

WESTON MEDICAL LIMITED ("the Company")

As Company Secretary I hereby certify that the following resolutions were, on the 26th of January 1999, duly passed as Unanimous Written Resolutions of the Company;

1. That in accordance with the Companies Act 1985 the Share Capital of the Company and is hereby altered by;

- 1.1 Sub-dividing:

- 1.1.1 each £1 ordinary share in to 100 ordinary shares of 1 pence each; and

- 1.1.2 each £1 A ordinary share in to 100 A ordinary shares of 1 pence each.

- 1.2 reclassifying:-

80,574 of the ordinary 1p shares held by J. Weston; and

80,573 of the ordinary 1p shares held by T.E. Weston;

as "A Ordinary Shares of 1p each"

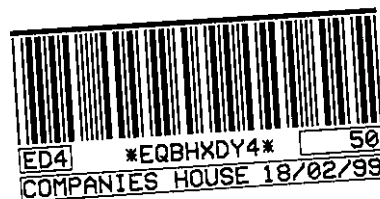
2. That the authorised Share Capital of the Company be hereby increased from £75,000 to £110,000 by the creation of:-

- (a) 676,061 Ordinary Shares of 1 pence each ranking pari passu in all respects with the existing Ordinary Shares in the Company

- (b) 2,823,939 "A" Ordinary Shares of 1 pence each raking pari passu in all respects with the existing Ordinary Shares of 1 pence each

All such shares having the respective rights and obligations set out in the Articles of Association of the Company proposed to be adopted by Resolution number 4 below.

3.
 - (a) That the directors are unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 to allot and dispose of or grant options over shares in the Company at any time during the period of five years from the date hereof (although the Company may after expiry of that period continue to issue shares to comply with its obligations in respect of options granted prior to expiry) on the following terms;



- (i) up to 2,823,939 A Ordinary Shares to the Investors and 7060 Ordinary Shares to David Gibbons
- (ii) up to 1,409,332 Ordinary Shares in connection with the Company's 1997 Unapproved Executive Share Option Scheme, as amended, the limit of 1,409,332 to include all shares which would be issued if all subsisting options granted under the scheme were exercised.
- (b) That by virtue of Section 95 (1) of the Companies Act 1985, Section 89 (1) shall not apply to any allotment of Shares pursuant to the authority conferred by the preceding paragraph of this Resolution.

Adoption of New Articles of Association

- 4. That the draft articles attached hereto be and are hereby adopted as the Articles of Association of the Company in place of all existing articles.
- 5. That the provisions of the articles requiring the transfer of shares by members ceasing to be directors or employees of the Company shall not apply to David Bates.
- 6. The Rules of the Company's 1997 Unapproved Executive Share Option Scheme ("the Unapproved Scheme") be and are hereby amended as follows:-
 - 1.1 The definition of "Employee" shall be deleted from the rules wherever it appears and replaced with "*Candidate*" which shall mean any of the following;
 - (i) *an employee or a director of a Group Company who is required to devote substantially the whole of his working time to the business of the Group and who is approved for the purposes of this Scheme by the Investors;*
 - (ii) *a director of a Group Company; or*
 - (iii) *a Company nominated by any such employee or director.*
 - 1.2 The definition of "Employees' Share Scheme" shall be deleted.
 - 1.3 The definition of "the Investors" shall be amended to the following "*3i Group Plc, Canven (CI) Limited and Nomura**"
 - 1.4 Clause 1(b) shall be amended by adding the following sub-clause (vii) as follows "*when referring to a person include firms, companies and all artificial organisations*".

1.5 Rules 5(b) and (c) shall be deleted and replaced with the following;

Rule 5(b);

- (i) *Subject to Rule 5(c), if an option- holder being an employee of the Company shall cease to be employed by an Group Company for any reason whatsoever his option shall lapse on the date of such cessation.*
- (ii) *Subject to Rule 5(c), if an option-holder being a director of the Company but not an employee shall cease to be a director of all Group Companies for any reason whatsoever his option shall lapse on the date of such cessation.*
- (iii) *Subject to Rule 5(c), in relation to options granted to a company, if the person who nominated the company to be Option-Holder who was, at the time of that nomination, an employee of the Company shall cease to be employed by any Group Company for any reason whatsoever (or if such person was a director but not an employee, shall cease to be a director of all group Companies for any reason whatsoever) the options granted to that Option holder shall lapse on the date such cessation.*
- (c) *If any of the events specified in Rule 5(b) occur for any reason the Grantor may, subject to Investors' consent, but subject to Rule 5(a), consent to the exercise of Option in whole or in part to the extent determined by the Grantor within six months after such cessation note the expiry of such period or any such Option shall, to the extent that it is not an exercise, lapse."*

1.6 (Loss of Office or Employment) shall be amended by adding a new clauses (d) and (e) as follows

"if an employee nominates a Company to be an option holder he shall, as a condition of such nomination, be required to execute as a deed an acknowledgement and waiver in the same terms as rules 6(a) 2(c) above."

