

THE COMPANIES ACT 1985**COMPANY LIMITED BY SHARES****ACTIMAX PLC**

(a company registered in England no. 3443420)

WRITTEN RESOLUTIONS OF MEMBERS

We, being all the holders of all the issued shares in the Company having the right to vote at any general meeting, hereby resolve pursuant to section 381A of the Companies Act 1985 (as amended) and all other powers (to the intent that the following written resolutions shall be as effectual as if resolutions 1 to 3 had been passed as special resolutions and resolution 4 had been passed as an ordinary resolution at a general meeting duly convened and held) as follows:


1. That the authorised share capital be and hereby is increased from £576,923 to £656,365 by the creation of 79,440 Ordinary Shares of £1 each ("Ordinary Shares") and 200,000 B Ordinary Shares of 0.001 pence each ("B Ordinary Shares"), all such shares to have the respective rights set out in the articles of association of the Company as proposed to be adopted by resolution number 2.
2. That the articles of association contained in the document produced to the meeting and for the purpose of identification signed by the chairman of the meeting be and the same hereby are approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all the existing articles of association of the Company.
3. That the subscriptions by Foresight Technology VCT plc on the terms set out in the application to subscribe dated 30 June 2003 and in an investment agreement to be entered into between the Company (1), R J Massey, S Massey and S Burman (2) and Foresight Technology VCT plc (3) (a draft of which has been produced to us) ("the Investment Agreement") and the execution of that agreement by the Company be and is hereby approved and that the pre-emption rights contained in articles 6.1 to 6.3 of the articles of association of the Company and Section 89(1) of the Companies Act 1985 be disapplied in respect of the allotment of shares pursuant to those subscriptions.



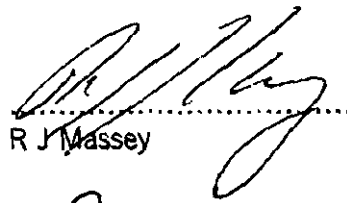
Dated 30 June 2003

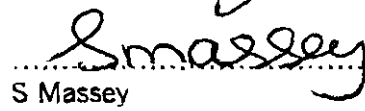
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R J Massey

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S Massey

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For and on behalf of Foresight Technology VCT plc

Dated 30 June 2003


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R J Massey


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S Massey

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For and on behalf of Foresight Technology VCT plc

COMPANIES ACT 1985 and 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(Adopted by a special resolution passed
on 30 June 2003)

-of-

ACTIMAX PLC

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THE COMPANIES ACT 1985

and

THE COMPANIES ACT 1989

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION
(adopted by special resolution passed on
[30] June 2003)

- of -

ACTIMAX PLC

(Registered in England and Wales with registered number 3443420)

1. INTRODUCTION

- 1.1 The Regulations contained or incorporated in Table A in the Schedule to The Companies (Tables A to F) Regulations 1985 as amended by The Companies (Tables A to F) Amendment Regulations 1985 ("Table A") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In Regulation 1 of Table A, the words "and in Articles of Association adopting the same" shall be inserted after the word "regulations" in the first paragraph of that Regulation and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enaction and extension thereof for the time being in force" shall be inserted at the end of that Regulation.
- 1.3 Regulations 8, 24, 40, 41 50, 54, 64, 66, 69, 73 to 80 (inclusive), 82, 87, 89, 94 to 97 (inclusive) 115 and 118 of Table A shall not apply to the Company.

2. DEFINITIONS

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

"The Acts"	The Companies Act 1985 (including amendments made thereto by the Companies Act 1989), the Companies Act 1989; and "Act" shall mean the Companies Act 1985 (including amendments made thereto by the Companies Act 1989).
"Auditors"	the auditors for the time being of the company.
"A" Ordinary Shareholders"	the holders for the time being of the issued "A" Ordinary Shares.
"A" Ordinary Shares"	A Ordinary Shares of £1 each in the capital of the Company.
"B" Ordinary Shareholders"	the holders for the time being of the issued "B" Ordinary Shares.
"B" Ordinary Shares"	B Ordinary Shares of 0.001p each in the capital of the Company.
"the Directors"	the directors for the time being of the Company or (as the context shall require) any of them acting as the board of directors of the Company.
"equity share capital", "subsidiary", "holding company"	shall have the meanings set out in Section 744 and 736 of the Act.
"Equity Shares"	the "A" Ordinary Shares, "B" Ordinary Shares and Ordinary Shares.
"Equity Shareholders"	the holders for the time being of issued Equity Shares.
"ICTA"	the Income and Corporation Taxes Act 1988, as amended from time to time.
"Investment Agreements"	the agreement dated 13 November 1998 dated 17 March 2000 and made between the Investor, the Company, R.J. Massey and S. Massey ("the 1998 Agreement") and made between the Investor, the Company, R.J. Massey and S. Massey ("the 2000 Agreement"), and the agreement dated on the date of adoption of these Articles and made between the Investor, the Company, R J Massey and, S Massey ("the 2003 Agreement").
"the Investor"	Foresight Technology VCT plc (a company registered in England and Wales with registered number 3421340).
"the Investor Percentage"	55.9% or in the event that following the allotment and issue of "B" Ordinary Shares pursuant to the provisions of the 2003 Investment Agreement the

Company issues equity share capital at a price per share which exceeds the Original Subscription Price or pursuant to Article 6.5.2 then such percentage as shall be the product of the following, namely:-

$$\frac{X}{X+Y+Z} \times 100$$

where:

- X is the aggregate number of "A" Ordinary Shares and "B" Ordinary Shares issued and allotted pursuant to the provisions of the Investment Agreements
- Y is the number of Ordinary Shares in issue immediately prior to the execution of the 2003 Investment Agreement together with the number of Ordinary Shares allotted pursuant to article 6.5.2 from time to time
- Z is the number of shares in the equity share capital from time to time issued at a price greater than the Original Subscription Price.

