SNS(1151)/706031 01.07.97

Number 3382348

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

N E W

ARTICLES OF ASSOCIATION

(Adopted by Special Resolution
passed on July 1997)

- of -

OVAL (1200) LIMITED
(to be renamed COTSWOLD OUTDOOR LIMITED)

PRELIMINARY

1. (a) The regulations contained in Table A in the Companies (Tables A-F) Regulations 1985 (as amended prior to the adoption of these Articles) ("Table A") shall apply to the Company save in so far as they are excluded or varied hereby or to the extent inconsistent herewith.

(b) The following Regulations of Table A shall not apply to this Company viz: 3, 24, 35, 39, 40, 46, 47, 50, 53, 54, 64 to 69 (inclusive), 73 to 77 (inclusive) 80, 81, 88, 89, 93 to 98 (inclusive) 115 and 118.

(c) In these Articles, unless the context otherwise requires the words standing in the first column of the following table bear the meanings set opposite them respectively in the second column:-

ED1 *EGIWCX70* 12
COMPANIES HOUSE 08/07/97

"'A' Ordinary Shares"	'A' ordinary shares of 1p each in the capital of the Company
"Act"	Companies Act 1985
"Auditors"	the auditors for the time being of the Company
"'B' Ordinary Shares"	'B' ordinary shares of 1p each in the capital of the Company
"business day"	a day (not being a Saturday) on which banks generally are open for business in London
"Default Period"	any period in which, except with Special Director Consent or the consent or sanction of the holders of the 'A' Ordinary Shares (given in accordance with Article 6): (i) the Company or any member of the Group (other than a dormant subsidiary) is insolvent within the meaning of the Insolvency Act 1986; or (ii) an event of default (by whatever named called) is outstanding for the purpose of any borrowings or similar financial facilities from time to time of the Group and has not been remedied or any other event has occurred or circumstances subsist which (with the giving of notice, passing of time or otherwise) would be such an event of default; or (iii) any interest payable under the Loan Stock Instruments or either of them is in arrears for more than 20 business days; or (iv) the Company shall have failed or is unable to repay any of the Loan Stock within 5 business days of any date on which it becomes liable to repay the same in accordance with the Loan Stock Instruments or either of them; or (v) without limiting the foregoing, any of the special rights or privileges attaching to any of the 'A' Ordinary Shares in these Articles shall have been breached and (if remediable) not remedied within 15 business days of the breach to the satisfaction of the Special Director(s) or the holders of the 'A' Ordinary Shares in accordance with Article 6; or

(vi) the Company or the Director or the Management Shareholders party to the Subscription Agreement or any of them are in material breach of any of its or their obligations assumed under or pursuant to the Subscription Agreement and (if remediable) shall have failed within 15 business days of the breach to remedy the same to the satisfaction of the Special Director(s) or the holders of the 'A' Ordinary Shares in accordance with Article 6

"Flotation"	the effective admission of any part of the equity share capital of the Company to the Official List of The London Stock Exchange or the grant of effective permission by The London Stock Exchange for dealings to take place in the same on the Alternative Investment Market or the commencement of dealings in the same on any other recognised investment exchange (as defined in Section 207 of the Financial Services Act 1986) (whichever is the earlier)
"Group"	the Company and its subsidiaries and subsidiary undertakings for the time being
"Investor"	any person being a subscriber and/or purchaser of 'A' Ordinary Shares and Loan Stock pursuant to the Subscription Agreement and/or any related transferee (within the meaning of Article 10) of such a subscriber or purchaser (or of any intermediate such permitted transferee) from time to time holding 'A' Ordinary Shares and Loan Stock
"Loan Notes"	the £250,000 Series "A" Unsecured Loan Stock 2002 of the Company and the £250,000 Unsecured Series "B" Loan Stock 2003/2007 of the Company issued on July 1997
"Loan Stock"	the £3,945,900 10% Unsecured Loan Stock 2002/2005 of the Company and the £1,250,000 10% Unsecured Loan Stock 2006/2007 of the Company constituted by the Loan Stock Instruments
"Loan Stock Instruments"	the instruments executed by the Company on July 1997 constituting the Loan Stock
"Ordinary Shares"	'A' Ordinary Shares and 'B' Ordinary Shares

"Sale"	a Sale shall mean:-
	(i) the sale (except as permitted by Article 10(f) below) of at least ninety per cent of the issued Ordinary Shares to a single purchaser (or to one or more purchasers as part of a single transaction); or
	(ii) the acquisition (whether or not as part of a single transaction but excluding any acquisition of shares as permitted under Article 10(f) below) of at least ninety per cent of the issued Ordinary Shares by any person or by any group of persons who are connected persons of each other
"Special Director"	any Special Director in office from time to time after appointment pursuant to Article 30
"Special Director Consent"	Special Director Consent as defined in Article 6(e)
"Specified Event"	a Sale or Flotation, whichever is the first to occur
"Subscription Agreement"	the subscription agreement entered into on the date of the passing of the resolution adopting these Articles between (1) Natwest Ventures (Nominees) Limited and others as Investors (2) the Anvil Partners therein mentioned (3) the Management Shareholders therein mentioned (4) the Company and (5) the Director therein mentioned, as from time to time amended supplemented or novated

(d) In these Articles:-

(i) references to a document being executed include references to its being executed under hand or under seal or as a deed or by any other method;

(ii) references to writing include references to any visible substitute for writing and to anything partly in one form and partly in another form;

(iii) words denoting the singular number include the plural number and vice versa, words denoting the masculine gender include the feminine gender and words denoting persons include corporations;

(iv) words or expressions contained in the Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force at the date of adoption of the Articles;

(v) subject to the preceding paragraph, references to any provision of any enactment or of any subordinate legislation (as defined by Section 21(1) of the Interpretation Act 1978) include any modification or re-enactment of that provision for the time being in force;

(vi) references to an "associated company" of a company shall mean a subsidiary or holding company for the time being of such company or a subsidiary for the time being of such a holding company and references to an Investor Group means, in relation to any corporate Investor, that Investor and its associated companies from time to time;

(vii) references to a connected person of any person shall mean any connected person thereof for the purposes of Section 839 of the Income and Corporation Taxes Act 1988;

(viii) references to the amount paid up on a share shall include all amounts credited as paid up thereon including any premium;

(ix) references to a dormant subsidiary of the Company are references to any subsidiary of the Company which at the relevant time is dormant for the purposes of Section 250(1)(a) or (b) of the Act; and

(x) the headings are inserted for convenience only and shall not affect the construction of the Articles.

(e) The Company is a private company limited by shares and accordingly any offer to the public of shares in or debentures of the Company or any allotment of or agreement to allot shares in or debentures of the Company with a view to their being offered for sale to the public is prohibited.

SHARES

2. The authorised share capital of the Company as at the date of the adoption of these Articles is £31,111.10 divided into 1,777,777 'A' Ordinary Shares and 1,333,333 'B' Ordinary Shares.

AUTHORITY TO ALLOT

3. Subject to the provisions of Articles 4 and 5 below, the unissued shares in the capital of the Company for the time being shall be under the control of the Directors, who are hereby generally and unconditionally authorised to allot, grant options over, or otherwise dispose of or deal with any unissued shares and relevant securities (as defined in Section 80(2) of the Act) to such persons, on such terms and in such manner as they shall think fit, but subject to any agreement binding on the Company provided that the authority contained in this Article insofar as the same relates to relevant securities (as defined aforesaid) shall, unless revoked or varied in accordance with Section 80 of the Act:-

(a) be limited to a maximum nominal amount of shares equal to the amount of the authorised but unissued share capital of the Company immediately following the time of the passing of the Resolution adopting these Articles; and

(b) expire on the fifth anniversary of the date of the passing of such Resolution but without prejudice to any offer or agreement made before that anniversary which would or might require the exercise by the Directors after such anniversary of their powers in pursuance of the said authority.

In exercising their authority under this Article the Directors shall not be required to have regard to Section 89(1) or (insofar as the exclusion of the application of such sub sections is permitted by the Act) Section 90(1) to (6) (inclusive) of the Act which sub-sections shall be excluded from applying to the Company.

4. (a) Subject to the special rights of the respective classes of shares and as hereinafter provided and (subject thereto) as may otherwise be resolved by Special Resolution, any shares created after the date of adoption of these Articles shall comprise 'A' Ordinary Shares and 'B' Ordinary Shares in the proportions which the 'A' Ordinary Shares and the 'B' Ordinary Shares comprised in the authorised share capital of the Company immediately following the adoption of these Articles bear to one another and any such shares shall, before they are issued, be offered as follows to the members:-

(i) the offer shall be made by notice in writing to all the members specifying the number and class of shares on offer limiting the time (not being less than twenty-one days) within which the offer may be accepted;

(ii) acceptances shall be given to the Company by notice in writing and in such acceptance the applicant shall state the number of the shares on offer which he is willing to subscribe for;

(iii) after the expiration of such offer period or after the Company shall have received notice of the acceptance or as the case may be refusal of such offer from every offeree (whichever shall be the earlier event) the Directors shall allot the shares offered to the members accepting the offer as follows:-

(A) where 'A' Ordinary Shares are on offer, first to and amongst the applicants who are registered as holders of 'A' Ordinary Shares (and to the extent there is competition between such applicants pro-rata to the number of such 'A' Ordinary Shares of which they are the registered holders) and secondly (if any 'A' Ordinary Shares offered remain after such applicants have been satisfied in full) to and amongst the remaining applicants, and to the extent there is competition between such remaining applicants pro rata to the number of Ordinary Shares of which they are respectively registered as holders;

(B) where 'B' Ordinary Shares are on offer, first to and amongst the applicants who are registered as holders of 'B' Ordinary Shares (and to the extent there is

competition between such applicants pro-rata to the number of such 'B' Ordinary Shares of which they are the registered holders) and secondly (if any 'B' Ordinary Shares offered remain after such applicants have been satisfied in full) to and amongst the remaining applicants, and to the extent there is competition between such remaining applicants pro rata to the number of Ordinary Shares of which they are respectively registered as holders;

(C) except where paragraph (A) or paragraph (B) above applies, to and amongst the applicants who are registered as holders of Ordinary Shares and, to the extent there is competition between such applicants, pro-rata to the number of Ordinary Shares of which they are respectively registered as holders

PROVIDED THAT no applicant shall be obliged to take more than the maximum number of offered shares specified by him in his application as aforesaid.

