

Company number: 10751849

PRIVATE COMPANY LIMITED BY SHARES
WRITTEN RESOLUTION
of
REGENCY DESIGN & PRINT HOLDINGS LIMITED
(the Company)

Circulation date: *8 August* 2017

In accordance with the provisions of Chapter 2 of Part 13 Companies Act 2006 (the Act), the following resolution is passed as a special resolution of the Company:

SPECIAL RESOLUTION

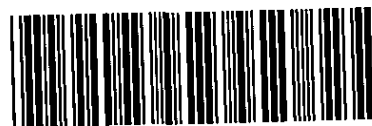
1. **THAT** the acquisition by the Company of:
- 90 ordinary shares of £1.00 each in the capital of Regency Design & Print Limited (CRN: 01916004) (the Target) from David Christian Harkness; and
 - 5 ordinary shares of £1.00 each in the capital of the Target from Julian Charles Simpson,
- each being a director (and, in the case of David Christian Harkness, the holder of the subscriber shares) of the Company, on the terms and conditions of the share purchase agreement (a copy of which is attached to this written resolution) be approved for the purposes of section 190 of the Act.

The person named below, being the sole person eligible to vote on the above resolution on the circulation date, irrevocably agrees to the resolution.



David Christian Harkness

Date: *8 August* 2017



Company number: 10751849

PRIVATE COMPANY LIMITED BY SHARES
RESOLUTIONS
of
REGENCY DESIGN & PRINT HOLDINGS LIMITED
(the Company)
passed on 8 AUGUST 2017

The following resolutions were duly passed as ordinary or special resolutions of the Company (as indicated) on **8 AUGUST** 2017 by way of written resolution in accordance with the provisions of Chapter 2 of Part 13 Companies Act 2006 (the Act):

ORDINARY RESOLUTIONS

1. **THAT** the reclassification of the 1 ordinary share of £1.00 in the capital of the Company into 100 B ordinary shares of £0.01 each in the capital of the Company, such 100 B ordinary shares having the rights and being subject to the obligations set out in the articles of association of the Company to be adopted pursuant to the special resolution below be authorised.
2. **THAT**, in substitution for all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (such shares and rights being together referred to in this resolution as **Relevant Securities**) up to an aggregate nominal value of £1,930,775 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company), provided that this authority shall expire on the day before the fifth anniversary of the date on which this resolution is passed save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

SPECIAL RESOLUTION

3. **THAT** the articles of association of the Company attached to this resolution be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

Chair

Date: **8 AUGUST** 2017

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COMPANIES ACT 2006

A PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(Adopted by Written Resolution passed on 8 AUGUST 2017)

of

REGENCY DESIGN & PRINT HOLDINGS LIMITED
(Company Number 10751849)

Ed.

COMPANIES ACT 2006

A PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(Adopted by Written Resolution passed on *8 August* 2017)

of

REGENCY DESIGN & PRINT HOLDINGS LIMITED
(Company Number 10751849)

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THE COMPANIES ACT 2006
A PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

(adopted by Written Resolution
passed on 8 AUGUST 2017)

-of-

REGENCY DESIGN & PRINT HOLDINGS LIMITED
(the Company)

1. INTRODUCTION

- 1.1 The Articles contained in the Model Articles apart from Articles 5 (Directors may delegate), 6 (Committees), 7 (Directors to take decisions collectively), 8 (Unanimous decisions), 10(1) and (2) (Participation in directors' meetings), 11(2) and (3) (Quorum for directors' meeting), 12 (Chairing of directors' meetings), 13 (Casting vote), 14 (Conflicts of interest), 17 (Methods of appointing directors), 19 (Directors Remuneration), 21 (All shares to be fully paid up), 22 (Powers to issue different classes of shares), 26(5) (Share transfers), 41 (Adjournment), 42 (Voting), 44(4) (Poll Votes), 49(3) and (4) (Company Seal), 50 (No right to inspect accounts and other records), 52 (Indemnity) and 53 (Insurance) shall apply to the Company except insofar as they are inconsistent with, the following Articles.
- 1.2 In these Articles and the Model Articles any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.

2. DEFINITIONS

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

Acceptance Period

the period during which an offer made under Article 12.8 is open for acceptance;

Act

the Companies Act 2006;

Adoption Date

the date of adoption of these Articles;

Associated Company

in relation to any company, a subsidiary or holding company for the time being of such company or a subsidiary for the time being of such a holding company;

A Ordinary Shareholders

the holders for the time being of the issued A Ordinary Shares;

A Ordinary Shares

the A ordinary shares of £0.01 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles;

Auditors

the auditors for the time being of the Company;

Bad Leaver

any person who was but ceases to be an Employee at any time and who is not a Good Leaver;

B Ordinary Shareholders

the holders for the time being of the issued B Ordinary Shares;

B Ordinary Shares

the B ordinary shares of £0.01 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles;

Board

the board of directors of the Company for the time being;

Business Day

any day (other than a Saturday, Sunday or public holiday) during which clearing banks in the City of London are open for normal business;

CA 2006

the Companies Act 2006 and every statutory modification or re-enactment thereof for the time being in force;

company

includes any body corporate;

C Ordinary Shareholders

the holders for the time being of the issued C Ordinary Shares;

C Ordinary Shares

the C ordinary shares of £1.00 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles;

Conflict Situation

any situation or matter (other than one which cannot reasonably be regarded as likely to give rise to a conflict of interest) in which any director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company including (without limitation) any such situation or matter which relates to the exploitation of any property, information or opportunity (irrespective of whether the Company could take advantage of the property, information or opportunity);

Connected

as defined by Section 1122 of the Corporation Tax Act 2010; provided however that any determination of fact as to whether two or more persons are acting together shall, in the absence of any ruling by HM Revenue & Customs, be made by the tax advisers appointed by the Investor acting as experts and not as arbitrators and whose certificate or certificates from time to time shall be final and binding on the Company and all shareholders;

Counter Notice

as defined in Article 17.5;

Deed of Adherence

a deed of adherence to the terms of the Investment Agreement in such form as may be reasonably approved by the Investor Director or, if none has been appointed, by an Investor Majority;

Directors

the directors for the time being of the Company or (as the context shall require) any of them (each a Director) acting as the board of directors of the Company;

Drag Along Right
as defined in Article 17.1;

Due Date
the date on which a Sale occurs or the date on which a Preference Share is due for redemption in accordance with article 5, whichever is the earlier;

Employee
an individual who is employed by or who is a director of or who provides consultancy services (whether in an individual capacity or through a limited company), in each case, to or of the Company or any member of the Group;

Employee Member
as defined in Article 13.3;

Employee Options
options granted over C Ordinary Shares to employees of any Group Company from time to time which such options are approved in writing by the Investor Director or if one is not appointed by an Investor Majority;

Employee Trust
a trust approved by the Investor Director, or if one is not appointed, by an Investor Majority and whose beneficiaries are bona fide employees of any Group Company;

Equity Shares
the A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares;

Excluded Person
(a) any Member (or other person entitled to a Share in the manner set out in Article 13.1) whom the Directors are entitled under Article 11.3, Article 13.1 or Article 15 to require to give a Transfer Notice (but only throughout such time as the Directors are entitled to require him to give a Transfer Notice); or
(b) any Member or other person who has been required to give a Transfer Notice under Article 11.3, Article 13.1 or Article 15 (whether or not that requirement has been complied with);

Facility Documents
has the meaning given in the Investment Agreement;

Family Member
in relation to any person or deceased person, such person's spouse or civil partner and parents and every child and remoter descendant of such person (including stepchildren and adopted children);

Family Trusts
in relation to any person or deceased person means trusts under which no immediate beneficial interest in any of the Equity Shares in question is for the time being vested in any person other than that person and/or a Family Member of that person. For these purposes a person shall be deemed to be beneficially interested in an Equity Share if that share or the income derived from it is or may become liable to be transferred or paid or applied or appointed to or for the benefit of that person;

Good Leaver
any person who ceases to be an Employee at any time:

(a) by reason of death;
(b) by reason of disability or incapacity through ill health (other than where such ill health arises from the abuse of alcohol or drugs) where at least two medical reports from

independent medical specialists consider such ill health is preventing, or is likely to prevent the Employee Member from performing his normal duties;

- (c) by reason of retirement on or after the age of 65 with the consent of the Remuneration Committee; or
- (d) where the Investor Director or an Investor Majority determines in its or their absolute discretion that he is a Good Leaver;

Group

the Company and its subsidiaries from time to time and Group Company shall be construed accordingly;

Investment Agreement

the investment agreement between (1) the Company (2) the Managers and (3) the Investor entered into on or around the Adoption Date;

Investor

shall have the meaning given in the Investment Agreement;

Investor Director

such person as is appointed by the Investor as a director of the Company pursuant to Article 23.1;

Investor Majority

persons together holding at least 50.01% of the A Ordinary Shares for the time being in issue;

Issue Price

the aggregate amount paid up (or credited as paid up) in respect of the nominal value of any Shares and any share premium thereon;

Listed or Listing

the admission of all or any of the equity share capital of the Company to trading on:

- (i) the main market of the London Stock Exchange plc; or
- (ii) the Alternative Investment Market of the London Stock Exchange plc; or
- (iii) any other recognised investment exchange (as defined by Section 285, Financial Services and Markets Act 2000) (as amended) as approved by the Investor and such admission becoming effective in accordance with the rules of the relevant investment exchange;

Loan Notes

the loan notes held by the Investor pursuant to the terms of the Loan Note Instrument;

Loan Note Instrument

has the meaning given in the Investment Agreement;

Lower Price

the price per share at which such shares are issued following the allotment and issue of A Ordinary Shares to the Investor on the Adoption Date where the Company issues equity share capital at a price per share which is less than the Issue Price of the A Ordinary Shares;

