

THE COMPANIES ACT 1985



PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION *

- of -

ADVANCED VALVE TECHNOLOGIES LIMITED

1. The Company's name is ADVANCED VALVE TECHNOLOGIES LIMITED.
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:-

(A) To carry on all or any of the businesses of general merchants and traders, manufacturers, assemblers, distributors, importers, exporters, merchants, factors and shippers of and wholesale and retail dealers in goods, wares, produce, products, commodities, fancy goods, handicrafts and merchandise of every description, to act as agents for and to enter into agreements and arrangements of all kinds on behalf of such persons, firms or companies as may be thought expedient, and to negotiate, assign and mortgage or pledge for cash or otherwise, any such agreements and the payments due thereunder and any property the subject thereof, to carry on all or any of the businesses of mail order specialists, credit and discount traders, cash and carry traders, manufacturers' agents, commission and general agents, brokers, factors, warehousemen and agents in respect of raw and manufactured goods, of all kinds, and general railway, shipping and forwarding agents and transport contractors; to create, establish, build up and maintain an organisation for the marketing, selling, retailing, servicing, advertisement, distribution or introduction of the products, merchandise, goods, wares and commodities dealt in or services rendered by any persons, firm or companies and to participate in, undertake, perform and carry out all kinds of commercial, trading and financial operations and all or any of the operations ordinarily performed by import, export and general merchants, factors, shippers, agents, traders, distributors, capitalists and financiers, either on the Company's own account or otherwise; and to open and establish shops, stalls, stores, markets and depots for the sale, collection and distribution of the goods dealt in by the Company.

(B) To carry on any other business or activity of any nature whatsoever which is in the opinion of the directors capable of being advantageously carried on in connection with or ancillary to any business of the Company hereinbefore or hereinafter authorised.

(C) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets

d'invention, licences, secret processes, trade marks, designs, protections, concessions and the like and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.

(D) To acquire, undertake and carry on the whole or any part of the business, goodwill, property and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is for the time being authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company.

(E) To acquire an interest in, amalgamate with, enter into partnership with or enter into any arrangement for sharing profits, for co-operation, for joint venture, for mutual assistance or otherwise with any person, firm or company.

(F) To purchase or otherwise acquire any property, real or personal, and any interests, rights, options or privileges of any kind whatsoever in, over or in respect of any such property.

(G) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

(H) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.

(I) To lend, advance or deposit money or give credit on any terms with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any subsidiary or holding company of the Company or any other subsidiary of such holding company).

(J) To enter into any guarantee, bond, indemnity or counter-indemnity and otherwise give security or become responsible for the performance of any obligations or the discharge of any liabilities of or by any person, firm or company in any manner on any terms and for any purposes whatsoever, whether with or without the Company receiving any consideration or advantage and whether or not in furtherance of the attainment of any other objects of the Company and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, by personal covenant or by mortgaging or charging all or any part of the undertaking, real and personal property, assets and revenues (present and future) and uncalled capital of the Company, the payment or repayment of any moneys owed in respect of, any debts, obligations or securities whatsoever and the discharge of any liabilities whatsoever, including but not limited to those of any company which is for the time being a subsidiary or holding company of the Company or any other subsidiary of any such holding company or is otherwise associated with the Company in business.

(K) To borrow and raise money in any manner whatsoever whether by the creation and issue of debentures, debenture stock or other securities of any description or otherwise howsoever and to secure the repayment of any money borrowed, raised or owing or any other obligation

of or binding on the Company by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital.

(L) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

(M) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

(N) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.

(O) To subscribe for, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

(P) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.

(Q) To promote, finance or assist any other company for the purpose of acquiring the whole or any part of the goodwill, business, undertaking property or assets or assuming any of the liabilities of the Company, or of undertaking any business or operations which may in the opinion of the directors directly or indirectly assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.

(R) To sell, lease, exchange, let on hire, or dispose of any real or personal property or the undertaking of the Company, or any part or parts thereof, for such consideration as the directors shall approve, and, in particular, for shares whether fully or partly paid up, debentures or securities of any other company, whether or not having objects altogether or in part, similar to those of the Company, and to hold and retain any shares, debentures or securities so acquired, and to improve, manage, develop, sell, exchange, lease, mortgage, dispose of, grant options over or turn to account or otherwise deal with all or any part of the property or rights of the Company.

(S) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.

(T) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.

(U) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.

(V) To give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary or the holding company of the Company or any other subsidiary of such holding company or the predecessors in business of the Company or of any such holding or subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants.

(W) To set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of employees of the Company and any of its subsidiaries and (without prejudice to the generality of the foregoing) to establish and maintain or contribute to any scheme for the acquisition by trustees of shares in the Company or its holding company to be held by or for the benefit of employees (including any director in salaried employment) of the Company or (so far as for the time being permitted by law) any of the Company's subsidiaries and to lend money (so far as aforesaid) to any such employees to enable them to acquire shares of the Company or its holding company and to formulate and carry into effect any scheme for sharing profits with any such employees.

(X) To insure the life of any person or to insure against any accident to any person who may, in the opinion of the directors, be of value to the Company as having or holding for the Company interests, goodwill or influence or other assets and to pay the premiums on such insurance.

(Y) To purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers, employees or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund and to such extent as may be

permitted by law otherwise to indemnify or to exempt any such person against or from any such liability.

(Z) To support, subscribe for or donate money to any national, charitable, benevolent, public, general or useful object or for any purpose which may in the opinion of the directors directly or indirectly further the interests of the Company or of its members.

(AA) Subject to due compliance, and in accordance, with the provisions of sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable), to give, whether directly or indirectly any kind of financial assistance (as defined in section 152(1)(a) of the Act) for any such purpose as is specified in section 151(1) and/or section 151(2) of the Act.

(BB) To distribute among the members of the Company in kind any property of the Company of whatsoever nature.

(CC) To procure the Company to be registered or recognised in any part of the world and to do all or any of the things or matters aforesaid in any part of the world either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.

(DD) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

AND so that:-

(1) None of the objects set forth in the sub-paragraphs of this paragraph 3 shall be restrictively construed but the widest interpretation shall be given to each such object, and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-paragraph, or by reference to or inference from the terms of any other sub-paragraph of this paragraph, or by reference to or inference from the name of the Company.

(2) None of the sub-paragraphs of this paragraph and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-paragraph, and the Company shall have as full a power to exercise each and every one of the objects specified in each sub-paragraph of this paragraph as though each such sub-paragraph contained the objects of a separate Company.

(3) The word "company" in this paragraph, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere.

(4) In this paragraph 3 the expression "the Act" means the Companies Act 1985, the expressions "holding company", "subsidiary" and "subsidiary undertaking" shall have the meanings given to them by the Act provided that any reference in this paragraph 3 to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

4. The liability of the members is limited.

5. The Company's share capital is £3,287,500 divided into (a) 2,000,000 A Ordinary Shares of £0.25 each; (b) 2,000,000 B Ordinary Shares of £0.25 each; (c) 37,500 Participating Cumulative Redeemable Preference Shares of £1.00 each; (d) 15,000,000 C Ordinary Shares of £0.075 each; and (e) 15,000,000 D Ordinary Shares of £0.075 each.*

*** amended by special resolution dated 27 August 2002**

- WE, the subscribers to this Memorandum of Association, wish to be formed into a company pursuant to this Memorandum and we agree to take the number of shares shown opposite our respective names.

