

Company number SC229316

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

Modutec Limited

(the 'Company')

(Adopted by special resolution passed on 15th September 2022)

1. INTERPRETATION

1.1 In these Articles, the following words have the following meanings:

Accounting Standards generally accepted accounting principles, standards and practices applied in the UK, including Statements of Standard Accounting Practice, Financial Reporting Standards and Urgent Issues Task Force Abstracts as issued by the Financial Reporting Council (but excluding International Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board).

Accepting Shareholder: has the meaning given in article 24.5;

Act: the Companies Act 2006;

Acting in Concert: has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended);

A Ordinary Shares A ordinary shares of £1.00 each in the capital of the Company

Appointor: has the meaning given in article 12.1;

Articles: the Company's articles of association for the time being in force;

Associate: has the meaning given to it by section 435 of the Insolvency Act 1986;

A Shareholder: the holder of A Ordinary Shares for the time being;

Board: means the board of directors of the Company;

Business Day: a day other than a Saturday, Sunday or public holiday in Scotland when banks in Edinburgh are open for business;

Buyer: has the meaning given in article 24.1;

Called Shareholders: has the meaning given in article 25.1;

Called Shares: has the meaning given in article 25.1;

Chairman: Iain MacGregor for so long as he remains a director of the Company and thereafter any director so elected by the Controlling Shareholder;

Company's lien: has the meaning given to it in article 17.1;

Conflict: a situation in which a director has or can have a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company;

Continuing Shareholder: has the meaning given in article 21.4;

Controlling Interest:	an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;
Controlling Shareholder:	a registered holder for the time being of not less than 85% by nominal value of the Shares from time to time;
Deemed Transfer Notice:	a Transfer Notice that is deemed to have been served under any article 22.1 or article 22.2;
Disposal	the disposal by the Company of all, or a substantial part of, its business and assets;
Drag Along Option:	has the meaning given in article 25.1;
Drag Along Notice:	has the meaning given in article 25.2;
Eligible Director:	a director who would be entitled to vote on the matter at a meeting of directors;
Excess Securities:	has the meaning given in article 18.2;
Exit	a Share Sale, a Disposal or a Listing;
Fair Value:	in relation to Shares, the fair value of such shares as determined in accordance with article 23;
Good Leaver:	<p>means a Shareholder, who is an individual, who becomes a Leaver (other than a person who has been declared bankrupt) as a result of:</p> <ul style="list-style-type: none"> (i) death; (ii) permanent/long-term disability or permanent/long-term incapacity through ill health, whereby long-term has the meaning of any illness, disability or incapacity which lasts for 12 months or more; provided that in each case: <ul style="list-style-type: none"> (1) the illness, disability or incapacity is certified by an independent registered medical practitioner; and (2) the board of directors of the Company, acting reasonably at all times, resolve that the illness, disability or incapacity is sufficient grounds to constitute the Shareholder as a Good Leaver. (iii) being aged 65 years of age or over; (iv) dismissal by the Company (or any other Group Company) which is determined by an employment tribunal or at a court of competent

jurisdiction from which there is no right to appeal or any such right of appeal is barred by virtue of the passage of time to be wrongful or substantively unfair.

provided that the board of directors of the Company may (with the prior written consent of the Controlling Shareholder but otherwise at their absolute discretion) resolve that a Shareholder who becomes a Leaver in any other circumstances may nevertheless be deemed to be a Good Leaver;

Group	means the Company and any subsidiary of the Company;
Group Company	means the company, any holding company or subsidiary of the Company and any other subsidiary of any of its holding companies.
Independent Accountants:	means an independent firm of chartered accountants nominated by the parties concerned (or, in the event of disagreement as to nomination which is not resolved within a period of 10 Business Days, appointed by the President for the time being of the Institute of Chartered Accountants of Scotland on the application of a party concerned);
Interested Director:	has the meaning given in article 9.1;
Leaver:	a Shareholder, who is an individual, who ceases to be an employee of any Group Company for any reason whatsoever and who does not continue as, or become, an employee of any Modutec Group company, or is given or shall give notice that he shall cease to be an employee of any Group Company for any reason whatsoever;
Listing	the successful application and admission of all or any of the Ordinary Shares, or securities representing such Ordinary Shares (including American depositary receipts, American depositary shares and/or other instruments) to the Official List of the Financial Conduct Authority or on the AIM market operated by the London Stock Exchange plc, or the Nasdaq national Stock Market of the Nasdaq Stock Market Inc. or to any recognized investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000).
Model Articles:	the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (<i>SI 2008/3229</i>) as amended prior to the date of adoption of these Articles and reference to a numbered "Model Article" is a reference to that article of the Model Articles;
Modutec:	means Modutec Holdings Limited, a company incorporated in Scotland with

