

THE COMPANIES ACTS 1985  
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION  
of  
CLYDE BROADCAST PRODUCTS  
LIMITED

(Registered No. 174692)

Incorporated in Scotland the 21st day of April 1997

Adopted by Special Resolution dated 3rd March 1998



Dickson Minto W.S.  
11 Walker Street  
Edinburgh  
EH3 7NE



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**PRELIMINARY**

**1. Preliminary**

**1.1 In these articles:-**

- |                                   |   |
|-----------------------------------|---|
| "Approved Issue"                  | means shares issued pursuant to the Option granted in favour of DE in terms of the Subscription Agreement entered into by the Company and DE on the date of adoption of these articles; |
| "the Directors"                   | means the director(s) of the Company from time to time;   |
| "DE"                              | means Dunbartonshire Enterprise whose registered office is at Spectrum House, Clydebanks Business Park, Clydebanks G81 2DR, its successors and assignees;                               |
| "Dunbartonshire Enterprise Group" | means DE and any body which has acquired the whole or substantially the whole of the assets and undertaking of DE and any subsidiary of either DE or such body;                         |
| "Preference Shares"               | means together the A Preference Shares and B Preference Shares.   |

## CONSTITUTION

1. The Company is established as a private company within the meaning of Section 1(3) of the Companies Act 1985 (hereinafter referred to as "the Act") in accordance with and subject to the provisions of the Act and of the Memorandum of Association of the Company and of the Regulations contained in Table A, set out in Statutory Instrument 1985 No. 805 as amended by Statutory Instrument 1985 No. 1052 (hereinafter referred to as "Table A") with the exception of Regulations 2, 3, 5, 23, 24, 40, 41, 53, 54, 64 to 69 (inclusive), 73 to 87 (inclusive), 89, 93 and 118 of Table A, and of any other Regulations which are inconsistent with the additions and modifications hereinafter set forth.

## SHARE CAPITAL

2. The share capital of the Company is £100,527 divided into 10,527 Ordinary Shares of £1 each and 50,000 A Cumulative Redeemable Preference Shares of £1 each ("A Preference Shares") and 40,000 B Cumulative Redeemable Preference Shares of £1 each ("B Preference Shares"). The rights attaching to the Preferences Shares and the Ordinary Shares are as follows:-

### (A) As Regards Income

In respect of any financial year of the Company the profits of the Company for the time being available for distribution shall be applied as follows:-

#### Preference Shares

##### (i) First in paying *pari passu*:-

- (a) to the holders of the A Preference Shares a fixed cumulative preferential cash dividend (prior to the deduction therefrom of advance corporation tax in respect thereof at the rate applicable from time to time) of 6 pence per

annum (or such other rate or rates as may be agreed in writing with the A Preference shareholders and B Preference shareholders) on each share (hereinafter in these Articles referred to as "the A Preference Dividend") payable half yearly in arrears on 1 April and 1 October (for the purposes of these Articles "the Fixed Dividend Dates") provided that the profits and reserves distributable in respect of any such period shall be applied in the first place in paying arrears (if any) of the A Preference Dividend outstanding at the relevant time; and

- (b) to the holders of the B Preference Shares a fixed cumulative preferential cash dividend (prior to the deduction therefrom of advance corporation tax in respect thereof at the rate applicable from time to time) of 6 pence per annum (or such other rate or rates as may be agreed in writing with the A Preference shareholders and B Preference shareholders) on each share (hereinafter in these Articles referred to as "the B Preference Dividend") payable half yearly in arrears on the Fixed Dividend Dates provided that the profits and reserves distributable in respect of any such period shall be applied in the first place in paying arrears (if any) of the B Preference Dividend outstanding at the relevant time.