NAMES AND ADDRESSES OF SUBSCRIBERS	Number of Shares taken by each Subscriber
------------------------------------	---

TRAVERS SMITH LIMITED
10 Snow Hill
London EC1A 2AL

1

.....
Authorised signatory

TRAVERS SMITH SECRETARIES LIMITED
10 Snow Hill
London EC1A 2AL

1

.....
Authorised signatory

TOTAL SHARES TAKEN	2
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DATED the day of, 1999

WITNESS to the above signatures:

10 Snow Hill
London
EC1A 2AL

THE COMPANIES ACTS 1985 TO 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

-of-

ADVANCED VALVE TECHNOLOGIES LIMITED

Adopted by Special Resolution passed on 16th March 1998

Amended by Special Resolution passed on 21st April 1998

Amended by Special Resolution passed on 16th July 1999

Amended by Special Resolution passed on 18th February 2000

Amended by Special Resolution passed on 16th March 2001

Amended by Special Resolution passed on 27 August 2002

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PRELIMINARY

TABLE A

- 1.1 The articles of association of the Company (the "**Articles**") shall comprise the regulations contained herein together with the regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (the "**Regulations**"), save insofar as they are excluded or modified by, or are inconsistent with, the regulations contained herein.
- 1.2 The whole of Regulations 2, 24, 25, 40, 41, 46, 50, 51, 52, 54, 64, 65, 73, 74, 75, 80, 82, 87, 89, 96, 101 and 118, the third and fifth sentence of Regulation 88 and the last sentence of Regulation 112 of Table A shall not apply to the Company.

DEFINITIONS AND INTERPRETATION

- 2.1 In these Articles the following expressions shall have the following meanings:-

A Ordinary Shares	the A ordinary shares of 25p in the capital of the Company;
Accepting Shareholders	as defined in Article 21.2;
Accounts	the audited balance sheet and profit and loss account of the Company or, if at the relevant time the Company has any subsidiary undertaking(s), a consolidation of the audited balance sheets and profit and loss accounts of the Company and its subsidiary undertaking(s), for each financial year, to be prepared under the historical cost convention and in accordance with generally accepted accounting principles and all relevant Statements of Standard Accounting Practice, Financial Reporting Standards and Statements of Recommended Practice;
Act	the Companies Act 1985;
Articles	as defined in Article 1.1;
Auditors	the auditors of the Company from time to time;
Available Profits	profits available for distribution within the meaning of the Act;
B Ordinary Shares	the convertible B ordinary shares of 25p each in the capital of the Company;

Bad Leaver	as defined in Article 19.6.2;
Board	the board of directors of the Company (or any duly authorised committee thereof) from time to time;
Borrowings	as defined in Article 29.1;
Business Day	any day other than a Saturday, Sunday or English bank holiday;
C Ordinary Shares	the C ordinary shares of 7.5p in the capital of the Company which shall rank pari passu in all respects with the A Ordinary Shares;
Coinvestment Scheme	as defined in Article 17.1.4(g);
Conversion Date	the date on which a Conversion Event occurs;
Conversion Event	as defined in Article 7.1;
D Ordinary Shares	the convertible D ordinary shares of 7.5p each in the capital of the Company which shall rank pari passu in all respects with the B Ordinary Shares;
Extra Shares	as defined in Article 18.5;
Fair Price	as defined in Article 19.6.3;
Family Member	in relation to a Shareholder, any one or more of that person's spouse or children (including step-children);
Family Trust	in relation to a Shareholder, a trust or settlement set up wholly for the benefit of that person and/or that person's Family Members;
Good Leaver	as defined in Article 19.6.1;
Group	the Company and its subsidiary undertaking(s) (if any) from time to time and references to " Group Company " and " members of the Group " shall be construed accordingly;
Investor	Quester VCT plc;
Investment Agreement	the investment agreement proposed to be entered into between (1) Marshall Kaye and others, (2) the Company, (3) John Clarkson and (4) Quester VCT

	plc, as amended and novated from time to time;
Investor	any person who is or becomes an Investor for the purposes of the Investment Agreement;
Investor Consent or Investor Direction	as defined in Article 2.4.6;
Investor Director	a Nominated Director (as defined in the Investment Agreement);
Investor Group	an Investor and its wholly-owned subsidiaries or, as the case may be, an Investor, the company of which such Investor is a wholly-owned subsidiary and any other wholly-owned subsidiary of such holding company;
Issue Price	the price at which the relevant Share is issued, being the aggregate of the amount paid up or credited as paid up in respect of the nominal value thereof and any share premium thereon;
Leaver	as defined in Article 19.2.2;
Leaver's Shares	all of the Shares held by a Leaver, or to which he is entitled, on the Leaving Date;
Leaving Date	the date on which the relevant person becomes a Leaver;
London Stock Exchange	the London Stock Exchange Limited;
Minimum Transfer Condition	as defined in Article 18.2;
Offeror	as defined in Article 18.1;
Participating Cumulative Redeemable Preference Shares	as defined in Articles 10 to 15
Other Shareholders	as defined in Article 21.3;
Proportionate Allocation	as defined in Article 18.5;
Proposed Buyer	as defined in Article 22.2;
Proposed Sale Date	as defined in Article 22.2;
Proposed Sale Notice	as defined in Article 22.2;

Proposed Sale Shares	as defined in Article 22.2;
Proposed Sellers	as defined in Article 22.1;
Proposed Transferee	as defined in Article 18.1.3;
QVCT	Quester VCT plc;
Qualifying Holding	as defined in section 842AA of the Income and Corporation Taxes Act 1988;
Qualifying Offer	as defined in Article 21.1;
Quotation	the admission of the whole of any class of the issued share capital of the Company to the Official List of the London Stock Exchange or to trading on the Alternative Investment Market of the London Stock Exchange or to any other recognised investment exchange (as defined in section 207 of the Financial Services Act 1986);
Regulations	as defined in Article 1.1;
Relevant Employee	as defined in Article 19.2.1;
Sale	the sale of the whole of the issued equity share capital of the Company to a single buyer or to one or more buyers as part of a single transaction;
Sale Notice	as defined in Article 18.8;
Sale Price	as defined in Article 18.1.4;
Sale Shares	as defined in Article 18.1.2;
Seller	as defined in Article 18.1;
Service Agreement	the service agreement dated today made between the Company and Marshall Kaye;
Share	any share in the capital of the Company;
Shareholder	a holder of any Shares in the capital of the Company from time to time; and
Subscription Date	the date on which cleared funds shall be received

from subscribers in respect of the Participating Cumulative Redeemable Preference Shares defined in clauses 10 to 15

Transfer Notice

as defined in Article 18.1; and

VCT

a "venture capital trust" for the purposes of section 842AA(1) of the Income and Corporation Taxes Act 1988.

2.2 Words and expressions defined in or having a meaning provided by the Act as at the date of adoption of these Articles, shall have the same meaning in these Articles unless it is inconsistent with the context. The term "**connected person**" shall have the meaning attributed to it at the date of adoption of these Articles by section 839 Income and Corporation Taxes Act 1988 and the words "**connected with**" shall be construed accordingly.

