

COMPANY NUMBER: 04451698 THE COMPANIES ACT 1985

WRITTEN RESOLUTIONS

MWR INFOSECURITY LIMITED

We the undersigned, being the holders of the entire issued share capital in the above named company ("the Company") for the time being entitled to attend and vote at general meetings of the Company, resolve pursuant to Regulation 53 of Table A, as incorporated into the Company's Articles of Association by Article 1 as follows -

- 1 THAT pursuant to Section 121 of the Companies Act 1985 ("the Act"), the authorised share capital of the Company be reorganised so as to consist of £100,000 divided into -

1.1 999,849 Ordinary Shares of £0.10 each, and

1.2 151 "A" Ordinary Shares of £0.10 each,

such reorganisation to be effected by the conversion and redesignation of 40 of the unissued Ordinary Shares of £0.10 each as 40 "A" Ordinary Shares of £0.10 each,

such shares to have such rights and obligations as are set out in the Articles of Association as adopted at Resolution 3

2. THAT pursuant to section 80 of the Companies Act 1985 Act the Directors be authorised to allot 150 "A" Ordinary Shares of £0.10 each for the period of five years from the date of this Resolution

3. THAT pursuant to section 9 Companies Act 1985 the Articles of Association of the Company be and are hereby replaced by the annexed Articles of Association

4. THAT the proposed loan agreement between the Company and 3en, a draft of which is attached, and under which (inter alia) -

(a) 3en will lend the Company the sum of £25,000,

(b) 3en will be entitled, at any time up to and including 10 March 2010, to convert such loan into 2.5 percent of the equity share capital of the Company;

is hereby approved

DATE

8th May 2007

ALEXANDER PATRICK FIDGEN

IAN THOMAS SHAW

HERMANN GROBBELAAR

MARIOS KYRIACOU

TUESDAY



AAOEPOXY

A18 03/07/2007 253

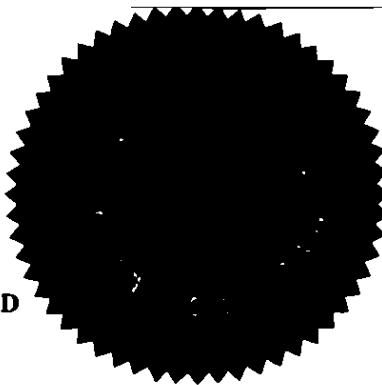
COMPANIES HOUSE

A54 08/06/2007 143

COMPANIES HOUSE

Jm CEO
J.M. Nicolay Co Sec

For and on behalf of DIVIBOND LIMITED



S
.....
SAM TEMPLE

N. Gurney-Sharpe
.....
NICHOLAS GURNEY-SHARPE
For and on behalf of 3en

M. Smith
.....
MARTIN SMITH

E. Liprot
.....
ELIZABETH LIPTROT

COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(Adopted by Special Resolution passed on 8 May 2007)

of

MWR Infosecurity Ltd

Company Number 04451698

THE COMPANIES ACTS 1985 and 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

adopted by Special Resolution passed on

May 2007)

-of-

MWR Infosecurity Ltd

1. INTRODUCTION

- 1.1 The Regulations contained or incorporated 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 and the Companies Act 1985 (Electronic Communications Order 2000) ("Table A") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In Regulation 1 of Table A, the words "and in Articles of Association adopting the same" shall be inserted after the word "regulations" in the first paragraph of that Regulation and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, enactment and extension thereof for the time being in force." shall be inserted at the end of that Regulation.
- 1.3 Regulations 8, 40, 41, 50, 64, 73 to 80 (inclusive), 89, 94 to 97 (inclusive) and 118 of Table A shall not apply to the Company.

2. DEFINITIONS

2.1 In these Articles the following words and expressions shall have the following meanings:

""A" Ordinary Shares"	the "A" Ordinary Shares of 10 pence each in the capital of the Company and having the rights ascribed thereto as set out in these Articles;
""A" Ordinary Shareholders"	the holders for the time being of the issued "A" Ordinary Shares;
"the Act"	the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force;
"the Acts"	the Act and the Companies Act 1989;
"Borrowings"	<p>any:</p> <ol style="list-style-type: none">1 amounts borrowed by any Group Company;2 actual or contingent liability under a guarantee given by a Group Company; and3 amounts due by any Group Company under any credit sale, hire purchase and equipment leasing agreements insofar as any of these can properly be attributed to capital; <p>but excluding:</p> <p>loans, guarantees and credit sales from one Group Company to another;</p> <p>any lending made under the Small Firms Loan Guarantee Scheme or its equivalent;</p> <p>the Convertible Loan; and</p> <p>normal trade creditors.</p>
"company"	includes any body corporate;
"Connected"	as defined by Section 839 of ICTA;
"Convertible Loan"	the £74,999.90 convertible loans made available to the Company pursuant to the Loan Agreements;
"Debenture"	the debenture dated with the date of adoption of these articles and granted by