Managers

shall have the meaning given in the Investment Agreement;

Mandatory Transfer Date

in respect of an Employee Member the date of cessation of full time employment, engagement or directorship with the Group;

Member

a holder of Equity Shares;

a Member of the same Group

as regards any company, a company which is for the time being a holding company or a subsidiary of that company or of any such holding company;

Model Articles

the model articles for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229);

Offer

either:

- (a) an offer to purchase all the Equity Shares other than those already held by the offeror and/or any persons acting in concert with him (as defined in the City Code on Takeovers and Mergers); or
- (b) the entering into of one or more agreements which will result in any persons who are acting in concert (as defined above) acquiring all the Equity Shares, which agreements are unconditional or subject only to conditions in the sole control of any or all of the persons who are acting in concert;

in each case being an offer or agreement which is approved by the Investor as being an offer or an agreement to which Articles 16 and 17 do not apply;

Preference Dividend

the fixed dividend payable on the Preference Shares in accordance with article 4.1;

Preference Shareholders

the holders for the time being of the issued Preference Shares;

Preference Shares

the redeemable preference shares of £1.00 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles;

Prescribed Price

the price per Sale Share agreed or determined pursuant to Article 12.4 or, determined pursuant to Article 12.5 or as the case may be, the price per Sale Share specified by the Proposing Transferor pursuant to Article 12.2, or as specified in Article 13.4;

Proposing Transferor

a Member proposing to transfer or dispose of Equity Shares or any interest therein;

Purchaser

a Member willing to purchase Equity Shares comprised in a Transfer Notice;

Redemption Date

a date on which a Preference Share is due for redemption in accordance with Article 5;

Remuneration Committee

as defined in the Investment Agreement;

Relevant Interest

as defined in Article 16.2.1;

Relevant Transaction
as defined in Article 16.1;

Sale
completion of the transaction(s) by which an Offer has arisen;

Sale Shares
all Equity Shares comprised in a Transfer Notice;

Shares
any shares of any class in the capital of the Company;

subsidiary and holding company
shall have the meanings set out in Sections 1159 to 1162 of the CA 2006;

Transfer Notice
a written notice served by a Member on the Company, in accordance with Article 12 or deemed to have been served pursuant to Articles 13 or 14;

Transferee Company
a company for the time being holding Shares in consequence of a transfer or series of transfers of Shares between Members of the same Group (the relevant Transferor Company in the case of a series of transfers being the first transferor in that series);

Transferor Company
a company (other than a company which is also a Transferee Company in respect of the same Shares) which has transferred Shares to a Member of the same Group;

Vendor Loan Notes
the loan notes held by the Investor pursuant to the terms of the Loan Note Instrument;

Vendor Loan Note Instrument
has the meaning given in the Investment Agreement; and

Warranties
as defined in the Investment Agreement.

3. SHARE CAPITAL

3.1 The issued share capital of the Company at the date of adoption of these Articles is £1,696,245 divided into:

- 3.1.1 190,000 A Ordinary Shares;
- 3.1.2 47,000 B Ordinary Shares;
- 3.1.3 105,875 C Ordinary Shares; and
- 3.1.4 1,588,000 Preference Shares.

3.2 In these Articles, unless the context requires otherwise, references to Equity Shares shall include Shares of those respective classes created and/or issued after the date of adoption of these Articles.

4. SHARE RIGHTS

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

4.1 Income

- 4.1.1 The Company shall pay to the holders of the Preference Shares a fixed dividend at the rate of 8% per annum on the Issue Price of such Preference Shares such Preference Dividend to accrue on a daily basis from and including

the Adoption Date to and including the Redemption Date and to be payable on the occurrence of a Sale or a Redemption.

4.1.2 The Preference Dividend:

- (a) will be paid in cash;
- (b) shall be distributed amongst the holders of the Preference Shares pro rata according to the number of Preference Shares held by each of them respectively; and
- (c) shall be automatically declared and paid immediately on the relevant Due Date and if not then paid the amount of such dividend shall be a debt due and payable by the Company with effect from the relevant Due Date or, if such debt cannot lawfully arise on that date, as soon after that date as such debt can lawfully arise.

4.1.3 Where the Company is prohibited by the Act from paying any Preference Dividend in full on the relevant Due Date, then:

- (a) the Company shall pay, on that date, on account of such Preference Dividend the maximum sum (if any) which can then lawfully be paid by the Company; and
- (b) as soon as the Company is no longer precluded from doing so, the Company shall pay, on account of the outstanding balance, the maximum amount which can lawfully be paid by the Company from time to time.

4.1.4 The Company may not distribute any of its remaining profits in respect of any financial year unless and until both the Loan Notes and the Vendor Loan Notes have been repaid in full. Subject thereto, the remaining profits of the Company which the Company may resolve to distribute shall be distributed amongst the holders of the Equity Shares *pari passu* as if the Equity Shares constituted one class of share in proportion to the number of such Equity Shares held by them respectively. Any such dividend shall require the prior approval of the Members by special resolution and shall only be payable if the consent of the Investor Director is obtained.

4.1.5 Articles 30 (1) to (4) (inclusive) (*Dividends*) of the Model Articles shall be subject to this Article 4.1 and Articles 30 (5) to (7) shall be deleted.

4.2 Capital

4.2.1 On a return of assets on a liquidation or capital reduction or similar, the assets of the Company remaining after the payment of its liabilities shall be distributed amongst the holders of the Shares in the following order of priority:-

- (a) first, in paying to the holders of the Preference Shares an amount equal to the Issue Price on such Shares together with any accrued but unpaid amount of the Preference Dividend; and
- (b) secondly, in paying to the holders of the Equity Shares, the balance of such assets, such assets to be distributed amongst the holders of the Equity Shares as if the same constituted one class of share in proportion to the number of Equity Shares held by them respectively.

4.2.2 The proceeds of any Sale of the Company shall be distributed amongst the holders of the Shares in the same priority as set out in Article 4.2.1 as if the proceeds of such Sale represented all of the assets of the Company available for distribution to the holders. For the avoidance of doubt, in the event of a Sale, this Article 4.2.2 shall apply notwithstanding anything to the contrary in the terms of such Sale (unless all the holders of the Shares immediately prior to the Sale have agreed in writing to the contrary expressly for the purposes of this provision), whether in the agreements for Sale or otherwise.

4.3 Voting

4.3.1

As regards voting:

- (a) The holders of the Preference Shares shall not be entitled to receive notice of or to attend, speak or vote at any general meeting of the Company.
- (b) Subject to Articles 4.3.2, 13.10 and 25.9, the Equity Shares shall respectively confer on each holder thereof (in that capacity) the right to receive notice of and to attend, speak and vote at all general meetings of the Company. Members holding Equity Shares who (being individuals) are present in person or by proxy or (being a corporation) are present by duly authorised representatives or by proxy shall:-
 - (i) on a show of hands, have one vote each; and
 - (ii) on a poll:-
 - (I) the holders of the A Ordinary Shares as a class shall have votes that confer 50% of the total voting rights of all Shares at the relevant time such votes being allocated pro rata to the number of such Shares held; and
 - (II) the holders of the B Ordinary Shares and C Ordinary Shares (pari passu as if the same constituted one class of share) shall have votes that confer 50% of the total voting rights of all Shares at the relevant time such votes being allocated pro rata to the number of such Shares held.

4.3.2

In the event that:

- (a) all or any part of the principal amount of the Loan Notes, or any interest thereon, has become due for repayment or payment and has not been paid in full; or
- (b) an event of default or potential event of default has occurred under the Facility Documents or any debenture of the Company or any other Group Company and both of the following conditions apply: (i) the then current cash balances of the Group and/or the 3 month projected cash balances of the Group are less than £300,000; and (ii) the event of default or potential event of default has not been remedied within ninety days of notice to the Company from an Investor Majority requiring it to be remedied; or
- (c) a material breach has occurred of the Investment Agreement (other than a breach of any of the conditions contained in clause 6.1 of the Investment Agreement), or these Articles, other than by a holder of A Ordinary Shares, which breach (if capable of remedy) has not been remedied within seven days of notice to the Company from an Investor Majority requiring it to be remedied,

then, each holder of A Ordinary Shares shall (after becoming aware of the circumstances giving rise to the rights set out in this Article 4.3.2 and an Investor Majority having served notice upon the Company that additional votes are to be exercised until such times as written notice is given by an Investor Majority that the provisions of this Article 4.3.2 shall cease to have effect in relation to the matter in question (which will be given as soon as the relevant circumstances(s) prompting the giving of the notice is/are no longer applicable)) be entitled, in that capacity, to exercise on a poll vote at a general meeting, or on a vote on a written resolution such number of votes for every A Ordinary Share of which it is the holder as shall confer upon the A Ordinary Shares as a class ninety five per cent (95%) of the total voting rights of all Equity Shares at the relevant time.

- 4.3.3 Where the additional voting rights under Article 4.3.2 arise from the need for additional working capital and this is provided by the Investor and the Members (between them) in equal amounts such that none of the circumstances in Article 4.3.2 continue to apply, the additional voting rights shall cease to be exercisable.

4.4 Listing

Immediately prior to a Listing each holder of A Ordinary Shares shall be entitled to subscribe for such number of additional A Ordinary Shares in cash at par as would, in aggregate, when added to the A Ordinary Shares held by him, represent the same percentage of the issued equity share capital (as enlarged firstly by that number of A Ordinary Shares and secondly by all Shares to be issued pursuant to the exercise of any options, warrants or other convertible rights and instruments prior to the Listing) as the percentage of the proceeds of sale of the Company to which that holder would be entitled pursuant to Article 4.2.2 if the entire issued equity share capital of the Company were to be sold for a price equal to the valuation of the Company implied by the price at which dealings or trading (as appropriate) will commence on Listing as certified by the Company's stockbrokers or nominated advisers (as appropriate) acting as experts and not as arbitrators and whose certificate shall be final and binding.

