

29/6/01

THE COMPANIES ACT 1985  
COMPANY LIMITED BY SHARES  
NEW ARTICLES OF ASSOCIATION  
of  
CITY INFORMATION SERVICES LIMITED

Company number: SC 167635

Adopted by written resolution on: [29/6/01]

1. PRELIMINARY

1.1 In these Articles the undernoted expressions shall have the meanings set opposite them below:

the Act shall mean the Companies Act 1985 including any statutory modification or re-enactment for the time being in force;

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

Benefits shall mean all salary, fees and emoluments including sums paid by way of expenses allowance (if taxable), pension contributions and the cash value of benefits in kind;

BIF shall mean Bathgate Investment Fund Limited, a company limited by guarantee incorporated under the Companies Acts in Scotland with registered number SC 100814 and having its registered office at 13 Bonaly Rise, Edinburgh;

the BIF Group shall mean BIF, any subsidiary or holding company or member for the time being of BIF, or any body of persons which shall have acquired the whole or any part of the undertaking of any of these companies whatsoever and the expression "member of the BIF Group" shall be construed accordingly;

Company shall mean City Information Services Limited, a company incorporated under the Companies Acts 1985, registered in Scotland under number SC167635 and having its registered office at Kirkton Business Centre, Livingston, EH54 7AY;

Connected Persons shall have the meaning ascribed to it in Section 839 of the Income and Corporation Taxes Act 1988;

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Controlling Interest and Control shall mean shares conferring in aggregate more than 50% of the total voting rights conferred by all the shares in the share capital of the Company for the time being in issue and conferring the right to attend and vote at all General Meetings;

Excess Benefits shall mean Benefits in excess of £244,668 or such other figure properly approved by the Remuneration Committee

Family Trust shall mean in relation to any member a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of that member and/or a Privileged Relation of that member and under which no power of control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or such member or his Privileged Relations;

Flotation shall mean the becoming effective of a listing for any share capital of the Company on the Official List of The Stock Exchange or the granting of permission for any of the share capital of the Company to be dealt in or traded on any other recognised investment exchange (as defined by Section 207 of the Financial Services Act 1986) and/or on the Alternative Investment Market and/or on OFEX;

Index Linked shall mean adjusted annually on 31st December each year commencing on 31st December 2001 by a percentage equal to the percentage increase in the retail price index published by the Government to 31 October in the year in question from 31 October in the previous year;

the Investment Offer shall mean the offer from WLVF and WLV, BIF and LIFE to and accepted by the Company of even date with the adoption of these Articles;

the Investors means WLVF, WLV, BIF and LIFE together and when the consent of the Investors is required to anything by these Articles this will be deemed to be given if consent is given by those members together holding not less than 60% of the issued "A" Ordinary Shares;

LIFE shall mean Lothian Investment Fund for Enterprise Limited, incorporated under the Companies Acts in Scotland with registered number SC137938 and having its registered office at 21 Ainslie Place, Edinburgh;

the LIFE Group shall mean LIFE, any subsidiary or holding company or member for the time being of LIFE, or any body of persons which shall have acquired the whole or any part of the undertaking of any of these companies whatsoever and the expression "member of the LIFE Group" shall be construed accordingly;

Privileged Relations shall mean in relation to a member the spouse or widow or widower of the member and the member's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the member's children;

Reduced Number of Votes shall mean such number of votes as will at any time and from time to time equal, when taken together with the number of votes capable of being cast at any General Meeting by any member of the Company other than (1) a member of the BIF Group, (2) a member of the WLVF Group, (3) a member of the WLV Group and (4) a member of the LIFE Group, 24% of the total number of votes capable of being cast at any General Meeting of the Company;

Relevant Directors shall mean the directors and non-executive directors of the Company and its subsidiaries (excluding any director appointed pursuant to Article [12] hereof) and their Connected Persons;

Remuneration Committee shall mean the non-executive directors of the Company from time to time ("the Non-Executive Directors"), together with any director appointed pursuant to Article 12 hereof (and if there has been such an appointment, the Special Director shall chair the Remuneration Committee) together with one person representing together BIF, LIFE, WLV and WLVF ("the Investor's Representative") and in the absence of a Special Director the *Investor's Representative will chair the Remuneration Committee.*

Sale shall mean the acquisition of a Controlling Interest by any person or persons who are acting in concert but none among the LIFE Group, the WLV Group, the WLVF Group and the BIF Group shall ever be deemed for this purpose to be such persons acting in concert if the only parties in the concert are members of any such Groups;

settlor shall mean a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member;

the Statutes shall mean the Act and any other statutory provisions from time to time affecting companies and applicable to the Company;

WLVF shall mean West Lothian Venture Fund Limited, a company limited by guarantee incorporated under the Companies Acts in Scotland with registered number SC177891 and having its registered office at Geddes House, Kirkton North, Livingston;

the WLVF Group shall mean WLVF, any subsidiary or holding company or member for the time being of WLVF, or any body of persons which shall have acquired the whole or any part

of the undertaking of any of these companies whatsoever and the expression "member of the WLVF Group" shall be construed accordingly;

WLV shall mean WL Ventures Limited, a company limited by guarantee incorporated under the Companies Acts in Scotland with registered number SC109288 and having its registered office at Geddes House, Kirkton North, Livingston;

the WLV Group shall mean WLV, any subsidiary or holding company or member for the time being of WLV, or any body of persons which shall have acquired the whole or any part of the undertaking of any of these companies whatsoever and the expression "member of the WLV Group" shall be construed accordingly;

1.2 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") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.

1.3 Regulations 54, 73-80 (inclusive), 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company. Regulation 6 of Table A shall be amended by the deletion of the words "shall be sealed with the seal" where they appear on the sixth line thereof.

