

Public company limited by shares
NOTICE OF ANNUAL GENERAL MEETING
of
Epistem Holdings Plc (the "Company")
(Registered in England and Wales under company number 6108621)

Dated 17 November 2011

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 11.00am on 14 December 2011 at The Incubator Building, 48 Grafton Street, Manchester M13 9XX for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

- 1 To receive the audited consolidated accounts of the Company and its subsidiaries for the financial year ended 30 June 2011 together with the Directors' Report, Directors' Remuneration Report and the Auditors' Report on those accounts;
- 2 To approve the Directors' Remuneration Report for the financial year ended 30 June 2011;
- 3 To re-appoint David Eric Evans, who retires by virtue of the retirement by rotation provisions of the articles of association of the Company and, being eligible, offers himself for reappointment, as a director of the Company;
- 4 To re-appoint Dr Jeffrey Gould Moore, who retires by virtue of the retirement by rotation provisions of the articles of association of the Company and, being eligible, offers himself for reappointment, as a director of the Company;
- 5 To re-appoint Matthew Heaton Walls, who retires by virtue of the retirement by rotation provisions of the articles of association of the Company and, being eligible, offers himself for reappointment, as a director of the Company;
- 6 To re-appoint HW Chartered Accountants as auditors to hold office from the conclusion of the Annual General Meeting to the conclusion of the next meeting at which accounts are laid before the Company at a remuneration to be determined by the Directors.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolution 7 will be proposed as an Ordinary Resolution and resolution 8 will be proposed as a Special Resolution:

- 7 That, for the purposes of section 551 of the Companies Act 2006 (the "Act"), the directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company subject to the following conditions:
 - (a) that the maximum aggregate nominal amount of shares to be allotted in pursuance of such authority shall be £39,669.915; and
 - (b) this authority shall expire, unless sooner revoked, varied or renewed by the Company in general meeting, on 31 December 2012 or, if earlier, at the conclusion of the Company's annual general meeting to be held in 2012 save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.
- 8 That, subject to the passing of resolution 7, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to exercise all powers of the Company to allot equity securities of the Company (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 7 as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with one or more issues in favour of holders of ordinary shares of £0.015 each in the capital of the Company (the "**Ordinary Shares**") (whether by way of rights issue, open offer or otherwise) where the equity securities are offered to such holders in proportion (as nearly as may be practicable) to the respective number of Ordinary Shares held, or deemed to be held, by each such holder but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory;
 - (b) the allotment (otherwise than pursuant to paragraph (a) above and paragraph (c) below) of equity securities having a nominal value of £3,734.276 pursuant to the terms of any share option scheme or arrangement, being equal to 3.14% of the issued share capital of the Company at the date of the notice of this meeting; and
 - (c) the allotment (otherwise than pursuant to paragraphs (a) and (b) of this resolution) of equity securities up to an aggregate nominal amount of £11,900.97 being equal to 10% of the issued share capital of the Company at the date of the notice of this meeting;provided that this authority shall expire unless sooner revoked or varied by the Company in general meeting on 31 December 2012, or if earlier, at the conclusion of the Company's annual general meeting to be held in 2012, provided 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 authority conferred hereby had not expired.

By order of the Board

Hugh John Joseph Rylands
Secretary

Registered office of the Company:

The Incubator Building
Grafton Street
Manchester
M13 9XX

NOTES:

Appointment of Proxy

- 1 As a member of the Company you are entitled to appoint one or more than one proxy to exercise all or any of your rights to attend, speak and vote at a meeting of the Company and any member entitled to more than one vote need not use all his votes or cast all his votes he uses in the same way. You should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in the notes to the proxy form. A proxy need not be a member of the Company.
- 2 To be effective, the proxy form, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the office of the Company's Registrar, the details of which are given below, not less than 48 hours before the time for holding the meeting (i.e. by 11.00 am on 12 December 2011) and if not so deposited shall be invalid.

Address: Neville Registrars Limited
18 Laurel Lane
Halesowen
B63 3DA

Entitlement to attend and vote

- 3 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered in the Company's register of members at:
 - 6.00pm on Monday 12 December 2011; or
 - if this Meeting is adjourned, at 6.00pm on the day two days prior to the adjourned meetingshall be entitled to attend and vote at the Meeting.

CREST

- 4 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and at any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with EuroClear UK & Ireland Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Issuer's agent ("**ID 7RA11**") not less than 48 hours before the time fixed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST Members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s)), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Corporate representatives

- 5 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

Communication

- 6 Except as provided above, members who wish to communicate with the Company in relation to the Meeting should do so by writing to the Company Secretary and by using post to the registered office of the Company or facsimile at +44 (0) 161 606 7348. No other methods of communication will be accepted.