4.5 Issue of further shares

- 4.5.1 If, following the allotment and issue of A Ordinary Shares pursuant to the provisions of the Investment Agreement, the Company issues equity share capital at a Lower Price other than pursuant to this Article (a Relevant Issue) each A Ordinary Shareholder shall be entitled at any time thereafter to subscribe for such number of additional A Ordinary Shares (the New Shares) in cash at par as will reduce the average subscription price paid by that A Ordinary Shareholder for all of the A Ordinary Shares then registered in its name together with the New Shares to be issued to such A Ordinary Shareholder to the Lower Price.

- 4.5.2 For the avoidance of doubt, the provisions of Article 4.5.1 shall only apply on each occasion that there is a Relevant Issue at a price which is lower than the lowest price at which any previous Relevant Issue has taken place.

5. REDEMPTION OF THE PREFERENCE SHARES

- 5.1 Subject to Article 5.2, the Company may at any time, with the consent of the Investor Director, redeem all or any of the Preference Shares upon giving not less than 10 Business Days' notice to the holders of the Preference Shares. Any such redemption of some but not all of the Preference Shares shall be made amongst the holders of the Preference Shares pro rata to the number of Preference Shares held by each of them respectively (as nearly as may be without involving fractions and the allocation of any fractional entitlements which would otherwise arise shall be dealt with by the Directors in such manner as they see fit).
- 5.2 The Preference Shares shall automatically be redeemed on the occurrence of a Sale.
- 5.3 The Company shall pay on each Preference Share redeemed an amount equal to the Issue Price on such Share together with any accrued but unpaid amount of the Preference Dividend on such Share.
- 5.4 Where the Company is prohibited by the Act from redeeming some or all of the Preference Shares falling due for redemption on a particular Redemption Date, then:
- 5.4.1 the Company shall, on that Redemption Date, redeem the maximum number (if any) of Preference Shares which can then lawfully be redeemed by the Company; and
- 5.4.2 as soon as the Company is no longer precluded from doing so, the Company shall redeem the maximum number of Preference Shares which can lawfully be redeemed by the Company from time to time.
- 5.5 On each Redemption Date:

- 5.5.1 the amount due to each holder of Preference Shares shall (to the extent that it does not already constitute the same) become a debt due and payable by the Company with effect from the relevant Redemption Date or, if such debt cannot lawfully arise on that date, as soon after that date as such debt can lawfully arise;
- 5.5.2 each registered holder of Preference Shares to be redeemed shall deliver to the Company at its registered office the share certificate(s) for such Preference Shares (or an indemnity for any missing certificate in a form reasonably acceptable to the Directors);
- 5.5.3 upon receipt of the relevant share certificate or indemnity (as the case may be) the Company shall pay to each registered holder of Preference Shares to be redeemed (or, in the case of joint holders, to the holder whose name stands first in the register of members of the Company in respect of such Preference Shares) the amount due to him in respect of such redemption in accordance with Article 5.3 and the receipt of such member shall constitute an absolute discharge to the Company in respect of such amount;
- 5.5.4 the Company shall issue a new share certificate in respect of any unredeemed Preference Shares comprised in the certificate delivered to it; and
- 5.5.5 save to the extent that a holder of Preference Shares waives his entitlement to participate in any redemption, a redemption of some but not all of the Preference Shares falling due for redemption on a particular Redemption Date shall be made amongst the holders of those Preference Shares pro rata to the number of those Preference Shares held by each of them respectively (as nearly as may without involving fractions and the allocation of any fractional entitlements which would otherwise arise shall be dealt with by the Directors in such manner as they see fit).

6. ISSUE OF NEW SHARES

- 6.1 Subject to Article 6.2, any new Shares from time to time created shall before they are issued to any third party be offered to the holders of Equity Shares pro rata to the number of Equity Shares held by each holder. The offer shall be made by notice in writing specifying the number and class of Shares offered and the price per share (which shall be the same price per share) and stating a time (not being less than thirty five days or greater than forty-two days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of such time, or on the receipt of an indication from the person to whom the offer is made that he declines to accept the Shares offered or any of them, the Directors shall offer the Shares declined in like manner to the holders of Equity Shares who have accepted the offer in accordance with this Article 6.1, save that the further offer notices shall state a time (not being less than fourteen days or greater than twenty one days from the date of the second offer) within which the offer, if not accepted will deemed to be declined. If the Shares comprised in such further offers are declined or deemed to be declined the further offers shall be withdrawn.
- 6.2 The provisions of Article 6.1 shall not apply:
 - 6.2.1 to the issue of Shares pursuant to Article 4.5;
 - 6.2.2 to the issue of Shares pursuant to the Investment Agreement;
 - 6.2.3 to the issue of Shares pursuant to any Employee Options;
 - 6.2.4 at any time when the holders of the A Ordinary Shares have become entitled to exercise additional votes at general meetings of the Company in accordance with Article 4.3.2; and
 - 6.2.5 may in any event be disapplied in relation to any Shares by special resolution (subject to Article 6.3.9).
- 6.3 Subject to this Article 6 and to the provisions of Section 551 of the CA 2006, the shares in the capital of the Company shall be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on

such terms and conditions as they think proper, provided that no Shares shall be issued at a discount and that:

- 6.3.1 no Shares to which Articles 6.1 applies shall be issued more than three months after the expiry of the period for acceptance of the last offer of such Shares made under Article 6.1 unless the procedure set out in Article 6.1 is repeated in respect of such Shares (and so that the time limit set out in this Article 6.3.1 shall apply equally to any repetition of that procedure);
 - 6.3.2 no Shares shall be issued at a price less than that at which they were offered to the Members in accordance with Article 6.1 and if the Directors are proposing to issue such Shares wholly or partly for a non-cash consideration the cash equivalent of such consideration for the purposes of this sub-paragraph shall be as reasonably determined by the Auditors who shall act as experts and not as arbitrators and whose determination shall be final and binding on the Company and each of its members. For the avoidance of doubt this Article 6.3.2 shall not apply to the issue of any Shares under Article 4.5 or pursuant to the Investment Agreement; and
 - 6.3.3 no Equity Shares shall be allotted to any person who is not already a party to the Investment Agreement unless that person has first executed and delivered to the Company a Deed of Adherence or unless it is otherwise agreed by an Investor Majority that a Deed of Adherence is not required.
- 6.4 The provisions of Section 561 to 566 (inclusive) of the CA 2006 shall not apply to the Company.
- 6.5 The Investor shall be entitled to offer any right (in whole or in part) under this Article 6 to subscribe for Equity Shares to any venture capital trust, venture capitalist, investment trust, investment company, limited partnership, EIS fund (approved or unapproved) or other such like entity advised or managed by the same investment adviser/manager to the Investor.
- 7. VARIATION OF CLASS RIGHTS**
- 7.1 Whenever the capital of the Company is divided into different classes of Shares the special rights attached to any class may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up:
- 7.1.1 in the case of the A Ordinary Shareholders with the consent in writing of the Investor Director or if none is appointed an Investor Majority or with the sanction of an unanimous resolution passed at a separate meeting of the holders of the A Ordinary Shares;
 - 7.1.2 in the case of the B Ordinary Shareholders, with the consent in writing of the holders of at least 50.01% of the issued shares of the class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of that class, but not otherwise;
 - 7.1.3 in the case of the C Ordinary Shareholders, with the consent in writing of the holders of at least 50.01% of the issued shares of the class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of that class, but not otherwise; and
 - 7.1.4 in the case of the Preference Shareholders, with the consent in writing of the holders of at least 50.01% of the issued shares of the class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of that class, but not otherwise.
- 7.2 To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall apply (*mutatis mutandis*) except that:
- 7.2.1 the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class, but so that at any adjourned meeting of such holders at which such a quorum is not present the holder or holders present shall be a quorum; and

- 7.2.2 the holders of shares of the class in question shall on a poll have one vote in respect of every share of the class held by them respectively.
- 7.3 Without prejudice to the generality of this Article, it is a term of issue of the A Ordinary Shares that the following events shall be deemed to be an attempted variation of the rights attaching to such shares and shall therefore require class consent in accordance with Article 7.1:
- 7.3.1 any alteration or variation of any of the rights attached to any of the shares for the time being in the capital of the Company;
 - 7.3.2 any resolution to wind-up the Company or any subsidiary of the Company;
 - 7.3.3 any increase in the issued capital of the Company, save for the issue of Shares pursuant to Article 4.5 or the Investment Agreement and the issue of Shares pursuant to any Employee Options;
 - 7.3.4 any reduction (other than pursuant to a Purchase of Own Shares Option) or sub-division or consolidation of the issued share capital of the Company;
 - 7.3.5 the grant by the Company of a right to subscribe for or to convert securities into shares in the capital of the Company, other than pursuant to the Investment Agreement or any Employee Options;
 - 7.3.6 the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company;
 - 7.3.7 the redemption of any of the Company's Shares or the entering into of a contract by the Company to purchase any of its Shares other than pursuant to a Purchase of Own Shares Option;
 - 7.3.8 any alteration of the Company's memorandum or articles of association;
 - 7.3.9 the passing of any special resolution pursuant to Article 6.2;
 - 7.3.10 any matter which would require consent of the Investor under the provisions of Schedule 6 of the Investment Agreement;
 - 7.3.11 the calling of a meeting of the Company to effect or approve any matter which would by virtue of this Article 7 be a variation of such class rights;
 - 7.3.12 registration as a public company;
 - 7.3.13 the subscription for or other acquisition of shares in any company, the acquisition of all or substantially all of the assets of any other company or of any unincorporated business, the disposal of any share in any other company, the disposal of the Company's undertaking and assets or any substantial part thereof or the making of any capital investment in any partnership or the disposal of any such interest; or
 - 7.3.14 any act or transaction committed or proposed to be committed by a Director within the terms of Article 24.

