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If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, these documents should not be forwarded or transmitted in, into or from the United States, Canada, Australia, New Zealand, Japan, the Republic of Ireland or the Republic of South Africa or any other state or jurisdiction in which release, publication or distribution would be unlawful and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any applicable requirements. Any failure to comply with these restrictions might constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Ordinary Shares you should retain this document and the accompanying Form of Proxy.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.**

**This document does not constitute an offer, invitation or solicitation to buy, acquire or subscribe for Ordinary Shares (including the Placing Shares). This document has not been examined or approved by the Financial Conduct Authority or the London Stock Exchange or any other regulatory authority. This document is being supplied to you solely for your information and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose.**

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. On the assumption that, *inter alia*, the Placing Resolutions are passed without amendment, it is expected that Admission will become effective and that dealings in the Placing Shares will commence on or around 20 October 2015.



# Microsaic Systems plc

*(Incorporated in England and Wales under registered number 3568010)*

**Placing of up to 9,661,588 new Ordinary Shares and option to place up to a further 8,520,230 new Ordinary Shares at 33 pence per share**

and

## Notice of General Meeting

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Numis Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting as nominated adviser and broker to the Company for the purposes of the AIM Rules. Numis is not acting for any other person in connection with the matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis or for giving advice in relation to the matters referred to in this document. Numis has not authorised the contents of this document for any purpose and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Numis as to any of the contents or the completeness of this document and Numis does not accept responsibility for this document and accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this document.

You are recommended to read the whole of this document but your attention is drawn in particular to the letter from the Chairman of the Company which is set out on pages 8 to 15 inclusive of this document and which recommends that you vote in favour of the Placing Resolutions to be proposed at the General Meeting. A General Meeting to consider the proposals described in this document will be held at 11.00 a.m. on 19 October 2015 at the offices of Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London EC2M 5SY. You are requested to complete, sign and return the enclosed Form of Proxy to the Company's registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF, United Kingdom as soon as possible but in any event, in order to be valid, to arrive not later than 11.00 a.m. on 15 October 2015. Please note that completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you wish to do so.

Except pursuant to certain limited exceptions which will be determined solely by the Company and/or its advisers, this document may not be published, distributed, forwarded or transmitted, directly or indirectly, in whole or in part, in or into the United States. These materials do not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States.

The Placing Shares described in this document have not been, and will not be, registered under the Securities Act or under the securities laws of any state of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Placing Shares are being offered outside of the United States in reliance on Regulation S. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Furthermore, the Placing Shares have not been and will not be registered under the applicable laws of any of Canada, Australia, New Zealand, Japan, the Republic of Ireland or the Republic of South Africa and, consequently, may not be offered or sold to any national, resident or citizen thereof.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any person who is subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions might constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release publication or distribution, directly or indirectly, in or into the United States, Canada, Australia, New Zealand, Japan, the Republic of Ireland, the Republic of South Africa or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

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## FORWARD-LOOKING STATEMENTS

This document contains (or may contain) certain forward-looking statements with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "predict" or other words of similar meaning. Examples of forward-looking statements include, amongst others, statements regarding, or which make assumptions in respect of, the planned use of the proceeds from the Placing, the Company's liquidity position, the future performance of the Company, future foreign exchange rates, interest rates and currency controls, the future political and fiscal regimes in the overseas markets in which the Company operates, the Company's future financial position, plans and objectives for future operations and any other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals, and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as of the date they are made. These forward-looking statements reflect the Company's judgement and the information available to the Company at the date of this document and are not intended to give any assurance as to future results. These statements have not been reviewed by the Company's auditors. Except as required by the FCA, the London Stock Exchange, the AIM Rules or other applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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## CORPORATE INFORMATION AND ADVISERS

<b>Directors</b>	C J Nicholl <i>(Non-executive Chairman)</i> E M Yeatman <i>(Non-executive Director)</i> C R Jump <i>(Chief Executive Officer)</i> A H Darby <i>(Finance Director)</i> A S Holmes <i>(Non-executive Director)</i> J C Ramage <i>(Non-executive Director)</i>
<b>Company Secretary</b>	A S Holmes
<b>Company number</b>	3568010
<b>Company website</b>	<a href="http://www.microsaic.com">www.microsaic.com</a>
<b>Registered office</b>	GMS House Boundary Road Woking Surrey GU21 5BX
<b>Auditors</b>	Saffery Champness Chartered Accountants Lion House Red Lion Street London WC1R 4GB
<b>Bankers</b>	HSBC Bank plc 95 Gloucester Road London SW7 4SX
<b>Solicitors</b>	Dorsey & Whitney (Europe) LLP 199 Bishopsgate London EC2M 3UT
<b>Nominated adviser and broker</b>	Numis Securities Limited London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
<b>Registrars</b>	Capita Asset Services 40 Dukes Place London EC3A 7NH
<b>Financial PR</b>	Citigate Dewe Rogerson Limited 3 London Wall Buildings London Wall London EC2M 5SY

