

HAMPSHIRE FERTILITY LIMITED

Company number: 6278490

ARTICLES OF ASSOCIATION

**(Adopted by special resolution on 11 December 2007 and
amended by special resolution on 31st March 2012)**

shoosmiths

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R16BYD4S
RM 07/04/2012 #152
COMPANIES HOUSE

Russell House
1550 Parkway
Solent Business Park
Whiteley Fareham
Hampshire PO15 7AG
Tel 08700 866800
Fax 08700 866801
E-Mail solent@shoosmiths.co.uk
Ref SDP 169044 8

COMPANY NUMBER: 6278490

ARTICLES OF ASSOCIATION

(Adopted by special resolution on 11 December 2007 and amended by special resolution

on **31.03.2012**)

of

**HAMPSHIRE FERTILITY LIMITED
(THE "COMPANY")**

1 INTERPRETATION

1 1 Subject as provided in Article 1 2 below and save as so far as they are varied or excluded by, or varied by the following Articles, the regulations contained in Table A shall, together with the following regulations, constitute the Articles of the Company

1 2 Regulations numbered 8, 9, 24, 50, 64, 76 to 79 (inclusive), 94, 95 and 118 in Table A shall not apply to the Company

1 3 In these Articles

1 3 1 headings are used for convenience only and shall not affect the construction of these Articles,

1 3 2 words and expressions which are defined in Table A shall bear the same meaning where used in these Articles and, unless the context otherwise requires or does not so admit or save as otherwise provided, words and expressions contained in these Articles shall bear the same meaning as in the Act,

1 3 3 any reference to a statute, statutory provision or subordinate legislation ("**legislation**") shall (except where the context requires otherwise) be construed to referring to -

a) such legislation as amended and in force from time to time and to any legislation which (either with or without modification) re-enacts, consolidates or enacts in rewritten form any such legislation, and

b) any former legislation which it re-enacts, consolidates or enacts in rewritten form

1 3 4 in the event of there being any conflict or inconsistency between any provision in Table A which is applicable to the Company and any provision set out in these Articles, the latter shall prevail,

1 3 5 the following words and expressions shall have the following meanings

"Act"

the Companies Act 1985 including any statutory modifications or re-enactment, substitution or extension thereof for the time being in force and any provisions of the Companies Act 2006 for the time being in force,

"Adoption Date"	the date of adoption of these Articles,
"Articles"	these articles of association as amended from time to time (and reference to an "Article" shall be construed accordingly),
"Auditor"	the auditors of the Company from time to time, or, if the Company does not have auditors, the Company's accountant from time to time,
"Cessation Date"	has the meaning given in Article 7 1 4,
"Close Relative"	the spouse, widow or widower of the member and the member's children (including legitimate, illegitimate, step and adopted children),
"Conversion Date"	the date on which the Preference Shares are converted into Ordinary Shares,
"Defaulting Shareholder"	a Drag Along Shareholder who fails to comply with the terms of Article 8 1 7,
"Directors"	the Directors for the time being of the Company as a body or a quorum of the Directors present at a meeting of the Directors,
"Drag Along Completion"	has the meaning given in Article 8 1 3,
"Drag Along Notice"	a notice served in accordance with Article 8 1 4,
"Drag Along Shareholders"	the Members other than the Proposing Shareholder(s),
"Family Trust"	means in relation to a Member being an individual a trust which permits the settled property or the income from it to be applied only for the benefit of the settler and/or any Close Relative of that settler and under which no power or control is capable of being exercised over the votes of any shares which are the subject of the trust, by any person other than the trustees or the settler or any Close Relative of the settler,
"Group Company"	the Company and any subsidiary or holding company of the Company from time to time,
"Leaver"	has the meaning given in Article 7 1 4,
"Mandatory Transfer Notice"	a Transfer Notice which a Member is required to give or is deemed to have given pursuant to Article 7,
"Matching Drag Notice"	a notice served pursuant to Articles 8 1 9 and