	the Company to 3en;
“the Directors”	the directors for the time being of the Company or (as the context shall require) any of them (each a “Director”) acting as the board of directors of the Company;
“Group Company”	the Company or any of its Subsidiaries from time to time and “Group” shall mean all of them;
“ICTA”	The Income and Corporation Taxes Act 1988;
“A Director”	a person appointed as a director of the Company pursuant to Article 15.1;
“Issue Price”	the aggregate amount paid up (or credited as paid up) in respect of the nominal value thereof and any share premium paid thereon;
“Listed or Listing”	<ul style="list-style-type: none"> (i) the admission of all or any of the shares in the capital of the Company (or any part thereof) to the Official List; or (ii) the same being admitted to trading on the Alternative Investment Market; or (iii) the same being admitted to trading on any recognised investment exchange as defined by Section 285 of the Financial Services and Markets Act 2000;
“Loan Agreements”	loan agreements respectively dated 10 March 2006 and May 2007 under which 3en lent the aggregate sum of £74,999.90 to the Company;
“Majority A Ordinary Shareholders”	the holder or holders for the time being of a majority of the issued A Ordinary Shares;
“Member”	an Ordinary Shareholder or “A” Ordinary Shareholder as the case may be;
“Net Profit”	the net profit of the Company and its subsidiary undertakings calculated on the

historical cost accounting basis and shown in the audited consolidated financial statements of the Company and its subsidiary undertakings for the relative financial year (to the nearest pound):

- (a) before any provision is made for any dividend on any share in the capital of the Company or any of its subsidiary undertakings or for any other distribution or for the transfer of any sum to reserves and before charging or crediting extraordinary items;
- (b) after deducting any corporation tax (or any other tax levied upon or measured by reference to profits or gains) on the profits earned or gains realised by the Company and its subsidiary undertakings;
- (c) before amortisation of goodwill;

“Offer”

either:

- (i) an offer to purchase all the Shares other than those already held by the offeror and/or any persons acting in concert with him (as defined in the City Code on Takeovers and Mergers); or
- (ii) the entering into of one or more agreements which will result in any persons who are acting in concert (as defined above) acquiring all the Shares, which agreements are unconditional or subject to conditions in the sole control of any or all of the persons who are acting in concert;

“Ordinary Shares”

the ordinary shares of 10 pence each in the capital of the Company and having the rights ascribed thereto as set out in these Articles;

“Ordinary Shareholders”

the holders for the time being of the issued Ordinary Shares;

“Sale”	completion of the transaction(s) by which an Offer has arisen;
“Share”	an Ordinary Share and/or “A” Ordinary Share as the case may be;
“Shareholders”	All the holders of shares in the Company of whatever class.
“Subsidiary”	a subsidiary of the Company from time to time.

3. SHARE CAPITAL

- 3.1 The share capital of the Company at the date of adoption of these Articles is £100,000 divided into 999,849 Ordinary Shares of 10 pence each and 151 “A” Ordinary Shares of 10 pence each which Shares shall, save to the extent set out in these articles of association rank *pari passu* in all respects.
- 3.2 Subject to article 3.3, all shares in the authorised but unissued share capital of the Company from time to time shall be under the control of the directors, who may allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and generally on such terms as they may think fit.
- 3.3 The directors are generally and unconditionally authorised, subject to the provisions of these articles and provided that no shares shall be issued at a discount, for the purposes of section 80 of the Act to allot “A” Ordinary Shares pursuant to the terms of the Loan Agreement provided that the aggregate nominal value of “A” Ordinary Shares allotted pursuant to this authority shall not exceed £15.10.
- 3.4 The Company and the Directors shall take all lawful steps to ensure that any conversion of the Convertible Loan shall take place in accordance with the provisions of the Loan Agreements if and when such conversion right is exercised.
- 3.5 Section 89(1) and section 90(1) to (6) of the Act shall not apply.

4. SHARE RIGHTS

The Shares shall have, and be subject to, the following rights and restrictions:

4.1 Income

- 4.1.1 The profits of the Company which are available for distribution in respect of any financial period shall be used to pay to the “A” Ordinary Shareholders and the Ordinary Shareholders (*pari passu* as if they constituted a single class) in proportion to the number of “A” Ordinary Shares and Ordinary Shares held by them respectively, a dividend of 20% of the Net Profit for the

period in respect of which it is payable ("the Annual Dividend") (or such lesser sum as the Directors may agree, given the liquidity of the Company and its distributable reserves), such Annual Dividend to be payable on the earlier of (1) the date ten days following the date of the annual general meeting at which the audited and, where relevant, consolidated financial statements of the Company and its subsidiaries and subsidiary undertakings for the relevant period are laid before members and (2) the date three months after the period in question.