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	30 September 2015
Latest time and date for receipt of Forms of Proxy for the General Meeting	11.00 a.m. on 15 October 2015
Time and date of General Meeting	11.00 a.m. on 19 October 2015
Admission and commencement of dealings in the Placing Shares	8.00 a.m. on 20 October 2015
CREST accounts credited in respect of Placing Shares in uncertificated form	20 October 2015
Despatch of definitive share certificates in respect of Placing Shares to be issued in certificated form	by 23 October 2015

**Notes:**

- (1) Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, Shareholders will be notified of the revised times and/or dates by the Company via announcement through a regulatory information service.
- (2) All of the above times refer to London time unless otherwise stated.
- (3) Admission and dealings in the Placing Shares are conditional on, *inter alia*, the passing of the Placing Resolutions at the General Meeting.

## PLACING STATISTICS

Number of Ordinary Shares in issue at the date of this document	63,385,376
Number of Initial Placing Shares to be issued pursuant to the Placing	up to 9,661,588
Number of Ordinary Shares in issue immediately following Admission	73,046,964
Placing Price	33p
Gross proceeds of the Placing	£3.2 million
Estimated net proceeds of the Placing	£2.9 million
Initial Placing Shares as a percentage of the Enlarged Issued Share Capital	13%

**Note:**

These placing statistics assume no further Ordinary Shares (including no Additional Demand Option Shares pursuant to the Additional Demand Option) are issued following the date of this document and prior to completion of the Placing but that all of the Initial Placing Shares are subscribed for.

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## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>"Act"</b>	the Companies Act 2006
<b>"Additional Demand Option"</b>	the option granted to Numis by the Company in the Placing Agreement to require the Company to issue some or all of the Additional Demand Option Shares (in addition to the Initial Placing Shares), details of which are set out in this document
<b>"Additional Demand Option Shares"</b>	up to 8,520,230 new Ordinary Shares in respect of which the Additional Demand Option may be exercised
<b>"Admission"</b>	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>"AIM"</b>	AIM, a market operated by the London Stock Exchange
<b>"AIM Rules"</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time
<b>"Board" or "Directors"</b>	the directors of the Company as at the date of this document whose names appear on page 4
<b>"Business Day"</b>	any day on which banks are generally open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday
<b>"certificated" or "in certificated form"</b>	a share or other security not held in uncertificated form (i.e. not in CREST)
<b>"Company"</b>	Microsaic Systems plc (registered number 3568010)
<b>"CREST"</b>	a relevant system for paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
<b>"CREST Regulations"</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including: (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations for the time being in force
<b>"Enlarged Issued Share Capital"</b>	the issued ordinary share capital of the Company as it will be immediately following completion of the Placing (assuming that all of the Initial Placing Shares are subscribed for and assuming that no Additional Demand Option Shares are issued and that no further Ordinary Shares are issued following the date of this document and prior to completion of the Placing)
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited
<b>"FCA"</b>	the UK Financial Conduct Authority
<b>"Form of Proxy"</b>	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting
<b>"General Meeting"</b>	the general meeting of the Company convened for 11.00 a.m. on 19 October 2015 at the offices of Citigate Dewe Rogerson, 3 London

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	Wall Buildings, London Wall, London EC2M 5SY, notice of which is set out at the end of this document
<b>"IFRS"</b>	International Financial Reporting Standards, as adopted by the European Union
<b>"Initial Placing Shares"</b>	up to 9,661,588 new Ordinary Shares conditionally placed with certain investors pursuant to the Placing Agreement
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Notice"</b>	the notice convening the General Meeting set out at the end of this document
<b>"Numis"</b>	Numis Securities Limited (registered number 2285918)
<b>"OEM"</b>	original equipment manufacturer
<b>"Ordinary Shares"</b>	the ordinary shares of 0.25 pence each in the share capital of the Company
<b>"Placing"</b>	the placing of Placing Shares at the Placing Price pursuant to the Placing Agreement to certain institutional and other investors
<b>"Placing Agreement"</b>	the conditional placing agreement dated 29 September 2015 between the Company and Numis relating to the Placing
<b>"Placing Price"</b>	33 pence per Placing Share
<b>"Placing Resolutions"</b>	the resolutions to be proposed at the General Meeting as set out in the Notice
<b>"Placing Shares"</b>	the Initial Placing Shares and the number of Additional Demand Option Shares (if any) in respect of which the Additional Demand Option is exercised
<b>"Regulation S"</b>	Regulation S under the Securities Act
<b>"Securities Act"</b>	the US Securities Act of 1933, as amended
<b>"Shareholders"</b>	holders of Ordinary Shares
<b>"uncertificated" or "uncertificated form"</b>	recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"United States" or "US"</b>	the United States of America, its territories and possessions and the District of Columbia
<b>"Warrant Instrument"</b>	the warrant instrument granting warrants over Ordinary Shares to Numis to be entered into between the Company and Numis prior to the General Meeting
<b>"Warrants"</b>	the warrants to subscribe for Ordinary Shares granted by the Company to Numis on the terms of the Warrant Instrument

