8.3 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 8.4 If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the Directors may waive payment of the interest wholly or in part.
- 8.5 An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of the Articles shall apply as if that amount had become due and payable by virtue of a call.
- 8.6 Subject to the terms of allotment, the Directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
- 8.7 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
- 8.8 If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
- 8.9 Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the Directors may authorise any legal person to execute an instrument of transfer of the share to that person.
- 8.10 A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Companies Act 1985) from the date of forfeiture until payment but the Directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

- 8.11 A statutory declaration by a Director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

9. TRANSFER OF SHARES

- 9.1 Subject to the other provisions of these Articles, any member holding shares (other than B Ordinary Shares or C Ordinary Shares) may transfer any or all of those shares without restriction as to price or otherwise.
- 9.2 Any member holding B Ordinary Shares or C Ordinary Shares may transfer any or all of those shares subject to the following restrictions:-
- 9.2.1 the B Ordinary Shares and the C Ordinary Shares may be transferred to the Founder or to any Privileged Relation of the Founder without any restriction as to price; declaring that in the event that any holder of B Ordinary Shares or C Ordinary Shares ceases to be a Privileged Relation of the Founder, such B Ordinary Shares or C Ordinary Shares must be transferred immediately to the Founder or to the Founder's Privileged Relations (and a failure to so transfer the relevant shares shall result in all rights attached to such shares being suspended until such time as the relevant shares are transferred in compliance with this Article).
- 9.2.2 the Founder and/or the Founder's Privileged Relations may transfer any or all of the B Ordinary Shares and C Ordinary Shares to a person other than the Founder or a Privileged Relation of the Founder (a "third party transferee") provided that:-
- 9.2.2.1. an equal number of B Ordinary Shares and C Ordinary Shares are simultaneously transferred (irrespective whether such shares are held by the Founder and/or one or more Privileged Relations of the Founder) to the same third party transferee;
- 9.2.2.2. the price per B Ordinary Share shall be capped at £1.75 per share but the price per C Ordinary Share shall be unrestricted; and
- 9.2.2.3. the proposed transfer must not constitute a relevant sale or transfer pursuant to Article 12;
- in which case the provisions of Article 5.2.2 shall apply;
- 9.2.3 the Founder and/or the Founder's Privileged Relations may transfer the entire issue of B Ordinary Shares and the entire issue of C Ordinary Shares simultaneously to a single third party transferee in accordance with Articles 12 or 13, in which case the provisions of Article 5.2.2 shall apply; and
- 9.2.4 the B Ordinary Shares and the C Ordinary Shares may be held only by the Founder and/or his Privileged Relations. Any purported transfer of B Ordinary Shares or C Ordinary Shares contrary to the provisions of these Articles shall be void.
- 9.3 The instrument of transfer of a share may be in any usual form or in any other form which the Directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

- 9.4 No fee shall be charged for the registration of any instrument of transfer of other document relating to or affecting the title to any share.
- 9.5 The Directors may, in their absolute discretion, refuse to register any transfer of any share (i) that is not a fully paid share or (ii) on which the Company has a lien. The Directors may refuse to register any transfer of any share to a company which the Directors reasonably believe to be a competitor of the Company. The Directors shall refuse to register any transfer of any B Ordinary Share or C Ordinary Share otherwise than in accordance with Articles 9.2 or 10.4.
- 9.6 If the Directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal. If the Directors refuse to register a transfer of a share to a competitor company, the Directors shall within two months after the date on which the transfer was lodged with the Company send to all members of the Company notice of the refusal.
- 9.7 The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.
- 9.8 The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.
- 9.9 Notwithstanding any other provisions of these Articles, a transfer of any shares in the Company held by any member of the Scottish Enterprise Group may be made without restriction as to price or otherwise between the member of the Scottish Enterprise Group holding such shares and any other member of the Scottish Enterprise Group. If any such transferee ceases to be a member of the Scottish Enterprise Group such transferee shall forthwith transfer the relevant shares and any additional shares issued or transferred to such transferee by virtue of it holding the relevant shares back to the original transferor, or where such transferor is no longer a member of the Scottish Enterprise Group, another member of the Scottish Enterprise Group.
- 9.10 Notwithstanding any other provisions of these Articles, a transfer of any shares in the Company held by any member acting as a nominee of another person may be made without restriction as to price or otherwise where such shares are transferred to the beneficial owner of such shares.

10. TRANSMISSION OF SHARES

- 10.1 If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.
- 10.2 A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the Directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All the Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.
- 10.3 A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at

any meeting of the Company or at any separate meeting of the holders of any class of shares in the Company.

- 10.4 This Article 10 shall apply to the B Ordinary Shares and the C Ordinary Shares such that any such shares may only be transmitted to the Founder or to any Privileged Relation of the Founder.

