

4018752



KOBALT MUSIC GROUP LIMITED
(the "Company")

Written resolutions of the members of the Company
in lieu of an extraordinary general meeting
Passed on 18 FEBRUARY 2002

We, the undersigned, being all of the members of the Company entitled to attend and vote at a general meeting of the Company hereby resolve that the following Resolutions be adopted as if the same had been passed at an extraordinary general meeting of the Company duly convened and held and in the case of Resolutions 1 and 2 as Ordinary Resolutions, and in the case of Resolutions 3 and 4, as Special Resolutions:-

ORDINARY RESOLUTIONS

1. **THAT** the authorised share capital of the Company be increased from £100,000 to £150,000 by the creation of 1,000,000 ordinary shares of shares of £0.05 each, such shares to have the rights and be subject to the conditions set out in the Articles of Association of the Company adopted pursuant to Resolution 4 below.
2. **THAT** in substitution for any existing authority granted by the Company the directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of that Act) up to an aggregate nominal amount of £90,000 provided that the authority hereby given shall expire on the fifth anniversary of the passing of this resolution save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired.

SPECIAL RESOLUTIONS

3. **THAT** pursuant to section 95(1)(a) of the Companies Act 1985 the directors be and are hereby generally and unconditionally empowered to allot and grant rights to subscribe for or convert securities into shares of the Company pursuant to the authority conferred in the above preceding resolution as if section 89(1) the Act did not apply provided that this power shall be limited as to allotment and grant of rights to subscribe for or convert securities up to an aggregate nominal amount of £90,000 and shall expire on the fifth anniversary of the passing of this Resolution. This power shall enable the directors to allot and grant the rights to subscribe for or convert securities into shares of the Company after its expiry in pursuance of an offer or agreement so to do made by the Company before its expiry.
4. **THAT** the regulations contained in the printed document annexed hereto and initialled by a director for the purpose of identification be and the same are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion to the existing Articles of Association of the Company.

For and on behalf of SPARKIdea Holding SA:

Director "A"
"Victoria Holding" SA

By : E. Ledere
Title: Director

By : M. Kapp
Title: Director

Director "B"
"A2 Venture Partners" SA

By : TMF Management
Title : Managing Director
By : D. De Man

Director "C"

G.A.R. Warris

For and on behalf of Mardas BVBA:

By : Michel Bellemans
Title: Director

For and on behalf of Immixtus BVBA:

By : Michel Bellemans
Title: Director

For and on behalf of Blue Music BVBA:

By : Michel Bellemans
Title: Director

SIGNED by)
for and on behalf of MARDAS ✓)
INVESTMENT BVBA)

.....
(Director)

SIGNED by)
for and on behalf of IMMIXTUS ✓)
BVBA)

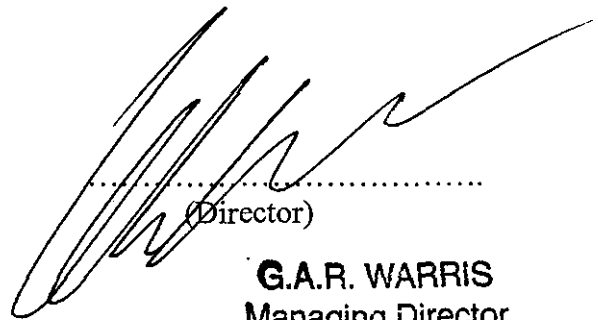
.....
(Director)

SIGNED by)
for and on behalf of BLUE ✓)
MUSIC BVBA)

.....
(Director)

SIGNED by)
for and on behalf of SPARKIDEA)
HOLDING SA)

.....
(Director)


G.A.R. WARRIS
Managing Director

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of
KOBALT MUSIC GROUP LIMITED

1. PRELIMINARY

1.1 The regulations contained in Table A in The Companies (Tables A to F) Regulations 1985 (as amended so as to affect companies first registered on the date of the adoption of these Articles) shall, except as hereinafter provided and so far as not excluded by or inconsistent with the provisions of these Articles, apply to the Company to the exclusion of all other regulations or Articles of Association. References herein to "Regulations" are to regulations in the said Table A unless otherwise stated. References herein to the Companies Act 1985 are to that Act as amended from time to time. For the purposes of these Articles, "**NewMedia**" means NewMedia SPARK Plc (Registered No. 3813450), "**SPARKIdea**" means SPARKIdea Holding S.A. (Registered No. 310-154 3507-32) and "**Belcos**" means each of the Belgian registered companies Immixtus Bvba (Registered No. 464.971.478), Mardas Investment Bvba (Registered No. 464.971.379) and Blue Music Bvba (Registered No. 464.970.983).