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## LETTER FROM THE CHAIRMAN



Microsaic Systems

# Microsaic Systems plc

(Incorporated in England and Wales under registered number 3568010)

*Directors:*

C J Nicholl  
E M Yeatman  
C R Jump  
A H Darby  
A S Holmes  
J C Ramage

*Registered office:*

GMS House  
Boundary Road  
Woking  
Surrey  
GU21 5BX

30 September 2015

### To Shareholders and, for information only, to the holders of options over Ordinary Shares

Dear Shareholder,

**Placing of up to 9,661,588 new Ordinary Shares and option to place up to a further 8,520,230 new Ordinary Shares, in each case at 33 pence per share**

### Notice of General Meeting

#### 1. INTRODUCTION

The Company today announced its intention to raise up to approximately £3.2 million (before expenses and assuming that no Additional Demand Option Shares are issued) by way of a placing of up to 9,661,588 new Ordinary Shares with certain institutional and other investors at a price of 33 pence per Placing Share. The Placing is not being underwritten. Further details and terms of the Placing are described below.

The net proceeds of the Placing will provide the Company with additional capital required to provide working capital to support the accelerated commercialisation of the business (including complex customer contracts and further outsourcing of manufacturing) and to provide balance sheet strength to support commercial negotiations and rapid development of new products, product enhancements and manufacturing cost reductions.

The Company is seeking the authority of Shareholders to: (i) provide the Directors with authority to allot and issue the Placing Shares; (ii) to approve the Directors' participation in the Placing; and (iii) disapply pre-emption rights in relation to the issue of the Placing Shares. Accordingly, the Company is convening the General Meeting. The Placing Resolutions to be proposed at the General Meeting are set out in the Notice at the end of this document.

The Placing is conditional, *inter alia*, on: (i) the passing by Shareholders of the Placing Resolutions at the General Meeting which will give the Directors the required authority to disapply statutory pre-emption rights in respect of the allotment of the Placing Shares; and (ii) Admission having become effective by no later than 8.00 a.m. on 20 October 2015 (or such time and date as the Company and Numis may agree, being no later than 11.00 a.m. on 6 November 2015). Subject to all relevant conditions being satisfied (or, if applicable, waived), it is expected that the Placing Shares will be issued and admitted to trading on AIM on or about 20 October 2015.

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The purpose of this document is to outline the reasons for the Placing and explain why the Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and, therefore, why the Directors recommend that you vote in favour of the Placing Resolutions at the General Meeting, as each Director intends to do in respect of his own direct holdings.

In the event that Shareholders do not approve the Placing Resolutions or the Placing does not proceed for any other reason, the Company will be required to seek financing from alternative sources, which the Board believes may be difficult to secure and, if secured, is likely to be detrimental to existing Shareholders. It is therefore of the utmost importance that Shareholders vote in favour of the Placing Resolutions. If the Placing Resolutions are not passed at the General Meeting and the Placing does not proceed, no further assurance can be given that the Company will be able to continue as a going concern. At the end of this document, you will find a notice of the General Meeting at which the Placing Resolutions will be proposed to approve the Placing. The General Meeting has been convened for 11.00 a.m. on 19 October 2015 and will take place at the offices of Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London EC2M 5SY.

## **2. COMPANY OVERVIEW**

Microsaic's chip-based technology has allowed the Company to miniaturise the mass spectrometer ("MS") – the gold standard for chemical analysis. This miniaturisation greatly simplifies deployment, significantly cuts power consumption and other running costs, and makes MS practical for a wide range of new users and applications.

### ***4000 MiD® and Commercial Strategy***

The successor to the 3500 MiD®, the 4000 MiD®, launched in March 2013, has an even smaller footprint than the 3500 MiD® and fits even more comfortably into a standard laboratory fume hood. Its "plug & play" components also enable users to maintain the system themselves, resulting in less down-time and greater flexibility within the laboratory. To further expand the marketplace for the 4000 MiD®, in January 2014 the Company launched the MiDas™ compact interface module to extend the use of MS in the laboratory from specialist analytical chemists to the wider research community. The Company's strategy is to generate revenue streams by introducing compact, deployable MS products, based on its patented chip technologies, into a series of markets and applications by selling through partnerships with existing sales channels. Typically these sales channels will be international suppliers of complementary equipment. The main route to market for the Company's product is as an OEM through partnerships with companies in various markets and for various applications that have established global sales channels. These companies also have complementary products that when combined with the Company's product can deliver synergistic benefits for the end users. The plug and play nature of the 4000 MiD® is in the Board's opinion a key competitive differentiator in the market place, offering enhanced usability, speed of setup and cost-efficiency, as well as offering an additional revenue stream.