11. EMPLOYEE SHAREHOLDERS

- 11.1 In the event that (i) a member ceases to be an employee or executive Director of the Company or of any Group Member of the Company (and where such member does not remain an employee or executive Director of any other Group Member of the Company) and (ii) such member takes up employment with, or undertakes the provision of services to, or is appointed as a director of, a competitor of the Company (as determined by the Board, acting reasonably) within 12 months of the Termination Date, the member in question (the "**Compulsory Transferor**") shall be deemed to have given a transfer notice (a "**Deemed Transfer Notice**") in respect of the following shares (the "**Sale Shares**"):-

11.1.1 all the shares as registered in the name of the Compulsory Transferor (jointly or otherwise) on the Termination Date;

11.1.2 all the shares as registered in the name of the Privileged Relations of the Compulsory Transferor (jointly or otherwise) on the Termination Date;

11.1.3 all the shares as beneficially owned or controlled by the Compulsory Transferor (jointly or otherwise) on the Termination Date;

11.1.4 all the shares as beneficially owned or controlled by the Privileged Relations of the Compulsory Transferor (jointly or otherwise) on the Termination Date; and

11.1.5 any shares acquired by the Compulsory Transferor (or his personal representatives or executors) or by the Privileged Relations of the Compulsory Transferor after the Termination Date but prior to expiry of the Deemed Transfer Notice, whether by exercising an option or warrant or otherwise.

- 11.2 The Deemed Transferor Notice shall constitute the Directors as the agents of the Compulsory Transferor and his Privileged Relations (if appropriate) for the sale of the Sale Shares (a) to other holders of shares in the Company, (b) to the Company, or (c) to such persons as are approved by the Directors, all in accordance with this Article 11.

- 11.3 A Deemed Transfer Notice shall subsist for two years following the relevant Termination Date, and such Deemed Transfer Notice may be enforced by the Directors by notice to the Compulsory Transferor at any time within such period. A Deemed Transfer Notice shall automatically lapse on expiry of such period.

- 11.4 Unless the Directors agree to a higher price per share, the price per share applicable to the Sale Shares (the "**Purchase Price**") shall be the lower of (i) the subscription price paid by the original holder of such shares for the issue of the Sale Shares or (ii) where requested by the Directors in their discretion, the Fair Value of the Sale Shares as at the Termination Date. In the event that a valuation of the Sale Shares is required, the Directors shall refer the determination of the Fair Value to an independent expert (acting as an expert and not as an arbiter and whose decision shall be final and binding) nominated by the President for the time being of the Institute of Chartered Accountants of Scotland and acting at the expense of the Company.

- 11.5 In the event that this Article 11 applies to a holder of B Ordinary Shares or C Ordinary Shares, then the following additional provisions shall apply:-

- 11.5.1 all B Ordinary Shares and C Ordinary Shares must be transferred to the Founder, whereby the share price for such transfer may be freely agreed between the Founder and the relevant holder of such B Ordinary Shares or C Ordinary Shares; and
- 11.5.2 all B Ordinary Shares and C Ordinary Shares shall immediately convert into Ordinary Shares at the Conversion Rate; and the remainder of this Article 11 shall apply accordingly.

11.6 *Company Buy Back*

- 11.6.1 Upon determining the Purchase Price, the Directors may within 7 days of such determination decide that the Company shall, if permitted to do so under the Act, purchase all of the Sale Shares itself at the Purchase Price. In the event that the Directors decide that the Company shall purchase all of the Sale Shares, the Directors shall within 14 days of such decision give notice to all holders of shares in the Company (including the Compulsory Transferor and his Privileged Relations) of the number and description of the Sale Shares, the Purchase Price of such Sale Shares and the decision of the Directors that the Company shall purchase all of the Sale Shares.
- 11.6.2 The Directors shall have a period of 60 days from the date of any such notice (i) to obtain from the Compulsory Transferor and his Privileged Relations any necessary consents and authorities including any required under the Act for any such purchase by the Company, (ii) to obtain from the members of the Company (other than the Compulsory Transferor and his Privileged Relations) any necessary consents and authorities required under the Act for any such purchase by the Company and (ii) to complete any such purchase.
- 11.6.3 In the event that a Compulsory Transferor or his Privileged Relations either (i) refuse to sign any document necessary to enable the purchase of some or all of the Sale Shares by the Company or (ii) fail to respond to the Directors within 14 days of any such request (in accordance with Article 11.6.2), the Directors may authorise any Director to execute on behalf of and as attorney for the Compulsory Transferor (and his Privileged Relations) any such document and may receive the Purchase Price and hold the Purchase Price in trust for the Compulsory Transferor (and his Privileged Relations).
- 11.6.4 The receipt by the Directors of the Purchase Price shall be a good discharge to the Company and after the Sale Shares purchased by the Company have been cancelled, the Compulsory Transferor and his Privileged Relations may not question the validity of the purchase.

11.7 If either:-

- 11.7.1 the Directors do not by the close of business on the last day of the 7 day period referred to in Article 11.6.1, make a decision that the Company shall, if it is permitted to do so under the Act, purchase all of the Sale Shares at the Purchase Price; or
- 11.7.2 the Company shall not, where the Directors have made such decision, complete a purchase of the Sale Shares by the close of business on the last day of the 60 day period referred to in Article 11.6.2;

(in each case a "Buy-Back Expiry Date"), then the Directors shall, within 14 days from the occurrence of the relevant Buy-Back Expiry Date, give notice to all the holders of shares in the Company (other than the Compulsory Transferor and his Privileged Relations) of the number and description of the Sale Shares and the Purchase Price of such Sale Shares, inviting each such holder to notify the Company within 21 days whether he is willing to purchase any and, if so, what maximum number, of Sale Shares at the Purchase Price.