8 1 10,

"Member"	any holder for the time being of Shares,
"Ordinary Shareholder"	the holders of the Ordinary Shares,
"Ordinary Shares"	the ordinary shares of £1 each in the share capital of the Company from time to time,
"Permitted Transfer"	means a transfer of Shares made in accordance with Article 5,
"Preference Shareholder"	the holders of the Preference Shares from time to time in issue,
"Preference Shares"	the 8% convertible, redeemable, preference shares of £1 00 each in the share capital of the Company from time to time,
"Proposed Purchaser"	any third party who proposes to acquire Selling Shares,
"Proposing Shareholder"	a Member (on his own or acting in concert with one or more Members) who proposes to sell or transfer Selling Shares,
"Redemption Date"	the date on which the Company elects or is required under these Articles to redeem the Preference Shares,
"Sale"	the sale of any shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the purchaser of such shares having an interest directly or indirectly in shares in the Company conferring in the aggregate more than 50% of the total voting rights conferred by all the issued shares in the Company or equal to more than 50% of the entire issued share capital of the Company,
"Sale Price"	a price determined in accordance with the provisions of Article 6 3 1,
"Sale Shares"	Shares which are subject to a Transfer Notice as referred to in Article 6 2 2,
"Selling Notice"	a notice served pursuant to Article 8 1 2,
"Selling Shares"	has the meaning given in Article 8 1 1,
"Shares"	(unless the context does not so admit) shares in the capital of the Company (of whatever class),

"Table A"	Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No 805) as amended from time to time,
"Total Transfer Condition"	a condition that if all the Sale Shares (of whatever class) are not sold to Members, then none shall be sold,
"Transfer Notice"	means a notice in writing to the Company from any Transferor specifying <ol style="list-style-type: none"> 1 the Shares, interest and/or rights in the Shares of which the Transferor wishes to dispose including the class of Shares, and 2 the price for those Shares he wishes to receive,
"Transferor"	a person proposing to transfer or otherwise dispose of his Shares

- 1 4 A Special or Extraordinary Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Articles or the Act

2 SHARE CAPITAL

- 2 1 The authorised share capital of the Company at the Adoption Date is £401,100 divided into

2 1 1 1,100 Ordinary Shares, and

2 1 2 400,000 Preference Shares

- 2 2 Unless all the Members otherwise agree in writing, any new Shares issued to a holder of Ordinary Shares shall be Ordinary Shares and any new Shares issued to a holder of Preference Shares shall be Preference Shares, including any new Shares issued pursuant to regulation 110 of Table A

3 SHARE RIGHTS

The Shares shall have and enjoy the following rights and be subject to the following restrictions

- 3 1 **As regards dividends:**

3 1 1 The Preference Shareholders from time to time in issue shall be entitled, in priority to the payment of dividends to the holders of all or any other shares in the capital of the Company, to payment of a dividend at a rate equal to 8% a year on the capital for the time being paid up or credited as paid up on the Preference Shares (the **"Preferential Dividend"**)

3 1 2 The Preferential Dividend shall be distributed amongst the Preference Shareholders pro rata according to the amounts paid up or credited as paid up on the Preference Shares held by them respectively

- 3 1 3 The Preferential Dividend on each Preference Share shall accrue from day to day from (and inclusive of) the date of issue of such Preference Share to (and inclusive of) the date on which such Preference Share is redeemed or converted in accordance with the provisions of these Articles
- 3 1 4 The Preference Dividend shall become payable and be paid annually on 31st October in every year in respect of the 12 month period ending on 31st October of that year and notwithstanding any other provision of the Articles but without prejudice to the rights attached to any Shares and subject always to the Act, the Company or the Directors may, by Resolution specify any date or dates (the "**Record Date**") as the date (or dates) at the close of the business (or such other time as the Directors may determine) on which persons registered as the holders of Shares shall be entitled to receipt of any dividend or distribution. Such Record Date may be before, on or after the date on which the dividend or distribution is declared, made or paid
- 3 1 5 The Preferential Dividend shall, provided the Company has available profits, become due and payable automatically on the date referred to in Article 3 1 4 without any recommendation or resolution of the Directors or the Company in general meeting
- 3 1 6 The Company shall procure that the profits of any other Group Company for the time being available for distribution shall be paid to it by way of dividend if and to the extent that, but for such payment, the Company would not itself otherwise have sufficient profits available for distribution to pay the Preferential Dividend in full on any due date for payment, or to redeem the Preference Shares in full on any due date for redemption
- 3 1 7 If the Company is not lawfully able to pay any Preferential Dividend in full on the due date for payment of the same then it shall on such date pay the same to the extent that it is then lawfully able so to do and any amount not so paid shall thereafter cease to be payable by the Company
- 3 1 8 Each payment of or on account of the Preferential Dividend shall be accompanied by a certificate for the related tax credit (if any)
- 3 1 9 Subject to the provisions of Articles 3 1 1 to 3 1 8 (inclusive), any other dividends shall be paid to the holders of the Ordinary Shares, pro rata to the number of such shares held

