

# SH01

## Return of allotment of shares



Companies House

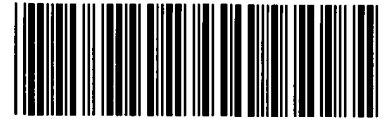


Go online to file this information  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

☒ **What this form is for**  
You may use this form to give  
notice of shares allotted following  
incorporation.

☐ **What this form is NOT for**  
You cannot use this form to  
give notice of shares taken by sub  
on formation of the company  
for an allotment of a new cla  
shares by an unlimited comp

WEDNESDAY



\*S7IPIWAY\*  
SCT 14/11/2018 #234  
COMPANIES HOUSE

\*S7I80ZZE\*  
SCT 07/11/2018 #190  
COMPANIES HOUSE

### 1 Company details

Company number S C 3 3 5 2 1 9

Company name in full BioFilm Holdings Limited

→ **Filling in this form**  
Please complete in typescript or in  
bold black capitals.

All fields are mandatory unless  
specified or indicated by \*

### 2 Allotment dates <sup>1</sup>

From Date <sup>d</sup>0 <sup>d</sup>1 <sup>m</sup>1 <sup>m</sup>1 <sup>y</sup>2 <sup>y</sup>0 <sup>y</sup>1 <sup>y</sup>8  
To Date <sup>d</sup> <sup>d</sup> <sup>m</sup> <sup>m</sup> <sup>y</sup> <sup>y</sup> <sup>y</sup> <sup>y</sup>

**1 Allotment date**  
If all shares were allotted on the  
same day enter that date in the  
'from date' box. If shares were  
allotted over a period of time,  
complete both 'from date' and 'to  
date' boxes.

### 3 Shares allotted

Please give details of the shares allotted, including bonus shares.  
(Please use a continuation page if necessary.)

**2 Currency**  
If currency details are not  
completed we will assume currency  
is in pound sterling.

Currency <sup>2</sup>	Class of shares (E.g. Ordinary/Preference etc.)	Number of shares allotted	Nominal value of each share	Amount paid (including share premium) on each share	Amount (if any) unpaid (including share premium) on each share
	Series B Preferred	856,590	£0.01	£0.47	Nil

If the allotted shares are fully or partly paid up otherwise than in cash, please  
state the consideration for which the shares were allotted.

**Continuation page**  
Please use a continuation page if  
necessary.

Details of non-cash  
consideration.  
If a PLC, please attach  
valuation report (if  
appropriate)

## SH01

## Return of allotment of shares

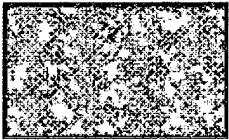
4

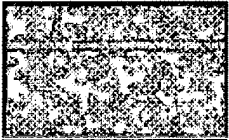
## Statement of capital


Complete the table(s) below to show the issued share capital at the date to which this return is made up.

**Complete a separate table for each currency (if appropriate).** For example, add pound sterling in 'Currency table A' and Euros in 'Currency table B'.

Please use a Statement of Capital continuation page if necessary.

Currency Complete a separate table for each currency	Class of shares E.g. Ordinary/Preference etc.	Number of shares	Aggregate nominal value (£, €, \$, etc) Number of shares issued multiplied by nominal value	Total aggregate amount unpaid, if any (£, €, \$, etc) Including both the nominal value and any share premium
<b>Currency table A</b>				
Sterling	Ordinary	638,006	6,386.06	
Sterling	Series A Preferred	3,885,431	38,854.31	
Sterling	Series A2 Preferred	946,000	9,460.00	
<b>Totals</b>		5,469,437	54,694.37	Nil

<b>Currency table B</b>				
				
<b>Totals</b>				

<b>Currency table C</b>				
				
<b>Totals</b>				

<b>Totals (including continuation pages)</b>		Total number of shares	Total aggregate nominal value ❶	Total aggregate amount unpaid ❶
		11,973,510	119,735.10	Nil

❶ Please list total aggregate values in different currencies separately.  
For example: £100 + €100 + \$10 etc.

SH01

Return of allotment of shares

**5****Statement of capital (prescribed particulars of rights attached to shares)**

Please give the prescribed particulars of rights attached to shares for each class of share shown in the share capital tables in Section 4.