## 2. SHARE CAPITAL

2.1 The share capital of the Company at the date of the adoption of these Articles is £126,058:90 divided into 115,000 Redeemable Preference Shares of £1 each (in these Articles referred to as "Preference Shares"), 16,589 'A' Ordinary Shares of £0.10 each (in these Articles referred to as 'A' Ordinary Shares") and 94,000 Ordinary Shares of £0.10 each (in these Articles referred to as "Ordinary Shares").

2.2 The rights attaching to the respective classes of shares shall be as follows:-

### 2.2.1 Income

The profits of the Company in respect of any financial year shall be applied:-

2.2.1.1 First in paying to the holders of the Preference Shares a fixed cumulative preferential net cash dividend (hereinafter in these Articles referred to as "the Preference Dividend") of 10 pence per annum per share on the Preference Shares held by them respectively to be payable half yearly on 30 June and 31 December in each year, provided always that the first dividend shall be payable on 31 December 2001 in respect of the period from the date of allotment of the Preference Shares to 31 December 2001;

- 2.2.1.2 Second, in paying to the holders of the 'A' Ordinary Shares a fixed preferential net cash dividend (hereinafter referred to as "the Fixed Dividend") of 90 pence per annum per share on the 'A' Ordinary Shares held by them respectively to be payable half yearly on 30 June and 31 December in each year, provided always that the first such dividend shall be payable on 31 December 2001 in respect of the period from the date of allotment of the 'A' Ordinary Shares to 31 December 2001;
- 2.2.1.3 Third, in paying to the holders of the 'A' Ordinary Shares a cumulative net cash dividend (hereinafter referred to as "the Participating 'A' Ordinary Dividend") of a sum equal to the amount, if any, (exclusive of tax credit) by which 10 per cent of the net profit for the relative financial year exceeds the aggregate of the Fixed Dividend paid in and for that financial year.

The Participating 'A' Ordinary Dividend shall be payable not more than 14 days after the General Meeting at which the audited accounts of the Company for the relative financial year are presented provided that in the event that the audited accounts of the Company for any financial year have not been presented at a General Meeting of the Company on the date (hereinafter called "the relevant date") *four months after the end of such financial year* then an interim dividend on account of the Participating 'A' Ordinary Dividend will be paid within 14 days of the relevant date and will be the same amount as the equivalent Participating 'A' Ordinary Dividend in the immediately preceding financial year. If following the presentation of the audited accounts of the Company for the said period an overpayment or underpayment of the Participating 'A' Ordinary Dividend shall be proved to have been made the directors shall (in the case of an underpayment) within 30 days of presentation of the relevant audited accounts, declare and pay a final dividend of an amount equal to any shortfall and (in the case of an overpayment) the amount of any overpayment shall be treated as discharging pro tanto the liability of the Company in respect of the next succeeding payment or payments of the Participating 'A' Ordinary Dividend.

For the purposes of this Article the expression "net profit" shall mean the net profit of the Company and its subsidiaries calculated on the historical cost accounting basis as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for the relative financial year (to the nearest £1) but:-

- 2.2.1.3.1 before any provision is made for any dividend on any share in the capital of the Company or any of its subsidiaries or for

any other distribution or for the transfer of any sum to reserve;

2.2.1.3.2 before deducting any corporation tax (or any other tax levied upon or measured by profits and gains) on the profits earned and gains realised by the Company and its subsidiaries;

2.2.1.3.3 before deducting any sum in respect of Excess Benefits;

2.2.1.4 Fourth, in paying in cumulo to the holders of the 'A' Ordinary Shares in respect of each financial year of the Company a cumulative preferential net cash dividend (hereinafter in these Articles referred to as "the Additional Dividend") of an amount equal to the Excess Benefits

The Additional Dividend (if any) shall be paid on the due date for payment of the Participating 'A' Ordinary Dividend as appropriate.

2.2.1.5 No dividend shall be declared or paid to the holders of Ordinary Shares in respect of any financial year of the Company unless and until:-

2.2.1.5.1 the Preference Dividend and the Fixed Dividend and the Participating 'A' Ordinary Dividend have been paid in full in respect of that financial year and in respect of all previous financial years of the Company;

2.2.1.5.2 any Additional Dividend due has been paid in full; and

2.2.1.5.3 all Preference Shares which have fallen due for redemption have been redeemed

2.2.1.6 No dividend shall be declared or paid to the holders of the Ordinary Shares unless with the prior written consent of the holders of all of the "A" Ordinary Shares.

2.2.1.7 Every dividend shall be distributed to the appropriate shareholders pro rata according to the number of fully paid up shares of the appropriate class held by them respectively and shall accrue on a daily basis.

2.2.1.8 Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Statutes the Preference Dividend and the Fixed Dividend and the Participating 'A' Ordinary

Dividend and the Additional Dividend shall (notwithstanding regulations 102 to 108 of Table A or any other provisions of these Articles and in particular notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall be a debt due by the Company and be payable in priority to any other dividend.

2.2.1.9 The Company shall procure that each of its subsidiaries which has profits available for distribution shall from time to time declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of the Preference Dividend, the Fixed Dividend, the Participating 'A' Ordinary Dividend and the Additional Dividend.