"the Issue Price" in respect of any share, the aggregate amount paid-up (or credited as paid-up) in respect of the nominal value thereof and any share premium thereon.

"the Loans" the 10% unsecured loan stock created by instruments dated 13 November 1998 and 17 March 2000 and issued by the Company to the Investor and the loan advanced by the Investor to the Company under the 2003 Agreement or any loan or loans subsequently advanced by the Investor which may reasonably be regarded as a refinancing (in whole or in part) of any of the foregoing.

"Ordinary Shares" Ordinary Shares of £1 each in the capital of the Company.

"Ordinary Shareholders" the holders for the time being of the issued Ordinary Shares.

"Original Subscription Price" the sum of 83.92119p subject to such adjustment as the auditors for the time being of the Company certify as being fair and reasonable for the purpose of comparing such sum with the consideration per share at which the Company issues further Equity Shares in the event that following the date of the

2003 Investment Agreement:

1. there is a sub-division or consolidation of Equity Shares;
2. there is an issue by way of rights or capitalisation of reserves in respect of Equity Shares;
3. there is any other adjustment to the equity share capital of Company which the auditors of the Company believe merits some such adjustment.

"the paid up amount" in respect of any share, the amount paid or credited as paid up on that share, excluding sums paid, or credited as paid by way of premium.

"the Warrants" warrants to subscribe for "A" Ordinary Shares created by instruments dated 13 November 1998 and 17 March 2000 and issued by the Company to the Investor.

3. **SHARE CAPITAL**

The share capital of the Company is £656,365 divided into:-

- 3.1 414,055 Ordinary Shares;
- 3.2 242,308 "A" Ordinary Shares; and
- 3.3 200,000 "B" Ordinary Shares.

4. **CLASS RIGHTS**

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

4.1 **Income**

- 4.1.1 Any income which the directors may resolve to distribute in respect of any financial year, shall, subject to such distribution being approved by special resolution of the Company, be paid to the holders of Equity Shares (pari passu as if they constituted one class of share) in proportion to the number of Equity Shares held by them respectively.
- 4.1.2 No dividend shall however be paid (unless the Investor consents in writing) in respect of the Equity Shares unless on the proposed payment date all amounts of capital and interest payable in respect of the Loans which have become due for payment have been paid in full.
- 4.1.3 Notwithstanding the foregoing, no single company which is a holder of Equity Shares (together with any person connected with

it within the meaning of Section 839 of ICTA) shall be entitled to receive, if the whole of the income available for distribution were in fact distributed among its participators, without regard to any rights which that holder has as a loan creditor, more than 50% of the amount so distributed. For these purposes the expressions "participator" and "loan creditor" shall bear the meaning respectively given to them by section 417 of ICTA.

4.2 Capital

4.2.1 On a return of capital on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be

distributed amongst the holders of Equity Shares (pari passu as if they constituted one class of shares) in proportion to their respective holdings of Equity Shares.

4.2.2 Notwithstanding the foregoing no single company which is a holder of Equity Shares (together with any person connected with it, within the meaning of section 839 of ICTA) shall be entitled on a return of assets on a liquidation or capital reduction or otherwise to receive more than 50% of the capital available for distribution.

4.3 Proceeds of sale

In the event of the sale of the whole of the issued share capital of the Company whether to a private purchaser or purchasers or to an institution or to the public the proceeds of such sale shall be apportioned as if they were surplus assets arising on a return of capital as contemplated under Article 4.2, save that Article 4.2.3 shall not apply.

4.4 Voting

4.4.1 Subject to the special rights or restrictions as to voting attached to any shares, either on a show of hands or on a poll every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative shall have one vote for every Equity Share of which he is the holder.

4.4.2 Notwithstanding the foregoing no single company which is a holder of Equity Shares (together with any person connected with it within the meaning of section 839 of ICTA) shall be entitled to exercise more than 50% of the voting rights attaching to the equity share capital of the Company.

4.5 Issue of further shares

4.5.1 If, following the allotment and issue of "B" Ordinary Shares pursuant to the provisions of the 2003 Investment Agreement the Company issues equity share capital at a price per share which is less than the Original Subscription Price (a "Relevant Issue") the "A" Ordinary Shareholder and/or "B" Ordinary Shareholder shall

be entitled at any time thereafter between them (and pro rata to the respective numbers of Equity Shares held by them) to subscribe at par for such number of additional A Ordinary Shares, B Ordinary Shares and/or Ordinary Shares (as each such shareholder may direct in writing) ("the New Shares") as will result in the "A" Ordinary Shareholders and "B" Ordinary Shareholders between them holding such number of Equity Shares as represents the Investor Percentage of the Equity Shares for the time being in issue.

