

No. 1804778

THE COMPANIES ACT 1985
AND
THE COMPANIES ACT 1989

A PRIVATE COMPANY LIMITED BY SHARES

N E W

ARTICLES OF ASSOCIATION
of

SABREWATCH LIMITED

(Adopted by Special Resolution passed 21st January 1993)

PRELIMINARY

1. The regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 (hereinafter called "Table A") shall apply to the Company save insofar as they are excluded or varied hereby. The regulations of Table A numbered 3, 24, 29 to 31 (inclusive), 41, 64, 73 to 80 (inclusive), and 93 shall not apply to the Company and in lieu thereof and in addition to the remaining regulations of Table A (subject to the modifications hereinafter expressed), the Articles hereinafter contained shall constitute the regulations of the Company.

2. The Company is a private company and accordingly no offer shall be made to the public (whether for cash or otherwise) of any shares in or debentures of the Company and no allotment or agreement to allot (whether for cash or otherwise) shall be made of any shares in or debentures being offered for sale to the public.

3. Subject to the provisions of these Articles, the shares shall be under the control of the Directors and the Directors may allot, grant options over, or otherwise deal with or dispose of any relevant securities (as defined by s.80(2) of the Companies Act 1985 ("the Act")) of the Company to such persons and generally on such terms and in such manner as they think fit.

4. The general authority conferred by Article 3 hereof shall extend to all securities of the Company from time to time unissued during the currency of such authority. The said general authority shall expire on the fifth anniversary of the date of adoption of these Articles unless varied or revoked or renewed by the Company in General Meeting.

*Certified a true copy
of the original -*

Stale Raymond
28.8.97

L. Lucas



5. The Directors shall be entitled under the general authority conferred by Article 3 to make at any time before the expiry of such authority any offer or agreement which will or may require securities to be allotted after the expiry of such authority.

6. In accordance with section 91(1) of the Act sub-sections 89(1) and 90(1) to 90(6) of the Act shall be excluded from applying to the Company.

7. The Directors may procure the establishment and maintenance of or participate in, or contribute to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement or share option scheme or other profit sharing scheme or other scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or rights or emoluments to, any persons who are or shall have been at any time Directors of the Company or in the employment or service of the Company or the wives, widows, families, relatives or dependants of any such persons.

SHARE CAPITAL

8. The authorised Share Capital of the Company at the date of the adoption of these Articles is £100,000 divided into 100,000 Ordinary Shares of £1 each ranking pari passu in all respects.

LIEN

9. The Company shall also have a first and paramount lien on all shares (whether or not fully paid) standing registered in the name of any person, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all monies presently payable by him or his estate to the Company; and Regulation 8 of Table A shall be modified accordingly.

TRANSFERS - GENERAL

10. An instrument of transfer of a share (other than a partly paid share) need not be executed by or on behalf of the transferee.

11. Subject (in the case of transmission of shares) to Regulations 29-31 (inclusive) of Table A the Directors shall not register any transfer of shares in the Company except in the circumstances permitted in Article 12, but shall have no right to refuse to register any transfer of shares in the Company made in accordance with Article 12.

TRANSFERS TO TRUSTEES, NOMINEES, ASSOCIATED COMPANIES
AND OTHER THIRD PARTIES

12. (A) Any share may be transferred at any time by a Member to any other person with the written consent of Members for the time being of the Company holding a majority in nominal value of the shares in the capital of the Company at such time in issue.

TRANSFERS BY ORDINARY SHAREHOLDERS -
PRE-EMPTION RIGHTS

12. (B) Save as provided in Articles 11 and 12 (A), the shareholders shall not be entitled to transfer any Ordinary Shares (or any interest therein) except in accordance with the following provisions of this Article 12 (B):-

(1) Any shareholder wishing to transfer part or all of the Ordinary Shares held by him, or any interest therein, (hereinafter referred to as the "Retiring Shareholder") shall first give a notice in writing (hereinafter referred to as a "Sale Notice") to the Company specifying the number and de-noting numbers (if any) of the Ordinary Shares which the Retiring Shareholder wishes to sell or transfer or the interest in which the Shareholder wishes to transfer, ("the Sale Shares") which notice shall constitute the Company the agent of the Retiring Shareholder for the sale of the Sale Shares at Market Value (such value to be determined in accordance with the provisions of paragraph (5) of this Article 12 (B) and otherwise in accordance with the provisions of this Article 12 (B).