4.1.2 Annual Dividends shall be made notwithstanding Regulations 102 to 108 inclusive of Table A or any such provision of these Articles and in particular notwithstanding that there has not been a recommendation of the Directors or resolution of the shareholders in general meeting. If any Annual Dividend is not paid on its due date it shall be a debt due by the Company and shall be payable in priority to any other dividend.

4.1.3 Regulations 102 to 105 (inclusive) of Table A shall be subject to this Article 4.1 and in Regulation 103 of Table A the words from "if the share capital is divided" to the end of the Regulation shall be deleted.

4.2 Capital

4.2.1 On a return of assets on a liquidation or capital reduction or similar, the assets of the Company remaining after the payment of its liabilities shall be applied in the following manner and order of priority:-

4.2.2 First, in paying the holders of "A" Ordinary Shares the Issue Price of the "A" Ordinary Shares; and

4.2.3 Second, the balance of such assets shall be distributed amongst the holders of the Ordinary Shares and "A" Ordinary Shares (pari passu as if the same constituted one class of share) in proportion to the amounts paid up or credited as paid up in relation to the nominal value only of the Ordinary Shares and "A" Ordinary Shares held by them respectively.

4.2.4 The proceeds of any Sale of the Company shall be distributed amongst the holders of the Shares in the same priority as set out in Article 4.2.3 as if the proceeds of such Sale represented the assets of the Company available for distribution to the holders. For the avoidance of doubt, in the event of a Sale, this Article 4.2.4 shall apply notwithstanding anything to the contrary in the terms of such Sale (unless all the holders of the Shares immediately prior to the Sale have agreed in writing to the contrary expressly for the purpose of this provision), whether in the agreements for Sale or otherwise.

4.3 Conversion

4.3.1 Any holder of any "A" Ordinary Shares may at any time give the Company written notice that the holder requires each of his "A" Ordinary Shares set out in such notice be converted into and redesignated as one Ordinary Share.

4.3.2 Each "A" Ordinary Share shall automatically be converted and redesignated as one Ordinary Share on the first of the following:-

- (i) immediately prior to a Listing;
- (ii) on the transfer of A Ordinary Shares to any Shareholder in the Company pursuant to Article 10.2 (other than Article 10.2.4); and
- (iii) on the tenth anniversary of the date of adoption of these Articles.

4.3.3 Upon conversion of "A" Ordinary Shares into Ordinary Shares pursuant to Articles 4.3.1 and 4.3.2;

- (i) the names of the former holders of "A" Ordinary Shares shall forthwith be entered in the Register of Members of the Company as the holders of the appropriate numbers of Ordinary Shares credited as fully paid;
- (ii) the Company shall give written notice to the former holders of the "A" Ordinary Shares of the number of Ordinary Shares of which they are respectively the holders;
- (iii) forthwith upon receipt of a notice under Article 4.3.3(ii), the former holder of the "A" Ordinary Shares shall deliver to the Company at its registered office for the time being the share certificates in respect of his holding of the "A" Ordinary Shares or an indemnity in respect of any certificate lost in such form as the Directors reasonably request, and the Company shall, upon receipt of such certificates or indemnity, deliver to the relevant holders new certificates in respect of such Ordinary Shares;
- (iv) such Ordinary Shares shall rank pari passu in all respects with the Ordinary Shares then in issue and shall continue as one class of shares for income, capital and voting rights and the authorised number of Ordinary Shares shall be increased and the authorised number of "A" Ordinary Shares reduced accordingly.

5. DIVIDENDS

Subject to Article 4.1 the Ordinary Shares and "A" Ordinary Shares shall rank equally for all dividends.

6. VARIATION OF CLASS RIGHTS

6.1 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 at least three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class, but not otherwise. To every such separate meeting all the provisions

of these Articles relating to general meetings of the Company shall apply (*mutatis mutandis*) except that:

- 6.1.1 the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class, but so that at any adjourned meeting of such holders at which such a quorum is not present the holder or holders present shall be a quorum; and
- 6.1.2 the holders of shares of the class in question shall on a poll have one vote in respect of every share of the class held by them respectively.
- 6.2 Without prejudice to the generality of this Article, it is a term of issue of the “A” Ordinary Shares that the following events shall (subject to the proviso to this Article) be deemed to be an attempted variation of the rights attaching to such shares and shall therefore require class consent in accordance with Article 6.1 whilst the “A” Ordinary shares remain in issue:
 - 6.2.1 the entering into of any proposition for a Listing of the Shares;
 - 6.2.2 re-registration as a public company,
 - 6.2.3 granting of any option or other right to subscribe for any of the Shares other than the right to convert the Convertible Loan into “A” Ordinary Shares pursuant to the Loan Agreement;
 - 6.2.4 issuing any share capital of the Company other than any obligation to issue “A” Ordinary Shares pursuant to the Loan Agreement;
 - 6.2.5 increasing or reducing the Company’s authorised share capital or its issued share capital (other than to enable the Company to allot and issue “A” Ordinary Shares pursuant to the terms of the Loan Agreement);
 - 6.2.6 sub-division or consolidation of the Company’s authorised or issued share capital;
 - 6.2.7 alteration of the Company’s memorandum of association or articles of association;
 - 6.2.8 alteration of any of the class rights attaching to any of the Shares;
 - 6.2.9 passing any resolutions for the winding up of the Company or entering into any compromise or arrangement with the Company’s creditors,
 - 6.2.10 doing or permitting to suffer to be done any act or thing whereby the Company or any subsidiary may be wound up, whether voluntarily or compulsory or put into administration or receivership;
 - 6.2.11 subscribing for or otherwise acquiring shares in any company, acquiring all or substantially all of the assets of any other company or of any unincorporated business, disposing of any share in any other company, disposing of the Company’s undertaking and assets or any substantial part thereof or making any capital investment in any partnership or disposing of any such interest;