- 4.5.2 For the avoidance of doubt, the provisions of Article 4.5.1 shall apply on each occasion that there is a Relevant Issue at a price which is lower than the lowest price at which any previous Relevant Issue has taken place but shall not apply to any issue of Equity Shares pursuant to an exercise of the Warrants or pursuant to Article 6.5.2.

4.6 "B" Ordinary Shares

The "B" Ordinary Shares shall rank pari passu with the "A" Ordinary Shares save that in respect of the "B" Ordinary Shares Regulation 12 of Table A is disapplied and the following shall apply in its place:

"Subject to the terms of the allotment, the directors may make calls upon the members in respect of any monies unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least seven clear day's notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount credited on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made".

5. ALTERATION OF SHARE CAPITAL

Regulations 2 and 32 of Table A shall each be modified by the deletion of the word "ordinary" and the substitution therefor of the word "special".

6. ISSUE OF NEW SHARES

- 6.1 Subject to article 6.2 all shares shall be under the control of the directors, who may allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and generally on such terms as they may think fit.
- 6.2 The directors are generally and unconditionally authorised, subject to the provisions of these articles and provided that no shares shall be issued at a discount, for the purposes of section 80 of the Act at any time or times during the period of five years from the date of the adoption of these articles to allot relevant securities (as defined in section 80(2) of the Act) to such persons and generally on such terms as they may think fit; provided that the aggregate

nominal value of relevant securities allotted pursuant to this authority shall not exceed £114,056.38.

- 6.3 The Directors shall be entitled under the authority conferred by article 6.2 to make at any time before the expiry of such authority any offer or agreement which will or may require relevant securities to be allotted after the expiry of such authority.
- 6.4 Subject to sections 80 and 80A of the Act, the authority hereby conferred may at any time be renewed, revoked or varied by ordinary resolution.
- 6.5 Notwithstanding any other provision of these articles, no share shall be issued to any infant or bankrupt or to any person of unsound mind, but shares may be issued to trustees for any infant or person of unsound mind.
- 6.6 Subject to Articles 6.7, 6.8 and 6.9, any original shares for the time being unissued and any new shares from time to time created shall before they are issued be offered to the holders of Equity Shares in proportion to the numbers of Equity Shares (as if they constituted one class of shares) held by them respectively.

The offer shall be made by notice in writing specifying the number and class of shares offered and the price per share (which shall be the same price per share) and stating a time (not being less than thirty days nor greater than forty two days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of such time, or on the receipt of an indication from the person to whom the offer is made that he declines to accept the shares offered or any of them, the Directors shall, first, offer the shares declined in like manner to the holders of the same class of Equity Shares as the person to whom they were offered who have agreed to subscribe for all the shares offered to them and, second, to the holders of the other class of Equity Shares who have agreed to subscribe for all the shares offered to them. If the shares comprised in such further offers are declined or deemed to be declined the further offers shall be withdrawn.

- 6.7 Any shares duly accepted pursuant to Article 6.6 shall be allotted to the acceptors.
- 6.8 Subject to this Article 6 and to the provisions of Section 80 of the Act the shares shall be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper, provided that:
 - 6.8.1 no shares shall be issued at a discount;
 - 6.8.2 no shares to which Article 6.6 applies shall be issued more than three months after the expiry of the period for acceptance of the last offer of such shares made under Article 6.6 unless the procedure set out in Article 6.6 is repeated in respect of such shares (and so that the time limit set out in this paragraph 6.8.2 shall apply equally to any repetition of that procedure); and
 - 6.8.3 no shares shall be issued at a price less than that at which they were offered to the members of the Company in accordance with

Article 6.6 and so that (if the Directors are proposing to issue such shares wholly or partly for non-cash consideration) the cash value of such consideration for the purposes of this sub-paragraph shall be as reasonably determined by the Auditors.

- 6.9 The provisions of Section 89(1) and 90(1) to (6) of the Act shall not apply to the issue of any shares pursuant to the authority contained in Article 6.2.
- 6.10 The provisions of Article 6.6 shall not apply:
 - 6.10.1 to the extent they may be disapplied by special resolution (subject to Article 7.2.15);
 - 6.10.2 to the allotment (or the agreement to allot, including without limitation by way of option) by the Company of no more than in aggregate 79,440 Ordinary Shares in pursuance of an employees' share scheme (as defined in section 743 of the Act) approved by the Investor and where the terms of such allotments or agreements to allot have been approved by the Investor (such approval not to be unreasonably refused); and
 - 6.10.3 to the allotment by the Company of "A" Ordinary Shares pursuant to the Warrants.