## 2.2.2 Conversion of the 'A' Ordinary Shares

The holders of 'A' Ordinary Shares shall be entitled at any time to convert all (but not some only) of the 'A' Ordinary Shares held by them into Ordinary Shares and the following provisions shall have effect: -

2.2.2.1 the basis of such conversion shall be one Ordinary Share of £0.10 for each 'A' Ordinary Share held but if such conversion would confer upon the holders of the "A" Ordinary Shares more than 15% in number of the Ordinary Shares then in issue the conversion will be scaled down to equal such 15% and that amount will be distributed in strict proportion among the former holders of the "A" Ordinary Shares upon conversion;

2.2.2.2 such conversion shall be effected by notice in writing ("the Conversion Notice") signed by the holder given to the Company at its Registered Office for the time being;

2.2.2.3 such conversion shall take effect immediately upon delivery of the Conversion Notice to the Company;

2.2.2.4 the 'A' Ordinary Shares so converted shall rank for an apportioned part of the dividends on the 'A' Ordinary Shares in respect of the financial year current at the date of conversion and the Ordinary Shares resulting from such conversion shall rank for dividend in respect of the financial year of the Company current at the date of conversion only to the extent that the amount of dividend per share declared or paid on the Ordinary Shares in respect of that financial year exceeds the aggregate amount per share by way of dividends paid on the 'A' Ordinary Shares so converted in respect of the period of that financial year up to and including the date of conversion;

2.2.2.5 subject to the provisions of Article 2.2.2.4 the Ordinary Shares resulting from such conversion shall for all purposes rank pari passu with the Ordinary Shares issued prior to the date of such conversion and such Ordinary Shares so resulting and those so issued shall together constitute one class of share;

2.2.2.6 forthwith after conversion the holders of the Ordinary Shares resulting from the conversion shall send to the Company the Certificates in respect of their holding of 'A' Ordinary Shares and the Company shall issue to such holders Certificates for the Ordinary Shares resulting from the conversion;

2.2.2.7 there shall be paid on each of the 'A' Ordinary Shares so converted a sum equal to any arrears, deficiency or accruals of the dividends thereon to be calculated down to the date of conversion whether such dividends have been declared or earned or not.

### 2.2.3 Capital

On a return of assets on liquidation or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied:-

2.2.3.1 First, in paying to the holders of the Preference Shares the various sums per share that would have been payable to the Preference Shareholders if all such Preference Shares had been redeemed as scheduled in Article 2.2.4.1 before such return of assets together with a sum equal to any arrears and accruals of the dividends on such shares to be calculated down to the date of the return of capital and payable irrespective of whether such dividends have been declared or earned or not;

2.2.3.2 Second, in paying to the holders of the 'A' Ordinary Shares £9:04 per share together with a sum equal to any arrears and accruals of the dividends on the 'A' Ordinary Shares calculated down to the date of the return on capital and payable irrespective of whether such dividends have been declared or earned or not;

2.2.3.3 Third, in paying to the holders of the Ordinary Shares £0:10 per share;

2.2.3.4 Fourth, the balance of such assets shall be distributed among the holders of the 'A' Ordinary Shares and the Ordinary Shares pari passu as if the same constituted one class of share and that pro rata according to the number of fully paid shares held by them respectively.

**2.2.4 Redemption of the Preference Shares**

**2.2.4.1** Subject to the provisions of the Act the Preference Shares shall be redeemed by the Company in the proportions and on the dates set out below:-

<u>Number of Shares</u>	<u>Date of Redemption</u>
38333	on or before 31 December 2003
38333	on or before 31 December 2004
38334	on or before 31 December 2005

**2.2.4.2** On Sale or Flotation the Company shall (unless the holders of at least 75% of the Preference Shares give notice in writing to the Company to the contrary), prior to Flotation taking effect or the Sale being completed , redeem in accordance with the provisions of this Article 2.2.4, or procure the purchase by a third party of, all the Preference Shares then in issue. Any such redemption or purchase shall be at a price per share equal to the aggregate of the redemption price applicable to that date (including the cash premium) per Article 2.2.4.3 and a sum equal to any arrears or accruals of the dividends payable on that share to be calculated down to the date of redemption or purchase and whether any such dividends have been declared or earned or not together with all tax credits relating thereto;

If on any of the dates set out in Articles 2.2.4.1 and 2.2.4.2, the Company cannot comply with the provisions of the Statutes and of the provisions contained herein relating to the redemption to be made on such dates, redemption shall take place on such later date on which the Company shall first be able so to comply;

**2.2.4.3** There will be paid on each of the Preference Shares redeemed in terms of Article 2.2.4.1 the sum of £2 per share (including a cash premium of £1) in respect of Preference Shares due for redemption on or before 31 December 2003, £3 per share (including a cash premium of £2) in respect of Preference Shares due for redemption on or before 31 December 2004 and £4 per share (including a cash premium of £3) in respect of Preference Shares due for redemption on or before December 2005 together with in each case a sum equal to all arrears and accruals of the dividends payable on that share to be calculated down to the date of redemption whether any such dividend has been earned or declared or not together with all tax credits relating thereto;

**2.2.4.4** The Preference Shares to be redeemed in accordance with the foregoing provisions of this Article 2.2.4 shall be redeemed by the Company at the Registered Office of the Company;

2.2.4.5 At the time specified in Articles 2.2.4.1 and 2.2.4.2 above and at the place specified in Article 2.2.4.4 above, each registered holder of the Preference Shares shall be bound to surrender to the Company the certificate for the shares which are to be redeemed in order that the same may be cancelled, and upon such surrender, the Company shall pay such registered holder the amount payable in respect of such redemption provided that if any certificate so surrendered to the Company includes any shares not redeemable on the occasion on which it is to be so surrendered, a fresh certificate for the balance of the shares not redeemable on that occasion shall be issued to the holder surrendering such certificate to the Company;

2.4.4.6 In the case of the redemption of less than all of the Preference Shares for the time being in issue, the Company shall be bound to redeem such a proportion of the Preference Shares of each holder thereof as the aggregate of the Preference Shares to be redeemed bears to the aggregate of the Preference Shares in issue immediately prior to the date on which redemption is to take place;

2.4.4.7 Any premium arising on redemption shall be treated as a distribution for tax purposes and the Company will make no application under section 225 Income and Corporation Taxes Act 1988 in respect of it.

