

THE COMPANIES ACT 1985

WRITTEN RESOLUTIONS

of



PRIMAL PICTURES LIMITED

We the undersigned being the holders of all the issued Ordinary Shares of £0.50 in the Company and being the only persons entitled to attend and vote at general meetings of the Company, hereby agree to the following resolution (which would otherwise be required to be passed as a special resolution of the Company) pursuant to Section 381A of the Companies Act 1985:

“THAT:

- (1) the authorised share capital of the Company be and is hereby increased from £1,000 to £191,328 by the creation of 656 Ordinary Shares of £0.50 each and 190,000 Cumulative Redeemable Preference Shares of £1 each having attached thereto the respective rights set out in the Articles of Association of the Company as proposed to be adopted pursuant paragraph (2) below;
- (2) the regulations contained in the printed document annexed hereto be adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing articles of association;
- (3) the Directors be and they are hereby authorised pursuant to Section 80 of the Companies Act 1985 at any time during the period of five years from the date of this

Resolution to allot or grant rights to subscribe for up to the number of the shares of the classes specified in the Schedule to this Resolution as if the provisions of Article 5 of the Articles of Association of the Company adopted by paragraph (2) above did not apply thereto.

- (4) pursuant to Section 95 of the Companies Act 1985 the Directors be authorised to allot equity securities (as defined in Section 94(2) of the Companies Act 1985) up to a maximum nominal value of £190,328 as if Section 89(1) of the Companies Act 1985 did not apply thereto.



L M Wiseman

Dated 29 November 1999




C K J Briscoe

Dated 29 November 1999



For and on behalf of Taylor & Francis Limited

Dated 29 November 1999

D. A McGrouther.
by his attorney
D A McGrouther 

Dated 29 November 1999

SCHEDULE

<u>Class of Shares</u>	<u>Maximum Number of Shares</u>
(i) Ordinary Shares of £0.50 each;	656
(ii) Cumulative Redeemable Preference Shares of £1 each	190,000

Company No. 2622298



The Companies Act 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
PRIMAL PICTURES LIMITED

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COMPANIES HOUSE

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08/12/99

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The Companies Act 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

PRIMAL PICTURES LIMITED

(Adopted by Special Resolution passed on 29 November 1999)

PRELIMINARY

1. (A) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (as amended by the Companies (Tables A to F) (Amendment) Regulations 1985) (such table being hereinafter called "Table A") other than Regulations 2, 23, 41, 54, 64 to 69 (inclusive), 73 to 78 (inclusive) 80, 87, 89, 94, 118 and the first sentence of Regulation 24 shall apply to the Company save in so far as they are varied hereby and such Regulations (save as so varied) and the Articles hereinafter contained shall be the regulations of the Company.
- (B) In these Articles the expression "the Act" means the Companies Act 1985 but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

INTERPRETATION

2. In these Articles the following words and expressions bear the following meanings:-

"Accounting Reference Date"	means 31 December.
"Capital for Companies"	means Capital for Companies VCT plc whose office is situate at Quayside House Canal Wharf Leeds LS11 5PU or any assignee of the rights or benefits of Capital for Companies VCT plc under the Subscription Agreement.
"the Equity Share Capital"	means the Ordinary Shares.
"Family Trust"	means a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than for

the benefit of an Original Shareholder and/or a Privileged Relation of an Original Shareholder and no power of control over the voting powers conferred by any Shares the subject of the trust is capable of being exercised by or subject to the consent of any person other than the trustees or such Original Shareholder or his Privileged Relations.

"the Investor"

means British Smaller Technology Companies VCT Plc whose registered office is at Saint Martins House 210-212 Chapeltown Road Leeds LS7 4HZ or any assignee of the rights and benefits of British Smaller Technology Companies VCT Plc under the Subscription Agreement.

"the Investor's Director"

means the director appointed by the Investor pursuant to Article 22(A) of these Articles.

"McGrouther Option"

means the options in favour of Professor DA McGrouther granted by the Original Shareholders pursuant to an Agreement dated 14 August 1997.

"McGrouther Option Shares"

means an aggregate of 50 Ordinary Shares held by the Original Shareholders subject to the McGrouther Options.

"month"

is a reference to a period starting on one day in a calendar month and ending on the day before the numerically corresponding day in the next calendar month (and references to "months" shall be construed accordingly) save that if there is no numerically corresponding day in the calendar month in which that period ends that period shall end on the last day of that later calendar month.