### ***OEM Partners***

To date sales of the 4000 MiD® through OEM partnerships have been mainly through Biotage AB, which features the 4000 MiD® as a core component of its Isolera™ Dalton instrument.

During 2015, the Company progressed a number of commercial relationships with key partners. In 2015, the Company signed an OEM agreement with GE Healthcare for the sale of its 4000 MiD® unit in combination with GE Healthcare's instruments. The agreement is centred on the development of an innovative new analytical instrument for use in research and healthcare applications. The two companies are working towards the commercial launch of the integrated product.

Following the signing of an OEM agreement with Gilson Inc. in 2014 for the 4000 MiD® to be combined with Gilson's high performance liquid chromatography instruments, the Company can now report that the product is compatible and integrated, initial sales have commenced and ramp-up is expected in Q4 2015 as both companies move to accelerate sales.

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In 2014 the Company signed an OEM agreement with a leading global scientific Company for its triple quadrupole mass spectrometry technology. The Company is making good progress with the development phase of bringing its triple quadrupole technology to market with milestones on track. Once launched, sales will operate on a royalty-based model with manufacturing of the non-chip based components carried out externally to Microsaic.

#### ***Distribution Partners***

In 2015, the Company signed a distributor agreement with Kinesis, a leading international supplier of analytical consumables and equipment, for the distribution of the Microsaic-branded 4000 MiD® in the UK, Europe and India.

The Company has signed a heads of terms in respect of a distribution agreement with Quantum Analytics in the USA and with a distributor in Japan.

#### ***Manufacturing***

During 2015, the manufacture of the non-chip based components of the 4000 MiD® has been performed by Plexus who have demonstrated their capacity to manufacture in volume with reliability and at reduced cost. This has, therefore, confirmed the Company's decision to outsource this area of manufacturing to offer it the required manufacturing flexibility moving forwards. The Company is pleased to confirm that it has recently also moved the manufacture of the MiDas™ unit to Plexus.

### **3. USE OF PROCEEDS**

The net proceeds of the Placing will provide the Company with additional working capital and capital resources to progress its organic revenue growth plans, which are aimed at supporting the accelerated commercialisation of the business (including complex customer contracts and further outsourcing of manufacturing), providing balance sheet strength to support commercial negotiations and supporting rapid development of new products, product enhancements, and manufacturing cost reductions. Should the Placing not proceed, the Company will be required to secure financing for the purposes set out above from alternative sources which the Board believes may be difficult to secure and detrimental to existing Shareholders. The net proceeds of the Placing are anticipated to fund the Company into the third quarter of 2016.

The Company has granted the Additional Demand Option to Numis in order to give Numis, with the prior consent of the Company (and subject to applicable laws and regulations), the flexibility to meet any additional demand for Ordinary Shares in the period from the date of this document up to 6.00 p.m. on 14 October 2015.

### **4. CURRENT TRADING AND PROSPECTS**

As reported on 30 September 2015, in the interim accounts of the Company for the six-month period ending 30 June 2015, first half revenues of the Company to 30 June 2015 reflect the soft start to the year with one important distribution channel. The Company sought to move forward on an exclusive basis with its existing OEM customer for the flash chromatography market, but was unable to agree on a shared strategic direction. Consequently the Company has exercised its option to move forward with the relationship on a non-exclusive basis. This partner has continued to place orders on this basis. In parallel, the Company has established multiple distribution channels to the low and medium pressure flash chromatography market and is in the final stages of signing a heads of terms agreement with a new OEM partner for the development of products for the high pressure purification market. The Company will continue to segment the market opportunities and increase its distribution options.

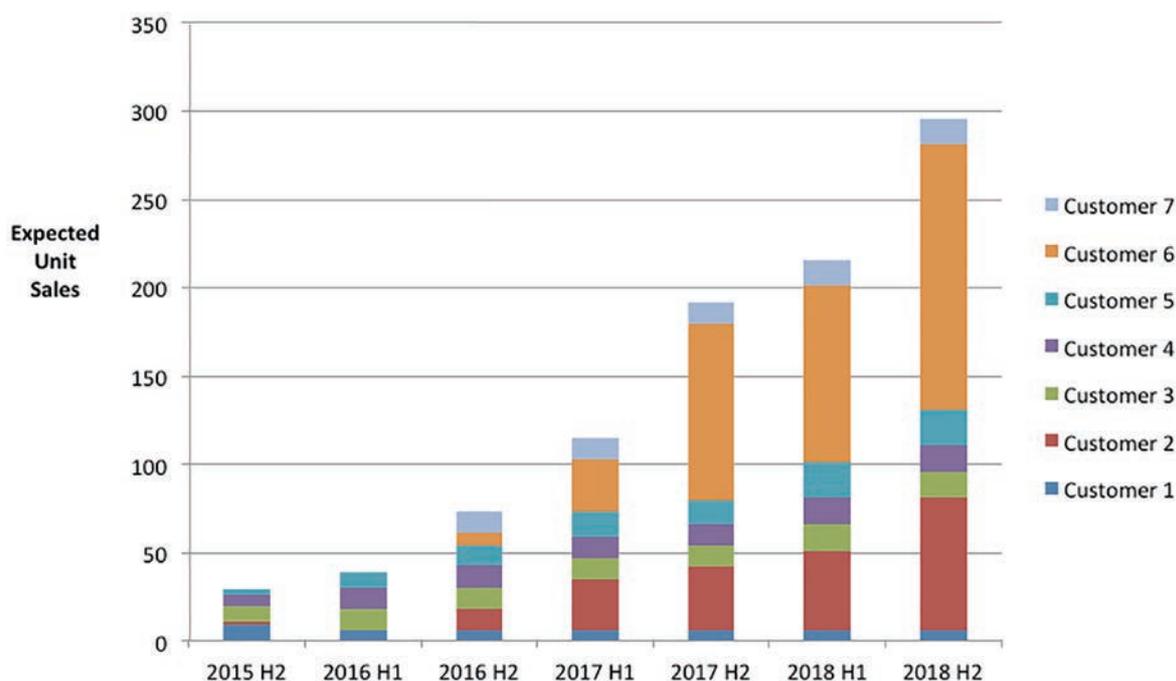
This segmentation will impact revenues for 2015. In the medium and long term the Company believes that this segmented approach to the market will prove beneficial for it. As a result, these lower revenues will result in higher than planned cash outflow for the Company.