### 3. ISSUE OF SHARES

3.1 Notwithstanding any other provisions of these Articles the directors shall be bound to offer to any member of the WLVF Group for the time being holding shares in the capital of the Company such a proportion of any shares forming part of the share capital of the Company which the directors determine to issue in strict proportion to the number of issued shares in the share capital of the Company being held by such member of the WLVF immediately prior to the issue of the shares. Any shares issued to a member of the WLVF Group pursuant to such offer shall be issued upon terms and conditions that are no less beneficial as to payment and otherwise than those made available to other shareholders or such other terms as WLVF shall agree and so that such shares shall at the request of WLVF be registered in the name or names of any one or more members of the WLVF Group.

3.2 Notwithstanding any other provisions of these Articles the directors shall be bound to offer to any member of the WLV Group for the time being holding shares in the capital of the Company such a proportion of any shares forming part of the share capital of the Company which the directors determine to issue in strict proportion to the number of issued shares in the share capital of the Company being held by such member of the WLV Group immediately prior to the issue of the shares. Any shares issued to a member of the WLV Group pursuant to

such offer shall be issued upon terms and conditions that are no less beneficial as to payment and otherwise than those made available to other shareholders or such other terms as WLV shall agree and so that such shares shall at the request of WLV be registered in the name or names of any one or more members of the WLV Group.

- 3.3 Notwithstanding any other provisions of these Articles the directors shall be bound to offer to any member of the BIF Group for the time being holding shares in the capital of the Company such a proportion of any shares forming part of the share capital of the Company which the directors determine to issue in strict proportion to the number of issued shares in the share capital of the Company being held by such member of the BIF Group immediately prior to the issue of the shares. Any shares issued to a member of the BIF Group pursuant to such offer shall be issued upon terms and conditions that are no less beneficial as to payment and otherwise than those made available to other shareholders or such other terms as BIF shall agree and so that such shares shall at the request of BIF be registered in the name or names of any one or more members of the BIF Group.

- 3.4 Notwithstanding any other provisions of these Articles the directors shall be bound to offer to any member of the LIFE Group for the time being holding shares in the capital of the Company such a proportion of any shares forming part of the share capital of the Company which the directors determine to issue in strict proportion to the number of issued shares in the share capital of the Company being held by such member of the LIFE Group immediately prior to the issue of the shares. Any shares issued to a member of the LIFE Group pursuant to such offer shall be issued upon terms and conditions that are no less beneficial as to payment and otherwise than those made available to other shareholders or such other terms as LIFE shall agree and so that such shares shall at the request of LIFE be registered in the name or names of any one or more members of the LIFE Group.

#### 4. CLASS RIGHTS

- 4.1 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of 75% of the issued shares of that class. Without prejudice to the generality of this Article, the special rights attached to the Preference Shares and the 'A' Ordinary Shares shall be deemed to be varied:-

- 4.1.1 by the grant of any option or other right to subscribe for shares and by any alteration or increase or reduction or sub-division or consolidation of the authorised or issued capital of the Company or of any of its subsidiaries, or any variation of the rights attached to any of the shares for the time being in the capital of the Company or of any of its subsidiaries; or

- 4.1.2 by the disposal of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof or by the disposal of any share in the capital of any subsidiary of the Company; or
- 4.1.3 by the acquisition of any interest in any share in the capital of any company by the Company or any of its subsidiaries; or
- 4.1.4 by the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company; or
- 4.1.5 by any alteration of the restrictions on the powers of the directors of the Company and its subsidiaries to borrow, give guarantees or create charges; or
- 4.1.6 by the winding up of the Company; or
- 4.1.7 the redemption of any of the Company's shares (otherwise than pursuant to these articles) or by the entering into of a contract by the Company to purchase any of its shares; or
- 4.1.8 by any alteration of the Company's memorandum or articles of association; or
- 4.1.9 by any alteration of the Company's accounting reference date; or
- 4.1.10 by the entering into of a written service agreement with any director or Connected Person of such director or the material variation of any such existing service agreement with any such person; or
- 4.1.11 by the calling of a meeting of the Company to effect or approve any matter which would by virtue of this article be a variation of the class rights of the 'A' Ordinary and Preference Shares.

## 5. TRANSFER OF SHARES

- 5.1 Notwithstanding any other provisions of these Articles a transfer of shares in the Company held by any member of the WLVF Group may be made between the member of the WLVF Group holding such shares and any other member of the WLVF Group without restriction as to price or otherwise and the directors shall register any such transfer.
- 5.2 Notwithstanding any other provisions of these Articles a transfer of shares in the Company held by any member of the WL V Group may be made between the member

of the WLV Group holding such shares and any other member of the WLV Group without restriction as to price or otherwise and the directors shall register any such transfer.

5.3 Notwithstanding any other provisions of these Articles a transfer of shares in the Company held by any member of the BIF Group may be made between the member of the BIF Group holding such shares and any other member of the BIF Group without restriction as to price or otherwise and the directors shall register any such transfer.

5.4 Notwithstanding any other provisions of these Articles a transfer of shares in the Company held by any member of the LIFE Group may be made between the member of the LIFE Group holding such shares and any other member of the LIFE Group without restriction as to price or otherwise and the directors shall register any such transfer.

## 6. TRANSFER OF SHARES - GENERAL

The directors shall refuse to register any transfer of shares made in contravention of the provisions of these Articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register (and shall register) any transfer of shares. For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these Articles, the directors may request the transferor, or the person named as the transferee in any transfer lodged for registration to furnish the Company with such information and evidence as the directors may reasonably 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.