1.2 In these Articles:

"Articles"

means these articles of association;

"Approved Majority"

means the holders of 67 per cent. or more of the Ordinary Shares in issue from time to time;

"Asking Price"

means the price set out in the Sale Notice at which a Proposed Transferor is prepared to transfer or dispose of his shares;

"Auditors"

means the auditors from time to time of the Company;

"Board"

means the board of directors of the Company (or, when the context requires, a subsidiary of the Company) or any committee of such board of directors;

“Business”

the business of the Group as carried on from time to time, being as at the date of adoption of these Articles music publishing and the provision of music publishing services in accordance with the Business Plan;

“Business Day”

means a day other than Saturday, Sunday or a day on which banks are generally closed in the City of London;

“Business Plan”

means the business plan to be produced on an annual basis by the Board;

“Change of Control”

has the meaning set out in Article 7.1;

“company”

includes any body corporate;

“Connected Person”

means in relation to a person, any other person:

- (a) who is a connected person (as defined in section 839 of the Income and Corporation Taxes Act 1988) to the first mentioned person; or
- (b) with whom the first mentioned person is acting in concert (as defined in The City Code on Takeovers and Mergers);

and the expression “connected with a person” shall be construed accordingly;

“the Directors”

means the directors from time to time of the Company;

“Group”

means the Company, its holding company, its subsidiaries and subsidiary undertakings and subsidiaries and subsidiary undertakings of its holding company from time to time and “Group Company” means anyone of them from time to time;

“holder”

in relation to Shares means the Shareholder whose name is entered in the register of Shareholders of the Company as the holder of the Shares;

“holding company”

means a holding company as defined in Section 736 of the Act;

“Investors”

means the persons who subscribed for Ordinary Shares between 1 January 2002 and 31 May 2002 (and their successors in title);

“Investor Shares”

means Shares held by an Investor;

“Listing”

means the listing or admission to trading of all or any of the Shares, or any shares of any holding company of the Company, to any Recognised Investment Exchange or EASDAQ or NASDAQ or OFEX or the offering of any such aforesaid shares or shares which includes an offering to the public of such shares or shares in any jurisdiction;

“Member of the Same Group”

means, in relation to any company, a company which is for the time being a holding company of that company or a subsidiary of that company or a subsidiary of any such holding company (as such terms are defined in the Companies Act 1985);

“office”

means the registered office of the Company;

“Permitted Transfer”

means a transfer of shares expressly authorised by Article 6;

“Proposing Transferor”

means a person proposing to transfer or dispose of shares;

“Recognised Investment Exchange”

bears the meaning set out in Section 285 of the Financial Services and Markets Act 2000;

“Relevant Shares”

means (so far as the same remain for the time being held by any person(s) being the holder(s) thereof on the adoption of these Articles or by any person(s) in consequence of a transfer or series of transfers of shares to such person(s) pursuant to Article 5.2) the shares originally held by or transferred to such person(s) and any additional shares issued to such person(s) by way of capitalisation or acquired by such person(s) in exercise of any right or option granted or arising by virtue of the holding of those original shares or any of them or the membership thereby conferred;

“Sale”

means the sale of any part of the Shares to any person resulting in that person together with any person acting in concert (within the meaning given in the City Code on Takeovers and Mergers as in force at the date of these Articles) with such person holding more than 100% of the Shares;

“Sale Notice”

means a notice in writing from a Proposing Transferor to the Company that he desires to transfer or dispose of shares, or an interest in shares, in the Company and the Asking Price for those shares;

“Sale Shares”

means those shares specified in the Sale Notice.

“seal”

means the common seal of the Company;

“Secretary”

means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

“Security Interest”

means any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option or right of pre-emption (other than pursuant to these Articles)) or any mortgage, charge, pledge, lien or assignment, or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property;

“Share” or “Shares”

means any share or shares in the capital of the Company;

“Shareholder”

means any holder for the time being of a Share or Shares;

“Subscription Price”

in relation to any Share, the amount paid up or credited as paid up thereon (including the full amount of any premium at which such share was issued);

“subsidiary”

means a subsidiary as defined in Section 736 of the Act;

“subsidiary undertaking”

shall have the meaning ascribed to such expression by section 258 of the Act;

“Transferor”

means a member which has transferred or proposes to transfer shares to a Member of the Same Group;

“Transferee”

means a company for the time being holding shares in consequence (directly or indirectly) of a transfer or series of transfers of shares between companies which, at the time of transfer between them, were Members of the Same Group;

2. SHARE CAPITAL

2.1 The authorised share capital of the Company is £150,000 divided into 3,000,000 ordinary shares of 5p each (**“Ordinary Shares”**). The Ordinary Shares shall carry the respective voting rights and rights to appoint and remove Directors and be subject to the restrictions on transfer hereinafter provided, but in all other respects shall be identical and rank *pari passu*.