- 11.8 On the expiry of the 21 day period referred to in Article 11.7, the Directors shall allocate the Sale Shares to those members who have applied to purchase the Sale Shares. In the event that the number of Sale Shares applied for exceeds the number of Sale Shares available, priority shall be given to those members holding shares of the same class as the Sale Shares, and the allocation shall be made so far

as practicable in proportion to the nominal amount of the share capital of that class held by each of those members but shall not in the case of any member exceed the number of Sale Shares for which he has applied. Thereafter, any Sale Shares remaining unallocated shall be allocated amongst the holders of other classes of shares so far as practicable in proportion to the nominal amount of share capital of the Company held by each of those members but shall not in the case of any member exceed the number of Sale Shares for which he has applied.

- 11.9 On the allocation being made, the Directors shall give details of the allocation in writing to the Compulsory Transferor (and his Privileged Relations) and to each member who has stated his willingness to purchase. On the seventh day after such details are given, the members to whom the allocation has been made shall be bound to pay the Purchase Price for, and to accept a transfer of, the Sale Shares allocated to them respectively and the Compulsory Transferor (and his Privileged Relations) shall be bound, on payment of the Purchase Price, to transfer the Sale Shares to the respective purchasers.
- 11.10 If in any case a Compulsory Transferor (or his Privileged Relations) after having become bound to transfer any shares to a purchaser, shall default in transferring the Sale Shares, the Directors may authorise any Director to execute on behalf of and as attorney for the Compulsory Transferor (or his Privileged Relations) any necessary transfers and may receive the Purchase Price and shall thereupon cause the name of the purchaser to be entered in the register as the holder of the Sale Shares and hold the Purchase Price in trust for the Compulsory Transferor (and his Privileged Relations). The receipt of the Directors for the Purchase Price shall be a good discharge to the purchaser and after the name of the purchaser has been entered in the register of members of the Company the validity of the transfer to the purchaser may not be questioned by the Compulsory Transferor or his Privileged Relations.
- 11.11 Where more than one member has stated his willingness to purchase Sale Shares and through no default of the Compulsory Transferor (or his Privileged Relations) such purchase is not duly completed, the Directors shall forthwith notify all the other members who have stated their willingness to purchase Sale Shares and if, within seven days of such notice being given, those other members shall not between them duly complete the purchase of the Sale Shares in respect of which there has been default in completion, the provisions of Article 11.12 shall apply.
- 11.12 Following expiry of the 21 day period referred to in Article 11.7, if any Sale Shares remain unallocated following the allocations to members pursuant to Articles 11.8 to 11.11, then the Directors may at any time from expiry of all time periods referred to in Articles 11.8 to 11.11, offer and allocate any such remaining Sale Shares not allocated to other members of the Company to any third party approved by the Directors at the Purchase Price.
- 11.13 The price to be received for the sale of the shares by the Compulsory Transferor and the Privileged Relations of the Compulsory Transferor in accordance with the provisions of this Article 11 shall be allocated to the Compulsory Transferor and his Privileged Relations in proportion to the number of shares held by the Compulsory Transferor and his Privileged Relations.
- 11.14 Any obligation to transfer a share under the provisions of this Article 11 shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance.
- 11.15 The holders of any shares which are the subject of a Deemed Transfer Notice shall be entitled to receive notice of and to attend general meetings of the Company but shall have no right to (i) vote thereat in respect of the Sale Shares which are the subject of a Deemed Transfer Notice until such time as those Sale Shares are transferred to another person in accordance with the provisions of Article 11, (ii) participate in any other offer of shares pursuant to a compulsory transfer of shares under Article 11 applying to any other shareholder, or (iii) participate in any other offer of shares, whether an allotment or a share transfer.

12. LIMITATION ON CHANGE OF CONTROL – TAG ALONG RIGHTS

12.1 Notwithstanding any other Article, no sale or transfer (other than a sale or transfer permitted by Articles 9.9 or 9.10) of the legal or beneficial interest in any shares in the Company (the “**Specified Shares**”) may be made or validly registered if as a result of a sale or transfer of the legal and or beneficial interest in any such shares in the Company, a Controlling Interest would be obtained in the Company by any person or group of persons Acting in Concert, unless the proposed transferee or transferees or his or their nominees has or have offered to purchase all the shares for the time being in issue at the Specified Price (as defined below) (the “**Tag Along Offer**”), such offer to be made by notice in writing to all Recipients (as defined below) and such offer stipulated to be open for acceptance for at least 21 days.

12.2 A Tag Along Offer shall expire 21 days (or such longer period of acceptance stipulated within the Tag Along Offer) after the date of the Tag Along Offer. Any Recipient who wishes to accept the Tag Along Offer must notify the proposed transferee(s) in writing of its acceptance of such offer. Any Recipient who fails to accept the Tag Along Offer within the period limited for acceptance shall be deemed to have rejected it. In the event that an Option Holder wishes to accept a Tag Along Offer, such person must also notify the Company in writing no less than seven days prior to expiry of the period of acceptance of the Tag Along Offer of its intention to exercise the relevant option or other right to acquire shares, and any failure to do so or any inability under the terms of the relevant option agreement to exercise such option or right to acquire shares within 30 days of notification shall be deemed a rejection of the Tag Along Offer.

