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**Medical Solutions plc**  
("Medical Solutions" or the "Company")

**PROPOSED ACQUISITION OF AUTOGEN BIOCLEAR UK LIMITED**

The Board of Medical Solutions plc (LSE: MLS) the provider of expert, quality services and products to the healthcare, pharma biotech and life sciences research sectors, announces that it has conditionally agreed to acquire the entire issued share capital of Autogen Bioclear UK Limited ("Autogen Bioclear") for a total consideration of up to £6 million payable in cash.

**Highlights:**

- Medical Solutions to pay an initial consideration of £4.0 million in cash for Autogen Bioclear
- The acquisition includes net current assets of £2.0 million, mainly present as cash; any shortfall against this will be adjusted £ for £ from the initial consideration
- Further deferred consideration of £1.0 million is payable in cash on each of the first and second annual anniversaries, totaling £2.0 million, of which £0.5 million is subject to performance criteria
- Autogen Bioclear is cash generative and reported a profit before tax of £0.82 million for the year ended 30 June 2007 on turnover of £2.7 million
- The Company will benefit from an expanded product offering, enhanced customer base, cross-selling opportunities and access to products and reagents for use in its laboratories at distributor prices
- This is the Company's second acquisition since it completed the disposal of its Dubai operations for £16.4 million in November 2006. It will continue to

look for suitable acquisition targets, which will enable it to further grow revenue and profit streams.

Autogen Bioclear distributes a wide range of specialist products for applications in life sciences, diagnostic pathology and clinical research. Products include antibodies, diagnostic assays for cancer and other genetic testing, DNA clones and molecular diagnostics.

The acquisition is in line with Medical Solutions' strategy to grow its healthcare and life science research businesses, by enhancing its molecular diagnostic capability. As a result, the Company will benefit from an expanded product offering, enhanced customer base, cross-selling opportunities and access to products and reagents for use in its laboratories at distributor prices.

Autogen Bioclear also brings sales expertise and marketing skills to Medical Solutions which will enable it to further continue its expansion plans, both organic and through acquisition. Chris and Jane Lear, the current owners and directors of Autogen Bioclear will assume senior management roles at Medical Solutions.

The acquisition is conditional upon the approval of Shareholders in general meeting. The Company will be sending a circular to its shareholders shortly giving further details of the acquisition and convening a general meeting.

Commenting on the transaction, Managing Director Nick Ash said **“We are delighted to announce the proposed acquisition of Autogen Bioclear. This is another significant step for Medical Solutions and further enhances our position as a leading provider of expert, quality services and products to the healthcare, pharma biotech and life science research communities.”**

### **General Meeting Notice**

The Acquisition is conditional upon the approval of Shareholders of the Company in general meeting. A General Meeting will be convened for this purpose and will be held at the offices of the Company, 1 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX on a date to be announced shortly. A circular to Shareholders containing further information and a notice of General Meeting will be dispatched as soon as is practicable.

### **Background and Reasons for the Acquisition**

The Group's strategy is to grow its healthcare, pharma biotech and life science research business through organic growth from existing operations combined with selected acquisitions to broaden the Company's portfolio of products and services.

Medical Solutions has built its business on its histopathology expertise and is at the forefront of cervical cancer screening in the UK, supplying liquid based cytology (“LBC”) equipment, consumables and technical support to NHS Hospital Trusts throughout the UK.

Medical Solutions also has an established diagnostic reference laboratory offering, with particular strengths in immunohistochemistry (“IHC”) and fluorescence in situ hybridisation (“FISH”). The combination of this and an extensive tissue bank, and therefore access to ethical tissue supplies, is a powerful offering for both the healthcare and pharma biotech sector, particularly considering the accelerating interest in “targeted” therapies which require the quantitative evaluation of relevant biomarkers as part of a therapeutic development process.

With the acquisition of Geneservice in July 2007, Medical Solutions added expertise in genomic contract research services, such as sequencing, genotyping and RNA expression analysis in addition to the distribution of genomic products. This molecular biology and genomic expertise is offered mainly to academic and research institute customers in the life science research sector. However, the combination of genomic and core pathology expertise also represents a powerful service offering to pharma biotech and healthcare customers.