Address: The Company Secretary
Epistem Holdings Plc
The Incubator Building
Grafton Street
Manchester
M13 9XX

Explanatory Notes to the Notice of Annual General Meeting 2011

Resolution 1

Resolution 1 provides that the shareholders receive the audited consolidated accounts of the Company and its subsidiaries for the financial year ended 30 June 2011 together with the Directors' Report, Directors' Remuneration Report and the Auditors' Reports on those accounts.

Resolutions 2

Resolution 2 relates to the approval of the Directors' Remuneration Report. This report sets out the company's policy on directors' remuneration; details of the remuneration committee; and details of each director's salary, bonuses and benefits.

Resolution 3 to 5

Resolutions 3 to 5 relate to the proposals to reappoint each of David Evans, Dr Jeffrey Moore and Matthew Walls as directors of the Company, each of whom is required in accordance with the Company's articles of association to retire by rotation at the AGM. Being eligible, each of David Evans, Dr Jeffrey Moore and Matthew Walls offers himself for re-appointment.

Resolution 6

Resolution 6 asks the shareholders to re-appoint HW Chartered Accountants as auditors of the Company and fixes their remuneration at an amount to be determined by the Directors.

Resolution 7 – Allotment authority

Resolution 7 gives authority to the directors of the Company, generally and unconditionally, in accordance with Section 551 of the Companies Act 2006 (the "Act"), to allot unissued shares in the capital of the Company during the period expiring (unless sooner revoked or renewed by the Company in general meeting) on 31 December 2012 or, if earlier, the date of the annual general meeting in 2012, up to a maximum aggregate nominal value of £39,669.92 being equal to one third of the Company's issued share capital at the date of the Notice of AGM. This Resolution complies with the guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds (the "IPCs") in respect of companies whose shares are listed on the London Stock Exchange. The IPCs regard it as good practice for the guidelines to be followed by companies whose shares are traded on the Alternative Investment Market.

Resolution 8 – Disapplication of pre-emption rights

Resolution 8 grants authority to the directors of the Company under Section 570 of the Act. Under that section, if the directors wish to allot any of the unissued shares for cash, they must in the first instance offer them to existing shareholders in proportion to the number of shares they each hold at that time. An offer of this type is called a "rights issue" and the entitlement to be offered a new share is known as a "pre-emption right".

There may be circumstances, however, where it is in the interests of the Company for the directors to allot some of the new shares other than by way of a rights issue or other pre-emptive issue. This cannot be done under the Act unless the shareholders first waive their pre-emption rights. Resolution 8(c) asks shareholders to do this, but only in relation to new shares up to a maximum of 10 per cent. of the Company's issued ordinary share capital at the date of the Notice of AGM.

The directors will be able to use this power without obtaining further authority from shareholders before they allot new shares covered by it. However, by setting the limit of 10 per cent., shareholders' proportionate interests in the Company cannot, without their agreement, be reduced by more than 10 per cent. by the issue of new shares for cash to new shareholders. If the directors wish, other than by rights issue, to allot for cash new shares which would exceed this limit, they would first have to ask the Company's shareholders to waive their pre-emption rights in respect of that proportion of new shares which exceeds the 10 per cent. ceiling.

There are legal, regulatory, and practical reasons why it may not always be possible to issue new shares under a rights issue to some shareholders, particularly those resident overseas. To cater for this, Resolution 8(a), in authorising the directors to allot new shares by way of a rights issue or other pre-emptive issue, also permits the directors to make appropriate exclusions or arrangements to deal with such difficulties.

In addition, Resolution 8(b) also asks shareholders to grant authority to the directors of the Company to allot some of the new shares other than by way of a rights issue or under the general 10% disapplication in relation to shares issued in terms of any employee share option scheme or arrangement. Resolution 8 asks shareholders to do this, but only in relation to new shares equal to 3.14 per cent. of the Company's issued ordinary share capital at the date of the Notice of AGM.

The directors will be able to use this power without obtaining further authority from shareholders before they allot new shares in terms of any employee share option scheme or arrangement covered by it. However, by setting the limit of 3.14 per cent., shareholders' proportionate interests in the Company cannot, without their agreement, be reduced by more than 3.14 per cent. by the issue of new shares in terms of any share option scheme or arrangement. This together with the shares currently under options granted by the Company in respect of employee share option schemes and other arrangements aggregate 25% of the issued share capital of the Company which is the maximum reserved for this purpose as outlined in the Admission Document of the Company dated March 2007.

The power given by Resolution 8 will, unless sooner revoked or renewed by the Company in general meeting, last until 31 December 2012 or, if earlier, the date of the annual general meeting in 2012.