(b) The provisions of Article 4(a) shall not apply to 'A' Ordinary Shares or 'B' Ordinary Shares comprised in the authorised share capital of the Company immediately following the adoption of these Articles.

RIGHTS ATTACHING TO SHARES

5. The special rights and restrictions attached to and binding on respectively the 'A' Ordinary Shares and the 'B' Ordinary Shares are as follows:-

(a) Income: 'A' Ordinary Shares and 'B' Ordinary Shares

Any profits resolved to be distributed in any financial year or period shall be distributed amongst the holders of the Ordinary Shares, pari passu as if the same are one and the same class of share, pro rata to the number of Ordinary Shares respectively held by them.

(b) Capital: All classes of share

On a return of assets on liquidation or otherwise, the assets of the Company remaining after payment of its debts and liabilities and available for distribution to holders of Ordinary Shares shall be distributed between the holders of the Ordinary Shares (as if one and the same class) pro rata to the number of Ordinary Shares respectively held by them.

(c) Voting: Ordinary Shares

Each holder of Ordinary Shares present in person or by proxy or corporate representative shall be entitled on a show of hands to one vote and on a poll to one vote for every Ordinary Share of which he is the holder PROVIDED THAT at any meeting held during a Default Period each holder of 'A' Ordinary Shares so present aforesaid shall be entitled on a poll to ten votes for each 'A' Ordinary Share of which he is the holder.

During a Default Period any holder of 'A' Ordinary Shares may convene a general meeting, by such notice as is required by the Act and these Articles, as if such holder had full and immediate authority on behalf of the Board for that purpose. The Company shall be provided with a copy of the notice convening the meeting at the same time as it is sent to the members entitled to receive the same.

(d) Sale or Flotation

(i) If a Specified Event shall occur either before the second anniversary or after the sixth anniversary of the date of adoption of these Articles, (a) the Exit Value attributable to the Ordinary Shares (as determined in accordance with Article 5(e)) shall be allocated, in the event of a Sale, as to 80% thereof between the holders of the 'A' Ordinary shares included in the Sale pro rata to the number of such 'A' Ordinary Shares respectively sold by them and as to 20% thereof between the holders of the 'B' Ordinary Shares included in the Sale pro rata to the number of such 'B' Ordinary Shares respectively sold by them; and (b) the Exit Value attributable to the Ordinary Shares (as determined in accordance with Article 5(e)) shall be allocated, in the event of a Flotation, as to 80% thereof between the holders of the 'A' Ordinary Shares then in issue pro rata to the number of 'A' Ordinary Shares respectively held by them and as to 20% thereof between the holders of the 'B' Ordinary Shares then the issue pro rata to the number of such 'B' Ordinary Shares respectively held by them

(ii) In the event of a Sale after the second anniversary but before the sixth anniversary of the date of adoption of these Articles, the Exit Value attributable to the Ordinary Shares (as determined in accordance with Article 5(e)) shall be allocated (notwithstanding anything agreed with the purchaser or purchasers in connection with the Sale) between the holders of the Ordinary Shares included the Sale in the following order:-

(A) if the Minimum Ratchet Exit Value is not achieved, the Exit Value attributable to the Ordinary Shares included in the Sale shall be allocated as to 80% thereof between the holders of the 'A' Ordinary Shares included in the Sale pro rata to the number of such 'A' Ordinary Shares respectively sold by them and as to 20% thereof between the holders of the 'B' Ordinary Shares included in the Sale pro rata to the number of such 'B' Ordinary Shares respectively sold by them; or

(B) if the Minimum Ratchet Exit Value is achieved, the Exit Value attributable to the Ordinary Shares included in the Sale shall be allocated as follows:-

(i) the Minimum Ratchet Exit Value shall be allocated as to 80% thereof between the holders of the 'A' Ordinary Shares included in the Sale pro rata to the number of such 'A' Ordinary Shares respectively sold by them and up to 20% thereof between the

holders of the 'B' Ordinary Shares included in the Sale pro rata to the number of such 'B' Ordinary Shares respectively sold by them; and

(ii) the excess of the Exit Value above the Minimum Ratchet Exit Value shall be allocated as to 40% thereof between the holders of the 'B' Ordinary Shares included in the Sale pro rata to the number of such 'B' Ordinary Shares respectively sold by them and as to 60% thereof between the holders of the 'A' Ordinary Shares included in the Sale pro rata to the number of such 'A' Ordinary Shares respectively sold by them;

(iii) In the event of a Flotation after the second anniversary but before the sixth anniversary of the date of adoption of these Articles, the Exit Value attributable to the Ordinary Shares (as determined in accordance with Article 5(e)) shall be allocated between the holders of the 'A' Ordinary Shares and the 'B' Ordinary Shares as if all of the Ordinary Shares then in issue had been sold for a price equal to such Exit Value in the following order:-

(A) if the Minimum Ratchet Exit Value is not achieved, the Exit Value shall be allocated as to 80% thereof between the holders of the 'A' Ordinary Shares then in issue pro rata to the number of 'A' Ordinary Shares respectively held by them and as to 20% thereof between the holders of the 'B' Ordinary Shares then in issue pro rata to the number of such 'B' Ordinary Shares respectively held by them; or

(B) if the Minimum Ratchet Exit Value is achieved, the Exit Value shall be allocated as follows:-

(i) the Minimum Ratchet Exit Value shall be allocated as to 80% thereof between the holders of the 'A' Ordinary Shares then in issue pro rata to the number of such 'A' Ordinary Shares respectively held by them and as to 20% thereof between the holders of the 'B' Ordinary Shares then in issue pro rata to the number of such 'B' Ordinary Shares respectively held by them; and

(ii) the excess of the Exit Value above the Minimum Ratchet Exit Value shall be allocated as to 40% thereof between the holders of the 'B' Ordinary Shares then in issue pro rata to the number of such 'B' Ordinary Shares respectively held by them and as to 60% thereof between the holders of the 'A' Ordinary Shares then in issue pro rata to the number of such 'A' Ordinary Shares respectively held by them.

For these purposes, immediately prior to Flotation, the requisite number (if any) of 'A' Ordinary Shares or 'B' Ordinary Shares shall convert into 'C' Shares (carrying the rights hereinafter provided) proportionately (so far as possible, without involving conversion of fractions of an 'A' Ordinary Share or a 'B' Ordinary Share) between the holders thereof, so as to result in the Exit Value being duly apportioned, in accordance with this sub-paragraph, between the remaining issued 'A' Ordinary Shares and 'B' Ordinary Shares.

(e) Minimum Ratchet Exit Value

The following provisions shall apply for the purposes of determination of whether or not the Minimum Ratchet Exit Value has been achieved:-

(i) For these purposes the "Minimum Ratchet Exit Value" shall mean an Exit Value (as defined below) sufficient to result in the Minimum Required IRR being achieved in respect of, in aggregate, all the 'A' Ordinary Shares and all the Loan Stock subscribed by Natwest Ventures (Nominees) Limited, Gartmore Venture Capital Trust plc and Quester VCT plc pursuant to the Subscription Agreement whether on or following completion thereof (together "the Institutional Investment") and the "Minimum Required IRR" shall be thirty per cent (30%) calculated as provided below.

(ii) The IRR shall be calculated in accordance with the following provisions:-

(A) In respect of each successive period of one calendar month ("a Period") beginning on completion of the Subscription Agreement ("the Commencement Date") (but with the first period being the period from the Commencement Date to the end of the calendar month in which the Commencement Date falls and with a final Period which may be shorter than one calendar month ending on the Relevant Date) there shall be ascertained:-

(x) the total amount of cash paid to the Company during a Period for or in respect of the Institutional Investment; and

(y) the total amount of all cash paid by the Company in respect of the Institutional Investment during the Period (including dividends and interest and any sums paid on repayment of Loan Stock);

and for these purposes the Relevant Date shall mean the date of the Specified Event. Without prejudice to paragraph (C) below this calculation shall be undertaken separately for the Institutional Investment having regard in particular to the date on which the same was or the constituent parts thereof were subscribed. The figure which

results from deducting (x) from (y) above in respect of any Period is referred to below as the "cash flow for that Period" and it is assumed for the purposes of this Article that the cash flow in any Period arises at the start of that Period;

(B) In calculating the cashflow for the Period which ends on the Relevant Date:-

(aa) the holders of the'A' Ordinary Shares comprised in the Institutional Investment shall be deemed to have received in cash during that Period and accordingly there shall be included in (y) for the purposes of the above, that proportion of the Exit Value attributable, in accordance with paragraph (C) below, to such 'A' Ordinary Shares on a Sale or Flotation, as appropriate, both before and (to the extent necessary) after any allocation under Article 5(d); and

