

THE COMPANIES ACTS 1985 AND 1989

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

RESOLUTIONS
of
MAPLIN ELECTRONIC PLC

Passed on 8 June 1993

AT AN EXTRAORDINARY GENERAL MEETING of the above named Company, duly convened and held at 222 Grays Inn Road, London WC1X 8HB on 8 June 1993 Resolutions 1 and 2 set out below were passed as Ordinary Resolutions and Resolutions 3 and 4 as Special Resolutions.

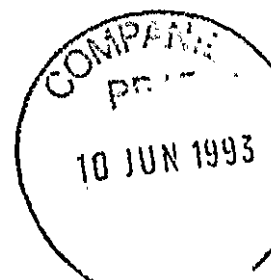
Ordinary Resolutions

- 1 That the authorised share capital of the Company be increased to £423,660 by the creation of an additional 350,000 Redeemable Preference Shares of £1 each having the rights set out in the New Articles of Association to be adopted by the Company.
- 2 That the Directors be generally and unconditionally authorised to allot relevant securities in accordance with Section 80 of the Companies Act 1985 up to a maximum and nominal amount of £350,000, such authority to expire five years from the date of passing of this Resolution.

Special Resolutions

- 3 That the Directors be hereby authorised and empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities pursuant to the authority contained in Resolution 2 above as if Section 89(1) of the Companies Act 1985 did not apply to the allotment of any such securities.
- 4 That the regulations contained in the document produced to the meeting and signed for the purposes of identification by the Chairman be adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.

.....
Director



THE COMPANIES ACTS 1948 - 1967

THE COMPANIES ACTS 1985 and 1989

PUBLIC COMPANY LIMITED BY SHARES

New Articles of Association

of

MAPLIN ELECTRONICS PLC

(as adopted by Special Resolution passed on 8 June 1993)

Ref: 079/B2400-48/6973d (s/c 6879d)/sj



No 1264385

THE COMPANIES ACTS 1948 - 1967

THE COMPANIES ACTS 1985 and 1989

PUBLIC COMPANY LIMITED BY SHARES

NEW
ARTICLES OF ASSOCIATION
of
MAPLIN ELECTRONICS PLC

(as adopted by Special Resolution passed on 8 June 1993)

1 PRELIMINARY

- 1.1 The regulations contained in Table A as prescribed by the regulations made under section 8 of the Companies Act 1985 in force at the date of the adoption of these Articles of Association shall apply to the Company in so far as these Articles do not exclude or modify Table A. A reference herein to any regulation is to that regulation as set out in Table A.
- 1.2 In these Articles, save where the context otherwise requires:
- (a) "Brown Shipley" shall mean Brown Shipley Development Capital Limited;
 - (b) "the Fund" shall mean the Brown Shipley Development Capital Fund, a limited partnership registered under the Limited Partnerships Act 1907 or any person to whom that partnership shall make a Permitted Transfer of Shares under Article 5; and
 - (c) "the Fixed Dividend" shall mean the dividend payable to the holders of Redeemable Preference Shares under Article 2.2(a); and
 - (d) "the Preference Dividend" shall mean the dividend payable to the holders of Preference Shares under Article 2.3(a).

2 SHARE CAPITAL

- 2.1 The share capital of the Company at the date of adoption of these Articles is £423,660 divided into 32,000 cumulative convertible voting participating preference shares of £1 each ("Preference Shares"), 350,000 cumulative redeemable preference shares of £1 each ("Redeemable Preference Shares") and 41,660 ordinary shares of £1 each ("Ordinary Shares"). The special rights and provisions applicable to the classes of shares in the capital of the Company are as set out in this Article 2.

2.2 Redeemable Preference Shares

The Redeemable Preference Shares shall entitle the holders thereof to the following rights:

(a) as regards dividend:

- (i) the Company shall, in priority to payment of any dividend to all other shareholders, pay to the holders of the Redeemable Preference Shares a fixed cumulative preferential dividend (the "Fixed Dividend") at the rate per annum which, when added to the amount of advance corporation tax payable by the Company thereon, is equal to 10% per annum accruing on a daily basis on the amount subscribed for such shares, and payable half yearly in arrears on 30 June and 31 December in each year provided that the first payment of the such dividend shall be on 30 June 1993 in respect of the period from the date of adoption of these Articles to that date;
- (ii) if any Fixed Dividend (including any amount payable pursuant to this sub-paragraph), is for whatever reason not paid in full on the Dividend Date ("the Default Date"), then the Company shall be liable to pay to the holders of the Redeemable Preference Shares (in proportion to the number of Redeemable Preference Shares held by each of them) on the next date the Fixed Dividend is due, in addition to the Fixed Dividend then payable, an amount (net of any advance corporation tax payable by the Company) equal to the aggregate of the unpaid Fixed Dividend on the Default Date and interest thereon at a rate equal to 4% per annum above the base rate of Barclays Bank plc at that time, such interest to be calculated daily from the Default Date;

(b) as regards capital:

on a return of assets on liquidation, reduction of capital or otherwise, the holders of Redeemable Preference Shares shall be entitled in respect of their Redeemable Preference Shares (in proportion to the number of such shares held by each of them), in priority to all other shareholders, to be paid out of the surplus assets of the Company remaining after payment of its liabilities the amount subscribed by them for the Redeemable Preference Shares together with a sum equal to any arrears and accruals of the Fixed Dividend calculated down to the date of the return of assets;

(c) as regards voting in general meetings:

- (i) the holders of the Redeemable Preference Shares shall be entitled to receive notice of, and to attend at, general meetings of the Company but shall not in respect of their holdings of such shares be entitled to vote upon any resolution unless:

- (A) there shall have been any arrears or deficiencies of Fixed Dividend on any Redeemable Preference Shares for more than two months on the date of the notice convening the meeting and such arrears or deficiencies are still subsisting at the date of that meeting; or
 - (B) the Company, within two weeks following any of the dates for redemption of Redeemable Preference Shares under sub-paragraph (d)(i) below of this Article 2.2, shall have failed or been unable to redeem all or any of the Redeemable Preference Shares falling to be redeemed on any such date for redemption and such Redeemable Preference Shares remain unredeemed on the date of the general meeting; or
 - (C) the resolution is one which directly or indirectly varies, modifies, alters or abrogates any of the rights, privileges, limitations or restrictions attaching to the Redeemable Preference Shares, in which case the holders of the Redeemable Preference Shares shall only have the right to vote upon such resolution and no other; or
 - (D) the resolution is for the winding up of the Company, the reduction of share capital, the approval of the giving of financial assistance or the purchase by it of any of its shares, in which case the holders of the Redeemable Preference Shares shall only have the right to vote upon such resolution and no other;
- (ii) when entitled to vote pursuant to sub-paragraph (i) above, every holder of Redeemable Preference Shares 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, shall have one vote on a show of hands and on a poll every holder of Redeemable Preference Shares so present shall have one vote for each Redeemable Preference Share held by him;
- (d) as regards redemption, the Redeemable Preference Shares shall, subject to the Act, be redeemed on and subject to the following terms and conditions:
- (i) subject to the right of the Company to redeem the Redeemable Preference Shares in accordance with sub-paragraph (d)(iii) below, the Redeemable Preference Shares shall be redeemed by the Company pro rata to the number of Redeemable Preference Shares held by each holder thereof in the amounts and on the dates given in the table below or, if earlier and in respect of all of the Redeemable Preference Shares held by such holder then unredeemed and outstanding, on a Sale or Listing (as such expressions are defined in Article 2.3(d)(v)):

<u>Redemption Date</u>	<u>Number of Redeemable Preference Shares to be redeemed</u>
31 December 1995	87,500
30 June 1996	87,500
31 December 1996	87,500
30 June 1997	<u>87,500</u>
	<u>350,000</u>

- (ii) if the Company shall fail or be unable to redeem all or any of the Redeemable Preference Shares falling to be redeemed on any date in accordance with sub-paragraph (d)(i) of this Article 2.2 above then the rate of the Fixed Dividend on all of the Redeemable Preference Shares overdue for redemption shall be increased with effect from the date on which such Redeemable Preference Shares were due to such amount that when added to advance corporation tax payable by the Company thereon is equal to 14% of the amount subscribed for such shares until such Redeemable Preference Shares are redeemed;
- (iii) the Company may at any time by giving not less than 14 days notice in writing to the holders of Redeemable Preference Shares redeem the whole or any part of the Redeemable Preference Shares then outstanding pro rata to the number of shares held by each holder thereof;
- (iv) on each date for redemption of any Redeemable Preference Shares, each registered holder of Redeemable Preference Shares to be redeemed shall deliver to the Company at its registered office the share certificates for such Redeemable Preference Shares and thereupon the Company shall pay to such holder (or, in the case of joint holders, to the holder whose name stands first in the register of members in respect of such shares) the amount due to him in respect of such redemption and shall issue a new share certificate in respect of any unredeemed Redeemable Preference Shares comprised in the certificate delivered by him;
- (v) as a condition of the redemption, there shall be paid on each Redeemable Preference Share redeemed the price such share was subscribed together with a sum equal to:
 - (a) any arrears, deficiencies and accruals of Fixed Dividend in respect of such Redeemable Preference Share calculated down to the relevant date of redemption; and
 - (b) 5% per annum on the price at which such share was subscribed (compounded annually on each anniversary of the date of issue of such share), such premium to be calculated daily until the date of redemption; and

- (vi) the receipt of the registered holder (or, in the case of joint holders, the holder whose name stands first in the register of members) for the time being of any Redeemable Preference Shares being redeemed for the monies payable on redemption of such shares shall constitute an absolute discharge to the Company in respect thereof.

2.3 The Preference Shares shall entitle the holders thereof to the following rights:

- (a) as regards dividend, the Company shall subject to the Act pay to the holders of the Preference Shares (unless and until they shall be converted into Ordinary Shares) a fixed cumulative preferential dividend, subject to the rights of the holders of Redeemable Preference Shares in respect of the Fixed Dividend in priority to any other payment of dividend, accruing on a daily basis calculated in accordance with paragraphs (i) and (ii) below:

- (i) in respect of each financial year of the Company there shall be paid a dividend at such rates as are indicated for the respective financial years of the Company by applying the formula referred to below, such dividend to be payable six monthly in arrears on 30 June and 31 December in each financial year of the Company provided that the first payment of dividend hereunder shall be on 31 December 1989 in respect of the period from the date of adoption of these Articles to 31 December 1989:

The rate per Preference Share at which the dividend shall be payable under this paragraph (i) in respect of each financial year shall be calculated by applying the formula: $\text{£ } \frac{1}{32,000} (1,580,000 \times \text{RP})$ where:

RP represents the Relevant Percentage for the financial year in question indicated in the table below:

<u>Financial</u> <u>Year Ending</u>	<u>Relevant Percentage inclusive</u> <u>of advance corporation tax</u> <u>("ACT")</u>
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30 June 1990:	6% per annum
30 June 1991:	6% per annum
30 June 1992:	6% per annum
30 June 1993:	10% per annum
30 June 1994:	12% per annum
30 June 1995:	14% per annum
30 June 1996	
and each financial	
year ending thereafter:	16% per annum

- (ii) in respect of the financial year of the Company ending on 30 June 1994 and each financial year of the Company thereafter there shall, in addition to the amounts payable

pursuant to paragraph (i) above, be paid (net of all applicable ACT) to the holders of the Preference Shares 10% of the amount by which the Pre-Tax Profits for the financial year in question exceeds £500,000, such dividend to be payable within 14 days of the audited accounts of the Company in each relevant financial year of the Company being delivered to the Company in general meeting, not being later than 30 November following the end of each said financial year;

