

MORSCOTT 2005 LIMITED

Company No: 5375397

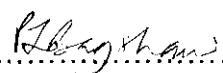
The Companies Acts 1985 and 1989

I, the undersigned, being the sole member for the time being of the above-named Company entitled to receive notice of and to attend and vote at General Meetings hereby pass the following resolutions as Special Resolutions and agree that the said Resolutions pursuant to section 381A of the Companies Act 1985 as amended by the Companies Act 1989, shall for all purposes be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held.

Resolutions

1. That 150,000 of the Ordinary shares of £1.00 each in the authorised share capital of the Company which are presently unissued be re-classified as 10% Cumulative Preferred shares of £1.00 each having the rights and conditions attached thereto as contained in the Articles of Association proposed to be adopted pursuant to resolution 3 below.
2. That the authorised share capital of the Company be increased to £850,000 by the creation of an additional 600,000 10% Cumulative Preferred shares of £1.00 each having the rights and conditions attached thereto as contained in the Articles of Association proposed to be adopted pursuant to resolution 3 below.
3. That the regulations contained in the document marked A be and are hereby adopted as the Articles of Association of the Company in place of and to the exclusion of all existing Articles of Association.

Dated: 21 March 2005


.....
Paul Jonathan Bagshaw
Sole member



A.

Company number 5375397

The Companies Acts 1985 and 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF

MORSCOTT 2005 LIMITED

(as adopted by a Special Resolution passed 21 March 2005)

PRELIMINARY

1. (a) Subject as hereinafter provided, the Regulations contained in Table A of the Companies (Tables A to F) (Amendment) Regulations 1985 (hereinafter referred to as "Table A"), and made pursuant to the provisions of the Companies Act 1985 (hereinafter referred to as "The Act") and the Companies Act 1989 (hereinafter referred to as the "1989 Act") shall apply to the Company.
- (b) Regulations 24, 35, 40, 62, 73, 74, 75, 77 to 81 (inclusive), 94 to 98 (inclusive), 111 and 112 of Table A shall not apply to the Company.
- (c) The expressions "relevant securities" and "equity securities", wheresoever appearing herein, shall bear the meanings ascribed to them by The Act.
- (d) "communication" means the same as in the Electronic Communications Act 2000.
- (e) "electronic communication" means the same as in the Electronic Communication Act 2000.
- (f) "executed" includes any mode of execution.

SHARES

2. (a) As at the date of adoption of these Articles the authorised share capital of the Company is £850,000 divided into 1000,000 Ordinary shares of £1.00 each ("Ordinary shares") and 750,000 10% Cumulative Preferred shares of £1.00 each ("Preferred shares")

The Preferred shares shall confer on their shareholders the following rights:

As regards dividend

Subject to the payment of the Turnover Deferred Consideration, as such term is defined in the Business Sale Agreement between Accuracy International Limited (as Seller (acting by its administrative receivers)), The Receivers and the Company the Preferred shares shall carry a right to a fixed cumulative preferred dividend ("Preferred Dividend") from the date of issue to be paid to the person(s) registered as the holder(s) of the Preferred shares on an annual basis commencing in 2007 including the payment of all arrears of cumulative dividend *(on a pro rata basis if there is more than one holder)* in preference to all other dividends subject to the cumulative turnover of the Company from the commencement of trading being an amount equal to or in excess of £7,500,000. No dividend shall be payable until the cumulative turnover equals or is in excess of £7,500,000 and shall include the payment of all sums due from the date of issue of the Preferred shares. Such Preferred Dividend shall be paid excluding any associated tax credit. Clauses 102 to 108 (inclusive) and 110 of Table A shall be read and construed accordingly.

In the event of the Company defaulting on the payment of two consecutive Preferred Dividends the holders of the Preferred shares shall have the right by giving notice in writing signed by all holders of the Preferred shares to the registered office of the Company to appoint a Director who shall be Chairman of the Company and shall hold office until the Preferred Dividends have been paid up to date and the Director so appointed shall then resign from office. Any Director so appointed may be removed from office by a notice in writing signed by all holders of the Preferred shares to the registered office of the Company, such notice may also include the appointment of a new Director.