12.3 For the purposes of this Article 12:-

“**Recipients**” means all members of the Company and all Option Holders; and

“**Specified Price**” means a price per share being not less than the Fair Value of each share and at least equal to the value of the consideration (in cash or otherwise) offered or paid or payable by the proposed transferee(s) or his or their nominees for the Specified Shares being acquired including without limitation (i) 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 per share and (ii) all arrears and accruals of the dividends on such shares calculated down to the date of the sale or transfer; declaring that for the purposes of determining the Specified Price, one B Ordinary Share plus one C Ordinary Share shall be equivalent to one Ordinary Share and the proceeds of a sale of these shares shall be divided in accordance with Article 4.2.

12.4 The Specified Price in respect of a particular share shall take into account any differences in class rights between it and any other share including, without limitation, any Specified Share.

12.5 If any part of the Specified Price is to be paid except by cash then each Recipient may, at its option, elect to take a price per share of such cash sum as may be agreed by it and the proposed transferee having regard to the transaction as a whole.

12.6 In the event of a disagreement, the calculation of the Specified Price (including a determination of the Fair Value) shall be referred to an independent expert (acting as an expert and not as an arbiter and whose decision shall be final and binding) nominated by the President for the time being of the Institute of Chartered Accountants of Scotland and acting at the expense of the proposed transferee(s) or his or their nominees (as appropriate).

12.7 For the avoidance of doubt, this Article 12 cannot apply to only part of the issued B Ordinary Shares or C Ordinary Shares and must apply simultaneously to all B Ordinary Shares and C Ordinary Shares then in issue. Any holder of B Ordinary Shares or C Ordinary Shares who wishes to accept a Tag Along Offer

can only do so if all holders of B Ordinary Shares and C Ordinary Shares accept such Tag Along Offer in respect of all B Ordinary Shares and C Ordinary Shares then in issue. Any transfer of the B Ordinary Shares and C Ordinary Shares pursuant to this Article 12 shall be subject to the provisions of Article 5.2 and 9.2. The price per share payable to the holders of B Ordinary Shares pursuant to this Article 12 shall be restricted to a maximum of £1.75 per share, and the price per share payable to the holders of C Ordinary shares pursuant to this Article 12 shall be the price per Ordinary Share less the price per B Ordinary Share.

13. SALE BY QUALIFYING MAJORITY– DRAG ALONG RIGHTS

- 13.1 Notwithstanding any other Article, where any person or persons (an **"Offeror"**) makes a Qualifying Offer (as hereinafter defined) and this is to be accepted by the Majority Members (as hereinafter defined), the Majority Members may by notice in writing (a **"Drag Along Notice"**) to the other members of the Company (the **"Minority Members"**) require the Minority Members to (i) forthwith accept such Qualifying Offer and (ii) transfer all of their shares (including any shares acquired after the date of the Drag Along Notice) free from all charges, liens, encumbrances and other third party rights to the Offeror at the same time as the Majority Members transfer all of their own shares to the Offeror. The Majority Members shall also serve the Drag Along Notice on all Option Holders of the Company.
- 13.2 A Drag Along Notice is irrevocable but the Drag Along Notice and all obligations thereunder shall lapse if for any reason the sale of the shares of the Majority Members pursuant to Article 13.1 does not complete within 60 days after the date of the Drag Along Notice.
- 13.3 Upon any person, following the issue of a Drag Along Notice, becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company or otherwise (a **"New Member"**), a Drag Along Notice shall be deemed to have been served upon the New Member on the same terms as the previous Drag Along Notice and the New Member shall thereupon be bound to sell and transfer all such shares acquired by him to the Offeror and the provisions of this Article 13 shall apply to the New Member.
- 13.4 In the event that any Minority Member fails to accept such Qualifying Offer or having accepted such Qualifying Offer fails to execute and deliver any of the documents required to effect any transfer of shares pursuant thereto, such Minority Member shall be deemed to have irrevocably appointed any of the Directors to be his agents and attorneys for the purposes of accepting such Qualifying Offer and/or transferring all of that Minority Member's shares (as the case may be) and executing and delivering any such documents. The provisions of Article 11.10 shall have effect as if such Minority Member was the Compulsory Transferor and the Offeror was the purchaser.
- 13.5 For the purposes of this Article 13:-

"Majority Members" means members holding shares conferring in aggregate more than the Qualifying Majority of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring the right to attend and vote at all General Meetings;

"Qualifying Offer" means an offer which: (i) is made on identical terms to all members; and (ii) specifies a price which is not less than the Fair Value of each share; and (iii) is certified as complying with conditions (i) and (ii) above by an independent expert (acting as an expert and not as an arbiter and whose decision shall be final and binding) nominated by the President for the time being of the Institute of Chartered Accountants of Scotland and acting at the expense of all the members of the Company (in proportion to their respective shareholdings); declaring that any such offer shall be deemed to apply to the B Ordinary Shares and the C Ordinary Shares as though these shares

converted into Ordinary Shares pursuant to Article 5 immediately prior to any such offer being made.

13.6 In determining whether an offer satisfies condition (i) above such expert shall take into account:

13.6.1 any differences in class rights between shares; and

13.6.2 any consideration (in cash or otherwise) received or receivable by any member 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 to that member including, without limitation, any increase in salary, any bonus or termination payment.

13.7 The determination of the Fair Value may be referred by the Company to an independent expert (acting as an expert and not as an arbiter and whose decision shall be final and binding) nominated by the President for the time being of the Institute of Chartered Accountants of Scotland and acting at the expense of the Company.