	company number SC486008 and whose registered office is at First Floor Aurora House, 8 Inverness Campus, Inverness, IV2 5NA;
Modutec Group:	means Modutec, any holding company or subsidiary of Modutec and any other subsidiary of any of its holding companies;
Offer	has the meaning given in article 24.2;
Offer Notice	has the meaning given in article 24.3;
Offer Shares	has the meaning given in article 24.3 (d);
Ordinary Shares:	ordinary shares of £1.00 each in the capital of the Company (excluding, for the avoidance of doubt, the A Ordinary Shares which constitute a separate class of share);
Ordinary Shareholders:	the holders of Ordinary Shares for the time being (other than the A Shareholders);
Proposed Buyer	has the meaning given in article 25.1;
Proposed Transfer	has the meaning given in article 24;
Purchaser(s):	has the meaning given in article 21.6;
Option Agreement	means the option agreements among Modutec and the relevant Shareholder (as such agreements are amended, varied or novated from time to time);
Sale Date:	has the meaning given in article 24.3;
Sale Shares:	has the meaning given in article 21.1;
Sale Price:	has the meaning given in article 21.3;
Sale Proceeds:	means the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale.
Sale Notice:	has the meaning given in article 21.6;
Seller:	has the meaning given in article 21.1;
Sellers' Shares:	has the meaning given in article 25.1;
Selling Shareholders:	has the meaning given in article 25.1;
Shareholders:	means the holders of the Shares;
Shareholders Agreement	means the shareholders agreement among Modutec, Brian Andrew Knowles

and Chris Andrew relating to the Shares held in the Company dated on or around the date of adoption of these Articles (as amended, varied or novated from time to time);

Shares: means the Ordinary Shares and the A Ordinary Shares;

Share Sale: the sale of (or the grant of a right to acquire or to dispose of) any Shares (in one transaction or as a series of transactions) which would, if completed, result in the buyer of those Shares (or grantee of that right) and persons acting in concert with him together acquiring a Controlling Interest, except where the identities of the shareholders in the buyer and the proportion of shares of the buyer held by each of them following completion of the sale are the same as the identities of the Shareholders and their respective shareholdings in the Company immediately before the sale.

Specified Price: has the meaning given in article 24.2;

subsidiary: has the meaning given in article 1.5;

Transfer Notice: means a notice in writing given by any shareholder to the Company where that shareholder desires, or is required by these Articles, to transfer (or enter into an agreement to transfer) any shares;

Writing or written: the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, for the purposes of article 1 to article 23, "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form (other than by fax); and

Written Notice: has the meaning given in article 21.4.

1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have those meanings in these Articles but excluding any statutory modification of them not in force on the date when these Articles become binding on the Company.

1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.

1.5 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case maybe) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:

(a) another person (or its nominee), by way of security or in connection with the taking of security;
or

(b) its nominee.

1.6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as amended, extended or re-enacted from time to time.

1.7 Any words following the terms **including**, **include**, **in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

2. **ADOPTION OF THE MODEL ARTICLES**

2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.

2.1 Articles 7, 8, 9(1), 11 to 14 (inclusive), 17(2), 26(5), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the Company.

2.2 Model Article 20 shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".

- 2.3 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.4 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under Model Article 28(2)," after the words "the transmittee's name".
- 2.5 Model Articles 31(1)(a) to (c) (inclusive) shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Model Article 31(d) shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

DIRECTORS

3. NUMBER OF DIRECTORS

- 3.1 If the Company only has one director for the time being that director may, for so long as he remains sole director, make decisions without regard to articles 4, 5, 6 and 7 relating to directors decision-making.
- 3.2 Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum.

4. DIRECTORS' MEETINGS

- 4.1 Any decision of the directors must either: (i) be taken at a meeting of directors in accordance with Article 4.3 or (ii) in the absence of such meeting, be a unanimous decision taken in accordance with article 5.
- 4.2 Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 4.3 All decisions made at any meeting of the directors or of any committee of the directors shall be made only by resolution and resolutions at any meeting of the directors or committee of the directors shall be decided by a majority of votes.

5. UNANIMOUS DECISIONS OF DIRECTORS

- 5.1 A decision of the directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

- 5.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 5.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting.

6. CALLING A DIRECTORS' MEETING

- 6.1 Any director may call a meeting of directors by giving not less than five Business Days' notice of the meeting to each director or by authorising the company secretary (if any) to give such notice.
- 6.2 Notice of any directors' meeting must be accompanied by:
- (a) an agenda specifying in reasonable detail the matters to be raised at the meeting; and
 - (b) copies of any papers to be discussed at the meeting.
- 6.3 Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of directors unless all the directors agree in writing.
- 6.4 Subject to an agreement being made to the contrary between the directors, all directors meetings shall be held in the United Kingdom.

7. PROCEEDINGS AT DIRECTORS' MEETINGS

- 7.1 The quorum at any meeting of the directors (including adjourned meetings) shall be 4 directors, at least one of whom shall be Iain Ross MacGregor (for so long as Iain Ross MacGregor is a director of the company and, if he ceases to be a director, such replacement as may be nominated in writing from time to time by the Controlling Shareholder).
- 7.2 No business shall be conducted at any meeting of the directors unless a quorum is present at the beginning of the meeting and also when that business is voted on.
- 7.3 If a quorum is not present within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for five Business Days at the same time and place.
- 7.4 Where a reconvened meeting is held five Business Days after an adjournment in accordance with article 7.3, the quorum of such a meeting shall be constituted by the number of directors who are present.

- 7.5 For the purposes of any meeting (or part of a meeting) held pursuant to article 9 to authorise a director's Conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.
- 7.6 Meetings of the directors shall be chaired by the Chairman. If the Chairman is not participating in a directors' meeting within ten minutes of the time at which it was due to start, the participating directors must appoint one of themselves to chair it.
- 7.7 If there is an equality of votes, the Chairman (or other chairman of the meeting) shall have a second or casting vote.