(bb) the holders of the Loan Stock comprised in the Institutional Investment shall be deemed to have received in cash during that Period and accordingly there shall be included in (y) for the purposes of the above, an amount ("the Final Loan Stock Payment") equal to the amount that would have been repayable on repayment of such Loan Stock in accordance with its terms if the same were repaid on the Relevant Date;

but (on a Sale) any sum or proportion of Exit Value or Final Loan Stock Payment so deemed received shall only be effective for the purposes of the final determination of the IRR at the date of Sale and any resultant allocation under Article 5(d) to the extent it is actually received on the Relevant Date and any amount received subsequently shall be dealt with as provided in Article 5(e)(v) below;

(C) Upon determination of that aggregate portion of the Exit Value attributable to the 'A' Ordinary Shares included in a Sale or attributable to the 'A' Ordinary Shares on a Flotation ("the 'A' Ordinary Share Exit Value") such 'A' Ordinary Share Exit Value shall to the extent sufficient be allocated between each 'A' Ordinary Share in such manner as shall ensure, both before and after any allocation under Article 5(d) that the IRR achieved on each such 'A' Ordinary Share is the same. Such allocation shall be the proportion of the Exit Value attributable to the 'A' Ordinary Share concerned for the purposes of paragraph (B)(aa) above and any determination of the IRR or any entitlement to proceeds of a Sale or on a Flotation, under Article 5(d) above;

(D) IRR is the percentage divided by 100 such that

$$1 + IRR = (1 + r)^{12}$$

where "r" is the percentage divided by 100 such that the sum of the amounts calculated in accordance with the following formula for each Period from the first Period (as specified in Article 5(d)(ii)(A) above) to the final Period (which ends on the Relevant Date) is zero:-

$$\frac{\text{Cash flow for that Period}}{(1 + r)^{t-1}}$$

where t is 1 in respect of the first period, 2 in respect of the second Period and so on (such that, for the avoidance of doubt, t equals 13 for the Period commencing on the date of the first anniversary of the Commencement Date etc.)

(iii) The Exit Value shall be determined as follows:-

(A) in the event of a Flotation, the Exit Value shall be the aggregate of the market value of all the ordinary shares of the Company allotted or in issue at the time of Flotation (on the basis that the holders of the Loan Stock comprised in the Institutional Investment shall have already received the Final Loan Stock Payment):-

(aa) assuming that there have been exercised in full all rights of any person (whether or not yet exercisable) to call for the allotment or issue of equity share capital of the Company; and

(bb) excluding any new shares which are to be or have been newly subscribed in order to raise additional capital as part of the Flotation

determined by reference to the price at which the ordinary shares the subject of the Flotation are to be issued or (as appropriate) placed or, in the case of an offer for sale by tender, by reference to the applicable striking price, as part of the Flotation arrangements; and

(B) in the event of a Sale, the Exit Value (on the basis that the holders of the Loan Stock comprised in the Institutional Investment shall have already received the Final Loan Stock Payment) shall be the product of P x N where (aa) P = the aggregate price per share payable at the time of Sale for the Company"s ordinary shares which are the subject of the Sale including the value of any consideration then satisfied otherwise than in cash and (bb) N = the total number of ordinary shares of the Company allotted or in issue at the time of Sale assuming for these

purposes that there have been exercised in full all rights of any person (whether or not yet exercisable) to call for the allotment or issue of equity share capital of the Company;

(iv) At least fourteen days prior to a Specified Event (or, if later in the case of a potential Sale, as soon as practicable after it becomes aware of the real possibility thereof) the Board shall estimate the likely date of such Specified Event; procure that the calculations set out in this Article for determination of the Exit Value (and the apportionment thereof between the 'A' Ordinary Shares and the 'B' Ordinary Shares) are carried out and that the Auditors certify that such calculations have, in their opinion, been performed in accordance with the provisions of this Article; and notify the holders of the 'A' Ordinary Shares and 'B' Ordinary Shares of the results of such calculations. The Board shall use all reasonable endeavours to reach agreement within seven days after giving such notifications as to the accuracy of such calculations and in such period to record that agreement in a certificate signed by or on behalf of the holders of three quarters or more in nominal value of each such class of shares and, if they fail to do so, to procure the determination thereof by the Auditors who shall issue a certificate to such effect accordingly and shall for such purposes be deemed to be acting as experts and not as arbitrators and their certificate shall be final and binding on all shareholders, each of whom shall be sent a copy as soon as practicable following its issue and any such certificate of the Auditors shall be obtained at the expense of the Company PROVIDED ALWAYS THAT if the Specified Event shall not occur by the date as at which or on the terms on which the said calculations were made, the procedures set out in this paragraph (iv) shall be repeated (if the Specified Event is still likely to occur) by reference to the next date on which the Board estimates the Specified Event is likely to occur and/or by reference to the actual terms concerned, as appropriate.

(v) Where any Sale is completed on terms that any part of the consideration for the shares included therein ("the deferred consideration") is to be paid after the Relevant Date then, unless otherwise agreed between the holders of the 'A' Ordinary Shares and the holders of the 'B' Ordinary Shares as provided in Article 6, no account of the deferred consideration shall be taken in the Exit Value. Should any deferred consideration subsequently be paid or satisfied before the sixth anniversary of the date of adoption of these Articles (but not otherwise) then upon each payment or satisfaction thereof the calculations set out herein for the apportionment of the consideration realised on a Sale shall be repeated as of the date of payment or satisfaction thereof (as if each such date is a Relevant Date) by reference to the actual Exit Value including all deferred consideration then so paid or satisfied. All necessary adjustments shall thereupon be made and the deferred consideration shall be apportioned accordingly between the vendors of the shares of the Company included in the original Sale as provided above PROVIDED THAT (a) if before taking into account the payment of any deferred consideration the Minimum Ratchet Exit Value have been achieved, then such deferred consideration and any further

deferred consideration shall be allocated between the holders of the Ordinary Shares included in the Sale in accordance with Article 5(d)(ii)(B)(ii); (b) if the payment of any deferred consideration results in the Minimum Ratchet Exit Value having been achieved (when it had not previously been achieved) then such deferred consideration and any further deferred consideration shall be allocated between the holders of the Ordinary Shares included in the Sale to the extent necessary and possible to ensure that there has been paid in respect of such shares an amount equal to their full entitlement under Article 5(d) (calculated including all such deferred consideration and all other deferred consideration previously paid as part of the terms of the Sale); and (c) in no event shall any person be under any liability to make any refund of Exit Value previously received by it or him in accordance with Article 5(d) or this Article 5(e)(v) on any prior allocation made pursuant thereto.

(vi) On a Sale all 'A' Ordinary Shares and 'B' Ordinary Shares (including those not included in the Sale) shall become ordinary shares ranking pari passu in all respects, but without prejudice to the rights of the former holders of 'A' Ordinary Shares and 'B' Ordinary Shares to enforce any entitlement to Exit Value by reason of the Sale.

(f) Mechanics for Ratchet Adjustment

On any Specified Event such adjustments and arrangements shall be made as shall be necessary to give effect to the foregoing provisions of this Article to the intent (without limitation) that any proceeds of a Sale shall be duly apportioned between the holders of the shares of the Company included in the Sale as required by these Articles or, in the case of a Flotation, such conversions of 'A' Ordinary Shares or 'B' Ordinary Shares into 'C' Shares (carrying the rights provided below) and (subject thereto, whether on a Sale or Flotation) such conversions or redesignations of all Ordinary Shares into ordinary shares ranking pari passu shall be effected for the same purpose and the Directors are hereby authorised (as if a Special Resolution to that effect had been hereby passed and as if all separate resolutions or consents required under Article 6 had been passed or given) to effect any such conversions and redesignations so required. For these purposes on a Flotation:-

(i) the Company shall use its best endeavours to procure the admission to the Official List or the grant of permission for dealings to take place in the ordinary shares arising on conversion on The London Stock Exchange (or on any other relevant recognised investment exchange) if as part of any Flotation arrangements then contemplated the ordinary shares in issue or to be allotted are or will be so admitted or permission for dealings to take place in the same has been or will be granted aforesaid;

(ii) upon determination as provided in Article 5(e) of the number of shares to be converted aforesaid the Company shall give notice thereof to the holders of the shares concerned who (subject thereto) shall be obliged to deliver to the Company the certificates in respect of such shares (or an appropriate indemnity

in respect thereof in a form reasonably satisfactory to the Company) so as to be received by the Company before the time of Flotation;

(iii) the shares to be converted shall be selected as nearly as may be to ensure that the number of class of each shares of each class of each holder thereof is thereby converted in the same proportion; and

(iv) allotments of ordinary shares arising from conversion (whatever the manner of conversion) shall be effected on the date of Flotation and immediately prior to Flotation provided that the Company shall be entitled but not obliged to effect any such allotments in respect of shares converted for which it has not received the certificates as provided above. Within fourteen days after the date of conversion the Company shall send to each holder whose shares have been converted a definitive certificate for the appropriate number of fully-paid Ordinary Shares and (subject to Article 5(g)) a new certificate for any 'C' Shares then relevant to the certificates surrendered by him.

(g) 'C' Shares

(i) Any 'C' Shares arising on conversion of 'A' Ordinary Shares or 'B' Ordinary Shares as aforesaid shall:-

(A) on a return of capital on winding-up otherwise, entitle the holders thereof only to the repayment of the amounts paid up or credited as paid up on such shares after payment in respect of each Ordinary Share of the amount paid up on such share and £10,000,000;

(B) not otherwise entitle the holders thereof to receive or participate in any way in any profits or assets of the Company; and

(C) not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the Company.

