

Company number: 07148099

**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 Baker Tilly LLP, 3 Hardman Street, Manchester M3 3HF on 21 May 2013 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 2012 together with the last directors' report, the last directors' remuneration report and the auditors' report on those accounts.
- 2 To re-appoint Baker Tilly Audit UK LLP as auditors of the Company and to authorise the directors to fix their remuneration.

**SPECIAL BUSINESS**

- 3 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 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**") up to an aggregate nominal value of £392,155 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company) **PROVIDED THAT** this authority shall, 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."

- 4 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 3 in the notice convening the meeting at which this resolution was proposed 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) pursuant to the authority conferred upon them by resolution 3 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."

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

"**THAT**, for the purposes of section 701 of the Act, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10p each in the capital of the Company ("**Ordinary Shares**") provided that:

- (a) the maximum number of Ordinary Shares which may be purchased is 1,176,465 (representing approximately 10% of the Company's share capital);
- (b) the minimum price which may be paid for each Ordinary Share is 10p;
- (c) the maximum price which may be paid for each Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of London Stock Exchange plc for the 5 business days immediately preceding the day on which the Ordinary Share in question is purchased;
- (d) unless previously revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company to be held in 2014 or, if earlier, on the date which is 12 months after the date of the passing of this resolution; and
- (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which contract or contracts will or maybe executed wholly or partly after the expiry of such authority,

and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts."

6 To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"**THAT**, the Instem plc Long Term Incentive Plan, the rules of which are produced to the meeting by the Chairman for the purpose of identification, be and is hereby approved."

**BY ORDER OF THE BOARD**

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Nigel Goldsmith

Secretary

**Date:** 26 April 2013

**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 may complete, sign and date the enclosed proxy form and deposit it at the office of the Company's Registrars, Computershare Investor Services plc, at Bridgwater Road, Bristol, BS13 8AE, by 12.00 noon on 17 May 2013. 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 prior to commencement 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, Computershare

Investor Services plc, at Bridgwater Road, Bristol, BS13 8AE 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 17 May 2013 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 3 – 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. This resolution authorises 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. Such authority 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 4 – 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 up to an aggregate nominal value of £117,646, which is equal to approximately 10% of the nominal value of the current ordinary share capital of the Company, subject to resolution 3 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).

##### **Resolution 5 – Authority for the market purchase by the Company of its own shares**

Section 701 of the Act requires the Company to obtain shareholders' consent prior to making any market purchase of the Company's own shares. Resolution 5 sets out the conditions of the authority as required by section 701 of the Act.

##### **Resolution 6 – Adoption of the Instem plc Long Term Incentive Plan (the "LTIP")**

The Company intends to adopt the LTIP under which it may grant to any employee of the Company's group (the "**Group**") an option to acquire a number of the Company's shares in the future (being either a qualifying Enterprise Management Incentive ("**EMI**") option or an unapproved option, as appropriate).

The exercise price of options will be determined by the Company and can be less than the market value of a share at the date of grant. The vesting of options will be made subject to performance

conditions. The Company will ensure any performance condition is appropriate, reflects its business objectives and is based over an appropriate period of time.

Where a participant leaves the Group, or certain corporate events occur, before the option has vested, the Company may provide that, in its discretion, the option vests early. The extent to which an option vests in these circumstances will be determined by the Company having regard to the time elapsed since grant and/or the achievement of any performance conditions.