7. VARIATION OF CLASS RIGHTS

- 7.1 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern, or during or in contemplation of a winding-up, with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class, but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis except that:
 - 7.1.1 the necessary quorum shall be at least two persons holding or representing by proxy one third in nominal amount of the issued shares of the class, but so that at any adjourned meeting of such holders at which such a quorum is not present the holder or holders present shall be a quorum; and
 - 7.1.2 the holders of shares of the class in question shall on a poll have one vote in respect of every share of the class held by them respectively.
- 7.2 Without prejudice to the generality of this Article, it is a term of issue of the "A" Ordinary Shares and the "B" Ordinary Shares that the rights attached to such shares shall be deemed to be varied by the occurrence of any of the following events:
 - 7.2.1 any alteration or variation of any of the rights attached to any of the shares for the time being in the capital of the Company;
 - 7.2.2 any resolution to wind up the Company or any subsidiary;

- 7.2.3 any alteration to or increase in the issued capital of the Company except for any increase resulting from the issue of further Ordinary Shares save for any alteration to or increase resulting from the issue of "A" Ordinary Share pursuant to the Warrants;
- 7.2.4 any reduction or subdivision or consolidation of the authorised share capital of the Company;
- 7.2.5 the grant by the Company of a right to subscribe for or to convert securities into shares in the Capital of the Company, save for those granted or to be granted in respect of up to 79,440 Ordinary Shares pursuant to an employee share option scheme;
- 7.2.6 by the disposal of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof or by the disposal of any share in the capital of any subsidiary of the Company;
- 7.2.7 by the acquisition of any interest in any share in the capital of any company by the Company or any of its subsidiaries;
- 7.2.8 by the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company;
- 7.2.9 by any alteration or the restrictions on the powers of the directors of the Company and its subsidiaries to borrow give guarantees or create charges;
- 7.2.10 by the redemption of any of the Company's shares or by the entering into of a contract by the Company to purchase any of its shares;
- 7.2.11 by any alteration of the Company's memorandum or articles of association;
- 7.2.12 by the appointment or removal of Auditors to the Company;
- 7.2.13 by any alteration of the Company's accounting reference date;
- 7.2.14 by the entering into of a written service agreement with any director or connected person (as defined by section 839 Income and Corporation Taxes Act 1988) or the material variation of any such existing service agreement with any such person;
- 7.2.15 by any special resolution pursuant to Article 6.10.2; or
- 7.2.16 any investment by the Company in any other company or partnership or the disposal of any such investment.

8. LIEN

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

9. **PERMITTED TRANSFERS**

A member may at any time transfer:

- 9.1 in the case of a member being a body corporate, "A" Ordinary Shares and/or "B" Ordinary Shares to a body which is in relation to such member a holding company or a subsidiary company or a subsidiary company of a holding company of the member (or to a body corporate which has acquired or agreed to acquire in connection with a scheme of amalgamation or reconstruction the whole or the main part of the undertaking and assets of such member);
- 9.2 any shares to any person with the prior written consent of all the members at the time when such consent is given;
- 9.3 in the case of a member holding shares as trustee any shares to any new trustee or new trustees on its or their appointment as an additional trustee or as a replacement trustee;
- 9.4 in the case of an individual any shares held by him to his spouse provided that this Article shall not permit Mr R.J. Massey to transfer more than one third of the shares in the Company held by him on the date of adoption of these Articles.

10. **PRE-EMPTION RIGHTS**

The provisions of this Article 10 shall apply in relation to any transfer of shares other than transfers permitted under Article 8 and transfers to which Articles 12 and 13 apply:

- 10.1 Any member ("the Transferor") who wishes to transfer any share or any interest therein or to enter into any agreement to do so, shall first give notice in writing to the Company (a "Sale Notice"), and the Company shall be constituted his agent for the purpose of such sale. The Sale Notice may include several shares but may only comprise shares of one class (without prejudice to the ability of the Transferor to give a Sale Notice in respect of shares of another class). The Transferor may state in the Sale Notice that he is prepared to sell all, and not some only, of the shares comprised in the Sale Notice ("the Sale Condition") and, in the case of any such indication, the Sale Notice shall not oblige the Transferor to sell some, but not all, of the shares comprised in the Sale Notice. A Sale Notice shall be otherwise unconditional and shall be irrevocable.
- 10.2 The price at which each share the subject of a Sale Notice shall be sold (the "Price") shall be such sum as shall have been nominated by the Transferor and agreed to by the directors or (in the event of no such nomination or of disagreement) as shall be certified in writing by the Auditors, upon the application of the Transferor or the directors, as their opinion of the fair value of such shares on a sale by a willing seller to a willing buyer but disregarding any discount or premium attributable to such shares by reason of the shares comprising any particular percentage of the issued Equity Shares.
- 10.3 The Directors shall within fourteen days following the agreement or certification of the Price inform the members (other than the Transferor) holding Equity Shares of the number of shares comprised in the Sale Notice,

and of the Price, and invite each of such members (other than the Transferor) to state in writing to the Company within such period ("the Offer Period") as may be specified in the notice (being not less than fourteen and not more than twenty-eight days) whether he is willing to purchase any, and if so what maximum number of, shares so offered.

10.4 If the members (other than the Transferor) within the period so specified apply for all or (except when the Sale Notice included a Sale Condition) some only of the shares comprised in the Sale Notice, the directors shall allocate the said shares (or as many of them as shall be applied for as aforesaid) to such members who applied and in the event of competition shall be allocated as follows:

10.4.1 first to those members who applied who hold shares of the same class as the shares comprised in the Sale Notice and in the event of competition as nearly as may be in proportion to the number of such shares of that class held by them; and

10.4.2 secondly, any excess shares to those members who applied who hold shares of any other class of shares to the class of shares comprised in the Sale Notice (irrespective of whether they also hold shares of the same class) and in the event of competition as nearly as may be in proportion to the number of Equity Shares (other than shares of the same class as those comprised in the Sale Notice) held by them.