(ii) Conversion of any shares into 'C' Shares as aforesaid shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such 'C' Shares a transfer thereof (and/or an agreement to transfer the same) to such person as the Company may determine as custodian thereof and/or to purchase the same (in accordance with the provisions of the Act) in any such case for a price not more than an aggregate sum of 1p for all the 'C' Shares without obtaining the sanction of the holder or holders thereof and pending such transfer and/or purchase to retain the certificate for such 'C' Shares.

(iii) The Company may at its option at any time after the creation of any 'C' Shares by notice in writing to the holders of the same redeem all of the 'C' Shares then in issue, at an aggregate price not exceeding 1p for all the 'C' Shares redeemed,

on terms that the recipient of such sum shall be selected by the Company in its absolute discretion.

(h) Class Consents: 'A' Ordinary Shares

Without prejudice to the restrictions contained in these Articles as to the modification of the rights attached to classes of shares or the provisions of the Subscription Agreement, the consent or sanction of the holders of the 'A' Ordinary Shares (given in accordance with Article 6(e)) shall be required before the Company or (to the extent that the Company or any other member of the Group has power to prevent the same) any other member of the Group shall:-

(i) except as expressly provided in the Subscription Agreement, create or allot or issue any further shares or grant or agree to grant to any person any option or right to subscribe for convert into or otherwise to require the issue or allotment of any shares or the creation or allotment or issue of shares, except to the Company or a subsidiary thereof;

(ii) pass a resolution for the reduction or cancellation of its share capital or the reduction of any uncalled liability in respect thereof;

(iii) purchase or redeem the whole or any part of its share capital other than in accordance with the terms of issue of any class of share capital;

(iv) modify vary alter or abrogate any of the rights privileges or restrictions attaching to any of the classes of its share capital;

(v) except pursuant to the Hive-Up Agreement (as defined in the Subscription Agreement) sell transfer lease licence or otherwise dispose of the whole or any material part of its business undertaking or assets whether by a single transaction or series of transactions related or not;

(vi) make or permit any material alteration (including cessation) to the general nature of the business carried on by it from time to time;

(vii) except for the mortgages and charges in existence at the date of completion of the Subscription Agreement and pursuant to the Bank Facilities (as defined in the Subscription Agreement) create issue or enter into or allow to subsist or arise any mortgage or charge or other encumbrance whatsoever over any of its assets or undertaking or give any other form of security to any person firm or company save for liens arising in the ordinary course of business securing monies not yet due for payment and fully provided for;

(viii) acquire whether by formation or otherwise share or loan capital of another company wherever incorporated (other than by way of formation of a wholly owned subsidiary) nor permit the disposal or dilution of its interest directly or indirectly in any subsidiary or subsidiary undertaking;

(x) change its corporate name or any name under which it carries on its business or any part thereof;

(xi) make any alteration to its Memorandum and Articles of Association;

(xii) pass any resolution or seek any order or take any steps with a view to the liquidation, winding up or striking off dissolution or administration or receivership of any member of the Group or the equivalent in any other jurisdiction;

(xiii) approve or adopt its annual audited accounts or any subsequent modification thereto;

(xiv) change its accounting reference date (except, in the case of a subsidiary, to conform with that of the Company);

(xv) make any distribution by way of dividend or otherwise out of the profits or reserves of the Company;

(xvi) seek to take any steps to achieve a Flotation; or

(xvii) enter into any agreement commitment or arrangement to do any of the foregoing.

(i) Matters Requiring Special Director Consent

Special Director Consent shall be required before the Company or (to the extent the Company or any other member of the Group has power to prevent the same) any other member of the Group shall:-

(i) make or provide any loan or financial facility (other than (i) credit given in the ordinary course of business or (ii) loans to the Company or any subsidiary thereof and (iii) loans not exceeding £1,000 in the aggregate to any individual director or employee by way of advance to cover reasonable business expenses);

(ii) give any guarantee suretyship or indemnity or similar liability in respect of the obligations of any person firm or company other than the Company or a wholly owned subsidiary thereof;

(iii) permit or allow or do anything whereby the Borrowing Powers of the Directors set out in these Articles will be exceeded;

(iv) save as expressly contemplated by any business plan and budget which has been adopted with the consent of the Special Director(s), incur in any accounting period any capital expenditure or enter into any capital commitment (which expression shall include without limitation the entry into any transactions

involving the taking by it or its own acquisition on hire or hire purchase of plant machinery or any conditional sale or deferred payment arrangement) exceeding in the aggregate £50,000 or such other limit as may from time to time be approved by Special Director Consent or in accordance with Article 6(e);

(v) vary or agree to any material variation in the extent or terms of its borrowings and similar facilities or the extent or terms of any security given in respect thereof or amend the terms of any mandate relating to the operation of any of its bank accounts;

(vi) acquire change develop dispose relocate or close any property or premises (freehold or leasehold) or any interest therein;

(vii) enter into any agreement to occupy or permit any third party to occupy any property or premises (whether freehold or leasehold) or vary any of the material terms under which it occupies or permits any third party to occupy any property or premises;

(viii) engage or dismiss or enter into any agreement of service or for services with or make any material change to the remuneration or benefits or other terms of employment of, or make payment by way of bonus or profit share to, any of its directors or Senior Executives (a Senior Executive being a person in receipt of remuneration (including for this purpose all amounts paid by way of commission or bonus or under any profit sharing bonus or incentive scheme or by way of pensions contribution) in excess of £40,000 per annum or such increased amount as may from time to time have been approved by Special Director Consent;

(ix) appoint or remove any director (other than an alternate director or a Special Director pursuant to these Articles);

(x) enter into any transaction which is not either properly ancillary to or in the normal and ordinary course of conducting its business;

(xi) enter into any transaction which is not on arm's length terms;

(xii) enter into or in any material respect vary the terms of or grant any material waiver in respect of an agreement or a transaction with a director or shareholder of the Company or connected person of a director or shareholder (save as expressly contemplated by the Subscription Agreement or for an agreement or transaction in the ordinary course of its trade and which in the reasonable opinion of the Special Director(s) is not material to the Group as a whole). For this purpose:-

(A) an agreement or a transaction with a director or shareholder or connected person aforesaid thereof means any agreement or transaction with the

Company or any member of the Group referred to in Section 330 of the Act or for which approval would be required under Section 320 of the Act if the requisite value therein were £5,000 and as if references to directors therein also included shareholders and connected person of a director or shareholder thereof, or an agreement or transaction where the Company or any member of the Group takes an interest in a company whether existing or about to be formed in which a director a shareholder or an associate of either is, is to be, or has in the previous six months been, a shareholder; and

(B) "director" means any person who is or has been at any time in the immediately preceding twelve month period a director or shadow director of the Company or any member of the Group;

(xiii) remove its Auditors or appoint any new or additional Auditors, except in the case of a subsidiary or subsidiary undertaking of the Company to remove its auditors and appoint in their place the auditors of the Company;

(xiv) enter into any agreement, commitment or arrangement to do any of the foregoing; or

(xv) establish or adopt or (except with Special Director Consent) operate any retirement death or disability scheme or any bonus or profit sharing scheme or any share option scheme SAYE employee share ownership plan or employees trust or other similar incentive scheme.

VARIATION OF RIGHTS

6. (a) If at any time the share capital is divided into different classes of shares, the rights attached to any class may, whether or not the Company is being wound up, be varied modified abrogated or cancelled only with the approval of an Extraordinary Resolution passed at a separate class meeting of the holders of the issued shares of that class, or with the consent in writing of the holders of 75 per cent or more in nominal value of the issued shares of that class (or such higher percentage as may be required by the Act).

(b) To every separate General Meeting referred to in sub-paragraph (a) above the provisions of these regulations relating to General Meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy or corporate representative three quarters or more in nominal value of the issued shares of the class and that any holders of shares of the class present in person or by proxy may demand a poll and on a poll each share concerned shall carry one vote PROVIDED THAT where there is only one holder of the issued shares of the relevant class a quorum shall be that holder alone present in person or by proxy or corporate representative.

(c) Except as provided below in this paragraph (c), nothing in these Articles or otherwise shall confer any special rights or privileges or class rights or entitlements on the holders of the 'B' Ordinary Shares during any Default Period and nothing done in a Default Period (or thereafter as a necessary consequence of anything done or any right or entitlement granted during a Default Period) by the Company or any member of the Group or any other shareholder thereof shall constitute or be deemed to constitute any variation modification or abrogation of the rights of or require any consent to be obtained from the holders of the 'B' Ordinary Shares or any of them, other than anything which imposes upon the holder of any such shares any liability greater than that to which the subscriber of the same was subject at the time of their issue.

(d) For the avoidance of doubt and subject to Article 6(c) above, the variation modification abrogation or cancellation of this Article or of any provision of these Articles which contains or affects any class rights shall (save as expressly provided herein) require the consent aforesaid of the holders of shares of the class or classes concerned to be effective.

(e) For the purposes of these Articles, Special Director Consent shall mean the express written consent of each Special Director in office at the relevant time PROVIDED THAT where there is no Special Director in office or a Special Director in office is unable or unwilling or unavailable to provide any consent for the purposes of these Articles either the express written consent of the Observer referred to in Article 30(a)(iii) or the express written consent of the holders of not less than 51% of the 'A' Ordinary Shares or a class consent of the holders of the 'A' Ordinary Shares given in accordance with this Article shall suffice as Special Director Consent for the purposes of these Articles.

(f) For the avoidance of doubt, the provisions of Article 5(i) (matters requiring Special Director Consent) are special rights of (and only of) the 'A' Ordinary Shares and this Article 6 shall be construed accordingly.