- (ii) The first payment of the A Preference Dividend and the B Preference Dividend (together "the Preference Dividend") shall be made on 1st April 1998:
  - (i) in respect of the A Preference Dividend for the period from 28th August 1997 to 1st April 1998 (both dates inclusive); and
  - (ii) in respect of the B Preference Dividend for the period from 27th June 1997 to 1st April 1998.
- (iii) The Preference Dividend shall accrue day by day and shall be payable without any resolution of the Directors or of the Company in general meeting.
- (iv) In the event of any of the Preference Shares being redeemed during a financial year of the Company, then such share shall be entitled to receive an amount of the Preference Dividend *pro rated* according to the number of days in such financial year up to and including the date upon which any such Preference Shares are redeemed in accordance with these Articles.
- (v) In the event of the profits of the Company available for distribution at any time being insufficient to cover the amount of the Preference Dividend, the profits available as aforesaid shall be applied towards payment of the Preference Dividend and the amount of the shortfall (together with interest at the rate specified in paragraph (vi) below) shall be paid out of subsequent profits available for distribution and that prior to any subsequent Preference Dividend and all

dividends payable on all other classes of shares in the capital of the Company.

- (vi) In the event that the Preference Dividend is not paid then such sum shall forthwith become a debt due by the Company and interest shall accrue on the amount of such dividend otherwise payable at the rate of 10% per annum from such date until payment in full.
- (vii) The Company shall procure that each of its subsidiary undertakings which has profits available for distribution shall from time to time declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of the Preference Dividend.

**Ordinary Shares:**

- (viii) Second, but subject to and conditional upon payment in full of the Preference Dividend and all arrears of the Preference Dividend (together with any associated interest), in paying to the holders of Ordinary Shares a dividend according to the amounts paid up or credited as paid up on the Ordinary Shares held by them respectively.

**(B) As regards Capital:**

On return of assets on liquidation or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied:-

- (1) In the first place in paying to the holders of the A Preference Shares the sum of £1.15 for each of the A Preference Shares held by them respectively together with a sum equal to any arrears or accruals of the A

Preference Dividend calculated down to the date of return of capital.

(2) In the second place in paying to the holders of the B Preference Shares the sum of £1 for each of the B Preference Shares held by them respectively together with a sum equal to any arrears or accruals of the B Preference Dividend calculated down to the date of return of capital.

(2) In the third place and subject thereto, the balance of such assets shall belong to and be distributed amongst the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on the Ordinary Shares held by them respectively.

**(C) As regards Redemption:**

(i) The A Preference Shares

The A Preference Shares shall, subject to early redemption in accordance with Article 2(c)(ii) below, be redeemed in accordance with the following provisions:-

- (1) 16,666 A Preference Shares on 1 October 2001 at a price of £1.15 per share (inclusive of a cash premium of £0.15);
- (2) 16,667 A Preference Shares on 1 October 2002 at a price of £1.15 per share (inclusive of a cash premium of £0.15);
- (3) 16,667 A Preference Shares on 1 October 2003 (which date shall be termed "the Final Redemption Date") at a price of £1.15 per share (inclusive of a cash premium of £0.15);

together in each case with a sum equal to any arrears or accruals of the A Preference Dividend calculated up to the date of redemption and payable whether such A Preference Dividend has been earned or declared or not.

The cash premium is to be treated as a distribution for tax purposes and the Company will make no application under Section 225 of the Income and Corporation Taxes Act 1988 in respect of it and any shares not redeemed upon the due date shall incur interest at the rate of 10% per annum on the redemption price of each A Preference Share, including the cash premium payable on each A Preference Share.

(ii) Subject to the provisions of the Act the Company shall be obliged to redeem immediately (which date shall be termed "the Early Redemption Date") all (but not some) of the A Preference Shares at a price of £1.15 per share in advance of the due date for redemption:-

- (1) if, without the prior written consent of DE, it ceases to trade from the premises at 15 North Avenue, Clydebank Business Park, Clydebank G81 2PQ and does not immediately relocate its operation to other premises within Dunbartonshire suitable to DE;
- (2) on the date upon which any of the equity share capital of the Company is admitted to the Official List of the Stock Exchange or



permission for any of the equity share capital of the Company to be dealt in on the Alternative Investment Market or any other recognised investment exchange (as defined in Section 207 of the Financial Services Act 1986) becomes effective; or

- (3) on the date upon which an offer to purchase 50% or more of the issued equity share capital of the Company (or 50% or more of all such capital including any already held by the offeror) is accepted and the sale of shares pursuant to such offer is completed.