2.2 The Investor Shares and the remaining issued Ordinary Shares shall be entitled to the following capital rights:

2.2.1 on a return of assets on a liquidation, reduction of capital, or otherwise the assets of the Company remaining after payment of its liabilities (**“Net Proceeds”**) prior to 31 January 2004 shall be distributed as follows:

- (a) firstly, in paying to the Investors, in respect of their Shares, and in priority to all other Shareholders, an amount equal to the Subscription Price for their Shares (or in the event of the conversion, sub-division and/or redesignation of the Shares, the Subscription Price originally paid for each Share from which the Shares arising on such conversion, sub-division and/or redesignation derive) plus any arrears or accruals of dividend on the Shares (as the case may be) due or declared or unpaid down to the date of the return of assets, such payment to be shared in proportion to the number of Shares held by them respectively;
- (b) secondly, subject to Article 2.2.1(a), in paying to the holders of Ordinary shares (save for the Investors) in respect of their Shares, and in priority to all other Shareholders, an amount equal £1.50 per share (or in the event of the conversion, sub-division and/or redesignation of the Shares, the Subscription Price originally paid for each Share from which the Shares arising on such conversion, sub-division and/or redesignation derive) plus any arrears or accruals of dividend on the Shares (as the case may be) due or declared or unpaid down to the date of the return of assets, such

payment to be shared in proportion to the number of Shares held by them respectively;

- (c) thereafter, the balance of the Net Proceeds, if any, shall be distributed to each of the holders of the Investor Shares and Ordinary Shares in proportion to the number of Shares held by them respectively as if the Investor Shares and Ordinary Shares constituted one class of Share;

PROVIDED THAT this will not apply if there is a Listing or a Sale on or before 31 January 2004 which values the Company at £10,000,000 or more.

3. ISSUES OF SHARES

Subject to Section 80 of the Companies Act 1985, all unissued shares shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times, and on such terms as they think proper subject to the pre-emption rights contained in Section 89(1) of the Companies Act 1985. As between members, any shares shall be issued in proportion to their existing holdings of such shares, or in such other proportions as may be agreed among them.

4. REDEEMABLE SHARES AND PURCHASE OF OWN SHARES

Except with the consent in writing of the Approved Majority, the powers conferred by Regulations 3 and 35 shall be exercised only in such a manner as to maintain the proportions specified in Article 3. Regulations 3 and 35 shall be modified accordingly.

5. PERMITTED TRANSFERS OF SHARES

5.1 Subject to the provisions of Regulation 24 any share may at any time be transferred:

- 5.1.1 to a member holding shares of the same class; or
- 5.1.2 by any corporate member to a Member of the Same Group; or
- 5.1.3 to any person with the consent in writing of an Approved Majority; or
- 5.1.4 to any person in accordance with the provisions of any agreement for the time being binding on all the members and the Company.
- 5.1.5 If, while it holds shares in the Company, a Transferee ceases to be a Member of the Same Group as the Transferor from which the Relevant Shares were derived (the relevant Transferor in the case of a series of transfers being the first Transferor in such series), it shall be the duty of the Transferee to notify all the other members in writing within 30 days of the cessation that such event has occurred and the Transferee shall be bound (except as all the other members may in writing otherwise determine) to transfer the Relevant Shares to the Transferor or to a Member of the Same Group as the Transferor, any such transfer being deemed to be authorised under the foregoing provisions of this Article, but subject to the provisions of Regulation 24.

- 5.2 Except in the case of a transfer expressly authorised by this Article or made in accordance with the procedure set out in Article 6, no transfer of a share shall be registered without the sanction of an effective resolution of the Directors and if such sanction is not given or refused within eight weeks after the transfer is lodged for registration the sanction shall be deemed to have been refused at the expiration of such period and the transferee shall be notified accordingly.