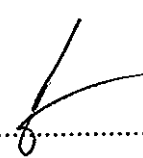
- (e) *"The grant of an Option does not form part of an Option Holders' entitlement to directors fees pursuant to any engagement of him as a director nor does the existence of such an engagement give any such director an right or entitlement to have an option granted to him in respect of any number of Scheme Shares or any expectation that an Option might be granted to him whether subject to any conditions or at all. The rights and obligations of such a director under the terms and conditions of his engagement shall not be affected by his*

participation in the scheme or any right he may have to participate in the scheme."

- 1.7 At the end of each of clauses 7(e), 8(c) and 9(d) the following sentence shall be added;

"if the Option-Holder is a company nominated by an individual the individual must, when making such nomination, authorise the Company, if it so desires, to deduct any amount so indemnified from his salary or any other amount owing to him by the Company."

Dated this 15th day of February 1999.


.....
C.J. Thomson
Company Secretary

Articles of Association

Weston Medical Limited

Company number: 2865476

Adopted by special resolution dated

January 1999

Articles

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The Companies Act 1985

Company limited by shares

Articles of Association

of

Weston Medical Limited

1. Definitions

In these articles the following words and phrases have the meanings set out opposite them below:

"3i"	3i Group plc (and "a member of the 3i Group" shall mean 3i, any subsidiary of 3i and any company of which 3i is a subsidiary).
"the Act"	the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force.
"Connected Persons"	as defined by section 839 Income and Corporation Taxes Act 1988.
"a Controlling Interest"	an interest in shares (as defined in Schedule 13 Part 1 and section 324 of the Act) in a company conferring in the aggregate 20% or more of the total voting rights conferred by all the issued shares in that company.
"Employee Member"	a person (whether a member of the Company or not) who is or has been a director and/or an employee of the Company or any of its subsidiaries.
"Equity Shares"	A ordinary shares and ordinary shares.
"Family Trust"	a trust which only permits the settled property or the income therefrom to be applied for the benefit of the settlor

and/or a Privileged Relation of that settlor 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 the settlor or the Privileged Relations of the settlor. For purposes of this definition "settlor" includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member.

"Good Leaver"

an Employee Member who ceases to be a director or employee of the Company or any of its subsidiaries and does not continue as either a director or employee in relation to any of them where such cessation occurs for one of the following reasons:

- death;
- illness or disablement;
- retirement at normal retirement age;
- constructive dismissal by the employer;
- termination of employment by the employer otherwise than for gross misconduct;
- in the case of an Employee Member who was a director but not an employee;
 - expiry of the originally agreed terms of office without renewal;
 - removal from office by the Company (or as appropriate its subsidiaries) otherwise than for fundamental

breach by the director of his duties as a director;

- resignation owing to fundamental breach by other directors of their duties as director;

and for the purposes of determining whether someone is or is not a Good Leaver (and this shall not apply for any other purpose) any disagreement shall be referred to an Independent Expert who shall hear such representations by the parties and adopt such procedure as he thinks fit.

"Independent Expert"	an umpire (acting as an expert and not as an arbitrator nominated by the Vendor (as described in Article 12.4) and the Board or in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales.
"Investors"	3i, Phildrew Fund and Nomura.
"Investor Majority"	3i and either Phildrew Fund or Nomura
"Investment Fund"	any person, company, trust, limited partnership or fund holding shares for investment purposes.
"Member of the same Group"	as regards any company, a company which is for the time being a holding company or subsidiary of that company or of any such holding company.
"Nomura"	Nomura International plc (and "a member of the Nomura Group" shall mean Nomura, any subsidiary, associate or affiliate of Nomura and any company of which Nomura is a subsidiary, associate or affiliate);
"Original Members"	persons who were members of the Company on the date of the adoption of

these articles and the Family Trusts and Privileged Relations of such members.