(iii) B Preference Shares

The B Preference Shares shall be redeemed in accordance with the following provisions:-

- (1) 16,666 B Preference Shares on 1 October 2001 at a price of £1.15 per share;
- (2) 16,667 B Preference Shares on 1 October 2002 at a price of £1.15 per share;
- (3) 16,667 B Preference Shares on 1 October 2003 (which date shall be termed "the Final Redemption Date") at a price of £1.15 per share;

together in each case with a sum equal to any arrears or accruals of the B Preference Dividend calculated up to the date of redemption and payable whether such B Preference Dividend has been earned or declared or not.

(iv) On the dates fixed for any redemption the Company shall pay to each registered holder of

Preference Shares the amount payable in respect of such redemption and upon receipt of that amount each such holder shall surrender to the Company the certificate for his shares which are to be redeemed in order that they may be cancelled provided that if any certificate so surrendered includes any shares not redeemable at that time the Company shall issue a fresh certificate for the balance of the shares not redeemable to the holder.

- (v) On redemption of the Preference Shares the Company shall contemporaneously pay any arrears or accruals of the relevant Preference Dividend calculated to the date of redemption. The relevant Preference Dividend shall cease to accrue from the date of payment of the redemption moneys.
- (vi) For the avoidance of doubt, where the Company has insufficient funds to redeem in full the Preference Shares in accordance with Articles 2(c)(i) and (iii), it shall redeem *pro rata* as between the A Preference Shares and the B Preference shares.

**(D) As regards Voting:**

- (1) At any general meeting of the Company, every holder of Ordinary Shares who is present in person or by proxy (or in the case of a corporation by representative) shall have one vote on a show of hands and on a poll every such holder shall have one vote for every £1 in nominal amount of Ordinary Shares in the capital of the Company of which he is the holder.

- (2) The holders of the Preference Shares shall be entitled to receive notice of all general meetings but shall not by reason of such holding be entitled to attend or vote thereat.

### CLASS RIGHTS

3. Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of three fourths of the issued shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the shares of that class but not otherwise. To every such separate meeting all the provisions of these Articles relating to General Meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one person at least holding or representing by a proxy one half in nominal amount of the issued shares of the class and that the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively, provided that, without prejudice to the generality of this Article, the special rights of the A Preference Shares shall be deemed to be altered (unless the prior written consent of DE is received):-

- (1) by any alteration or increase or reduction of the authorised or issued share capital of the Company or any of its subsidiaries, or by any variation of the rights attached to any of the shares for the time being in the capital of the Company or any of its subsidiaries or the reduction of its share capital or the repayment of any amount outstanding to the credit of any share premium account or redemption reserve fund or otherwise by

the reorganisation of the share capital of the Company or any of its subsidiaries in any way;

- (2) by the disposal of the whole or a substantial part of the share capital of the Company or any subsidiary of the Company or the disposal of the whole or the substantial part of the business and assets of the Company or any subsidiary of the Company;
  - (3) by the acquisition of any interest in any share in the capital of any company by the Company or any of its subsidiaries;
  - (4) by any alteration of the restrictions on the powers of the directors of the Company and its subsidiaries to borrow, give guarantees or create charges;
  - (5) by the passing of a resolution for the winding up of the Company or any of its subsidiaries other than where the Company or the relevant subsidiary is insolvent;
  - (6) by the passing of any resolution to amend the Memorandum or Articles of Association of the Company or any of its subsidiaries; or
  - (7) by the passing of any resolution to approve any contract by the Company to purchase or redeem any of its shares.
4. (A) Subject to the provisions of the Act and of every other statute for the time being in force concerning companies and affecting the Company and to any direction to the contrary that may be given by ordinary resolution of the Company and the following provisions of these Articles of Association, all the unissued shares (including any redeemable shares) of the Company (whether forming part of the existing or any increased capital) shall be at the disposal of the Directors, who may offer, allot, issue, grant options or rights over or otherwise dispose of them to such persons, at such times and for such consideration and

upon such terms and conditions and with such preferred, deferred or other special rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Directors may determine, but so that no shares shall be issued at a discount.