For the purposes of this clause 10.4 the "A" Ordinary Shares and the "B" Ordinary Shares shall be treated as one class of shares of the Company.

10.5 In allocating shares amongst members no applicant shall be obliged to take more than the maximum number of shares specified by him. An application made pursuant to this Article 10.4 may not be withdrawn, and any member making such an application shall be obliged to purchase any shares allocated to him in accordance with these Articles.

10.6 If the Company within the space of twenty-one days after the expiry of the Offer Period delivers to the Transferor a transfer or transfers (naming therein a transferee or transferees ("the Purchasing Members") of the shares comprised in the Sale Notice or (except where the Sale Notice contained a Sale Condition) some of such shares, the Transferor shall be bound forthwith to deliver the said transfer or transfers duly executed to the Company together with the definitive certificates for the same provided that the Company shall have confirmed that it has received the Price in respect thereof.

10.7 If the Transferor, after becoming bound as aforesaid, makes default in transferring the said share or shares within fourteen days of the delivery of the transfer or transfers, the Company may receive the purchase money on behalf of the Transferor and the Transferor shall be deemed to have appointed any one director or the secretary as his attorney to sign a transfer of the share or shares in question to the Purchasing Member(s), and upon the signing of such transfer the Company shall hold the purchase money in trust for the Transferor and shall as soon as practicable pay the purchase money to him. The receipt of any director or of the secretary of the Company for the purchase

money shall be a good discharge to the Purchasing Member, and, after his name has been entered in the register of members in purported exercise of this aforesaid power, the validity of the proceedings shall not be questioned by any person.

- 10.8 If within the time limit set out under Article 10.6 the Company does not deliver to the Transferor a transfer or transfers of the relevant share or shares, or if through no default of the Transferor such transfer or transfers is or are not duly completed within the period of twenty-eight days following delivery of the transfer or transfers, duly executed, by the Transferor to the Company, the Transferor may at any time within three calendar months of the expiry of the time limit set under Article 10.6 or of the said period of twenty-eight days (as the case may be), but in either case subject to Article 14, transfer such share or shares (or those of them in respect of which no such transfer has been so delivered or in respect of which no such transfer has, through no default of the Transferor, been duly completed within such period of twenty-eight days as aforesaid) to any person at a price in respect of each not less than the Price.
- 10.9 If the Sale Notice contained a Sale Condition and all of the shares comprised in the Sale Notice are not taken up pursuant to Article 10.5 then (subject to Article 14) the Transferor may within three months of the end of the Offer Period transfer all (but not some) of such shares to any person at a price in respect of each which is not less than the Price.
- 10.10 Before approving any transfer, made pursuant to Articles 10.8 and 10.9 directors may require the Transferor and the transferee respectively to make declarations pursuant to the Statutory Declarations Act 1835 that the consideration paid by the transferee in respect of each of the shares in question is not less than the Price and is not subject to any deduction or rebate.

11. DEEMED TRANSFER PROVISIONS

- 11.1 A person entitled to a share in consequence of the bankruptcy of a member shall be deemed to have given a Sale Notice upon the date of bankruptcy in respect of all the shares then registered in the name of the bankrupt member and in respect of all shares which the bankrupt member is then entitled to have registered in his or her name. Regulation 30 of Table A shall apply only in relation to any shares not transferred pursuant to the Sale Notice so deemed to have been given and shall be modified accordingly.
- 11.2 A person entitled (whether as personal representative, beneficiary or otherwise howsoever) to a share in consequence of the death of a member shall be deemed to have given a Sale Notice upon the date three months following the date of death of the member concerned in respect of all the shares then registered in the name of the deceased member and in respect of all shares which the deceased member is then entitled to have registered in his or her name. Regulation 30 of Table A shall apply only in relation to any shares not transferred pursuant to the Sale Notice so deemed to have been given and shall be modified accordingly.

- 11.3 A holder of shares who is a director and/or an employee of the Company or of any of its subsidiaries shall be deemed to have given a Sale Notice upon the date of his ceasing (by death or otherwise), if a director, to be a director of and, if an employee, to be employed by the Company or of any of its subsidiaries (so that he or she is no longer a director or employee of the Company or of any of its subsidiaries, it being recorded for the avoidance of doubt that this Article 11.3 shall not be applicable for so long as the person in question is a director or employee of the Company or of any of its subsidiaries) in respect of all the shares then registered in his or her name and in respect of all shares which he or she is then entitled to have registered in his or her name. This Article does not apply to Mr Raymond John Massey.
- 11.4 A member who is or may be suffering from mental disorder and:
- 11.4.1 is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or of an application for admission under the Mental Health (Scotland) Act 1960; or
- 11.4.2 in respect of whom an order is made by a court having jurisdiction (whether or not in the United Kingdom) 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;
- shall be deemed to have given a Sale Notice upon the date of his admission to hospital or the date of any relevant order (as the case may be) as aforesaid in respect of all the shares then registered in his or her name and in respect of all shares which he or she is then entitled to have registered in his or her name.
- 11.5 If a Sale Notice is deemed to be given in accordance with this Article 11, the member who is deemed to have given such notice shall, notwithstanding any other provision of these Articles, not be entitled to revoke the Sale Notice and it shall not be subject to any conditions.
- 11.6 Save as otherwise provided in this Article 11, Article 10 shall apply in respect of any Sale Notice deemed to be given pursuant to this Article 11.
- 11.7 For the avoidance of doubt Articles 11.1 to 11.4 (inclusive) shall operate without prejudice to one another.
- 11.8 The requirement to give a Sale Notice under this article 11 and any breach of any provision of this Article 11 may be waived by the agreement in writing of a majority of each of the "A" Ordinary Shareholders, "B" Ordinary Shareholders and Ordinary Shareholders.