The Company believes all other aspects of its strategic development continue to move forward as planned. During the first half of 2015, the Company has made good progress with its three key business objectives:

- the OEM agreement for the development of the Company's next generation triple quadrupole technology continues to progress as planned with milestones being achieved and launch expected to be on schedule;
- developing further OEM and distribution partnerships with synergistic companies where the Company has identified opportunities for its miniaturised MS unit. The Company now has OEM agreements in place with four companies, plus a distribution agreement with one, and heads of terms signed with a further two companies. The plan to establish a series of OEMs in segmented markets and distribution networks with major operators in Europe, India, USA and Japan continues to move forward; and
- in maintaining leadership in the field of miniaturised MS. Here, the R&D programme continues to deliver innovative ideas and developments, which are designed to enable the Company to bring important extensions to its product range over the next two years and increase the ability of the Company's distribution channels to successfully penetrate their chosen markets.

In addition, work continues with the Company's manufacturing partner to ensure anticipated unit sales growth can be met. Units already shipped by the manufacturing partner have so far met the Company's reliability expectations.

The following graph is illustrative of the Board's expectations, as at the date of this document, as to the Company's ramp up in units sold over the medium term. This graph is not a forecast and should not be relied upon as necessarily representative of future results. The estimates and assumptions underlying the graph below are inherently uncertain, being based upon events that have not taken place, and are subject to significant economic, competitive and other uncertainties and contingencies beyond the Company's control. Consequently, there can be no assurances that the Board's expectations can be achieved, nor that the actual results will not be higher or lower than those projected. Prospective investors are cautioned not to place reliance on the graph below in determining whether to subscribe for Placing Shares. The estimates and assumptions underlying the Board's expectations are based on matters as they exist at the date of this document and not as at any future date. Accordingly, the Board's expectations should not be relied on for any purpose following Admission.



It remains the Board's belief that the Company is well-positioned to capitalise on its leadership in the field of MS and to grow its business over the coming years.

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## 5. INFORMATION ON THE PLACING

The Placing is conditional, *inter alia*, on: (i) the Placing Resolutions being passed without amendment at the General Meeting; (ii) the Company allotting, subject only to Admission, the Placing Shares in accordance with the Placing Agreement; (iii) the admission of the Placing Shares to trading on AIM becoming effective by no later than 8.00 a.m. on 20 October 2015 (or such other time and/or date, being no later than 11.00 a.m. on 6 November 2015, as Numis and the Company may agree); (iv) the conditions in the Placing Agreement being satisfied or (if applicable) waived; and (v) the Placing Agreement not having been terminated in accordance with its terms prior to Admission.

The Placing Shares, if and when issued, will be credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares in issue, including the right to receive all future distributions, declared, paid or made in respect of the Ordinary Shares from the date of Admission. The Initial Placing Shares (assuming no Additional Demand Option Shares are issued) will represent approximately 13 per cent. of the Enlarged Issued Share Capital.

Application will be made for the Placing Shares to be admitted to trading on AIM following the approval of the Placing Resolutions. The Placing is expected to become effective by no later than 8.00 a.m. on 20 October 2015. Settlement of the Placing Shares is expected to take place within the CREST system following Admission.

It is expected that CREST accounts of the placees who hold their Ordinary Shares in CREST will be credited with their Placing Shares on 20 October 2015. In the case of placees holding Ordinary Shares in certificated form, it is expected that certificates will be dispatched by 23 October 2015.

The Placing is not being underwritten.