2.3 A reference to any statutory provision in these Articles:-

2.3.1 includes any order, instrument, plan, regulation, permission and direction made or issued under such statutory provision or deriving validity from it;

2.3.2 shall be construed as a reference to such statutory provision as in force at the date of adoption of these Articles (including, for the avoidance of doubt, any amendments made to such statutory provision that are in force at the date of the adoption of these Articles);

2.3.3 shall also be construed as a reference to any statutory provision of which such statutory provision is a re-enactment or consolidation; and

2.3.4 shall also be construed as a reference to any later statutory provision which re-enacts or consolidates such statutory provision.

2.4 References in these Articles to:-

2.4.1 any of the masculine, feminine and neuter genders shall (where appropriate) include other genders;

2.4.2 the singular shall (where appropriate) include the plural and vice versa;

2.4.3 a person shall (where appropriate) include a reference to any natural person, body corporate, unincorporated association, partnership, firm and trust;

2.4.4 "from time to time" shall include the expression "for the time being";

2.4.5 employees shall be deemed to include consultants, and references to contracts of employment and to commencement or cessation of employment shall be deemed to include contracts for consultancy and commencement or cessation of consultancy;

- 2.4.6 an "Investor Consent" or an "Investor Direction" shall mean the giving of a written consent or direction by the holders of not less than 75% in nominal value of the B Ordinary Shares in issue from time to time, provided that for so long as there is an Investor Director, any such consent or direction required or permitted to be given under these Articles shall be validly given if given by the Investor Director; and
- 2.4.7 any class of Shareholder giving a written direction, written consent or written notice shall, unless these Articles expressly provide otherwise, mean the giving of such a direction, consent or notice by the holders of not less than 75% in nominal value of such class of Shares in issue from time to time.
- 2.5 The headings in these Articles are for convenience only and shall not affect their meaning and references to an "**Article**" are to an article of these Articles.
- 2.6 A reference in these Articles to the transfer of any Share shall mean the transfer of either or both of the legal and beneficial ownership in such Share and/or the grant of an option to acquire either or both of the legal and beneficial ownership in such Share and the following shall be deemed (but without limitation) to be a transfer of a Share:-
- 2.6.1 any direction (by way of renunciation or otherwise) by a Shareholder entitled to an allotment or issue of any Share that such Share be allotted or issued to some person other than himself;
- 2.6.2 any sale or other disposition of any legal or equitable interest in a Share (including any voting right attached thereto) and whether or not by the registered holder thereof and whether or not for consideration or otherwise and whether or not effected by an instrument in writing; and
- 2.6.3 any grant of a legal or equitable mortgage or charge over any Share.
- 2.7 In construing these Articles, general words introduced by the word "**other**" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.
- 2.8 Where any Shares are held by a bare nominee for any person, that person shall be treated for the purposes of these Articles as the Shareholder in respect of those Shares.

SHARE CAPITAL

3. The authorised share capital of the Company at the date of adoption of these Articles is £3,287,500 divided into (a) 2,000,000 A Ordinary Shares of £0.25 each; (b) 2,000,000 B Ordinary Shares of £0.25 each; (c) 37,500 Participating Cumulative Redeemable Preference Shares of £1.00 each; (d) 15,000,000 C Ordinary Shares of £0.075 each; and (e) 15,000,000 D Ordinary Shares of £0.075 each.

ORDINARY SHARE RIGHTS

DIVIDEND RIGHTS

- 4.1 The rights as regards income attaching to each class of Ordinary Shares shall be as set out in this Article.
- 4.2 Subject to (i) the Board recommending payment of the same and (ii) Investor Consent, any Available Profits which the Company may determine to distribute in respect of any financial year shall be distributed amongst the holders of the A Ordinary Shares B Ordinary Shares C Ordinary Shares and D Ordinary Shares (*pari passu* as if the same constituted one class of share) according to the amount paid up or credited as paid up on each such Share or, following conversion of the B Ordinary Shares and D Ordinary Shares pursuant to Article 7 (Conversion Rights), amongst the holders of the A Ordinary Shares and C Ordinary Shares according to the amount paid up or credited as paid up on each Share.
- 4.8 In Regulation 103, the words from "If the share capital is divided" to the end of the Regulation shall be deleted.

RETURN OF CAPITAL RIGHTS

- 5.1 The rights as regards return of capital attaching to each class of Ordinary Shares shall be as set out in this Article.
- 5.2 On a return of capital on liquidation or otherwise (except on a purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities shall be distributed amongst the holders of the A Ordinary Shares the B Ordinary Shares C Ordinary Shares and D Ordinary Shares (*pari passu* as if the same constituted one class of Shares) according to the amount paid up or credited as paid up on each such Share or, following conversion of the B Ordinary Shares and D Ordinary Shares pursuant to Article 7 (Conversion Rights), amongst the holders of the A Ordinary Shares and C Ordinary Shares according to the amount paid up or credited as paid up on each such Share.
- 5.3 No payment shall be due or payable to any holder of A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and/or D Ordinary Shares pursuant to Articles 5.1 to 5.3 (inclusive) or otherwise if as a result thereof the Shares held by a VCT, if at that time a Qualifying Holding, would cease to be a Qualifying Holding. Any payment not paid to any such holder of A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and/or D Ordinary Shares as a result of this Article 5.3 shall, subject to the terms of this Article 5.3, be distributed amongst the other holders of A Ordinary Shares B Ordinary Shares C Ordinary Shares or D Ordinary Shares (*pari passu*) rateably in proportion to the number of A Ordinary Shares B Ordinary Shares C Ordinary Shares or D Ordinary Shares held by them respectively.

VOTING RIGHTS

- 6.1 The voting rights attached to each class of Ordinary Shares shall be as set out in this Article:-

- 6.1.1 on a show of hands, every Shareholder holding one or more A Ordinary Shares or B Ordinary Shares or C Ordinary Shares or D Ordinary Shares, who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote; and
- 6.1.2 on a poll, every Shareholder holding one or more A Ordinary Shares or B Ordinary Shares or C Ordinary Shares or D Ordinary Shares, who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote for each A Ordinary Share, one vote for each B Ordinary Share, one vote for each C Ordinary Share and one vote for each D Ordinary Share of which he is the holder.
- 6.2 The provisions of Article 6.3 shall apply if at any time (without Investor Consent):-
- 6.2.1 any Shareholder (other than an Investor) is in material breach of the provisions of these Articles (including, without limitation, a breach of Article 14 (Compliance)) and/or the Investment Agreement;
- 6.2.2 the Company is entitled to terminate the Service Agreement by reason of a repudiatory breach thereof by such Shareholder; or
- 6.2.3 any person becomes a Leaver.
- 6.3 If the provisions of this Article apply:-
- 6.3.1 the Shares which such person holds or to which he is entitled;
- 6.3.2 any Shares formerly held by such person which have been transferred either in breach of the provisions of these Articles or in accordance with Article 11 (Permitted Transfers); and
- 6.3.3 any Shares which would be Leaver's Shares if such person became a Leaver
- shall immediately cease to entitle the holders thereof to attend and vote (whether on a show of hands or on a poll) at any general meeting or at any separate class meeting of the Company, provided that no person shall be entitled as a result of the application of this Article 6.3 to exercise voting rights (whether on a show of hands or on a poll and whether exercisable at any general meeting or separate class meeting of the Company) which would cause the B Ordinary Shares and/or D Ordinary Shares, if at that time a "Qualifying Holding", to cease to be a Qualifying Holding.
- 6.4 The provisions of Article 6.3 shall continue:-
- 6.4.1 in the case of Article 6.2.1, for so long as such breach subsists;
- 6.4.2 in the case of Article 6.2.2, until such time as such person ceases to be a Shareholder;

or

- 6.4.3 in the case of Article 6.2.3, until such time as the provisions of Article 13 (Leavers) cease to apply.