3 2 As regards capital:

On a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after payment of its liabilities shall be applied in the following order of priority

- 3 2 1 firstly, in paying to each holder of the Preference Shares in respect of each Preference Share of which it is the holder, an amount equal to 100% of the amount paid up on that Share together with any interest due thereon,
- 3 2 2 secondly, the balance of such assets (if any) shall belong to and be distributed amongst the holders of the Ordinary Shares (to be distributed amongst such holders pro rata to the number of Ordinary Shares held by them respectively)

3 3 As regards voting:

3 3 1 Subject to any other special rights or restrictions as to voting attached to any Shares by or in accordance with these Articles, on a show of hands each holder of Ordinary Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every Ordinary Share of which he is the holder

3 3 2 The holders of the Preference Shares shall not be entitled to receive notice of or to attend or vote at any general meeting, unless the resolution is one which varies, modifies, alters or abrogates any of the rights, privileges, limitations or restrictions, attaching to the Preference Shares

3 4 As regards redemption of the Preference Shares

Subject to the provisions of Part V of Chapter VII of the Companies Act 1985, the Preference Shares shall be redeemed upon and subject to the following terms and conditions

3 4 1 the Company shall redeem all the Preference Shares then in issue

a) on 31 October 2017, or

b) immediately prior to a resolution being passed or an order being made for the winding up of the Company (unless for the purposes of a solvent reconstruction or amalgamation)

3 4 2 the Company may, at any time after the first anniversary of the date of the allotment of any Preference Shares (provided such shares are fully paid) on not less than 25 Business Days' notice in writing to the holders of the Preference Shares, redeem, in multiples of not less than 1,000 Preference Shares, such total number of Preference Shares as is specified in such notice,

3 4 3 upon the Redemption Date, each holder of the Preference Shares shall deliver certificates for the Preference Shares which it holds to the Company at its registered office, and the Company shall thereupon pay to that holder (or, in the case of joint holders, to the holder whose name stands first in the register of members in respect of those shares) the amount set out above in respect of each Preference Share redeemed

3 5 As regards conversion of the Preference Shares:

3 5 1 Each Preference Shareholder shall be entitled, by notice in writing to the Company, to require the conversion of all of the Preference Shares for the time being registered in their name at any time and upon the giving of such notice all of the Preference Shares held by that Preference Shareholder shall immediately be converted into Ordinary Shares so that for every Preference Share the Preference Shareholder shall receive such number of Ordinary Shares as are equal to 0.00004% of the total issued Ordinary share capital of the Company

3 5 2 In the event of a Sale, all the Preference Shares shall immediately prior to such Sale completing be converted into Ordinary Shares so that for every Preference Share the Preference Shareholder shall receive such number of Ordinary Shares as are equal to 0.00004% of the total issued Ordinary share capital of the Company

- 3 5 3 On the Conversion Date, the Preference Shares shall be converted into Ordinary Shares so that for every Preference Share the Preference Shareholder shall receive such number of Ordinary Shares as are equal to 0 00004% of the total issued Ordinary share capital of the Company and each holder shall be entitled to those converted Ordinary Shares pro rata to the number of Preference Shares which he holds
- 3 5 4 The Ordinary Shares arising on conversion under Article 3 5 shall rank pari passu in all respects with the fully paid up Ordinary Shares then in issue, and shall entitle the holders to all dividends and other distributions declared, made, or paid on the Ordinary Shares by reference to a record date occurring on or after the Conversion Date
- 3 5 5 Upon the Conversion Date, each holder of Preference Shares shall deliver the certificate(s) for his shares to the Company at its registered office and thereupon shall be issued with a certificate for the number of Ordinary Shares resulting from the conversion referred to in this Article 3 5

4 VARIATION OF CLASS RIGHTS

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 or the proceedings thereat shall mutatis mutandis apply except that the necessary quorum shall be two persons (or one where there is only one holder of that class of shares) at least holding or representing by proxy one-third in nominal amount of the issued shares of the class, that the holders of shares of the class shall on a poll have one vote in respect of every share of the class held by them respectively and that any holder of shares of the class present in person or by proxy may demand a poll

5 PERMITTED SHARE TRANSFERS

5 1 Permitted Transfer

A Member shall be permitted to transfer the legal title to and/or beneficial ownership of any Shares

5 1 1 if the prior written consent (which may be subject to terms and conditions) of all the holders of the Shares is first obtained,