**1 Prescribed particulars of rights attached to shares**

The particulars are:

- a particulars of any voting rights, including rights that arise only in certain circumstances;
- b particulars of any rights, as respects dividends, to participate in a distribution;
- c particulars of any rights, as respects capital, to participate in a distribution (including on winding up); and
- d whether the shares are to be redeemed or are liable to be redeemed at the option of the company or the shareholder.

A separate table must be used for each class of share.

**Continuation page**

Please use a Statement of Capital continuation page if necessary.

Class of share

Ordinary

Prescribed particulars

See attached sheet.

Class of share

Series A Preferred

Prescribed particulars

See attached sheet.

Class of share

Series A2 Preferred

Prescribed particulars

See attached sheet.

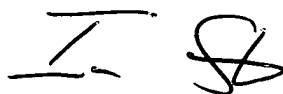
**6****Signature**

I am signing this form on behalf of the company.

Signature

Signature

X



X

This form may be signed by:

Director <sup>1</sup>, Secretary, Person authorised <sup>2</sup>, Administrator, Administrative receiver, Receiver, Receiver manager, CIC manager.**2 Societas Europaea**

If the form is being filed on behalf of a Societas Europaea (SE) please delete 'director' and insert details of which organ of the SE the person signing has membership.

**3 Person authorised**

Under either section 270 or 274 of the Companies Act 2006.

SH01

Return of allotment of shares

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Catherine Feechan
Company name	Kergan Stewart LLP
Address	163 Bath Street
Post town	Glasgow
County/Region	
Postcode	G 2 4 S Q
Country	
DX	
Telephone	

**Checklist**

We may return the forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have shown the date(s) of allotment in section 2.
- ☐ You have completed all appropriate share details in section 3.
- ☐ You have completed the relevant sections of the statement of capital.
- ☐ You have signed the form.

**Important information**

Please note that all information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the appropriate address below:

**For companies registered in England and Wales:**  
The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

**For companies registered in Scotland:**  
The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post).

**For companies registered in Northern Ireland:**  
The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG.  
DX 481 N.R. Belfast 1.

**Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

## 3

Please give details of the shares allotted, including bonus shares.

If currency details are not completed we will assume currency is in pound sterling.

[illegible]

## SH01 - continuation page

### Return of allotment of shares

If the allotted shares are fully or partly paid up otherwise than in cash, please  
state the consideration for which the shares were allotted.

Details of non-cash  
consideration.

If a PLC, please attach  
valuation report (if  
appropriate)

## 4

Complete the table below to show the issued share capital. Complete a separate table for each currency.

Currency	Class of shares	Number of shares	Aggregate nominal value (£, €, \$, etc)	Total aggregate amount unpaid, if any (£, €, \$, etc)	
Complete a separate table for each currency	E.g. Ordinary/Preference etc.		Number of shares issued multiplied by nominal value	Including both the nominal value and any share premium	
	Series B Preferred	6,504,073	65,040.73		
Totals		6,504,073	65,040.73		Nil

# SH01 - continuation page

## Return of allotment of shares

### 5 Statement of capital (prescribed particulars of rights attached to shares)

Class of share	Series B Preferred	
Prescribed particulars	See attached sheet.	



**BioFilm Holdings Limited**  
**Company No. SC335219**

**Prescribed Particulars**

The following definitions apply to all the classes of shares in the attached papers apart, Series B Preferred Shares, Ordinary Shares, Series A Preferred Shares and Series A2 Preferred Shares.