CONVERSION RIGHTS

- 7.1 In these Articles, "**Conversion Event**" shall mean any one of the following events:-
- 7.1.1 the obtaining of a Quotation;
 - 7.1.2 the entering into of an unconditional agreement for a Sale; or
 - 7.1.3 where an agreement for a Sale is conditional in any respect, that agreement becoming unconditional in all respects.
- 7.2 As soon as practicable before a Conversion Event, the Company shall give written notice to each holder of B Ordinary Shares and/or D Ordinary Shares falling to be converted of the date on which conversion is expected to be made and the place at which the certificates in respect of such Shares are to be presented.
- 7.3 Immediately prior to a Conversion Event, each B Ordinary Share then in issue shall be converted into one A Ordinary Share and each D Ordinary Share then in issue shall be converted into one C Ordinary Share in each case in such lawful manner and upon such terms and conditions as may be specified in an Investor Direction
- 7.4 The A Ordinary Shares resulting from the conversion shall for purposes of dividend, voting and return of capital be identical in all respects, form one class with, have the same nominal value as and (for all purposes) rank *pari passu* with the other A Ordinary Shares then in issue.
- 7.5 The C Ordinary Shares resulting from the conversion shall for purposes of dividend, voting and return of capital be identical in all respects, form one class with, have the same nominal value as and (for all purposes) rank *pari passu* with the other C Ordinary Shares then in issue.

RIGHTS ON SALE

8. In the event of a Sale then, notwithstanding anything to the contrary in the terms and conditions governing such Sale, upon an Investor Direction, the selling Shareholders immediately prior to such Sale shall procure that the consideration (whenever received) shall be placed in a designated trustee account and shall be distributed amongst such selling Shareholders in such amounts and in such order of priority as would be applicable on a return of capital (pursuant to Article 5 (Return of Capital Rights)).

LIEN

9. The lien conferred by Regulation 8 shall attach to all Ordinary Shares of any class, whether fully paid or not, and to all Ordinary 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 two or more joint holders. Regulation 8 shall be modified accordingly.

PREFERENCE SHARE RIGHTS

10. Dividend Rights

Dividends on unredeemed Participating Cumulative Redeemable Preference Shares of £1 each shall accrue at the rate of 6% per annum calculated from the subscription date for a period of 18 months and shall be paid on each of the quarter end dates of 31st March, 30th June, 30th September and 31st December. Thereafter dividends on Participating Cumulative Redeemable Preference Shares of £1 each shall accrue at the rate of 12% per annum paid on each of the quarter end dates of 31st March, 30th June, 30th September and 31st December until redemption.

11. Participating Dividend

Each unredeemed Participating Cumulative Redeemable Preference Share shall be entitled to receive a variable dividend equal to any dividend declared and paid in respect of each of the Company's Ordinary Shares paid on the same date as such dividend.

12. Cumulative Dividends

In the event that any of the above dividends or any part of the above dividends remains outstanding after the due date for payment, the dividend to be accrued in favour of the unredeemed Participating Cumulative Redeemable Preference Shares on the unpaid amount shall be increased to a rate of 12% per annum for the first period of 18 months (as in 10 above) and at 18% per annum thereafter until such payment shall have been made.

13. Redemption

The Company at its entire discretion shall be entitled to redeem all or any of the unredeemed Participating Cumulative Redeemable Preference Shares at any time at par without notice provided that at such time it shall also pay any outstanding unpaid payments as defined above. Payments made by the Company in respect of Dividends, Participating Dividends, Cumulative Dividends and redemption of Participating Cumulative Redeemable Preference Shares shall be made subject to any Taxes or other imposts provided for at any time by Law in Sterling to a UK Bank and such payment shall be a full discharge of all the relevant obligations of the Company.

14. Voting Rights

The Participating Cumulative Redeemable Preference Shares shall not carry any voting rights

15. Distribution in a Winding Up

In the event of a winding up of the Company taking place, except in the course of a reorganisation

of the Company, repayment of the unredeemed Participating Cumulative Redeemable Preference Shares will take priority over repayment of the Company's Ordinary Shares outstanding at the time.

SHARE TRANSFERS

PROHIBITED TRANSFERS

16. Any person who holds, or becomes entitled to, any Share (other than an Investor) shall not without Investor Consent:-

16.1 within the period commencing on the date of adoption of these Articles and ending five years thereafter, serve a Transfer Notice under Article 18 (Pre-emption); or

16.2 effect a transfer, except a transfer in accordance with Article 19 (Permitted Transfers), Article 18 (Pre-emption), Article 19 (Leavers), Article 21 (Come Along) or Article 22 (Tag Along), of such Shares.

PERMITTED TRANSFERS

17.1 Notwithstanding the provisions of Article 18 (Pre-emption):-

17.1.1 any Shareholder who is a director of the Company may at any time transfer any Share to a Family Member over the age of 18 or to the trustees of a Family Trust;

17.1.2 any Shareholder who is a trustee of a Family Trust may at any time transfer any Share to:-

(a) the new or remaining trustees of the Family Trust upon any change of trustees; and

(b) any persons on their becoming entitled to the same under the terms of the Family Trust;

17.1.3 any Shareholder who is an Investor may at any time transfer any Share:-

(a) to another Investor or another venture capital/institutional investor;

(b) to another member of that Investor's Investor Group;

(c) to any person who becomes a manager or adviser of a company, fund or partnership in place of, or in addition to, such transferor;

(d) to any person who becomes a general partner, nominee or trustee for a limited partnership, unit trust or investment trust in place of, or in addition to, such transferor;

- (e) to the partners of a limited partnership (or their nominees) or to the holders of units in a unit trust (or their nominees) on a distribution in kind or otherwise under the relevant partnership agreement or trust deed;
- (f) to any investment trust (as defined in the Listing Rules of the London Stock Exchange) whose shares are listed on a recognised investment exchange and which is also managed by the manager of such Shareholder;

17.1.4 any Shareholder holding Shares as a result of a transfer made after the date of the adoption of these Articles by a person in relation to whom such Shareholder was a permitted transferee may at any time transfer any Share to the person who originally transferred such Shares (or to any other permitted transferee of such original transferor).