"Net Profit"

means the Company's profits calculated in accordance with the historical cost convention and shown in the audited profit and loss account of the Company and in the event of there being any subsidiaries the audited consolidated profit and loss account for the relevant year but:-

(a) after making any provision for the redemption of the Preference Shares;

(b) after taxation.

"Original Shareholder"

means Laurence Michael Wiseman or Christopher Keith James Briscoe.

"Original Shareholding"

means 775 Ordinary Shares in respect of Laurence Michael Wiseman and 775 Ordinary Shares in respect of Christopher Keith James Briscoe.

"Permitted Transferee"

means a Privileged Relation or the trustees of a Family Trust where Shares are to be held upon such Family Trusts.

"Privileged Relation"

means the spouse (or widow or widower) of an Original Shareholder and the children and grandchildren (including step and adopted children and grandchildren) of an Original Shareholder.

"Share"

means a share in the capital of the Company of whatever class.

"Specified Event"

means either

(a) the admission to the Official List of the Stock Exchange of the whole or any part of the Equity Share Capital or the dealing therein on the Alternative Investments Market;

or

(b) the passing of control (as defined in Section 416 of the Income and Corporation Taxes Act 1988) of the Company to any person or persons (whether connected with one another or not) who are not members of the Company on the date of the adoption of these Articles.

"the Stock Exchange"

means the London Stock Exchange Limited.

"the Subscription Agreement"

means the Share Subscription Agreement

of even date with the date of the adoption of these Articles made between the Company (1) the Several Persons therein referred to (2) the Original Shareholders (3) the Investor (4) and Capital for Companies (5).

"T&F"

means Taylor & Francis Limited (company number 2280993).

"the T&F Director"

means the director appointed by T&F pursuant to Article 22(A) of these Articles.

SHARE CAPITAL

3. The authorised share capital of the Company at the date of the adoption of these Articles is £191,328 divided into 2,656 Ordinary Shares of £0.50 each ("Ordinary Shares") and 190,000 Cumulative Redeemable Preference Shares of £1 each ("Preference Shares").
4. The rights attaching to the said respective classes of share in the capital of the Company shall be as follows:-

(1) DIVIDENDS

- (a) The Preference Shares shall confer on the holders thereof as a class the right in priority to the rights of the holders of any other class of share in the capital of the Company to receive a fixed cumulative preferential dividend ("the Preference Dividend") of a cash sum equal to 0.05% per annum (net of any associated tax credit) of the total subscription price of the Preference Shares. The Preference Dividend shall accrue from day to day and be paid out of the profits of the Company available for distribution (without any resolution of the directors or of the Company in general meeting and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A) with the first such payment in respect of the period commencing on the date of issue of the Preference Shares and ending on 31 December 2000. The Preference Dividend shall be distributed amongst the holders of the Preference Shares pro rata according to the amounts paid up or credited as paid up thereon. Without prejudice to the rights of the holders of the Preference Shares hereunder any amount not so paid shall be carried forward and become payable (without any resolution of the directors or of the Company in general meeting and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A) on the next date on which the Preference Dividend is payable and (to the extent not so paid) on each succeeding date on which the Preference Dividend is payable in priority to the Preference Dividend payable on that date.
- (b) On and from 1 January 2002 the Ordinary Shares shall confer on the holders thereof as a class the right to receive a cumulative dividend ("the Minimum Ordinary Dividend") of a cash sum (net of any associated tax credit) equal to 25% of the Net Profit of the financial year in respect of which the distribution is made.

The Minimum Ordinary Dividend shall accrue from day to day and be paid out of the profits of the Company available for distribution (without any resolution of the directors or of the Company in general meeting and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A) not more than fourteen days after the annual general meeting of the Company at which the accounts for the relevant year are adopted (which annual general meeting shall not be held later than three months after the relevant Accounting Reference Date). The Minimum Ordinary Dividend shall be distributed among the holders of the Ordinary Shares pro rata according to the number of Ordinary Shares held. Without prejudice to the rights of the holders of the Ordinary Shares hereunder any amount not so paid shall be carried forward and become payable (without any resolution of the directors or of the Company in general meeting and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A) on the next date on which the Minimum Ordinary Dividend is payable and (to the extent not so paid) on each succeeding date on which the Minimum Ordinary Dividend is payable in priority to the Minimum Ordinary Dividend payable on that date but subject to the payment of the Preference Dividend and any arrears thereof.

