

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

LUDGATE 104 LIMITED

(As adopted by Special Resolution on 9th November 1995)



PRELIMINARY

1. The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 ("Table A") shall apply to the Company save insofar as they are excluded or varied hereby.
2. The regulations of Table A numbered 8, 24, 50, 64 to 69, 73 to 81, and 94 to 98 shall not apply to the Company, and in lieu thereof and in addition to the remaining regulations of Table A (as may be hereby varied), the following shall be the regulations of the Company

PRIVATE COMPANY

3. The Company is a private company within the meaning of the Companies Act 1985 ("the Act")

SHARES

4. All unissued shares (whether forming part of the original or any increased capital) shall, before issue, be offered on identical terms to all the members in proportion as nearly as circumstances permit (fractions being disregarded) to the amount of the existing issued shares of which they are the holders. Any such offer shall be made by notice specifying the number and class of shares and the price at which the same are offered and limiting the time (being not less than twenty-eight days unless the member to whom the offer is to be made otherwise agrees) within which the offer, if not accepted, shall be deemed to be declined. Subject as aforesaid and to the provisions of Section 80 of the Act, the shares of the Company, whether

forming part of the original capital of the Company or subsequently created, shall be under the control of the Directors, who may allot, issue or grant options over or otherwise dispose of such shares and may determine the rights to be attached thereto and the terms upon which they be allotted or issued. In accordance with Section 91 of the Act, sub-section (1) of Section 89 and sub-sections (1) to (6) inclusive of Section 90 of the Act shall be excluded from applying to the Company

TRANSFER OF SHARES

5. (1) Any share may be transferred by a member to any spouse or child of such member or to a trust or trusts for the sole benefit of the children of such member and any share of a deceased member may be transferred to such persons or trusts by his personal representatives. Subject as aforesaid no shares in the capital of the Company may be transferred to any person unless and until the rights of pre-emption conferred by this Article shall have been exhausted

(2) Every member who shall wish to dispose of his shares in the capital of the Company ("the Vendor") shall serve the Company with a notice in writing ("the Transfer Notice"). The Transfer Notice shall be in respect of not less than 10% of the shares in the Company held by the Vendor, shall specify the number and class of shares to which it relates, the name of the proposed transferee and shall constitute the Company the agent of the Vendor for the sale of such shares on the terms and conditions set out below and at the price determined in accordance with paragraph (3) of this Article

(3) For the purposes of paragraph (2) above the price at which the shares comprised in the Transfer Notice may be sold ("the Transfer Price") shall be as agreed between the Vendor and the other members or, failing agreement, shall be such price as shall be certified by the Auditors of the Company for the time being to be in their opinion the fair value thereof and for the purpose of ascertaining the fair value thereof the Auditors shall value the shares comprised in the Transfer Notice at such proportion of the total value of the shares in issue as the number of shares comprised in the Transfer Notice bears in relation to the total number of shares in issue due discount being given for minority interest and in so certifying the fair value the Auditors shall be deemed to be acting as experts and not as arbitrators and accordingly the Arbitration Acts 1950 and 1979 and any statutory modification or re-enactment thereof for the time being in force shall not apply. If either the Vendor or any other member of the Company disagrees with the Transfer Price as certified by the Auditors for the time being of the Company the person concerned may within 14 days of being notified of the Transfer Price elect that the Transfer Price shall be certified (on the basis specified above) by an independent firm of Accountants to be nominated (in default of agreement between the Vendor and the other members) by the President for the time being of the Institute of Chartered Accountants in England and Wales. In the event of any difference between the Transfer Price certified by the Accountants for the time being of the Company and such independent Accountants (who shall be deemed to be acting as experts and not as arbitrators) the price certified by the independent Accountants shall prevail and shall be the Transfer Price

(4) Upon the Transfer Price being determined the Vendor may by notice in writing to the Directors within 7 days of being notified of the Transfer Price revoke the Transfer Notice and in such event the costs of the valuation of the shares shall be borne exclusively by the Vendor. Save as aforesaid the Transfer Notice shall not be revocable except with the sanction of the Directors

(5) If after the expiry of the 7 day period referred to in paragraph (4) above the Transfer Notice shall not have been revoked as aforesaid then the Directors shall offer at the Transfer Price any shares comprised in a Transfer Notice to the persons then holding the remaining shares in the Company as nearly as may be in proportion to their respective holdings of shares in the Company and shall limit the time (being 30 days following the date of such offer) within which such offer if not accepted in whole or in part shall be deemed to be declined, and shall notify to such persons that any such person who desires to purchase shares in excess of his said proportion shall in his reply state how many additional shares he desires to purchase at the Transfer Price, and if all such persons do not accept their said proportions in full, the unaccepted shares shall be used for satisfying the said claims for additional shares. If there shall be insufficient of the said unaccepted shares to satisfy in full all such claims for additional shares, the said unaccepted shares shall be distributed amongst persons making such claims as nearly as may be in proportion to the said respective holdings of shares in the Company, provided that no person shall be bound to take more additional shares than those he shall have offered to purchase