PRE-EMPTION

18.1 Except in the case of a transfer pursuant to Article 17 (Permitted Transfers), Article 19 (Leavers), Article 21 (Come Along) or Article 22 (Tag Along), a Shareholder who wishes to transfer any Shares (the "**Seller**") shall give notice in writing of such wish to the Company (the "**Transfer Notice**") copied to each Investor. Each Transfer Notice shall:-

18.1.1 relate to one class of Shares only;

18.1.2 specify the number and class of Shares which the Seller wishes to transfer (the "**Sale Shares**");

18.1.3 specify the identity of any person to whom the Seller wishes to transfer the Sale Shares (the "Proposed Transferee");

18.1.4 specify the price per Shares (the "Sale Price") at which the Seller wishes to transfer the Sale Shares;

18.1.5 be deemed to constitute the Company the Seller's agent for the sale of the Sale Shares at the Sale Price in the manner prescribed by these Articles; and

18.1.6 not be varied or cancelled (without Investor Consent).

18.2 The Seller may provide in the Transfer Notice that unless buyers are found for all or not less than a specified number of the Sale Shares, he shall not be bound to transfer any of such Shares ("**Minimum Transfer Condition**") and any such provision shall be binding on the Company. Notwithstanding the other provisions of this Article, if the Transfer Notice contains a Minimum Transfer Condition the Company may not make any allocation of Sale Shares unless and until it has found buyers for the minimum number specified in the Minimum Transfer Condition.

- 18.3 The Investors may, within ten Business Days of the date of the Transfer Notice, direct the Company by an Investor Direction immediately to offer at the Sale Price such number of Sale Shares to such person as may be specified in the Investor Direction (including, for the avoidance of doubt, the Company). If the offeree of the Sale Shares applies for any of them within five Business Days of the date of such offer, the Company shall (with Investor Consent) allocate to the offeree the number of Sale Shares applied for on the sixteenth Business Day following receipt of the Transfer Notice. If all of the Sale Shares are so allocated, the provisions of Articles 18.4 to 18.7 (inclusive) shall not apply. If none or some only of the Sale Shares are so allocated, the remaining provisions of this Article shall have effect as if references to Sale Shares shall mean those not allocated in accordance with this Article.
- 18.4 The Company shall on the sixteenth Business Day following receipt of the Transfer Notice give notice in writing to each of the Shareholders offering for sale the Sale Shares at the Sale Price. The notice shall specify that the Shareholders shall have a period of twenty five Business Days from the date of such notice within which to apply for some or all of the Sale Shares. As regards acceptances, the Sale Shares shall be treated as having been offered, first, to all persons (other than the Seller) holding Shares of the same class as the Sale Shares in priority to all other classes of Shareholder and thereafter, to the extent that such offer is not accepted by such persons, the Sale Shares shall be treated as having been offered to all of the Shareholders holding the classes of Shares shown in the line relevant to the class of Sale Shares in column (2) of the table below in that order of priority:-

Table:-

(1)	(2)
Sale Shares	Offered second to
A Ordinary	B Ordinary
B Ordinary	A Ordinary
C Ordinary	D Ordinary
D Ordinary	C Ordinary

- 18.5 The Sale Shares shall be offered to each class of Shareholder on terms that, in the event of competition, the Sale Shares offered shall be allocated to the Shareholders accepting the offer in proportion (as nearly as may be) to their existing holdings of shares of the class to which the offer is made (the "**Proportionate Allocation**"). However, in his application for Sale Shares a Shareholder may, if he so desires, indicate that he would be willing to purchase a particular number of Shares in excess of his Proportionate Allocation ("**Extra Shares**").
- 18.6 Upon the allocation of all the Sale Shares (or, if earlier, upon the expiry of the offers made pursuant to Article 18.4), the Company shall, in respect of each of the categories of offeree referred to in Article 18.4, allocate the Sale Shares as follows:-
- 18.6.1 if the total number of Sale Shares applied for is equal to or less than the available number of Sale Shares, each Shareholder shall be allocated the number applied for in accordance with his application; or

- 18.6.2 if the total number of Sale Shares applied for is greater than the available number of Sale Shares, each Shareholder shall be allocated his Proportionate Allocation or such lesser number of Sale Shares for which he has applied and applications for Extra Shares shall be allocated in accordance with such applications or, in the event of competition, among those Shareholders applying for Extra Shares in such proportions as equal (as nearly as may be) the proportions of all the Shares of the same class held by such Shareholders.
- 18.7 Allocations of Sale Shares made by the Company pursuant to this Article shall constitute the acceptance by the persons to whom they are allocated of the offer to purchase those Sale Shares on the terms offered to them, provided that no person shall be obliged to take more than the maximum number of Sale Shares that he has indicated to the Company he is willing to purchase.
- 18.8 The Company shall forthwith upon allocating any Sale Shares give notice in writing (a "**Sale Notice**") to the Seller and to each person to whom Sale Shares have been so allocated of the number of Sale Shares so allocated and the aggregate price payable therefor. Completion of the sale and purchase of those Sale Shares in accordance with the Sale Notice shall take place within five Business Days after the date of the Sale Notice whereupon the Seller shall, upon payment of the price due in respect thereof, transfer those Sale Shares specified in the Sale Notice to the persons to whom they have been allocated and deliver the relevant Shares certificates.
- 18.9 Save in the case of an acquisition of Sale Shares by the Company, if the Seller defaults in transferring any Sale Shares pursuant to Article 18.8, the Company may receive such purchase money and may nominate some person to execute an instrument of transfer of such Sale Shares in the name and on behalf of the Seller and thereafter, when such instrument has been duly stamped, the Company shall cause the name of the proposed transferee to be entered in the register of members as the holder of such Sale Shares and shall hold the purchase money on trust (without interest) for the Seller. The receipt of the Company for the purchase money shall be a good discharge to the proposed transferee (who shall not be bound to see to the application thereof) and, after his name has been so entered in the register of members, the validity of the proceedings shall not be questioned by any person. In the case of an acquisition of Sale Shares by the Company, if the Seller defaults in transferring any Sale Shares pursuant to Article 18.8, the Company may, when such instrument has been duly stamped, cause such share capital to be cancelled in accordance with the Act and shall hold the purchase money on trust (without interest) for the Seller.
- 18.10 If all the Sale Shares are not sold under the pre-emption provisions contained in Articles 18.1 to 12.9 (inclusive), the Company shall (forthwith upon the exhaustion of such provisions) so notify the Seller and the Seller may at any time, within three calendar months after receiving such notification, transfer to the Proposed Transferee any unsold Sale Shares at any price not less than the Sale Price, provided that:-
- 18.10.1 the Investors may (by Investor Direction) require the Company to refuse registration of any proposed transferee if the Investors reasonably believe the proposed

transferee to be a competitor of the Group or a person connected with such a competitor (or a nominee of either);

18.10.2 if the Seller stipulated in the Transfer Notice a Minimum Transfer Condition which has not been satisfied, the Seller shall not be entitled to sell any Sale Shares;

18.10.3 any such sale shall be a sale in good faith and the Investors may require to be satisfied (in such manner as they may reasonably think fit) that the Sale Shares are being sold for not less than the Sale Price without any deduction, rebate or allowance whatsoever and if not so satisfied may (by Investor Direction) require the Company to refuse to register the transfer; and

LEAVERS

19.1 The provisions of this Article shall apply to any Leaver and to any Leaver's Shares.

19.2 In these Articles:-

19.2.1 a "**Relevant Employee**" shall mean:-

- (a) an employee of any Group Company;
- (b) a director of any Group Company (other than an Investor Director); and/or
- (c) a consultant to any Group Company.