- (c) After the Minimum Ordinary Dividend due in respect of any financial year has been paid any further dividend which the directors may recommend and the Company may approve in general meeting (without prejudice to any provision hereof requiring any further or other consent and it being understood and agreed that nothing hereinafter appearing shall be construed as compelling the directors to make any such recommendation or the Company to give any such approval) shall be distributed to the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held.
- (d) The Company shall procure that the profits of any subsidiary for the time being available for distribution shall be paid to it by way of dividend if and to the extent that but for such payment the Company would not itself otherwise have sufficient profits available for distribution to pay in full the Minimum Ordinary Dividend.
- (e) The Preference Shares shall not confer on the holders thereof the right to a dividend.

(2) CAPITAL

On a return of assets on liquidation or otherwise (except on a redemption of Shares of any class or the purchase by the Company of its own Shares) the surplus of assets of the Company remaining after the payment of liabilities shall belong to and be distributed first amongst the holders of the Preference Shares up to the full amount subscribed for each such issued share and second the balance of such surplus shall be distributed amongst the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held PROVIDED THAT in no circumstances shall the Investor be entitled to receive more than 49.9% of such surplus.

(3) VOTING

The holders of the Ordinary Shares shall on a show of hands each have one vote and on a poll each have one vote per share. Subject to Article 19 the Preference Shares shall not carry any voting rights.

(4) REDEMPTION

- (a) Subject to the provisions of the Act and to Article 4(4)(b) the Preference Shares shall be redeemed in cash on 20 December 2004 at a redemption price of £1 for each Preference Share together with a redemption premium equal to 10% per annum of the nominal value thereof calculated from the date of issue of the Preference Shares to the date of redemption.
 - (b) Notwithstanding anything hereinbefore contained the Company shall redeem all the issued Preference Shares immediately prior to the happening of a Specified Event at the price determined in accordance with Article 4(4)(a).
 - (c) Completion of the redemption of Preference Shares shall take place on the relevant redemption date whereupon the Company shall deliver to each holder of Preference Shares so to be redeemed a banker's draft for the total redemption price for such Shares together with all arrears or deficiency of dividend calculated at the date of redemption and to be payable whether or not such dividends have been declared or earned against delivery of the share certificates therefor.
 - (d) If any certificates delivered to the Company include any Preference Shares not falling to be redeemed on the relevant redemption date a fresh certificate for such Shares shall be issued to the holder thereof.
 - (e) If any holder of Preference Shares whose Shares are liable to be redeemed shall fail or refuse to deliver up the certificate for his Shares the Company may retain the redemption monies until delivery of the certificate (or of an indemnity in respect thereof in a form reasonably satisfactory to the directors) but shall thereupon pay the redemption monies to the holder.
 - (f) If the Company should be permitted by law to redeem some only of the Preference Shares which are due to be redeemed on a particular redemption date it shall redeem the maximum number of such Shares permitted by law on such date and shall redeem the balance of such Shares so due to be redeemed as soon thereafter as it is permitted so to do by law.
5. Subject to the provisions of these Articles and without prejudice or any special rights previously conferred on the holders of any existing Shares or class of Shares all Shares shall be issued to such persons and upon such terms and conditions and with such rights priorities privileges or restrictions as the resolution creating or issuing such Shares or effecting the increase in the authorised Shares capital of the Company shall prescribe but in the absence of any such prescription all Shares whether forming part of the existing or any increased capital shall be at the disposal of the directors of the Company who may issue them subject to Section 80 of the Act to such persons at such times and generally on such terms and conditions and with such rights priorities privileges or restrictions as they may think fit.