8. LIEN

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

9. REGISTRATION OF TRANSFERS

- 9.1 Subject to Article 9.2, the Directors shall be required to register promptly any transfer of Shares made in accordance with the provisions of these Articles provided in all cases where the transferee is not already a party to the Investment Agreement, a Deed of Adherence duly executed by all relevant parties is laid before the meeting at which the transfer is to be approved, but shall not register any transfer of Shares otherwise.
- 9.2 The Directors may refuse to register a transfer of a Share which is not fully paid up (as to nominal value or premium) and a transfer of a Share on which the Company has a lien. In

addition the Directors may refuse to register a transfer of a Share to a bankrupt, a minor or a person of unsound mind.

10. TRANSFERS PURSUANT TO OFFERS MADE UPON A CHANGE OF CONTROL OR PURSUANT TO DRAG ALONG RIGHTS

Subject to the provisions of Article 9, any Shares may at any time be transferred by any Member pursuant to acceptance of any offer made to that Member under the requirements of Article 16 (Tag Along) or as contemplated by Article 17 (Drag Along) without pre-emption applying under Article 11.

11. PERMITTED TRANSFERS

11.1 Subject to the provisions of Article 9 any Equity Shares (other than any Equity Share in respect of which the holder shall have been required by the Directors under these Articles to give a Transfer Notice or shall be deemed to have given a Transfer Notice) may at any time be transferred:

11.1.1 with the written consent of the Board and the Investor Director, such consents not to be unreasonably withheld or delayed, by an Individual Member (*Transferring Member*) (subject to the provisions of Article 13 in respect of Employee Members) to trustees to be held on Family Trusts of such a Member, or to a Family Member of such Member, but the voting rights of such shares shall be exercised by the Transferring Member;

11.1.2 to satisfy the obligations of the Company under any Employee Options;

11.1.3 pursuant to the provisions of Article 12.9;

11.1.4 in the event of the death of any Member (subject to the provisions of Article 13 in respect of Employee Members) and with the written consent of the Board and the Investor Director, such consents not to be unreasonably withheld or delayed, by his personal representative to trustees to be held on Family Trusts of such Member, or to a Family Member of such Member, but the voting rights of such Equity Shares shall be exercised by the Directors in proportion to the number of Equity Shares held by them in relation to the aggregate number of Equity Shares held by all of them;

11.1.5 by any Member, being a company to a Member of the same Group as such Member, save that the transferee can only hold the Shares for so long as it is a member of the same Group as the original Member and on the transferee ceasing to be a member of that Group the transferee will transfer the Shares back to the original Member;

11.1.6 by the Investor to another party who is (i) a venture capital trust, venture capitalist, investment trust, investment company, limited partnership, EIS Fund (approved or unapproved) or such like entity managed or advised by the same investment manager or adviser, (ii) an acquirer of the Investor or its business or (iii) the fund manager/adviser to the Investor or an employee, member or partner of the fund manager/adviser to the Investor;

11.1.7 where such Shares are held by a nominee for their beneficial owner (the **Beneficial Owner**), by the nominee to the Beneficial Owner or to another person shown to the reasonable satisfaction of the Directors to be a nominee for the Beneficial Owner only. Any Shares may be transferred by the Beneficial Owner to a person shown to the reasonable satisfaction of the Directors to be a nominee for the Beneficial Owner only. Where any person to whom any Shares have been transferred as a nominee ceases to hold such Shares as nominee for the Beneficial Owner only he shall forthwith transfer such Shares to the Beneficial Owner or to another person shown to the reasonable satisfaction of the Directors to be a nominee for the Beneficial Owner only and in default of doing so he shall be deemed to have given a Transfer Notice in respect of all such Shares.

11.2 Where Shares have been transferred to trustees under Article 11.1.1 or 11.1.4, on any change of trustees, the Relevant Shares (as defined below) may be transferred to the trustees for the time being of the trust concerned.

11.3 In the event that:

11.3.1 a Transferee Company holding Relevant Shares ceases to be a member of the same Group as the Transferor Company from which (whether directly or by a series of transfers under Article 11.1.5) the Relevant Shares were derived; or

11.3.2 any Relevant Shares held by trustees cease to be held on a Family Trust of the Member;

the Member holding the Shares shall notify the Directors in writing that such an event has occurred and such Member shall be bound, if and when required in writing by the Directors to do so, to give a Transfer Notice in respect of the Relevant Shares (but without specifying a proposed Prescribed Price (so that the Prescribed Price shall be determined pursuant to Article 12.4 and Article 12.5) and so that the right of revocation conferred by Article 12.12 shall not apply).

For this purpose the expression "the Relevant Shares" means (so far as the same remain held by the trustees of a Family Trust or by any Transferee Company) the Shares originally transferred to the trustees or to the Transferee Company and any additional Shares issued to such trustees or Transferee Company by way of a capitalisation or acquired by such trustees or Transferee Company in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred.

12. PRE-EMPTION RIGHTS

12.1 The right to transfer Shares or any interest therein shall (subject to and without prejudice to the provisions of Articles 10 and 11) be subject to the following restrictions, save that such restrictions shall not apply to any transfer of Shares pursuant to the acceptance of an offer made pursuant to Article 16 (*Tag Along*) or to the proposed sale pursuant to Article 17.1 of the Shares for the time being in issue or where the Called Shareholders (as defined in Article 17.1) procure the making of a Drag Along Right pursuant to a Counter Notice served pursuant to Article 17.5 (*Drag Along*).

12.2 Before transferring or disposing of any Shares (or any interest in Shares) the Proposing Transferor shall serve a notice on the Company specifying the number and class of Shares in question and the proposed price for such shares, and the Transfer Notice shall constitute the Company his agent for the sale of those Shares at the Prescribed Price to any Member or Members. Except as provided in this Article, a Transfer Notice once given or deemed to be given shall not be revocable except with the consent of the Directors (which shall include the consent of the Investor Director or, if none is appointed, the Investor).

12.3 A Transfer Notice may comprise Shares of more than one class and shall, if the Proposing Transferor has received any offer to purchase Shares (whether or not an offer capable of becoming legally binding upon acceptance) within the period of three months prior to service of the Transfer Notice, give the name of the offeror, the number and class of Shares concerned and the price offered in respect of each such Share. A Transfer Notice may not be given by an Excluded Person or an Employee Member unless required by the Directors under Article 11.3, Article 13 or Article 15.

12.4 The Directors will endeavour to agree the Prescribed Price with the Proposing Transferor. If the Directors fail to agree the Prescribed Price with the Proposing Transferor within 14 days of receipt of the Transfer Notice by the Company or, as applicable, a Transfer Notice having been deemed to have been served, the Directors shall request the Auditors (or if they are unable or decline to act, an independent firm of chartered accountants appointed by agreement between the Directors and the Proposing Transferor or, in the event of disagreement appointed on the application of the Proposing Transferor or by the Directors by the President of the Institute of Chartered Accountants in England & Wales and the provisions relating to Auditors in this Article 12 shall apply to such independent firm of chartered accountants (acting as experts and not as arbitrators) to certify the Prescribed Price.

- 12.5 The Auditors shall (acting as experts and not arbitrators) within 14 days of such a request certify to the Company the Prescribed Price, being the value of each Sale Share (or, where appropriate of each Sale Share of each class) calculated on the following basis:
- (a) by determining the sum which a willing purchaser would offer to a willing vendor for all the issued Shares; and
 - (b) by dividing the resultant figure between the holders of Shares by applying the provisions of Article 4.2.2 as if that sum were the proceeds of a Sale.
- 12.6 The Auditors' certificate as to the Prescribed Price shall be final and binding.
- 12.7 The costs of the Auditors shall be borne as the Auditors may direct.
- 12.8 Within 21 days following receipt of the Transfer Notice or (where relevant) the date on which the Transfer Notice is deemed to have been given or where the Prescribed Price is certified by the Auditors the date of certification of the Prescribed Price, the Company shall offer the Sale Shares to each Member (other than the Proposing Transferor and any Excluded Person) in accordance with the provisions of Articles 12.9 and 12.10 for purchase at the Prescribed Price. All offers shall be made by notice in writing and state a time (being between 30 and 42 days inclusive following the date of such notice) within which the offer must be accepted or, in default, will be deemed to have been declined. A copy of such offer shall at the same time be sent by the Company to the Proposing Transferor.
- 12.9 The Company shall offer the Sale Shares to the holders of Equity Shares in proportion to the number of the Equity Shares held by them save where the Investor Director or an Investor Majority directs in writing that such shares are to be transferred at the Prescribed Price to any Employee Trust established for the Group.
- 12.10 The Sale Shares shall be offered on the following basis:
- 12.10.1 any Member to whom the Sale Shares are offered may accept all or some only of the Sale Shares offered to him, and shall be invited to indicate whether, if he accepts all such Sale Shares, he wishes to purchase any Sale Shares which other Members decline to accept (Excess Shares) and, if so, the maximum number of Excess Shares which he wishes to purchase;
 - 12.10.2 any Excess Shares shall be allocated between the Members who have indicated that they wish to purchase Excess Shares pro rata to the proportion of the total number of Equity Shares held by those Members but so that no Member shall be required or entitled to receive more than the maximum number indicated by him pursuant to Article 12.10.1;
 - 12.10.3 subject to the provisions of this Article 12.10.3 and Article 12.9, the Purchasers shall be bound to purchase the Sale Shares properly allocated to them under the provisions of this Article 12.8 at the Prescribed Price in accordance with the provisions of Article 12.13.
- 12.11 Not later than 7 days following the expiration of the Acceptance Period the Company shall give written notice to the Proposing Transferor stating:
- 12.11.1 if it is the case, that no Member has sought to purchase any of the Sale Shares; or, otherwise
 - 12.11.2 the number of Sale Shares which Members have sought to purchase, giving the name and address of each Purchaser and the number of Sale Shares to be purchased by him.
- 12.12 If within the Acceptance Period, Purchasers have been found for some only of the Sale Shares or if no Purchaser has been found for any of the Sale Shares, the Proposing Transferor may within 7 days of service on him of notice under Article 12.11 revoke his Transfer Notice by written notice to the Company.
- 12.13 If the Proposing Transferor is given notice under Article 12.11.2 (and subject to his not revoking his Transfer Notice in accordance with Article 12.12) he shall be bound on payment of the Prescribed Price to transfer the Sale Shares in question to the respective Purchasers.