- (iii) for the purposes of these Articles "Pre-Tax Profits" shall mean the consolidated net trading profits of the Company and its subsidiaries for the relevant financial year as disclosed by the audited accounts of the Company and its subsidiaries but (1) before extraordinary items and any profits or losses of a capital nature and (2) before any provisions or reserve shall have been made for or in respect of corporation tax (or any other tax levied on or measured by reference to profits) on the profits earned by the Company and its subsidiaries in the relevant financial year and (3) before any provision for the amortisation of goodwill or other intangible asset and (4) before the payment of the Preference Dividend or any other dividend or other distribution on or in respect of any share in the capital of the Company or its subsidiaries and (5) before the transfer of any sum to capital or revenue reserves;
- (iv) the Company shall draw up consolidated accounts of itself and its subsidiaries in accordance with generally accepted accounting principles and on a basis consistent with its previous audited accounts to 30 June in each year and shall procure that such accounts together with a statement of the Pre-Tax Profits are audited by the Company's Auditors and laid before the Company in general meeting within five months of the end of each financial year;
- (b) as regards capital, on a return of assets on liquidation or otherwise, the holders of the Preference Shares shall be entitled, subject to the rights of the holders of the Redeemable Preference Shares in respect of such shares but in priority to other shareholders, to be paid out of the surplus assets of the Company remaining after payment of its liabilities the sum of £49.375 in respect of each Preference Share held by them together with all arrears, deficiencies and accruals of the Preference Dividend;
- (c) as regards voting in general meetings every holder of Preference Shares who (being an individual) is present in person or by proxy or, (being a corporation) is present by a duly authorised representative, shall on a show of hands have one vote and on a poll, every holder who is present or by proxy shall have one vote for each Preference Share of which he is the holder;
- (d) as regards conversion:
 - (i) the holders of the Preference Shares may convert and re-designate all (but not some) of the Preference Shares

held by them into such number of Ordinary Shares calculated in accordance with paragraphs (iii) and (iv) below of this Article (but subject to paragraph (xi)) by notice in writing given to the Company signed by all of them either at any time after 30 June 1997 or if a Sale or Listing occurs earlier, immediately prior to such Sale or Listing (as defined in paragraph (vii) below of this Article) and the date of conversion of Preference Shares pursuant to any such notice shall be the "Conversion Date"; and upon receipt by the Company of any such notice the Preference Shares shall forthwith be converted into and be re-designated as Ordinary Shares ranking pari passu and being in all respects identical with the existing Ordinary Shares and all Preference Shares remaining unconverted upon conversion of the requisite number of Preference Shares shall not carry the right to vote at general meetings, shall be deferred in all other respects to any other class of shares in the capital of the Company and may be redeemed by the Company upon it paying the sum of £1 in aggregate to the holders of the Preference Shares to be redeemed pro rata to their respective holdings of such shares;

- (ii) upon any such conversion of Preference Shares the Company shall, at its own expense, issue a new certificate or certificates in respect of the Ordinary Shares resulting from the conversion, subject to there being delivered to the Company for cancellation the certificate or certificates in respect of the Preference Shares concerned;
- (iii) if the right to convert the Preference Shares is exercised after 30 June 1997, such of the Preference Shares in issue shall be converted into and be re-designated as Ordinary Shares so as to result in the holders of all such Preference Shares becoming the holders (subject to paragraph (xi) below) of 45% of the total number of Ordinary Shares of the Company in issue after such conversion of the Preference Shares and each holder of Preference Shares shall be entitled to the proportion of the total number of new Ordinary Shares as represents the proportion of the Preference Shares held by him immediately prior to their conversion;
- (iv) if the right to convert the Preference Shares arises immediately prior to a Sale or Listing upon or prior to 30 June 1997 the holders of the Preference Shares shall be entitled to convert and re-designate Preference Shares into such number of Ordinary Shares as will result in them becoming the holders (subject to paragraph (xi) below) of a percentage of the total issued Ordinary Share capital in the Company in issue after conversion such percentage to be calculated by reference to the Value of the Company upon the Sale or Listing respectively and the period during which the Sale or Listing occurs, in accordance with the table set out below and each holder of Preference Shares shall be entitled to receive the proportion of the total number of new Ordinary Shares arising upon conversion of

the Preference Shares as represents the proportion of Preference Shares held by him immediately prior to their conversion:

<u>Period</u>	<u>Value upon Sale or Listing</u>	<u>Percentage of Ordinary Share Capital</u>
Between 1 July 1992 and 30 June 1993	(more than £19,147,000: ((less than £10,513,000: ((between £10,513,000 and (£19,147,000:	30% 45% 30% plus a further percentage equal to 15% multiplied by a fraction of which the numerator is the amount by which the Value upon a Sale or Listing is less than £19,147,000 and the denominator is £8,634,000
Between 1 July 1993 and 30 June 1994	(more than £26,119,000: ((less than £13,745,000: ((between £13,745,000 and (£26,119,000:	30% 45% 30% plus a further percentage equal to 15% multiplied by a fraction of which the numerator is the amount by which the Value upon a Sale or Listing is less than £26,119,000 and the denominator is £12,374,000
Between 1 July 1994 and 31 December 1994	(more than £30,538,000: ((less than £15,968,000: ((between £15,968,000 and (£30,538,000:	30% 45% 30% plus a further percentage equal to 15% multiplied by a fraction of which the numerator is the amount by which the Value of the Company is less than £30,538,000 and the denominator is £14,570,000

<u>Period</u>	<u>Value upon Sale or Listing</u>	<u>Percentage of Ordinary Share Capital</u>
Between 1 January 1995 and 30 June 1995	(more than £34,982,000:	30%
	(
	(less than £18,206,000:	45%
	(
	(between £18,206,000 and £34,982,000:	30% plus a further percentage equal to 15% multiplied by a fraction of which the numerator is the amount by which the Value upon a Sale or Listing is less than £34,982,000 and the denominator is £16,776,000
Between 1 July 1995 and 31 December 1995	(more than £41,099,000:	30%
	(
	(less than £21,045,000:	45%
	(
	(between £21,045,000 and £41,099,000:	30% plus a further percentage equal to 15% multiplied by a fraction of which the numerator is the amount by which the Value upon a Sale or Listing is less than £41,099,000 and the denominator is £20,054,000
Between 1 January 1995 and 30 June 1996	(more than £47,240,000:	30%
	(
	(less than £23,898,000:	45%
	(
	(between £23,898,000 and £47,240,000:	30% plus a further percentage equal to 15% multiplied by a fraction of which the numerator is the amount by which the Value upon a Sale or Listing is less than £47,240,000 and the denominator is £23,342,000