6. No Shares shall be issued to any infant bankrupt or person suffering from a mental disorder.

CLASS RIGHTS

7. (A) Whenever the capital of the Company is divided into different classes of share 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 with the consent in writing of the holders of not less than three fourths in nominal value of the issued Shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the Shares of that class but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall mutatis mutandis apply except that the necessary quorum shall be one person present in person or by proxy (whenever there is only one holder of Shares in that class) but where there are two or more holders of that class the quorum shall be two persons at least holding or representing by proxy not less than one third in nominal amount of the issued Shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present that member who is present shall be a quorum) and that the holders of Shares of the class shall on a poll have one vote in respect of every share of the class held by them respectively.
- (B) Without prejudice to the generality of Article 7(A) there shall be deemed to be a variation of the rights attaching to the Preference Shares if any of the following events ("the Special Circumstances") shall occur:-
- (a) otherwise than pursuant to a resolution of the board of directors of the Company in respect of which the Investor's Director voted in favour:-
 - (i) the declaration or payment of a dividend other than the Preference Dividend and the Minimum Ordinary Dividend pursuant to Articles 4(1)(a) or 4(1) (b) respectively; or
 - (ii) the failure to pay a dividend in accordance with Articles 4(1)(a) and 4(1) (b) where the Company is legally able to do so; or
 - (b) the Company failing to redeem the Preference Shares in accordance with Article 4(4); or
 - (c) a proposal being tabled to alter the Memorandum of Association of the Company or these Articles; or
 - (d) a proposal being tabled to remove from office the Investor's Director; or
 - (e) a proposal being tabled to issue allot or grant options over or modify the rights attaching to any share in the capital of the Company; or

- (f) a proposal being tabled to purchase or redeem any share in the capital of the Company (other than the redemption of the Preferences Shares in accordance with these Articles) or to cancel or reorganise any part of the share capital of the Company (including share premium account); or
- (g) a proposal being tabled which constitutes or may result in a contravention of any of the provisions set out in paragraphs (A) and (B) of Part 1 of the Third Schedule to the Subscription Agreement.

FURTHER ISSUE OF SHARES

- 8. (A) Subject to the provisions of Articles 4 (4) and 7 (B) of these Articles save with the prior written consent of the Original Shareholders, the Investor, Capital for Companies and T&F whilst each is a shareholder in the Company no Shares may be allotted or issued to any person and the Company shall not exercise any of the powers referred to in Regulations 3, 32, 33, 34, 35, and 110 of Table A
- (B) Sections 89(1) and 90(1) to (6) inclusive of the Act shall not apply to any allotment of Shares in the Company.
- (C) Subject always to Articles 7 and 8 (A) if the directors of the Company shall determine to make an issue of Shares of any class they shall unless the Company shall by special resolution otherwise direct be bound to make an offer (stipulated to be open to acceptance within twenty eight days) to each member for the time being holding Shares in the Equity Share Capital of such a proportion of the Shares which the directors of the Company determine to issue as that member's holding bears to the aggregate nominal value of Shares in the Equity Share Capital immediately prior to the issue of the Shares and any such member shall be bound within twenty eight days of the making of such offer to him either to accept or reject in writing such offer in full or in part (and in default of so doing shall be deemed to have rejected the offer in full). After the expiration of that time or on the receipt of an intimation from any member to whom the offer is made that he rejects the offer in full or in part the directors of the Company shall offer the Shares so rejected or deemed to have been rejected in like manner to such of the other members as accepted the original offer in full.

LIEN AND CALLS

- 9. (A) The lien conferred by Regulation 8 of Table A shall extend also to fully paid Shares and to all Shares registered in the name of any person indebted or under liability to the Company whether he shall be the sole registered holder thereof or shall be one of the several joint holders and shall be a first and paramount lien for all moneys and liabilities whether presently due and payable or not.
- (B) The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