"Phildrew Fund"

The Phildrew Ventures Fourth Fund 'A', The Phildrew Ventures Fourth Fund 'B', The Phildrew Ventures Fourth Fund 'C' and The Phildrew Venture Fourth Fund 'D' all acting by their managing general partner Canven (CI) Limited.

"Privileged Relations"

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.

"Table A"

Table A in the Companies (Tables A - F) Regulations 1985 as amended by the Companies (Tables A - F) (Amendments) Regulations 1985.

"Termination Date"

- where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;
- where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;
- where the Employee Member concerned is a director but not an employee, the date on which his contract for services with the Company is terminated; and
- in any other case, the date on which the contract of employment is terminated.

2. Application of Table A

- 2.1 The regulations contained in or incorporated in Table A shall apply to the Company save insofar as they are excluded or varied hereby or are inconsistent herewith and such regulations (save as so excluded varied

or inconsistent) and the articles hereinafter contained shall be the regulations of the Company.

- 2.2 Regulations 54, 73-80 (inclusive), 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company.

3. **Share capital**

The authorised share capital of the Company is £110,000 divided into:

7,226,786 A ordinary shares of 1p each

3,773,214 ordinary shares of 1p each.

4. **Dividends**

The Company may by ordinary resolution declare dividends for ordinary and A ordinary shares in accordance with the Act, but no dividend shall exceed the amount recommended by the Directors. Where a dividend is declared it shall be pro rata in respect of all Equity Shares. If the Company establishes a sustainable income stream which allows the payment of such dividends the Directors shall, unless they reasonably consider that it would not be in the interests of the Company as a whole, endeavour to declare dividends which are covered four times by profits.

5. **Return of capital**

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

- 5.1 first in paying per share to each holder of the A ordinary shares the average of the price the holder paid for its A ordinary shares together with a sum equal to any arrears or accruals of the dividends on the A ordinary shares calculated down to the date of the return of capital;
- 5.2 second in paying per share to the holders of ordinary shares the average of the price paid per share by all A ordinary shareholders for their A ordinary shares together with a sum equal to any arrears or accruals of any dividends on the ordinary shares calculated down to the date of the return of capital; and
- 5.3 the balance of such assets shall be distributed amongst the holders of the A ordinary shares and 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 on the A ordinary shares and ordinary shares held by them respectively.

6. **Conversion of A ordinary shares**

- 6.1 The holders of the A ordinary shares may at any time convert the whole of their A ordinary shares into a like number of ordinary shares. The following provisions of this article shall apply to the conversion.
- 6.2 The conversion shall be effected by notice in writing given to the Company signed by the Investor Majority. The conversion shall take effect immediately upon the date of delivery of such notice to the Company (unless such notice states that conversion is to be effective when any conditions specified in the notice have been fulfilled in which case conversion shall take effect when such conditions have been fulfilled).
- 6.3 Forthwith after conversion takes effect the holders of the resulting ordinary shares shall send to the Company the certificates in respect of their respective holdings of A ordinary shares. The Company shall issue to such holders certificates for the ordinary shares resulting from the conversion.
- 6.4 The ordinary shares resulting from the conversion shall rank from the date of conversion *pari passu* in all respects with the other ordinary shares in the capital of the Company.
- 6.5 On the date of conversion the Company shall pay a dividend to the holders of the A ordinary shares of a sum equal to any arrears or accruals of the dividends on the A ordinary shares calculated on the date of conversion.

7. **Voting**

Shares in the Company shall carry votes as follows:

ordinary shares: one vote per share

A ordinary shares: one vote per share

Votes on shares may be exercised:

- on a show of hands by every member who (being an individual) is present in person or (being a corporation) is present by a representative (in which case each member holding shares with votes shall have one vote)
- on a poll by every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each member holding shares with votes shall have one vote for each such

share held).