- 6.2.12 any alteration of the restrictions on the powers of the directors of the Company and its subsidiaries to borrow, give guarantees or create charges;
- 6.2.13 the redemption of any of the Company's shares or the entering into of a contract by the Company to purchase any of its shares;
- 6.2.14 the appointment or removal of the Company's auditors and bankers;
- 6.2.15 any alteration of the Company's accounting reference date;
- 6.2.16 the entering into of a Director's service contract or any other agreement with any of the Directors or a Connected person or the material variation of any such existing service agreement with any such person;
- 6.2.17 the giving of any guarantee or indemnity or security to secure the liabilities of any other person (other than in relation to another Group Company) or provide any credit (other than normal trade credit);
- 6.2.18 making any loan or advancing other than to another Group Company on arm's length terms, normal trade credit and advances not exceeding £15,000 repayable within twelve months of the date of the advance to employees of any Group Company;
- 6.2.19 granting any lease over or selling or otherwise disposing of the Company's freehold or leasehold property or any substantial part of such property or a substantial interest in any such property or contract to do so;
- 6.2.20 factoring or assigning or charging or otherwise dealing with any of the book debts;
- 6.2.21 creating or allowing to come into being any mortgage, charge or other security over any of its undertaking, property, other assets and/or uncalled capital;
- 6.2.22 materially changing the nature of the Company's business as carried on at the date of this agreement or expanding or developing its business except through itself or a wholly owned subsidiary of the Company;
- 6.2.23 entering into any contract which is not on an arm's length basis;
- 6.2.24 entering into any transaction outside the ordinary course of business;
- 6.2.25 varying the nature, scope or levels of insurance cover of the Group in any material respect;
- 6.2.26 changing the benefits of the directors of the Company;
- 6.2.27 paying compensation for loss of office to a director which exceeds his contractual entitlement, except as may be ordered by a court or tribunal;
- 6.2.28 entering into a service or any other agreement with any Director or person Connected with any Director, or materially changing such an agreement;

- 6.2.29 repaying any indebtedness due or owing to a Director or any person connected to a Director;
- 6.2.30 changing the registered office of any Group Company;
- 6.2.31 allowing the Borrowings of the Group to exceed £35,000 at any time;
- 6.2.32 changing the auditors or bankers (including any change to the bank mandates);
- 6.2.33 the purchase of any assets (that can properly be attributed to capital) in excess of £10,000 in aggregate in any quarter; and
- 6.2.34 the calling of a meeting of the Company to effect or approve any matter which would by virtue of this Article 6.2 be a variation of such class rights;

Provided That the foregoing events shall not be deemed to be an attempted variation of the rights attaching to such shares and shall not therefore require class consent in accordance with Article 6.1 if a request for consent to any action which would otherwise be in breach of this Schedule is made in writing to the relevant shareholders with sufficient details of the proposed action to enable them to properly consider it, and no response is received by the Company or its Directors within 56 days of the request being made.

7. LIEN

The Company shall have a first and paramount lien on every share (whether or not fully paid) for all and any indebtedness of any holder thereof to the Company (whether a sole holder or one of two or more joint holders) in respect of the shares concerned.

8. TRANSFERS

- 8.1 The Directors shall not register any transfer of any Ordinary Share without the prior written consent of the Majority A Ordinary Shareholders (which may be given irrevocably and notwithstanding any subsequent change in the identity of the holders of any "A" Ordinary Shares), unless the transfer is under Article 10.3.
- 8.2 The Directors shall be required (subject only to Regulation 24 of Table A and Article 6.1) to register promptly any transfer of shares made in accordance with the provisions of these Articles.