(6) Subject as otherwise provided by the next following paragraph upon the acceptance of all the shares comprised in a Transfer Notice the Vendor shall be bound on payment of the Transfer Price to transfer his shares to the purchaser or purchasers and if the Vendor shall make default in so doing then the Company may receive and give a good discharge in respect of the purchase money on behalf of the Vendor and the Directors shall authorise some person to transfer the shares sold to the purchaser or purchasers and shall enter the name or names of the purchaser or purchasers in the Register of Members as holder or holders by transfer of the shares purchased by him or them and after such entry shall have been made in the Register of Members in the exercise of the aforesaid powers the validity of the transaction shall not be questioned by any person

(7) In the event of the whole of the shares comprised in the Transfer Notice not being accepted under this Article the Vendor shall be under no obligation to sell any of the shares comprised in the Transfer Notice to any members who may have accepted the same pursuant to the foregoing paragraph of this Article and the Vendor may (subject to paragraph (10) of this Article) at any time within six months after the Transfer Notice was given sell such shares to any person at not less than the Transfer Price

(8) In the event of the death of any member, the personal representatives of the deceased member shall be deemed to have served the Company with a Transfer Notice pursuant to paragraph (2) of this Article in respect of all shares registered in the name of the deceased member at the date of his death and not so

transferred, and all the provisions of this Article shall have effect accordingly, save that such Transfer Notice shall not be revocable

(9) If any member shall be adjudged bankrupt, his Trustee in Bankruptcy shall be deemed to have served the Company with a Transfer Notice pursuant to paragraph (2) of this Article in respect of all the shares registered in the name of the bankrupt member at the date of such adjudication, and all the provisions of this Article shall have effect accordingly, save that such Transfer Notice shall not be revocable

(10) Subject to the foregoing provisions of this Article, no transfer of any share in the capital of the Company shall be made or registered without the previous sanction of the Directors, who may in their absolute and uncontrolled discretion, without assigning any reason, refuse to give such sanction

(11) With the consent in writing of all the members for the time being of the Company the provisions of this Article may be waived by the Directors in whole or in part in a particular case

6. The Transferor of a share shall be deemed to remain the holder of the share until the name of the Transferee is entered in the Register in respect thereof

LIEN

7. The Company shall have a first and paramount lien on every share, whether fully paid or not, registered in the name of any person, whether as sole or joint holder, indebted to the Company for all moneys due to the Company, whether in respect of that share or not. The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to any dividend payable in respect of it. The registration of a transfer of a share shall operate as a waiver of any lien of the Company thereon

DIRECTORS

8. (1) Unless and until otherwise determined by ordinary Resolution of the Company the minimum number of Directors excluding alternate directors shall be one and in the event of there being a sole Director, he shall have all the powers and be subject to all the provisions herein conferred on the Directors and he or any alternate Director appointed by him shall alone constitute a quorum of any meeting of the Directors and there shall be no maximum number of Directors

(2) A Director shall not be required to vacate his office and no person shall be ineligible for appointment or re-appointment as a Director by reason of his attaining

the age of 70 or any other age and Section 293 of the Act shall not apply to the Company

9. (1) The Directors shall have the power to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, subject to any maximum for the time being in force

(2) The Company may by ordinary resolution appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, subject to any maximum for the time being in force

10. Any Director who is appointed to any executive office or who serves on any committee or who otherwise performs services, in the opinion of the Directors, outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may from time to time determine

POWERS AND DUTIES OF DIRECTOR

11. Subject to making such disclosures and declarations of his interest as are required by Section 317 of the Act, a Director may contract with and participate in the profits of any contract with the Company as if he were not a Director, and may retain for his own absolute use and benefit all profits and advantages accruing to him therefrom. A director may also vote in respect of any contract or arrangement in which he is interested and shall be counted in the quorum present at the meeting

12. A Director may hold any other office or place of profit under the Company other than that of auditor or of secretary if he be a sole Director, at such remuneration and upon such terms as the Directors may determine. Any Director may act by himself or his firm in a professional capacity for the Company other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director

PROCEEDINGS OF DIRECTORS

13. Subject as provided in Article 8(1) above the quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be two. Meetings of the Directors may be held by telephone and for the purposes of determining whether the quorum necessary for the transaction of the business of the Directors exists at any meeting of the Directors, in addition to the Director of Directors or their alternates present at the Meeting any Director or alternate Director in telephonic communication with such meeting shall be counted in the quorum.