6. PREEMPTION RIGHTS

- 6.1 Except in the case of a Permitted Transfer or transfers pursuant to Article 7, the right to transfer shares or to dispose of any shares or any interest in shares in the Company shall be subject to the following restrictions and provisions unless otherwise agreed by SPARKIdea and the Belcos.
- 6.2 Before transferring or disposing of any shares or any interest in any shares the Proposing Transferor shall serve a Sale Notice on the Company. A Sale Notice once given or deemed to have been given shall be irrevocable unless otherwise agreed by all of the members of the Company.
- 6.3 The Proposing Transferor may state in the Sale Notice that he is only willing to transfer all the Sale Shares, in which case no Sale Shares can be sold unless offers are received for all of them.
- 6.4 The Sale Notice shall make the Company the agent of the Proposing Transferor for the sale of the Sale Shares on the following terms, which the Company shall notify to the other members of the Company within seven days of receiving the Sale Notice:
- 6.4.1 the number of Sale Shares and the Asking Price for each Sale Share;
 - 6.4.2 the Sale Shares are to be sold free from all liens, charges and encumbrances together with all rights attaching to them;
 - 6.4.3 each of the other members of the Company holding shares in the same class as the Sale Shares ("**Relevant Shareholder**") is entitled to buy the Sale Shares in proportions reflecting, as nearly as possible, the nominal amount of their existing holdings of the Ordinary Share Capital save always that a member is entitled to buy fewer Sale Shares than his proportional entitlement;
 - 6.4.4 Relevant Shareholders may offer to buy any number of the Shares that are not accepted by the other Relevant Shareholders ("**Excess Shares**");
 - 6.4.5 any additional terms pursuant to Article 6.3.
- 6.5 42 days after the Company's despatch of the terms for the sale of the Sale Shares (the "**Closing Date**"):
- 6.5.1 a Relevant Shareholder who has not responded to the offer in writing shall be deemed to have declined it; and

- 6.5.2 each offer made by a Relevant Shareholder to acquire Sale Shares shall become irrevocable.
- 6.6 If there are Excess Shares and the Company receives offers for more Shares than the number of Sale Shares, each Relevant Shareholder who offered to buy Excess Shares shall be entitled to a number of Excess Shares reflecting, as nearly as possible, the number of Excess Shares he offered to buy as a proportion of the total number of Excess Shares for which offers were received.
- 6.7 Within seven days after the Closing Date, the Company shall notify the Selling Shareholder and the Relevant Shareholder who offered to buy Sale Shares of the result of the offer and, if any Sale Shares are to be sold pursuant to the offer:
- 6.7.1 the Company shall notify the Selling Shareholder of the names and addresses of the Relevant Shareholders who are to buy Sale Shares and the number to be bought by each;
- 6.7.2 the Company shall notify each Relevant Shareholder of the number of Sale Shares he is to buy; and
- 6.7.3 the Company's notices shall state a place and time, between seven and 14 days later, on which the sale and purchase of the Sale Shares is to be completed.
- 6.8 If the Selling Shareholder does not transfer Sale Shares in accordance with Article 6.8, the directors may authorise any director to transfer the Sale Shares on the Selling Shareholder's behalf to the buying Relevant Shareholders concerned against receipt by the Company of the Asking Price per share. The Company shall hold the Asking Price in trust for the Selling Shareholder without any obligation to pay interest. The Company's receipt of the Asking Price shall be a good discharge to the buying Relevant Shareholder. The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Selling Shareholder shall surrender his share certificate for the Sale Shares to the Company. On surrender, he shall be entitled to the Asking Price for the Sale Shares.
- 6.9 If, by the Closing Date, the Company has not received offers for all the Sale Shares, Company shall (subject to the provisions of the Companies Act 1985) have the right to acquire the Sale Shares at the Asking Price and such right shall lapse unless exercised by the Company within 42 days of the Closing Date.
- 6.10 If, the Sale Shares, or any of them, remain unsold after the provisions of Articles 6.4 to 6.10 have been complied with, the Selling Shareholder may at any time within the period of 42 days thereafter transfer the unsold Sale Shares, or any of them, to a third party on no more favourable terms than such Sale Shares were offered to Shareholders and the Company under this Article 6.

7. TAG -ALONG RIGHTS ON A CHANGE OF CONTROL

- 7.1 If a transfer of Ordinary Shares (other than a Permitted Transfer) would upon its completion result in a transferee of Shares holding or becoming entitled to acquire

50% or more of all of the Shares in issue (a "**Change of Control**") then such transfer may only take place on the condition (the "**Condition**") that:

- 7.1.1 the consent of the Approval Majority is received prior to such transfer taking place; and
- 7.1.2 the Offer be extended to the other Shareholders so that they are each entitled to participate pro rata to their shareholdings in the transfer and its proceeds.
- 7.2 If the Condition will not be satisfied on any proposed transfer that would result in a Change of Control then any transfer of Shares pursuant to such proposed transfer shall be void.