PART V COMPANIES ACT 1985

7. Subject to the provisions of Part V of the Act and to the rights of the holders of the respective classes of shares of the Company the Company may:-

(a) issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder;

(b) purchase its own shares (including any redeemable shares);

(c) make a payment in respect of the redemption or purchase, under section 160 or (as the case may be) section 162 of the Act and the relevant power under (a) or (b) above, of any of its own shares otherwise than out of distributable profits of

the Company or the proceeds of a fresh issue of shares to the extent permitted by Section 171 of the Act.

LIEN

8. The Company shall have a first and paramount lien on all shares (not being a fully paid share if the Company is a public company) standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company.

TRANSFERS - GENERAL

9. (a) No shares or any interest therein shall be transferred and the Directors shall not register any transfer of shares in the Company except in circumstances where the transfer is permitted by this Article and Articles 10 to 13 (inclusive) ("a permitted transfer").

(b) For the purposes of the provisions of these Articles relating to transfer of shares, a transfer of shares includes a renunciation of any allotment of shares or of any rights to subscribe for or receive an allotment of shares and any other disposition of any interest in any share whether legal beneficial or otherwise and whether or not for consideration or by written disposition or otherwise.

(c) Any transfer or purported transfer of any share or of any interest therein made otherwise than in accordance with these Articles shall be void and of no effect whatsoever. In addition the Directors shall be at liberty by notice in writing to the registered holders thereof to disenfranchise any shares which are the subject of a transfer not made in accordance with these Articles until such time as the Directors (acting reasonably) are satisfied that the provisions of these Articles relating to transfer of shares have been complied with.

(d) Subject only to paragraph (e) below, the Directors shall be obliged to register a permitted transfer.

(e) The Directors may in their absolute discretion and shall if required by any Special Director, and without assigning any reason therefor, decline to register (i) any transfer of any share over which the Company has a lien; (ii) any transfer to more than four transferees; (iii) any transfer comprising shares of more than one class; (iv) any transfer of any share which is not fully paid to a person of whom the Directors do not approve; or (v) any transfer to an infant bankrupt or person suffering from mental disorder as that expression is used in Regulation 81(c) of Table A; or (vi) any transfer made in breach of the Subscription Agreement or otherwise than in accordance with Regulation 24(a) of Table A.

(f) The transferor of any share shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

(g) For the purposes of these Articles and in particular the provisions thereof relating to the transfer of shares:-

(i) an "Employees Trust" means any trust established by the Company (with any consent required under Article 5) to acquire and hold shares in the capital of the Company for the benefit of employees and/or ex-employees of the Group and/or their dependants;

(ii) "Family Trust" means in relation to any member ("the original member") trusts (whether arising under a settlement inter vivos or a testamentary disposition by whomsoever made or on intestacy) under which no immediate beneficial interest in the shares in question is for the time being vested in any person other than the original member or privileged relations of such member and no power of control over the voting powers conferred by such shares is for the time being exercisable by or subject to the consent of any person other than the trustees as trustees or the original member or privileged relations of such member;

(iii) "Mandatory Transfer" means any transfer of shares required pursuant to Article 11 or which is given by any person at a time when he could be required under Article 11 to make such a transfer;

(iv) "Mandatory Transfer Notice" means a Transfer Notice given or deemed to be given pursuant to Article 11 or given by a person at a time when he could be required under Article 11 to give such a Transfer Notice;

(v) "Offered Shares" means all the shares comprised in or deemed to be comprised in a Transfer Notice;

(vi) "privileged relation" means the wife or husband or children or step-children or remoter issue of a member;

(vii) "Transfer Notice" means a Voluntary Transfer Notice or a Mandatory Transfer Notice, as the case may be;

(viii) "the Transfer Value" means the value attributable to the shares comprised in any Transfer Notice determined as provided in Article 13(j);

(ix) "Voluntary Transfer" means any transfer of shares other than a Mandatory Transfer; and

(x) "Voluntary Transfer Notice" means a Transfer Notice other than a Mandatory Transfer Notice.

TRANSFERS EXPRESSLY PERMITTED

10. (a) Any share may be transferred at any time by a member to any other person with the written consent of the holders of not less than 75 per cent in nominal value of the issued Ordinary Shares.

(b) Without prejudice to Regulation 5 of Table A, any share held (in accordance with these Articles) by a member as bare nominee may be transferred to any other person or persons provided that the transferor and transferee certifies to the Company and the Directors (including the Special Director(s)) are satisfied that no beneficial interest in such shares passed by reason of the transfer.

(c) Any share may be transferred by a member or the personal or other legal representatives of a deceased member (in each case, an "original member") to a privileged relation of such original member or to the trustees of a Family Trust of such original member Provided that any member being an employee or director of any member of the Group (an "original member") may not transfer shares to a privileged relation of such member or to the trustee of a Family Trust of such member if, as a result of such transfer, the shares that would be registered in the name of such original member would be less than 50% of the aggregate of the shares that would be registered in the name of such original member or in the name of his privileged relation or in the name of the trustees of any Family Trust of such original member.

(d) Any share in the name or names of the trustees of a Family Trust may be transferred to a beneficiary of that Family Trust or to the original member whose Family Trust it is or to any of his privileged relations.

(e) Any share in the name or names of the trustees of a Family Trust may be transferred to new or continuing trustees of that Trust.

(f) Any Investor or a transferee pursuant to this Article 10(f) or a nominee for any of the foregoing may at any time transfer all or any of its shares to another Investor or to a related transferee and each person holding shares as a result of any such permitted transfer shall also be an Investor for the purposes of these Articles. A related transferee for these purposes shall mean:-

(i) any member for the time being of the same Investor Group as the transferor;

(ii) any body corporate controlled by the Investor or another member of its Investor Group or which immediately following such transfer will be such a body corporate;

(iii) any investment fund or trust or partnership controlled or managed or advised or promoted by the Investor or another member of its Investor Group;

(iv) any trustee or manager or beneficiary or partner of any investment fund or trust or partnership referred to in paragraph (iii) above;

(v) during the period of six months commencing on the date of completion of the Subscription Agreement, any financial institution or other investor (whether in corporate, partnership or other form) to whom any Investor originally party to the Subscription Agreement may, with the prior approval of Natwest Ventures (Nominees) Limited wish to transfer such shares by way of syndication of its original commitment; or

(vi) a nominee for or trustee(s) of any trusts established for the benefit of any of the foregoing.

(g) Any shares may be transferred to the trustees of an Employees Trust or by the trustees of an Employees Trust to any director or employee of any member of the Group, provided in any such case such transfer is in accordance with the terms of such trust and has been approved by Special Director Consent.

MANDATORY TRANSFERS

11. (a) In the event of a Family Trust ceasing for any reason to be a Family Trust as defined in Article 9(g) any shares held by such trust as a result of a transfer under Article 10(c) and any shares deriving therefrom or which are attributable or have accrued to the same shall be transferred (either directly or upon trust) to the original member whose Family Trust it is or to privileged relation(s) of that member within 20 business days of that event failing which the trustees shall be deemed to have given a Mandatory Transfer Notice at such time as the Directors of the Company (failing whom the Special Directors) shall think fit in respect of all such shares held by the trustees and the provisions of these Articles will apply accordingly.

(b) If any person holding shares as a bare nominee as contemplated by Article 10(b) above ceases to be such a nominee and shall fail within twenty-one days of such event to transfer all the shares concerned to a continuing related transferee then such person shall be deemed on the expiry of such twenty one day period to have given a Mandatory Transfer Notice in respect of such shares.

(c) In the event of the termination for whatever reason of the employment or directorship of any person who is an employee or director of any member of the Group (in circumstances where he does not remain or become a director or employee of any other Group company) ("a leaving employee/director") the

leaving employee/director (and any transferees referred to below) shall, if required by the Directors or the Special Director(s) by notice in writing given to him (or his personal representative, as appropriate) at any time and from time to time during the period of twelve months thereafter, give a Mandatory Transfer Notice or Notices in respect of all or any of those shares registered, at the time the notice from the Directors or the Special Director(s) is given, in his name or in respect which he is unconditionally entitled to be registered and all or any of the shares then held for him or at any time transferred by him pursuant to and still held by any transferee permitted within the terms of Article 10 (b) to (e) inclusive (including as a result of any subsequent such permitted transfer) and any shares deriving from or attributable or accruing to such shares and the provisions of these Articles shall apply accordingly.

(d) In the event that any leaving employee/director shall, after ceasing to be such an employee or director, become registered or unconditionally entitled to be registered as the holder of shares in the Company pursuant to a right or opportunity made available to him prior to ceasing to be so employed or a director he shall upon becoming so registered or entitled be deemed (unless otherwise agreed by the Directors with Special Director Consent) to have served a Mandatory Transfer Notice in respect of all such shares whereupon the provisions of these Articles shall apply accordingly.

(e) A person entitled to shares in consequence of the death bankruptcy receivership or liquidation of a member and not himself being a person permitted under Article 10 shall be bound at any time within six months of becoming so entitled, if and when called upon in writing by the Directors or the Special Director(s) so to do, to give a Mandatory Transfer Notice in respect of all shares then registered in the name of the deceased or insolvent member unless such person is, or shall (within 30 business days of becoming so entitled) transfer such shares to, a person to whom shares may be transferred pursuant to Article 10 and the Directors including the Special Director(s) approve such transfer. Regulations 20 to 31 inclusive of Table A shall be modified accordingly.