8. Class rights

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, only with the consent in writing of the holders of 75% of the issued shares of that class or in the case of A ordinary shares by the written consent of the Investor Majority. Without prejudice to the generality of this article, the special rights attached to the A ordinary shares (but not in the case of Article 8.2 the special rights attaching to the ordinary shares) shall be deemed to be varied:

8.1 by the Company:

- 8.1.1 altering its memorandum or articles of association; or
- 8.1.2 varying in any way (whether directly or indirectly) the rights attached to any of the shares for the time being in the capital of the Company; or
- 8.1.3 applying by way of capitalisation any sum in or towards paying up any share or loan capital of the Company; or
- 8.1.4 entering into a contract to purchase any of its shares; or
- 8.1.5 redeeming any of its shares; or
- 8.1.6 passing a resolution that it be wound up; or

8.2 by the Company or any of its subsidiaries:

- 8.2.1 altering, increasing, reducing, sub-dividing or consolidating its authorised or issued share capital or altering its accounting reference date; or
- 8.2.2 granting any option or other right to subscribe for shares; or
- 8.2.3 disposing of its undertaking or any substantial part thereof; or
- 8.2.4 disposing of or acquiring any interest in any share in the capital of any company.
- 8.2.5 entering into a written service agreement with any director or Connected Person or the material variations of any such existing service agreement with any such person.

9. **Further issue of shares**

Notwithstanding any other provisions of these articles the directors shall be bound to offer to each member (pro rata to their respective holdings of Equity Shares) such proportion of any shares forming part of the equity share capital of the Company which the directors determine to issue otherwise than pursuant to an employee's share scheme approved by the Investors as the aggregate nominal value of shares in the equity share capital of the Company for the time being held by the respective member bears to the total issued equity share capital of the Company immediately before the issue of the shares. Any shares issued to the Investors pursuant to such offer shall be A ordinary shares and issued upon no less favourable terms and conditions than those issued to any other person and so that such shares shall at the request of the Investors be registered in the name or names of the respective Investors.

Offers to be made pursuant to this Article shall be open for acceptance for at least 21 days. Members may in responding to the offer state that they would be willing to accept to a certain number of shares in addition to their strict entitlement and any shares not taken up shall be allotted to such members pro rata to their respective shareholdings provided that no member shall be obliged to take more shares than he has applied for.

10. **Transfer of shares**

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 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 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.

11. **Permitted and mandatory transfers**

Permitted transfers to relations and family trusts

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 of which he is the settlor

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 Investor Majority.

Criteria for consents to family trusts

- 11.1 Where the consent of a holder of A ordinary shares is requested to a transfer to a Family Trust such consent shall be given when the holder is satisfied:
- 11.1.1 with the terms of the trust instrument and in particular with the powers of the trustees;
 - 11.1.2 with the identity of the proposed trustees;
 - 11.1.3 that the proposed transfer will not result in 50% or more in the aggregate of the Company's equity share capital being held by trustees of that and any other trusts; and
 - 11.1.4 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.

Permitted transfers by family trusts

- 11.2 Where any shares are held by trustees upon a Family Trust:
- 11.2.1 on any change of trustees such shares may be transferred to the new trustees of that Family Trust;
 - 11.2.2 such shares may be transferred at any time to the settlor or (subject to Article 11.2) to another Family Trust of which he is the settlor or to any Privileged Relation of the settlor.

Permitted transfers by 3i

- 11.3 Notwithstanding any other provisions of these articles a transfer of any shares in the Company held by any member of the 3i Group may be made between the member in the Group holding such shares and any other member in the 3i Group without restriction as to price or otherwise and any such transfer shall be registered by the directors. If any such transferee ceases to be a member of the 3i Group it shall forthwith transfer the relevant shares to a member of the 3i Group.

Permitted transfers by an Investment Fund

- 11.4
- 11.4.1 Notwithstanding any other provisions in these articles, any

holder of A ordinary shares which is an Investment Fund or its trustee, custodian or nominee, may at any time transfer all or any shares held by it:

- (i) to any trustee, nominee or custodian for such fund and vice versa;
- (ii) to any unitholder, shareholder, partner, participant, manager or adviser (or any employee of such manager or adviser) of any such fund;
- (iii) to any other Investment Fund; or
- (iv) to a trustee, nominee or custodian for, or to a member of the same Group of, any of the persons referred to in this Article 11.5.1.

11.4.2 Any shareholder being an Investment Fund may at any time transfer all or any shares held by it to a "Co-Investment Scheme", being a scheme under which certain officers, employees or partners of such Investment Fund or of its adviser or manager are entitled (as individuals or through a body corporate or any other vehicle) to acquire shares which the Investment Fund would otherwise acquire.