8. DRAG-ALONG RIGHTS

- 8.1 Subject to Article 10.1 and to the valuation placed on the Company by the relevant transaction being £5,000,000 or more, an Approval Majority may, by serving a notice ("**Compulsory Purchase Notice**") on each other Shareholder ("**Minority Shareholder**"), require all the Minority Shareholders to sell all their Shares and beneficial interests therein to a third party ("**Purchaser**") or such other person or persons as the Purchaser shall specify for the same consideration as is payable in respect of the Purchaser's offer for the Ordinary Shares held by the Approval Majority, unless any shareholders (whether alone or jointly) want to purchase all the shares in the Company on the same terms and are able to effect the transaction by the Completion Date.
- 8.2 Within seven days of the Board serving notice on the Compulsory Sellers:
 - 8.2.1 the Company shall notify the Minority Shareholders of the names and addresses of the proposed transferee and the consideration being offered.
 - 8.2.2 the Company's notices shall specify the price per share and state a date, between 7 and 14 days after the service of the Compulsory Purchase Notices on which the sale and purchase of the Shares is to be completed ("**Completion Date**").
- 8.3 By the Completion Date, the Minority Shareholders shall deliver stock transfer forms for the Shares, with the relevant share certificates, to the Company. On the Completion Date, the Company shall pay the Minority Shareholders, on behalf of the proposed transferee, the consideration for their Shares to the extent the transferee has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the transferee. The Company shall hold the price in trust for the Minority Shareholders without any obligation to pay interest.
- 8.4 To the extent that the transferee has not, by the Completion Date, put the Company in funds to pay the consideration, the Minority Shareholders shall be entitled to the return of the stock transfer forms and share certificates for their Shares and the Minority Shareholders shall have no further rights or obligations under this Article 8.

- 8.5 If a Minority Shareholder fails to deliver stock transfer forms for his Shares to the Company by the Completion Date, the Directors may (and shall, if requested by the Approval Majority) authorise any Director to transfer his Shares on the Minority Shareholder's behalf to the transferee to the extent the transferee has, by the Completion Date, put the Company in funds to pay the Consideration for the Shares offered to him. The Directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Compulsory Seller shall surrender his share certificate for his Shares to the Company. On surrender, he shall be entitled to the agreed or certified price for the his Shares.
- 8.6 While this Article 8 applies to a Minority Shareholder's shares, those Shares may not be transferred otherwise than under this Article 8.

9. DEEMED TRANSFER PROVISIONS

- 9.1 No share and no interest in any share shall be held by any member as a bare nominee for or sold or disposed of to any person unless a transfer of such share to such person would rank as a Permitted Transfer. If:
- 9.1.1 the foregoing provision shall be infringed; or
 - 9.1.2 the holder of any share shall die; or
 - 9.1.3 being an employee of the Company or of any subsidiary of the Company, ceases to be so employed; or
 - 9.1.4 being an individual, becomes bankrupt, or being a Company enters into liquidation, receivership or administration or any analogous proceeding in any applicable jurisdiction;
 - 9.1.5 then the holder of such share (or his personal representative, if appropriate) (the **"Proposed Transferor"**) shall be deemed to have given a notice in writing to the Company that he desires to transfer or dispose of his shares, or an interest in shares, in the Company (the **"Transfer Notice"**).
- 9.2 The Transfer Notice shall constitute the Company his agent for the sale of the shares therein mentioned (together with all rights then attached thereto) at the Prescribed Price (as defined in Article 9.3 below) during the Prescribed Period (as in Article 9.4 below) to any member in the same capacity and subject to the same restrictions as his existing membership and shall not be revocable except with the consent of the Directors.
- 9.3 If not more than one month before the date on which the Transfer Notice was given the Proposing Transferor and the Directors shall have agreed a price per share as representing the fair value thereof or as being acceptable to the Proposing Transferor then such price shall be the Prescribed Price. Otherwise upon the giving of the Transfer Notice the Directors shall request the Auditors to determine and certify the sum per share considered by them to be the fair value thereof as at the date on which the Transfer Notice was given and the sum per share so determined

and certified shall be the Prescribed Price. In either such case, there shall be deducted from the Prescribed Price as so agreed or certified (as the case may be) any dividend or other distribution declared or made on or after the date of such agreement or certification and which is to be retained by the Proposing Transferor. The Auditors shall act hereunder at the cost and expense of the Company as experts and not as arbitrators and their determination shall be final and binding on all persons concerned and in the absence of fraud the Auditors shall be under no liability to any such person by reason of their determination or certificate or by anything done or omitted to be done by the Auditors for the purposes thereof or in connection therewith.

- 9.4 If the Prescribed Price was agreed as aforesaid prior to the date on which the Transfer Notice was given the Prescribed Period shall commence on such date and expire three months thereafter. If the Prescribed Price was not so agreed the Prescribed Period shall commence on the date on which the Auditors shall have notified the Directors of their determination of the Prescribed Price (pending which the Directors shall defer the making of the offer hereinafter mentioned) and shall expire three months thereafter.
- 9.5 All shares included in any Transfer Notice shall first by notice in writing be offered by the Company to all members holding shares of the same class (other than the member to whose shares the Transfer Notice relates or any member who has given a Transfer Notice in respect of any shares or who is bound to give a Transfer Notice in respect of his shares or any of them) for purchase at the Prescribed Price on terms that in case of competition the shares so offered shall be sold to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) (the "**Purchasers**") to their existing holdings of shares of the same class. Such offer shall prescribe a time (not being less than 21 days) within which it must be accepted or in default will lapse.
- 9.6 Any shares not so accepted may be offered by the Directors to such persons as they may think fit for purchase at the Prescribed Price.
- 9.7 If within the Prescribed Period the Purchasers agree to purchase the shares concerned or any of them and give notice in writing thereof to the Proposing Transferor he shall be bound, upon payment of the Prescribed Price, to transfer such shares to the respective Purchasers. Every such notice shall state the name and address of the Purchaser and the number of shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Directors not being less than three days nor more than 10 days after the date of such notice.
- 9.8 If a Proposing Transferor shall fail or refuse to transfer any shares to a Purchaser hereunder the Directors may authorise some person to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Purchaser to be registered as the holder of such shares. The receipt of the Company 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 the Purchaser has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