TRANSFER OF SHARES

10. The instrument of transfer of any fully paid share shall be signed by or on behalf of the transferor only but in the case of a partly paid share the instrument of transfer shall also be signed by or on behalf of the transferee. The transferor of any share shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.
11.
 - (A) The directors of the Company may refuse to register any transfer of any share on which the Company has a lien or any transfer of any share (not being a fully paid share) to a person whom they shall not approve (not being a person to whom a transfer of Shares may be made by a member pursuant to Articles 13 or 14).
 - (B) For the purpose of ensuring that a particular transfer of Shares is permitted under the provisions of these Articles the directors may require the transferor or the person named as the transferee in any transfer lodged for registrations to furnish the Company with such information and evidence as the directors may think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question.
 - (C) Save as permitted by Articles 13 and 14 or as required by Article 15 neither Original Shareholder shall without obtaining the prior written consent of the Investor dispose of any interest in or right attaching to or renounce or assign any right to receive or subscribe for any share (save as may be required in pursuance of his obligations under the Subscription Agreement) or create or permit to exist any charge lien pledge or other encumbrance or trust over any share or agree to do any of these things.
 - (D) No share may be transferred to any infant bankrupt person or person suffering from mental disorder.
12.
 - (A) The directors of the Company shall register any transfer of any share made pursuant to Articles 13 14 or 15 but in any other circumstances the directors of the Company shall refuse to register any transfer of any share by an Original Shareholder whether or not it is a fully paid share unless the prior written consent of the Investor to such transfer has been obtained.
 - (B) Any directions (by way of renunciation nomination or otherwise) by a member entitled to an allotment of Shares to the effect that such Shares or any of them be allotted or issued to some person other than that member or any sale or other disposition for consideration or otherwise by whomsoever made and whether effected by an instrument in writing or not of a beneficial interest in a share other than any such share or other disposition in favour of an existing member shall for the purposes of these Articles be deemed to be a transfer and the directors of the Company shall accordingly decline to register such person as the holder thereof except where the proposed transferee is a person to whom a transfer of Shares may be made by a member pursuant to these Articles where the provisions of

these Articles have been complied with in which event the directors shall register the share in the name of the member entitled thereto.

13. (A) The Ordinary Shares and the Preference Shares may be transferred at any time pursuant to the following provisions of this Article.
- (B) Subject to Articles 13(K) and 14 in the event of a member holding Ordinary Shares wishing to dispose of all or any part of his Ordinary Shares ("the Transferor") he shall serve upon the Company notice in writing (a "Transfer Notice") in respect of such Shares.
- (C) A Transfer Notice shall constitute the Company the agent for the sale of the Shares the subject of the Transfer Notice ("the said Shares") in one or more lots at the discretion of the directors to the holders of Ordinary Shares (other than the Transferor) (such holders being hereinafter referred to as "the Members") at the price specified (if any) save that if the directors do not accept that the sum (if any) specified by the Transferor constitutes the fair price of the said Shares or if no such sum shall be specified they shall instruct the Auditors of the Company (whose costs shall be borne by the Company and who shall act as experts and not as arbitrators so that any provision of law or statute relating to arbitration shall not apply) to certify by certificate in writing ("a certificate of value") the value in their opinion of the said Shares as between a willing seller and a willing buyer (but without discount for minority or premium for majority and on the assumption that the entire issued Equity Share Capital is being sold) and in such a case the Transfer Notice shall constitute the Company the Transferor's agent for the sale of the said Shares but at the price certified in the certificate of value.
- (D) The certificate of value shall be conclusive and binding on the Transferor and the Members.
- (E) Upon the price being fixed as aforesaid (whether by reference to the Transferor's opinion of the fair price or by reference to the certificate of value) the Company shall forthwith by notice in writing (an "Offer Notice") inform each Member of the number and price of the said Shares and shall invite each such Member to apply in writing to the Company within 21 days of the date of despatch of the Offer Notice (which date shall be specified therein) to purchase such maximum number of the said Shares (being all or any thereof) as he shall specify in such application.
- (F) If such Members shall within the said period of 21 days apply in writing to purchase all or any of the said Shares the directors shall allocate the said Shares to or amongst the applicant Members in accordance with their applications and in the event of competition for all or any of the said Shares the same shall be so allocated to or amongst the applicant Members in the proportions as nearly as may be which the number of Ordinary Shares of which they are registered or unconditionally entitled to be registered as holders bear to each other.
- (G) The Company shall forthwith give notice of allocations of the said Shares made in accordance with Article 13 (F) (each an "Allocation Notice") to the Transferor

and to the persons to whom the said Shares have been allocated and shall specify in the Allocation Notice the place and time (being not later than 28 days after the date of despatch of the Allocation Notice which date shall be specified therein) at which the sale of the said Shares so allocated shall be completed.