## 6. ADDITIONAL DEMAND OPTION

The Company has granted the Additional Demand Option to Numis in order to give Numis, with the prior consent of the Company (and subject to applicable laws and regulations), the flexibility to meet any additional demand for the Ordinary Shares in the period from the date of this document up to 6.00 p.m. on 14 October 2015.

The Additional Demand Option is exercisable on more than one occasion at any time prior to 6.00 p.m. on 14 October 2015. Any Additional Demand Option Shares issued pursuant to the exercise of the Additional Demand Option will be issued on the same terms and conditions as Initial Placing Shares issued pursuant to the Placing. The Additional Demand Option may be exercised by Numis with the prior consent of the Company and there is no obligation on Numis to exercise the Additional Demand Option or to seek to procure subscribers for Additional Demand Option Shares. The maximum number of Additional Demand Option Shares that will be issued pursuant to the exercise of the Additional Demand Option is 8,520,230 new Ordinary Shares. The maximum number of Placing Shares (including Additional Demand Option Shares) that may be issued pursuant to the Placing (assuming that the Placing is fully subscribed and that the Additional Demand Option is exercised in full) is 18,181,818 new Ordinary Shares. In the event that all of the Initial Placing Shares and all of the Additional Demand Option Shares are issued, such shares, in aggregate would comprise 22 per cent. of the then enlarged issued share capital of the Company immediately following Admission.

## 7. PLACING AGREEMENT

The Company has entered into the Placing Agreement with Numis, pursuant to which Numis has agreed (as the Company's agent) to use reasonable endeavours to procure placees for the Initial Placing Shares at the Placing Price. The Placing Price represents a discount of approximately 20 per cent. to the closing mid-market price on 29 September 2015, being the latest practicable date prior to the publication of this document.

The Placing Agreement contains customary warranties given by the Company to Numis as to matters relating to the Company and its business, and a customary indemnity given by the Company to Numis in respect of

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liabilities arising out of or in connection with the Placing. Numis is entitled to terminate the Placing Agreement in certain circumstances prior to Admission, including circumstances where any of the warranties are found not to be true or accurate or were misleading in any respect or on the occurrence of certain *force majeure* events.

The Placing Shares are not being offered to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

## 8. WARRANT TO BE ISSUED TO NUMIS

Pursuant to the terms of the Warrant Instrument, the Company will, conditional upon Admission, grant to Numis warrants to subscribe for such number of Ordinary Shares as represents either:

- (i) 1 per cent. of the Company's issued share capital immediately following Admission; or
- (ii) in the event the aggregate net proceeds of the Placing are equal to or greater than £2 million (excluding any participation in the Placing by the Directors), 2 per cent. of the issued share capital of the Company immediately following Admission.

The exercise price of the Warrants shall be the Placing Price and the Warrants shall be capable of exercise for a period of five years from Admission.

## 9. DIRECTORS' SHAREHOLDINGS

It is proposed that each of the Directors will participate in the Placing. The Directors propose to subscribe for an aggregate of 690,909 Initial Placing Shares, representing approximately 7 per cent. of the Initial Placing Shares. Immediately following Admission (assuming the Placing is fully subscribed and no Additional Demand Option Shares are issued), the Directors will together hold an aggregate of 10,392,245 Ordinary Shares, representing 14 per cent. of the Enlarged Issued Share Capital, as set out in the table below:

<i>Director</i>	<i>Number of Ordinary Shares held as at the date of this document</i>	<i>Number of Initial Placing Shares subscribed for</i>	<i>Resulting number of Ordinary Shares held immediately following Admission*</i>	<i>Resulting holding as a percentage of the Enlarged Issued Share Capital*</i>
Andrew Darby	–	9,091	9,091	0.0%
Andrew Sean Holmes	2,836,656	45,455	2,882,111	3.9%
Colin Robert Jump	23,256	45,455	68,711	0.1%
Colin James Nicholl	3,268,711	484,848	3,753,559	5.1%
James Cumming Ramage	284,990	15,151	300,141	0.4%
Eric Morgan Yeatman	3,287,723	90,909	3,378,632	4.6%

\* Assuming no Additional Demand Option Shares are subscribed for.

The Directors may subscribe for Additional Demand Options Shares pursuant to the Additional Demand Option. If any of the Directors undertake any such subscription an announcement will be made by the Company.

The above excludes the following unexercised options over Ordinary Shares held at the date of this document by the following Directors: (i) Colin Jump, options over 1,576,191 Ordinary Shares; (ii) Colin Nicholl, options over 116,000 Ordinary Shares; and (iii) Andrew Darby, options over 350,000 Ordinary Shares.

Further details in respect of these options are included in the Company's annual report and financial statements for the year ended 31 December 2014, which are available at [www.microsaic.com](http://www.microsaic.com).