## 7. TRANSFERS TO PRIVILEGED RELATIONS AND FAMILY TRUSTS

7.1 Notwithstanding any other provision in these Articles any member may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to a Privileged Relation, or to trustees to be held upon a Family Trust provided that any transfer of shares to trustees to be held upon a Family Trust made during the lifetime of such member may only be made with the consent in writing of the holders of 75% of the Preference Shares and the holders of 75% of the 'A' Ordinary Shares, such consent not to be unreasonably withheld or delayed.

7.2 Where the consent of the holders of Preference Shares and 'A' Ordinary Shares is requested to a transfer to a Family Trust such consent shall be given when the holders of such shares acting reasonably are satisfied:-

7.2.1 with the terms of the trust instrument and in particular with the powers of the trustees;

7.2.2 with the identity of the proposed trustees;

7.2.3 that the proposed transfer will not result in 50% or more in the aggregate of the Company's equity share capital (as defined in S744 of the Act) being held by trustees of that and any other trusts; and

7.2.4 that no costs incurred in connection with the setting up or administration of the Family Trust in question are to be paid by the Company.

7.3 Where any shares are held by trustees upon a Family Trust:-

7.3.1 on any change of trustees such shares may be transferred to the new trustees of that Family Trust;

7.3.2 such shares may be transferred at any time to the settlor or to another Family Trust of the settlor or to any Privileged Relation of the settlor;

7.3.3 if and whenever any such shares cease to be held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to another Family Trust of the settlor or to any Privileged Relation of the settlor) a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of the relevant shares (as hereinafter defined) and such shares may not otherwise be transferred); and

7.3.4 for the purposes of this Article 7.3 the expression 'relevant shares' means and includes the shares originally transferred to the trustees and any additional shares issued or transferred to the trustees by virtue of the holding of those shares or any of them.

## 8. TRANSFERS BY EMPLOYEE MEMBERS

8.1 If any person holding shares in the capital of the Company and being an employee or director of the Company (other than John Thompson) or its subsidiaries (an 'Employee Member') ceases to be an employee or director of the Company or its subsidiaries, and does not forthwith become or continue to be an employee or director of any of the Company or its subsidiaries a Transfer Notice (as hereinafter defined) shall be deemed to have been served (hereinafter referred to as a "deemed Transfer Notice") forthwith upon such cessation in respect of:-

8.1.1 all shares held by the Employee Member; and 8.1.2 all shares held by his Privileged Relations and/or Family Trusts at the time of such cessation.

8.2 If John Thompson ceases to be an employee or director of the Company or its subsidiaries, and does not forthwith become or continue to be an employee or director of any of the Company or its subsidiaries then:

8.2.1 if the cessation is pursuant to (a) dismissal or termination for misconduct or breach of contract justifying dismissal (whether summary or not), not being a wrongful dismissal or termination or (b) bankruptcy or (c) voluntary resignation, then a deemed Transfer Notice will be deemed to have been served in respect of all of the shares then held by him or by his Privileged Relations and his Family Trusts except such a number thereof held by him personally as would confer upon him a number of votes at any General Meeting of the Company no greater than the Reduced Number of Votes

8.2.2 forthwith (and whether or not Article 8.2.1 applies) the number of votes capable of being cast in respect of the number of shares registered in name of John Thompson, personally or by proxy including upon a poll at any General Meeting of the Company or in connection with any written resolution, at any time thereafter shall notwithstanding the number of shares held by him (including shares which may be acquired by him or them after the cessation) be the Reduced Number of Votes

## 9. TRANSFER PROVISIONS

9.1 Save as otherwise provided in these Articles (and unless it is a transfer pursuant to Article 5) every member who desires to transfer any shares (hereinafter called 'the Vendor') shall give to the Company notice in writing of such desire (hereinafter called a 'Transfer Notice'). Subject as hereinafter mentioned a Transfer Notice shall constitute the Company the Vendor's agent for the sale of the shares specified therein (hereinafter called 'the Sale Shares') in one or more lots at the discretion of the directors to (unless it is pursuant to 8.2.1 hereof) John Thompson and if it is pursuant to 8.2.1 hereof to all the holders of 'A' Ordinary and Ordinary Shares in the Company (such shares being hereinafter in this Article 9 referred to as 'Equity Shares') other than the Vendor at the Sale Price. The Sale Price shall be the price agreed by the Vendor and the directors or if the Vendor and the directors are unable to agree a price within 21 days of the Transfer Notice being given or if the Transfer Notice is a deemed Transfer Notice the price which a chartered accountant (acting as an expert and not as an arbiter) nominated by agreement between the Vendor and the Company or in default of such agreement by the President for the time being of the Institute of Chartered Accountants of Scotland shall by writing under his hand certify to be in his opinion a fair value thereof on a going concern basis as between a willing seller and a willing buyer ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction. Save for shares sold pursuant to a deemed Transfer Notice the Transfer Notice may contain a provision that unless all the shares comprised therein are sold by the Company pursuant to this Article 9 none shall be sold and any such provision shall be binding on the Company.