- (H) The Transferor shall be bound (upon payment of the purchase price due in respect thereof) to transfer the Shares comprised in an Allocation Notice to the person named therein at the place and time therein specified.
 - (I) If in any case the Transferor after having become bound as aforesaid makes default in transferring any of the said Shares the Company may appoint some person to execute a transfer of such Shares in favour of the purchasers. The person so appointed in such event shall deliver the purchase monies or cause the same to be delivered to the Company together with the relevant transfer duly executed by him on behalf of the defaulting Transferor and the Company shall cause the name of the purchasers to be entered in the register of members of the Company as the holders of the said Shares and shall hold the purchase monies in trust for the Transferor. Any share certificate held by the Transferor for any of the said Shares in respect of which such default has been made shall be cancelled by the Company and new share certificates shall be issued to the purchasers. The receipt of the Company for the purchase monies shall be a good discharge to the purchasers and after their names have been entered in the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person. The purchase monies shall not bear interest against the Company or the appointed person or the purchasers.
 - (J) If any of the said Shares have not been applied for pursuant to the foregoing provisions of this Article 13 the same shall be transferable at the price fixed as aforesaid to any person whomsoever subject to the prior written consent of the Investor to such transfer having been obtained.
 - (K) The Preference Shares and any Ordinary Shares held by the Investor or an Investor's Associate shall be freely transferable without restriction as to price or otherwise PROVIDED THAT prior to accepting an offer to purchase any such shares the Investor (or the Investor's Associate) shall have procured an offer at the same price and otherwise on the same terms for the Preference Shares and/or the Ordinary Shares (as the case may be) held by Capital for Companies such offer to have been made at least 21 days prior to the Investor accepting the offer to purchase any of the shares held by it.
 - (L) The McGrouther Option Shares shall be transferable in accordance with the terms of the McGrouther Option.
14. (A) Notwithstanding the provisions of Article 13 an Original Shareholder may at any time transfer to a Permitted Transferee or another Original Shareholder any Shares held by him provided that the total number of Shares transferred by all transfers shall be less than fifty percent of his Original Shareholding.
- (B) Where Shares are held by a Permitted Transferee such Shares may at any time be

transferred by such Permitted Transferee to the Original Shareholder who transferred the same to the said Permitted Transferee or to a Privileged Relation of such Original Shareholder but not further or otherwise by such Permitted Transferee.

(C) Where Shares are held by trustees upon a Family Trust:-

- (i) such Shares may on any change of trustees be transferred to the new trustees of that Family Trust; and
- (ii) if and whenever any such Shares cease to be held upon a Family Trust (otherwise than in consequence of a transfer authorised by Article 14(B)) the trustees shall within 28 days of the Shares ceasing to be held as aforesaid transfer the same to the Original Shareholder by whom they were transferred to the said Family Trust or to a Privileged Relation of such Original Shareholder and such Shares shall not be otherwise transferred.

(D) Subject to Article 13(K) a Member may at any time transfer all or any of his Shares to any person with the prior written consent of the Original Shareholders, T&F, Capital for Companies and the Investor provided that no such consent shall be needed from any of the foregoing who has ceased to be a shareholder in the Company.

(E) If the Original Shareholders, whether alone or jointly, receive a bona fide offer from a third party ("Proposed Purchaser") for the purchase of 25% or more of the entire issued share capital of the Company on an arm's length basis ("Offer"), he and /or they may accept such Offer provided that the acceptance is conditional upon the terms of this Article being complied with in all respects and that the conditions are not waived. The sale pursuant to the Offer may be completed if:

- (i) an Original Shareholder dispatches a notice within 7 days of accepting the Offer notifying each of T&F the Investor and Capital for Companies of the main terms of the Offer and that he has contracted to accept the Offer in accordance with the provisions of this Article 14 (E);
- (ii) the Proposed Purchaser has made a binding written offer to T&F and the Investor and Capital for Companies at the same price (plus the cash value of any other sum (in cash or otherwise) receivable by the Original Shareholders which can reasonably be regarded as an addition to the price) and otherwise on the same terms per Share as those in the Offer, such offer to be kept open for at least 21 days from delivery of the notice to T&F; and
- (iii) T&F the Investor and Capital for Companies have accepted the offer made to it.

15. If any person (a "Relevant Member")

- (i) being an individual member ceases to be a director and/or to be employed by the Company or any of its subsidiaries for any reason whatsoever; or
- (ii) being an individual member dies; or
- (iii) being an individual or corporate member is adjudicated bankrupt or enters into receivership administrative receivership administration or liquidation;

such Person shall upon the occurrence of any such event serve (and if not served shall be deemed to have served) upon the Company a Transfer Notice in respect of his entire holding of Shares together with all Shares held by any other person to whom Shares formerly held by the Relevant Member have been transferred pursuant to Article 14 whereupon the provisions of Article 13 (B) to (J) shall apply mutatis mutandis.