- (B) For the purpose of Section 80 of the Act, the Directors are authorised generally and unconditionally (but only in the case of Ordinary Shares for the purposes of an Approved Issue) to allot without the authority of the Company in general meeting up to a maximum of £10,527 in nominal amount of relevant securities (as hereinafter defined) of the Company at any time or times from the date of incorporation of the Company until the date occurring five years after such date of incorporation. The aforesaid authority may be previously revoked or varied by the Company in general meeting and may be renewed by the Company in general meeting for a further period not exceeding five years. The Company may make any offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after this authority has expired and the Directors may allot relevant securities in pursuance of any such offer or agreement. In this paragraph, references to the allotment of relevant securities shall be construed in accordance with Section 80 of the Act.
- (C) In accordance with Section 95 of the Act, sub-Section (1) of Section 89 of the Act shall be excluded from applying to the allotment of equity securities (as defined in Section 94 of the Act).
- (D) Save in the case of an Approved Issue all shares which are not comprised in the authorised share capital of the Company as at

the date on which the resolution of the Company adopting this Article was passed and which the Directors propose to issue shall, before issue, be offered by the Directors in the first instance to all holders at the relevant time of the relevant class of share capital being issued and that in each case in proportion as nearly as may be to the aggregate amounts paid up or credited as paid up on the shares held by such members respectively. Every such offer shall be in writing, shall state the number of the shares to be issued, and shall be subject to the condition, which shall be incorporated in such offer, that any acceptance thereof (which may be as regards all or any of the shares offered) shall be in writing and delivered at the office within a period of 14 days from the date of service of the said offer.

- (E) Any members to whom such offer shall have been made and whose requirements shall not have been fully met by such allocation shall further be entitled to receive and bound to accept an allocation among them of any surplus shares in proportion as nearly as may be to the number of shares accepted by them respectively in excess of the number of shares to which they may respectively be entitled on the first allocation thereof as aforesaid. In so far as any such offer shall not be accepted the Directors may within 3 months after the date of the offer thereof in terms of this Article dispose of such shares to such person or persons as they may think fit but only upon terms no less favourable than as were specified in such offer.

5. The Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional

part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except and absolute right to the entirety thereof in the registered holder. The Company shall however be entitled to register trustees as such in respect of any shares.

#### **THE SEAL**

6. In Regulation 1 of Table A the words "the common seal of the Company" shall be omitted and the words "any seal for the time being adopted by the Company as its common seal" shall be inserted after the words ""the Seal" means".
7. In Regulation 6 of Table A the words "or subscribed in accordance with Section 36B of the Act" shall be inserted after the words "sealed with the Seal".

#### **LIEN**

8. In Regulation 8 of Table A the words "(not being a fully paid share)" shall be omitted and the words "and the Company shall also have a first and paramount lien on all shares standing registered in the name of a single person or in the name of any person jointly with another or others for all monies presently payable by him or any of them or his estate or their estates to the Company" shall be inserted after the words "in respect of that share".

#### **CALLS ON SHARES**

9. In Regulation 12 of Table A the words "save in the case of a call deemed to have been made in terms of Regulation 16 which call shall be irrevocable." Shall be inserted after the words "postponed in whole or in part".

#### **FORFEITURE OF SHARES**

10. In Regulation 15 of Table A the words "and all expenses that may have been incurred by the Company by reason of such non-payment" shall

be inserted after the word "Act)" and after the words "payment of the interest".

11. In Regulation 18 of Table A the words "and expenses that may have been incurred by the Company by reason of such non-payment" shall be inserted after the words "may have accrued".

### **TRANSFER OF SHARES**

12. (A) The directors shall refuse to register any transfer of shares not in accordance with the provisions of these Articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register any transfer of shares. For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these Articles, the Directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the Directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the Directors within a period of 28 days after such request the Directors shall be entitled to refuse to register the transfer in question.

(B) For the purposes of these Articles:-

- (1) "Privileged Relation" in relation to a member means the spouse or widow or widower of the member and the member's parents, children and grandchildren (including step and adopted children and their issue) and step and adopted children of the member's children;
- (2) "Family Trust" in relation to any member means a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than



for the benefit of that member and/or a Privileged Relation of that member and under which no power of control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or such member or his Privileged Relations;

- (3) "settlor" includes testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member.

(C) Notwithstanding any other provision in these Articles any member may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to a Privileged Relation or to trustees to be held upon a Family Trust.