<b>"Articles of Association"</b>	means the current articles of association of the Company adopted on 1 November 2018;
<b>"B Dividend"</b>	in respect of each financial year of the Company a cumulative preferential net cash dividend per Series B Preferred Share a sum equal to 5.5% of Net Profit dividend by the number of Series B Preferred Shares then in issue;
<b>"Catapult"</b>	means Catapult Venture Managers Limited (registered number 3818199) whose registered office is at Malt House, 21 Narborough Wood Business Park, Desford Road, Enderby, Leicestershire, LE19 4XT;
<b>"CGF"</b>	means Catapult Growth Fund Limited Partnership a limited partnership incorporated in England with number LP011675 and whose registered office is at Malt House, 21 Narborough Wood Business Park, Desford Road, Enderby, Leicestershire, LE19 4XT and by its General Partner, Catapult Growth Fund Limited;
<b>"Default Notice"</b>	means a notice in writing signed on behalf of the Investor Majority and which may be served on the Company at any time on the occurrence of an Event of Default and which may be withdrawn by the Investor Majority at any time;
<b>"Devro"</b>	means Devro (Scotland) Limited, a company incorporated in Scotland under registration number SC129787 whose registered office is at Moodiesburn, Chryston, G69 0JE and Shed Holdings Limited, a company incorporated in England and Wales under registration number 03576943 whose registered office is at Summit House, 170 Finchley Road, London, NW3 6BP;
<b>"Directors"</b>	means the directors for the time being of the Company;
<b>"Effective Date"</b>	means 1 November 2018;
<b>"Equity Shares"</b>	means together the Series A Preferred Shares, Series A2 Preferred Shares, Series B Preferred Shares and Ordinary Shares;
<b>"Group"</b>	means the Company and its subsidiaries from time to time (each a Group Company);

<b>"Initial Subscription Price"</b>	means the price at which the relevant Series B Preferred Shares is issued;
<b>"Interest"</b>	means the interest payable by the Company to the holders of Series B Preferred Shares in respect of whom default is made in due payment of the B Dividend such interest being payable on the amount in respect of which default is made from the date of such default until the actual date of payment as such dividends (or part thereof) as well after as before judgement at the rate of 4% per annum above the base rate at Barclays Bank plc;
<b>"Investment Agreement"</b>	means the agreement entered into or to be entered into between the Company, the Managers, Catapult, CGF, TLV and others, on 25 October 2011 and the supplemental agreement between the Company, Catapult Ltd, CGF, TLV and others entered into on or about the Effective Date;
<b>"Investor"</b>	means each of CGF, TLV, SE and any person who is or becomes an Investor for the purposes of the Investment Agreement (together the "Investors"), or any nominee of an Investor or of any such person, in each case for so long as it remains a party to the Investment Agreement. The expression "member of an Investor's Group" shall mean an Investor, any subsidiary of that Investor and any holding company of that Investor and any subsidiary of such holding company and any nominee of any of the foregoing and "Investor's Group" or "Group" shall be construed accordingly;
<b>"Investor Majority"</b>	<p>means Investors together holding more than:</p> <ul style="list-style-type: none"> <li>(i) 50% of the total number of Series A Preferred Shares; and</li> <li>(ii) 50% of the total number of Series B Preferred Shares</li> </ul> <p>for the time being held by the Investors (whether through nominees or otherwise);</p>
<b>"Member"</b>	means a holder of any Shares;
<b>"Net Profit"</b>	<p>means the profit on ordinary activities before taxation of the Group calculated on the historical cost accounting basis and shown in the audited consolidated profit and loss account of the Group for the relevant financial year (to the nearest £1) but adjusted by:</p> <ul style="list-style-type: none"> <li>(i) adding back any amortisation of goodwill; and</li> <li>(ii) adding back any amount in excess of £[511,000] per annum (subject to annual review) in the aggregate charged in respect of emoluments payable to Group directors;</li> </ul>

<b>"Ordinary Shares"</b>	means ordinary shares of £0.01 each in the capital of the Company;
<b>"Preferred Shares"</b>	means together the Series A Preferred Shares, Series A2 Preferred Shares and Series B Preferred Shares;
<b>"SE"</b>	means Scottish Enterprise, a statutory corporation established under the Enterprise and New Towns (Scotland) Act 1990 and having its principal place of business at Atrium Court, 50 Waterloo Street, Glasgow, G2 6HQ;
<b>"Series A Preferred Shares"</b>	means the series A preferred shares of £0.01 each in the capital of the Company;
<b>"Series A2 Preferred Shares"</b>	means the series A2 preferred shares of £0.01 each in the capital of the Company;
<b>"Series B Preferred Shares"</b>	means the series B preferred shares of £0.01 each in the capital of the Company;
<b>"Share"</b>	means a share, of whatever class, in the capital of the Company from time to time;
<b>"Standstill Period"</b>	means the period of seven Business Days from the date of service on the Company of a Default Notice;
<b>"TLV"</b>	means Tate & Lyle LP; and
<b>"Withdrawal Notice"</b>	means a notice in writing signed on behalf of the Investor Majority withdrawing a Default Notice.