12. **CONTROLLING INTEREST**

Notwithstanding anything to the contrary contained in these articles (save for Article 12) no sale or transfer of any Equity Shares ("the Specified Shares") which would result in the acquisition of a Controlling Interest shall be made or registered unless, before the transfer is lodged for registration, the proposed transferee or transferees or his or their nominees has offered to purchase all of the shares registered in the name of

each shareholder (other than those shares already held by the proposed transferee) at the Specified Price (as hereinafter defined), such offer to be in writing unconditional save as to acceptance in respect of not less than 90% of the Equity Shares and open for acceptance in Great Britain for at least 21 days and with reasonably adequate security as to the performance of the obligations of the proposed transferee or transferees and with completion of the purchase of all the shares in respect of which such offer is accepted at the same time as the acquisition of the Specified Shares is completed.

For the purpose of this Article 12:-

- 12.1 the expression "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renounee under any such letter of allotment; and
- 12.2 the expression "Controlling Interest" means any interest in any shares in the capital of the Company conferring (together with any such shares then already registered in the name of and/or beneficially owned by the proposed transferee or any person or company connected or associated (within the meanings respectively of sections 839 and 416 of the Income and Corporation Taxes Act 1988) or acting in concert (within the meaning of the fifth edition of the City Code on Takeovers and Mergers) (and the shareholders of the Company at the date of adoption of these Articles shall be deemed not to be a concert party) with the proposed transferee) on a poll in the aggregate more than 50% of the total voting rights conferred by all the shares in the capital of the Company from time to time in issue and conferring the right to vote at all general meetings of the Company;
- 12.3 the expression "the Specified Price" shall mean a price per Equity Share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders thereof (or for their benefit) plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. Any disagreement regarding the calculation of the Specified Price or the adequacy of security for performance of obligations shall be referred to the Auditors for final determination.

13. **COME ALONG RIGHT**

- 13.1 In the event that an offer to purchase Equity Shares is accepted by the holders of Equity Shares conferring the right in the aggregate to 75 per cent or more of the votes which could be cast on a poll at any General Meeting of the Company any holder of Equity Shares who has not accepted such offer in respect of all the Equity Shares registered in his name shall nevertheless be bound to sell all the Equity Shares registered in his name to the offeror at the Offer Price (as hereinafter defined), such sale to be completed at the same time as the sale to the offeror of the shares held by the holders who have accepted such offer is completed.
- 13.2 If any holder after having become bound to transfer his Equity Shares as aforesaid, makes default in transferring the same, the Company may receive

the purchase money tendered by the offeror and the holder concerned shall be deemed to have appointed any one Director or the Secretary of the Company as his agent and attorney to execute a transfer of the Equity Shares held by him to the Offeror and upon the execution of such transfer the Company shall hold the purchase money in trust for the holder concerned. The receipt of the Company for the purchase money shall be a good discharge to the offeror and after his or their name have been entered on the Register of Members in purported exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person.

- 13.3 For the purpose of this Article 13 the expression "the Offer Price" shall mean a price per share at least equal to that offered or paid or payable by the offeror or his or their nominees to the holders thereof for the Equity Shares to which his offer relates plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such shares which having regard to the substance of the transaction as a whole can reasonably be regarded as additional to the price paid or payable therefor and in the event of disagreement the calculation of the Offer Price shall be referred to the Auditors for final determination.

14. **REGISTRATION OF TRANSFERS**

Regulation 24 of Table A shall not apply. The directors shall refuse to register any transfer unless it is made in accordance with these Articles and shall refuse to register a transfer unless:

- 14.1 it is in favour of a person who is not, or persons none of whom is, a minor;
- 14.2 it is lodged at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
- 14.3 it is in respect of only one class of shares; and
- 14.4 it is in favour of not more than four transferees;
- 14.5 in the case of transfers made pursuant to Articles 10.8 or 10.9 it is in favour of a person of whom they shall have approved;
- 14.6 it has been approved in writing by a majority of the "A" Ordinary Shareholders and "B" Ordinary Shareholders.

15. **NOTICE OF GENERAL MEETINGS**

A notice convening a general meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and regulation 38 of Table A shall be modified accordingly. The words 'or a resolution appointing a person as a director' and paragraphs (a) and (b) in regulation 38 of Table A shall be deleted and the words "in accordance with section 369(3) of the Act" shall be inserted after the words "if it is so agreed" in that regulation.