(f) For the purpose of ensuring that a transfer of shares is in accordance with the provisions of these Articles and duly authorised hereunder or that no circumstances have arisen whereby a Transfer Notice is required to be given hereunder the Directors may (and shall if required by a Special Director) from time to time require any member or past member (including any one or more of joint holders of shares) or the legal personal representatives or the trustee in bankruptcy of any member or any person named as a transferee in any instrument of transfer lodged for registration, to furnish to the Company such information and evidence as the Directors (including any Special Director) may reasonably think fit regarding any matter which they may reasonably deem relevant to such purpose. Failing such information or evidence being furnished to the reasonable satisfaction of the Directors (including the Special Director(s) within a reasonable time after request, the Directors may (and will if required

by any Special Director) refuse to register the transfer in question or (in case no transfer is in question) require by notice in writing that a Transfer Notice be given in respect of the shares concerned. If such information or evidence discloses that in the reasonable opinion of the Directors a Transfer Notice ought to have been given in respect of any shares the Directors may (and will if required by any Special Director) by notice in writing require that a Mandatory Transfer Notice is given pursuant to these Articles in respect of the shares concerned.

(g) In any case where under the provisions of these Articles a Mandatory Transfer Notice is required to be given in respect of any shares a Mandatory Transfer Notice shall if not actually given within a period of ten business days of demand therefor being made or within any other period specified, be deemed to have been given on the tenth business day after such demand is made or at the end of the relevant specified period, as appropriate.

LIMITATION ON TRANSFER OF CONTROL

12. (a) No sale or transfer of any shares ("the Specified Shares") shall be made which would result if made and registered in a person or persons not being an Investor or Investors or related transferees thereof obtaining (i) 75% of the nominal value of the issued Ordinary Shares; or (ii) 51% or more of the 'A' Ordinary Shares subscribed by any of the Investors (save as permitted by Article 10); or (iii) 51% or more of the 'B' Ordinary Shares (save as permitted by Article 10), in any such case, unless (i) the proposed transferee or transferees or his or their nominees has or have offered to purchase all of the issued share capital of the Company at the Specified Price as defined below and (ii) all Loan Stock issued pursuant to the Subscription Agreement shall be redeemed in full in accordance with its terms.

(b) For the purpose of this Article the expression "the Specified Price" shall mean a price per share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees respectively for the Specified Shares to the holder or holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holder or holders of the Specified Shares which having regard to the substance of the transaction as a whole can reasonably be regarded as in addition to the price paid or payable for the Specified Shares PROVIDED THAT if any part of the price per share is payable otherwise than by cash any member may at his option elect to take a price per share of such cash sum as may be reasonably agreed by him having regard to the substance of the transaction as a whole.

(c) In the event of disagreement as to the calculation of the Specified Price for the purposes of this Article any such disagreement shall be referred to an umpire (acting as expert and not as arbitrator) nominated by the parties concerned (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 on application by any such party) whose decision shall be final and binding (in the absence of manifest error) and the costs of such umpire shall be borne as he shall direct or, in default of such a direction, equally by the parties to the dispute or disagreement.

(d) Save as provided in Article 12(e), if any offer is made pursuant to the terms of this Article and is approved by the holders of at least forty per cent (40%) in nominal value of the issued Ordinary Shares (but excluding the purchaser or any persons connected with it or acting in concert with it) ("the accepting shareholders") then the holders of the other Ordinary Shares shall, if so required in writing by the accepting shareholders, and provided the Specified Price is at least equal to the fair value of their shares determined by the Determining Accountant as provided in Article 13(j), accept such offer and if they shall fail to do so within five days of being so required, shall be deemed hereby to accept the same and to authorise the Company to exercise such documents on their behalf to effect the sale of their shares pursuant thereto, and Article 13(i) shall apply mutatis mutandis for these purposes. Article 13 shall not apply to any transfer of shares made under this Article 12(d) in circumstances where the holders of all the Ordinary Shares accept or are hereby deemed to accept such offer.

(e) The holders of the Ordinary Shares shall not accept any such offer made pursuant to the terms of this Article if, within the period of 20 business days of the making of such offer, another offer (the "subsequent offer") is made and the subsequent offer is for the same shares (with or without other shares) as the original offer and (i) the Specified Price under the subsequent offer is at least equal to or greater than the Specified Price under the original offer; (ii) the holders of the other Ordinary Shares can produce evidence satisfactory to the Directors including the Special Directors that the person making the subsequent offer is able to fulfil its obligations under the subsequent offer in full. If during the period of a subsequent offer, the original offeror makes a revised offer and the Specified Price under the revised offer is greater than the Specified Price under the subsequent offer, they may accept the revised offer and the provisions of Article 12(d) shall apply mutatis mutandis.

THIRD PARTY TRANSFERS

13. Subject to Articles 9 and 12 and save as provided in Articles 10 and 11, no shares or any interest therein shall be transferred or disposed of whether by way of sale or otherwise except in accordance with the following provisions of this Article 13:-

(a) Every holder of shares or person entitled to be registered in respect of a share or shares of the Company who intends to transfer or dispose of any share or shares registered in his name and/or to which he is so entitled or any interest

therein ("the Proposed Transferor") shall give notice in writing to the Directors of such intention ("a Transfer Notice"). A Transfer Notice shall specify the number and class of shares which the Proposed Transferor intends to transfer and (except to the extent necessary to give effect to the provisions of this Article relating to transfer of Units of Investor Shares) where a Transfer Notice is given or deemed given in respect of shares of more than one class a separate Transfer Notice shall be deemed to have been given in respect of each such class of share.

(b) A Voluntary Transfer Notice may provide as a condition ("a total transfer condition") that unless all Offered Shares are sold to persons found by the Company pursuant to this Article none shall be sold, and except as hereinafter provided a Transfer Notice once given or deemed to be given shall not be revocable without the written consent of the Board including the Special Director (if any) in office at the time.

(c) A Transfer Notice shall constitute the Company the agent of the Proposed Transferor to sell the Offered Shares in accordance with the provisions hereinafter in this Article appearing at their Transfer Value.

(d) Upon the expiry of seven days after determination of the Transfer Value of the Offered Shares as provided in paragraph (j) below and provided the Proposed Transferor shall not have withdrawn the Transfer Notice as permitted in paragraph (m) below, the Directors shall forthwith by notice in writing inform:-

(i) each of the members (other than the Proposed Transferor); and

(ii) where the Offered Shares are 'B' Ordinary Shares or other shares originally subscribed by an Employees Trust ("Relevant Shares"), such employees or proposed employees of any Group Company and/or the trustees of such Employees Trust as the Directors shall agree with Special Director Consent and/or as shall be required by any Special Director;

of the number of and the price (being the Transfer Value) of the Offered Shares and invite each member or (where appropriate) other persons referred to in sub-paragraph (ii) above ("Special Offerees") to whom such notice is given to apply in writing to the Company within twenty one days of the date of despatch of the notice (which shall be specified therein) for such maximum number of the Offered Shares (being all or any thereof) as he shall specify in such application.

(e) The Directors shall within seven days after the expiration of the twenty one day period referred to in paragraph (d) of this Article notify the Proposed Transferor of the number of Offered Shares (if any) for which they have found a purchaser or purchasers pursuant to that paragraph and if the Directors have found such a purchaser or purchasers in respect of some only of the Offered Shares and the Transfer Notice properly contained a total transfer condition the Proposed

Transferor shall be entitled to withdraw the Transfer Notice (in whole but not in part) within five days of such notification.

(f) During the three months following the expiry of the period of seven days referred to in paragraph (e) of this Article the Proposed Transferor (whether or not the Transfer Notice has been withdrawn under that paragraph) shall be at liberty to transfer to any person or persons at any price per share not being less than the Transfer Value thereof agreed or determined aforesaid any share not allocated in accordance with the provisions of this Article PROVIDED THAT if the Proposed Transferor has withdrawn the Transfer Notice under paragraph (e) of this Article he shall not be entitled save with the written consent of the Special Director(s) to sell hereunder only some of the Offered Shares.

(g) If the said members shall within the period of twenty-one days referred to in paragraph (d) apply for all or (except where the Transfer Notice is withdrawn under paragraph (e)) any of the Offered Shares the Directors shall allocate the Offered Shares (or so many of them as shall be applied for as aforesaid):-

(i) where the Offered Shares are Relevant Shares, first to and amongst the applicant Special Offerees in such proportions as the Directors shall agree with the Special Director Consent or as shall otherwise be required by the Special Director(s) and secondly, (if any such Offered Shares remain after such applicants have been satisfied in full) to and amongst the remaining applicant as provided in sub-paragraphs (iii)(iv) and (v) below;

(ii) where the Offered Shares comprise 'A' Ordinary Shares, first to and amongst the applicants who are registered as holders of 'A' Ordinary Shares and who have made application to purchase the Offered Shares aforesaid, and to the extent there is competition between such applicants, pro-rata to the number of such 'A' Ordinary Shares of which they are registered holders and secondly (if any such 'A' Ordinary Shares offered remain after such applicants have been satisfied in full) to and amongst the remaining applicants as provided in sub-paragraphs (iii) and (iv) below;

(iii) except to the extent sub-paragraphs (i) and (ii) above apply, first or, as the case may be, next to and amongst the applicants who are registered in respect of shares of the same class as the Offered Shares (and to the extent there is competition between such applicants, pro rata according to the number of shares of such class of which they are registered as holders); and

(iv) lastly (if any of the Offered Shares shall remain after the applicants under sub-paragraphs (i) and (ii) and (iii) have been satisfied in full) to and amongst the remaining applicants who are registered holders of

equity share capital of the Company (but not including any shares of the same class as the Offered Shares or (in the case of any offer of 'A' Ordinary Shares under this sub-paragraph) any 'A' Ordinary Shares held by the applicants) and, to the extent there is competition between such remaining applicants, pro rata to the number of such shares of which they are respectively registered as holders.