Medical Solutions provides its reference laboratory and genomic contract research services from state of the art facilities. Quality of service is critical and the Company maintains an extremely high level of accreditation including CPA, GLP and GCP. The Company is also licensed by the Human Tissue Authority (“HTA”).

To broaden and strengthen the Group’s offering and drive for profitability still further, Medical Solutions has been evaluating companies providing complementary or synergistic activities. In particular, the Group has looked to achieve critical mass in areas where there is infrastructure and resources which can support greater levels of business activity and where significant cross-selling opportunities exist.

Autogen Bioclear is a private company based in Calne, Wiltshire, UK and was established in November 1990. It is managed and owned by its founder directors, Christopher Lear and Jane Lear. Both had worked in senior management positions in the pharma biotech sector prior to establishing Autogen Bioclear. There are 9 employees, comprising the owner-directors, sales staff, technical support, customer services and finance.

Autogen Bioclear’s primary customer base has been the academic and charitably funded research sector. It has forged strong and long-established links with the manufacturers whose products it distributes. Its most significant and longest standing distribution agreement is with Santa Cruz Biotechnology, Inc., a leading manufacturer of antibodies and related reagents. Autogen Bioclear also has agreements with InVivogen LLC and Innogenetics NV, amongst other suppliers.

Autogen Bioclear has shown steady year on year turnover growth and has been consistently profitable.

Autogen Bioclear’s product range is complementary with that offered by Medical Solutions especially in genomic based products. Moreover, Autogen Bioclear distributes diagnostic kits, antibodies and other genomic products that Medical Solutions employs in its reference laboratory and contract research services. It is expected that the combination will create new cross-selling opportunities and better utilisation of the pre-existing infrastructure. There will be opportunities for the Group to enhance margins by utilising Autogen Bioclear products in its service offerings.

### **Benefits of the Acquisition**

The Acquisition will have a number of anticipated benefits for the Enlarged Group including:

#### *Expanded product offering and enhanced customer base*

The Medical Solutions genomic reagents business is already an important contributor to Group profitability. The products currently offered by Autogen Bioclear are complementary and extend the Group’s portfolio, providing a comprehensive one-stop shop of products for a broad spectrum of life science disciplines. For example, customers purchasing Medical Solutions’ genomic clone libraries would also be likely to have a requirement for Autogen Bioclear’s antibody products, for follow on studies.

There are also cross-selling opportunities to offer existing Autogen Bioclear products and services to Medical Solutions’ customers and vice versa. Medical Solutions has

a strong customer base in the healthcare sector and across the pharma biotech sector, markets into which Autogen Bioclear currently has limited penetration. Autogen Bioclear will also benefit from being able to access Medical Solutions' international customer base, particularly in the life science research sector.

Additionally, Autogen Bioclear has customers in certain academic centres and research institutions where Medical Solutions would wish to operate. Where there are common customers, it will be possible to offer the extended and complementary product portfolio enhancing the efficiency of the sales activity.

#### *Enhanced Group margins on laboratory services through the use of Autogen Bioclear products*

Medical Solutions currently provides expert tissue analysis and diagnostics services in conjunction with IHC and FISH analysis for healthcare and pharma biotech customers. The acquisition of Autogen Bioclear will enable the Group to purchase the necessary laboratory reagents and diagnostic kits at distributor, rather than end-user, prices thereby improving the margins on the related services.

#### *Cost benefits*

Cost savings can be made in a number of areas, largely based on the relocation of certain Autogen Bioclear operations from Wiltshire to the Group facilities in Nottingham and Cambridge, in particular the amalgamation of the Enlarged Group's on-line ordering and distribution infrastructure. There are also opportunities for the consolidation of support functions and restructuring of operational and other staff.

#### *Sales and marketing expertise*

Autogen Bioclear is a sales led organisation. The blend of skills and expertise of Autogen Bioclear's directors and senior staff, particularly in sales and marketing, will enhance the existing Medical Solutions team and create an extremely knowledgeable and effective commercial and business development team.

### **Post Acquisition strategy**

Medical Solutions and Autogen Bioclear bring together complementary skills, expertise and product ranges, which will help Medical Solutions retain its position as a leading provider of diagnostic laboratory and contract research services and products.