- 9.9 If the Company shall not within the Prescribed Period find Purchasers and give notice in writing thereof to the Proposing Transferor, or if the Company shall within the Prescribed Period give to the Proposing Transferor notice in writing that the Company has no prospect of finding Purchasers of the shares, or any of them, the Proposing Transferor at any time thereafter up to the expiration of two months after the end of the Prescribed Period shall be at liberty (subject to the provisions of Regulation 24) to transfer those shares for which the Company has not within the Prescribed Period given notice that it has found (or has given notice that it has no prospect of finding) Purchasers to any person on a bona fide sale at any price not being less than the Prescribed Price (after deducting, where appropriate, any dividend or other distribution declared or made on or after the date of the Transfer Notice and which is to be retained by the Proposing Transferor). Provided that the Directors may require to be satisfied that such shares are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the Purchaser and if not so satisfied may refuse to register the instrument of transfer.

10. DIRECTORS POWERS TO REQUEST FURTHER INFORMATION

- 10.1 For the purpose of ensuring that a transfer of shares is a Permitted Transfer or that no circumstances have arisen whereby a Sale Notice or a Transfer Notice is required to be given hereunder or to ensure that a proposed transfer which would trigger the provisions of Article 8 is a bona fide arms length transaction, the Directors may from time to time require any member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may think fit regarding any matter which they may deem relevant to such purpose.
- 10.2 In any case where the Directors have duly required a Sale Notice or a Transfer Notice to be given in respect of any shares and such Sale Notice or Transfer Notice is not duly given within a period of one month, or such longer period as the Directors may allow for the purpose, such Sale Notice or Transfer Notice shall (except and to the extent that a Permitted Transfer of any of such shares shall have been lodged) be deemed to have been given on such date after the expiration of the said period as the Directors may by resolution determine and the provisions of Articles 8 and 9 shall take effect accordingly.

11. PROCEEDINGS AT GENERAL MEETINGS

- 11.1 Save as herein otherwise provided, the quorum at any General Meeting shall be three or more members entitled to vote at general meetings present in person or by

proxy which must include one person being or representing SPARKIdea, one person being or representing the Belcos and one person being or representing NewMedia. Regulation 40 shall be modified accordingly.

- 11.2 If within half an hour of the time appointed for the holding of any meeting no SPARKIdea representative or no Belco representative or no NewMedia representative is present the Chairman shall resolve to adjourn that meeting to a specified place and time between five and ten business days from the date of the original meeting. The quorum for such an adjourned meeting or any other adjourned meeting shall be any one or more members present in person or by proxy. Regulation 41 shall be modified accordingly.

12. CHAIRMAN OF GENERAL MEETINGS

The Chairman of the Board of Directors shall act as chairman at any General Meeting and shall be entitled to a casting vote. Regulation 50 shall apply.

13. CORPORATE REPRESENTATIVES

In the case of a corporation a resolution in writing may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be extended accordingly. Regulation 53 (as extended) shall apply *mutatis mutandis* to resolutions in writing of any class of members of the Company.

14. VOTES OF MEMBERS

On a show of hands and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder. Regulation 54 shall not apply.

15. PROXIES

An instrument appointing a proxy (and, where it is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof) must either be delivered at such place or one of such places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting (or, if no place is so specified, at the registered office) at least one hour before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used or be delivered to the Secretary (or the chairman of the meeting) on the day and at the place of, but in any event before the time appointed for holding, the meeting or adjourned meeting or poll. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. An instrument of proxy relating to more than one meeting (including

any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates. Regulation 62 shall not apply.

16. NUMBER OF DIRECTORS

The number of Directors shall be 5 (unless a chief executive officer is appointed in which case the number of Directors shall be 6) or such other number as the Company may from time to time by Ordinary Resolution determine. The Directors at the date of adoption of the Articles shall consist of 2 persons who shall be designated as SPARKIdea Directors (and shall be deemed to have been appointed under Article 18 by SPARKIdea), also 2 persons who shall be designated as Belco Directors (and shall be deemed to have appointed under Article 18 by the Belcos) and 1 person who shall be designated as a NewMedia Director (and shall be deemed to have been appointed under Article 18 by the Belcos). Regulation 64 shall not apply.