As regards capital

The right on a winding up or other return of capital to repayment, in priority to any payment to the holders of any other shares in the capital of the Company, of the amounts paid up *plus arrears of Preferred Dividend on the Preferred shares held by them and the balance of* any assets of the Company shall be applied to repaying the holders of the Ordinary shares the amounts paid up on such Ordinary shares and subject thereto shall belong to and be distributed among such holders rateably according to the amounts paid up on such Ordinary shares and the holders of the Preferred shares shall not be entitled to any further or other participation in the profits and assets of the Company.

As regards voting

The holders of the Preferred shares shall the right to receive notice of any general meetings of the Company but shall have no right to attend and vote at these meetings. Clauses 38 and 54 of Table A shall be read and construed accordingly.

As regards redemption

The Preferred shares shall subject to the provisions of Chapter VII of Part V of the Act, be redeemed upon and subject to the following terms and conditions. The Company shall be entitled at any time to redeem such amount of the then outstanding Preferred shares as it shall determine on giving not less than one month's notice to the holders of the Preferred

shall determine on giving not less than one month's notice to the holders of the Preferred shares to be redeemed which shall be the par value of the Preferred shares plus a premium of 10%.

Notwithstanding the above the Company shall redeem at a premium of 10% in equal proportions the Preferred shares which are outstanding on each of the following dates:

- 31 March 2010
- 31 March 2013
- 31 March 2015

On each of the dates set out above or on the date of redemption set out in any notice issued by the Company the registered holders of the Preferred shares to be redeemed shall be bound to deliver to the Company the relative share certificates for cancellation, and the Company shall pay to them the redemption money in respect of the Preferred shares plus a cumulative preferred dividend calculated to the date of redemption.

If any holder of the Preferred shares shall fail or refuse to surrender the certificate or certificates for such Preferred shares or shall fail or refuse to accept the redemption money payable in respect of them such money shall be retained and held by the Company on trust for such holder but without interest or further obligations.

No Preferred shares shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption or out of capital to the extent permitted by the Companies Act 1985.

No Preferred shares redeemed by the Company shall be capable of re-issue and on redemption of any Preferred shares shall shares shall be cancelled and the nominal amount of the authorised share capital of the Company shall be diminished accordingly.

As regards transfer

The Preferred shares shall, subject to the approval of the Directors, be transferable by the holders of the Preferred shares without reference to the provisions of Article 8.

- (b) Subject to the provisions of Table A and to the following provisions of these Articles, the Directors shall have authority to exercise any power of the Company to offer, allot or otherwise dispose of any shares in the Company, or any relevant securities, to such persons, at such times and generally on such terms and conditions as they think proper provided that (insofar as the Company in General Meeting shall not have varied, renewed or revoked the said authority):

- (i) The Directors shall not be authorised to make any offer or allotment of shares in the Company, or grant any right to subscribe for, or to convert any securities into, shares in the Company if such allotment, or an allotment in pursuance of such offer or right, would or might result in the aggregate of the shares or stock in issue exceeding, in nominal value, the amount of the

Authorised Share Capital of the Company for the time being, and such limitation shall determine the maximum amount of the relevant securities which at any time remain to be allotted by the Directors hereunder.