Medical Solutions will benefit from the enhanced portfolio of life science research products that Autogen Bioclear provides, and also benefit from the ability to source products into its laboratories at distributor costs. At the same time, Autogen Bioclear will gain access to the healthcare and pharma biotech customers of Medical Solutions, as well as its international customer base in life sciences research for certain products.

The management of Autogen Bioclear will add significantly to the depth of experience in sourcing new products, particularly from the US and Europe, which will be of interest to the enlarged customer base. Autogen Bioclear's management will also be freed from administrative and routine distribution activities allowing an increased focus on business development and sales activity.

The status of Autogen Bioclear as a leading UK provider of life science research products is complementary with Medical Solutions' strategy to enhance its status as a leading provider of expert, quality services to the life science research, healthcare and pharma biotech sectors.

## **Principal terms of the Sale and Purchase Agreement**

Pursuant to the Sale and Purchase Agreement, which was executed and exchanged on 18 February 2008, Medical Solutions has agreed to acquire the entire issued share capital of Autogen Bioclear for an aggregate maximum cash consideration of £6,000,000 (subject to an adjustment based on completion accounts and the satisfaction of certain performance criteria) to be satisfied partly on completion and partly by means of deferred consideration. As part of the adjustment, the Sellers will be required to repay Medical Solutions on a £ for £ basis the amount by which the net current assets of Autogen Bioclear, as at completion of the Acquisition, are less than £2,000,000.

The consideration will be payable in a number of tranches, as follows: £3,500,000 on completion and £500,000 on settlement of the completion accounts (both amounts subject to any adjustment based on the completion accounts); £750,000 on the first anniversary of completion and £750,000 on the second anniversary of completion. A further £500,000 will be payable according to performance criteria in the period after completion and subject to the Sellers remaining as employees of the Group. If payable, the performance element will be due in instalments of £250,000 on the first and second anniversaries of completion.

The Sale and Purchase Agreement contains warranties and indemnities for the benefit of Medical Solutions that are usual for a transaction of this nature. The maximum amount of the liability of the Sellers under the Sale and Purchase Agreement is limited to the total consideration received by the Sellers.

The Acquisition constitutes a Class 1 transaction for the purposes of the Listing Rules of the UK Listing Authority and therefore requires and is conditional upon the approval of the Shareholders in a general meeting. Medical Solutions is entitled to terminate the Sale and Purchase Agreement if the conditions contained therein are not met or waived by Medical Solutions on or before 4 April 2008 (or such other date as the parties may agree in writing) or if there is a material adverse change in the financial position of Autogen Bioclear before that date.

## **Current trading and prospects**

### *Medical Solutions*

As stated in the Interim Report for the six months ended 30 June 2007, and announced on 10 September 2007, trading within the Group during the first half of 2007 improved compared with the same period in 2006. Revenue from continuing operations for the six months ended 30 June 2007 was consistent at £3.1 million compared with 2006 and the loss for the period from continuing operations was reduced by £1.0 million to £0.3 million compared with 2006 (2006: loss of £1.3 million). Cash at 30 June 2007 was £14.1 million compared with £2.7 million in 2006.

### *Autogen Bioclear*

Revenue for the year ended 30 June 2007 improved by 10 *per cent* to £2.7 million (2006: £2.5 million). The profit before tax for the year ended 30 June 2007 was £0.82 million (2006: £0.56 million).

Cash at 30 June 2007 was £2.1 million (2006: £1.5 million) and there was no financing debt (2006: £nil). Net current assets at 30 June 2007 were £1.9 million (2006: £1.7 million).

The Directors believe that had the Acquisition taken place on 1 July 2006, it would have enhanced the earnings of Medical Solutions for the year ended 30 June 2007.

This statement should not be interpreted to mean that the earnings per share of Medical Solutions for the first full year after the transaction will increase.

### *The Enlarged Group*

Medical Solutions has strengthened the Group's presence in the life science research sector following the acquisition of Geneservice Limited during 2007. These activities have been successfully integrated, and the Group now offers genomic products and services for use in a broad spectrum of life science research applications.