19.2.2 a "**Leaver**" shall mean, save for Marshall Kaye and Alison Curran:-

- (a) any Shareholder who was a Relevant Employee who ceases to be a Relevant Employee;
- (b) any Shareholder who is a Family Member of any person who ceases to be a Relevant Employee where that Shareholder is not and does not continue to be a Relevant Employee;
- (c) any Shareholders which are the trustees of a Family Trust of any person who ceases to be a Relevant Employee;
- (d) any Shareholder who was the spouse of a Relevant Employee who ceases to be the spouse of a Relevant Employee; or
- (e) any person who becomes entitled to any Shares:-

- (i) on the death of a Shareholder; or
- (ii) on the bankruptcy of a Shareholder (if an individual) or the receivership, administrative receivership, administration, liquidation or other arrangement for the winding-up (whether solvent or insolvent) of a Shareholder (if a company) becomes entitled to any Shares.

19.2.3 for the avoidance of doubt, for the purposes of this Article 19, neither Marshall Kaye nor Alison Curran shall in any circumstances be, or become, a "**Leaver**" but Marshall Kaye shall, in so far as he falls within the terms of clause 19.2.1, be a "**Relevant Employee**".

19.3 Within the period commencing on the relevant Leaving Date and expiring at midnight on the first anniversary of such date, the Investors may direct the Company by an Investor Direction immediately to serve a notice on the Leaver notifying him that he is, with immediate effect, deemed to have served one or more Transfer Notices in respect of such number and class of his Leaver's Shares as is specified in the Investor Direction.

19.4 The provisions of Articles 18.3 to 18.9 (inclusive) shall apply to any such Transfer Notice, provided that for these purposes:-

19.4.1 the Sale Shares shall comprise the above-mentioned Shares;

19.4.2 no Proposed Transferee shall be specified in the Transfer Notice;

19.4.3 the Sale Price shall be determined by Article 19.5;

19.4.4 there shall be no Minimum Transfer Condition; and

19.4.5 references to "receipt of Transfer Notice" in Articles 18.3 and 18.4 shall be replaced by "the date of determination of the Fair Price" if a Fair Price falls to be determined.

19.5 The Sale Price shall be:-

19.5.1 in the case of a Good Leaver, Issue Price or, if higher, Fair Price;

19.5.2 in the case of a Bad Leaver, Issue Price or, if the Company is directed by an Investor Direction, the lower of Issue Price and Fair Price.

19.6 In these Articles:-

19.6.1 a Shareholder shall be deemed to be a "**Good Leaver**" in circumstances where the relevant person:-

- (a) ceases to be employed by any Group Company as a result of a subsidiary of the Company ceasing to be a subsidiary of the Company;
- (b) dies;
- (c) is permanently incapacitated;
- (d) retires at normal retirement age; or
- (e) is so designated by the Board or an Investor Direction.

19.6.2 a Shareholder shall be deemed to be a "**Bad Leaver**" in circumstances where the relevant person is not deemed to be a Good Leaver;

19.6.3 the "**Fair Price**" shall be such price as the transferor and (with Investor Consent) the Company shall agree within ten Business Days of the date of the deemed Transfer Notice or, failing such agreement, such price as the Auditors shall determine pursuant to Article 19.7.

19.7 If the Fair Price falls to be determined by the Auditors:-

19.7.1 the Company shall immediately instruct the Auditors to determine the Fair Price on the basis which, in their opinion, represents a fair price for the Leaver's Shares at the Leaving Date as between a willing seller and a willing buyer and, in making such determination, the Auditors shall take account of whether the Leaver's Shares comprise a majority or minority interest in the Company and the fact that their transferability is restricted by these Articles;

19.7.2 the Auditors shall certify the Fair Price as soon as possible after being instructed by the Company and in so certifying the Auditors shall be deemed to be acting as experts and not arbitrators and the Arbitration Act 1996 shall not apply;

19.7.3 the certificate of the Auditors shall, in the absence of manifest error, be final and binding; and

19.7.4 the Company shall procure that any certificate required hereunder is obtained with due expedition and the cost of obtaining such certificate shall be borne by the Company unless (i) such an arrangement would not be permitted by the Act or (ii) the Fair Price as determined by the Auditors is the same, or substantially the same, as that (if any) which the Company had previously notified to the Leaver as being in its opinion the Fair Price, in which event the cost shall be borne by the Leaver.

19.8 Notwithstanding any other provision in these Articles, if the Leaver is a Good Leaver, the maximum number of Shares in respect of which a notice may be served in accordance with Article 19.3 shall be reduced by 25% in number in respect of the total number of shares held by him as at the date he became a Leaver for each period of 1 year which has elapsed from the

date which is the later of

19.8.1 the date of adoption of these Articles; and

19.8.2 the date on which such Leaver first held Shares in the Company

such that if he became a Leaver at any time on or after the fourth anniversary of the later of such dates the Investors shall not be entitled to direct the Company to serve a notice in accordance with Article 19.3 in respect of any of his Shares.

COMPLIANCE

20.1 For the purpose of ensuring compliance with the transfer provisions of these Articles, the Company shall immediately on an Investor Direction and may with Investor Consent (such consent not to be unreasonably withheld or delayed) require any Leaver or other Shareholder to procure that:-

20.1.1 he; or

20.1.2 any proposed transferee; or

20.1.3 such other person as is reasonably believed to have information and/or evidence relevant to such purpose;

provides to the Company any information and/or evidence relevant to such purpose and until such information and/or evidence is provided:-

(a) the Company shall refuse to register any relevant transfer (otherwise than with an Investor Consent); and/or

(b) if such Shareholder is not a Leaver, he shall (upon an Investor Direction) forthwith be treated as a Leaver.

20.2 Each Shareholder hereby irrevocably appoints the Company as his attorney (with the power to appoint any member of the Board as a substitute and to delegate to that substitute all or any powers hereby conferred, other than this power of substitution, as if he had been originally appointed by this Power of Attorney) to give effect to the provisions of these Articles.

COME ALONG

21.1 In these Articles a "**Qualifying Offer**" shall mean an offer in writing, made at any time on or after the date of adoption of these Articles, by or on behalf of any person (the "**Offeror**") to the holders of the entire equity share capital in the Company to acquire all their equity share capital for a specified amount of consideration.

21.2 If the holders of not less than 75% of the B Ordinary Shares and the holders of not less than 75% of the D Ordinary Shares then in issue (the "**Accepting Shareholders**") wish to accept the

Qualifying Offer, then the provisions of this Article shall apply.