GENERAL MEETINGS AND RESOLUTIONS

- 16. (A) A notice convening a general meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and Regulation 38 in Table A shall be modified accordingly. All business shall be deemed special that is transacted at an extraordinary general meeting and also all that is transacted at an annual general meeting with the exception of declaring a dividend the consideration of accounts balance sheets and the reports of the directors of the Company and auditors and the appointment of and the fixing of the remuneration of the Auditors.
- (B) Every notice convening a general meeting shall comply with the provisions of Section 372 (3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the directors of the Company and to the Auditors for the time being of the Company.
- 17. (A) 4 members (of which three must be T&F, Capital for Companies and the Investor whilst it is a shareholder in the Company) present in person or by proxy shall be a quorum. Regulation 40 of Table A shall be modified accordingly.
- (B) Regulation 40 of Table A shall be read and construed as if the words "at the time when the meeting proceeds to business" were added at the end of the first sentence.
- (C) If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand adjourned to the same day in the next week at the same time and place as the directors of the Company may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed the members then present shall constitute a quorum.
- 18. (A) At any general meeting of the Company a poll may be demanded by one or more members present in person or by proxy and having the right to vote at the meeting and sub-clauses (b) and (c) and (d) of Regulation 46 of Table A shall be modified

accordingly.

- (B) The chairman of a general meeting shall not be entitled to a second or casting vote. Regulation 50 shall not apply.
 - (C) The directors shall on a requisition signed by the Investor or Capital for Companies and deposited at the office duly convene an extraordinary general meeting of the Company. If the directors do not within 7 days from the date of the deposit of the requisition proceed duly to convene a meeting the Investor or Capital for Companies as the case may be may itself convene a meeting. This provision shall apply notwithstanding that either the Investor or Capital for Companies holds (if such be the case) less than one tenth of the issued Equity Share Capital.
19. Upon the occurrence of any of the Special Circumstances set out in Article 7(B) but not further or otherwise on a resolution of members in general meeting whether or not convened by the board of directors the holders of the Preference Shares shall have such number of votes as shall confer on a poll of the holders of the Preference Shares 51% of the total votes capable of being exercised at such general meeting. In the case of Special Circumstance (a) or (b) such voting rights shall be exercisable solely to block the payment of the dividend or to compel the payment of the Preference Dividend the Minimum Ordinary Dividend or the redemption of the Preference Shares (as the case may be). In any other Special Circumstances such voting rights shall apply to the proposal in question only.

APPOINTMENT AND REMOVAL OF DIRECTORS

20. Unless and until otherwise determined by Ordinary Resolution of the Company there shall be a maximum number of 7 directors of the Company and the minimum number of directors shall be 4.
21. (A) The directors of the Company shall not be required to retire by rotation.
- (B) The provisions of Section 293 of the Act shall apply to the Company notwithstanding that the Company is neither a public company nor a subsidiary of a public company.
22. (A) Notwithstanding any limitation on the number of directors fixed in accordance with these Articles the Investor and or-T&F shall each be entitled so long as the Investor or and T&F (as the case may be) hold any Shares in the Company to appoint at any time and from time to time the Investor's Director and the T&F Director respectively as directors of the Company and to remove from office any person so appointed and to appoint another in his place and whilst the Investor or T&F (as the case may be) hold any Ordinary Share there shall be no quorum at any meeting of the board of directors of the Company unless the Investor's Director and the T&F Director are present PROVIDED THAT if the Investor's Director or the T&F Director shall not be present but shall have prior to the relevant meeting deposited a written notice consenting to the meeting being held in his absence then the quorum for such meeting shall be any two directors

(including whichever of the Investor's Director or the T&F Director shall not have deposited such written notice).