11.4.3 A Co-Investment Scheme which holds shares through a body corporate or another vehicle may at any time transfer all or any shares by it to:

- (i) another body corporate or another vehicle which holds or is to hold shares for the Co-Investment Scheme; or
- (ii) the officers, employees or partners entitled to the shares under the Co-Investment Scheme.

Permitted transfers by Nomura

11.5 Notwithstanding any other provisions of these articles a transfer of any shares in the Company held by any member of the Nomura Group may be made between the member of the Nomura Group holding such shares and any other member of the Nomura Group without restriction as to price or otherwise and any such transfer shall be registered by the directors. If any such transferee ceases to be a member of the Nomura Group it shall forthwith transfer the relevant shares to a member of the Nomura Group.

Transfers with shareholder approval

- 11.6 Notwithstanding any other provisions of these articles a transfer of any shares approved by the holders of 75% of the ordinary shares and the Investor Majority may be made without restriction as to price or otherwise and any such transfer shall be registered by the directors.

Mandatory transfer if trust ceases to be a "Family Trust"

- 11.7 If and whenever any shares held by trustees upon a Family Trust cease to be so held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to any Privileged Relation of the settlor) or any beneficiaries are added to of the Family Trust other than Privileged Relations or a charity or charities a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of the relevant shares (as hereinafter defined) by the holders thereof and such shares may not otherwise be transferred.

For the purposes of this sub-article 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 the relevant shares or any of them.

Mandatory transfer on cessation of employment

- 11.8 If an Employee Member ceases to be a director or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them, then subject always to the provisions of Article 12.1 Transfer Notices shall be deemed to have been served on the relevant Termination Date in respect of:

11.8.1 all shares held by the Employee Member immediately before such cessation; and

11.8.2 all shares then held by the Employee Member's Privileged Relations and/or Family Trusts (other than shares which the directors are satisfied were not acquired by such holders either (i) directly or indirectly from the Employee Member or (ii) by reason of their connection with the Employee Member, and the decision of the board of directors in this respect will be final).

Transfers under this sub-article are in these articles referred to as Compulsory Employee Transfers.

Mandatory transfer on change of control of shareholder

- 11.9 If a corporate member ceases to be within the control (as such term is defined by section 840 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 sub-article shall have no application to 3i or to any member of the 3i Group or to Nomura or any member of the Nomura Group.

12. Pre-emption rights

Lock-in

- 12.1 Unless the Investor Majority agrees in writing, notwithstanding any other provision of these articles, a holder of ordinary shares may not transfer more than 24.9% of his shares in aggregate at the date of the adoption of these articles during the period from the date of the adoption of these articles until the second anniversary ("the first Restricted Period").
- 12.2 The provisions of this article shall not prevent such a holder from making any transfer pursuant to the permitted transfer provisions of article 11.

Transfer notices

- 12.3 Save as otherwise provided in these articles every member who desires to transfer any shares (hereinafter called "the Vendor") shall give to the Company notice in writing of such desire (in these articles called a "Transfer Notice"). Where the Transfer Notice is deemed to have been given it is referred to as a Deemed Transfer Notice. Transfer Notices and Deemed Transfer Notices 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 at the Sale Price.

Calculation of the Sale Price

- 12.4 The Sale Price shall be the price agreed by the Vendor and the directors. If the Vendor and the directors are unable to agree a price within 28 days of the Transfer Notice being given or being deemed to have been given the Sale Price will instead be the price which the Independent Expert shall certify to be in his opinion a fair value thereof. In arriving at his opinion the Independent Expert will value the shares as at the date of the Transfer Notice is given or is deemed given 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. The decision of the Independent Expert as

to the Sale Price shall be final and binding.

Restriction of Sale Price for certain transfers by Employee Members

12.5 In the case of Compulsory Employee Transfers where the Employee Member is not a Good Leaver the Sale Price shall be restricted as follows:

- (i) if the Termination Date is on or prior to the first anniversary of adoption of these Articles 50%;
- (ii) if the Termination Date is on or prior to the second anniversary of adoption of these Articles 50%;
- (iii) if the Termination Date is on or prior to the third anniversary of adoption of these Articles 75%; and
- (iv) if it is later than the third anniversary 100% of the Sale Price that would apply in the absence of this Article.

12.6 Where a contract of employment is terminated by the employer and a payment is made in lieu of notice, for the purposes only of this Article the "Termination Date" shall be deemed to be the date on which notice would have expired had it been worked.