8. APPOINTMENT OF DIRECTORS

- 8.1 In any case where, as a result of death or bankruptcy, the Company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have been made bankrupt (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.
- 8.2 The Controlling Shareholder may at any time and from time to time by notice in writing to the Company appoint one or more persons to be a director or directors of the Company and, subject to the terms of the Shareholders Agreement, remove any director or directors from office.
- 8.3 If a Shareholder who is an individual ceases to be a Shareholder of the Company and/or employed by the Company or any Group Company, he shall immediately resign as a director of the Company and shall sign a letter of resignation to that effect.

9. DIRECTOR'S CONFLICT OF INTEREST

- 9.1 Either the directors or the Shareholders may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (Conflict).
- 9.2 Any authorisation under this article 9 made by the directors will be effective only if:
- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting

the Interested Director or any other interested director; and

- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted.

9.3 Any authorisation under this article 9 made by the Shareholders will be effective only if it is made by way of ordinary resolution.

9.4 Any authorisation of a Conflict under this article 9 may (whether at the time of giving the authorisation or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
- (c) provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
- (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
- (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

9.5 Where the directors or the Shareholders (as the case may be) authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.

9.6 The directors or the Shareholders (as the case may be) may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in

accordance with the terms of such authorisation.

- 9.7 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

10. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested;
- (c) 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 such contract or proposed contract in which he is interested;
- (d) 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;
- (e) 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; and
- (f) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

11. RECORDS OF DECISIONS TO BE KEPT

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in a form that enables the Company to retain a copy of such decisions.

12. ALTERNATE DIRECTORS

12.1 Any director (other than an alternate director) (the **Appointor**) may appoint any other director or any other person approved by resolution of the directors to be an alternate director to exercise the Appointor's powers, and carry out the Appointor's responsibilities, in relation to the taking of decisions by the directors, in the absence of the Appointor. A person may be appointed an alternate director by more than one director.

12.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company (and to the alternate, on removal) signed by the Appointor, or in any other manner approved by the directors.

12.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.

12.4 An alternate director has the same rights, in relation to any decision of the directors, as the Alternate's Appointor.

12.5 Except as the Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their Appointors; and
- (d) are not deemed to be agents of or for their Appointors,

and, in particular (without limitation), 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.

12.6 A person who is an alternate director but not a director may, subject to him being an Eligible Director:

- (a) be counted as participating for the purposes of determining whether a quorum is present at a meeting of directors (but only if that person's Appointor is an Eligible Director and is not participating);
- (b) participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, and does not himself participate); and
- (c) Shall not be counted as more than one director for the purposes of articles 12.6(a) and (b).

12.7 A director who is also an alternate director is entitled, in the absence of his Appointor(s) to a separate vote on behalf of each Appointor (provided that an Appointor is an Eligible Director in relation to that decision), in addition to his own vote on any decision of the directors.

12.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

12.9 An alternate director's appointment as an alternate (in respect of a particular Appointor) terminates:

- (a) When the alternate's Appointor revokes the appointment by notice to the Company and the alternate in writing specifying when it is to terminate; or
- (b) 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; or
- (c) When the alternate director's Appointor ceases to be a director for whatever reason.

13. **SECRETARY**

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

14. **SHARE CAPITAL AND RIGHTS ATTACHING TO SHARES**

- 14.1 As at the date of adoption of these Articles the share capital of the Company is 1,000 Ordinary shares of £1.00 and 53 A Ordinary Shares of £1.00 each.
- 14.2 Except as otherwise provided in these Articles, the Ordinary Shares and the A Ordinary Shares shall rank pari passu in all respects but shall constitute separate classes of shares.
- 14.3 Each Ordinary Share shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company. Each A Ordinary Share shall not carry the right to receive notice of and to attend, speak and vote at any general meeting of the Company.
- 14.3 No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one holder of the relevant class present in person or by proxy or (being a corporation) by a duly authorized representative. For the purpose of this article, one holder present in person or by proxy or (being a corporation) by a duly authorized representative may constitute a meeting.

15. INCOME

- 15.1 The profits which the Company may determine to distribute in respect of any financial year shall be applied and distributed in paying to the holders for the time being of a class or classes of shares in the capital of the Company such dividend(s) (if any) as may be recommended by the directors PROVIDED ALWAYS that the directors shall be entitled if and so often as they shall think fit to cause the Company to pay such interim dividends as the directors shall think fit and/or to recommend that no dividend shall be paid in respect of a class or classes of shares comprised in the capital of the Company or to recommend that a dividend shall be declared and paid in respect of a class or classes of shares comprised in the capital of the Company but not in respect of another class or other classes or to recommend that dividends of different amounts are declared and paid in respect of different classes of shares comprised in the capital of the Company, in each and every case without assigning any reason therefor and the directors shall have no liability to any member in respect of any act, omission or recommendation done, omitted or made by them in relation to the distribution or proposed distribution of the whole or any part of the income of the Company by way of dividend to its members or any of them. Every dividend shall be distributed to the appropriate shareholders pro rata according to the amounts paid up or credited a paid up on the

shares (but ignoring any share premium) held by them respectively and shall accrue on a daily basis.

17. LIEN

17.1 The Company has a lien (the **Company's lien**) over every share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the Company, whether he is the sole registered holder of the share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.

17.2 The Company's lien over a share:

- (a) Takes priority over any third party's interest in that share; and
- (b) Extends to any dividend or other money payable by the Company in respect of that share and (if the lien is enforced and the share is sold by the Company) the proceeds of sale of that share.

17.3 The directors may at any time decide that a share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part.

18. FURTHER ISSUES OF SHARES: PRE-EMPTION RIGHTS

18.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.