PROVIDED THAT no applicant shall be obliged to take more than the maximum number of Offered Shares specified by him as aforesaid and that all requisite adjustments shall be made in the event that any applicant allocated Offered Shares shall fail to complete the purchase of the same when required in accordance with this Article.

(h) The Directors shall forthwith give notice in writing of the allocations of Offered Shares made pursuant to sub-paragraph (g) (hereinafter called an "Allocation Notice") to the Proposed Transferor and to the persons to whom Offered Shares have been allocated and (provided that the aggregate number of shares so allocated coincides with the number of shares notified to the Proposed Transferor pursuant to paragraph (e)) the Proposed Transferor shall thereupon be bound to transfer the shares allocated upon payment of the Transfer Value thereof. An Allocation Notice shall state the names and address of the purchasers and the number of shares agreed to be purchased by them respectively and the purchases shall be completed at such place and such time as shall be specified by the Directors in such Notice being not less than seven days nor more than twenty eight days after the date of such Notice.

(i) If in any case the Proposed Transferor having become bound as aforesaid makes default in accepting payment of the purchase price for any Offered Share or as the case may be in transferring the same the Directors or any Special Director may receive such purchase money and may nominate some person to execute an instrument of transfer of such share in the name and on behalf of the Proposed Transferor and thereafter when such instrument has been duly stamped the Directors shall cause the name of the purchaser to be entered in the Register of Members as the holder of such share and where applicable shall hold the purchase money in trust without interest for the Proposed Transferor. The receipt of the Directors or any Special Director for the purchase money shall be a good discharge to the purchaser (who shall not be bound to see to the application thereof) and after his name has been entered in the Register of Members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

(j) Save as provided in sub-paragraph (k) below, the Transfer Value per share of any shares to be transferred pursuant to the provisions of these Articles shall be such sum as may be agreed between the Proposed Transferor and the Directors (with Special Director Consent) within twenty-eight days of the service or deemed service upon the Company of a Transfer Notice in which the Offered

Shares are comprised or in default of such agreement such sum as a Chartered Accountant appointed in the manner described below ("the Determining Accountant") shall report in writing as being in his opinion the fair value thereof on the basis of (i) a sale as between a willing vendor and a willing purchaser of the whole of the issued shares of the Company in the open market; (ii) by attributing to each class of shares such proportion of the sum calculated above as the Determining Accountant shall, having regard to, inter alia, the provisions of Article 5(d) hereof, consider appropriate; and (iii) the Transfer Value per share of the Offered Shares being determined by dividing the total value determined as aforesaid of the issued shares of the same class as (and including) the Offered Shares by the number of shares of such class then in issue. The Determining Accountant shall be appointed by agreement between the parties within seven days following the expiration of the period of twenty-eight days referred to above or, failing agreement, shall be appointed on the application of the Proposed Transferor or the Directors by the President for the time being of the Institute of Chartered Accountants in England and Wales.

(k) (a) Subject to Article 13(k)(b) below, where a Voluntary Transfer Notice is given by an Investor the Transfer Value shall be such price per share as the Proposed Transferor shall specify in such Transfer Notice or, if no such price is specified, the Transfer Value agreed or determined under Article 13(j) above.

(b) Where a Transfer Notice is given pursuant to acceptance of an offer made under Article 12, the Transfer Value shall be the Specified Price of the Offered Shares concerned.

(c) Where a Mandatory Transfer Notice is given pursuant to Article 11(c) or (d) in circumstances where the leaving employee/director concerned ceased to be employed for any reason other than his wrongful or unfair dismissal or death or ill health (whether mental or physical) or retirement at age 55 or over, then, except with Special Director Consent, the Transfer Value shall not in any event exceed the amount paid up or credited as paid up on the Offered Shares.

(l) In reporting under Article 13(j) the Determining Accountant shall be deemed to be acting as an expert and not as arbitrator and his Report shall be in writing addressed and produced to the Proposed Transferor and the Company and shall be final and binding, in the absence of manifest error therein. The Directors shall procure that any Report required hereunder is obtained with due expedition and (save as provided in paragraph (m) below) the cost of obtaining such Report shall be borne by the Company.

(m) In the case of a Voluntary Transfer Notice where the Transfer Value is determined by the Determining Accountant under Article 13(j), the Proposed Transferor shall have the right within seven days of the Report by the

Determining Accountant as to the Transfer Value of the Offered Shares to withdraw the Transfer Notice by giving notice to the Directors in writing that he does not agree such Transfer Value and is not willing to sell the Offered Shares at that price, and in such event he shall be responsible for the said costs and expenses of the Determining Accountant referred to in paragraph (l) above.

(n) Upon receipt of a written application from any member holding shares in the Company, and upon payment by him of the costs thereby incurred, the Directors shall request the Auditors of the Company for the time being to state the sum which in their opinion is the Transfer Value of the share or shares being the subject of such application and such statement shall be certified in writing by the Auditors (acting as experts and not as arbitrators). Any member holding shares in the capital of the Company shall be entitled at any time to make an application to the Directors in pursuance of this Article and such application shall not be deemed to constitute a notice of his intention to transfer shares within the meaning of these Articles.

GENERAL MEETINGS

14. All general meetings of the Company shall be held within the United Kingdom. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business and at all times throughout the meeting thereafter; save as herein otherwise provided two members present in person or by proxy (or, being a corporation, by representative) shall be a quorum PROVIDED THAT in respect of any general meeting of the Company held at a time when the holders of the 'A' Ordinary Shares are entitled to vote on any resolution, one such member must be a holder of 'A' Ordinary Shares present in person or by proxy or corporate representative during consideration of such resolution.

PROVIDED FURTHER THAT if at an adjourned meeting a quorum for the purposes of the foregoing provisions of this Article is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved, unless the meeting was adjourned for fourteen days or more and due notice in such regard was given to the members within five days of the adjournment whereupon the quorum at any such adjourned meeting shall be any two members present in person or by proxy (or, being a corporation, by representative). Regulation 41 of Table A shall be read and construed accordingly.

15. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the Chairman or by any member present in person or by proxy. On a show of hands votes may be given either personally or by proxy.

16. Unless a poll is demanded as provided in Article 15, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the Minutes

of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

17. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a second or casting vote.

18. Subject to the Act, a resolution in writing signed by all the members for the time being entitled to vote shall be as effective for all purposes as a resolution duly passed at a general meeting of the Company duly convened and held, and may consist of several documents in the like form each signed by one or more members. In the case of a corporation the resolution may be signed on its behalf by a Director thereof or by its duly appointed or duly authorised representative.

DIRECTORS

19. Subject to the Act and unless and until the Company by Special Resolution shall otherwise determine, there shall be no maximum number of Directors and there shall be a minimum of two Directors.

20. The quorum necessary for the transaction of business of the Directors shall be two, at least one of whom shall (if he is in office or unless he otherwise agrees in writing) be a Special Director or his alternate PROVIDED THAT where not less than ten days prior notice of any proposed meeting of Directors has been given in writing (or by cable telex or other form of visible communication) to each Director or his alternate (unless absent from the United Kingdom and he has failed to leave an address at which he may be contacted by telex or other visible communication) setting out in reasonable detail the matters proposed to be considered thereat and at such proposed meeting no Special Director is present as required by the foregoing, any two Directors present in person or by alternate shall constitute a quorum.

21. (A) The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit provided that unless otherwise agreed by all the Directors at the time as regards the meeting concerned all meetings of the Directors shall be held within the United Kingdom. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors. The holders of not less than 51% of the 'A' Ordinary Shares or the Observer (as defined in Article 30(a)(iii)) may, and the Secretary on the requisition of the holders of not less than 51% of the 'A' Ordinary Shares or the Observer shall at any time summon a meeting of the Directors. Save in the case of an emergency and unless all the Directors (or their duly appointed alternates) shall agree to the holding of a meeting by shorter notice, at least seven days" notice of every meeting of Directors shall be given either in writing or by cable or telex or facsimile or other similar means of visible communication to each Director, unless absent from the United Kingdom

and he has failed to leave an address at which he may be contacted by cable telex facsimile or other similar visible communication.

(B) Any Director enabled to participate in the proceedings of a meeting by means of a communication device (including a telephone) which allows all the other Directors present at such meeting whether in person or by means of such type of communication device, to hear at all times such Director and such Director to hear at all times all other Directors present at such meeting (whether in person or by means of such type of communication device) shall be deemed to be present at such meeting and shall be counted when reckoning a quorum.

22. A person may be appointed a Director notwithstanding that he shall have attained the age of seventy years and no Director shall be liable to vacate office by reason of his attaining that or any other age.

23. At any meeting of the Directors each Director (or his alternate Director if the Director himself is not present) present at the meeting shall be entitled to one vote. In the case of an equality of votes at any meeting the Chairman of such meeting shall not be entitled to a second or casting vote. Regulation 88 of Table A shall be modified accordingly.

24. Subject to the provisions of Section 317 of the Act a Director (including an alternate Director) may contract with and participate in the profits of any contract or arrangement with the Company as if he were not a Director. A Director shall also be capable of voting in respect of such contract or arrangement, where he has previously disclosed his interest to the Company, or in respect of his appointment to any office or place of profit under the Company or of the arrangement of the terms thereof and may be counted in the quorum at any meeting at which any such matter is considered.

25. In Regulation 79 of Table A the last two sentences shall be deleted.

26. A resolution in writing signed by all the Directors shall be as effective for all purposes as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form, each signed by one or more of the Directors, but so that the expression "Director" in this Article shall not include an alternate Director.

27. The Directors may by resolution exercise all the powers of the Company to make provision (in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any subsidiary of the Company) for the benefit of persons employed or formerly employed by the Company or that subsidiary.