5 1 2 to a Close Relative,

5 1 3 to trustees to be held upon the trusts of a Family Trust

5 2 Exception

No such transfer as is referred to in Article 5 1 may be made in respect of or in relation to any Shares which for the relevant time being is the subject of any Transfer Notice or Mandatory Transfer Notice

6 PRE-EMPTION PROVISIONS

6 1 General

- 6 1 1 Except in the case of a Permitted Transfer or a transfer pursuant to Articles 7 or 8, the right to transfer or otherwise dispose of a Share or any interest or right in or arising from a Share (an option, warrant or other right to acquire any Shares (whether by subscription, conversion or otherwise) being deemed to be an interest in a Share for this purpose) shall be subject to the provisions contained in these Articles and any such transfer or other disposal made otherwise than in accordance with such provisions shall be void
- 6 1 2 The Directors shall refuse to register the transfer of any Shares unless they are satisfied that such transfer is made in accordance with these Articles

6 2 The Transfer Notice

- 6 2 1 Before transferring or otherwise disposing of any Shares or any interest or right in or arising from any Share, the Transferor shall give a Transfer Notice. The Transferor shall, contemporaneously with the giving of a Transfer Notice, deliver up and lodge with the Company the share certificate(s) in respect of the relevant Shares
- 6 2 2 The Transfer Notice shall (notwithstanding anything in the Transfer Notice to the contrary) unconditionally constitute the Company as the agent of the Transferor in relation to the sale of all the legal title to, beneficial ownership of and all interests in and rights attaching to the Shares referred to in the Transfer Notice (the "**Sale Shares**") at the price determined in accordance with the provisions of these Articles
- 6 2 3 A Transfer Notice shall not be revocable except with the consent of the Directors or in the circumstances set out in Article 6 2 4 below
- 6 2 4 Except in the case of a Transfer Notice which a Member is required to give or is deemed to have given pursuant to Article 7 (a "**Mandatory Transfer Notice**"), a Transfer Notice may include a Total Transfer Condition

6 3 The Sale Price

- 6 3 1 The price for the Sale Shares shall be a price agreed between the Transferor and the Directors or if they are unable to agree a price within 30 days of the date of the Transfer Notice the price shall be the price which the Auditors shall certify to be in their opinion the value for the Sale Shares (the "**Sale Price**")
- 6 3 2 The Auditors shall be instructed to value the Sale Shares using the following assumptions
- a) the market value of the Sale Shares as at the date when the relevant Transfer Notice or Mandatory Transfer Notice which was given or deemed to have been given (as the case may be) as between a willing buyer and a willing seller at arms' length but with no discount or enhancement being made by reason of such shares (if such be the case) constituting a minority or majority holding,
 - b) the Sale Shares are sold free from all restrictions, liens, charges and other encumbrances,

- c) having regard to the value of the business of the Group Company on the basis that each Share shall be valued by adopting the value of the Group Company calculated in accordance with Article 6 3 2 and dividing such value by the total number of issued shares in the capital of the Company,
 - d) the Company is then carrying on business as a going concern and that it will continue to do so
- 6 3 3 For the purposes of Article 6 3 2, the Auditors shall act as experts and not as arbitrators and (save only for manifest error) their determination shall be final and binding upon the Company and all the Members
- 6 3 4 Unless the Sale Shares to be sold are subject to a Mandatory Transfer Notice, the Transferor shall be entitled by notice in writing given to the Company within 20 days of service upon him of the Auditor's determination of the Sale Price to cancel the Company's authority to sell the Sale Shares
- 6 3 5 The costs and expenses of the Auditors in relation to the making of their determination shall be borne by the Company unless the Sale Price as so determined is the same as, or substantially, the same as, that (if any) which the Directors had notified to the Transferor as being in their opinion the Sale Price, (in which event such costs and expenses shall be borne by the Transferor) or if the Transferor cancels the Transfer Notice, in such case the Transferor shall bear the cost