18.2 If the Company proposes to allot any equity securities, those equity securities shall not be allotted to any person unless the Company has first offered them to all Shareholders on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to other persons on a pari passu and pro rata basis to the number of Shares held by those holders (as nearly as possible without involving fractions). The offer:

- (a) shall be in writing, shall be open for acceptance for a period of 15 Business Days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities; and
- (b) may stipulate that any Shareholder who wishes to subscribe for a number of equity securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess equity securities (**Excess Securities**) for which he wishes to subscribe.

- 18.3 Any equity securities not accepted by Shareholders pursuant to the offer made to them in accordance with article 18.2 shall be used for satisfying any requests for Excess Securities made pursuant to article 18.2. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the Applicants pro rata to the number of Shares held by the applicants immediately before the offer was made to Shareholders in accordance with article 18.2 (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by him). After that allotment, any Excess Securities remaining shall be offered to any other person as the directors may determine, at the same price and on the same terms as the offer to the Shareholders.
- 18.4 Subject to articles 18.2 and 18.3 and to section 551 of the Act, any equity securities shall be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.
- 18.5 Any equity securities allotted to an A Shareholder pursuant to this article 18 shall be automatically designated as A Ordinary Shares.

SHARE TRANSFERS

19. PERMITTED TRANSFERS

19. Notwithstanding the provisions of article 20 any Shareholder may transfer all of his Shares in accordance with the terms of an Option Agreement.

20. SHARE TRANSFERS: GENERAL

- 20.1 In these Articles, reference to the transfer of a share includes the transfer, assignation or other disposal of a beneficial or other interest in that share, or the creation of a trust or encumbrance over that share, and reference to a share includes a beneficial or other interest in a share.
- 20.2 Subject to the provisions of article 20.4, the board of directors of the Company may, in its absolute discretion, and without giving any reason, decline to register any transfer of any share, whether or not it is a fully paid share, notwithstanding the fact such transfer is made in accordance with these Articles.
- 20.3 Except where the provisions of article 24 or article 25 applies, any transfer of Shares shall be subject to the pre-emption rights in article 21.

- 20.4 The Board shall be obliged to register any transfer made pursuant to article 19, article 22, article 24 or article 25.
- 20.5 The directors may, as a condition to the registration of any transfer of shares in the Company require the transferee to execute and deliver to the Company a deed under which the transferee agrees to be bound by the terms of the Shareholders Agreement or any other shareholders' agreement (or similar document) in force between the shareholders in such form as the directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document). If any such condition is imposed in accordance with this article 20.5, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.
- 20.6 Any transfer of shares by way of a sale that is required to be made under article 21 or article 22 shall be deemed to include a warranty that the transferor sells the shares free from any encumbrances.
- 20.7 Any Transfer Notice served in respect of any shares which are not completed before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of the Deemed Transfer Notice.
- 20.8 A Shareholder shall be entitled to transfer Shares to any third party with the consent of the Controlling Shareholder and the provisions of article 21 shall not apply to such a transfer.

21. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

- 21.1 Except where the provisions of article 19, article 24 or article 25 apply, a Shareholder (**Seller**) wishing to transfer any of its shares (**Sale Shares**) must give a Transfer Notice giving details of the proposed transfer including the number and class of Sale Shares.
- 21.2 A Transfer Notice shall constitute the board of directors of the Company as the Seller's agent for the sale of the Sale Shares at the Sale Price.
- 21.3 The board of directors of the Company and the Seller shall have a period of 20 Business Days from the date of the giving of a Transfer Notice to mutually agree the fair market value of the Sale Shares. In the event that the board of directors of the Company and the Seller fail to reach an agreement within the aforesaid period of 20 Business Days, the Independent Accountants shall certify in writing the Fair Value of the shares in accordance with article 23 and the Consideration shall be agreed and/or determined in accordance with article 22.2 (c) (i) (2) and article 22.3 (i) or (ii) (as the case may be). The decision of the Independent Accountants shall be final and binding upon the Seller and the board of directors of the Company save in the case of manifest error. The price which the Seller and the board of directors of the Company agree for the Sale Shares or, failing agreement, the lower of (i) the Fair Value as certified by the

Independent Accountants and (ii) the Consideration agreed and/or determined in accordance with article 22.2 (c) (i) (2) and article 22.3 (i) or (ii) (as the case may be), is hereinafter referred to as the "**Sale Price**".

21.4 As soon as practicable after the receipt of the Transfer Notice and the determination of the Sale Price, the board of directors of the Company shall give notice in writing (**Notice**) to each of the Ordinary Shareholders (other than the Seller) (**Continuing Shareholders**) informing them of the Sale Shares that are available to purchase at the Sale Price and shall invite each Continuing Shareholder to state in writing within 10 Business Days from the date of the Notice whether he/she is willing to purchase any and, if so, how many of the Sale Shares (**Written Notice**).

21.5 After the expiry of the Written Notice the board of directors of the Company shall allocate the Sale Shares in accordance with the applications received, subject to the other provisions of these Articles, save that:

- (i) if there are applications for more than the total number of Sale Shares available, the Sale Shares shall be allocated to those applicants in proportion to the number of Ordinary Shares then held by each Continuing Shareholder which has applied to purchase the Sale Shares but so that there shall not be allocated to any Continuing Shareholder more Sale Shares than such Continuing Shareholder has applied to purchase; and
- (ii) if it is not possible to allocate the Sale Shares without involving fractions, those fractions shall be aggregated and allocated amongst the applicants in such manner as the board of directors of the Company think fit.

