

**Company number: 7148099**

**INSTEM PLC**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the above named Company will be held at the offices of Baker Tilly UK Audit LLP, 3 Hardman Street, Manchester M3 3HF on Tuesday 22 May 2012 at 12.00 noon for the following purposes:

**ORDINARY BUSINESS**

1. To receive the Company's annual accounts for the financial year ended 31 December 2011, together with the directors' report and the auditors' report on those accounts.
2. To re-elect Nigel Goldsmith, who was appointed during the year and retires in accordance with article 27.1 of the articles of association of the Company and who, being eligible, offers himself for re-election as a director.
3. To re-elect David Gare, who is retiring by rotation in accordance with the articles of association of the Company and who, being eligible, offers himself for re-election as a director.
4. To re-appoint Baker Tilly UK Audit LLP as auditors of the Company, to hold office until the conclusion of the next meeting at which accounts are laid before the Company and to authorise the directors to fix their remuneration.
5. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

**"THAT**, in substitution for all existing and unexercised authorities and powers, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the "**Act**") to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as "**Relevant Securities**"):

- (a) to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company) up to an aggregate nominal amount of £392,155 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph (b) below); and
- (b) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal value of £784,310 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph (a) above) in connection with an offer by way of a rights issue:

- (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange,

**PROVIDED THAT** this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the Company may allot relevant securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired."

#### **SPECIAL BUSINESS**

6. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

"THAT, subject to and conditional upon the passing of the resolution numbered 5 above and in substitution for all existing and unexercised authorities and powers, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred upon them by resolution 5 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body, in any territory; and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £117,646, representing approximately 10% of the current share capital of the Company,

and shall expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired."

**BY ORDER OF THE BOARD**

Nigel Goldsmith

Company Secretary

**Date:** April 27th 2012

Registered office:  
Diamond Way  
Stone Business Park  
Stone  
Staffordshire  
ST15 0SD

**NOTES:**

1. A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A proxy may only be appointed using the procedures set out in these notes and the notes to the proxy form. To appoint a proxy, a member must complete, sign and date the enclosed proxy form and deposit it at the office of the Company's Registrars, Computershare Investor Services plc, at The Pavilions, Bridgwater Road, Bristol BS13 8AE by 12.00 noon on 18 May 2012. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
3. In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of the Company's

Registrars, Computershare Investor Services plc, at Bridgwater Road, Bristol BS13 8AE by the time of the meeting.

4. Any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the Company's Registrars prior to the commencement of the meeting.
5. The right to vote at the meeting shall be determined by reference to the register of members of the Company. Only those persons whose names are entered on the register of members of the Company at 6.00pm on 18 May 2012 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

## **EXPLANATORY NOTES:**

### **Resolution 5 – Directors' power to allot relevant securities**

Under section 551 of the Act, relevant securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the directors to issue shares without further reference to the shareholders. The existing authority, granted under a resolution passed for this purpose on 31 May 2011, will expire at the conclusion of this year's annual general meeting. Paragraph (a) of this resolution renews authority for the general issue of shares up to an aggregate nominal value of £392,155, which is equal to one third of the nominal value of the current ordinary share capital of the Company as at the date of this notice. In line with guidance issued by the Association of British Insurers, paragraph (b) of this resolution gives the directors authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £784,310, as reduced by the nominal amount of any shares issued under paragraph (a) of this resolution. This amount (before any reduction) is equal to two thirds of the nominal value of the current ordinary share capital of the Company as at the date of this notice. The authorities under paragraph (a) and (b) of this resolution will expire at the conclusion of the next annual general meeting of the Company or the date which is 6 months after the next accounting reference date of the Company (whichever is the earlier).

### **Resolution 6 – Disapplication of pre-emption rights on equity issues for cash**

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the directors to allot shares, without first offering them to existing shareholders, up to an aggregate nominal value of £117,646, which is equal to 10% of the nominal value of the current ordinary share capital of the Company as at the date of this notice, subject to resolution 5 being passed. The directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next annual general meeting of the Company or on the date which is 6 months after the next accounting reference date of the Company (whichever is the earlier).