6 4 Offer to the Members

- 6 4 1 Subject as provided in this Article 6 4, once the Sale Price has been determined then unless the Transferor has given a valid notice of cancellation of the Transfer Notice, the Sale Shares shall be offered for sale as set out below and Members shall be invited to state in writing the maximum number of Sale Shares they wish to purchase
- a) if the Sale Shares are Ordinary Shares, the Sale Shares shall first be offered to all the holders of the Ordinary Shares for the relevant time being pro rata as nearly as may be to the respective numbers of Ordinary Shares held by such Members. If the Company does not, prior to the expiry of the relevant time limits, find holders of the Ordinary Shares willing to purchase some, or, if the relevant Transfer Notice validly contains a Total Transfer Condition, all the Sale Shares, the Sale Shares shall then be offered to all the holders of the Preference Shares,
 - b) if the Sale Shares are Preference Shares, the Sale Shares shall first be offered to all the holders of the Preference Shares for the relevant time being pro rata as nearly as may be to the respective numbers of Preference Shares held by such Members. If the Company does not, prior to the expiry of the relevant time limits, find holders of the Preference Shares willing to purchase some, or, if the relevant Transfer Notice validly contains a Total Transfer Condition, all the Sale Shares, the Sale Shares shall then be offered to all the holders of the Ordinary Shares
- 6 4 2 The Company shall not be required to, and shall not, offer any Sale Shares to the Transferor or any person who remains a Member but who has either given a Transfer Notice or has been deemed to have given a Mandatory Transfer Notice on or prior to the date on which any such offer as is referred to in this Article is made

6 4 3 The offer to the Members shall limit the time (not being less than 21 days nor more than 30 days) in which the offer must be accepted or in default will lapse The provisions of this Article 6 4 3 shall apply to each offer made to the Members

6 5 Applications by the Members

6 5 1 If, by virtue of the provisions of Article 6 4, the relevant Members apply for all or any of the Sale Shares (subject as set out in these Articles) the Directors shall allocate the Sale Shares or such of them as are applied for amongst the applicants for any of the Sale Shares, in the case of competition in proportion to their existing holdings of Shares (as nearly as may be without involving fractions)

6 5 2 Any outstanding Sale Shares shall then be allocated to the Members who have applied for any part of such excess in proportion to the number of Shares held by them respectively provided that no Member shall be allocated shares in excess of the number applied for by him

6 5 3 If a Transfer Notice shall validly contain a Total Transfer Condition then any such offer as aforesaid shall be conditional upon such condition being satisfied and no acceptance of an offer of Sale Shares will become effective unless such condition is satisfied

6 6 Notice of sale from the Company

6 6 1 If, prior to the expiry of the relevant time periods, the Company shall, pursuant to the foregoing provisions, find Members to purchase some or (if Article 6 5 3 shall apply) all the Sale Shares it shall forthwith give notice in writing thereof to the Transferor and the Members

6 6 2 Every such notice shall state the name and address of each of the Members and the number of the Sale Shares agreed to be purchased by him and shall specify a place and time and date (not being less than 14 days nor more than 30 days after the date of such notice) at which the sale and purchase shall be completed

6 7 Completion of the sale

6 7 1 Upon the giving by the Company of any such notice the Transferor shall be unconditionally bound (subject only to due payment of the Sale Price) to complete the sale of the Sale Shares to which such notice relates in accordance with its terms

6 7 2 Save only if a Member does not duly pay the Sale Price, if a Transferor fails to complete the transfer of any Sale Shares to a Member,

- a) the Directors shall be entitled to, and shall, authorise and instruct some person to execute and deliver on his behalf the necessary transfer,
- b) the Company may receive the purchase money in trust for the Transferor,
- c) subject to receiving the relevant share certificate(s), the Company shall cause such Member 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 Member (who shall not be bound to see to the application thereof) and after the

Member has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person

6 8 Sale to a third party

- 6 8 1 The provisions of this Article 6 8 shall not apply in the case of a Mandatory Transfer Notice
- 6 8 2 If the Company does not, prior to the expiry of the relevant time limits, find Members willing to purchase some, or, if the relevant Transfer Notice validly contains a Total Transfer Condition it shall give notice in writing of this to the Transferor
- 6 8 3 Following receipt of a notice served pursuant to Article 6 8 2, the Transferor, at any time thereafter up to the expiration of 90 days from the date of such notice, shall be at the liberty to transfer those of the Sale Shares not purchased by the Members or all the Sale Shares (as the case may be) to any person on a bona fide sale at any price not being less than the Sale Price
- 6 8 4 The Directors may require the Transferor to provide evidence to them (to their reasonable satisfaction) that such Shares are being transferred in pursuance of a bona fide sale for the consideration stated in the Transfer Notice without any deduction, rebate, allowance or indulgent terms whatsoever to the third party purchaser and, if not so satisfied, may refuse to register the instrument of transfer