(D) Where any such shares are held by trustees upon a Family Trust:-

- (1) on any change of trustees such shares may be transferred to the new trustees of that Family Trust;
- (2) such shares may be transferred at any time to the settlor or to another Family Trust of the settlor or to any Privileged Relation of the settlor;
- (3) if and whenever any such shares cease to be held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to another Family Trust of the settlor or to any Privileged Relation of the settlor) a Transfer Notice (as defined in Article 8.6) shall be deemed to have been given in respect of the shares (as hereinafter defined) by the holders thereof and such shares may not otherwise be transferred; and

- (4) for the purposes of this Article the expression "relevant shares" means and includes the shares originally transferred to the trustees and any additional shares issued or transferred to the trustees by virtue of the holding of the relevant shares or any of them.
- (E) In the event of any member being an individual leaving the employment of the Company for whatever reason, a Transfer Notice under Article 12(F) shall be deemed to have been given in respect of all shares held by such member.
- (F) Save as otherwise provided in these Articles every member who desires to transfer any Ordinary Shares (hereinafter called "the Vendor") shall give to the Company notice in writing of such desire (hereinafter called a "Transfer Notice"). Subject as hereinafter mentioned a Transfer Notice shall constitute the Company the Vendor's agent for the sale of the shares specified therein (hereinafter called "the Sale Shares") in one or more lots at the discretion of the directors at the Sale Price (as hereinafter defined).

The Sale Price shall be the price agreed by the Vendor and the directors or if the Vendor and the directors are unable to agree a price within 28 days of the Transfer Notice being given or deemed to have been given the price which a chartered accountant (acting as an expert and not as an arbiter) nominated by agreement between the Vendor and the Company or in default of such agreement by the President for the time being of the Institute of Chartered Accountants of Scotland shall by writing under his hand certify to be in his opinion a fair value thereof. Save for shares sold pursuant to a deemed Transfer

Notice the Transfer Notice may contain a provision that unless all the shares comprised therein are sold by the Company pursuant to this Article none shall be sold and any such provision shall be binding on the Company.

- (G) If a chartered accountant is asked to certify the fair value as aforesaid his certificate shall be delivered to the Company and as soon as the Company receives the certificate it shall furnish a certified copy thereof to the Vendor and save for shares sold pursuant to a deemed Transfer Notice the Vendor shall be entitled by notice in writing given to the Company within 10 days of the service upon him of the certified copy to cancel the Company's authority to sell the Sale Shares. The cost of obtaining the certificate shall be borne by the Company unless the Vendor shall give notice of cancellation as aforesaid in which case the Vendor shall bear the cost.
- (H) Upon the price being fixed as aforesaid and provided the Vendor shall not give a valid notice of cancellation the Company shall forthwith offer the Sale Shares to all holders of Ordinary Shares (other than the Vendor) *pro rata* as nearly as may be in proportion to the existing number of Ordinary Shares held by such members giving details of the number and the Sale Price of such Sale Shares. The Company shall invite each such member as aforesaid to state in writing within 21 days from the date of the notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the expiration of the said period of 21 days there are any Sale Shares offered which any of the members hereinbefore mentioned have not so stated their willingness to purchase all the shares previously offered to

them, such remaining shares shall be offered *pro rata* as nearly as may be in such proportion to existing numbers of equity shares then held by such members which shall remain open for a further period of 21 days.

- (I) If the Company shall pursuant to the above provisions of this Article find a member or members of the Company willing to purchase all or (save for shares sold pursuant to a deemed Transfer Notice or unless the Transfer Notice contains a provision that unless all the shares comprised therein are sold by the Company pursuant to this Article none shall be sold), any of the Sale Shares, the Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Sale Shares as shall have been transferred to them as aforesaid.
- (J) If the Directors shall not have found a member or members of the Company willing to purchase all of the Sale Shares pursuant to the foregoing provisions of this Article, the Company shall have the option to purchase such of the Sale Shares as have not been sold at a price being no less than the Sale Price. The Company may exercise the said option at any time within 6 months after the final offer by the Company to its members by

serving written notice upon the Vendor that it intends to exercise the said option. On receipt of the Sale Price the Vendor shall be bound to transfer the Sale Shares to the Company or deliver the Share Certificate(s) in his name to the Company for cancellation.