13.8 For the avoidance of doubt, this Article 13 cannot apply to only part of the issued B Ordinary Shares or C Ordinary Shares and must apply simultaneously to all B Ordinary Shares and C Ordinary Shares then in issue. Any transfer of the B Ordinary Shares and C Ordinary Shares pursuant to this Article 13 shall be subject to the provisions of Article 5.2 and 9.2. The price per share payable to the holders of B Ordinary Shares pursuant to this Article 13 shall be restricted to a maximum of £1.75 per share, and the price per share payable to the holders of C Ordinary shares pursuant to this Article 13 shall be the price per Ordinary Share less the price per B Ordinary Share.

14. ALTERATION OF SHARE CAPITAL

14.1 Subject to the provisions of these Articles and the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

15. PURCHASE OF OWN SHARES

15.1 Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) in accordance with Chapter 4 of Part 18 of the Act and make a payment in respect of the redemption or purchase of its own shares out of distributable profits of the Company or the proceeds of a fresh issue of shares. Furthermore, the Company may purchase its own shares with cash (otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares) up to any amount in a financial year not exceeding the lower of:

15.1.1 £15,000; and

15.1.2 the value of 5% of the Company's share capital.

16. MEMBERS' INFORMATION

16.1 There shall be delivered or emailed to the members by the Board:-

16.1.1 not later than 1 month after the end of each quarter, quarterly management accounts of the Company together with a one page business summary report;

16.1.2 not later than 6 months after the end of each financial year, copies of the Company's and any subsidiary's audited profit and loss accounts, audited balance sheets and trading

accounts and also (if there are any subsidiaries of the Company) any audited consolidated profit and loss account and balance sheet for the same year; and

- 16.1.3 not later than 4 weeks following a request from any member, such other information relating to the Company as may reasonably be required by such member, provided that such member may not make more than one request in any month or more than six requests in any year.

17. SHAREHOLDER CONSENTS

- 17.1 The Company shall not, without the prior approval of the members of the Company by way of special resolution (such approval not to be unreasonably withheld, conditioned or delayed) do any of the following:-

- 17.1.1 amend the Memorandum of Association or the Articles of the Company or of any Group Member of the Company;
- 17.1.2 consolidate, sub-divide or convert any of the shares, or modify or alter the rights attaching to any shares;
- 17.1.3 make any material alteration (including a material cessation) in the business of the Company or any Group Member of the Company;
- 17.1.4 allow any expansion, development or evolution of the business of the Company except through the Company or through a wholly owned subsidiary of the Company;
- 17.1.5 put any resolution to the Company (or any Group Member of the Company) in general meeting to effect a members' voluntary liquidation or enter into any compromise or arrangement with creditors under the Act or Insolvency Act 1986 or other insolvency legislation or appoint or seek to appoint an administrator, liquidator or receiver to the Company (or any Group Member of the Company);
- 17.1.6 apply by way of capitalisation any sum in or towards paying up any debenture or debenture stock or any other debt of the Company;
- 17.1.7 buy-back or redeem any shares in the Company;
- 17.1.8 enter into transactions with connected persons, or any contract or arrangement outside the ordinary course of trading or otherwise than at arm's length;

- 17.2 The Company shall not, without the prior approval of the members of the Company by way of ordinary resolution (such approval not to be unreasonably withheld, conditioned or delayed) do any of the following:-

- 17.2.1 unless it is part of an Approved Issue, issue or allot any shares or securities in the share capital of the Company or any Group Member of the Company;
- 17.2.2 unless it is part of an Approved Issue, create or grant any option, warrant or other right to subscribe for shares in the capital of the Company or any Group Member of the Company;
- 17.2.3 borrow any money or money's worth, secured or unsecured (including the factoring of debts) outwith the Borrowing Limit;
- 17.2.4 allow the Company or any Group Member of the Company to acquire or dispose of all or a material part of any business, including that of the Company;

- 17.2.5 dispose of any share in the capital of any subsidiary of the Company or alter, increase or reduce the authorised or issued share capital of any such subsidiary;
- 17.2.6 allow the Company or any Group Member of the Company to effect, implement or conclude any Exit Event, or to seek to do any of the foregoing;
- 17.2.7 make any payment to any member of the Company for giving up his right to any of the Company's share capital on its cancellation or on its being extinguished;
- 17.2.8 alter the salary, remuneration package or benefits of any Senior Employee (other than any alterations agreed by the Remuneration Committee, where such Remuneration Committee has been established).

18. BORROWING POWERS

- 18.1 Subject to the Borrowing Limit, the Directors may exercise all the powers of the Company (whether express or implied)
 - 18.1.1 of borrowing or securing the payment of money;
 - 18.1.2 of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and
 - 18.1.3 of arranging overdrafts and loans with any of the Company's bankers or other lenders from time to time.