9. TAG ALONG

- 9.1 No sale or transfer of the legal or beneficial interest ("the Relevant Transaction") in any Ordinary Shares (a "Relevant Interest") may be made or validly registered unless the Majority A Ordinary Shareholders have consented to such transfer (which consent may be given irrevocably and notwithstanding any subsequent change in the identity of the holders of any A Ordinary Shares), the transfer is under Article 10.3, or the proposed seller of such Ordinary Shares ("Proposing Transferor") shall have procured a

written offer complying with the provisions of Article 9.3 to have been made by the proposed transferee (or any person or persons acting in concert with it) ("the Proposing Transferee") to the holders of all the issued "A" Ordinary Shares to acquire such of their "A" Ordinary Shares as shall be specified in Article 9.3.

9.2 For the purpose of this Article 9.2:

9.2.1 the expressions "transfer" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment and the renouncee under any such letter of allotment; and

9.2.2 the expression "acting in concert" shall bear the meaning ascribed to it in the City Code on Take-overs and Mergers (as amended from time to time).

9.3 The offer referred to in Article 9.1 above shall be on terms that:

9.3.1 it will be open for acceptance in England and Wales for a period of at least 28 days following the making of the offer;

9.3.2 it shall be for a number of A Ordinary Shares equal to x where $x = \frac{Y}{T} \times A$

where Y = the number of Ordinary Shares comprised in the Relevant Transaction;

where T = the total number of issued Ordinary Shares;

where A = the total number of issued A Ordinary Shares;

9.3.3 if there is more than one holder of A Ordinary Shares then the offer shall be made to each of them in proportion to their holdings of A Ordinary Shares;

9.3.4 each Member to whom it is made shall be entitled to receive for each of the Shares held by him a sum per share equal to the Specified Price;

9.3.5 the purchase of any shares in respect of which such offer is accepted shall be completed at the same time as the Relevant Transaction;

9.3.6 the Specified Price which each holder of "A" Ordinary Shares shall be entitled to receive in respect of each share held by him shall be equal to the price per Share paid in money or money's worth or to be paid for the Relevant Interest;

9.3.7 each A Ordinary Share transferred to the Proposing Transferee shall be redesignated as one Ordinary Share immediately upon such transfer.

9.4 Any disagreement as to the calculation of the Specified Price which each Member is entitled to receive in respect of each share held by him for the purposes of this Article shall be referred to such firm of chartered accountants as may be nominated by the President of the Institute for Chartered Accountants in England and Wales ("Accountants"). The Accountants (acting as experts and not arbitrators) shall be instructed to determine the disagreement and the decision shall be final and binding (in

the absence of manifest error). The costs of the Accountants shall be borne by the Company.

10. TRANSFERS OF SHARES

10.1 No holder of Ordinary Shares may transfer any of his shares to any person who is not already a Member without the prior written consent of the Majority A Ordinary Shareholders (such consent not to be unreasonably withheld or delayed).

10.2 No "A" Ordinary Shareholder shall be entitled to sell or transfer the legal or beneficial interest in any "A" Ordinary Shares which he holds unless and until the following provisions have been complied with (and expressions defined in this Article 10.2 shall bear the meanings set out in this Article 10.2 only for the purposes of this Article 10.2):-

10.2.1 The relevant "A" Ordinary Shareholder ("the Transferor") shall immediately deliver to the Company at its registered office his share certificate for all his "A" Ordinary Shares, a signed share transfer form in blank and a letter (a "Transfer Notice") authorising and requesting the Company to act as his agent to sell such Shares ("the Sale Shares") at the price specified in the Transfer Notice ("the Price") and in the manner hereinafter set out;

10.2.2 Within seven days of their receipt of a Transfer Notice the Directors shall offer the Sale Shares in writing to such of the other Shareholders of the Company who are Directors ("the Offerees") in equal proportions at the Price ("the Offer").

10.2.3 Each of the Offerees shall accept (in whole or in part) or decline the Offer no later than 21 days after receipt thereof and:-

10.2.3.1 shall notify his acceptance by sending to the Company's registered office a notice in writing to this effect; and

10.2.3.2 the Offer shall be deemed rejected unless such acceptance is notified in accordance with Article 10.2.3.1;

Provided That the Offerees may together nominate any other Shareholder(s) in the Company (with their written consent) to purchase any of the Sale Shares.

10.2.4 If a purchaser(s) for all the Sale Shares is not found pursuant to Article 10.2.3 then none of the Sale Shares shall be transferred pursuant to Article 10.2.3 and the Transferor shall be entitled to transfer the Sale Shares to any third party within 6 months of the date of the Transfer Notice provided that the price paid for the Sale Shares by such third party is equal to or in excess of the Price;