(2) On receipt of a Sale Notice the Company shall offer at Market Value such Sale Shares to all the Ordinary Shareholders apart from the Retiring Shareholder in proportion as nearly as may be to the nominal amount of their existing holdings of Ordinary Shares in the Company. A Shareholder may not accept part only of the Sale Shares offered to him at any stage and, if he wishes to accept any Sale Shares, he must accept for his whole entitlement so offered. Such offer shall to the extent that the same is not accepted within sixty days be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be re-offered at Market Value to the Ordinary Shareholders who have already accepted Sale Shares and if there be more than one such Ordinary Shareholder (then in case of competition) in proportion as nearly as may be to their then existing holdings of Ordinary Shares in the Company. If any Sale Shares shall not be capable without fractions of being offered to the Members in proportion to their existing holdings, the same shall be offered to the Members, or some of them, in such proportions or in such manner as may be determined by lots drawn in regard thereto, and the lots shall be drawn in such manner as the Directors think fit.

(3) If the Company shall within ninety days after service of a Sale Notice find purchasing Shareholders in respect of all or any of the Sale Shares it shall give notice thereof to the Retiring Shareholder which notice shall provide:-

- (i) the price for the Sale Shares is to be Market Value determined in accordance with Article 12 (B)(5);
- (ii) the Retiring Shareholder shall have no right to revoke his Sale Notice; and
- (iii) the parties shall be bound to complete the sale and purchase at the registered office of the Company within 28 days of the determination of the Market Value in accordance with Article 12(B)(5) below.

(4) If the Company shall not within the space of ninety days after service of a Sale Notice find purchasing Shareholders for all of the Sale Shares or if through no default of the Retiring Shareholder the purchase of any of the Sale Shares is not completed within the time period provided by Article 12 (B)(3)(iii) above the Retiring Shareholder shall be at liberty at any time within sixty days of the service on him of the said notice after the expiry of the said ninety days or within sixty days after the time period provided by Article 12 (B)(3)(iii) above (as the case may be) to transfer such of the Sale Shares as were not accepted by purchasing Shareholders or in respect of which the sale was not completed as aforesaid to any person approved by the Directors PROVIDED THAT such sale is completed at Market Value or any higher or (subject as provided below) lower price and that the terms of payment of the purchase price are no more favourable to the Purchaser than those offered to the Shareholders AND PROVIDED FURTHER THAT no Sale Shares shall be sold at a lower price than Market Value without the Retiring Shareholder first serving a further Sale Notice upon the Company specifying such lower price as the price at which such Sale Shares are offered and all the provisions of this Article 12 (B) shall apply to such further Sale Notice save that the periods for acceptance shall be forty-two and sixty-three days instead of sixty and ninety days (as the case may be) and that the Market Value shall be such lower price.

(5) The Market Value of the Sale Shares shall be determined as follows:-

- (i) by agreement between the Retiring Shareholder and the purchasing Shareholders, but if no such agreement has been reached within ten days of the first offer by the Company of such Sale Shares to existing Shareholders then and in such event Article 12 (B)(5)(ii) shall apply,

- (ii) by the certificate of the auditors for the time being of the Company, but if, within seven days after giving notice of the said auditors certificate to the Retiring Shareholder and the purchasing Shareholders, the Company receives written notice from either the Retiring Shareholder or any of the purchasing Shareholders disputing the said auditors certificate then and in such event Article 12 (B)(5)(iii) shall apply,
- (iii) by the certificate of an independent Chartered Accountant of not less than five years standing to be agreed between the Retiring Shareholder and the purchasing Shareholders and in default of agreement to be appointed at the request of either the Retiring Shareholder or any of the purchasing Shareholders by or on behalf of the President for the time being of The Institute of Chartered Accountants in England and Wales,
- (iv) the Market Value of the Sale Shares shall in all cases be calculated on the basis that (a) the sale is between a willing seller and a willing purchaser of the Sale Shares so offered (as at the date of the Sale Notice) and (b) each Ordinary Share in the Company is of equal value, there being no discount in value for a minority holding and no premium in value for a substantial holding,
- (v) any auditor of the Company certifying the Market Value of such Sale Shares shall act as an expert and not as an arbitrator and (in the absence of receipt by the Company within the specified time limit of such a notice as is referred to in Article 12 (B)(5)(ii)) his certificate shall be final and binding on the parties,
- (vi) any independent Chartered Accountant certifying the Market Value of such Sale Shares shall act as an expert and not as an arbitrator and his decision and certificate shall be final and binding on the parties.