21.6 The board of directors of the Company shall, within 5 Business Days of the expiry of the period of 10 Business Days during which Continuing Shareholders shall be entitled to give notice, give notice in writing (**Sale Notice**) to the Seller and to each person to whom Sale Shares have been allocated (**Purchaser(s)**) specifying the number of Sale Shares allocated to each Purchaser, the aggregate price payable by each Purchaser and the time for completion of each sale and purchase.

21.8 On the service of a Sale Notice, the Seller shall, against payment of the aggregate price set out in the Sale Notice, transfer the Sale Shares which have been allocated to the Purchaser in accordance with the requirements of the Sale Notice. If the Seller fails to comply with the requirements of the Sale Notice:

- (a) the Chairman (or, failing him, one of the other directors of the Company, or some other person nominated by a resolution of the board) may, on behalf of the Seller:

- (i) Complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Purchaser;
 - (ii) receive the aggregate price set out in the Sale Notice in respect of the Sale Shares and give a good discharge for it; and
 - (iii) (Subject to the transfers being duly stamped) enter the Purchaser in the register of members as the holder of the Sale Shares purchased by him; and
- (b) the Company shall pay the aggregate price set out in the Sale Notice into a separate bank account in the Company's name on trust but without interest) for the Seller until he has delivered his certificate for the relevant shares (or an indemnity, in a form reasonably satisfactory to the board of directors of the Company, in respect of any lost certificate, together with such other evidence (if any) as the board of directors of the Company may reasonably require to prove good title to those shares) to the Company.

21.9 If the Continuing Shareholders do not give a Written Notice to the Sellers in accordance with article 21 above or do not purchase all of the Sale Shares offered by the Seller, the Seller shall not be entitled to transfer any Sale Shares to a third party and the shares shall remain registered in the name of the Seller and shall remain subject to the provisions of these Articles.

21.10 Each A Ordinary Share which is transferred to an Ordinary Shareholder pursuant to article 21 or article 22 shall automatically be re-classified as an Ordinary Share immediately following its transfer.

22. COMPULSORY TRANSFERS

22.1 A Shareholder who is an individual shall be deemed to have served a Transfer Notice under article 21.1 immediately upon the occurrence of any of the following events:

- (a) the Shareholder becoming a Leaver;
- (b) the Shareholder having a bankruptcy petition presented against him or being declared bankrupt;
- (c) the Shareholder being served with a statutory demand, or being unable to pay any debts within the meaning of the Insolvency Act 1986;
- (d) the Shareholder entering into any composition or arrangement with, or for, their creditors (including an individual voluntary arrangement); or
- (e) the Shareholder being the subject of any other event analogous to the foregoing in any jurisdiction.

22.2 The Deemed Transfer Notice has the same effect as a Transfer Notice, except that:

(ii) notwithstanding article 21 or otherwise, and provided no other Ordinary Shareholder exercises his right to purchase some of the Sale Shares in accordance with article 21.4, the Controlling Shareholder shall be obligated to purchase the Sale Shares at the Sale Price.

(b) the Deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer; and

(c) the Sale Price for any Sale Shares which are the subject of a Deemed Transfer Notice shall be:-

(i) in the case where the Seller is a Good Leaver:

(1) the consideration, as calculated in accordance with the formula set out in article 22.3 (i) if the Seller is an Ordinary Shareholder or as calculated in accordance with article 22.3 (ii) if the Seller is an A Shareholder.

(ii) in any other case:

(A) If the Seller is an A Shareholder

the price at which the Seller acquired the Sale Shares which are subject of the Transfer Notice (B) if the Seller is an Ordinary Shareholder::

(1) $Z \times \text{Net Asset Value}$,

Where

“Net Asset Value” means the aggregate value of the fixed and current assets of the Group less the aggregate creditors and provisions for liabilities as at the end of the Relevant NAV Period, all as disclosed by the Relevant NAV Accounts.

“Relevant NAV Period” means the last financial year of the Company in respect of which consolidated audited annual accounts of the Group are available or where no consolidated annual accounts for the Group are available, the first completed financial year of the Company in respect of which consolidated audited accounts of the Group are available.

“Relevant NAV Accounts” means the consolidated audited annual accounts of the Group comprising audited consolidated balance sheet of the Company and its subsidiaries as at the last day of the Relevant NAV Period.

“Z” means the proportion which the Sale Shares bear to the whole of the issued share capital of the Company for the time being.

- (d) If the Seller is deemed to have served a Transfer Notice before consolidated audited annual accounts of the Group are available:
- (i) the Sale Shares will be transferred to the Purchaser(s) before the aforementioned accounts are available, before the Sale Price is agreed or determined in accordance with article 22.2 (c) above and before the aggregate price payable by each Purchaser to the Seller is paid; and
 - (ii) the board of directors of the Company shall give Notice to each of the A Shareholders notwithstanding that the Sale Price has not yet been determined and cannot be set out in the Notice;
 - (iii) the Seller shall transfer the Sale Shares in accordance with the requirements of the Sale Notice notwithstanding that the Sale Notice does not confirm the aggregate price payable by each Purchase to the Seller and article 21.8 shall continue to apply if the Seller fails to comply with the requirements of the Sale Notice; and
 - (iv) as soon as practicable after consolidated annual audited accounts of the Group for the first complete financial year of the Company are available and the Sale Price has been determined, the board of directors of the Company shall notify the Seller and the Purchaser(s) specifying the aggregate price payable by each Purchaser; and
 - (v) the aggregate price payable by each Purchaser to the Seller (or the Company in accordance with article 21.8 if the Seller fails to comply with the Sale Notice) shall be paid within 10 Business Days of receipt of the notice referred to in article 22.2 (d) (iv) above.