## **Prescribed Particulars**

### **Series B Preferred Shares**

1. As regards voting:
  - 1.1. On a show of hands every holder of Ordinary, Series A Preferred and/or Series B Preferred Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative not being himself a Member, shall have one vote, and on a poll every holder of Ordinary, Series A Preferred and/or Series B Preferred Shares who is present in person or by proxy or (being a corporation) is present by a representative or by proxy shall (except as hereinafter provided) in respect of his holding of Equity Shares, have one vote for every Equity Share of which he is the holder.
  - 1.2. Upon service of a Default Notice and unless a Withdrawal Notice has been served prior to the expiry of the Standstill Period the voting rights attaching to the Shares shall be amended with effect from the date of the Default Notice to the effect that on a poll the Series B Preferred Shares shall together have 75% of the voting rights at any general meeting of the Company. This does not prejudice the requirement that an Investor Majority shall serve a Withdrawal Notice on the Company as soon as reasonably practicable upon becoming aware that the event giving rise to the Default Notice has ceased to be continuing.
2. As regards income:
  - 2.1. The profits of the Company available for distribution shall be applied as follows (to the extent that the Company is lawfully permitted to do so):
    - 2.1.1. first in paying to the holders of the Series B Preferred Shares the B Dividend;
    - 2.1.2. once the B Dividend, all arrears thereof and any Interest thereon have been paid, and subject to the restrictions in paragraph 2.2 below, any remaining profits that the Company may decide to distribute shall, subject to the prior written consent of the Investor Majority, be distributed amongst the holders of the Equity Shares in accordance with the number of Equity Shares held by them.
  - 2.2. No dividend shall be payable on any Shares other than the Series B Preferred Shares in respect of any financial year unless each of the following conditions is satisfied:
    - 2.2.1. the B Dividend owing and any accruals thereof plus Interest have been paid in full (whether or not they are then debts due by the Company);
    - 2.2.2. there are no arrears of capital or interest on any money lent by an Investor to the Company;
    - 2.2.3. there are no arrears of any monitoring fee due to an Investor pursuant to the Investment Agreement;
    - 2.2.4. the profits of the Company available for distribution following payment of the proposed dividend are not less than £100,000; and
    - 2.2.5. the Investor Majority has given its prior written consent.
3. As regards capital:

3.1. On a return of assets on liquidation or otherwise (other than a conversion, redemption or purchase of Shares), the assets of the Company remaining after the payment of its liabilities, which for the avoidance of doubt shall include the obligation of the Company to make payments to Devro in accordance with clause 2.3 of schedule 5 of the share purchase agreement between the Company and Devro dated 28 December 2007, shall be applied as follows:

3.1.1. first in paying to the holders of the Series B Preferred Shares an amount equal to 1.25 times the Initial Subscription Price per Share together with a sum equal to any arrears or accruals of the B Dividend and Interest calculated down to the date of the return of capital;

3.1.2. second in paying to the holders of the Series A Preferred Shares and Series A2 Preferred Shares an aggregate sum of £3,085,000 (to be apportioned amongst the holders of such Shares in proportion to the number of such Shares held by them);

3.1.3. the remaining balance of such assets (if any) shall be distributed amongst the holders of the Equity Shares (pari passu as if the same constituted one class of Shares).

4. As regards redemption:

The Series B Preferred Shares are non-redeemable.