<u>Period</u>	<u>Value upon Sale or Listing</u>	<u>Percentage of Ordinary Share Capital</u>
Between 1 July 1996 and and 30 June 1997	(more than £63,656,000: ((less than £31,158,000: ((between £31,158,000 and £63,656,000:	30% 45% 30% plus a further percentage equal to 15% multiplied by a fraction of which the numerator is the amount by which the Value upon a Sale or Listing is less than £63,656,000 and the denominator is £32,498,000

- (v) for the purposes of these Articles the expression "Sale" means an offer which has been accepted by the holders of the Preference Shares being made by any person or persons for the purchase of the whole of the issued share capital of the Company for the time being or all such share capital other than that already held by the offeror or by any person acting in concert (within the meaning given in the City Code on Takeovers and Mergers) with the offeror and provided that the price compensates the holders of Preference Shares to their satisfaction for all arrears, accruals and deficiencies of the Preference Dividend; and the expression "Listing" shall mean a successful application being made to the Council of The Stock Exchange for any of the ordinary share capital of the Company to be admitted to the Official List or to be dealt in on the Unlisted Securities Market;
- (vi) for the purposes of these Articles the "Value" of the Company upon a Sale shall mean the aggregate price offered to be paid for the issued capital of the Company pursuant to a bona fide arm's length offer made by the offeror which has been accepted by the holders of the Preference Shares and after redemption of all the Redeemable Preference Shares in accordance with these Articles; and the "Value" of the Company upon a Listing shall be the market capitalisation of the Company determined by the Issuing House acting for the Company upon the Listing and in each case the Value shall be calculated as at the date immediately prior to the Sale or Listing;
- (vii) upon conversion of Preference Shares pursuant to this Article the Company shall pay to each holder thereof a sum equal to any arrears, deficiencies and accruals due to the holders of the Preference Shares of any Preference Dividend due under these Articles;
- (viii) the Preference Dividend on the Preference Shares converted shall cease to accrue with effect from the Conversion Date;

and the holders at the Conversion Date of any Preference Shares converted under these Articles shall be entitled to all arrears of dividends payable in respect of such shares whether declared or not, accrued up to and including the Conversion Date;

- (ix) the Ordinary Shares arising on such conversion shall rank pari passu in all respects with the Ordinary Shares then in issue and fully paid up and shall entitle the holder to all dividends and other distributions declared fully paid or made by reference to a record date occurring after the Conversion Date on the Ordinary Shares, less any Preference Dividend received in respect of the Preference Shares in respect of the same accounting period;
- (x) within 28 days after conversion, the Company shall forward to each holder of shares arising upon conversion, free of charge, a definitive certificate for the appropriate amount of fully paid up Ordinary Shares and in the interval transfers will be certified against the Register of Members of the Company; and
- (xi) references in these Articles to any percentage of the total issued Ordinary Share capital into which the Preference Shares may or will convert are to be construed as references to such percentage prior to the issue of any shares pursuant to an employee share option scheme but only insofar as such scheme entitles employees of the Company to subscribe for up to but not more than 5% in aggregate of the enlarged issued Ordinary Share capital and provided such scheme is established on terms approved by Brown Shipley; no other issue of Ordinary Shares or grant of rights to subscribe for Ordinary Shares shall have the effect of reducing the percentage of the Ordinary Share capital into which the Preference Shares may or will convert.

2.4 The Ordinary Shares shall entitle the holders thereof to the following rights:

- (a) as regards capital, on a return of assets on a liquidation or otherwise, the holders of the Ordinary Shares shall be entitled to share in the surplus assets of the Company remaining after payment of its liabilities and payment of all amounts due under Articles 2.2(b) and 2.3(b) to the holders of the Redeemable Preference Shares and Preference Shares respectively then unconverted and outstanding;
- (b) as regards voting, the holders of the Ordinary Shares shall be entitled to receive notice of, to attend and vote at general meetings of the Company. On a show of hands every holder of Ordinary Shares who (being an individual) is present in person or by proxy or being a corporation is present by a duly authorised representative, not himself being a member entitled to vote, shall have one vote and on a poll, each holder of Ordinary Shares shall be entitled to one vote for each Ordinary Share held by him.

3 OFFERS TO ORDINARY SHAREHOLDERS

In the event that, as a result of any proposed issue of shares or transfer of shares or otherwise, the members together holding as at the date of adoption of these Articles Ordinary Shares entitled to over 50% of the voting rights attaching to the Ordinary Shares would cease to be so entitled (or if any offer in accordance with this clause shall have been made and not accepted and an issue or transfer of shares by such members shall subsequently take place), the Company and such members shall not permit such issue or transfer to take place without procuring that an offer is made to acquire all of the Preference Shares at whichever is the greater of £49.375 per share and the price at which the first mentioned shares were proposed to be issued or sold or, if greater, at the highest price (including any premium) at which the first mentioned shares shall have been issued or sold (as the case may be) in the previous six months (or, if the Preference Shares shall not then have converted into Ordinary Shares, the price which would have been received by the holders thereof had they so converted) together with, in any event, an additional amount equal to all arrears, deficiencies and accruals of the Fixed Dividend and the Preference Dividend and no registration of any shares issued or transferred in default of this Article shall be valid or effective and any such shares so issued or transferred shall not confer on the holder thereof any right to vote or attend meetings or to any dividends or money on a return of capital.

4 ISSUE OF SHARES

- 4.1 Subject to the provisions of the Act and these Articles, all unissued shares shall be at the disposal of the Directors and they may allot, grant rights, options or warrants to subscribe or otherwise dispose of them to such persons, at such times, and on such terms as they think proper.
- 4.2 The Directors may exercise the power of the Company to allot relevant securities up to a maximum aggregate nominal amount of £353,660 but so that this authority, which is general and unconditional, shall expire on the day falling five years after the date of adoption of these Articles. However, the Company may make offers or agreements prior to the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to the authority notwithstanding that the authority has expired if they are allotted in pursuance of any such offer or agreement as aforesaid made by the Company prior to such expiry.
- 4.3 The Directors may allot equity securities pursuant to the authority contained in Article 4.2 as if section 89(1) of the Act did not apply to the allotment of any such securities.