19. ANNOUNCEMENTS AND CONFIDENTIALITY

- 19.1 Subject to the provisions of Article 19.2, each member agrees to keep the Confidential Information confidential and not to disclose any of the Confidential Information to any third party except:-
 - 19.1.1 as may be required by any applicable laws;
 - 19.1.2 as may be required by any regulatory authority to which it is subject;
 - 19.1.3 where it is necessarily revealed as part of any application to the UK Patent Office or any equivalent office (in the UK or otherwise) for patents, design rights or trademarks;
 - 19.1.4 where it is necessary to secure such regulatory approval as may be required to enable the intellectual property rights of the Company to be commercialised;
 - 19.1.5 with the prior written consent of the Board;
 - 19.1.6 as may be contained in the publicity statement prepared in connection with any grant award for the Company; or
 - 19.1.7 to any professional advisors of the Company.
- 19.2 The obligations contained in Article 19.1 shall not apply to Confidential Information which is within the public domain or comes into the public domain, otherwise than by reason of a breach of this Article or any other undertaking.

20. GENERAL MEETINGS

- 20.1 The Directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene a general meeting in accordance with the provisions of the Act. If there are not within the United Kingdom sufficient Directors to call a general meeting, any Director or any member of the Company may call a general meeting.

21. NOTICE OF GENERAL MEETINGS

- 21.1 General meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety per cent in nominal value of the shares giving that right. The notice shall specify the time and place of the meeting and the general nature of the business to be transacted. Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the Directors and auditors.
- 21.2 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

22. PROCEEDINGS AT GENERAL MEETINGS

- 22.1 No business shall be transacted at any meeting unless a quorum is present. Save in the case of a company with a single member, two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum. Where the Company has only a single member, the quorum shall be one.
- 22.2 If a quorum is not present within half an hour of the time appointed for a general meeting, the meeting, if convened on the requisition of members, shall be dissolved and in any other case it shall stand adjourned to such day and at such time and place as the Directors determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.
- 22.3 The chairman, if any, of the board of directors or in his absence some other Director nominated by the Directors shall preside as chairman of the meeting, but if neither the chairman nor such other Director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Directors present shall elect one of their number to be chairman and, if there is only one Director present and willing to act, he shall be chairman.
- 22.4 If no Director is willing to act as chairman, or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
- 22.5 A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
- 22.6 The chairman may, with the consent of a meeting at which quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

- 22.7 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. A poll may be demanded at any general meeting or at any meeting of a class of members by the chairman or by any member entitled to vote at that meeting, present in person, or by any member's proxy or attorney, or if a corporation, by its duly authorised representative.
- 22.8 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 22.9 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 22.10 A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 22.11 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.
- 22.12 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 22.13 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

23. VOTES OF MEMBERS

- 23.1 Subject to any rights or restrictions attached to any shares by or in accordance with these Articles, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, unless the proxy (in either case) or the representative is himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder.
- 23.2 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of the members.
- 23.3 A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

- 23.4 No member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any shares held by him unless all moneys presently payable by him in respect of that share have been paid.
- 23.5 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 23.6 On a show of hands or on a poll, votes may be given either personally or by proxy, or if a corporation, by its duly authorised representative.
- 23.7 The appointment of a proxy shall be executed by or on behalf of the appointer and shall be in such form which is usual or which the Directors may approve for such purpose.
- 23.8 Where it is desired to afford members an opportunity of instructing the proxy how he shall act, the appointment of a proxy shall be in such form which is usual or which the Directors may approve for such purpose.
- 23.9 The appointment of a proxy and any authority under which it is executed or a copy of such authority certified notari ally or in some other way approved by the Directors may:-
- 23.9.1 be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote;
 - 23.9.2 in the case of an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications:-
 - 23.9.3 in the notice convening the meeting; or
 - 23.9.4 in the instrument of proxy sent out by the Company in relation to the meeting; or
 - 23.9.5 in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting,
 - 23.9.6 be received at such address not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote;
 - 23.9.7 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
 - 23.9.8 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any Director;
 - 23.9.9 and an appointment of proxy which is not deposited, delivered or received in a manner so permitted shall be invalid. In this Article and the next, "address" in relation to electronic communications includes any number or address used for the purposes of such communications.
- 23.10 A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited or, where the appointment of the proxy was contained in an electronic communication, at the address at which such appointment

was duly received before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

24. WRITTEN RESOLUTIONS

- 24.1 Where a resolution is to be proposed as a written resolution and such written resolution is accepted by or on behalf of:

24.1.1 in the case of an ordinary resolution, over 50%; and

24.1.2 in the case of a special resolution, 75%

of the members who would be entitled to receive notice of and to attend and vote at a general meeting at which such resolution was to be proposed shall, subject always to the provisions of the Act from time to time, be valid, effectual and binding on all of the members of the Company. Any such written resolution may consist of several documents in materially the same form, each accepted by or on behalf of the requisite number of members. Acceptance of a written resolution shall be in terms of the procedure set out in section 296 of the Act. In the case of a corporation which is a member of the Company, acceptance (following section 296 of the Act) by a Director or its secretary or by a duly appointed and authorised attorney or representative shall be sufficient.

- 24.2 A proposed written resolution circulated to the members shall lapse if it is not passed by the requisite number of members before the expiration of three calendar months from the Circulation Date stated on the proposed written resolution.

25. NUMBER OF DIRECTORS

- 25.1 Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be subject to any maximum and the minimum number of directors shall be one.
- 25.2 A Director shall not be required to hold any share in the Company in order to qualify for office as a Director. A Director, whether or not the Director holds any share in the Company, shall be entitled to attend and speak at any general meeting, or any meeting of any class, of the members of the Company.