16. **PROCEEDINGS AT GENERAL MEETINGS**

- 16.1 No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business and at all times throughout the meeting thereafter; save as herein otherwise provided two Shareholders present in person or by proxy (or, being a corporation, by representative) shall be a quorum, of whom one must be the holder of or a proxy or duly authorised representative of an "A" Ordinary Shareholder or "B" Ordinary Shareholders.
- 16.2 If a quorum is not present within half an hour from the time appointed for a general meeting or ceases to be present the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.
- 16.3 If at an adjourned meeting a quorum for the purposes of Article 17.1 is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved, unless the meeting was adjourned for 13 days or more and due notice in such regard was given to the Shareholders within 5 days of the adjournment whereupon the quorum at any such adjourned meeting shall be any two Shareholders present in person or by proxy (or, being a corporation, by representative).

17. **CHAIRMAN OF GENERAL MEETINGS**

In the use of an equality of votes at a general meeting, 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. **ALTERNATE DIRECTORS**

- 18.1 An alternate director shall be entitled to receive notice of all meetings of the Directors and of all meetings or committees of the Directors of which his appointor is a member (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him), to attend and vote at any such meeting at which the director appointing him is not personally present and generally to perform all the functions of his appointor at such meeting as a director in his absence. An alternate director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company 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.
- 18.2 A director, or any such person as is mentioned in regulation 65 of Table A, may act as an alternate director to represent more than one director, and an alternate director shall be entitled at any meeting of the Directors or of 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 and the final sentence of regulation 88 shall not apply to the Company.
- 18.3 Save as otherwise provided in the regulations of the Company, an alternate director shall be deemed for the purposes specified in Article 18.1 to be a

director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

19. **APPOINTMENT AND RETIREMENT OF DIRECTORS**

- 19.1 The Directors shall not be required to retire by rotation.
- 19.2 The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.
- 19.3 The Directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of directors.

20. **GRATUITIES AND PENSIONS**

The Directors may exercise any powers of the Company conferred by its Memorandum of Association to give and provide pensions, annuities, gratuities or any other benefits whatsoever to or for past or present directors or employees (or their dependants) of the Company or any subsidiary or associated undertaking (as defined in section 27(3) of the Companies Act 1989) of the Company and the directors shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

21. **PROCEEDINGS OF THE DIRECTORS**

- 21.1 Unless and until the Company by special resolution shall otherwise determine the number of Directors shall not be less than 2 or more than 6.
- 21.2 Subject to Article 22.5 the quorum necessary for the transaction of business of the Directors shall be two, at least one of whom shall be the Investor Director if at the time of the meeting the Investor Director has been appointed.
- 21.3 At any meeting of the Directors each Director (or his alternate Director) present at the meeting shall be entitled to one vote.
- 21.4 In the case of an equality of votes at any meeting of the Directors the chairman of such meeting shall not be entitled to a second or casting vote. Regulation 88 of Table A shall be modified accordingly.
- 21.5 Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any interest of his, a Director notwithstanding his office:
 - 21.5.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
 - 21.5.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;

- 21.5.3 may or any firm or company of which he is a member or director may act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;
 - 21.5.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
 - 21.5.5 shall be entitled to vote on any resolution and (whether or not he shall vote) be counted in the quorum on any matter referred to in any of Articles 21.5.1 to 21.5.4 (inclusive) or on any resolution which in any way concerns or related to a matter in which he has, directly or indirectly, any kind of interest whatsoever and if he shall vote on any resolution as aforesaid his vote shall be counted.
- 21.6 For the purposes of Article 21.5:
- 21.6.1 a general notice to the Directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall not be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
 - 21.6.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
 - 21.6.3 an interest of a person who is for any purpose of the Acts connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.
- 21.7 Any director including an alternate director may participate in a meeting of the Directors or a committee of the Directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting, and subject to these Articles and the Acts, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 21.8 Regulation 88 of Table A shall be amended by substituting for the sentence:- "It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom" the following sentence: "Notice of every meeting of the directors shall be given to each director and his alternate,

including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company an address within the United Kingdom or an e-mail address or a facsimile number outside the United Kingdom for service".

22. THE INVESTOR DIRECTOR

- 22.1 The "A" Ordinary Shareholders and "B" Ordinary Shareholders, acting by simple majority (and treating them as one class of share), shall be entitled to appoint one person as a director of the Company and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place.
- 22.2 The Investor Director shall not be required to hold any Shares.
- 22.3 Any appointment or removal of the Investor Director shall be by signed instrument in writing served on the Company by a simple majority of the "A" Ordinary Shareholders and "B" Ordinary Shareholders (and treating them as one class of share) and shall take effect on and from the date of which such instrument is lodged or deposited at the registered office of the Company.
- 22.4 On any resolution to remove the Investor Director the Shares held by the "A" Ordinary Shareholders and "B" Ordinary Shareholders shall together carry at least one vote in excess of 75 per cent of the votes exercisable in respect of that resolution at the general meeting at which such resolution is to be proposed and if any such Investor Director is removed pursuant to Section 303 of the Act the "A" Ordinary Shareholders and "B" Ordinary Shareholders may reappoint him or any other person as the Nominated Director.
- 22.5 If:
- 22.5.1 any interest due on any of the Loans or any part of it is at least 7 days in arrears;
 - 22.5.2 any repayments of principal (including any premium) in respect of any of the Loans or any part of them remain outstanding by at least 7 days beyond their due date for repayment;
 - 22.5.3 a material breach of the warranties contained in the Investment Agreements has occurred;
 - 22.5.4 the Loans, or any part of any of the Loans, become repayable earlier than the relevant stated date of repayment otherwise than as a result of early repayment by the Company;
 - 22.5.5 any of the Directors are in material breach of their contract of employment (if any) with the Company; or
 - 22.5.6 the obligations of the Company pursuant to the Investment Agreements have been materially breached