17. ALTERNATE DIRECTORS

- 17.1 SPARKIdea, the Belcos and NewMedia may at any time appoint any person (including another Director) to be the alternate Director of any Director of the relevant class and may at any time terminate such appointment. Any such appointment or termination of appointment shall be effected in like manner as provided in Article 18. The same person may be appointed as the alternate Director of more than one Director. Regulations 65 to 68 shall not apply.
- 17.2 The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director of whom he is the alternate ceases to be a Director.
- 17.3 An alternate Director shall be entitled to receive notices of meetings of the Directors and of all committees of Directors of which the Director of whom he is the alternate is a member and shall be entitled to attend and vote and be counted in the quorum at any such meeting at which the Director of whom he is the alternate is not personally present and generally to perform all the functions of the Director of whom he is the alternate in his absence and the provisions of these Articles shall apply as if he were a Director of the relevant class. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative. If the Director of whom he is the alternate is for the time being absent from the United Kingdom or temporarily unable to act through ill health or disability his signature to any resolution in writing of the Directors shall be as effective as the signature of the Director of whom he is the alternate.
- 17.4 An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as

alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to the Director of whom he is the alternate as such Director may by notice in writing to the Company from time to time direct.

18. APPOINTMENT AND REMOVAL OF DIRECTORS

SPARKIdea may from time to time appoint 2 persons to be Directors, also the Belcos may from time to time appoint 2 persons to be Directors and NewMedia may from time to time appoint 1 person to be a Director, in each case, remove their respective appointee(s). In these Articles the expressions SPARKIdea Director, Belco Director and NewMedia Director respectively designate Directors according to the shareholders which have appointed or are deemed to have appointed them. The Directors shall not be subject to retirement by rotation. Regulations 73 to 80 shall not apply. No Director shall be appointed otherwise than as provided in these Articles. Regulation 90 shall be modified accordingly.

19. VACATION OF OFFICE

The office of a Director shall be vacated if any of the events specified in Regulation 81 occurs and also if a Director shall in writing offer to resign and the Directors shall resolve to accept such offer or if he shall be removed from office by his appointor but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

20. APPOINTMENT AND REMOVAL OF APPOINTEES

Any such appointment or removal of a Director by his appointor shall be in writing served on the Company and signed by the relevant shareholders. In the case of a corporation such document may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative.

21. REMUNERATION OF DIRECTORS

Any Director who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may determine. Regulation 82 shall be extended accordingly.

22. PROCEEDINGS OF DIRECTORS

Board Meetings shall be held in London but the Directors, and any committee of the Directors, shall be deemed to meet together if, being in separate locations, they are nonetheless linked by conference telephone or other communication equipment which allows those participating to hear and speak to each other, and persons so linked shall be counted in any quorum required. The quorum at a meeting of Directors shall be three of which one shall be a SPARKIdea Director, one a Belco Director, and one the NewMedia Director provided that if within half an hour of the time appointed for the holding of any meeting of the Directors no SPARKIdea Director or no Belco Director or no NewMedia Director shall be present the Director(s) present shall resolve to adjourn that meeting to a specified place and time on the next business day after the expiry of 48 hours from the date of the original meeting. The quorum for such an adjourned meeting shall be 50% of the Directors. An alternate Director shall be counted in the quorum in the same capacity as his appointor but so that not less than two individuals will constitute the quorum. Regulation 89 shall not apply.

23. COMMITMENT OF DIRECTORS

A committee of the Directors shall include at least one SPARKIdea Director, one Belco Director and the NewMedia Director and the quorum for a meeting of any such committee shall be at least one SPARKIdea Director, one Belco Director and the NewMedia Director. The Directors may delegate any of their powers or discretions (including without prejudice to the generality of the foregoing all powers and discretions whose exercise involves or may involve the payment of remuneration to or the conferring of any other benefit on all or any of the Directors) to committees consisting of one or more Directors and (if thought fit) one or more other named persons or persons to be co-opted as hereinafter provided. Insofar as any such power or discretion is delegated to a committee, any reference in these Articles to the exercise by the Directors of the power or discretion so delegated shall be read and construed as if it were a reference to the exercise thereof by such committee. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and may provide for members who are not Directors to have voting rights as members of the committee but so that the number of members who are not Directors shall be less than one-half of the total number of members of the committee. Regulation 72 shall be modified accordingly.