26. ALTERNATE DIRECTORS

- 26.1 Any Director (other than an alternate Director) may appoint any other Director, or any other person approved by resolution of Directors and willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him.
- 26.2 An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate Director. But it shall not be necessary to give notice of such a meeting to an alternate Director who is absent from the United Kingdom.
- 26.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director; but, if a Director retires by rotation or otherwise but is reappointed or deemed to have been

reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his reappointment.

- 26.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.
- 26.5 Save as otherwise provided in these Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.
- 26.6 Where an alternate Director is also a Director, or acts as an alternate Director for more than one Director, such alternate Director shall have one vote for every Director represented by that Director in addition to that Director's own vote.
- 26.7 Where two or more Directors are required to constitute a quorum, an alternate Director, notwithstanding that that Director may be the alternate Director for a number of Directors, shall not, alone, constitute a quorum, and shall only act in conjunction with, at least, one Director or another alternate Director.

27. POWERS OF DIRECTORS

- 27.1 Subject to the provisions of the Act, the memorandum of association of the Company and these Articles and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the memorandum of association or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Directors by the Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 27.2 The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

28. DELEGATION OF DIRECTORS' POWERS

- 28.1 The Directors may delegate any of their powers to any committee consisting of one or more Directors. They may also delegate to any managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying.
- 28.2 The Company shall maintain a committee of the Directors (the "**Remuneration Committee**") for the purpose of reviewing and approving salary, cash bonuses, share options and other matters relating to remuneration of the management and employees of the Company. The Remuneration Committee shall consist of a minimum of three participants, whereby non-Directors may be appointed and a majority of the participants must not be full time employees of the Company or any Group Member of the Company.
- 28.3 The Company shall maintain a committee of the Directors (the "**Audit Committee**") for the purpose of appointing and liaising with the Company's auditors or accountants and dealing with all other matters necessary to fulfil the audit functions required by and of the Company. The Audit Committee shall

consist of a minimum of three participants, whereby non-Directors may be appointed and a majority of the participants must not be full time employees of the Company or any Group Member of the Company.

29. APPOINTMENT OF DIRECTORS

- 29.1 The Company may by ordinary resolution appoint a person who is willing to act as a Director, either to fill a vacancy or as an additional Director.
- 29.2 The Directors may appoint any person who is willing to act as a Director, either to fill a casual vacancy or as an additional Director.

30. DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 30.1 The office of a Director shall be vacated if:-
- 30.1.1 he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or
 - 30.1.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - 30.1.3 he is, or may be, suffering from mental disorder and either:-
 - 30.1.3.1. he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - 30.1.3.2. an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
 - 30.1.4 he resigns his office by notice to the Company; or
 - 30.1.5 he shall for more than six consecutive months have been absent without permission of the Directors from meetings of Directors held during that period and the Directors resolve that his office be vacated.

31. DIRECTORS' EXPENSES

- 31.1 The Directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

32. DIRECTORS' APPOINTMENTS AND INTERESTS

- 32.1 Subject to the provisions of the Act, the Directors may appoint one or more of their number to the office of managing Director or to any other executive office under the Company and may enter into an

agreement or arrangement with any Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, agreement or arrangement may be made upon such terms as the Directors determine and they may remunerate any such Director for his services as they think fit. Any appointment of a Director to an executive office shall terminate if he ceases to be a Director but without prejudice to any claim to damages for breach of the contract of service between the Director and the Company. A managing Director and a Director holding any other executive office shall not be subject to retirement by rotation.

- 32.2 Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:-

32.2.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;

32.2.2 may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and

32.2.3 shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

- 32.3 For the purposes of Article 32.2:-

32.3.1 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and

32.3.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

33. DIRECTORS' GRATUITIES AND PENSIONS

- 33.1 The Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director who has held or holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

34. PROCEEDINGS OF DIRECTORS

- 34.1 The Board shall meet regularly, and one of the Directors shall chair all meetings of the Board.
- 34.2 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote.

- 34.3 A sole Director shall have and may exercise all the powers of, and the full authority conferred on, the Directors in terms of these Articles, and all references to the Directors in the Articles shall be construed accordingly.
- 34.4 The quorum for the transaction of business of the Directors shall be two Directors (which quorum shall include at least one non-executive Director where non-executive Directors have been appointed to the Board), except in the case of a sole Director, when the quorum shall be one. A person who holds office only as an alternate Director shall, if the appointing Director is not present, be counted in the quorum.
- 34.5 The Directors may appoint one of their number to be the chairman of the board of Directors and may at any time remove him from that office. Unless he is unwilling to do so, the Director so appointed shall preside at every meeting of Directors at which he is present. But if there is no Director holding that office, or if the Director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting.
- 34.6 All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.
- 34.7 A resolution in writing signed by all the Directors entitled to receive notice of a meeting of Directors of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors; but a resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity.
- 34.8 Any Director, including an alternate Director, may participate in a meeting of the Directors or a committee of Directors by means of a conference telephone or other conference communication facility by which all persons participating in the meeting can hear and speak with each other. Participation in a meeting in this manner shall be deemed to constitute the presence of a Director in person at such meeting, entitling him to be counted in the quorum and to vote accordingly. A telephone conference meeting shall be deemed to be held at the place where the largest number of Directors is present, or, where there is no such gathering, where the chairman is present.
- 34.9 Subject to such disclosure as is required by these Articles, or the Act, a Director shall be entitled to vote at, and be counted in the quorum of, a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which the Director has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company.
- 34.10 A Director who is absent from the United Kingdom shall be entitled to receive notice of a meeting, provided that Director has given the Company an address outside the United Kingdom.
- 34.11 If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive.
- 35. SECRETARY**
- 35.1 Subject to the provisions of the Act, the secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

36. MINUTES

36.1 The Directors shall cause minutes to be made in books kept for the purpose:-

36.1.1 of all appointments of officers made by the Directors; and

36.1.2 of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting.