- (B) If at any meeting of the board of directors of the Company any of the Special Circumstances shall exist the Investor's Director shall be entitled to such number of votes in addition to his own vote as shall constitute a majority on the board PROVIDED THAT in relation to Special Circumstance (a) or (b) such augmented voting rights shall be exercisable solely to block the payment of the dividend or to compel the payment of the Preference Dividend the Minimum Ordinary Dividend or the redemption of the Preference Shares (as the case may be) and that in any other Special Circumstance such augmented voting rights shall apply to the proposal in question only.
 - (C) The appointment and removal of the Investor's Director or the T&F Director shall be effected by a notice or notices in writing signed on behalf of the Investor or T&F respectively and given to the Company at the office and shall take effect forthwith upon receipt.
- 23. The remuneration to be paid to the Investor's Director shall be payable by the Company to the Investor and shall be such sum as may be determined in accordance with the Subscription Agreement and Regulation 82 of Table A shall be read and construed accordingly.
 - 24. In addition and without prejudice to the provisions of Sections 303 and 304 of the Act but subject as hereinbefore provided in relation to the Investor's Director and the T&F Director the Company may by extraordinary resolution remove any director of the Company before the expiration of his period of office and may if thought fit by ordinary resolution appoint another person in his stead or as an additional director.
 - 25. No person shall be appointed as a director of the Company (except pursuant to Article 22) unless he shall first have agreed in writing under seal and in consideration of his appointment as a director to be bound by the Shareholders' Covenants (as defined in the Subscription Agreement) as if he were one of the Shareholders as therein defined.

BORROWING POWERS

- 26. The directors of the Company may exercise all the powers of the Company (whether express or implied) to borrow and/or secure the payment of money to guarantee the payment of money and the fulfilment of obligations and the performance of contracts and to mortgage or charge the property assets and uncalled capital of the Company and (subject to Section 80 of the Act) to issue debentures debenture stock and all other securities whether outright or as security for any debt liability or obligation of the Company or of any third party.

GRATUITIES AND PENSIONS

- 27. The directors of the Company may exercise all the powers of the Company conferred by the Memorandum of Association of the Company to pay and/or provide pensions annuities gratuities superannuation and other allowances benefits advantages facilities

and services both for persons who are or have been directors of or who are or have been employed by the Company and their dependants and relatives and the directors shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

PROCEEDINGS OF DIRECTORS

28. After the words "Subject to the provisions of the Act" in Regulation 85 of Table A there shall be inserted the following "and to the Subscription Agreement" and Regulation 85 shall be read and construed accordingly.
29. A director may vote at any meeting of the directors or of any committee of the directors on any resolution notwithstanding that it in any way concerns or relates to a matter in which he has directly or indirectly any kind of interest whatsoever and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.
30. Subject always to the provisions of Article 21 (A) the quorum necessary for the transaction of the business of the directors shall be 2. A person who holds office only as an alternate director shall if his appointor is not present be counted in the quorum.

ALTERNATE DIRECTORS

31. (A) Each director of the Company shall have the power (i) at any time to appoint as an alternate director either another director of the Company or any other person who in the case of an alternate appointed by a director of the Company other than the Investor's Director shall be approved for that purpose by resolution of the directors and (ii) at any time to terminate such appointment.
- (B) The appointment of an alternate director shall automatically terminate on the happening of any event which if he were a director of the Company would cause him to vacate the office of director or if his appointor shall cease for any reason to be a director of the Company otherwise than by retiring and being re-appointed at the same meeting.
- (C) Every appointment removal or resignation of an alternate director shall be in writing signed by the appointor or (as the case may be) by the alternate director and shall take effect (subject to any approval required under Article 31 (A)) upon receipt of such written appointment removal or resignation at the office.
- (D) An alternate director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served) be entitled to receive notices of all meetings of the directors of the Company or of any committee of the directors of which his appointor is a member and to attend and in place of his appointor vote as a director and be counted for the purposes of a quorum at any such meeting at which his appointor is not personally present and generally in the absence of his appointor to perform and exercise all the functions powers and duties as a director of his appointor and to receive notice of all general meetings.

An alternate director shall during his appointment be an officer of the Company and shall not be deemed to be an agent of his appointor but shall not be entitled to any remuneration or fee from the Company.

- (E) A director of the Company or any other person may act as alternate director to represent more than one director of the Company and an alternate director shall be entitled at meetings of the directors of the Company or any committee of the directors of the Company to one vote for every director whom he represents in addition to his own vote (if any) as a director.

INDEMNITY

32. Every director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto including any liability incurred by him in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Sections 144 or 727 of the Act in which relief is granted to him by the Court and no director or other officer shall be liable for any loss damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto PROVIDED THAT this Article shall only have effect insofar as its provisions are not avoided by Section 310 of the Act.