- (ii) The period within which the said authority to allot relevant securities may be exercised shall be limited to five years, commencing upon the date of adoption of these Articles .
 - (c) Any offer or agreement in respect of relevant securities, which is made prior to the expiration of such authority and in all other respects within the terms of such authority, shall be authorised to be made, notwithstanding that such offer or agreement would or might require relevant securities to be allotted after the expiration of such authority and, accordingly, the Directors may at any time allot any relevant securities in pursuance of such offer or agreement.
 - (d) The authority conferred upon the Directors to allot relevant securities may at any time, by Ordinary Resolution of the Company in General Meeting, be revoked, varied or renewed (whether or not it has been previously renewed hereunder) for a further period not exceeding five years.
3. Section 89(1) and Section 90(1) to (6) of The Act shall not apply to any allotment of equity securities by the Company. The shares comprised in the initial allotment by the Company shall be at the disposal of the Directors as they think proper but thereafter, unless otherwise determined by Special Resolution of the Company in General Meeting, any relevant securities shall, before they are allotted on any terms to any person, be first offered on the same or more favourable terms to each person who holds shares in the Company in the proportion which is, as nearly as practicable, equal to the proportion in nominal value held by him of the aggregate of such shares in issue.
- Such offer shall be made by notice to the members specifying the number of shares offered and the period, being not less than twenty one days, within which the offer, if not accepted, will be deemed to have been declined. After the expiration of such period, or on receipt of notice of the acceptance or refusal of every offer so made, the Directors may, subject to these Articles, dispose of such securities as have not been taken up in such manner as they think proper. The Directors may, in like manner, dispose of any such securities as aforesaid, which by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in the manner hereinbefore provided.
- 4.
 - (a) No share shall be issued at a discount.
 - (b) The Company shall not have power to issue share warrants to bearer.
 - (c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.
 - 5. Subject to the provisions of The Act and the 1989 Act:

- (a) The Company may purchase any of its own shares, provided that the terms of any contract under which the Company will or may become entitled or obliged to purchase its own shares shall be authorised by Special Resolution of the Company in General Meeting before the Company enters into the contract.
- (b) The Company shall be authorised, in respect of the redemption or purchase of any of its own shares, to give such financial assistance, or to make such payments out of capital as may be permissible in accordance with The Act, provided that any such assistance or payment shall first be approved by Special Resolution of the Company in General Meeting.
- (c) The Company may by Special Resolution reduce its Share Capital and any capital redemption reserve or share premium account in any manner authorised by law.

LIEN

- 6. In Regulation 8 of Table A, the words "(not being a fully paid share)" shall be omitted. The Company shall have a first and paramount lien on all shares standing registered in the name of any person (whether he be the sole registered holder thereof or one of two or more joint holders) for all moneys presently payable by him or his estate to the Company.

TRANSFER OF SHARES

- 7. The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register the transfer of a share, whether or not it is a fully paid share, and the first sentence of Regulation 24 in Table A shall not apply to the Company.
- 8. The right to transfer Ordinary shares is restricted in manner hereinafter provided.
 - (a) A share may be transferred by a Member or other person entitled to transfer to any Member selected by the transferor; but save as provided by sub-sections (d) or (f) hereof, no share shall be transferred to a person who is not a member so long as any member is willing to purchase the same at a fair value.
 - (b) Except where the transfer is made pursuant to sub-sections (a), (d) or (f) hereof, the person desiring to transfer any share or shares (hereinafter called 'the proposing transferor') shall give written notice (hereinafter called 'a transfer notice') to the Company of such desire. The transfer notice may include one or more shares and shall have effect as if it were a separate notice in respect of each but may contain a provision that unless all the shares comprised in the transfer notice are sold by the company pursuant to this regulation, none shall be so sold and any such provision shall be binding on the Company. A transfer notice shall constitute the Company agent of the proposing transferor for the sale of the share or shares to any one or more members of the Company willing to purchase the same (hereinafter called 'the purchasing member') at the fair value to be certified in writing by the Company's Auditor, acting as an expert and not as an arbitrator.

(c) If the Company shall find one or more purchasing members within twenty eight days after being served with a transfer notice and shall inform the proposing transferor thereof, the latter shall, upon payment of the fair value in accordance with sub-section (b) hereof, be bound to transfer the share or shares to such purchasing members.