5 TRANSFER OF SHARES

- 5.1 Subject to the provisions of Regulation 24 any shares may at any time be transferred:
 - (a) with the consent in writing of all the members holding Preference Shares and such members holding 95% in nominal amount of the

Ordinary Shares (which consent may be unconditional or subject to any terms or conditions and in the latter case any share so transferred shall be held subject to such terms and conditions) to any person;

(b) in the case of shares held by or on behalf of the Fund:

- (i) to any partnership, unit trust, company or other investment fund carrying on business in the United Kingdom in succession to the Fund; or
- (ii) upon a distribution in specie of its assets by the Fund, following the winding up of the Fund or a Listing to any partner in the Fund; or
- (iii) where any of the parties to which shares may be transferred or disposed of is itself a partnership, unit trust, company or other investment fund, to any partner, unitholder, shareholder or participant therein; or
- (iv) to any custodian or nominee for the time being of any of the above persons in paragraphs (i), (ii) or (iii) above in its capacity as such;

(c) by any member being a company to a Member of the same Group as the Transferor Company; or

(d) by any person entitled to shares in consequence of the death or bankruptcy of an individual member to any person to whom such individual member, if not dead or bankrupt, would be permitted hereunder to transfer the same; or

(e) with the prior written consent of Brown Shipley or such other person for the time being authorised to act as or for the Fund by any individual member to trustees to be held upon Family Trusts related to such individual member.

5.2 Where shares have been transferred under Article 5.1(e) or under paragraph (a) or (b) of this Article to trustees of Family Trusts, the trustees and their successors in office may (subject to the provisions of Article 5.1) transfer all or any of the Relevant Shares as follows:

- (a) to the trustees for the time being of the Family Trust concerned on any change of trustees;
- (b) to the trustees for the time being of any other trusts being Family Trusts in relation to the same individual member or deceased or former member pursuant to the terms of such Family Trusts or discretion vested in the trustees thereof or any other person; and
- (c) to the relevant member or former member or any Privileged Relation of the relevant member or deceased or former member who has thereby become entitled to the shares proposed to be transferred on the total or partial termination of or pursuant to

the terms of the Family Trusts concerned or in consequence of the exercise of any such power or discretion as aforesaid.

- 5.3 If and whenever any of the Relevant Shares come to be held otherwise than upon Family Trusts, except in circumstances whereunder a transfer thereof is authorised to be and is to be made to the person or persons entitled thereto, it shall be the duty of the trustees holding such shares to notify the Directors in writing that such event has occurred and the trustees shall be bound, if and when required in writing by the Directors so to do, to give a Transfer Notice (as defined in Article 6) in respect of the shares concerned.
- 5.4 If a Transferee Company ceases to be a Member of the same Group as the Transferor Company from which (whether directly or by a series of transfers under Article 5.1(c)) the Relevant Shares derived, it shall be the duty of the Transferee Company to notify the Directors in writing that such event has occurred and (unless the Relevant Shares are thereupon transferred to the Transferor Company or a Member of the same Group as the Transferor Company, any such transfer being deemed to be authorised under the foregoing provisions of this Article) the Transferee Company shall be bound, if and when required in writing by the Directors so to do, to give a Transfer Notice (as defined in Article 6) in respect of the Relevant Shares.
- 5.5 For the purposes of this Article:
- (a) the word "company" includes any body corporate;
 - (b) the expression "Family Trusts", as regards any particular individual member or deceased or former individual member, means trusts (whether arising under a settlement declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than that individual and/or Privileged Relations of that individual and so that for the purposes aforesaid a person shall be deemed to be beneficially interested in a share if such share or the income thereof is or may become liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are or may become liable to be exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons;
 - (c) the expression "Privileged Relation", as regards any particular individual member or deceased or former individual member, means and includes the husband or wife or any former husband or wife or the widower or widow of the individual and all the lineal descendants and ascendants in direct line of that individual and the brothers and sisters of that individual and their lineal descendants and a husband or wife or former husband or wife or widower or widow of any of the above persons and for the purposes aforesaid a step-child or adopted child or illegitimate child of

any person shall be deemed to be a lineal descendant of such person and of the lineal ascendants of such person;

- (d) the expression "a Member of the same Group", as regards any company, means a company which is for the time being a holding company or a subsidiary of that company or of any such holding company;
- (e) the expression "Transferor Company" means a company (other than a Transferee Company) which has transferred or proposes to transfer shares to a Member of the same Group;
- (f) the expression "Transferee Company" means a company for the time being holding shares in consequence, directly or indirectly, of a transfer or series of transfers of shares between Members of the same Group (the relevant Transferor Company in the case of a series of such transfers being the first transferor in such series); and
- (g) the expression "the Relevant Shares" means and includes (so far as the same remain for the time being held by the trustees of any Family Trusts or by any Transferee Company) the shares originally transferred to such trustees or Transferee Company and any additional shares issued to such trustees or Transferee Company by way of capitalisation or acquired by such trustees or Transferee Company in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred.

6 PRE-EMPTION ON TRANSFER

- 6.1 Except in the case of a transfer of shares expressly authorised by Article 5 (referred to in these Articles as a "Permitted Transfer"), the right to transfer shares or any interest in such shares in the Company shall be subject to the restrictions and provisions set out in Articles 6.2 to 6.5.
- 6.2 Before transferring any shares or any interest therein the person proposing to transfer the same (hereinafter called "the Proposing Transferor") shall give a notice in writing (hereinafter called "a Transfer Notice") to the Company that he desires to transfer such shares ("the Sale Shares"), the price at which he wishes to transfer the Sale Shares ("the Prescribed Price") and shall state in the Transfer Notice the identity of the person (if known) to whom the Proposing Transferor desires to transfer the beneficial interest in the Sale Shares at the Prescribed Price and whether he wishes to transfer all of his Sale Shares or some of them if the Company is unable to find buyers for them all in accordance with these Articles. The Transfer Notice shall constitute the Company his agent for the sale of the Sale Shares (together with all rights then attached thereto) at the Prescribed Price for the period of 90 days from the date of service of the Transfer Notice ("the Prescribed Period") to any member or to any other person selected or approved by the Directors on the basis set out in the following provisions of this Article and shall be revocable at any time by the Proposing Transferor upon receipt of written notice from the Directors.