and the Investor Director has given written notice to the Directors that the provision of this Article should have effect, in which event, until such time as written notice is given by the Investor Director that the provisions of this

Article should cease to have effect in relation to the matter in question, which will be given as soon as the relevant circumstance prompting the giving of the notice is no longer applicable the Investor Director alone shall count as a quorum at any meeting of Directors and shall be entitled at any meeting of Directors to cast such number of votes which exceeds the votes cast for a resolution against which the Investor Director is opposed.

- 22.6 The Investor Director shall be entitled to be paid a fee of £15,000 p.a. (plus VAT) such fee to be paid as he shall direct quarterly in arrears, and all travelling and other expenses reasonably and properly incurred shall be reimbursed.

23. **DIRECTORS' BORROWING POWERS**

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

- 23.1 of borrowing or securing the payment of money;
- 23.2 of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and
- 23.3 of mortgaging or charging the property assets and uncalled capital of the Company and (subject to section 80 of the Act) of issuing debentures;

but so that:

- 23.4 the directors of the Company shall procure that the aggregate amount for the time being remaining undischarged by virtue of any of the foregoing operations by the Company and all subsidiaries of the Company and by virtue of any like operations by the Company and all subsidiaries of the Company (other than normal trade credit and the principal amount of the Loan Stock but including any liability (whether ascertained or contingent) under any guarantee for the time being in force and including amounts due under any hire purchase, credit sale, conditional sale or leasing agreements (other than leases of real or heritable property) which can in accordance with current accounting practice be attributed to capital but excluding inter-company loans, mortgages and charges) shall not without the previous sanction of the holders of 75 per cent in number of the issued "A" Ordinary Shares and "B" Ordinary Shares exceed a sum of £50,000.
- 23.5 no such sanction shall be required for the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding, notwithstanding that the same may result in such limit being exceeded;
- 23.6 no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded;

- 23.7 except with the previous sanction of the holders of 75 per cent of the aggregate of the "A" Ordinary Shares and "B" Ordinary Shares no mortgage or charge shall be created on any part of the undertaking property or assets of the Company or any subsidiary of the Company except for the purpose of securing moneys borrowed from any Investor with interest thereon and from bankers with interest thereon and bank charges.

24. **THE SEAL**

If the Company has a seal it shall be used only with the authority of the Directors or of a committee of the Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined, every instrument to which the seal is affixed shall be signed by one director and by the secretary or another director. The obligation under regulation 6 of Table A relating to the sealing of share certificates shall only apply if the Company has a seal. Regulation 101 of Table A shall not apply to the Company.

25. **NOTICES**

- 25.1 In regulation 112 of Table A, the words "by e-mail" to an e-mail address or by facsimile to a facsimile number supplied by the member for such purpose or" shall be inserted immediately after the words "or by sending it".
- 25.2 Where a notice is sent by first class post, proof of the notice having been posted in a properly addressed, prepaid envelope shall be conclusive evidence that the notice was given and shall be deemed to have been given at the expiration of 24 hours after the envelope containing the same is posted. Where a notice is sent by facsimile a transmission report showing that the facsimile was transmitted in full to the correct number shall be conclusive evidence that the notice was given and the notice shall be deemed to have been given at the time of transmission. Regulation 115 of Table A shall not apply to the Company.
- 25.3 If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised in at least one national daily newspaper and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.
- 25.4 Members with registered addresses outside the United Kingdom shall be entitled to receive notices. The last sentence of regulation 112 of Table A shall be deleted.

26. **WINDING UP**

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

27. **DIVIDENDS**

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

28. **INDEMNITY**

28.1 Subject to the provisions of section 310 of the Act every director (including an alternate director) or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the lawful execution of the duties of this office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 144 or section 727 of the Act in which relief is granted to him by the court, and no director (including an alternate director) or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the lawful execution of the duties of his office or in relation thereto.

28.2 The Directors shall have power to purchase and maintain for any director, (including an alternate director) officer or auditor of the Company insurance against any such liability as is referred in section 310 (1) of the Act and, subject to the provisions of the Act, against any other liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a director, (including as an alternate director) officer or auditor.

28.3 The Directors may authorise the directors of companies within the same group of companies as the Company to purchase and maintain insurance at the expense of the Company for the benefit of any director (including an alternate director), other officer or auditor of such company in respect of such liability, loss or expenditure as is referred to in Article 28.2

29. **AUDITORS**

In giving any certificate or opinion under these Articles the Auditors (or any other person) shall, unless otherwise expressly stated, be acting as experts and not as arbitrators and their decision shall be final and binding on the Company and its members.