(d) If the company shall not, within twenty eight days of being served with a transfer notice, find a purchasing member or members and inform the proposing transferor thereof, the latter shall at any time within three months thereafter be at liberty, subject to sub-section (g) hereof, to sell and transfer the shares (or such of them as are not placed) to any person at a price not less than that arrived at under sub-section (b) hereof. Where the proposing transferor wishes to sell and transfer any shares at a price less than as arrived at under sub-section (b) hereof, provision of sub-section (e) shall re-apply.

(e) Where, under sub-section (d), the proposing transferor wishes to sell and transfer shares at a price less than as arrived at under sub-section (b) hereof, such shares shall be specified in a transfer notice and offered to all members of the company (other than the proposing transferor). Those members wishing to acquire any or part of the shares will be offered shares in such proportions as they may agree to or in the absence of such agreement the shares will be offered in proportion to the existing shareholdings of those members wishing to take further shares, until the total number of shares is allocated, or each purchasing member has been allocated such shares as he is willing to accept.

(f) On the death of a Member any shares registered in the name of such member may be registered in the names of the personal representatives if they shall so notify the Directors that this is required for the administration of the deceased member's estate. The personal representative shall not however dispose of such shares other than pursuant to the terms of sub-section (a) hereof, unless a 'transfer notice' shall first be given to the Company pursuant to sub-sections (b), (c), (d) and (e) hereof.

(g) The Directors may refuse to register any transfer of a share:

- (i) where the Company has a lien on the share; or
- (ii) where the Directors are of the opinion that it is undesirable to admit the proposed transferee to membership.

But this provision shall not apply where the proposed transferee is already a member nor to a transfer made pursuant to sub-section (f) hereto.

PROCEEDINGS AT GENERAL MEETINGS

9. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors. In Regulation 38 of Table A, immediately after the words "place of the meeting and" there shall be inserted the words "in the case of special business".

10. At the end of Regulation 38 of Table A there shall be inserted the following: "In every notice of a general meeting there shall appear the statement referred to in Section 372(3) of The Act, in relation to the right of a member to appoint proxies".
11.
 - (a) No business shall be transacted at any Meeting unless a quorum is present. Two members entitled to attend and vote at that Meeting, present in person, or by proxy or (in the case of a corporation) a duly authorised representative shall be a quorum. If and so long as the Company shall have one member only, that person alone present in person or by proxy or by a duly authorised representative shall be a quorum and in such instance, a proxy for a sole member shall be entitled to vote on a show of hands and Regulation 54 of Table A shall be deemed to be amended accordingly. At the end of Regulation 41 of Table A there shall be inserted the following: "If within half an hour from the time appointed for the holding of an adjourned meeting a quorum is not present, the members present shall be a quorum".
 - (b) At the end of Regulation 57 of Table A there shall be inserted the following "except when he is the sole member".
 - (c) In Regulation 59 of Table A, the second sentence shall be omitted.
12. The appointment of a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:

in the case of an instrument in writing be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

- (a) in the case of an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications –
 - (i) in the notice convening the meeting, or
 - (ii) in any instrument of proxy sent out by the company in relation to the meeting, or
 - (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the company in relation to the meeting, be received at such address not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote;
- (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any Director;

and an appointment of proxy which is not deposited, delivered or received in a manner so permitted shall be invalid. In this Article and the next, "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.

- 13. Subject to the provisions of The Act, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being a corporation by their representative) shall be as valid and effective as if the same had been passed at a general meeting of the company duly convened and held.
- 14. In addition to any other manner in which the member or members of the Company are authorised under The Act to reach and record their decisions in relation to the Company, a member who is for the time being the sole member of the Company shall be entitled to take any decision which may be taken by the Company in general meeting and such decision shall have effect as if agreed by the Company in general meeting, subject as hereinafter follows:
 - (a) A decision taken by virtue of this clause shall be notified to the Company within seven days of the date on which it was taken, failing which such decision shall be invalid and of no effect.
 - (b) Any resolution of a kind described below shall not be capable of being passed by virtue of the procedure described in this clause:
 - (i) any resolution, which if passed at a general meeting, would need to be passed as a Special Resolution or Extraordinary Resolution;
 - (ii) any resolution to change the terms of appointment of the officers or auditors;
 - (iii) any resolution requiring special notice.