The sales and purchases shall be completed at the registered office of the Company during normal business hours on the first business day after the expiry of 14 days following the date of service of notice by the Company under Article 12.11.

- 12.14 If a Proposing Transferor fails to transfer any Sale Shares to a Purchaser after becoming bound to do so, the Directors may authorise any person to execute on behalf of the Proposing Transferor any necessary instruments of transfer and shall register the Purchaser as the holder of the relevant Sale Shares (subject to any stamp duty having been duly paid). The Company's receipt of the purchase money shall be a good discharge to the Purchaser and the Company shall thereafter hold the purchase money on trust for the Proposing Transferor. After the name of the Purchaser has been entered in the Register of Members in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.
- 12.15 If the Company fails before the end of the Acceptance Period to find a Purchaser or Purchasers for any of the Sale Shares, the Proposing Transferor may (subject to Articles 9 and 12.17) sell all or any of the Sale Shares to any third party/parties.
- 12.16 If before the end of the Acceptance Period the Company finds a Purchaser or Purchasers for some (but not all) of the Sale Shares and serves notice accordingly under Article 12.11 the Proposing Transferor may (subject to Articles 9 and 12.17) sell all or any of the Sale Shares for which no Purchaser has been found to any third party/parties unless he revokes his Transfer Notice pursuant to Article 12.12 in which case he may sell all (but not some only) of the Sale Shares to any third party/parties.
- 12.17 The right of the Proposing Transferor to sell Sale Shares pursuant to Article 12.15 or Article 12.16 shall be subject to the following restrictions:
- 12.17.1 Sale Shares may not be sold after the expiry of three months after the date on which notice is given by the Company under Article 12.11;
 - 12.17.2 Sale Shares must be sold on a bona fide sale at a price not less than the Prescribed Price and without any deduction, rebate or allowance whatsoever to the Purchaser;
 - 12.17.3 the provisions of Article 14 (if applicable);
 - 12.17.4 no Sale Shares which are Equity Shares may be sold to any person unless the Board and the Investor Director have given their consent to such sale, such consent not to be unreasonably withheld or delayed;
 - 12.17.5 no Sale Shares which are Preference Shares may be sold to any person unless the Board and the Investor Director have given their consent to such sale; and
 - 12.17.6 no Shares may be transferred, or disposed of, pursuant to this Article 12.17 by any person who is an Excluded Person unless the Directors resolve to approve such transfer or disposal.
- 12.18 The restrictions imposed by this Article 12 may be waived in relation to any proposed transfer of Shares with the consent of all Members who, but for such waiver, would or might have been entitled to have such shares offered to them in accordance with Article 12.8.
- 12.19 For the purposes of Article 12.17.2 and calculating whether or not a price to be paid for the Sale Shares is more or less than the Prescribed Price, then the cash value of any non-cash consideration shall be that agreed between the Proposing Transferor and the Company, or if the Proposing Transferor and the Company fail to agree such cash value within 15 business days following the earlier of any request by the Proposing Transferor to so value any non-cash consideration and the submission to the Company of the relevant stock transfer form(s) relating to a transfer of the Sale Shares for non-cash consideration, the cash value shall be the amount certified as such as at the date of the earlier of the request for valuation and the purported transfer of the Sale Shares at the request of the Directors, by the Auditors (acting as experts and not arbitrators). Their certificate shall be final and binding.
- 12.20 The Investor shall be entitled to offer any right it has (in whole or in part) under this Article 12 to acquire Shares to any venture capital trust, venture capitalist, investment trust,

investment company, limited partnership, EIS fund (approved or unapproved) or other such like entity advised or managed by the same investment adviser/manager to the Investor.

13. MANDATORY TRANSFERS

13.1 A person entitled to a Share in consequence of the bankruptcy, receivership or liquidation of a Member shall be bound if required in writing to do so by the Directors to give a Transfer Notice in respect of all the Shares then registered in the name of the Member in bankruptcy, receivership, or liquidation, within 2 weeks of receipt of the relevant request.

13.2 A Director shall be entitled to give a Transfer Notice in respect of all the Shares then registered in the name of the Member in bankruptcy, receivership or liquidation.

13.3 If any person who is an Employee of the Company or any of its subsidiaries (an Employee Member) ceases to be such an Employee of the Company or any of its subsidiaries (so that he is no longer such an Employee of the Company or at least one of its subsidiaries) (a Leaver) then he (and, any person or company Connected to him and/or any person to whom he has directly or indirectly transferred Shares pursuant to Article 11.1 and including any Shares derived from such Shares) shall be deemed to have given a Transfer Notice as at the Mandatory Transfer Date in respect of:

13.3.1 where the Employee Member is a Good Leaver, a total of 25% of each of (i) the Equity Shares registered in the name of each of the Employee Member and any person or company Connected to him and any person to whom he has directly or indirectly transferred Shares pursuant to Article 11.1 as at the Mandatory Transfer Date; and (ii) any Equity Shares which may have been or may be capable of being issued as a result of the exercise of options granted to the Employee Member and vested in the Employee Member as at the Mandatory Transfer Date; or

13.3.2 where the Employee Member is a Bad Leaver, a total of 50% of each of (i) the Equity Shares registered in the name of each of the Employee Member and any person or company Connected to him and any person to whom he has directly or indirectly transferred Shares pursuant to Article 11.1 as at the Mandatory Transfer Date; and (ii) any Equity Shares which may have been or may be capable of being issued as a result of the exercise of options granted to the Employee Member and vested in the Employee Member as at the Mandatory Transfer Date.

The Employee Member shall be entitled to retain the balance of his holding of Shares after the transfer pursuant to clause 13.3.1 or 13.3.2 as applicable.

13.4 The Prescribed Price for the Shares in question shall:

13.4.1 in the case of a Good Leaver, be the price agreed or the amount certified by the Auditors in accordance with Article 12.4 to 12.7 (inclusive); and

13.4.2 in the case of a Bad Leaver, be the lower of (a) the price agreed or certified by the Auditors in accordance with Article 12.4 to 12.7 (inclusive) and (b) the nominal value of such Shares;

and, subject to Article 13.6, the provisions of Articles 12.8 to 12.20 (inclusive) shall apply to the transfer of the Shares, save to the extent of any reference to Article 12.12.

13.5 If any person has committed a breach of any of the Warranties or of any of the other provisions of the Investment Agreement where such breach has had (or is reasonably likely to have) a materially adverse effect on the business of the Group such that the Company is or (in the reasonable opinion of an Investor Majority) is reasonably likely to be in breach of the financial covenants in the Facility Documents, then he (and any person or company Connected to him and/or any person to whom he has directly or indirectly transferred Shares pursuant to Article 11.1) shall be deemed as at the date of the fact of his breach being determined by an Investor Majority or by a court of competent jurisdiction to have given a Transfer Notice in respect of all of the Equity Shares registered in his name (and in the name of any person or company connected to him and/or any person to whom he has directly or indirectly transferred Equity Shares pursuant to Article 11.1) as at that date. The Prescribed Price for the Shares in question shall be the lower of the price agreed or certified

by the Auditors in accordance with Articles 12.4 to 12.7 (inclusive) and the nominal value of such Shares and, subject to Article 13.6, the provisions of 12.8 to 12.20 (inclusive) shall apply, save to the extent of any reference to Article 12.12.