22.3 (i) The Consideration in respect of the Ordinary Shareholders shall be calculated in accordance with the following formula:

$$C = A \times B$$

Where:

"C" means the Consideration

"A" means the Relevant Percentage

"B" means the Equity Value

22.3 (ii) The Consideration in respect of the A Shareholders shall be calculated in accordance with the following formula:

$$C = A \times (B-D)$$

Where:

"C" means the Consideration

"A" means the Relevant Percentage

“B” means the Equity Value

“D” means £4,500,000

Where:

“Average EBITDA” means:

the aggregate of the EBITDA for each financial year of the Company during the **Relevant Period** as disclosed by the **Relevant Accounts** but adjusted to take into account any minority interests in any subsidiaries of the Company in each financial year of the Company during the Relevant Period divided by the number of completed financial years of the Company during the Relevant Period or, if there are no consolidated annual accounts of the Company and its subsidiaries as at the date the relevant Seller becomes a Leaver, the EBITDA for the Relevant Period as disclosed by the Relevant Accounts but adjusted to take into account any minority interests in any subsidiaries of the Company during the Relevant Period.

“Cash” means the amount of cash at bank or at financial institutions, cash on hand, restricted cash and rental bonds and cash equivalents, in each case to which the Company or any of its subsidiaries are beneficially entitled to as at the end of the Relevant Period and as shown in the Relevant Accounts, calculated on a consolidated basis, but adjusted to take into account any minority interests in any subsidiaries of the Company.

“Debt” means, in relation to the Company and its subsidiaries, the aggregate amount of their respective borrowings and other financial indebtedness in the nature of borrowing, including:

- a) the aggregate amount owed under any debt facility ; plus
- b) the aggregate amount owed to any Shareholder or related body corporate of that Shareholder (to the extent that Shareholder or its related body corporate will not be paid out amounts owed by the member of the Group to that Shareholder at the relevant time); plus
- c) obligations under any conditional sale, title retention, forward sale or purchase or any similar agreement or arrangement creating obligations with respect to the deferred purchase price of property (other than customary trade credit given in the ordinary course of business); plus
- d) any indebtedness for monies borrowed or raised under any other transaction that has commercial effect of borrowing; plus
- e) all dividends or other distributions declared, but not yet paid; plus
- f) any liabilities in relation to earn-out provisions or other such minority Shareholder provisions (other than put and call options); plus
- g) the amount required to pay out all finance leases or hire purchase agreements; plus a provision for the income tax assessable as payable, but unpaid, less current income tax asset, plus VAT liability less VAT receivable,

in each case as at the end of the Relevant Period and as shown in the Relevant Accounts, calculated on a consolidated basis, but adjusted to take into account any minority interests in any subsidiaries of the Company.

“EBITDA” means the earnings before interest, taxes, depreciation and amortization

“Enterprise Value” means 5 x Average EBITDA

“Equity Value” means the Enterprise Value:

(a) plus an amount equal to the Cash;

(b) less an amount equal to the Debt.

“Relevant Accounts” means the consolidated audited annual accounts of the Group for the Relevant Period comprising audited consolidated balance sheet of the Company and its subsidiaries as at the last day of each financial year during the Relevant Period and audited consolidated profit and loss account of the Company and its subsidiaries in respect of each financial year during the Relevant Period.

“Relevant Period” means:

(i) the three most recently completed financial years of the Company as at the date the relevant Seller becomes a Leaver, in respect of which consolidated audited annual accounts for the Group are available; or

(ii) if consolidated audited annual accounts for the Group are not available for three financial years of the Company, the number of completed financial years of the Company in respect of which consolidated audited annual accounts are available as at the date the relevant Seller becomes a Leaver; or

(iii) where no consolidated audited annual accounts for the Group are available as at the date the relevant Seller becomes a Leaver, the first completed financial year of the Company in respect of which consolidated audited annual accounts for the Group are available.

“Relevant Percentage” means the Sale Shares expressed as a percentage of the entire issued share capital of the Company.

22.4 The Company and the Seller shall use their reasonable endeavors to procure that the Consideration pursuant to article 22.2 (c) (i) (2) shall be finally determined as quickly as possible and, in any event no later than :

- (i) where a Deemed Transfer Notice is served, the later of 20 Business Days from the date of the Deemed Transfer Notice and the date on which the first set of consolidated audited annual accounts for the Group are available; or
- (ii) where a Transfer Notice is given, the later of 40 Business Days from the date of the giving of a Transfer Notice (as the case may be) and 20 Business Days from the date on which the first set of consolidated audited annual accounts for the Group are available,

failing which, the matter shall be referred to an expert for determination in accordance with article 30.