## **Prescribed Particulars**

### **Ordinary Shares**

1. As regards voting:
  - 1.1. On a show of hands every holder of Ordinary, Series A Preferred and/or Series B Preferred Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative not being himself a Member, shall have one vote, and on a poll every holder of Ordinary, Series A Preferred and/or Series B Preferred Shares who is present in person or by proxy or (being a corporation) is present by a representative or by proxy shall (except as hereinafter provided) in respect of his holding of Equity Shares, have one vote for every Equity Share of which he is the holder.
  - 1.2. Upon service of a Default Notice and unless a Withdrawal Notice has been served prior to the expiry of the Standstill Period the voting rights attaching to the Shares shall be amended with effect from the date of the Default Notice to the effect that on a poll the Series B Preferred Shares shall together have 75% of the voting rights at any general meeting of the Company. This does not prejudice the requirement that an Investor Majority shall serve a Withdrawal Notice on the Company as soon as reasonably practicable upon becoming aware that the event giving rise to the Default Notice has ceased to be continuing.
2. As regards income:
  - 2.1. The profits of the Company available for distribution shall be applied as follows (to the extent that the Company is lawfully permitted to do so):
    - 2.1.1. first in paying to the holders of the Series B Preferred Shares the B Dividend;
    - 2.1.2. once the B Dividend, all arrears thereof and any Interest thereon have been paid, and subject to the restrictions in paragraph 2.2 below, any remaining profits that the Company may decide to distribute shall, subject to the prior written consent of the Investor Majority, be distributed amongst the holders of the Equity Shares in accordance with the number of Equity Shares held by them.
  - 2.2. No dividend shall be payable on any Shares other than the Series B Preferred Shares in respect of any financial year unless each of the following conditions is satisfied:
    - 2.2.1. the B Dividend owing and any accruals thereof plus Interest have been paid in full (whether or not they are then debts due by the Company);
    - 2.2.2. there are no arrears of capital or interest on any money lent by an Investor to the Company;
    - 2.2.3. there are no arrears of any monitoring fee due to an Investor pursuant to the Investment Agreement;
    - 2.2.4. the profits of the Company available for distribution following payment of the proposed dividend are not less than £100,000; and
    - 2.2.5. the Investor Majority has given its prior written consent.
3. As regards capital:

3.1. On a return of assets on liquidation or otherwise (other than a conversion, redemption or purchase of Shares), the assets of the Company remaining after the payment of its liabilities, which for the avoidance of doubt shall include the obligation of the Company to make payments to Devro in accordance with clause 2.3 of schedule 5 of the share purchase agreement between the Company and Devro dated 28 December 2007, shall be applied as follows:

3.1.1. first in paying to the holders of the Series B Preferred Shares an amount equal to 1.25 times the Initial Subscription Price per Share together with a sum equal to any arrears or accruals of the B Dividend and Interest calculated down to the date of the return of capital;

3.1.2. second in paying to the holders of the Series A Preferred Shares and Series A2 Preferred Shares an aggregate sum of £3,085,000 (to be apportioned amongst the holders of such Shares in proportion to the number of such Shares held by them);

3.1.3. the remaining balance of such assets (if any) shall be distributed amongst the holders of the Equity Shares (pari passu as if the same constituted one class of Shares).

4. As regards redemption:

The Ordinary Shares are non-redeemable.

## **Prescribed Particulars**

### **Series A Preferred Shares**

1. As regards voting:
  - 1.1. On a show of hands every holder of Ordinary, Series A Preferred and/or Series B Preferred Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative not being himself a Member, shall have one vote, and on a poll every holder of Ordinary, Series A Preferred and/or Series B Preferred Shares who is present in person or by proxy or (being a corporation) is present by a representative or by proxy shall (except as hereinafter provided) in respect of his holding of Equity Shares, have one vote for every Equity Share of which he is the holder.
  - 1.2. Upon service of a Default Notice and unless a Withdrawal Notice has been served prior to the expiry of the Standstill Period the voting rights attaching to the Shares shall be amended with effect from the date of the Default Notice to the effect that on a poll the Series B Preferred Shares shall together have 75% of the voting rights at any general meeting of the Company. This does not prejudice the requirement that an Investor Majority shall serve a Withdrawal Notice on the Company as soon as reasonably practicable upon becoming aware that the event giving rise to the Default Notice has ceased to be continuing.
2. As regards income:
  - 2.1. The profits of the Company available for distribution shall be applied as follows (to the extent that the Company is lawfully permitted to do so):
    - 2.1.1. first in paying to the holders of the Series B Preferred Shares the B Dividend;
    - 2.1.2. once the B Dividend, all arrears thereof and any Interest thereon have been paid, and subject to the restrictions in paragraph 2.2 below, any remaining profits that the Company may decide to distribute shall, subject to the prior written consent of the Investor Majority, be distributed amongst the holders of the Equity Shares in accordance with the number of Equity Shares held by them.
  - 2.2. No dividend shall be payable on any Shares other than the Series B Preferred Shares in respect of any financial year unless each of the following conditions is satisfied:
    - 2.2.1. the B Dividend owing and any accruals thereof plus Interest have been paid in full (whether or not they are then debts due by the Company);
    - 2.2.2. there are no arrears of capital or interest on any money lent by an Investor to the Company;
    - 2.2.3. there are no arrears of any monitoring fee due to an Investor pursuant to the Investment Agreement;
    - 2.2.4. the profits of the Company available for distribution following payment of the proposed dividend are not less than £100,000; and
    - 2.2.5. the Investor Majority has given its prior written consent.
3. As regards capital:



3.1. On a return of assets on liquidation or otherwise (other than a conversion, redemption or purchase of Shares), the assets of the Company remaining after the payment of its liabilities, which for the avoidance of doubt shall include the obligation of the Company to make payments to Devro in accordance with clause 2.3 of schedule 5 of the share purchase agreement between the Company and Devro dated 28 December 2007, shall be applied as follows:

3.1.1. first in paying to the holders of the Series B Preferred Shares an amount equal to 1.25 times the Initial Subscription Price per Share together with a sum equal to any arrears or accruals of the B Dividend and Interest calculated down to the date of the return of capital;

3.1.2. second in paying to the holders of the Series A Preferred Shares and Series A2 Preferred Shares an aggregate sum of £3,085,000 (to be apportioned amongst the holders of such Shares in proportion to the number of such Shares held by them);

3.1.3. the remaining balance of such assets (if any) shall be distributed amongst the holders of the Equity Shares (pari passu as if the same constituted one class of Shares).

4. As regards redemption:

The Series A Preferred Shares are non-redeemable.

## **Prescribed Particulars**

### **Series A2 Preferred Shares**

1. As regards voting:
  - 1.1. The Series A2 Preferred Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company.
2. As regards income:
  - 2.1. The profits of the Company available for distribution shall be applied as follows (to the extent that the Company is lawfully permitted to do so):
    - 2.1.1. first in paying to the holders of the Series B Preferred Shares the B Dividend;
    - 2.1.2. once the B Dividend, all arrears thereof and any Interest thereon have been paid, and subject to the restrictions in paragraph 2.2 below, any remaining profits that the Company may decide to distribute shall, subject to the prior written consent of the Investor Majority, be distributed amongst the holders of the Equity Shares in accordance with the number of Equity Shares held by them.
  - 2.2. No dividend shall be payable on any Shares other than the Series B Preferred Shares in respect of any financial year unless each of the following conditions is satisfied:
    - 2.2.1. the B Dividend owing and any accruals thereof plus Interest have been paid in full (whether or not they are then debts due by the Company);
    - 2.2.2. there are no arrears of capital or interest on any money lent by an Investor to the Company;
    - 2.2.3. there are no arrears of any monitoring fee due to an Investor pursuant to the Investment Agreement;
    - 2.2.4. the profits of the Company available for distribution following payment of the proposed dividend are not less than £100,000; and
    - 2.2.5. the Investor Majority has given its prior written consent.
3. As regards capital:
  - 3.1. On a return of assets on liquidation or otherwise (other than a conversion, redemption or purchase of Shares), the assets of the Company remaining after the payment of its liabilities, which for the avoidance of doubt shall include the obligation of the Company to make payments to Devro in accordance with clause 2.3 of schedule 5 of the share purchase agreement between the Company and Devro dated 28 December 2007, shall be applied as follows:
    - 3.1.1. first in paying to the holders of the Series B Preferred Shares an amount equal to 1.25 times the Initial Subscription Price per Share together with a sum equal to any arrears or accruals of the B Dividend and Interest calculated down to the date of the return of capital;

- 3.1.2. second in paying to the holders of the Series A Preferred Shares and Series A2 Preferred Shares an aggregate sum of £3,085,000 (to be apportioned amongst the holders of such Shares in proportion to the number of such Shares held by them);
- 3.1.3. the remaining balance of such assets (if any) shall be distributed amongst the holders of the Equity Shares (pari passu as if the same constituted one class of Shares).

4. As regards redemption:

The Series A2 non-voting Preferred Shares are non-redeemable.