- 21.3 The Accepting Shareholders shall give written notice to the remaining holders of the equity share capital (the "**Other Shareholders**") of their wish to accept the Qualifying Offer and subject to Article 21.5 the Other Shareholders shall (provided that the Accepting Shareholders accept the Qualifying Offer) become bound to accept the Qualifying Offer.
- 21.4 If any Other Shareholder shall not, within five Business Days of being required to do so, execute and deliver transfers in respect of the equity shares held by him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any Accepting Shareholder shall be entitled to, and shall be entitled to authorise and instruct such person as he thinks fit to, execute the necessary transfer(s) and indemnities on the Other Shareholder's behalf and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Shares, deliver such transfer(s) and certificate(s) or indemnities to the Offeror (or his nominee) and register such Offeror (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.
- 21.5 If the Other Shareholders, or any of them, do not wish to accept the Qualifying Offer they, or any of them, shall be entitled to state by notice in writing (the "**Counter-Offer**") within 28 days of receipt of the notice referred to in Article 21.3 that they are willing to purchase the entire issued equity share capital and the price at which they are willing to purchase such share capital and, provided that such Other Shareholders are able to show to the reasonable satisfaction of the Accepting Shareholders that the Other Shareholders have sufficient financial resources and/or backing to enable them to complete such a purchase, the remainder of this Article 21 shall apply.
- 21.6 Subject to Article 21.9, if the aggregate price offered by any such Other Shareholders ("**Counter-Offer Shareholders**") (the "**Offered Price**") is equal to or greater than the aggregate price of the Qualifying Offer then the Accepting Shareholders shall be obliged to transfer all the equity share capital held by them to the Counter-Offer Shareholders (and, to the extent that more than one of the Other Shareholders has given such notice to the one who has offered the highest price or if two or more Counter-Offer Shareholders have offered the same price, pro rata (as nearly as may be) to the relevant Counter-Offer Shareholders' holdings of equity share capital, or as the Counter-Offer Shareholders may direct) at the Offered Price and, subject to Articles 21.9 and 21.10, the Accepting Shareholders shall become bound to accept the Counter-Offer and to transfer their Shares to the Counter-Offer Shareholders (or their nominees) with full title guarantee within 28 days of the date on which the Accepting Shareholders receive written notice of the Counter-Offer.
- 21.7 If any Accepting Shareholder shall not, within ten Business Days of being required to do so, execute and deliver transfers in respect of the equity shares held by him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any Counter-Offer Shareholder shall be entitled to, and shall be entitled to authorise and instruct such person as he thinks fit to execute the necessary transfer(s) and certificates and indemnities in lieu of certificate on the Accepting Shareholder's behalf and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Shares, deliver such transfer(s) and certificate(s) or indemnities in lieu of certificate to the Counter-Offer

Shareholders (or their nominees) and register such Counter-Offer Shareholders (or their nominees) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.

- 21.8 If no such Counter-Offer is made in accordance with Article 21.5 or if the Offered Price is less than the aggregate price of the Qualifying Offer, then the Other Shareholders shall become bound to accept the Qualifying Offer in accordance with Article 21.3 and the provisions of Article 21.4 shall apply.
- 21.9 If a Counter-Offer is made in accordance with Article 21.5 and the Offeror states by notice in writing (the **"Second Offer"**) within 14 days of the date of receipt by the Accepting Shareholders of the written notice of the Counter-Offer that it is willing to purchase the entire issued equity share capital and the price at which it is willing to purchase such share capital and if the aggregate price offered by the Offeror is higher than the Counter-Offer, then the Accepting Shareholders shall be entitled to accept the Second Offer. If the Accepting Shareholders accept the Second Offer then the Other Shareholders shall become bound to accept the Second Offer and the provisions of Article 21.3 and 21.4 shall apply to the Second Offer in the same manner as they apply to a Qualifying Offer, but Article 21.5 shall not.

TAG ALONG

- 22.1 If at any time one or more Shareholders (the **"Proposed Minority Sellers"**) propose to sell, in one or a series of related transactions, less than fifty per cent. (50%) but more than or equal to ten per cent. (10%) in nominal value of the entire equity share capital of the Company then in issue (the **"Minority Holding"**) to any person (not being an Offeror for the purposes of Article 21.1), the Proposed Minority Sellers may only sell the Minority Holding if they comply with the provisions of this Article.
- 22.2 The Proposed Minority Sellers shall give written notice (the **"Proposed Minority Sale Notice"**) to the other holders of the equity share capital in the Company of such intended sale at least 10 Business Days prior to the date thereof. The Proposed Minority Sale Notice shall set out, to the extent not described in any accompanying documents, the identity of the proposed buyer (the **"Proposed Minority Buyer"**), the purchase price and other terms and conditions of payment, the proposed date of sale (the **"Proposed Minority Sale Date"**) and the number of shares proposed to be purchased by the Proposed Minority Buyer (the **"Proposed Minority Sale Shares"**).
- 22.3 Any other holder of equity share capital in the Company shall be entitled, by written notice given to the Proposed Minority Sellers within 5 Business Days of receipt of the Proposed Minority Sale Notice, to sell up to such percentage in nominal value of his, her or its shares as is equal to the percentage in nominal value of the entire equity share capital of the Company then in issue represented by the Minority Holding to the Proposed Minority Buyer on the same terms and conditions as those set out in the Proposed Minority Sale Notice.
- 22.4 If any other holder of equity share capital in the Company is not given the rights accorded him by the provisions of this Article, the Proposed Minority Sellers shall be required not to complete their sale and the Company shall be bound to refuse to register any transfer intended to carry

such a sale into effect.

CHANGE OF CONTROL

- 23.1 If at any time one or more Shareholders (the **"Proposed Majority Sellers"**) propose to sell, in one or more of a series of related transactions, a majority in nominal value of the entire equity share capital of the Company then in issue (the **"Majority Holding"**) to any person (not being a Offeror for the purposes of Article 21.1), the Proposed Majority Sellers may only sell the Majority Holding if they comply with the provisions of this Article.
- 23.2 The Proposed Majority Sellers shall give written notice (the **"Proposed Majority Sale Notice"**) to the other holders of the equity share capital in the Company of such intended sale at least 10 Business Days prior to the date thereof. The Proposed Majority Sale Notice shall set out, to the extent not described in any accompanying documents, the identity of the proposed buyer (the **"Proposed Majority Buyer"**), the purchase price and other terms and conditions of payment, the proposed date of sale (the **"Proposed Majority Sale Date"**) and the number of shares proposed to be purchased by the Proposed Majority Buyer (the **"Proposed Majority Sale Shares"**).
- 23.3 Any other holder of equity share capital in the Company shall be entitled, by written notice given to the Proposed Majority Sellers within 5 Business Days of receipt of the Proposed Majority Sale Notice, to sell all or part of his, her or its shares to the Proposed Majority Buyer on the same terms and conditions as those set out in the Proposed Majority Sale Notice.
- 23.4 If any other holder of equity share capital in the Company is not given the rights accorded to him by the provisions of this Article, the Proposed Majority Sellers shall be required not to complete their sale and the Company shall be bound to refuse to register any transfer intended to carry such a sale into effect.

SHAREHOLDER MEETINGS

ANNUAL GENERAL MEETINGS

- 24.1 The Board shall procure that the Annual General Meeting in respect of each financial year of the Company shall be convened to take place not later than 30 Business Days after the date of the Auditors' report relating to the Accounts for the relevant financial year.
- 24.2 The Board shall cause to be laid before each such Annual General Meeting the Accounts for the relevant financial year, together with the respective reports thereon of the directors and the Auditors.

PROCEEDINGS OF SHAREHOLDERS

- 25.1 No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business and, subject to Article 25.2, for its duration. Two persons entitled to vote upon the business to be transacted, each being a

Shareholder or a proxy for a Shareholder or a duly authorised representative of a corporation (and at least one of which shall be a holder of, or proxy for, or a duly authorised representative of, a holder of a B Ordinary Share [and/or a holder of a D Ordinary Share]), shall be a quorum.