- 10.2.5 In the event that a purchaser(s) are found for all the Sale Shares pursuant to Article 10.2.3 then completion of the sale of the Sale Shares and payment of the Price in full shall take place 21 days after last acceptance of an Offer or nomination of a purchaser;
- 10.2.6 If the Transferor shall fail to sign a share transfer form or similar document to effect a transfer or repurchase by the Company of his Sale Shares pursuant to this Article 10.2 the Directors may authorise some person to execute and deliver on his behalf the necessary share transfer form or other document and the Company may retain the Price in trust for the Transferor and cause the Transferee(s) to be registered as the holder(s) of such Shares or cause any Shares repurchased by the Company to be cancelled.
- 10.3 Any Ordinary Shareholder who has been nominated under any written agreement (a "Shareholders' Agreement") between the Shareholders (a "Vendor") shall be deemed to have offered for sale all the Ordinary Shares which he holds ("Transfer Shares") when he ceases to be an employee of the Company and:-
- 10.3.1 As soon as reasonably practicable after the date of cessation of the employment of the Vendor by the Company ("the Cessation Date") and determination of the Offer Price in accordance with Article 10.3.2, the Company shall by notice in writing (an "Offer Notice") inform each Shareholder nominated as a Recipient in the Shareholders' Agreement ("Recipients") of the number and price of the Transfer Shares and shall invite each Recipient to apply in writing to the Company within 14 days of the date of despatch of the Offer Notice (which date shall be specified therein) for such maximum number of the Transfer Shares (being all or any thereof) as he shall specify in such application, at the Offer Price.
- 10.3.2 The Offer Price shall be the price per Share agreed not more than one month after the Cessation Date between the Vendor and the Directors as representing the fair value of the Transfer Shares. If, prior to expiry of that period, the Offer Price shall not have been so agreed then, upon the expiry of that period the Directors shall refer the matter to the auditors of the Company and the auditors shall determine and certify the sum per share considered by them to be the fair value thereof as at the Cessation Date and the sum per Share so determined and certified shall be the Offer Price. In so determining and certifying the auditors shall take into account the proportion of the relevant class of shares which the Transfer Shares represent. The auditors shall act hereunder at the cost and expense of the Company as experts and not as arbitrators and their determination shall be final and binding on all persons concerned and, in the absence of fraud, they shall be under no liability to any such person by reason of their determination or certificate or by anything done or omitted to be done by them for the purpose thereof or in connection therewith.

- 10.3.3 If the Recipients shall within the said period of 14 days apply for all or any of the Transfer Shares, the Directors shall allocate the Transfer Shares (or so many of them as shall be applied for) to or amongst the applicant Recipients in proportion as nearly as may be to the number of shares in the Company of which they are registered or unconditionally entitled to be registered as holders provided that no applicant Recipient shall be obliged to take more than the maximum number of shares specified by him as aforesaid. If any Transfer Shares shall not be capable without sub-division of being allocated to the Recipients in proportion to their existing holdings, the same shall be allocated to the applicant Recipients, or some of them, in such proportions or in such manner as the Directors think fit.
- 10.3.4 The Company shall forthwith give notice of such allocations ("Allocation Notice") to the Vendor and to the Recipients to whom the Transfer Shares have been allocated and shall specify in the Allocation Notice the place and time (being 14 days after the date of despatch of the Allocation Notice, which shall be specified therein) at which the sale of the Transfer Shares so allocated shall be completed.
- 10.3.5 The Vendor shall be bound (upon payment of the purchase price due in respect thereof) to transfer the Transfer Shares comprised in the Allocation Notice to the purchasing Recipients named therein at the place and time therein specified; and if in any case the Vendor after having become bound as aforesaid makes default in transferring any shares, the Company may receive the purchase price on his behalf, and may authorise some person to execute a transfer of such shares in favour of the purchasing Recipient. The receipt of the Company for the purchase price shall be a good discharge to the purchasing Recipient. The Company shall forthwith pay the purchase price into a separate bank account in the Company's name and shall hold the purchase price and any interest earned thereon in trust for the Vendor.
- 10.3.6 With the prior written consent of the Majority "A" Ordinary Shareholders, during the six months following the expiry of the period of 14 days referred to in Article 10.3.3, the Vendor shall be at liberty to transfer to any person and at any price (not being less than the Offer Price) and on any terms (not being more favourable than the terms on which the Transfer Shares were offered to the Recipients) any of the Transfer Shares not allocated by the Directors as aforesaid.
- 10.4 With effect from the date upon which all the A Ordinary Shares have been converted into Ordinary Shares (pursuant to Article 4.3), Articles 8.1, 9, 10.1 and 10.2 shall immediately cease to apply and Article 10.5 shall apply.