- 9.2 If a chartered accountant is asked to certify the fair value as aforesaid his certificate shall be delivered to the Company and as soon as the Company receives the certificate it shall furnish a certified copy thereof to the Vendor and save for shares sold pursuant to a deemed Transfer Notice the Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the certified copy to cancel the Company's authority to sell the Sale Shares. The cost of obtaining the certificate shall be borne by the Company unless the Vendor shall give notice of cancellation as aforesaid in which case the Vendor shall bear the cost.
- 9.3 Upon the price being fixed as aforesaid and provided the Vendor shall not give a valid notice of cancellation the Company shall forthwith offer the Sale Shares to (unless it is pursuant to 8.2.1 hereof) John Thompson and if it is pursuant to 8.2.1 hereof all holders of Equity Shares (other than the Vendor) pro rata as nearly as may be in proportion to the existing numbers of Equity Shares held by such members giving details of the number and the Sale Price of such Sale Shares. The Company shall invite (unless it is pursuant to 8.2.1 hereof) John Thompson and if it is pursuant to 8.2.1 hereof each such member as aforesaid to state in writing within seven days from the date of the notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the expiration of the said period of seven days there are any Sale Shares offered which (unless it is pursuant to 8.2.1 hereof) John Thompson has and if it is pursuant to 8.2.1 hereof any of the members hereinbefore mentioned have not stated his or their willingness to purchase the Company shall offer such shares to (a) in the case of a declinature by John Thompson to all the holders of Equity Shares (other than the Vendor) pro rata as aforesaid who shall have seven days as aforesaid to state in writing their willingness to purchase any of the Sale Shares and if there are any Sale Shares not taken up then the Company shall proceed under (b) following and (b) such members as have stated in writing their willingness to purchase all the shares previously offered to them. . Such remaining shares shall be offered pro rata as nearly as may be in proportion to existing numbers of Equity Shares then held by such members which offer shall remain open for a further period of seven days.
- 9.4 If the Company shall pursuant to the above provisions of this Article 9 find a member or members of the Company willing to purchase all or any of the Sale Shares the Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holders of such of the Sale Shares as shall have been transferred to them as aforesaid.

- 9.5 If the directors shall not have found a member or members of the Company willing to purchase all of the Sale Shares pursuant to the foregoing provisions of this Article 9 the Vendor shall at any time within six months after the final offer by the Company to its members be at liberty to sell and transfer such of the Sale Shares as have not been so sold to any person at a price being no less than the Sale Price.
- 9.6 If a member being a company ceases to be within the Control (as 'Control' is defined by Section 840 of the Income and Corporation Taxes Act 1988) of the person(s) who controlled such company on the date on which it became a member of the Company or on the date of adoption of these Articles (whichever shall be the later) it shall be deemed to have immediately given a Transfer Notice in respect of all the shares as shall then be registered in its name; provided that this Article 9.6 shall have no application to WLVF, WLV, BIF, or LIFE or to any member of their respective Groups.
- 9.7 The foregoing provisions of this Article 9 shall not apply to a transfer if the holders of 75% of the Ordinary Shares and the holders of 75% of the Preference Shares and the holders of 75% of the 'A' Ordinary Shares so direct in writing and the directors shall be obliged to register any such transfer.
- 9.8 A Transfer Notice shall be deemed to have been given to the Company by any member who purports to transfer any shares other than in accordance with these Articles without giving a Transfer Notice to the Company and, in those circumstances, the deemed Transfer Notice shall:-
- 9.8.1 be deemed to apply to the number and class of shares purported to have been transferred;
- 9.8.2 entitle the Company to require delivery to it of the certificate for the shares purported to have been transferred
- and, where the context admits, references in these Articles to a Transfer Notice shall include a deemed Transfer Notice and references in these Articles to a Vendor shall include a member deemed to have served a Transfer Notice.
- 9.9
- 9.9.1 Subject to Article 9.1 but notwithstanding any other Article (and subject always to the relevant provisions of the Act) the directors may but only with the consent of the Investors, at any time before Article 9.5 applies, determine that the Company shall attempt to purchase some or all of the Sale Shares itself at the Sale Price

- 9.9.2 The directors shall have a period of 30 days from the date of notification of any such determination to the Vendor to obtain any necessary consents and to complete any such purchase.

10. LIMITATION ON TRANSFER

- 10.1 Notwithstanding any other provision of these Articles to the contrary, no sale or transfer of the legal or beneficial interest in any shares in the share capital of the Company shall be made or registered if as a result of such sale or transfer and registration thereof Control (as hereinbefore defined) would be obtained in the Company by a company or by a person not in Control of the Company on the date of adoption of these Articles without the previous written consent of all of the holders of the Preference Share, and all of the holders of the 'A' Ordinary Shares and unless before the transfer is lodged for registration the proposed transferee or transferees or his or their nominees has or have offered to purchase (i) all the Preference Shares at a price per share equal to the aggregate of the redemption price thereof (including the cash premium) applicable to the date per Article 2.2.4.3 and all arrears and accruals of the dividends payable on such shares calculated down to the date of sale or transfer and the tax credits (if any) that relate to such dividends and (ii) all of the 'A' Ordinary Shares at the higher of the Specified Price and Fair Value (as both hereinafter defined), and such offer shall have remained open for acceptance for a period of at least twenty-one days.

- 10A. Notwithstanding any other Article, where any person or persons (an "Offeror") makes a Qualifying Offer (as hereinafter defined), the Majority Members (as hereinafter defined) may by notice in writing to the other members of the Company (the "Minority Members") require the Minority Members to forthwith accept such Qualifying Offer. In the event that any Minority Member fails to accept such Qualifying Offer or having accepted such Qualifying Offer fails to execute and deliver any of the documents required to effect any transfer of shares pursuant thereto, such Minority Member shall be deemed to have appointed the Directors to be his agents and attorneys for the purposes of accepting such Qualifying Offer and/or as the case may be executing and delivering any such documents. The provisions of Article 9.4 shall have effect mutatis mutandis as if such Minority Member was the Vendor and the Offeror was the purchaser.