6 9 Free from encumbrances

Any Shares required to be transferred by a Transferor to a Member pursuant to Article 6 shall be transferred free from any mortgage, charge, lien, option or other encumbrance and with the benefit of all rights and entitlements attaching to the Sale Shares and if, in determining the Sale Price, there was taken into account any entitlement to any dividend which has been paid prior to the date on which the transfer is registered then the Transferor shall be liable to account to the Member for the amount thereof (and the Member, when making payment for such Shares, may set-off such amount against the Sale Price payable)

7 MANDATORY TRANSFERS

7 1 Deemed Transfer Notices

Subject to Article 7 2, a Transfer Notice shall be deemed to have been served and the provisions of Article 6 shall apply in respect of the relevant Shares

- 7 1 1 if a Member transfers, attempts to transfer, or agrees to transfer any Shares or interest in any Shares to a person otherwise than in accordance with the Articles 5 and 6 The Transfer Notice shall be deemed served immediately prior to the transfer, attempt to transfer or agreement to transfer,
- 7 1 2 if and whenever any Shares cease to be held upon a Family Trust or there cease to be any beneficiaries of that Family Trust other than a charity or charities, and
- 7 1 3 if a Member who acquired the Shares by virtue of being a Close Relative to an existing Member of the Company ceases to be a Close Relative of the person from whom they acquired the Shares,

7 1 4 if any Member who is a Director, employee or consultant to any Group Company is struck off the register of medical practitioners by the General Medical Council,

7 1 5 if a Member, being a body corporate, ceases to be controlled by the individuals who control it on the date when it first holds shares "Control" shall have the meaning given by section 840 or section 416 of the Income and Corporation Taxes Act 1988,

7 1 6 if at any time any Member who is a Director or employee of or consultant to any Group Company ceases (for whatever reason including death) to be a director or employee or consultant (the "**Leaver**") Such Transfer Notice shall be deemed to be served on the Cessation Date The "**Cessation Date**" shall be

- a) date on which the Leaver ceases to be a director of or an employee of or a consultant to a Group Company, or
- b) where a Leaver who is an employee of or consultant to a Group Company has given or received notice terminating his employment or consultancy (as the case may be), the date of service of such notice, or
- c) the date on which the Leaver dies,

the provisions of Article 6 shall apply

7 2 **Bad Leaver provisions**

Notwithstanding Article 7 1, a Member shall be deemed to have served a Transfer Notice on the occurrence of either of the following events

7 2 1 in the case of a Member who is also an employee of the Company or another Group Company, he ceases to be such an employee by reason of any Group Company (as the case may be) summarily terminating such employment on any of the grounds of gross default and/or misconduct and/or negligence in connection with or affecting the business of the Company or Group Company and in such circumstances the Sale Price for the Sale Shares shall be the lower of the value of the Sale Shares (at the time that the Transfer Notice is deemed to have been served) as determined by Article 6 3 or the nominal value of such Sale Shares, or

7 2 2 if a Member resigns from office as a director, employee or consultant to any Group Company within the period commencing on the Adoption Date and ending on the date which is three years after the Adoption Date and in such circumstances, the Sale Price for the Sale Shares shall be nominal value of such Sale Shares

7 3 **Provision of information**

7 3 1 For the purpose of ensuring that no circumstances have arisen whereby a Transfer Notice is required or may be deemed to have been given under these Articles, the Directors may from time to time require any Member or the personal representatives of any deceased 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

7 3 2 If such information or evidence discloses that a Transfer Notice ought to have been given in respect of any Shares the Directors may by notice in writing stipulate that a

Mandatory Transfer Notice shall as from the date of such notice (or on such future date as may be specified therein) be deemed to have been given by the holders of those Shares in respect of all or any of such Shares

- 7 3 3 Failing such information or evidence being furnished to the reasonable satisfaction of the Directors within a reasonable time after request, the Directors shall be entitled to refuse to register the transfer in question

8 DRAG AND TAG

8 1 Drag

- 8 1 1 Notwithstanding anything to the contrary in these Articles, if a Proposing Shareholder proposes to sell or transfer Shares constituting 75% or more of all the Shares in issue (the "**Selling Shares**") at the time of the proposed sale or transfer as part of a bona fide arm's length transaction to any person or persons other than another Member or a permitted transferee pursuant to Article 5 then the following provisions of Article 8 1 shall apply

- 8 1 2 The Proposing Shareholder shall have the right to give to the Company not less than 21 days' prior written notice of the proposed sale or transfer (the "**Selling Notice**")