6.3 The Company shall forthwith upon receipt of the Transfer Notice invite all members holding shares of the same class as the Sale Shares (other than the member to whose shares the Transfer Notice relates) to apply to purchase at the Prescribed Price and, in case of competition, the shares so applied for shall (in accordance with but subject to the provisions of Article 6.5) be sold to the applicants in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holdings of shares. Such invitation:

(a) shall limit a time within the Prescribed Period within which it must be acted upon being not more than 30 days; and

(b) shall stipulate that any member who desires to purchase a number of shares in excess of his proportion shall in his reply state how many excess shares he wishes to have and any unclaimed shares shall be used for satisfying the claims in excess pro rata to the existing shares held by the claimants respectively.

6.4 If the Company shall within the Prescribed Period find members holding shares of the same class as the Sale Shares (each such person being hereinafter called "a Purchaser") to purchase the shares concerned or any of them and give notice in writing thereof to the Proposing Transferor he shall, upon payment of the Prescribed Price, transfer such shares to the respective Purchasers. Every such notice shall state the name and address of the Purchaser concerned and the number of shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Directors not being less than three days nor more than ten days after the date of such notice.

6.5 If the Company shall not within 45 days of the date of the Transfer Notice find Purchasers pursuant to Article 6.3 willing to purchase all the Sale Shares and gives notice in writing thereof to the Proposing Transferor the Company shall invite all members holding shares of any class other than that of the Sale Shares to apply to purchase the available Sale Shares in the order stated in the table below. Each such offer shall be made mutatis mutandis on the terms set out in Articles 6.3 and 6.4. The period during which the Company shall try to find prospective purchasers in each other class shall, in the case of those of the class marked "First" in the table below, be the period commencing 46 days after the date of the Transfer Notice and ending 60 days after the date of the Transfer Notice:

Shares Transferred

First

Ordinary Shares

Preference Shares/
Redeemable Preference Shares

Preference Shares/
Redeemable Preference Shares

Ordinary Shares

6.6 If the Company shall not within the Prescribed Period find Purchasers willing to purchase all of the Sale Shares and gives notice in writing thereof to the Proposing Transferor, or if the Company shall within the Prescribed Period give to the Proposing Transferor notice

in writing that the Company has no prospect of finding Purchasers, the Proposing Transferor at any time thereafter up to the expiration of 60 days after the Prescribed Period shall be at liberty (subject only to the provisions of Regulation 24) to transfer those shares for which the Company has not within the Prescribed Period given notice that it has found (or has given notice that it has no prospect of finding) Purchasers to any person by way of a bona fide sale at any price not being less than the Prescribed Price (after deducting, where appropriate, any dividend or other distribution declared or made after the date of the Transfer Notice and to be retained by the Proposing Transferor) provided that:

- (a) before transferring the shares to any person who is not a member other than any person whose name is set out in the Transfer Notice a further offer shall be made to the existing members pursuant to Articles 6.2 and 6.5 (inclusive); and
- (b) if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the shares concerned he shall not be entitled hereunder to transfer any of such shares unless in aggregate the whole of such shares are so transferred; and
- (c) the Directors may require to be reasonably satisfied that such shares are being transferred pursuant to a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the purchaser and if not so satisfied may refuse to register the instrument of transfer.

7 BARE NOMINEES

No share shall be held by any member as a bare nominee (other than any share so held on behalf of the Fund on the date of adoption of these Articles or otherwise pursuant to Article 5.1(b)) and no interest in any share shall be sold to any person nor may such shares be pledged or charged to any person unless a transfer of such share to such person would rank as a Permitted Transfer. If the foregoing provision shall be infringed the holder of such share shall be bound to give a Transfer Notice in respect thereof.

8 COMPULSORY TRANSFERS

- 8.1 A person entitled to a share in consequence of the bankruptcy of a member shall be bound at any time within a period of six months after becoming so entitled, if and when required in writing by the Directors so to do, to give a Transfer Notice in respect of such share.
- 8.2 If a share remains registered in the name of a deceased member for longer than one year after the date of his death the Directors may require the legal personal representatives of such deceased member either to effect a transfer of such shares (including for such purpose an election to be registered in respect thereof) being a Permitted Transfer or to show to the satisfaction of the Directors that a Permitted Transfer will be effected up to or promptly upon the completion of the administration of the estate of the deceased member

or (failing compliance with either of the foregoing within one month or such longer period as the Directors may allow for the purpose) to give a Transfer Notice in respect of such share.

- 8.3 If any shares held at any time by a member who is a Director or an employee of the Company (other than a person who is a member at the date of adoption of these Articles) shall for any reason whatsoever cease to be so held (other than by reason of a Permitted Transfer) upon such member ceasing to be a Director or employee and so holding neither office, such member and any persons holding shares in consequence of one or more Permitted Transfers from such Member shall upon being given written notice by the Directors forthwith give to the Directors a Transfer Notice in respect of all such shares.
- 8.4 In the case of any Transfer Notice required to be served pursuant to Articles 8.1, 8.2 and 8.3, if not more than one month before the date on which the Transfer Notice was given the member required to give a Transfer Notice under such Articles (the "Proposing Transferor") and the Directors shall have agreed a price per share as representing the fair value thereof or as being acceptable to the Proposing Transferor and not more than the fair value thereof or if a bona fide offer shall have been received from a third party and shall remain open for acceptance for the shares comprised in the Transfer Notice (but subject to the right of the Directors to satisfy themselves that such offer is for a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the purchaser) then such price shall be the Prescribed Price (subject to the deduction therefrom where the Prescribed Price has been agreed with the Directors of any dividend or other distribution declared or made after such agreement and prior to the said date). Otherwise upon the giving of the Transfer Notice under Articles 8.1, 8.2 or 8.3 the Directors shall request the Auditors to determine and certify the sum per share considered by them to be the fair value thereof as at the said date (disregarding the fact that the shares concerned comprise a minority interest if such be the case) and the sum per share so determined and certified shall be the Prescribed Price. The Auditors shall act hereunder at the cost and expense of the Company as experts and not as arbitrators and, in the absence of manifest error, their determination shall be final and binding on all persons concerned and, in the absence of fraud, the Auditors shall be under no liability to any such person by reason of their determination or certificate or by anything done or omitted to be done by the Auditors for the purpose thereof or in connection therewith.
- 8.5 In the case of default being made in the giving of a Transfer Notice for more than one month after a member becomes obliged to give such a Transfer Notice under Articles 8.1, 8.2 or 8.3 a Transfer Notice may be given on behalf of the member concerned by some person nominated by the Directors.
- 8.6 If a member shall fail to execute a transfer of his shares where required under these Articles the Directors may nominate a person to execute a transfer on his behalf and to receive the proceeds of sale in trust for such member.