For the purposes of this Article:-

"Majority Members" means members, holding shares conferring in aggregate more than 87% of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring the right to attend and vote at all General Meetings;

"Qualifying Offer" means an offer which:

- (i) is made on identical terms to all members holding "A" Ordinary Shares and (or Ordinary Shares and which requires redemption of the Preference Shares on or before Completion; and
- (ii) specifies a price which is not less than the fair value of each share calculated in accordance with Article 10.2; and
- (iii) is certified as complying with conditions (i) and (ii) above by an expert (acting as expert and not as arbiter and whose decision shall be final and binding) nominated by and acting at the expense of all the members of the Company (in proportion to their respective shareholdings) or (in the event of disagreement as to nomination) appointed by the President for the time being of the Institute of Chartered Accountants of Scotland; provided that such expert may only be the Company's auditors, or a partner, director, consultant, or employee of the Company's auditors, if all the members of the Company so agree in writing.

In determining whether an offer satisfies condition (i) above such expert shall:

- (a) disregard any differences in class rights between shares other than the Preference Shares; and
- (b) take into account any consideration (in cash or otherwise) received or receivable by any member which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable to that member including, without limitation, any increase in salary, any bonus or termination payment.

## 10.2

10.2.1 The expression "the Specified Price" shall mean the higher of:- (i) a price per share of £9.04 plus (a) a sum equal to any arrears, deficiency and accruals of the dividends payable on such share calculated down to the date of sale or transfer and (b) all the tax credits that would have related to such dividends if such dividends had been paid; and (ii) a price per share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for any other shares in the capital of the Company plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for such shares,

provided that if any part of the price per share is payable otherwise than by cash the transferor may at its option elect to take a price per share of such cash sum as may be agreed by it having regard to the substance of the transaction as a whole. In the event of disagreement the calculation of the Specified Price shall be referred to an umpire, who shall act as an expert and not as an arbiter and shall be nominated by the parties concerned or failing agreement as to such nomination shall be appointed by the President for the time being of the Institute of Chartered Accountants of Scotland and the decision of such umpire shall be final and binding.

10.2.2 The expression "Fair Value" for this Article 10 means a fair value on a going concern basis of the Company between a willing buyer of the whole share capital and a willing seller thereof. In the event of disagreement the calculation of the Fair Value shall be referred to an umpire, who shall act as an expert and not as an arbiter and shall be nominated by the parties concerned or failing agreement as to such nomination shall be appointed by the President for the time being of the Institute of Chartered Accountants of Scotland and the decision of such umpire shall be final and binding.

10.3 If, but only if Article 8.2 has earlier been triggered by the cessation of John Thompson as an employee and/or a director, the holders of the 'A' Ordinary Shares (for the purposes of this Article 10.3 the "Selling Shareholders") wish to transfer all (but not some only) of their Shares (the "Sale Shares") they shall have the option (the "Drag Along Option") to require, in accordance with this Article 10.3 all of the other holders of Shares ("the Other Shareholders") to transfer all their Shares with full title guarantee to a bona fide and arm's length third party purchaser (the "Third Party Purchaser").

10.3.1 Before the Selling Shareholders shall issue a Drag Along Notice (as defined in Article 10.3) they shall give notice in writing to all of the Other Shareholders (also as defined in Article 10.3) of the offer (the "Offer Notice") to acquire the Sale Shares. The Offer Notice shall specify the Third Party Purchaser, the price (calculated in accordance with Article 10.3.4) per Sale Share (the "Offer Price") which the Third Party Purchaser has indicated it is prepared to offer for the entire issued share capital of the Company.

10.3.2 The Selling Shareholders may exercise the Drag Along Option by giving notice to that effect (a "Drag Along Notice") to all the other holders of the Shares. A Drag Along Notice shall specify that the Other Shareholders are required to transfer all of their Shares pursuant to this Article to the Third Party Purchaser, the price at which the Shares are to be transferred (determined in accordance with Article 10.3) the proposed date of transfer and the identity of the third party purchaser.

- 10.3.3 A Drag Along Notice shall be irrevocable and shall lapse if for any reason the Selling Shareholders shall not sell their Shares to the Third Party Purchaser within 60 days after the date of the Drag Along Notice.
- 10.3.4 The Other Shareholders shall be obliged to sell their Shares at the price specified in the Drag Along Notice but only if the price is not less than the Fair Value thereof (and for the purposes of this Article 10.3.4 Fair Value means a fair value on a going concern basis of the Company between a willing buyer of the whole share capital and a willing seller thereof and shall be determined by an umpire who shall act as an expert and not as an arbiter and shall be nominated by the President of the Institute of Chartered Accountants of Scotland on the application of the Investors and the decision of such umpire shall be final and binding and the cost of the nomination and of such umpire shall be borne by the Company) which shall attribute an equal value to all of the Shares notwithstanding that the other Shareholders may not conjoin in any warranties or indemnities on the sale and a price may be a price expressed in cash, for paper, or for loan notes or a combination thereof.
- 10.3.5 Completion of the sale of the Other Shareholders' Shares shall take place on the same date as the date proposed for completion of the sale of the Selling Shareholders' Shares.
- 10.3.6 The rights of pre-emption and other restrictions contained in these Articles shall not apply on any sale and transfer of Shares to the Third Party Purchaser named in a Drag Along Notice.
- 10.4 All other regulations of the Company relating to the transfer of shares and the right to registration of transfers shall be read subject to the provisions of this Article 10.

## 11. VOTING RIGHTS

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, shall have one vote, and on a poll every member who is present in person or by proxy or (being a corporation) is present by a representative shall have one vote for every share in the capital of the Company of which he is the holder; Provided that the holders of Preference Shares shall be entitled to receive copies of circulars to shareholders and debenture holders and to receive notice of and to attend all General Meetings of the Company but only to vote in respect of such Preference Shares if the Preference or Participating Preference Dividends are in arrears or if the redemption of Preference Shares is in arrears or if the Company or the directors of the Company shall have committed a material breach of the

Investment Offers or if any sum owed to a third party shall have become due and payable before the original due date for payment.