- 13.6 If a Transfer Notice is deemed to have been given pursuant to Article 13.3 or Article 13.5 instead of the Sale Shares being offered in accordance with the provisions of Article 11.7 the Shares in question shall (unless otherwise directed by the Investor in writing) first of all be offered to an Employee Trust or to any Employee, director or consultant identified by the Directors (with the consent of an Investor Majority) or by the Remuneration Committee (with the consent of an Investor Majority) in respect of any director or Senior Employee (as defined in the Investment Agreement) as being a replacement for such departing Leaver, for in each case, purchase at the Prescribed Price or if no such trust is in existence and no such Employee, director or consultant is in place, the shares in question shall then be offered for purchase by the Company under chapter VII of Part V of the CA 2006 (the Purchase of Own Shares Option), and only to the extent such an offer is refused shall the Shares in question then be offered in accordance with the provisions of Article 12.8.
- 13.7 If an Employee Trust or an Employee, director or consultant identified as being a replacement for the Leaver pursuant to Article 13.6 wishes to purchase some or all of the Shares in question, the provisions of Articles 12.11, 12.13 and 12.14 (save for any reference to Article 12.12) shall apply "mutatis mutandis" but, if the offer to the Employee Trust or Employee, director or consultant is not accepted in full within the relevant Acceptance Period, the Shares in question to the extent not so accepted shall, within 7 days following the expiry of that Acceptance Period, be offered to the Company for purchase.
- 13.8 If the Directors wish to take up the Purchase of Own Shares Option, the Directors shall proceed to convene as soon as practicable a general meeting of the Company or circulate a written resolution of the Members to approve the purchase of all (but not some only) of the Shares in question on the terms specified in this Article and, if required, to approve a payment in respect of the purchase otherwise than out of distributable profits or the proceeds of a fresh issue of Shares, and the Directors shall ensure that the other formalities required by the CA 2006 are expeditiously complied with. Provided that it is lawfully able to do so, the Company shall be obliged to purchase the Shares in question and the Employee Member who is deemed to have given the Transfer Notice shall be obliged to sell the Shares in question to the Company at the Prescribed Price (and for the purposes of this Article 13.8 the provisions of Articles 12.4 to 12.7 (inclusive) shall apply mutatis mutandis for the calculation or determination of the Prescribed Price), on the basis that the sale will be made with full title guarantee and on the basis that the Prescribed Price will be paid in full in cash on completion of the sale and purchase.
- 13.9 If the Purchase of Own Shares Option is taken up and the Employee Member who is deemed to have given the Transfer Notice fails to complete the sale of the Shares in question to the Company, the Directors may authorise any person to execute on behalf of the Employee Member who is deemed to have given the Transfer Notice an appropriate contract and, in the absence of the relative share certificate, any indemnity in respect thereof requested by the Directors and may deliver it or them on his behalf. The Company shall send a cheque in respect of the Prescribed Price to the Employee Member who is deemed to have given the Transfer Notice at his registered address and after appropriate entries have been made in the Register of Members in purported exercise of this power, the validity of the proceedings shall not be questioned by any person. If the Company fails to complete the purchase within 42 days after the date on which it became obliged to complete the purchase, or the Members fail to pass the relevant resolution to approve the Purchase of Own Shares Option the Shares in question shall be offered to each Member (other than the Employee Member who is deemed to have given the Transfer Notice and any Excluded Person) in accordance with the provisions of Articles 12.8 to 12.20 (inclusive) (save for any reference to Article 12.12).
- 13.10 As from the point in time when any Employee Member is deemed to have given a Transfer Notice pursuant to the provisions of Article 13.3 or Article 13.5, the balance of his shareholding (i.e. the Shares then held by him in respect of which he is not deemed to have given a Transfer Notice) shall, notwithstanding any other provision of these Articles, cease to confer on him or any subsequent holder of such Shares the right to attend or to vote at general meetings.

14. **EVIDENCE OF COMPLIANCE**

In any case where the Directors may require a Transfer Notice to be given and it is not duly given within a period of two weeks of notice being given requiring the Transfer Notice to be given, a Transfer Notice in respect of the Shares in question shall be deemed to have been given at the expiration of that period. Any Transfer Notice deemed to have been given or required to be given under any provision of these Articles shall not be capable of revocation and (notwithstanding any of the provisions of these Articles) shall extend not just to the Shares registered in the name of the Member concerned but to any person Connected to him and/or to whom he has directly or indirectly transferred Shares pursuant to Article 11.1.

15. **EVIDENCE OF AUTHORISATION**

For the purpose of ensuring that a transfer of Shares is duly authorised under these Articles or that no circumstances have arisen requiring a Transfer Notice to be given, the Directors may require any Member or the personal representatives or trustee in bankruptcy, receiver or liquidator of any Member or any person named as transferee in any instrument of transfer lodged for registration to provide to the Company such information as the Directors reasonably think fit regarding any matter which they consider relevant. If such information is not provided 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 or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the Shares concerned. If the information discloses (in the reasonable opinion of the Directors) that a Transfer Notice ought to have been given in respect of any Shares the Directors may by notice in writing require that a Transfer Notice be given in respect of the Shares concerned.

16. **TAG ALONG**

16.1 Notwithstanding the provisions of Article 12 no sale or transfer of the legal or beneficial interest in any Equity Shares (the Relevant Transaction) (other than one made pursuant to Article 10) may be made or validly registered if as a result of such sale or transfer a Relevant Interest is obtained by a person (or persons acting in concert) where such person(s) did not have a Relevant Interest immediately prior to the Relevant Transaction, unless the Proposing Transferor shall have procured a written offer complying with the provisions of Article 16.3 to have been made by the proposed transferee (or any person or persons acting in concert with it) (the Proposing Transferee) to the holders of all the other Issued Shares to acquire their entire holding of Shares together (in the case of the Investor) with any additional Shares which they are entitled to subscribe pursuant to Article 4.4 and 4.5.

16.2 For the purpose of this Article 16:

16.2.1 the expression a "Relevant Interest" shall mean an interest in more than 50% of the Equity Shares in issue for the time being;

16.2.2 the expressions "transfer" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment and the renouncement under any such letter of allotment; and

16.2.3 the expression "acting in concert" shall bear the meaning ascribed to it in The City Code on Takeovers and Mergers (as amended from time to time).

16.3 The offer referred to in Article 16.1 above shall be on terms that:

16.3.1 it will be open for acceptance in England and Wales for a period of at least 28 days following the making of the offer;

16.3.2 each Member to whom it is made shall be entitled to receive for each of the Shares held by him a sum per share equal to the Specified Price (as defined below);

16.3.3 the purchase of any Shares in respect of which such offer is accepted shall be completed at the same time as the Relevant Transaction;

16.3.4 and otherwise on the same terms for all Members (and for this purpose any offer which provides for any warranties or indemnities (other than warranties as

to title and capacity) or restrictive covenants from some, but not all, Members shall be deemed to comply with this Article 16.3).

16.4 in the case of an offer made to an Investor, that offer must also provide for the immediate repayment of that Investor's Loan Notes in full with any interest thereon.

16.5 the expression "**the Specified Price**" shall mean:

16.5.1 a price per share which shall be determined by valuing the entire issued share capital of the Company (the **Sale Value**) by reference to the aggregate of:

(a) the amount offered or paid or payable by the proposed transferee or transferees or his or their nominees respectively for each of the Equity Shares comprised in the Relevant Interest to the holder or holders thereof or, if higher, the highest amount paid or payable for an Equity Share in any related or previous transaction within the 12 months preceding the offer by the same purchaser or any person acting in concert with the Proposing Transferee; and

(b) an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holder or holders of the Equity Shares comprised in the Relevant Interest 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 Relevant Interest (and, for the avoidance of doubt and without prejudice to the generality of the foregoing, any additional consideration which is linked to future profits, turnover or some other measure of the future performance of the Company shall be regarded as consideration which is an addition to the price paid or payable for the Relevant Interest); and

16.5.2 the **Specified Price** which each Member shall be entitled to receive in respect of each Share held by him shall then be determined by applying the provisions of Article 4.2.2 as if the **Sale Value** were the proceeds of a Sale.

16.6 Any disagreement as to the calculation of the **Specified Price** which each Member is entitled to receive in respect of each Share held by him for the purposes of this Article 16 shall be referred to the Auditors or if a Member objects or they are unable to act or decline to act, an independent firm of chartered accountants appointed by the Directors, or in the event of disagreement, appointed on the application of the Proposing Transferor or the Directors by the President of the Institute of Chartered Accountants in England and Wales and the provisions relating to the Auditors in this Article 16 shall apply to such independent firm of chartered accountants (acting as experts and not arbitrators) whose decision shall be final and binding (in the absence of manifest error) and the costs of the Auditors shall be borne by the Company.

17. **DRAG ALONG**

17.1 If:

17.1.1 one or more members of the Company holding between them not less than 75% of the Equity Shares (including the Investor acting by Investor Majority and a Manager) for the time being in issue; or

17.1.2 no Sale or Listing of the Company has taken place by the fifth anniversary of the adoption of these Articles, the Investor (acting by Investor Majority),

(the **Vendors**) propose to sell the legal or beneficial interest in their entire holdings of Equity Shares to a person with whom none of them is Connected or one or more such persons acting in concert (the **Offeror**) then the **Vendors** shall have the right to require the holders of all other issued Shares in the Company (the **Called Shareholders**) to sell and transfer their entire holdings of Shares together (in the case of the Investor) with any additional Shares for which they are entitled to subscribe pursuant to Article 4.5) to the Offeror (or as the Offeror shall direct) in accordance with this Article 17 (the **Drag Along Right**) at a price (the **Drag Along Price**) to be determined on the basis set out in Article 16.5 and otherwise on the terms specified in Articles 16.3.3 and 16.3.4 (as if the **Vendors'** proposed sale was a Relevant Transaction), provided that an Investor may only be required to sell and transfer

pursuant to an exercise of the Drag Along Right if the Loan Notes are, upon completion of the sale and transfer, repaid in full together with any accrued or unpaid interest thereon.