(6) If a Retiring Shareholder fails to carry out the sale of any of the Sale Shares after he has become bound to do so under these Articles of Association then and in any such event the Directors may authorise some person to execute a transfer of the Sale Shares to the purchasing Shareholder(s) and the Company may give a good receipt for the purchase price and may enter in the register of members the purchasing Shareholder(s) as holders thereof and issue to them certificates for the same whereupon the purchasing Shareholder(s) shall become indefeasibly entitled thereto. The Retiring Shareholder shall in such case be bound to deliver up his certificate for the Sale Shares to the Company whereupon the Retiring Shareholder shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for the Retiring Shareholder but without interest. If such certificate shall comprise any Ordinary Shares which the Retiring Shareholder has not become bound to transfer as aforesaid the Company shall issue to the Retiring Shareholder a balance certificate for such Ordinary Shares.

(7) The cost of obtaining a certificate pursuant to Article 12 (B)(5) above shall be borne as the auditor or independent Chartered Accountant (as applicable) shall decide. Provided that if any Retiring Shareholder shall within twelve months of revoking a Sale Notice serve a further Sale Notice in respect of any of the shares comprised in an earlier Sale Notice the cost of obtaining any certificate relating to such further Sale Notice shall be borne wholly by such Retiring Shareholder.

DEEMED SALE NOTICE

12. (C) In any case where a Director or employee of the Company ceases for any reason (and whether lawfully or otherwise) to be either a Director or employee of the Company (and is not continuing as either a Director or employee of the Company) or where a member (being an individual) becomes bankrupt or where a member (being a corporation) enters into liquidation or receivership there shall in any such case be deemed to have been served a Sale Notice pursuant to Article 12 (B) above in respect of his or its entire holding of Ordinary Shares (including any shares held by any nominee for such Director or employee) and the provisions of Article 12 (B) above shall apply in relation thereto and any Sale Notice deemed to be given in the circumstances herein referred to shall not be revocable. Such a Sale Notice (which shall be irrevocable) shall also be deemed to have been served in respect of all shares acquired, in pursuance of rights or interests obtained by such directors or employees by persons who are not (or have ceased to be) such directors or employees when such shares are acquired.

13. If within one hour from the time appointed for the holding of a General Meeting a quorum be not present, the

Meeting shall stand adjourned to the same day in the next week (or if that day be a holiday, to the next working day) thereafter at the same time and place as the original meeting unless the Directors unanimously determine otherwise, and if at the adjourned Meeting a quorum shall not be present within one hour from the time appointed for the meeting, the member or members present shall be a quorum.

14. There shall be inserted in the second line of Regulation 82 of Table A after the word "determine" the words "(which resolution shall also determine the division thereof)".

15. Regulation 53 of Table A shall apply.

16. Any Director who, by request, performs special services or goes or resides abroad for any purpose of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine.

17. A Director may vote as a Director in regard to any contract or arrangement in which he is interested, or upon any matter arising thereout and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration; and Regulations 94 to 97 (inclusive) of Table A shall be modified accordingly.

18. Unless and until the Company in General Meeting shall otherwise determine, there shall not be any limitation as to the number of Directors. If and so long as there is a sole Director, he may exercise all the powers and authorities vested in the Directors by these Articles or Table A.

19. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof.

20. A Director shall not be required to hold any share qualification.

21. In accordance with s.372(3) of the Act in every notice calling a general meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company. Regulation 38 of Table A shall be modified accordingly and the second sentence of Regulation 59 of Table A shall not apply to the Company.

22. The Company shall not be subject to Section 293 of the Act. No Director shall vacate office nor shall any person be ineligible for appointment as a director, by reason only of his attaining or having attained any particular age.

23. The words "filling vacancies or of" in Regulation 90 of Table A shall be omitted.

24. A resolution in writing signed by all the Directors entitled to notice of a Meeting of the Directors or their alternates shall be as valid and effectual as if it had been passed at a Meeting of the Directors duly called and constituted and may consist of several documents (including telexes) in the like form each signed by one or more of the Directors.

ADDITIONAL POWERS

25. Subject to the provisions of Part V of the Companies Act 1985 the Company may:

(A) issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder;

(B) purchase its own shares (including any redeemable shares);

(C) make a payment in respect of the redemption or purchase under Section 160 or (as the case may be) section 162 of the Companies Act 1985 and the relevant power (A) or (B) above, of any of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares to the extent permitted by Section 171 of the Companies Act 1985