9 CONTROL

- 9.1 In the event that any person, other than a person who owned shares on the date of the adoption of these Articles of Association ("the Acquiring Member") would, as a result of any proposed acquisition of shares, become beneficially entitled to more than 50% of the issued ordinary share capital of the Company after the date of adoption of these Articles or being so beneficially entitled shall, as a result of any proposed acquisition of shares, become beneficially entitled to a further 2% he shall forthwith and before completion of any such proposed acquisition be required to serve notice on the Company that he is so beneficially entitled and shall thereupon be bound to offer to purchase the Preference Shares in the Company at a price per share ("the Acquisition Price") equal to the highest price per share paid by the Acquiring Member for any of the shares acquired by him in the 12 months preceding the date on which he became beneficially entitled as aforesaid but in any event not less than £49.375 per Preference Share together with an additional amount equal to all arrears, deficiencies and accruals of the Preference Dividend.
- 9.2 The Company shall forthwith give notice to each of the holders of the Preference Shares that he may within 28 days from the date of such notice sell his shares to the Acquiring Member at the Acquisition Price. Any member may accept such offer by giving notice of his intention so to do to the Company accompanied by share certificates for the shares agreed to be sold together with the necessary transfers.
- 9.3 The Directors may at any time require any member to furnish the Company with details of the beneficial interests in the shares held by such member.
- 9.4 The Directors may require to be satisfied that the shares acquired by the Acquiring Member in the period referred to in paragraph Article 9.1 are being acquired bona fide for the consideration stated in the transfer without any deduction rebate or allowance whatsoever to the purchaser and if not so satisfied may require a price to be agreed or in the absence of agreement to be determined (mutatis mutandis) by the Auditors in accordance with Article 8.4.
- 9.5 If the Acquiring Member shall fail to offer for the shares held by other members he shall cease to have any rights to vote or to dividends or to return of capital in respect of all the shares held by him and the Directors may refuse to register the transfer of the shares most recently acquired by the Acquiring Member and may require the Acquiring Member to serve a Transfer Notice at par in accordance with Article 6 in respect of all the shares held by him.
- 9.6 For the purpose of this Article any person who is a party to an agreement to which section 204 of the Act would apply if the Company were a public company shall be taken to be beneficially interested in all shares in the Company in which any other party to the agreement is interested (whether or not the interest of the other party in question was acquired or includes any interest which was acquired in pursuance of the agreement).

10 INFORMATION CONCERNING TRANSFERS AND SHAREHOLDINGS

10.1 For the purpose of ensuring that a transfer of shares is a Permitted Transfer or that no circumstances have arisen whereby a Transfer Notice is required to be given hereunder or an offer for shares in the Company should be made, the Directors may from time to time require any member or the legal personal representatives of any deceased member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may reasonably think fit regarding any matter which they may reasonably deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the Directors within a reasonable time after such requirement the Directors shall be entitled to refuse to register the transfer in question or (if no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the shares concerned.

10.2 In the case where the Directors have duly required a Transfer Notice to be given in respect of any shares and such Transfer Notice is not duly given within a period of one month, or such longer period as the Directors may allow for the purpose, such Transfer Notice shall (except and to the extent that a Permitted Transfer of any of such shares shall have been lodged) be deemed to have been given on such date after the expiration of the said period as the Directors may by resolution determine and the foregoing provisions of these Articles shall take effect accordingly.

11 PROCEEDINGS AT GENERAL MEETINGS

11.1 A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy and entitled to vote. Regulation 46 shall be modified accordingly.

11.2 A resolution in writing executed or approved by telegram, telefax or telex by or on behalf of the holders of the whole of the issued Ordinary Shares shall be as valid and effectual as if the same had been duly passed at a General Meeting and may consist of several documents in the like form, each executed by or on behalf of one or more persons, but a resolution so executed shall not be effective to do anything required by law to be done in General Meeting or by Special or Extraordinary Resolution. In the case of a corporation the resolution may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be modified accordingly.

12 ALTERNATE DIRECTORS

12.1 Any Director (other than an alternate Director) may appoint any other Director, or any other person approved by resolution of the Directors and willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him. The same person may be appointed as the alternate Director of more than one Director.

12.2 An alternate Director shall be entitled:

- (a) to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, save that it shall not be necessary to give notice of such meeting to an alternate Director who is absent from the United Kingdom;
- (b) to attend, be counted in the quorum for and vote at any such meeting at which the Director appointing him is not personally present; and
- (c) generally at such meeting to perform all the functions of his appointor as a Director in his absence.

If an alternate Director is himself a Director or attends any such meeting as an alternate Director for more than one Director, then his voting rights shall be cumulative.

- 12.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director; but, if a Director retires 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.
- 12.4 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.
- 12.5 An alternate Director 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.
- 12.6 Save as otherwise provided in these Articles, an alternate Director shall not have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.
- 12.7 An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- 12.8 Regulations 65 to 69 shall not apply.

13 DIRECTORS

13.1 The minimum number of Directors shall be two.

13.2 The Directors shall not be subject to retirement by rotation. Regulations 73 to 75, 76, 77, 78, 79 and 80 shall be modified accordingly.