## 10. RELATED PARTY TRANSACTION

The Directors' aggregate participation in the Placing, as set out above, together with the participation of Nigel Wray as a substantial shareholder in the Company, constitute a related party transaction pursuant to Rule 13 of the AIM Rules. As all of the Directors are proposing to participate in the Placing, Shareholders are being

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asked (as part of the Placing Resolutions) to approve and authorise the Directors' aggregate participation in the Placing at the General Meeting. As there are no independent directors to provide a fair and reasonable statement because all of the Directors are participating in the Placing, Numis (in its capacity as the Company's nominated adviser for the purposes of the AIM Rules) considers that the participation in the Placing by the Directors and Nigel Wray is fair and reasonable in so far as the Shareholders are concerned.

## **11. GENERAL MEETING**

A notice convening the General Meeting for 11.00 a.m. on 19 October 2015 at the offices of Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London EC2M 5SY, is set out at the end of this document. The business to be considered at the General Meeting is set out in the Notice.

The Company is proposing that Shareholders pass the Placing Resolutions in order to:

- (1) grant the Directors authority, under section 551 of the Act, to allot Ordinary Shares in connection with the Placing up to a maximum aggregate nominal amount of £49,532.91, being the maximum required for the purposes of issuing the Initial Placing Shares, the Additional Demand Option Shares in the event of any exercise of the Additional Demand Option by Numis and shares to be issued and allotted pursuant to and in the event of the exercise of the Warrants;
- (2) approve the Directors' aggregate participation in the Placing on the terms set out in this document; and
- (3) disapply the pre-emption rights conferred by the Act in connection with the allotment pursuant to the Placing of the Initial Placing Shares, the Additional Demand Option Shares in the event of any exercise of the Additional Demand Option by Numis and shares to be issued and allotted pursuant to and in the event of the exercise of the Warrants.

The authorities to be granted to the Directors by resolutions (1) and (3) of the Placing Resolutions will be in addition to those authorities given at the Company's annual general meeting ("**AGM**") held on 19 May 2015 and will only be used in connection with the Placing.

Pursuant to resolutions passed at the last annual general meeting of the Company on 19 May 2015, the Directors currently have authority to allot up to 21,128,460 Ordinary Shares representing approximately 29 per cent. of the Enlarged Issued Share Capital of which 6,338,536 Ordinary Shares are capable of being allotted on a non pre-emptive basis.

## **12. ACTION TO BE TAKEN**

A Form of Proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to attend the General Meeting, you are requested to return the duly completed Form of Proxy to the Company's registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF, United Kingdom as soon as possible and in any event, so as to be valid, to arrive before 11.00 a.m. on 15 October 2015. Submission of the Form of Proxy does not affect your ability to attend the General Meeting and vote in person, if you wish.

The net proceeds of the Placing are anticipated to fund the Company into the third quarter of 2016. In the event that Shareholders do not approve the Placing Resolutions or the Placing does not proceed for any other reason, the Company will be required to seek financing from alternative sources, which the Board believes may be difficult to secure and, if secured, is likely to be detrimental to existing Shareholders. It is therefore of the utmost importance that Shareholders vote in favour of the Placing Resolutions. If the Placing Resolutions are not passed at the General Meeting and the Placing does not proceed, no further assurance can be given that the Company will be able to continue as a going concern.

## **13. RECOMMENDATION**

The Directors consider that the Placing is in the best interests of the Company and its Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Placing Resolutions, as each Board

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member intends to do in respect of his own direct holdings of Ordinary Shares, which in aggregate represent 15 per cent. of the Ordinary Shares in issue at 29 September 2015, being the latest practicable date prior to the publication of this document.

Yours faithfully,

**Colin Nicholl**  
*Chairman*

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## NOTICE OF GENERAL MEETING

# Microsaic Systems plc

(the "Company")

Notice is hereby given that a General Meeting of the Company will be held at 11.00 a.m. on 19 October 2015 at the offices of Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London EC2M 5SY to consider and, if thought fit, pass the following resolutions (resolutions 1 and 2 to be proposed as ordinary resolutions and resolution 3 to be proposed as a special resolution):

### ORDINARY RESOLUTIONS

1. **THAT** the directors of the Company ("**Directors**") be and hereby are generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the "**Act**"), to exercise all powers of the Company to allot equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £49,532.91, being 19,813,162 ordinary shares of 0.25 pence each ("**Ordinary Shares**"), in connection with the proposed placing of new Ordinary Shares to certain institutional and other investors (the "**Placing**") and the issue of warrants to subscribe for new Ordinary Shares, in each case, as further described in the circular posted to the holders of Ordinary Shares on 30 September 2015 of which this notice forms part ("**Circular**"), provided that this authority shall (unless previously revoked or varied by the Company in general meeting) expire on 31 December 2015, save that the Company may make offers and enter into agreements prior to such date which would, or might, require equity securities to be allotted after the date on which the authority ends and the Directors may allot equity securities under any such offer or agreement as if the authority conferred hereby had not expired. This authority is in addition to and not in substitution for all other existing authorities under section 551 of the Act.
2. **THAT**, conditional on resolutions 1 and 3 being passed, the Directors' participation in the Placing as further described in the Circular be and hereby is approved.