- 8 1 3 The Selling Notice shall include details of

- a) the Selling Shares and the proposed price to be paid by the proposed purchaser (the "**Proposed Purchaser**") for each Selling Share,
- b) details of the Proposed Purchaser,
- c) the place, date and time of completion of the proposed purchase being a date not less than 21 days from service of the Selling Notice (the "**Drag Along Completion**")

- 8 1 4 Subject to Article 8 1 5, immediately upon receipt of a Selling Notice, the Company shall give notice in writing (a "**Drag Along Notice**") to each of the Members other than the Proposing Shareholder (the "**Drag Along Shareholders**") giving the details contained in the Selling Notice and requiring each of them to sell all shares held by them to the Proposed Purchaser at the Drag Along Completion

- 8 1 5 The Proposing Shareholder may withdraw a Selling Notice at any time prior to Drag Along Completion by written notice to the Company to that effect and, on service of that notice, each Drag Along Notice shall no longer be binding and shall cease to have any effect

- 8 1 6 Subject to the provisions of Articles 8 1 8 to 8 1 10 (inclusive), each Drag Along Shareholder who is given a Drag Along Notice shall, in the event of the proposed sale or transfer proceeding, sell (or procure the sale of) all the shares referred to in his Drag Along Notice to the Proposed Purchaser on the Drag Along Completion at the highest price per Selling Share proposed by the Proposed Purchaser and otherwise on the same terms as the sale of shares by the Proposing Shareholder

- 8 1 7 If any of the Drag Along Shareholders (each a "**Defaulting Shareholder**") fails to comply with the terms of Article 8 1 6 in any respect then

- a) the Company shall be constituted the agent of each Defaulting Shareholder for the sale of the shares (together with all rights then attached to those shares) referred to in his Drag Along Notice in accordance with that notice,
- b) the board may authorise a Director to execute and deliver on behalf of each Defaulting Shareholder the necessary transfer(s),
- c) the Company may receive the purchase money in trust for each Defaulting Shareholder and cause the Proposed Purchaser to be registered as the holder of such shares,
- d) the receipt by the Company of the purchase money pursuant to those transfers shall constitute a good and valid discharge to the Proposed Purchaser (who shall not be bound to see to the application of those monies),
- e) after the Proposed Purchaser has been registered in purported exercise of the powers in this Article 8 1 7, the validity of the proceedings shall not be questioned by any person, and
- f) the Company shall not pay the purchase monies to a Defaulting Shareholder until he shall, in respect of the shares subject to the Drag Along Notice, have delivered a share certificate or a suitable indemnity and the necessary transfers to the Company

8 1 8 In the event that a Drag Along Notice is served pursuant to Article 8 1 4 above, the Drag Along Shareholders shall have the right between them in priority to the Proposed Purchaser (and in proportion to their respective holdings of shares in the Company on the date of the relevant Drag Along Notice or in such other proportions as they shall agree between them and specify in the Matching Drag Notice) to purchase all (but not some only) of the Selling Shares at the highest price per Selling Share proposed by the Proposed Purchaser and otherwise on the same terms as those agreed between the Proposing Shareholder and the Proposing Purchaser

8 1 9 In order to exercise the right conferred by provisions of Article 8 1 8 above, the Drag Along Shareholders shall give written notice of such exercise (the "**Matching Drag Notice**") to the Proposing Shareholder within 14 days of service of the relevant Drag Along Notice and shall complete the sale and purchase of the Selling Shares on or before the proposed date for the Drag Along Completion

8 1 10 If the Drag Along Shareholders who served the Matching Drag Notice fail to complete the sale and purchase of the Selling Shares on the said terms, the provisions of Article 8 1 6 shall apply as if no Matching Drag notice had been served

8 1 11 The expression "**price per Selling Share**" used in Articles 8 1 2, 8 1 6 and 8 1 8 shall be deemed to include an amount equal to the relevant proportions of any other consideration (in cash or otherwise) received or receivable by the holders of the shares in question 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, and in the event of disagreement, the calculation of the price shall be referred to a chartered accountant or other expert (acting as an expert and not as arbitrator) nominated by the parties concerned (or in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered

Accountants in England and Wales) whose decision shall, in the absence of fraud or manifest error, be final and binding

8 2 Tag

In the event that any Member or Members (the "**Proposing Seller(s)**") offer to sell Shares or any interest in Shares which (when aggregated with Shares already held by the potential purchaser if they are already a Member) confer a right to hold not less than 75% of the Shares