MANAGING DIRECTOR

14. The Directors may from time to time appoint one or more of their body to the office of Managing Director for such period and on such terms and at such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in another) as they may think fit, and subject to the terms of any agreement entered into in any particular case, the Directors may at any time revoke such appointment, which shall be automatically determined if the person or persons appointed shall cease for any reason to be a Director

15. The Directors may from time to time entrust to and confer upon a Managing Director or Managing Directors as a Committee all or any of the powers exercisable by the Directors (including the power to make calls, issue, allot or forfeit shares or issue debentures) upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers

DISQUALIFICATION OF DIRECTORS

16. The office of a Director shall be vacated if :

- (i) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (ii) he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or
- (iii) he becomes of unsound mind; or
- (iv) he resigns his office by notice in writing to the Company; or
- (v) the Company shall so resolve by an Extraordinary Resolution at an Extraordinary General Meeting

ALTERNATE DIRECTORS

17. Each Director shall have the power at any time to appoint to the office of an alternate Director either another Director or any other person approved for that purpose by the other Directors (such approval not to be unreasonably withheld), and may at any time remove from office any alternate Director so appointed by him

18. The appointment of an alternate Director shall automatically determine on any of the following events :

- (i) if his appointor shall determine the appointment;

- (ii) on the happening of any event which, if he were a Director, would cause him to vacate the office of Director;
- (iii) if by writing under his hand he shall resign such appointment; or
- (iv) if his appointor shall cease for any reason to be a Director

19. An alternate Director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served upon him) be entitled to receive notice of meetings of the Directors and of any Committee of the Directors of which appointor is a member and to attend, to vote and be counted for the purpose of a quorum at any meeting of the Directors at which his appointor is not personally present and generally to perform all the functions of his appointor as a Director in his absence

20. An alternate Director may be repaid by the Company such expenses as might properly be repaid to him if he were a Director but shall not in respect of such appointment be entitled to receive any remuneration from the Company. An alternate Director shall be entitled to be indemnified by the Company to the same extent as if he were a Director

21. 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

22. Subject to the provisions of this Article, the provision of these Articles and of the Regulations of Table A which apply to the Company relating to Directors shall apply to every alternate Director except that he shall not have power as such alternate Director to appoint any Director or other person as his alternate

23. Every appointment and removal of an alternate Director shall be in writing signed by or on behalf of the appointor and shall take effect (subject to any approval required by Article 17) upon receipt of such written appointment or removal at the registered office of the Company or by the Secretary

24. Whenever a Director is also an alternate Director his rights and powers as such alternate Director shall be additional to and separate from those which he has as Director, and in particular he shall be entitled to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present

ASSOCIATE DIRECTORS

25. (1) The Directors may from time to time appoint any manager or other officer or person in the employ of the Company or any subsidiary company of the Company to be an Associate Director of the Company. Any Associate Director so appointed may be removed by resolution of the Directors at any time and without the giving of any reason or any notice in that behalf

(2) An Associate Director appointed under this Article shall not be required to hold any shares in the Company to qualify him for such office

(3) An Associate Director shall not while he continues to hold office be taken into account in calculating the number to form a quorum at any meeting of the Directors

(4) The appointment, continuance in office, removal, powers, duties and remuneration of the Associate Director or any of them shall be determined by the Directors

(5) An Associate Director shall not except with and to the extent sanctioned by the Directors :

- (i) have any right of access to the books of the Company;
- (ii) be entitled to receive notice of or to attend at the meetings of the Directors;
- (iii) be entitled to exercise any of the powers, duties or rights of the Directors individually or collectively.

INDEMNITY

26. 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 judgment is given in his favour or in which he is acquitted or in connection with any application under Sections 144, 145 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. But this Article shall only have effect insofar as its provisions are not avoided by Section 310 of the Act

OVER-RIDING PROVISION

27. Whenever Bio-Metrics (UK) Limited (hereinafter called "the Parent Company"), or any subsidiary of the Parent Company, shall be the holder of not less than 90 per cent of the issued Ordinary Shares of the Company the following provisions shall apply and to the extent of any inconsistency shall have over-riding effect as against all other provisions of these Articles:

- (A) the Parent Company may at any time and from time to time appoint any person to be a Director or remove from office any Director howsoever appointed but so that in the case of a Managing Director his removal from

- office shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company;
- (B) no unissued shares shall be issued or agreed to be issued or put under option without the consent of the Parent Company;
- (C) any or all powers of the Directors shall be restricted in such respects and to such extent as the Parent Company may by notice to the Company from time to time prescribe.

Any such appointment, removal, consent or notice shall be in writing served on the Company and signed on behalf of the Parent Company by any two of its Directors or by any one of its Directors and its Secretary or some other person duly authorised for the purpose. No person dealing with the Company shall be concerned to see or enquire as to whether the powers of the Directors have been in any way restricted hereunder or as to whether any requisite consent of the Parent Company has been obtained and no obligation incurred or security given or transaction effected by the Company to or with any third party shall be invalid or ineffectual unless the third party had at the time actual notice that the incurring of such obligation or the giving of such security or the effecting of such transaction was in excess of the powers of the Directors.

Names and Addresses of Subscribers

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Dated 31st March 1995.

Witness to the above signatures.

Anne Margret Hodge
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Secretary

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