23. VALUATION

The Fair Value of the Sale Shares shall be the value that the Independent Accountants certify to be the fair market value in their opinion based on the following assumptions:

- (a) by valuing each of the Sale Shares as a proportion of the total value of all the issued equity share capital of the Company without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent and on the assumption the Sale Shares are capable of transfer without restriction;
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (c) the sale is to be on arms' length terms between a willing seller and a willing buyer;
- (d) the sale is taking place on the date the relevant Transfer Notice or Deemed Transfer Notice is given or deemed given;
- (e) to take into account the different rights attached to the Ordinary Shares and the A Ordinary shares, including, without limitation, those rights set out in the following provisions: liquidation preference (article 26), exit provisions (article 27), drag along rights (article 25) and tag along rights (article 24).
- (f) to take account of any other factors that the Independent Accountants reasonably believes should be taken into account.

23.2 The Independent Accountants shall be requested to determine the Fair Value within fifteen Business Days of their appointment and to notify the Seller and Continuing a Shareholders in writing of their determination.

- 23.3 The costs of obtaining the certification of the Independent Accountants' opinion of the Fair Value shall be borne by the Company.

24. TAG ALONG

- 24.1 The provisions of article 24.1 to article 24.5 shall apply if, in one or a series of related transactions, one or more Shareholder proposes to transfer any Shares (**Proposed Transfer**) which would, if carried out, result in any person (other than a member of the Modutec Group) (**Buyer**), and any person Acting in Concert with the Buyer, acquiring a Controlling Interest in the Company.
- 24.2 Before making a Proposed Transfer, the relevant Shareholder or Shareholders proposing to transfer Shares shall procure that the Buyer makes an offer (**Offer**) to the other Shareholders to purchase all of the Shares held by them for a consideration in cash per share that is at least equal to the highest price per share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the three months preceding the date of the Proposed Transfer (**Specified Price**).
- 24.3 Upon a sale of Shares pursuant to this article 24, the proceeds of such sale shall be distributed to the Shareholders selling their Shares in the sale in the manner and in the order of priority set out in article 26.
- 24.4 The Offer shall be made by written notice (**Offer Notice**), at least fourteen Business Days before the proposed sale date (**Sale Date**). To the extent not described in any accompanying documents, the Offer Notice shall set out:
- (a) the identity of the Buyer;
 - (b) the purchase price and other terms and conditions of payment;
 - (c) the Sale Date; and
 - (d) the number of Shares proposed to be purchased by the Buyer (**Offer Shares**).
- 24.5 If the Buyer fails to make the Offer to all of the holders of Shares in the Company in accordance with article 24.2 and article 24.4, the relevant Shareholder(s) proposing to transfer Shares shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer.
- 24.6 If the Offer is accepted by any Shareholder (**Accepting Shareholder**) in writing within fourteen Business Days of receipt of the Offer Notice, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.

25. DRAG ALONG

- 25.1 If the holders of the majority of the Shares in issue for the time being (**Selling Shareholders**) wish to transfer all (but not some only) of their Shares (**Sellers' Shares**) to a bona fide purchaser on arm's length

terms (**Proposed Buyer**), the Selling Shareholders may require all other Shareholders (**Called Shareholders**) to sell and transfer all their Shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this Article (**Drag Along Option**).

- 25.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders (**Drag Along Notice**) at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their Called Shares pursuant to this article 25.2;
 - (b) the person to whom the Called Shares are to be transferred;
 - (c) the consideration payable for the Called Shares calculated in accordance with article 25.4.; and
 - (d) the proposed date of the transfer.
- 25.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within twenty Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 25.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obligated to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Proposed Buyer were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of article 26.
- 25.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 25.
- 25.6 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of the Sellers' Shares unless:
- (a) all of the Called Shareholders and the Selling Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by all of the Called Shareholders and the Selling Shareholders; or
 - (b) that date is less than twenty Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the twentieth Business Day after service of the Drag Along Notice.
- 25.7 On or before the Completion Date, the Called Shareholders shall execute and deliver stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) to the Company. On the Completion Date, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts due pursuant to article 25.2 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.

- 25.8 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificates (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this article 25 in respect of their Shares.
- 25.9 If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with article 25.6) transfer(s) in respect of all of the Called Shares held by it, each defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as it may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the Called Shares, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this article 25.

26. LIQUIDATION PREFERENCE

- 26.1 On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of Shares), the assets of the Company remaining after the payment of its liabilities shall be applied (to the extent that the Company is lawfully able to do so) in the following order of priority:
- (a) first, in distributing to the holders of the Ordinary Shares then in issue the amount of £4,500,000, to be distributed amongst the holders of the Ordinary Shares then in issue (pari passu as if they constituted the same class of share) pro rata to their respective holding of Ordinary Shares; and
 - (b) thereafter, in distributing the balance of the assets amongst the holders of the Shares then in issue (pari passu as if they constituted shares of the same class) pro rata to their respective holding of Shares.

27. EXIT PROVISIONS

- 27.1 On a Share Sale, the Sale Proceeds shall be distributed in the order of priority set out in article 26. The Directors shall not register any transfer of Shares if the Sale Proceeds are not distributed in that manner (save in respect of any Shares not sold in connection with that Share Sale) provided that, if the Sale Proceeds are not settled in their entirety upon completion of the Share Sale:
- (a) the Directors may register the transfer of the relevant Shares, provided that the Sale Proceeds due on the date of completion of the Share Sale have been distributed in accordance with the order of priority set out in article 26; and
 - (b) each Shareholder shall take any action (to the extent lawful) required by the directors to ensure that the balance of the Sale Proceeds are distributed in accordance with the order of priority set out in article 26.