- (K) If the Company shall not exercise the said option in terms of Article 12(J) hereof, the Vendor shall at any time within 6 months after the date of expiry of the said option be at liberty to sell and transfer such of the Sale Shares as have not been sold to any person at a price being no less than the Sale Price.
- (L) In the application of regulations 29 to 31 (inclusive) in Table A to the Company:
  - (1) Save where the proposed transfer or transmission is within Articles 12(C) and 12(D) hereof ("a Permitted Transfer") any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall give a Transfer Notice under Article 12(F) hereof as the case may be before he elects in respect of any share to be registered himself or to execute a transfer.
  - (2) If a person so becoming entitled shall not have executed a Permitted Transfer or given a Transfer Notice in respect of any share within 6 months of the death or bankruptcy, the Directors may at any time thereafter upon resolution passed by them give notice requiring such person within 30 days to execute Permitted Transfers or to give a Transfer Notice in respect of all the shares to which he has so become entitled and for which he has not previously done so and if he does not do so he shall at the end of such 30

days be deemed to have given a Transfer Notice relating to those shares in respect of which he has still not executed Permitted Transfers or given a Transfer Notice.

- (M) Notwithstanding any other provisions of these Articles a transfer of any shares in the Company held by any member of the Dunbartonshire Enterprise Group to any other member of the Dunbartonshire Enterprise Group may be made without any restriction as to price or otherwise and any such transfer shall be registered by the Directors.

#### **LIMITATION ON TRANSFER OF CONTROL**

13. (A) While any member of the Dunbartonshire Enterprise Group hold any shares in the capital of the Company, except as aftermentioned, no sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered if as a result of such sale or transfer and registration thereof directly or indirectly any company, person or persons who are not members of the Company on the date of adoption of these Articles or Family Trusts and Privileged Relations of such members would acquire control of 50% or more of the votes capable of being cast at a General Meeting of the Company; provided that such sale or transfer may be made and validly registered if:-
- (i) DE has been advised in writing of the proposed sale or transfer; and
  - (ii) an offer is made to purchase all Preference Shares held by DE at a price of £1.15 per share (together with a

sum equivalent to all arrears and accruals of dividend plus tax credits related thereto); and

(iii) DE has consented in writing to such sale or transfer (such consent not to be unreasonably withheld).

(B) All other regulations of the Company relating to the transfer of shares and the right to registration of transfers shall be read subject to the provisions of this Article.

### **GENERAL MEETINGS**

14. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two members present in person or by proxy or, if corporations, by representatives duly authorised shall be a quorum.
15. If a quorum is not present within half an hour of the time appointed for a general meeting the meeting, if convened on the requisition of members, shall be dissolved; in any other case it shall stand adjourned to such day and at such time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.
16. Subject to the provisions of the Act, a resolution in writing signed by all the members of the Company who would be entitled to receive notice of and to attend and vote at a general meeting at which such resolution was to be proposed, or by their duly appointed attorneys or representatives, shall be as valid and effectual as if it had been passed at a general meeting of the Company duly convened and held. Any such resolution may consist of several documents in the like form each signed by one or more of the members or their duly appointed attorneys or representatives and the signature in the case of a corporate

body which is a member shall be sufficient if made by a director or the secretary thereof or by its duly appointed attorneys or representatives.

17. A poll may be demanded at any general meeting by the Chairman or by any member present in person or by proxy or, if a corporation, by any representative duly authorised and entitled to vote. Regulation 46 of Table A shall be construed accordingly.
18. No resolution not previously approved by the Directors shall be moved by any member other than a Director at a general meeting unless the member intending to move the same shall have left a copy thereof with his name and address at the Registered Office of the Company three clear days prior to such meeting.
19. A notice of every general meeting and a copy of any circular shall be given to every member whether or not he shall have supplied to the Company an address within the United Kingdom for the giving of notices and Regulation 112 of Table A shall be construed accordingly.