12. SPECIAL DIRECTOR

The holders of the majority of the 'A' Ordinary Shares, notwithstanding any limitation on the number of directors imposed by these Articles from time to time, shall be entitled to appoint as a director of the Company and to remove from office any person so appointed and to appoint another person in his place. Any appointment or removal in terms of this paragraph shall be effected by notice in writing apparently issued by or on behalf of such holders and delivered to the registered office of the Company. The director appointed in terms of this Article shall not be required to hold any share qualification nor shall he be subject to retirement by rotation and the remuneration to be paid to him shall be payable by the Company and shall be such sum as shall for the time being be agreed for that purpose between the Company and him or failing such agreement such reasonable sum as shall be fixed by the holders of the 'A' Ordinary Shares. Upon request by such holders the Company shall also procure that a director appointed in terms of this paragraph be appointed a director to any subsidiary of the Company. Regulation 91 of Table A shall be modified accordingly.

13. APPOINTMENT OF DIRECTORS

*The maximum number of directors at any one time holding office shall be 9 and the minimum number 2* 13.2 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director. In addition, the holders of shares representing more than half of the shares which carry the right to attend and vote at general meetings of the Company may by notice to the Company together appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

14. PROCEEDINGS OF DIRECTORS

- 14.1 Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him.
- 14.2 The quorum for a meeting of the Directors is two, and if a Special Director is in office then no meeting of the Directors will be deemed to be quorate unless he is present throughout the meeting or has consented otherwise and in the latter eventuality no business may be transacted other than that of which written notice has been given to the Special Director prior to him so consenting.

15. DIRECTORS INTERESTS

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

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

15.1.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;

15.1.3 may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;

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

15.1.5 shall be entitled to vote and be counted in the quorum on any matter concerning the foregoing paragraphs of this article.

15.2 For the purpose of this article:

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

15.2.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

15.2.3 an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

16. DIRECTORS' BORROWING POWERS

16.1 Subject as hereinafter provided the directors may exercise all the powers of the Company (whether express or implied):-

16.1.1 of borrowing or securing the payment of money;

16.1.2 of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and

16.1.3 of mortgaging or charging the property assets and uncalled capital of the Company and (subject to section 80 of the Act) of issuing debentures

but so that:-

16.1.4 *the directors of the Company shall procure that the aggregate amounts for the time being remaining undischarged by virtue of any of the foregoing operations by the Company and all subsidiaries of the Company and by virtue of any like operations by the Company and all subsidiaries of the Company (including any liability (whether ascertained or contingent) under any guarantee for the time being in force and including amounts due under any hire purchase, credit sale, conditional sale or leasing agreements (other than leases of real or heritable property) which can in accordance with current accounting practice be attributed to capital but excluding inter-company loans, mortgages and charges) shall not without the previous sanction of the 'A' Ordinary Shareholders and the Preference Shareholders exceed £100,000;*

16.1.5 no such sanction shall be required to the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed (including the Scottish Enterprise loan completed of even date with the Adoption hereof) and outstanding, notwithstanding that the same may result in such limit being exceeded;

16.1.6 no lender or other person (except Scottish Enterprise) dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article 16 is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded;

16.1.7 *except with the previous sanction of the holders of 75% of the 'A' Ordinary Shares and the holders of 75% of the Preference Shares no mortgage or charge shall be created on any part of the undertaking, property or assets of the Company or any subsidiary of*

the Company except for the purpose of securing moneys borrowed from any member of the WLVF, WLV, LIFE or BIF Groups with interest thereon and from bankers with interest thereon and bank charges.

17. INDEMNITY

Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or 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 the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

18. The Company shall have a Remuneration Committee whose terms of reference are:

1. The Chief Executive of the Company shall be entitled to make representations and to advise such committee, if requested by the Remuneration Committee. The remit of the Remuneration Committee shall be as specified in clause 2 and it shall determine such authorities and discretions to the exclusion of the Board as whole.
2. The Remuneration Committee shall be wholly responsible for all grants of Employee Options and for all Employment Matters in respect of any director other than members of the Remuneration Committee themselves.
3. For the purpose of clause 2 Employment Matters shall mean:
  - the offer of employment or promotion
  - the terms of employment and any change thereof
  - any review, implementation or offer of salary, bonus, share option or other benefits or emoluments (whether an actual or discretionary entitlement)
  - any suspension
  - serious disciplinary or grievance matters
  - garden leave
  - dismissal
  - the terms of any settlement on cessation of employment
  - the enforcement, relaxation or waiver of employment terms or the giving of any permissions or consent required thereunder
4. No change may be made to the composition of the Remuneration Committee without the written consent of the Investors, such consent not to be unreasonably withheld or delayed

5. Notwithstanding the above, any increase in the total salary bill and separately any increase in the total remuneration of the directors per the Remuneration Schedule attached to the Investment Offer and separately any increase in the total remuneration of any director per the said Remuneration Schedule, in each case in excess of 15%, must be agreed in advance by the Investors

Notwithstanding the foregoing John Thompson will not be dismissed unless with the consent of the non executive director or if more than one non executive director unless with the consent of 50% of them. If at any time there is no non executive director serving then the Investors and John Thompson shall procure that one is appointed and shall exercise their rights and powers in relation to the Company so to procure. If the Investors and John Thompson do not agree on the identity of the appointee then either of them may request the President of the Institute of Chartered Accountants of Scotland to nominate a non executive director willing to serve (the request to be at the expense of the Company) and the Investors and John Thompson shall procure his/her appointment. If such a nomination is made but the appointment to the Board is not effected within seven days of the nomination being made then the nominee will nevertheless be deemed to be a non executive director for the purposes of the composition of the Remuneration Committee and shall be a member thereof with immediate effect for all purposes.