Right of Vendor to reject partial sales

12.7 A Transfer Notice (but not a Deemed Transfer Notice) may contain a condition ("a Total Transfer Condition") that unless all the shares comprised therein are sold by the Company pursuant to this article none shall be sold. Any such provision shall be binding on the Company.

Certification of the Sale Price and right of Vendor to cancel

12.8 If the Independent Expert is asked to certify the fair value his certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Vendor. The Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the shares are to be sold pursuant to a Deemed Transfer Notice. The cost of obtaining the certificate shall be paid by the Company unless the Vendor cancels it in which case the Vendor shall bear the cost.

Pre-emptive offers-general

12.9 Once the Sale Price has been determined then unless the Vendor gives a valid notice of cancellation the Sale Shares shall be offered for sale

as set out below. All offers made by the Company shall give details of the number and Sale Price of the Sale Shares.

First Offer

- 12.10 As soon as Sale Shares become available they shall be forthwith offered for sale by the Company as follows to all holders of equity shares (other than the Vendor) pro rata as nearly as may be to the respective numbers of equity shares held by such members.

Any offer made by the Company under this sub-article will invite the relevant members to state in writing the maximum number of the shares offered to them they wish to purchase and will remain open for 21 days ("the First Offer Period").

Second Offer

- 12.11 If at the end of the First Offer Period there are any Sale Shares offered which have not been allocated the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them.

This offer will invite the relevant members to state in writing the maximum number of shares they wish to purchase. If there are insufficient Sale Shares to meet the demand then the directors will allocate the Sale Shares pro rata as nearly as may be in proportion to the number of equity shares held by the relevant members. This further offer will remain open for a further period of 21 days.

Thereafter the Company shall continue to make offers on the same terms while any member continues to state in writing his willingness to purchase all shares offered to him.

Transfer procedure for pre-emptive offers

- 12.12 If the Company finds a purchaser for all or any of the Sale Shares under the terms of this article the Vendor shall (subject to a valid Total Transfer Condition) 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 defaults in transferring Sale Shares 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 holder of such of the Sale Shares as shall have been transferred to them.

Transfers free of pre-emption

- 12.13 If the Company does not find purchasers for all of the Sale Shares under the terms of this article the Vendor shall subject to Article 12.14 and Article 12.1 at any time within six months after the final offer by the Company to its members be free to sell and transfer such of the Sale Shares as have not been so sold to any person at a price which is no less than the Sale Price. However if the Sale Shares were the subject of a Total Transfer Condition such a sale may only be made of all the shares and not part only.
- 12.14 The Board may refuse to register such a transfer if it reasonably considers that the presence of the proposed transferee as a shareholder in the Company could be materially prejudicial to its business.

Effect of non-compliance

- 12.15 Any purported transfer of shares otherwise than in accordance with the provisions of these articles shall be void and have no effect.

13. Transfer of control

Transfers prohibited absolutely

Transfers permitted where offer is made for A ordinary shares

- 13.1 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered without the consent in writing of the Investor Majority if as a result of such sale or transfer and registration thereof a Controlling Interest would be obtained in the Company by a person or persons who was not an Original Member unless the proposed transferee or transferees or his or their nominees are independent third parties acting in good faith and have or have offered to purchase all the Equity Shares at the Specified Price (calculated as set out below).

If any part of the Specified Price is to be paid except by cash then the holders of the A ordinary shares may, at their option, elect to take a price per share of such cash sum as may be agreed by them and the proposed transferee having regard to the transaction as a whole.

Calculation of the Specified Price

- 13.2 In this article the "Specified Price" in the case of the A ordinary shares means the greater of :

(1)

- £0.94plus
- all arrears and accruals of the dividends on such share calculated down to the date of sale or transfer; and

(2)

- the consideration (in cash or otherwise) per share equal to that offered or paid or payable by the proposed transferee or his or their nominees for the shares being acquired, plus
- the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such other 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, plus
- all arrears and accruals of the dividends on such share calculated down to the date of the sale or transfer

and in the case of ordinary shares means the price specified in 13.2(2).

In the event of disagreement the calculation of the Specified Price shall be referred to an Independent Expert whose decision shall be final and binding.