37. THE SEAL

37.1 The Company shall not have a seal.

38. DIVIDENDS

38.1 Subject to the provisions of the Act and these Articles, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.

38.2 Subject to the provisions of the Act, the Directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

38.3 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

38.4 A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the Directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

38.5 Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint

holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.

38.6 No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

38.7 Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

39. ACCOUNTS

39.1 No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the Directors or by ordinary resolution of the Company or specifically by these Articles.

40. CAPITALISATION OF PROFITS

40.1 The Directors may with the authority of an ordinary resolution of the Company:-

40.1.1 subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;

40.1.2 appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other: but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;

40.1.3 make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this Article in fractions; and

40.1.4 authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

41. NOTICES

41.1 Any notice to be given to or by any person pursuant to the Articles (other than a notice calling a meeting of the Directors) shall be in writing or shall be given using electronic communications to an address for the time being notified for that purpose to the person giving notice. For the purposes of this Article, "address" in relation to electronic communications includes any number or address used for the purposes of such communications.

- 41.2 Any notice required or permitted to be given by the Company to a member shall be sufficiently given to that member if sent in a legible form by facsimile transmission ("fax"), first class or express registered post ("post"), or airmail, or by personal delivery, including courier delivery, to the registered address of the member, or by electronic mail ("e-mail") to the e-mail address of the member notified to the Company. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him, or an address to which notices may be sent by electronic communications, shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.
- 41.3 A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
- 41.4 Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.
- 41.5 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to have been received: (i) in the case of fax, a successful transmission report is generated during that or the next Working Day; (ii) in the case of post, thirty-six hours from midnight (00.00 hrs) on the date of posting, postage prepaid, evidenced by the relevant proof of posting; (iii) in the case of airmail, on the seventh Working Day following mailing, if mailed by airmail, postage prepaid, evidenced by the relevant proof of posting; (iv) in the case of personal delivery, thirty minutes after the time of delivery, evidenced, where appropriate, by the courier's receipt duly counter-signed for or on behalf of the addressee and (v) in the case of email, a successful delivery receipt is generated during that or the next Working Day. Where the deemed day of receipt of a notice is not a "**Working Day**" (which means any day from Monday to Friday inclusive which is not a local, public or statutory holiday) or where deemed receipt occurs at the place of delivery on a Working Day but after 1800hrs, that notice shall be deemed to have been received at 0930hrs on the next Working Day.
- 41.6 A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the Articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

42. WINDING UP

- 42.1 If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

43. INDEMNITY

43.1 Without prejudice to any indemnity to which any person referred to in this Article 43 may otherwise be entitled, every present and former Director, alternate Director, secretary or other officer of the Company (excluding any present or former Auditors) (an "**Indemnified Person**") shall be indemnified by the Company against all liabilities, costs, charges and expenses incurred by him in the execution and discharge of his duties to the Company and any Associated Company, including any liability incurred by any Indemnified Person in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to be done or omitted by him as an officer or employee of the Company or an Associated Company provided that such indemnity shall not extend to any liability arising out of the fraud or dishonesty of the relevant Indemnified Person (or the obtaining of any personal profit or advantage to which the relevant Indemnified Person was not entitled) and no Indemnified Person shall be entitled to be indemnified for:

- 43.1.1 any liability incurred by him to the Company or any Associated Company of the Company as above defined;
- 43.1.2 any fine imposed in any criminal proceedings;
- 43.1.3 any sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature howsoever arising;
- 43.1.4 any amount for which he has become liable in defending any criminal proceedings in which he is convicted and such conviction has become final;
- 43.1.5 any amount for which he has become liable in defending any civil proceedings brought by the Company or any Associated Company in which a final judgment has been given against him;
- 43.1.6 any amount for which he has become liable in connection with any application under sections 661(3) or (4) or 1157 of the Act in which the court refuses to grant him relief and such refusal has become final; and
- 43.1.7 any liability incurred by a Director or other officer of the Company pursuant to any investment, shareholder or subscription agreement or pursuant to any other claim made by any investors from time to time.

44. INSURANCE

44.1 The Company shall have power to purchase and maintain for (i) any Indemnified Person (as defined in Article 43), (ii) any director, secretary or other officer or employee of an Associated Company and (iii) any persons who are or were at any time trustees of any pension fund or employees' share scheme in which employees of any Associated Company are interested, insurance against any liability incurred by him in connection with any negligence, default, breach of duty or breach of trust (actual or purported) by him in relation to the Company or any Associated Company or any such pension fund or employees' share scheme or otherwise in connection with his duties, powers or office.

45. GOVERNING LAW

45.1 These Articles shall be governed by, and construed in accordance with, the Law of Scotland and the Company, its officers and its members, from time to time, prorogate the non-exclusive jurisdiction of the Scottish Courts.