10.5 No Ordinary Shareholder shall be entitled to sell or transfer the legal or beneficial interest in any Ordinary Shares which he holds unless Article 10.3 applies or until the following provisions have been complied with (and expressions defined in this Article 10.5 shall bear the meanings set out in this Article 10.5 only for the purposes of this Article 10.5):-

10.5.1 The relevant Ordinary Shareholder ("the Transferor") shall immediately deliver to the Company at its registered office his share certificate for all his Ordinary Shares, seven signed share transfer forms in blank and a letter (a "Transfer Notice") authorising and requesting the Company to act as his agent to sell such Shares ("the Sale Shares") at the price specified in the Transfer Notice ("the Price") and in the manner hereinafter set out;

10.5.2 Within seven days of their receipt of a Transfer Notice the Directors shall offer the Sale Shares in writing to all the Shareholders other than the Transferor ("the Offerees") in such proportions as their respective holdings of Ordinary Shares bear to the aggregate of their holdings of Ordinary Shares at the Price ("the Offer");

10.5.3 Each of the Offerees shall accept (in whole or in part) or decline the Offer no later than 21 days after receipt thereof and:-

10.5.3.1 shall notify his acceptance by sending to the Company's registered office a notice in writing to this effect; and

10.5.3.2 the Offer shall be deemed rejected unless such acceptance is notified in accordance with Article 10.5.3.1;

Provided That:-

10.5.3.3 subject to company law the Offerees may together nominate the Company to purchase any of the Sale Shares;

10.5.3.4 In the event and to the extent that the Offer is rejected or deemed rejected by any of the Offerees pursuant to this Article 10.5.3, the Directors shall within seven days of such rejection or deemed rejection offer the Sale Shares for which no purchaser has been found to the Offerees who have accepted the Offer in full whereupon Articles 10.5.3.1 and 10.5.3.2 and this Article 10.5.3.4 shall apply to such offer and to all subsequent offers made under this Article 10.5.3.4 until either purchasers have been found for all the Sale Shares or Sale Shares remain available but no-one has accepted the offer to purchase them;

- 10.5.4 If a purchaser for all the Sale Shares is not found pursuant to Article 10.5.3 then the Sale Shares for which purchasers have been found shall be sold and purchased in accordance with Article 10.5.5 and the Transferor shall be entitled to transfer the remaining Sale Shares to any third party within 6 months of the date of the Transfer Notice provided that the price paid for the Sale Shares by such third party is equal to or in excess of the Price;
- 10.5.5 To the extent that purchasers are found for Sale Shares pursuant to Article 10.5.3 then completion of the sale of the Sale Shares and payment of the Price in full shall take place 21 days after last acceptance of an Offer or nomination of a purchaser;
- 10.2.6 If the Transferor shall fail to sign a share transfer form or similar document to effect a transfer or repurchase by the Company of his Sale Shares pursuant to this Article 10.5 the Directors may authorise some person to execute and deliver on his behalf the necessary share transfer form or other document and the Company may retain the Price in trust for the Transferor and cause the Transferee(s) to be registered as the holder(s) of such Shares or cause any Shares repurchased by the Company to be cancelled.

11. PROCEEDINGS AT GENERAL MEETINGS

- 11.1 Save as herein otherwise provided two Shareholders present in person or by proxy (or, being a corporation, by representative), one of whom must be a proxy or duly authorised representative of a holder of "A" Ordinary Shares, shall be a quorum.
- 11.2 If a quorum is not present within half an hour from the time appointed for a general meeting or ceases to be present the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.
- 11.3 If at any adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved, unless the meeting was adjourned for 13 days or more and due notice in such regard was given to the Members within 5 days of the adjournment whereupon the quorum at any such adjourned meeting shall be any two Members present in person or by proxy (or, being a corporation, by representative).
- 11.4 In the case of any equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

12. ALTERNATE DIRECTORS

At the end of Regulation 66 of Table A there shall be added the words:

“nor shall any meeting of the Directors be invalid because notice thereof or of any business to be transacted at that meeting was not given to any alternate director if his appointor attends such meeting.”

13. APPOINTMENT AND RETIREMENT OF DIRECTORS

13.1 The Directors shall not be required to retire by rotation.

13.2 The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

13.3 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, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of directors.

14. PROCEEDINGS OF THE DIRECTORS

14.1 The number of Directors shall not be less than two nor more than eight.

14.2 Subject to Articles 14.4 and 14.7 the quorum necessary for the transaction of business of the Directors shall be two, at least one of whom shall be the A Director if at the time of the meeting an A Director has been appointed.

14.3 If a quorum is not present within half an hour from the time appointed for a meeting of the Directors or ceases to be present the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.

14.4 If at any adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved, unless the meeting was adjourned for 13 days or more and due notice in such regard was given to the Directors within 5 days of the adjournment whereupon the quorum at any such adjourned meeting shall be any two Directors.

14.5 At any meeting of the Directors each Director (or his alternate director) present at the meeting shall be entitled to one vote.

14.6 In the case of an equality of votes at any meeting of the Directors the chairman of such meeting shall not be entitled to a second or casting vote. Regulation 88 of Table A shall be modified accordingly.