- 17.2 The Drag Along Right may be exercised by the Vendors serving written notice to that effect (a Drag Along Notice) on the Called Shareholders at any time before the transfer of the Vendors' Equity Shares to the Offeror.
- 17.3 A Drag Along Notice shall specify that the Called Shareholders are, or will in accordance with this Article 17 be, required to sell and transfer their Shares to the Offeror at the Drag Along Price on or about the date specified in the Drag Along Notice (which shall be not less than 7 days after the date of the Drag Along Notice or (if no such date is specified in the Drag Along Notice) on or about such date as the Vendors may subsequently specify by notice in writing to the Called Shareholders (which shall be not less than 7 days after the date of the Drag Along Notice).
- 17.4 A Drag Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Vendors do not transfer their entire holdings of Equity Shares to the Offeror or the Offeror's nominee not later than the date specified as the date for completion of the sale and purchase of shares pursuant to exercise of the Drag Along Right.
- 17.5 Notwithstanding the provisions of Article 17.4 any or all of the Called Shareholders shall have the right to give to the Vendors and the other Called Shareholders within 7 days of the date of the Drag Along Notice a notice in writing stating that the Called Shareholder(s) concerned wish to acquire all the Shares of the Vendors and the other Called Shareholders and the terms on which it proposes to do so, which must match or be better than those received or receivable from the Offeror by the Vendors (a Counter Notice). For the purposes of ascertaining whether or not such terms match or are better than those received or receivable from the Offeror in relation to any non-cash consideration, the provisions of Article 12.19 shall apply mutatis mutandis. The Counter Notice shall specify a date which shall be not less than 21 days after the date of the Counter Notice by which the Vendors and the other Called Shareholders shall be required to sell and transfer their Shares to the Shareholder(s) issuing the Counter Notice.
- 17.6 Subject to Article 17.4 and Article 17.5, each of the Called Shareholders shall be bound to sell his entire holding of Shares and to transfer such shares in accordance with the provisions of the Drag Along Notice unless a Counter Notice has been given. The provisions of Articles 12.13 and 12.14 shall apply mutatis mutandis to completion of the Drag Along Notice and any Counter Notice.
- 17.7 If any Called Shareholder where a Counter Notice has not been made fails to complete the sale of any of his Shares pursuant to the Drag Along Notice or otherwise fails to take any action required of him under the terms of the Drag Along Right, the Directors (or any of them) may authorise any person to undertake on his behalf any action required under the terms of the Drag Along Right. In particular (but without limitation) the Directors shall have the same rights as given to them under Article 12.14.
- 17.8 Upon any person, following the giving of a Drag Along Notice (and where a Drag Along Notice has been given but no Counter Notice has been given), becoming a member of the Company pursuant to the exercise of a pre-existing option to subscribe for or otherwise acquire Shares in the Company (a New Member), a Drag Along Notice shall be deemed to have been given to the New Member forthwith on the same terms as the previous Drag Along Notice and the New Member shall thereupon be bound to sell and transfer all such Shares acquired by him to the Offeror or as the Offeror may direct and the provisions of this Article shall apply mutatis mutandis to the New Member save that completion of the sale of such Shares shall take place forthwith upon the Drag Along Notice being deemed to have been given to the New Member.
- 17.9 In the event that only one Counter Notice is given, the provisions of Articles 17.6 to 17.8 (inclusive) shall apply mutatis mutandis to the Vendors and the Called Shareholders who have not given a Counter Notice as if they were the Called Shareholders and as if the Counter Notice is the Drag Along Notice. A Counter Notice once given shall be irrevocable.

- 17.10 If more than one Counter Notice is given, the Vendors shall enter into bona fide negotiations with those Members who have given Counter Notices with a view to obtaining the highest possible consideration and the best possible terms and following the acceptance of the terms contained in a Counter Notice by the Vendors, the provisions of Articles 17.6 to 17.8 (inclusive) shall apply mutatis mutandis to the Vendors and the Called Shareholders who have not given a Counter Notice or whose terms have not been accepted, in each case as if they were Called Shareholders and as if the Counter Notice the terms of which have been accepted is the Drag Along Notice
- 17.11 If the Vendors exercise the Drag Along Right, it shall not be necessary for them first to have given Transfer Notices pursuant to Article 12 nor to have complied with the provisions of Article 16.
- 18. PROCEEDINGS AT GENERAL MEETINGS**
- 18.1 Save as herein otherwise provided any two Members present in person or by proxy (or, being a corporation, by representative), one of whom must be a proxy or duly authorised representative of the Investor and one of whom must be a B Ordinary Shareholder present in person or by proxy, shall be a quorum.
- 18.2 If a quorum is not present within half an hour from the time appointed for a general meeting or ceases to be present the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.
- 18.3 If at any adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present in person or by proxy (or, being a corporation, by a representative) shall form a quorum.
- 18.4 In the case of any equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting shall not be entitled to a second or casting vote.
- 19. ALTERNATE DIRECTORS**
- 19.1 Subject to Article 19.2, any Director (in this Article 19, an **appointor**) may appoint as an alternate any other Director, or any other person approved by resolution of the Directors, to:
- 19.1.1 exercise that director's powers; and
 - 19.1.2 carry out that director's responsibilities,
- in relation to the taking of decisions by the Directors, in the absence of the alternate's appointor.
- 19.2 The appointment by the Investor Director of an alternate director shall not be subject to approval by resolution of the Directors.
- 19.3 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the Directors with the consent of the Investor Director.
- 19.4 The notice must:
- 19.4.1 identify the proposed alternate; and
 - 19.4.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice.
- 19.5 An alternate director may act as alternate director to more than one Director and has the same rights in relation to any decision of the Directors as the alternate's appointor.
- 19.6 Save as provided otherwise in these Articles, alternate directors:
- 19.6.1 are deemed for all purposes to be Directors;
 - 19.6.2 are liable for their own acts and omissions;
 - 19.6.3 are subject to the same restrictions as their appointors; and
 - 19.6.4 are not deemed to be agents of or for their appointors,

- and, in particular, each alternate director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member.
- 19.7 A person who is an alternate director but not a Director:
- 19.7.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
 - 19.7.2 may participate in a unanimous decision of the Directors (but only if his appointor is an entitled to vote in relation to that decision and does not himself participate); and
 - 19.7.3 shall not be counted as more than one Director for the purposes of Articles 19.7.1 and 19.7.2.
- 19.8 A Director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the Directors (provided that his appointor is entitled to vote in relation to that decision), but shall not count as more than one Director for the purposes of determining whether a quorum is present.
- 19.9 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the remuneration of the alternate's appointor as the appointor may direct by notice in writing to the Company. An alternate director shall be entitled to be reimbursed by the Company such expenses as might properly be reimbursed to him if he were a Director.
- 19.10 The appointment of an alternate director terminates:
- 19.10.1 when the alternate's appointor revokes the appointment by notice in writing to the Company specifying when it is to terminate;
 - 19.10.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director;
 - 19.10.3 on the death of the alternate's appointor;
 - 19.10.4 when the appointment of the alternate's appointor as a Director terminates; or
 - 19.10.5 when written notice from the alternate, resigning his office, is received by the Company.
- 19.11 No meeting of the Directors shall be invalid because notice thereof or of any business to be transacted at that meeting was not given to any alternate director if his appointor attends such meeting.
- 20. APPOINTMENT AND RETIREMENT OF DIRECTORS**
- 20.1 The Directors shall not be required to retire by rotation.
- 20.2 The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.
- 20.3 The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of directors.
- 20.4 The Remuneration Committee shall have the power and is duly authorised (on behalf of the Board) to appoint and remove any Directors under the provisions of clause 9.4 of the Investment Agreement. Any appointment or removal of such Directors shall be by notice in writing to the Company which will take effect on delivery at the registered office of the Company or at any meeting of the board of Directors.
- 21. PROCEEDINGS OF THE DIRECTORS**
- 21.1 The number of Directors shall not be less than two nor more than eight.

- 21.2 Subject to Article 21.7, the quorum necessary for the transaction of business of the Directors shall be two, at least one of whom shall be the Investor Director (if at the time of the meeting an Investor Director has been appointed) and at least one of whom shall be David Harkness or Julian Simpson (if in each case he is holding office as a director at the time of the meeting).
- 21.3 If the Directors attending a Board meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, the chairman of the meeting shall adjourn it specifying the time and place to which it is to be adjourned.
- 21.4 If within half an hour of the time appointed for the holding of an adjourned meeting a quorum is not present, the directors present shall form a quorum.
- 21.5 At any meeting of the Directors each Director (or his alternate director) present at the meeting shall be entitled to one vote.
- 21.6 In the case of an equality of votes at any meeting of the Directors the chairman of such meeting shall not be entitled to a second or casting vote.
- 21.7 Any Director including an alternate Director may participate in a meeting of the Directors or a committee of the Directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the CA 2006, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 21.8 Model Article 9(3) and 9(4) shall be deleted and replaced with:
- "Notice of every meeting of the directors shall be given to each director and his alternate, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company an address within the United Kingdom or an e-mail address or a facsimile number outside the United Kingdom for service".

22. STEP IN RIGHTS

- 22.1 If:
- 22.1.1 any one or combination of the Directors (excluding the Investor Director) or the Company are in breach of any of their obligations in the Investment Agreement, or of their service agreements, (which in any case, if capable of remedy has not been remedied within 14 days of the Directors receiving notice to remedy the same from the Investor Director) the consequences of which may be (in the opinion of the Investor Director) to the material detriment of the Company or the interests of the Investor as shareholders of and lenders to, the Company; or
- 22.1.2 all or any part of the principal amount of the Loan Notes, or any interest thereon, has become due for repayment or payment and has not been paid in full; or
- 22.1.3 an event of default or potential event of default has occurred under the Facility Documents or any debenture of the Company or any other Group Company and both of the following conditions apply: (i) the then current cash balances of the Group and/or the 3 month projected cash balances of the Group are less than £300,000; and (ii) the event of default or potential event of default has not been remedied within ninety days of notice to the Company from an Investor Majority requiring it to be remedied; or
- 22.1.4 a material breach has occurred of the Investment Agreement (other than a breach of any of the conditions contained in clause 6.1 of the Investment Agreement), or these Articles, other than by a holder of A Ordinary Shares, which breach (if capable of remedy) has not been remedied within seven days of notice to the Company from an Investor Majority requiring it to be remedied,

and the Investor Director has given written notice to the Directors that the provisions of this Article 22 should have effect until such times as written notice is given by the Investor Director that the provisions of this Article 22 shall cease to have effect in relation to the matter in question (which will be given as soon as the relevant circumstances(s) prompting the giving of the notice is/are no longer applicable), the Investor Director alone (or if there is more than one, both of the Investor Directors acting jointly) shall count as a quorum at any meeting of Directors and shall be entitled at any meeting of Directors to cast such number of votes which exceeds the votes cast for a resolution to which the Investor Director are opposed or which exceeds the votes cast against a resolution which the Investor Director has proposed.