### SPECIAL RESOLUTION

3. **THAT**, conditional on resolution 1 being passed, the Directors be and hereby are given power, in accordance with section 570 of the Act, to exercise all powers of the Company to allot equity securities for cash under the authority given by resolution 1 above as if section 561 of the Act did not apply to any such allotment, provided that such power be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £49,532.91, being 19,813,162 Ordinary Shares, in connection with the Placing, provided that this authority shall (unless previously revoked or varied by the Company in general meeting) expire on 31 December 2015, save that the Company may make offers and enter into agreements prior to such date which would, or might, require equity securities to be allotted after the authority ends and the Directors may allot equity securities under any such offer or agreement as if the authority conferred hereby had not expired. This authority is in addition to and not in substitution for all other existing authorities under section 570 of the Act.

By order of the Board

**Andrew Holmes**  
Company Secretary

30 September 2015

*Registered Office:*

GMS House  
Boundary Road  
Woking  
Surrey  
GU21 5BX

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## NOTES:

### Quorum

1. The quorum for the meeting shall be two shareholders present in person or by proxy. If, within 15 minutes from the appointed time for the meeting, a quorum is not present, then the meeting will stand adjourned to the same day in the next week (or if that day is a public holiday to the next working day thereafter) at the same time and place or to such other day, time or place as the Directors may determine and no notice of such adjournment need be given. At an adjourned meeting, shareholders present in person or by proxy will form a quorum.

### Website address

2. Information regarding the meeting is available from [www.microsaic.com](http://www.microsaic.com)

### Entitlement to attend and vote

3. Only those holders of ordinary shares of £0.0025 each in the capital of the Company ("**Shares**") registered on the Company's register of members at 6.00 p.m. on 15 October 2015 (or, in the case of any adjourned meeting, shareholders on the register of members of the Company at 6.00 p.m. on the day immediately preceding the date fixed for the adjourned meeting) shall be entitled to attend and vote.

### Appointment of proxies

4. Members entitled to attend, speak and vote at the meeting (in accordance with note 3 above) are entitled to appoint one or more proxies to attend, speak and vote in their place. If you wish to appoint a proxy please use the form of proxy enclosed with this document (the "**Form of Proxy**"). In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. The completion and return of the Form of Proxy will not stop you attending and voting in person at the meeting should you wish to do so. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of the Form of Proxy (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope.
5. You can appoint the Chairman of the meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words "the Chairman of the meeting or" on the Form of Proxy and insert the full name of your appointee.
6. You can instruct your proxy how to vote on each resolution by ticking the "For" and "Against" boxes as appropriate (or entering the number of shares which you are entitled to vote). If you wish to abstain from voting on any resolution please tick the box which is marked "Vote Withheld". It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.

If you do not indicate on the Form of Proxy how your proxy should vote, he/she can exercise his/her discretion as to whether, and if so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions and any proposal to adjourn the meeting) which may properly be conducted at the meeting.

A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy.

### Appointment of proxy using hard copy form

7. The Form of Proxy and any power of attorney (or a notarially certified copy or office copy thereof) under which it is executed must be received by Capita Asset Services at: PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF, United Kingdom at 11.00 a.m. on 15 October 2015 in respect of the meeting. Any Forms of Proxy received before such time will be deemed to have been received at such time. In the case of an adjournment, the Form of Proxy must be received by Capita Asset Services no later than 48 hours before the rescheduled meeting.

On completing the Form of Proxy, sign it and return it to Capita Asset Services at the address shown on the reverse of the Form of Proxy. As postage has been prepaid no stamp is required. You may, if you prefer, return the Form of Proxy in a sealed envelope to the following address: FREEPOST CAPITA PXS (this is all that is required on the envelope). Please note that delivery using this service can take up to 5 business days.

### Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services at: PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF, United Kingdom, at least 48 hours before the commencement of the meeting (or any adjourned meeting).

In the case of a member which is a company incorporated in England and Wales or Northern Ireland, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice.

If you submit more than one valid proxy appointment in respect of the same Shares, the appointment received last before the latest time for receipt of proxies will take precedence.

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Completion of a Form of Proxy will not preclude a member from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.

**Issued shares and total voting rights**

9. The total number of Shares in issue in the capital of the Company at the date of this notice is 63,385,376 ordinary shares of £0.0025 each.

On a vote by a show of hands, every holder of Shares who (being an individual) is present by a person, by proxy or (being a corporation) by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of Shares who is present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote for every Share held by him.

**Communication**

10. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
- calling Capita Asset Services' shareholder helpline (lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales):
    - (i) From the UK: 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge);
    - (ii) From outside the UK: +44 (0)208 639 3399 (calls from outside the UK are charged at applicable international rates); or
  - in writing to Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom.

You may not use any electronic address provided either:

- in this notice of meeting; or
  - any related documents (including the Form of Proxy for this meeting),
- to communicate with the Company for any purposes other than those expressly stated.