8 2 1 the Proposing Seller(s) shall procure that the potential purchaser makes an offer on the same terms to all the other Members (other than to the potential purchaser if he is a Member) to acquire a pro rata proportion of their Shares on the same or equivalent terms, and

8 2 2 if such an offer is not made the Proposing Seller(s) shall not sell such shares or any interest in such shares and the Directors shall refuse to register any such transfer to the potential purchaser

9 LIEN

9 1 The Company shall have a first and paramount lien on every Share (whether or not a fully paid Share) for all moneys (whether presently payable or not) payable or otherwise owing by the holder of such Share to the Company or any other Group Company. The Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this regulation. The Company's lien on a Share shall extend generally as aforesaid as well as to any amount payable in respect of it

9 2 The Company may sell any Shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice in writing has been given to the holder of the Share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold. The provisions of Article 7 shall apply to any sale of Shares made by the Company pursuant to this article (on the basis that a Mandatory Transfer Notice shall be deemed to have been given upon the expiry of such period of 14 days as is referred to above)

10 FORFEITURE

The provisions of Article 7 shall apply in relation to any proposed sale re-allotment or other disposal of a Share pursuant to Regulation 20 of Table A (on the basis that a Mandatory Transfer Notice in respect of such Share shall be deemed to be given on such date as the Directors determine for this purpose)

11 APPOINTMENT AND RETIREMENT AND REMOVAL OF DIRECTORS

11 1 No Director shall be required to vacate his office as a Director, nor shall any person be ineligible for appointment as a Director, by reason of his having attained any particular age

11 2 In addition to the provisions of Regulation 81 of Table A, the office of a Director shall also be vacated if

11 2 1 he is convicted of a criminal offence (other than a motoring offence), or

11 2 2 in the case of a person who is also an employee of or a consultant to the Company or another Group Company, he ceases for whatever reason to be such an employee or consultant, and

11 2 3 all the other Directors unanimously resolve that his office be vacated

12 PROCEEDINGS OF DIRECTORS

12 1 Unless otherwise agreed in writing by the holders of all of the Shares the number of Directors of the Company shall not exceed 5

12 2 Regulation 88 of Table A is hereby modified so that in the case of an equality of votes the Chairman shall not have a second or casting vote

12 3 The quorum for any meeting of the Directors shall be two If a Quorum is not present at any meeting of the Directors the meeting shall be adjourned to the same time and at the same place but 14 days after the proposed meeting If a Quorum is not present at such adjourned meeting of the Directors the meeting shall again be adjourned to the same time and at the same place by 7 days after the proposed date for the adjourned meeting At this second adjourned meeting of the Directors the Quorum shall be two

12 4 Without prejudice to the obligation of any Director to disclose his interests in accordance with s 317 of the Companies Act 1985, a Director may vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty and if he does so vote his vote shall be counted and he shall be counted in the quorum present at a meeting in relation to any such resolution

12 5 The Directors, or a committee of the Directors, may hold meetings by telephone either by conference telephone connection(s) or by a series of telephone conversations or by exchange or facsimile transmissions addressed to the chairman The views of the Directors, or a committee of the Directors, as ascertained by such telephone conversations or facsimile transmissions and communicated to the chairman shall be treated as votes in favour of or against a particular resolution (as appropriate) A resolution passed at any meeting held in this manner and signed by the chairman shall be as valid and effectual as if it had been passed at a meeting of the Directors (or, as the case may be, of that committee) duly convened and held 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 is then present

13 INDEMNITY

13 1 Subject to the Act, but without prejudice to any indemnity to which a director may otherwise be entitled, each director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties, or in relation thereto including any liability incurred by him in defending any civil or criminal proceedings, in which judgement is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs

- 13.2 The Company may buy and maintain insurance against any liability falling upon its directors or other officers which arises out of their respective duties to the Company, or in relation to its affairs

14 SUBSIDIARIES

The Company shall procure that each other Group Company shall comply with those provisions of these Articles which are expressed to apply to a Group Company and that no Group Company shall do or permit to be done any act, matter or thing which if it were done or permitted to be done by the Company would constitute a breach by the Company of any provision of these Articles or would require any consent, approval or sanction under these Articles, unless in such latter case such consent, approval or sanction has first been obtained

15 LIABILITY OF MEMBERS

The liability of the members is limited to the amount, if any, unpaid on the shares held by them