23. THE INVESTOR DIRECTOR

23.1 Notwithstanding any other provisions of these Articles, for so long as the Investor is the holder of any Share(s) in the Company and/or Loan Notes in the Company, the Investor shall have the right (acting by an Investor Majority) to appoint one person as a non-executive Director to the Company and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place. Such appointment and removal shall be made by notice in writing to the Company signed by the Investor.

23.2 Notwithstanding any other provisions of these Articles and in addition to the right to appoint a Director under Article 23.1, for so long as the Investor is the holders of any Share(s) and/or Loan Notes in the Company, it shall have the right (acting by an Investor Majority) to appoint one person as a non-executive Director of the Company (who, in the absence of a chairman of the Company and if required by the Investor, shall be the chairman of the Company) and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place. Such appointment and removal shall be made by notice in writing to the Company signed by the Investor.

23.3 The Investor Director shall not be required to hold any Shares.

23.4 Any appointment or removal of an Investor Director or any director under Article 23.1 shall be by notice in writing to the Company which will take effect on delivery at the registered office of the Company or at any meeting of the board of Directors.

23.5 For so long as the Investor is the holder of Equity Shares, on any resolution to remove the Investor Director the shares held by the A Ordinary Shareholders who appointed such director shall together carry at least one vote in excess of 75% of the votes exercisable in respect of that resolution at the general meeting at which such resolution is to be proposed and if any such director is removed pursuant to Section 168 of the CA 2006 the A Ordinary Shareholders who appointed such director may reappoint him or any other person as their Investor Director.

23.6 Notwithstanding any other provisions of these Articles, so long as the Investor is a holder of any Share(s) and/or Loan Notes in the Company, it shall have the right (acting by an Investor Majority) to appoint one person as an observer at board meetings of the Company and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place.

23.7 Such observers shall be entitled to receive the same information concerning the business and affairs of the Company, as the directors of the Company receive, and at the same time, but shall not be entitled to vote at meetings of the directors and shall not be counted towards the quorum.

23.8 Any appointment or removal of such observers shall be by notice in writing to the Company which will take effect on delivery at the registered office of the Company or at any meeting of the board of Directors.

23.9 The Investor may appoint one Investor Director or one such observer but shall not be entitled to appoint both an Investor Director and an observer at the same time.

24. DIRECTORS' CONFLICTS OF INTERESTS

24.1 If a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is in any way directly or indirectly

interested, that Director shall be counted as participating in the decision making process for quorum and voting purposes provided that the relevant interest either:

- 24.1.1 has been duly declared in accordance with section 177 or section 182 CA 2006, as the case may require, or
 - 24.1.2 is not required by the terms of either of those sections to be declared.
- 24.2 So long as the relevant interest falls within Article 24.1.1 or 24.1.2, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction with the Company:
- 24.2.1 may be a party to, or otherwise interest in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
 - 24.2.2 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of any such matter or proposed matter in which he is interested;
 - 24.2.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; and
 - 24.2.4 may be a Director, or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested.
- 24.3 The Directors are hereby empowered for the purposes of section 175 of the CA 2006 to authorise any Conflict Situation that may arise and to amend or vary any such authorisation so given. Any such authorisation, amendment or revocation shall be given by resolution of the directors made in accordance with these Articles and, in the case of such authorisation, that section. The Directors may give any such authorisation subject to such terms as they shall consider appropriate and reasonable in the circumstances.
- 24.4 For the purposes of sections 175 and 180(4) of the CA 2006 and for all other purposes, it is acknowledged that an Investor Director may be or become subject to a Conflict Situation or Conflict Situations as a result of his also being or having been or being party to an agreement or arrangement or understanding or circumstances under which he may become an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or a director or indirect investor in and/or otherwise commercially involved with or economically interested in any of the following:
- 24.4.1 an investor; and/or
 - 24.4.2 any investor affiliate, and/or
 - 24.4.3 a company or entity which is a member of the investor's Group or an Associated Company; and/or
 - 24.4.4 is an investment manager or investment adviser to or of it and/or another investor affiliate; and/or
 - 24.4.5 is a Person (as defined below) in which the investor and/or any investor affiliated may have or acquire a direct or indirect economic interest, including without limitation any portfolio company investee; and/or
 - 24.4.6 controls or is controlled, managed, advised (in an investment adviser capacity) or promoted by the investor and/or such investor affiliate; and/or
 - 24.4.7 a trustee, manager, beneficiary, shareholder, partner, unit holder or other financier or any participant in or of it and/or that investor affiliate, and/or
 - 24.4.8 any carried interest or similar incentive arrangement associated with any Person or arrangement referred to in paragraph 24.4.1 or 24.4.4 of this Article
- where for these purposes "Person" shall mean any individual, body corporate, fund, trust, partnership or other entity whether or not having separate legal status.

24.5 An Investor Director's duties to the Company arising from his holding office as a director shall not be breached or infringed as a result of any Conflict Situation envisaged by Article 24.4 and he shall be entitled to:

- (a) receive notice (including any relevant board papers) of, attend, count in the quorum towards and vote at any board meeting relating in any way to, and deal generally with, matters concerning, connected with or arising from the Conflict Situation concerned; and
- (b) keep confidential and not disclose to the Company any information which comes into his possession as a result of such Conflict Situation where such information is confidential as regards any third party.

25. CALLS AND FORFEITURE

- 25.1 Subject to the terms of allotment, the Directors may make calls upon Members in respect of any monies unpaid on their Shares (whether in respect of nominal value or premium) and provided that each holder of A Ordinary Shares, B Ordinary Shares and C Ordinary Shares has received at least 14 clear days' notice specifying when and where the payment is to be made and the relevant member shall pay to the Company the amount called on his Shares (as required by the notice). A call may be required to be paid by instalments. A call may, before receipt by the company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or in part.
- 25.2 A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Share in respect of which the call was made.
- 25.3 A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
- 25.4 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 25.5 If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the Share or in the notice of the call or, if no rate is fixed, at the rate not exceeding the appropriate rate as the directors may determine, but the directors may waive payment of such interest wholly or in part.
- 25.6 An amount payable in respect of a Share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
- 25.7 If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than seven clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 25.8 If the notice is not complied with any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors and the forfeiture shall include all distributions and other monies or property attributable to it and not paid before the forfeiture.
- 25.9 Unless the Directors otherwise decide, a Member shall not be entitled to vote, either in person or by proxy at any general meeting or at any separate general meeting of the holders of any class of Shares in the Company in respect of any Share held by him unless all calls and other sums payable by him in respect of that Share have been paid.
- 25.10 The Directors may accept a surrender of any Share liable to be forfeited.
- 25.11 A forfeited or surrendered Share shall become the property of the Company and, subject to the CA 2006, may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine either to the person who was before the forfeiture or

surrender the holder or to any other person and whether with or without all or any part of the amount previously paid up on the Share being credited as so paid up.

- 25.12 At any time before sale, re-allotment or other disposal, the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the Share to that person.
- 25.13 A statutory declaration by a director that a Share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the Share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary transfer) constitute a good title to the Share. The new holder of the Share shall not be bound to see to the application of the consideration for the disposal (if any); nor shall his title to the Share be affected by any irregularity in or invalidity of the proceedings connected with the forfeiture, surrender, sale, re-allotment or disposal of the Share.
- 25.14 A person, any of whose Shares have been forfeited or surrendered, shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited or surrendered, but shall remain liable to pay to the Company all monies which at the date of forfeiture or surrender were payable by him to the Company in respect of those Shares with interest at the rate at which interest was payable on those monies before the forfeiture or surrender, or, if no interest was so payable, at the rate not exceeding the appropriate rate as the directors may determine from the date of forfeiture or surrender until payment. The directors may waive payment of such monies wholly or in part or enforce payment without any allowance for the value of the Shares at the time of forfeiture or surrender or for any consideration received on their disposal.

26. DIRECTORS' BORROWING POWERS

- 26.1 Subject as hereinafter provided, and as set out in the Investment Agreement, the Directors may exercise all the powers of the Company (whether express or implied) of borrowing or securing the payment of money, of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts, and of mortgaging or charging the undertaking, property, assets and uncalled capital of the Company and (subject to Section 551 of the CA 2006) of issuing debentures.
- 26.2 Except with the prior sanction of the Investor Director or (if none is appointed) an Investor Majority, no mortgage or charge shall be created on any part of the undertaking, property, assets or uncalled capital of the Company or any subsidiary of the Company except for the purpose of securing money borrowed from bankers together with interest thereon and costs and expenses relating thereto.

27. INDEMNITY

- 27.1 Subject to the provisions of the CA 2006 every Director (including an alternate Director) or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the lawful execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court, and no Director (including an alternate Director) or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the lawful execution of the duties of his office or in relation thereto.
- 27.2 The Directors shall have the power to purchase and maintain for any Director, (including an alternate Director), officer or auditor of the Company insurance against any liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a Director, (including as an alternate Director), officer or auditor.
- 27.3 The Directors may authorise the directors of companies within the same group of companies as the Company to purchase and maintain insurance at the expense of the Company for the benefit of any director (including an alternate director), other officer or auditor of such company in respect of such liability, loss or expenditure as is referred to in Article 27.2.