APPOINTMENT AND REMOVAL OF DIRECTORS

- 15. The first Directors will be the person or persons named in the statement delivered to the Registrar of Companies in accordance with Section 10 of The Act. 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.
- 16. In addition and without prejudice to the provisions of Section 303 of The Act, the Company may by Ordinary Resolution remove any Director before the expiration of his period of office. Subject to the provisions of Table A and Section 303(2) of The Act, the Company may by Ordinary Resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director. In Regulation 38 of Table A the words "or a resolution appointing a person as a Director" shall be omitted.

17. The office of a Director shall be vacated if:
- (a) he ceases to be a Director by virtue of any provision of the Acts or he becomes prohibited by law from being a Director; or
 - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (c) he is, or may be, suffering from mental disorder and, in relation thereto, he is admitted to hospital for treatment or an order is made by any court having jurisdiction 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;
 - (d) he resigns his office by notice to the Company.

PROCEEDINGS OF DIRECTORS

18. (a) If and so long as there shall be one Director only he shall be entitled to exercise all the powers and shall carry out all the duties assigned to Directors and the provisions of these Articles and the regulations of Table A shall be construed accordingly. In such instance, the word "one" shall be substituted in place of the word "two" in the first sentence of Regulation 89 of Table A.
- (b) In Regulation 64 of Table A for the word "two" there shall be substituted the word "one".
19. An appointment or removal of an alternate Director may be effected at any time by notice to the Company given by his appointor. An alternate Director may also be removed from his office by not less than twenty four hours' notice to the Company and to the appointor given by a majority of his co-Directors. This Article shall have effect in substitution for Regulation 68 of Table A which shall not apply to the Company.
20. Any Director or his alternate may validly participate in a meeting of the Directors or a committee of Directors through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to The Act, all business transacted in such manner by the Directors or a committee of the Directors shall for the purposes of the Articles be deemed to be validly and effectively transacted at a meeting of the Directors or of a committee of the Directors notwithstanding that fewer than two Directors or alternate Directors are physically present at the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

BORROWING POWERS

21. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and, subject to Section 80 of The Act, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

DIRECTOR'S INTERESTS

22. A Director may vote in respect of any contract or arrangement in which he, or any person with whom he is connected, is interested and be counted in the quorum present at any meeting of the Directors or, if otherwise so entitled, at any General Meeting of the Company at which any such contract or arrangement is proposed or considered, and if he shall so vote, his vote shall be counted.

MINUTES

23. In addition to the requirements of Regulation 100 of Table A the Directors shall cause a written record to be made in the minute book of all decisions taken by a sole member under the provisions of these Articles.

INDEMNITY

24. Subject to the provisions of Section 310 of The Act, and in addition to such indemnity as is contained in Regulation 118 of Table A, every Director, Secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred by him in or about the execution and discharge of the duties of his office and the Company may purchase and maintain for any officer or auditor officers insurance against any liability which by virtue of any rule of law would otherwise attach to any such person in respect of any negligence, default, breach of duty or breach of trust which he may be guilty in relation to the Company.

NOTICES

25. Any notice to be given to or by any person pursuant to the articles (other than a notice calling a meeting of the Directors) shall be in writing or shall be given using electronic communications to an address for the time being notified for that purpose to the person giving the notice.

In this Article, "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.

26. The company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the company by the member. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the company an address within the United Kingdom at which notices may be given to him, or an address to which notices may be sent using electronic communications, shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the company.

In this Article and the next, "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.

27. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted or, in the case of a notice contained in an electronic communication, at the expiration of 48 hours after the time it was sent. Regulation 115 shall be deemed to be amended accordingly.

SECRETARY

28. The first Secretary or Secretaries of the Company shall be the person or persons named as such in the statement delivered under Section 10 of The Act.