14.7 Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any interest of his, a Director notwithstanding his office:

14.7 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;

- 14.7.2 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;
- 14.7.3 may or any firm or company of which he is a 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;
- 14.7.4 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
- 14.7.5 shall be entitled to vote on any resolution and (whether or not he shall vote) be counted in the quorum on any matter referred to in any of Articles 14.5.1 to 14.5.2 (inclusive) or on any resolution which 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 resolution as aforesaid his vote shall be counted.
- 14.8 For the purposes of Article 17.5:
- 14.8.1 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;
- 14.8.2 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
- 14.9 Any Director including an alternate Director may participate in a meeting of the Directors or a committee of the Directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Acts, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 14.10 Regulation 88 of Table A shall be amended by substituting for the sentence:
- “It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom” the following sentence: “Notice of every meeting of the directors shall be given to each director and his alternate, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company an address

within the United Kingdom or an e-mail address or a facsimile number outside the United Kingdom for service”.

15. THE A DIRECTOR

- 15.1 Notwithstanding any other provisions of these Articles, the Majority “A” Ordinary Shareholders have the right to appoint one person as a Director of the Company and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place.
- 15.2 Any appointment or removal of an A Director shall be by notice in writing to the Company which will take effect on delivery at the registered office of the Company or at any meeting of the board of Directors.
- 15.3 On any resolution to remove the A Director the “A” Ordinary Shares shall together carry at least one vote in excess of 75% of the votes exercisable in respect of that resolution at the general meeting at which such resolution is to be proposed and if any such director is removed pursuant to Section 303 of the Act the Majority “A” Ordinary Shareholders may reappoint him or any other person as the A Director.
- 15.4 If any agreement between the Shareholder from time to time so permits, the Majority “A” Ordinary Shareholders shall have the right (acting jointly if more than one) to appoint one person as an observer to attend and speak (but not vote at) at all board meetings of the Company (“the Observer”) (in addition to the right to appoint an A Director pursuant to Article 15.1) and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place.

16. STEP IN RIGHTS

- 16.1 The provisions of Articles 16.2 and 16.3 shall apply if:
- 16.1.1 any one or combination of the Directors (excluding the A Director) or the Company are in breach of any of their obligations in any written agreement between the Shareholders in force from time to time or the Loan Agreement or the Debenture, or, in the case of the Directors only, of their service agreements, (which in any case, if capable of remedy has not been remedied within 14 days of the Directors receiving notice to remedy the same from the Majority A Ordinary Shareholders) the consequences of which may be (in the opinion of the Majority A Ordinary Shareholders) to the material detriment of the Company or the interests of investors as shareholders of and lenders to, the Company (including the status of their investments as qualifying holdings within the meaning of Schedule 28B ICTA); or
- 16.1.2 there is a material breach of these articles of association of the Company in force from time to time.
- 16.2 The A Director may give written notice to the Company that the provisions of this Article 16 should have effect until such time as written notice is given by the A Director that the provisions of this Article 16 shall cease to have

effect in relation to the matter in question (which will be given as soon as the relevant circumstances(s) prompting the giving of the notice is/are no longer applicable)

- 16.3 Upon receipt by the Company of the notice referred to at Article 16.2 the A Director alone shall count as a quorum at any meeting of Directors and shall be entitled at any meeting of Directors to cast such number of votes which exceeds the votes cast for a resolution to which the A Director is opposed or which exceeds the votes cast against a resolution which the A Director has proposed.

17. DIRECTORS' BORROWING POWERS

Subject as hereinafter provided, the Directors may exercise all the powers of the Company (whether express or implied) of borrowing or securing the payment of money, of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts, and of mortgaging or charging the undertaking, property, assets and uncalled capital of the Company and (subject to Section 80 of the Act) of issuing debentures.

18. THE SEAL

The obligation under Regulation 6 of Table A relating to the sealing of share certificates shall only apply if the Company has a seal.

19. NOTICES

- 19.1 Without prejudice to the provisions of Regulation 112 of Table A, the Company may also give notice to a Member by e-mail to an e-mail address or by facsimile to a facsimile number supplied by the Member for such purposes.

- 19.2 Where a notice is sent by facsimile a transmission report showing that the facsimile was transmitted in full to the correct number shall be conclusive evidence that the notice was given and the notice shall be deemed to have been given at the time of transmission.

20. WINDING UP

In Regulation 117 of Table A, the words "with the like sanction" shall be inserted immediately before the words "determine how the division".

21. INDEMNITY

- 21.1 Subject to the provisions of Section 310 of the Act every Director (including an alternate 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 lawful 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 Section 144 or Section 727 of the Act in which relief is granted to him by the court, and no Director (including an alternate 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 lawful execution of the duties of his office or in relation thereto.

- 21.2 The Directors shall have power to purchase and maintain for any Director, (including an alternate Director), officer or auditor of the Company insurance against any such liability as is referred to in Section 310 (1) of the Act and, subject to the provisions of the Act, against any other liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a Director, (including as an alternate Director), officer or auditor.
- 21.3 The Directors may authorise the directors of companies within the same group of companies as the Company to purchase and maintain insurance at the expense of the Company for the benefit of any director (including an alternate director), other officer or auditor of such company in respect of such liability, loss or expenditure as is referred to in Article 21.2.