- 25.2 If within half an hour from the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present for a period exceeding 10 minutes, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other time and place as the Shareholders present may decide and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholder or Shareholders present shall constitute a quorum.
- 25.3 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded at any general meeting by the Chairman, or by any Shareholder present in person or by proxy and entitled to vote or by a duly authorised representative of a corporation which is a Shareholder entitled to vote.
- 25.4 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board must be delivered to the registered office of the Company not less than 48 hours before the time appointed for the holding of the meeting or to the place of the meeting at any time before the time appointed for the holding of the meeting and Regulation 62 shall be modified accordingly.
- 25.5 When a poll has been demanded it shall be taken immediately following the demand.
- 25.6 The Chairman of the meeting shall not, in the case of an equality of votes, whether on a show of hands or on a poll, be entitled to exercise any second or casting vote.
- 25.7 With respect to any such resolution in writing as is referred to in Regulation 53, in the case of a corporation which holds a Share, the signature of any director or the secretary thereof shall be sufficient for the purposes of Regulation 53.
- 25.8 The provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, with the necessary changes being made, apply to every separate meeting of the holders of any class of Shares, except that the necessary quorum shall be two persons holding or representing by proxy at least one third in nominal amount of the issued shares of that class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present then the provisions of Article 25.2 shall apply).

DIRECTORS

NUMBER OF DIRECTORS

26. The number of directors (including the Investor Director but excluding alternate directors) shall not be less than two in number.

ALTERNATE DIRECTORS

- 27.1 A director (other than an alternate director) may appoint any other director or (in the case of an Investor Director) any other person whomsoever, to be an alternate director and may remove from office an alternate director so appointed.
- 27.2 A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.
- 27.3 Any director who is appointed an alternate director shall be entitled to vote at a meeting of the Board on behalf of the director so appointing him in addition to being entitled to vote in his own capacity as a director and shall also be considered as two directors for the purpose of making a quorum of directors unless he is the only individual present.

PROCEEDINGS OF DIRECTORS

- 28.1 The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any two directors shall constitute a quorum and a quorum of directors must be present throughout all meetings of the Board. The Chairman of the meeting shall have a second or casting vote, in the case of an equality of votes.
- 28.2 Any director or alternate director may validly participate in a meeting of the Board through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act, all business transacted in such manner by the Board or a committee of the Board shall for the purpose of these Articles be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board notwithstanding that a quorum of directors is not physically present in the same place. 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.

RETIREMENT BY ROTATION

29. The directors shall not be liable to retire by rotation and the words "by rotation or otherwise" and "and deemed to have been reappointed" in Regulation 67, "other than a director retiring by rotation" in Regulation 76, "(other than a director retiring by rotation at the meeting)" in Regulation 77, "and may also determine the rotation in which any additional directors are to retire" in Regulation 78, the last two sentences of Regulation 79 and the last sentence of Regulation 84 shall not apply to the Company.

MISCELLANEOUS

BORROWING POWERS

- 30.1 In these Articles "**Borrowings**" shall mean all monies borrowed or raised by members of the

Group (excluding money owed by any Group Company to any other Group Company) and, to the extent not otherwise taken into account, also:-

- 30.1.1 all amounts of any third party indebtedness (excluding intra-group liabilities) for the time being the subject of a guarantee or indemnity given by, or any other form of analogous comfort enforceable against, any Group Company, in favour of any other person;
 - 30.1.2 the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of a Group Company;
 - 30.1.3 the principal amount of any debenture (whether secured or unsecured) of any Group Company owed otherwise than to any other Group Company;
 - 30.1.4 the amount payable on redemption of any preference share capital of any subsidiary, save to the extent that such preference share capital is owned by a Group Company;
 - 30.1.5 any premium payable on final repayment of any borrowing or deemed borrowing; and
 - 30.1.6 the aggregate liabilities (whether presently payable or arising in the future) arising under all credit sale, hire purchase and any other agreements of Group Companies providing for payment on deferred terms but excluding normal trade credit arising in the ordinary and normal course of trading (which shall include, without limitation, arrangements whereby, in the ordinary and normal course of trading, goods are supplied to members of the Group subject to retention of title).
- 30.2 In these Articles "**Adjusted Capital and Reserves**" shall mean the aggregate from time to time of:-
- 30.2.1 the amount paid up on the issued share capital of the Company; and
 - 30.2.2 the amount standing to the credit of the capital and revenue reserves of the Company (or, if the Company has subsidiary undertakings, the consolidated capital and revenue reserves of the Company and its subsidiary undertakings) including any share premium account, capital redemption reserve, revaluation reserve and credit balance on profit and loss account
- all as shown in the latest audited balance sheet of the Company or (as the case may be) the latest audited consolidated balance sheet of the Company and its subsidiary undertakings but after:-
- (a) making such adjustments as may be appropriate in respect of any variation in such amount paid up on the share capital, or share premium account or capital redemption reserve since the date of such latest balance sheet;
 - (b) deducting:-

- (i) any amounts distributed or proposed to be distributed (but not provided in such latest balance sheet) other than distributions attributable to the Company;
 - (ii) any sums set aside for taxation;
 - (iii) any amount attributable to outside shareholders in subsidiary undertakings of the Company but not provided for in the Accounts;
 - (iv) any amounts attributable to goodwill or other intangible assets; and
 - (v) any debit balance on the profit and loss account; and
- (c) making such adjustments (if any) as the Auditors may consider appropriate.
- 30.3 Subject as hereinafter provided, the directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and, subject to the Act, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.
- 30.4 The directors shall restrict the Borrowings and shall procure the exercise of all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (as regards subsidiary undertakings so far as by procuring such exercise the directors can secure) that the aggregate amount for the time being outstanding of all Borrowings shall not at any time, without Investor Consent, exceed £250,000 or an amount equal to two times the Adjusted Capital and Reserves, whichever is the greater.
- 30.5 When the aggregate amount of Borrowings required to be taken into account for the purposes of these Articles on any particular day is being ascertained, any money denominated or repayable (or repayable at the option of any person other than the Company) in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent at the rate of exchange prevailing on that day in London or, if it would result in a lower sterling equivalent, at the rate of exchange prevailing in London six months before such day (and so that for this purpose the rate of exchange shall be taken as the middle market rate as at the close of business on the day in question or, if that is not a business day, on the last business day before the day in question).
- 30.6 A certificate or report by the Auditors as to the amount of [the Adjusted Capital and Reserves or the amount of] any Borrowings or to the effect that the limit imposed by these Articles has (or has not) been or will (or will not) be exceeded at any particular time shall (in the absence of manifest error) be conclusive evidence of that amount or of that fact.
- 30.7 No lender or other person dealing with any Group Company shall be concerned to see or inquire whether the limit imposed by this Article is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security

given that the said limit had been, or would thereby be, exceeded.

- 30.8 Pending the publication of the first audited consolidated accounts of the Group, a *pro forma* consolidation made by the Auditors of the latest available audited accounts of the Group Companies shall be used for the purposes of this Article.

INDEMNITY

31. Subject to the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application 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.

INSURANCE

32. The Board shall have the power to purchase and maintain for any director or other officer insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.