#### **DIRECTORS**

20. Unless and until otherwise determined by ordinary resolution of the Company, the minimum number of Directors shall be one and there shall be no maximum number. A sole director shall have all the power and authority vested in "the Directors" in terms of these Articles of Association.
21. During the period that any member of the Dunbartonshire Enterprise Group is a member of the Company it shall be entitled to nominate one Director of the Company and to remove or replace him. The Company will pay such director a fee to be agreed between the Director and the Company, DE acting reasonably in fixing such remuneration.
22. A Director shall not be required to hold shares of the Company in order to qualify for office as a Director, but he shall be entitled to



receive notice of and attend and speak at all general meetings of the Company or of any class of members of the Company.

23. A Director who is in any way whether directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 317 of the Act. Subject to such disclosure as aforesaid a Director may vote in respect of any contract or proposed contract or arrangement in which he is interested and if he does so vote his vote shall be counted and he may be counted in ascertaining whether a quorum is present at any meeting at which any such contract or proposed contract or arrangement shall come before the Directors for consideration and may retain for his own absolute use and benefit all profits and advantages accruing to him therefrom. For the purposes of this Article:-

- (a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

24. The office of a Director shall be vacated:-

- (a) if he becomes bankrupt or suspends payment of or compounds with his creditors;
- (b) if he becomes of unsound mind or a patient for the purpose of any statute relating to mental health or otherwise *incapax*;

- (c) if (not being a Director holding executive office as such for a fixed term) by notice in writing to the Company he resigns his office;
  - (d) if he is prohibited by law from being a Director or ceases to be a Director by virtue of the Act or any statutory modification or re-enactment thereof;
  - (e) if he is removed from office by notice in writing signed by all his Co-Directors and served upon him;
  - (f) if he shall for more than six months have been absent without permission of the Directors from meetings of the Directors held during that period and the Directors resolve that his office be vacated;
  - (g) if he is convicted of a criminal offence.
25. The Directors shall have power at any time, and from time to time to appoint any person to be a Director of the Company either to fill a casual vacancy or as an addition to the existing Directors.
26. Subject to the provisions of Article 21 hereof the ordinary remuneration of the Directors shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree or, failing agreement, equally except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for such proportion of remuneration as relates to the period during which he has held office. The Directors may repay to any Director all such reasonable expenses as he may properly incur in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings of the Company or any class of members of the Company or otherwise in or about the business.

of the Company. In the event of any Director necessarily performing or rendering any special duties or services to the Company outside his ordinary duties as a Director the Directors may, if so authorised by an ordinary resolution of the Company, pay such Director special remuneration and such special remuneration may be by way of salary, commission, participation in profits or otherwise as may be arranged.

27. The Directors may from time to time appoint one or more of their number to an executive office (including that of Managing Director, Deputy or Assistant Managing Director, Manager or any other salaried office) for such period and on such terms and conditions as they shall think fit, and subject to the terms and conditions of any agreement entered into in any particular case, may revoke such appointment. Subject to the terms and conditions of any such agreement the appointment of any Director as aforesaid shall be *ipso facto* determined if he ceases from any cause to be a Director. Regulation 72 of Table A shall extend to the posts of Deputy or Assistant Managing Director or Manager aforesaid.
28. Subject to the provisions of a subscription agreement dated on the date of adoption of these Articles and entered into between the Company and Dunbartonshire Enterprise and others, a Managing Director, Deputy or Assistant Managing Director, Manager or other executive officer as aforesaid shall receive such remuneration (either by way of salary, commission, participation in profits or pension or otherwise howsoever, whether similar to the foregoing or not) as the Directors may determine.
29. The Directors on behalf of the Company and without the approval of any resolution of the Company may establish, maintain, participate in and contribute to, or procure the establishment and maintenance of, participation in and contribution to, any pension, superannuation,