Compulsory purchases

13.3 If an offeror for shares in the Company (not being an Original Member holding A ordinary shares in the Company or a person connected with such member or acting in concert with any such member), having made in good faith and on arm's length an offer to all the members of the Company which is acceptable to the Investor Majority, receives valid acceptances [which would on completion result in such offeror becoming the holder of not less than the equivalent of the percentage of the issued equity share capital of the Company held by the Investors at the time of offer] then:

13.3.1 such offeror may give notice to any non-accepting holder of ordinary shares requiring him to accept the offer within 14 days and stating that, failing such acceptance, he shall be deemed to have accepted such offer in respect of all ordinary shares held by him and irrevocably to have waived any pre-emption rights he may have in relation to any shares the subject of such offer;

13.3.2 upon the expiry of such notice each recipient thereof shall in

exchange for delivery of the consideration due on completion of such offer and an undertaking to deliver any deferred consideration in a form and given by a covenant which would be acceptable to a reasonable vendor of shares (in the case of dispute in the opinion of an Independent Expert) be obliged to deliver to the offeror (or as he may direct) an executed share transfer form and share certificate(s) in respect of the shares which were the subject of the notice together with an executed waiver of pre-emption rights, if appropriate;

13.3.3 if any such member fails to deliver executed share transfer form(s), share certificate(s) and pre-emption waiver(s) (if appropriate) as set out above he shall be deemed to have appointed any director of the Company to be his agent and attorney to execute such documents on his behalf and, against receipt by the Company (on trust for such member) of the appropriate purchase moneys and items stated in Article 13.3.2, to deliver such executed transfer(s) and pre-emption waiver(s) (if appropriate) to the offeror and it shall be no impediment to completion of the transfer that such member's share certificate(s) has/have not been produced;

13.3.4 after such offeror or his nominee has been registered as the holder of shares transferred in accordance with this article the validity of such transaction shall not be questioned by any person.

13.4 The holders of the A ordinary shares shall not accept an offer as described in Article 13.3 (and the Board shall not register a transfer pursuant to such an offer) unless in relation to that offer Article 13.1 has also been complied with (and for this purpose Article 13.1 may not be waived by the consent of the Investor Majority).

Interpretation

13.5 In this article:

13.5.1 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;

13.5.2 the expression "shares" includes bearer shares, depository receipts and any other security or instrument into which shares may be converted with a view to a sale;

13.5.3 whether or not persons are acting in concert will be determined by the then most recent edition of the City Code on Takeovers

and Mergers.

13.6 ***Primacy of article***

All other regulations of the Company relating to the transfer of shares and the rights to registration of transfers shall be read subject to the provisions of this article.

14. **Appointment of directors**

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.

15. **The Investors appointees**

3i and Phildrew may collectively appoint one person and Nomura may separately appoint one person to act as a non-executive director of the Company and to remove from office the person they so appointed and to appoint another person in his place. All such appointees shall be subject to the approval of the directors whose approval shall not be unreasonably withheld. The remuneration and reasonable expenses to be paid to each of the Investors' appointee shall be payable by the Company and shall be such sum as may be agreed between each such appointee and the Company or failing agreement such reasonable sum as shall be fixed by the Investors. Upon request by the Investor the Company shall also procure that the Investors' appointee be appointed as directors to any subsidiary of the Company.

16. **Meetings of directors**

Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company within the United Kingdom 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. Meetings of the directors may, be held by conference telephone or similar equipment, so long as all the participants can hear each other. Such meetings shall be as effective as if the directors had met in person. The Chairman of the board of directors shall not have a casting vote.

17. Directors' conflicts of interest

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:

- 17.1.1 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;
- 17.1.2 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;
- 17.1.3 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;
- 17.1.4 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
- 17.1.5 shall not be entitled to vote or to be counted in the quorum on any matter referred to in the foregoing paragraphs of this article.

17.2 For the purposes of this article:

- 17.2.1 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;
- 17.2.2 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
- 17.2.3 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.

18. Lien

The lien conferred by regulation 8 of Table A shall apply to all shares of the Company whether fully paid or not and to all shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder thereof or one of several joint holders.

19. Calls

The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment."

20. Seal

Regulation 6 of Table A shall be modified so as to remove the reference to the company seal and regulation 101 of Table A shall be modified by the insertion of the words, "if the Company has one", after the words "The seal" at the beginning of that regulation.

21. Indemnity

21.1 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.

21.2 The Company may purchase and maintain insurance against any liability falling upon its directors or other officers or auditors which arises out of their respective duties to the Company or in relation to its affairs.