13.3 A resolution in writing signed or approved by telegram telefax or telex by all the directors shall be as valid and effectual as if it had been passed at a meeting 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. Regulation 93 shall not apply.

13.4 Subject to the Act, a Director may vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company. Regulation 94 shall be modified accordingly.

14 BORROWING POWERS

Subject as set out in these Articles and subject to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

15 INDEMNITY

Subject to the provisions of and so far as may be permitted by law but without prejudice to any indemnity to which such officer may otherwise be entitled, every Director, Auditor, Secretary or other officer of the Company shall be indemnified by the Company against all costs, charges, losses, expenses, and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him the Court. Regulation 118 shall not apply.

16 SPECIAL RIGHTS OF THE BROWN SHIPLEY DEVELOPMENT CAPITAL FUND

16.1 The Company shall not, and the Directors shall exercise voting or other rights or powers of control exercisable by the Company in relation to its subsidiaries from time to time so as to secure that such subsidiaries shall not, save with the prior written consent of the Fund or its designated representative or any person to the Fund shall have transferred such right or rights, being a person to whom the Fund shall have transferred some or all of its shares in the Company or its designated representative:

- (a) permit or cause to be proposed any alteration to its share capital (including any increase thereof) or to the rights attaching to its shares;
- (b) (with the exception of the creation and issue of shares pursuant to a share option scheme for employees limited to not more than 5% of the enlarged issued Ordinary Share capital or of the redemption of the Redeemable Preference Shares pursuant to Article 2.2(d)) create, allot, issue, redeem or purchase any share or loan capital or grant or agree to grant any options for the issue of any share or loan capital;
- (c) make any payment or enter into any agreement otherwise than in the ordinary course of business and on an arm's length basis;
- (d) enter into or give or permit or suffer to subsist any guarantee of or indemnity or contract of suretyship for or otherwise commit itself in respect of the due payment of money or the performance of any contract, engagement or obligation of any other person or body;
- (e) make a substantial alteration or reduction in the nature or extent of the business carried on by it;
- (f) subscribe or otherwise acquire, or dispose of any shares in the capital of any other company;
- (g) acquire or dispose of the whole or part of the undertaking of any other person, firm or company;
- (h) permit or cause to be proposed any amendment to its Memorandum of Association or these Articles;
- (i) cease or propose to cease to carry on its business or be wound up save, in either case, where it is insolvent;
- (j) propose or pay any dividend (other than the Preference Dividend or Fixed Dividend) or propose or make any other distribution;
- (k) enter into any partnership or joint venture;
- (l) incur borrowings or give security such that the amount for the time being remaining undischarged of moneys so borrowed or secured by the Company and/or any moneys borrowed or secured by any subsidiaries of the Company and for the time being outstanding shall not exceed, a sum equal to two times the aggregate of the nominal amount of the share capital of the Company for the time being issued and paid up and the amounts standing to the credit of the capital and revenue reserves (including any share premium accounts or capital redemption reserve fund) and the profit and loss account as shown by the latest published consolidated balance sheet of the Company and its subsidiaries (excluding any part of such reserves which may be attributable to minority shareholders in such subsidiaries) but adjusted as may be appropriate to reflect any variations since the date of such consolidated balance sheet in the issued

and paid up share capital and in the amounts standing to the credit of such reserves and deducting:

- (i) any sums set aside for taxation and any share capital or reserves derived from any unrealised accretion arising from the writing up by the Company or any of its subsidiaries of the book value of any assets; and
- (ii) any debit balance on profit and loss account and any share capital or reserves representing amounts attributable to preliminary expenses or goodwill or any other intangible asset;

For the purposes of this sub-paragraph (1) of Article 16.1 the term "borrowings" shall not include the Preference Shares or the Redeemable Preference Shares;

- (m) mortgage or charge or permit the creation of or suffer to subsist any mortgage or charge over the whole or any part of its assets save with regard to the overdraft facility granted by the Royal Bank of Scotland PLC and all other registered charges existing as at the date of adoption of these Articles;
- (n) make any loan or give any credit (other than normal trade credit) or acquire any loan capital of any corporate body (wherever incorporated);
- (o) enter into any unusual or onerous material contract;
- (p) make any change to:
 - (i) its auditors;
 - (ii) its accounting reference date from 30 June;
- (q) deal in any way (including the acquisition or disposal, whether outright or by way of licence or otherwise howsoever) with intellectual property provided that, for the avoidance of doubt this paragraph will not affect the sale of products in the ordinary course of business; or
- (r) do any act or thing outside the ordinary course of the business carried on by it.
- (s) incur any capital expenditure (including all obligations under hire-purchase and leasing arrangements) during any accounting reference period in excess of £455,000 in aggregate or any single expenditure exceeding £195,000;
- (t) dispose of any asset or assets of a capital nature with a book or market value aggregating during any accounting reference period in excess of £65,000;
- (u) vary any of the terms of the service agreements for any of the Directors;

- (v) engage any employee on terms that either his contract cannot be terminated by three months' notice or less or his emoluments and/or commissions or bonuses are or are likely to be at the rate of £39,000 per annum or more or increase the emoluments and/or commissions or bonuses of any employee to more than £39,000 per annum or vary the terms of employment of any employee earning (or so that after such variation he will, or is likely to earn) more than £39,000 per annum;
- (w) enter into any material or major or long term contract which is not in the ordinary course of business of the Company;
- (x) permit the appointment of any person as a Director of it (other than one nominated by Brown Shipley or the Fund);
- (y) conduct any litigation, save for:
 - (i) the collection of debts arising in the ordinary course of the business carried on by it;
 - (ii) any litigation other than pursuant to paragraph (i) above where such litigation is not estimated to result in the Company's own legal fees exceeding £13,000; or
 - (iii) any application for an interim injunction or other application or action which is urgently required in the best interests of the Company in circumstances in which it is not reasonably practicable to obtain prior consent;
- (z) enter into or vary any transaction or arrangement with, or for the benefit of any of the Directors or any other person who is connected with any of the Directors; or
- (za) require the issue of a Transfer Notice under Article 8.