- 27.2 On a Disposal, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in accordance with the order of priority set out in article 26, provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these articles, each shareholder shall (to the extent lawful and within its control) take any action required by the directors (including, but without prejudice to the generality of this article 26, such action as may be necessary to put the Company into voluntary liquidation so that this article 26 applies).
- 27.3 Immediately before a Listing, the Company shall issue to each holder for the time being of Ordinary Shares, by way of automatic capitalisation of reserves, such number of Ordinary Shares which shall result in that holder holding, when aggregated with its existing shareholding (and following every issue of Ordinary Shares to Shareholders pursuant to this article 27.3), the same proportion of the total number of Ordinary Shares in issue as the proportion that its entitlement to the surplus assets of the Company under article 26 (including by way of arrears and accruals of dividend) bears to the total of the surplus assets available for distribution to the Shareholders under article 26.
- 27.4 All Ordinary Shares to be issued in accordance with article 27.3 shall be paid up by the automatic capitalisation of any amount standing to the credit of the share premium account or any other available reserve of the Company as determined by the Directors and shall be credited as fully paid at par. Such a capitalisation shall be automatic and shall not require any action on the part of the Shareholders and the Directors shall allot the Ordinary Shares arising on the capitalisation to the Shareholders entitled to them in accordance with article 27.3. If and to the extent that the Company is not lawfully permitted to carry out the capitalisation required by article 27.3 in full (whether the by virtue of the Act or otherwise), each such holder shall be entitled to subscribe in cash at par for the balance of that number of additional Ordinary Shares as would otherwise have been issued pursuant to article 27.3. The Shareholders shall procure (so far as they are lawfully able) that the Directors shall have sufficient authorisations required to issue the Ordinary Shares which may fall to be issued under article 27.3 or this article 27.4.

DECISION MAKING BY SHAREHOLDERS

28. POLL VOTES

- 28.1 A poll may be demanded at any general meeting by a qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 28.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

29. PROXIES

- 29.1 Article 45(1) (d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of general meeting (or adjourned meeting) to which they relate".
- 29.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid" as a new paragraph at the end of that article.

ADMINISTRATIVE ARRANGEMENTS

30. MEANS OF COMMUNICATION TO BE USED

- 30.1 Subject to article 30.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- (a) if delivered by hand, at the time of delivery; or
 - (b) if sent by fax, at the time of transmission; or
 - (c) if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, two Business Days after posting; or
 - (d) if sent by airmail to an address outside the country from which it is sent, five Business Days after posting; or
 - (e) if sent by reputable international courier to an address outside the country from which it is sent, at the time of delivery; or
 - (f) if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
 - (g) if deemed receipt under the previous paragraphs of this article 30.1 is not within business hours (meaning 9.00 am to 5.30 pm on a normal working day, that is not a public holiday, in the place of receipt), when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.
- 30.2 To prove service, it is sufficient to prove that:
- (a) if delivered by hand or by reputable international courier, the notice was delivered to the correct address; or

- (b) if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
- (c) if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
- (d) if sent by e-mail, the notice was properly addressed, sent to the e-mail address of the recipient, and a delivery report was received confirming that the notice was successfully transmitted to the correct e-mail address.

30.3 Any notice, document or other information served on, or delivered to, an intended recipient under articles 21-25 (inclusive) (as the case may be) may not be served or delivered in electronic form (other than by fax), or by means of a website.

30.4 In proving that any notice, document or information was properly addressed, it shall suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.

31. INDEMNITY AND INSURANCE

31.1 Subject to article 31.3, but without prejudice to any indemnity to which a relevant officer is otherwise entitled each relevant officer of the Company shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them, including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favor or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs.

31.2 The Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 31.1 and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure.

31.3 This article does not authorize any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

31.4 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

31.5 In this article:

- (a) a "relevant officer" means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor; and
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company or any pension fund or employees' share scheme of the Company.

32. DETERMINATION BY AN EXPERT

32.1 Any dispute as to the Sale Price pursuant to article 22.3 (b) (i) shall be referred in the first instance to the Company's auditors.

32.2 The Company's auditors shall use their reasonable endeavors to reach their conclusions under article 32.1 within 28 days.

32.3 The fees of the Company's auditors shall be borne equally by the Company and the Seller, who shall be jointly and severally liable for such fees.

32.4 The Company's auditors shall be deemed to be acting as experts and not as arbitrators and their determination as to the amount of the Sale Price pursuant to article 22.3 (b) (i) shall be final and binding on the parties.

32.5 If the Company's auditors are unable to act as experts for any reason whatsoever and have confirmed they are unable to act in writing to the Company and the Seller any dispute as to Sale Price pursuant to article 22.3 (b) (i) shall be referred by the Company or the Seller to an Independent Accountant.

32.6 The Independent Accountant shall be nominated by the Seller and the Company or, failing agreement within 10 Business Days' of a request from either party to approve an accountant for joint nomination, such Independent Accountant shall be such partner in an international firm of accountants as is appointed on the application of either of them to the President for the time being of the Institute of Chartered

Accountants in Scotland. The Independent Accountant shall be deemed to act as an expert and not as an arbiter or an arbitrator.

32.7 The Seller and the Company shall promptly supply to the Independent Accountant all such assistance, documentation and information as he may require for the purposes of the reference, and the Seller and the Company shall use their respective commercially reasonable endeavors to procure the prompt determination of such reference. The determination of the Independent Accountant shall in the absence of fraud or manifest error be conclusive and binding on the parties.

32.8 The costs of any Independent Accountant shall be borne by the parties in such proportions as he may direct, or, in the absence of direction, equally between the Company and the Seller.