28. A Director and an alternate Director shall not require a share qualification, but nevertheless shall be entitled to attend and speak at any general meeting of the Company.

29. The office of a Director shall be vacated if:-

(a) he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or

(b) he becomes bankrupt or insolvent or makes any arrangement or composition with his creditors; or

(c) he is, or may be, suffering from mental disorder and either:-

(i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or

(ii) an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

(d) (not being precluded from so doing by the terms of any contract with the Company) by notice in writing he resigns the office of Director; or

(e) in accordance with these Articles, he is removed from office by a resolution duly passed pursuant to Section 303 of the Act or by Extraordinary Resolution (but without prejudice to any right he may have to damages by reason of such removal); or

(f) he shall for more than six consecutive months have been absent without permission of the Directors from meetings of the Directors held during that period and the Directors resolve that his office is vacated; or

(g) he is removed from office pursuant to Article 30; or

(h) during a Default Period, he is removed from office in the same manner as is prescribed in Article 30 as if he were a Special Director.

SPECIAL DIRECTORS

30. (a) (i) Before a Flotation and for so long as ten per cent or more in terms of nominal value of the 'A' Ordinary Shares are held by the "X" Investors, they shall be entitled to appoint one person as a Director who shall be nominated a Special Director and to remove from office any person so appointed (and subject to removal) to appoint another person in his place. For these purposes the "X" Investors shall mean and include Natwest Ventures (Nominees) Limited and any related

transferees thereof for the purposes of Article 10 and any nominees therefor.

(ii) Before a Flotation and for so long as ten per cent or more in terms of nominal value of the 'A' Ordinary Shares are held by the "Y" Investors (or nominees therefor), they shall be entitled to appoint one person as a Director who shall be nominated the 'Y' Special Director and to remove from office any person so appointed (and subject to removal) to appoint another person in his place. For these purposes the "Y" Investors shall mean and include Gartmore Venture Capital Trust plc and Quester VCT plc, and any related transferees thereof for the purposes of Article 10 and any nominees therefor.

(iii) Before a Flotation and for so long as ten per cent or more in terms of nominal value of the 'A' Ordinary Shares are held by the "X" Investors, they shall be entitled to appoint an observer to the board of Directors ("the Observer") and to remove any person so appointed (and subject to removal) to appoint another person in his place. For these purposes the "X" Investors shall mean and include Natwest Ventures (Nominees) Limited and any related transferees thereof for the purposes of Article 10 and any nominees therefor. The Observer shall be entitled to receive notice of, attend and address all meetings of the Directors but shall not be entitled to vote thereat.

(b) A Special Director or an Observer appointed pursuant to this Article shall not be required to hold any share qualification.

(c) Any appointment or removal of a Special Director or an Observer under this Article shall be by instrument in writing signed by the relevant appointer(s) served on the Company and shall take effect on and from the date on which such instrument is lodged or deposited at the registered office of the Company.

(d) A Special Director appointed under this Article may appoint any person as an alternate pursuant to Article 32 without the approval of a resolution of the Directors.

(e) During a Default Period the rights of the Investors under Article 30(a) above may be exercised as if there were no limit on the number of Special Directors that may be appointed pursuant to the same.

(f) For so long as the right to appoint a Special Director under this Article subsists, upon a poll being taken in connection with a resolution of the Company in General Meeting to remove such a Special Director or to restrict or delete this Article, the Investors entitled to appoint the same (or any nominees therefor holding shares in the Company) shall be entitled to exercise such total number of votes in respect of their holdings of 'A' Ordinary Shares as shall equal twice

the total number of votes cast on such resolution by all other shareholders of the Company.

BORROWING POWERS OF DIRECTORS

31. (a) Subject as otherwise provided in these Articles, the Directors may exercise all the powers of the Company to borrow money, whether in excess of the nominal amount of the share capital of the Company for the time being issued or not, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and, subject to the provisions of these Articles and of the Act, to issue debentures, debenture stocks and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

(b) Before a Flotation, except with Special Director Consent or of the holders of the "A" Ordinary Shares (given in accordance with Article 6), the Directors shall restrict the borrowings of the Company and exercise all rights exercisable by the Company in relation to other members of the Group (other than borrowings between the Company and/or any wholly owned subsidiaries thereof) so as to secure (so far as by such exercise they can secure) that, no money shall be borrowed if the aggregate principal amount outstanding of all borrowings by the Group other than the Loan Stock, the Loan Notes and the Bank Facilities (as defined in the Subscription Agreement) then exceeds or would as a result of such borrowing exceed £1,000,000 or such greater amount as shall be approved from time to time by Special Director Consent.

(c) In this Article the expression "borrowings" shall include any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent, incurred in respect of (a) money borrowed or raised, (b) any bond, note, loan stock, debenture or similar instrument, (c) acceptance or documentary credit facilities, (d) foreign exchange options, (e) rental payments under leases and hire purchase agreements and instalments under conditional sale agreements (in all cases whether in respect of land, machinery, equipment or otherwise) entered into primarily as a method of raising finance or of financing the acquisition or use of the asset concerned, (f) guarantees, indemnities, bonds, standby letters of credit or other instruments issued in connection with the performance of contracts and or in respect of the indebtedness of any other person and (g) the amount paid up on any share capital of any subsidiary of the Company (other than equity share capital) not for the time being owned by the Company or any subsidiary thereof.

(d) No debt incurred or security given in respect of monies borrowed or to be taken into account as monies borrowed in excess of the aforesaid 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 limit hereby imposed had been or was thereby exceeded, but no lender or other

person dealing with the Company shall be concerned to see or inquire whether such limit is observed.

ALTERNATE DIRECTORS

32. (a) Each Director (including, for the avoidance of doubt, a Special Director) shall have the power at any time to appoint as an alternate Director either another Director or (except in the case of a Special Director any other person approved for that purpose by a resolution of the Directors (such approval not to be unreasonably withheld), and, at any time, to terminate such appointment. Every appointment and removal of an alternate Director shall be in writing signed by the appointor and (subject to any approval required) shall (unless all the Directors agree otherwise) only take effect upon receipt of such written appointment or removal at the registered office of the Company.

(b) An alternate Director so appointed shall not be entitled as such to receive any remuneration from the Company except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but shall otherwise be subject to the provisions of these Articles with respect to Directors. An alternate Director shall during his appointment be an officer of the Company and shall not be deemed to be an agent of his appointor.

(c) An alternate Director shall (subject to his giving to the Company an address at which notices may be served upon him) be entitled to receive notices of all meetings of the Directors and of any committee of the Directors of which his appointor is a member and to attend and to vote as a Director at any such meeting at which his appointor is not personally present and generally in the absence of his appointor to perform and exercise all functions, rights, powers and duties as a Director of his appointor and to receive notice of all General Meetings.

(d) The appointment of an alternate Director shall automatically determine on the happening of any event which if he were a Director would cause him to vacate such office or if his appointor shall cease for any reason to be a Director otherwise than by retiring and being re-appointed at the same meeting.

(e) A Director or any other person may act as alternate Director to represent more than one Director and an alternate Director shall be entitled at meetings of the Directors or any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

ASSISTANT DIRECTORS

33. (A) The Directors may from time to time appoint any manager or other person in the employment of any company in the Group for the time being to be an Assistant Director of the Company or to appoint any such manager or person to an office having a designation or title including the word "Director".

(B) The appointment of a person to be an Assistant Director or to such an office shall not, save as otherwise agreed between him and the Company or the subsidiary (if any) in whose service he may be, affect the terms and conditions of his employment by the Company or by any such subsidiary, whether as regards duties, remuneration, pension or otherwise, and his office as an Assistant Director or otherwise shall be vacated in the event of his being removed from such office by a resolution of the Directors.

(C) The appointment, removal and remuneration of a person to be an Assistant Director or to such an office shall be determined by the Directors with full powers to make such arrangements as the Directors may think fit, and the Directors shall have the right to enter into any contract on behalf of the Company or to transact any business of any description without the knowledge of approval of any Assistant Director or any such office holder except that no act shall be done that would impose any personal liability on any or all of the Assistant Directors and such office holders except with his or their knowledge and consent.

(D) In calculating the number to form a quorum at any meeting of the Directors any Assistant Director and any such office holder shall not be countered.

(E) An Assistant Director and any such office holder shall not be entitled to receive notice of or to vote at a meeting of the Directors or (except when expressly invited by the Directors to do so) to attend a meeting of the Board. He shall not require any share qualifications, shall not be deemed to be a Director for the purposes of the Statutes or these Articles and shall not be empowered to act in any respect as a Director.

NOTICES

34. (a) Every Director of the Company and every alternate Director shall, upon supplying the Company with an address for the giving of notices therefor, be entitled to receive notices of general meetings, provided always that non-receipt of any such notice by any Director or alternate Director shall not invalidate the proceedings at the general meeting convened by such notice.

(b) A notice may be given (i) by the Company to any member or Director either personally or by sending it by first class post (airmail if abroad) or Royal Mail Special Delivery post or by telex or other means of visible communication to

him or to his registered address or to the address supplied by him to the Company for the giving of notice to him or (ii) to the Company for the purpose of these Articles by like method at its registered office for the time being. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the notice, and to have been effected at the expiration of forty-eight hours after the letter containing the same is posted. Where a notice is sent by telex or other means of visible communication, service of the notice shall be deemed to be effected forthwith. Notwithstanding anything else provided in these Articles, any Director who has not given an address for service to the Company shall not be entitled to notices hereunder.

INDEMNITY

35. Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Sections 144 and 727 of the Act, in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.