benevolent or life assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of any persons (including Directors, former Directors, officers and former officers) who are or shall have been at any time in the employment or service of the Company or of any company which at the time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company (as defined in Section 736 of the Act) or otherwise associated with the Company or of the predecessors of the Company in business or of any such other company as aforesaid, or for the benefit of the relations, wives, widows, families, connections or dependants of any such persons and without the approval of any resolution of the Company may grant or procure the grant of donations, gratuities, pensions, allowances, including allowances on death, to any of such persons as aforesaid provided that any such donation, contribution, gratuity, pension allowance and allowance on death shall not exceed £20,000 in aggregate per annum; and the Directors on behalf of the Company and without the approval of any resolution of the Company may establish, subsidise, subscribe to or support institutions, associations, clubs, schools, funds or trusts calculated or considered to be for the benefit of any such persons as aforesaid or otherwise for the advancement of the interests and well-being of the Company or of any such other company as aforesaid or its members; and the Directors on behalf of the Company and without the approval of any resolution of the Company may make payments for or towards the insurance of any of such persons as aforesaid. Any such Director or ex-Director may participate in and retain for his own benefit any such donation, gratuity, pension, allowance, payment or other benefit conferred under or pursuant to this Article and the

receipt thereof shall not disqualify any person from being or becoming a Director of the Company.

30. The Directors on behalf of the Company and without the approval of any resolution of the Company (but subject to the provisions of Sections 151 to 158 of the Act) may establish and contribute to any employees' share scheme (within the meaning of Section 743 of the Act) for the purchase or subscription by trustees of shares of the Company or of a holding company of the Company and may lend money to the Company's employees to enable them to purchase or subscribe for shares of the Company or of a holding company of the Company; and may establish and maintain any option or incentive scheme whereby selected employees (including salaried Directors and officers) of the Company are given the opportunity of acquiring shares in the capital of the Company; and may formulate and carry into effect any scheme for sharing the profits of the Company with its employees (including salaried Directors and officers) or any of them. Any Director may participate in and retain for his own benefit any such shares, profit or other benefit conferred under or pursuant to this Article and the receipt thereof shall not disqualify any person from being or becoming a Director of the Company.
31. The Directors shall not be subject to retirement by rotation and accordingly all references in Table A to retirement by rotation shall be disregarded.
32. A resolution in writing signed by all the Directors for the time being in the United kingdom shall be as effective as a resolution passed at a meeting of the Directors duly convened and held and may consist of several documents in the like form, each signed by one or more of the Directors.

33. All or any of the Directors or any committee of the Directors may participate in a meeting of the Directors or that committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other and provided two or more Directors are participating as aforesaid such meeting shall be quorate and subject to the provisions of these Articles the meeting shall constitute a meeting of the Directors or a committee of the Directors as the case may be. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or 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.

#### **BORROWING AND OTHER POWERS**

34. (1) Subject to the limits set out below the Directors may exercise all the powers of the Company (whether express or implied):-
- (2) of borrowing or securing the payment of money;
  - (3) of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and
  - (4) mortgaging or charging the property, assets and uncalled capital of the Company (in respect of securing bank loans or overdrafts only);

provided that the aggregate amount of moneys borrowed and guarantees given by the Company and any of its subsidiaries from time to time shall not exceed two times the Company's issued share capital and consolidated reserves or £300,000 whichever is the higher.

#### **ALTERNATE DIRECTORS**

35. (A) Any Director may at any time by writing under his hand and deposited at the Registered Office, or delivered at a meeting of

the Directors, appoint any person to be his alternate Director and may in like manner at any time terminate such appointment. If such alternate Director is not another Director, such appointment, unless previously approved by the Directors, shall have effect only upon and subject to being so approved.

- (B) The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if his appointor ceases to be a Director (retirement at any general meeting at which the Director is re-elected being for such purpose disregarded).
- (C) An alternate Director shall (except when absent from the United Kingdom) be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his appointor is not personally present and generally at such meeting to perform all the functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director. If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill-health or disability, an alternate Director's signature to any resolution in writing of the Directors shall be as effective as the signature of his appointor. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). An alternate Director shall not (save as aforesaid) have power to act as a Director or be deemed to be a Director for the purposes of these Articles.
- (D) An alternate Director may be repaid expenses and shall be entitled to be indemnified by the Company to the same extent

*mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any remuneration except only such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

#### INDEMNITY

36. Every Director or officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution or discharge 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 which the charge is found not proven or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to be incurred by the Company in the execution or discharge of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.

#### INSURANCE

37. The Directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, Officers, employees or auditors of the Company or any other company which is its holding company or subsidiary. Without prejudice to the generality of Article 20 at a meeting of the Directors where such insurance is under consideration a Director may form part of the quorum and vote notwithstanding any interest he may have in such insurance.