

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting of the above named Company will be held at the Premier Inn - Golden Tulip, Waters Reach, Trafford Park, Manchester, M17 1W on Friday 19 July 2013 at 10 am for the following purposes:

ORDINARY BUSINESS

1. To receive the Company's Annual Accounts for the financial year ended 31 March 2013 together with the last Directors' Report, the last Directors' Remuneration Report and the Auditors' Report on those accounts.
2. To declare a Final Dividend for the year ended 31 March 2013, payable at the rate of 1.50 pence per ordinary share to Shareholders registered at the close of business on 5 July 2013.
3. To re-elect Pavel Begun, who retires pursuant to article 32.1 of the Articles of Association of the Company and who, being eligible, offers himself for re-election as a Director.
4. To re-elect Alan Quine Roberts, who retires by rotation pursuant to article 32.1 of the Articles of Association of the Company and who, being eligible, offers himself for re-election as a Director
5. To appoint KPMG LLP as Auditors of the Company, as KPMG Audit PLC have notified the Company that it is not seeking reappointment, and to authorise the Directors to fix their remuneration. KPMG LLP will hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

SPECIAL BUSINESS

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

THAT the name of the Company be hereby changed to "Grafenia plc."

7. 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 generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the "**Act**"):

- 7.1 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 £168,000 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); and further
- 7.2 to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £168,000 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

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 by this resolution had not expired."

8. 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 7 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 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 7 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:

- 8.1 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
- 8.2 the allotment (otherwise than pursuant to sub-paragraph 8.1 above) of equity securities up to an aggregate nominal amount of £50,000, 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 by this resolution had not expired."

9. 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 Companies Act 2006, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") provided that:

- (a) the maximum number of Ordinary Shares which may be purchased is 4,750,000 (representing 10% of the Company's issued share capital);
- (b) the minimum price which may be paid for each Ordinary Share is 1 pence;
- (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 The 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 conferred by this resolution 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 conferred by this resolution 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.

BY ORDER OF THE BOARD



Alan Q. Roberts
Secretary
25 June 2013

Registered office:
Third Avenue, The Village
Trafford Park, Manchester
M17 1FG

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, Capita Registrars, at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 10 am on 17 July 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, Capita Registrars, at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 10 am on 17 July 2013.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) of that meeting, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's registrars, Capita Registrars, at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (whose CREST ID is RA10) by the latest time for receipt of proxy appointments specified in note 2 above. 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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. 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.

EXPLANATORY NOTES:

Resolution 7 – 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 £168,000 which is equal to circa 33% of the nominal value of the current ordinary share capital of the Company and a further issue of shares up to an aggregate nominal value of £168,000, which is equal to a further circa 33% of the nominal value of the current share capital of the Company for the purposes of fully pre-emptive rights issues. Such authorities 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 8 – 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 £50,000, which is equal to circa 10% of the nominal value of the current ordinary share capital of the Company, subject to resolution 7 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).