24. CHAIRMAN/NOTICE OF MEETINGS

- 24.1 The Chairman shall be elected by special resolution at the annual general meeting of the Company.
- 24.2 All business arising at any meeting of the Directors or of any committee of the Directors shall be determined only by resolution. No such resolution shall be

effective unless carried by a majority including at least one SPARKIdea Director, one Belco Director and the NewMedia Director. The Chairman shall be entitled to a casting vote.

- 24.3 Notice to attend any meeting of the Directors, together with a full agenda for such meeting, shall be sent to each Director at their last known address, fax number or electronic mail address (or to such temporary address, fax number or electronic mail address as may be notified to the Secretary from time to time) at least 10 days before the meeting. Any further relevant documentation should also, so far as is possible, be sent to the Directors at the same address at least 5 days before the meeting.

25. DIRECTORS' INTERESTS

On any matter in which a Director is in any way interested he may nevertheless vote and be taken into account for the purposes of a quorum and (save as otherwise agreed) may retain for his own absolute use and benefit all profits and advantages directly or indirectly accruing to him thereunder or in consequence thereof. Regulations 94 to 98 shall be modified accordingly.

26. CAPITALISATION OF PROFITS AND RESERVES

The Directors may, with the sanction of a Special Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account and Capital Redemption Reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the shareholders in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and applying that part of such sum distributable amongst them in paying up in full unissued shares for allotment and distribution credited as fully paid up to and amongst them.

The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. Regulation 110 shall not apply.

27. INDEMNITY

- 27.1 Subject to the provisions of and so far as may be permitted by law, every Director, Secretary or other officer of the Company shall be indemnified by the Company out of its own funds against and/or exempted by the Company from all costs, charges,

losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court. Regulation 118 shall not apply.

- 27.2 Without prejudice to the provisions of Regulation 87 or Article 27.1, the Directors shall have the power to purchase and maintain insurance for or for the benefit of any person who is or was at any time a Director or officer of any Relevant Company (as defined in Article 26.3 below), or who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by him in respect of any act or omission in the actual or purported execution and/or discharge of his duties and/or in the exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme.
- 27.3 For the purpose of Article 27.2 above, "**Relevant Company**" shall mean the Company, any holding company of the Company or any other body, whether or not incorporated, in which the Company or such holding company or any of the predecessors of the Company or of such holding company has or had any interest whether direct or indirect or which is in any way allied to or associated with the Company, or any subsidiary undertaking of the Company or of any such other body.

28. MANAGING DIRECTOR

- 28.1 The Directors may from time to time appoint one or more persons to the office of managing director for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment.
- 28.2 A managing director shall received such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the directors may determine.
- 28.3 The Directors may entrust to and confer upon a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own

powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

29. AUTHORISED SIGNATORIES

The Company shall not have a common seal. Regulation 1 shall be amended accordingly and Regulation 101 shall not apply. Unless otherwise authorised by the Board, two Directors, one of whom must be a SPARKIdea Director one which must also be a Belco Director, shall have authority to sign and execute documents on behalf of the Company.

30. AUDITORS

Subject to Section 384 of the Act, the Auditor or Auditors of the Company shall be appointed by an Approved Majority of the shareholders.

31. QUALIFIED MAJORITY ISSUES

31.1 Decisions on the following matters with regard to the Company shall be subject to the prior written consent of the holders of 75% of the Ordinary Shares in issue.

31.1.1 amendment of the Articles of Association of the Company;

31.1.2 disposal of all of the assets of the Company;

31.1.3 winding up of the Company, unless required by law;

31.1.4 distribution of the profits of the Company.

31.2 Decisions on the following matters with regard to the Company shall in order to be valid, be subject to the prior written consent of a majority of the Directors of the Company from time to time (which will be required to include at least one SPARKIdea Director as well as at least one Belco Director and the NewMedia Director):

31.2.1 new issue of shares or other types of debt or equity instruments e.g. options;

31.2.2 entering into agreements or commitments or rights of any nature providing for the issuance, disposition or acquisition of any shares or other securities;

31.2.3 contracts (including but not limited to employment contracts) between the Company and any person connected (within the meaning of section 836 of the Income and Corporation Taxes Act 1988) to a Shareholder or any change in such a contract;

31.2.4 the disposal, pledging or granting to any third party any rights in the shares of subsidiaries or other companies, or the disposal of a line of business in the Companies or the merger with another company;

- 31.2.5 entering into commercial agreements or commitments of any nature with undertakings on behalf of the Company exceeding £200,000; and
- 31.2.6 the giving of any loans or the granting of any security by the Company's subsidiary, Diesel 2 Publishing & Management AB and/or the Company.

Names and Addresses of Subscriber

Mikjohn Limited
Lacon House
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London WC1X 8RW

Dated

Witness to the above Signatures:

V J Donnelly
South Quay
Victoria Quays
Sheffield
S2 5Y