With the acquisition of Autogen Bioclear, Medical Solutions will broaden its product portfolio with complementary products including genomic reagents, antibodies and diagnostic kits. Moreover, it will enable the Group's reference laboratory service operations to source laboratory materials and reagents at lower cost. In addition, it will open new markets for the Autogen Bioclear portfolio and expand the customer base it can serve.

The acquisition of Autogen Bioclear further demonstrates the Board's commitment to returning the business to profitability by both organic growth and synergistic acquisitions which can deliver sustainable improvements in the Group's performance.

The Board believes that the Enlarged Group will develop and grow in an effective and controlled manner, delivering value to its shareholders.

### **Financial information on Autogen Bioclear**

A summary of the trading results for Autogen Bioclear for the years ended 30 June 2006 and 2007 is set out below:

	<i>Year ended 30 June 2007 £'000</i>	<i>Year ended 30 June 2006 £'000</i>
Turnover	2,744	2,498
Net profit for the year before tax	823	558
Total gross assets	<hr/> 3,802	<hr/> 2,328
Net current assets	<hr/> <hr/> 1,917	<hr/> <hr/> 1,697

### **Composition of the Board**

On completion of the Acquisition, Professor Karol Sikora will be commencing his new role as Chairman of the Scientific Advisory Board of the Company. As a consequence, he will be stepping down from the Board of Directors from his current position of Scientific Director.

### **General Meeting**

Completion of the Acquisition is conditional upon, *inter alia*, the approval by Shareholders by way of a resolution at the General Meeting of the Shareholders at 1 Orchard Place, Nottingham Business Park, Nottingham NG8 6PX, on a date to be announced shortly.

**-ENDS-**

### **About Medical Solutions**

Medical Solutions is a leading provider of expert, quality services and products to the healthcare, pharma biotech and life science research sectors. Its Healthcare operations provide screening products and reference laboratory diagnostic testing services for cancer and other diseases and additional predictive testing for treatment optimisation for clinicians and patients. Pharma Biotech Services offers support for early stage therapeutic development, offering a “one-stop shop” from tissue pathology, immunohistochemistry, sophisticated image analysis, biomarker determination and assay development to pharmacogenomics including genotyping and gene expression analysis. The Life Science Research services provide core laboratory research support from conceptualization to implementation, calling upon a wide ranging of cutting-edge technology platforms including and an online catalogue of biomolecular tools. This incorporates DNA sequencing, whole genome amplification and a comprehensive library of genomic reagents and clones including cDNA and RNAi.

The group has its headquarters in Nottingham, UK where it operates state of the art reference laboratory facilities, with additional UK laboratory facilities in Cambridge and Oxford. Medical Solutions is CPA, GLP and GCP accredited and is licensed by the Human Tissue Authority.

### **About Autogen Bioclear**

Autogen Bioclear is a private company, based in Wiltshire, UK, offering specialist and innovative products for applications in life sciences, diagnostic pathology and clinical research and development. Autogen Bioclear are committed to providing products that maximise efficiencies in clinical and research laboratories and offer its customers rapid access to high quality, leading edge genomic products, antibodies, cell culture, diagnostic kits and related research tools.

Autogen Bioclear distribute on behalf of a number of the world’s leading developers and manufacturers of research reagents, diagnostic and molecular biology products in addition to supplying its own range of over 1,500 antibodies. Products include antibodies, diagnostic assays for cancer and other genetic testing, DNA clones and molecular diagnostics.

## **Appendix 1**

### **DEFINITIONS**

The following definitions are used in this document, except where the context requires otherwise:

“Acquisition”	the proposed acquisition by Medical Solutions of Autogen Bioclear UK Limited pursuant to the Sale and Purchase Agreement
“Autogen Bioclear UK Limited” or “Autogen Bioclear”	a company incorporated in England and Wales with registered number 2559939
“Board” or “Directors”	the current board of directors of the Company
“Company” or “Medical	Medical Solutions plc a company incorporated in England

Solutions”	and Wales with registered number 79136
“Enlarged Group”	the Group following the completion of the Acquisition
“General Meeting”	the general meeting of the Company to be held at 1 Orchard Place, Nottingham Business Park, Nottingham NG8 6PX on a date to be announced shortly
“Group”	the Company and its subsidiaries at the date of this document
“Nomura Code”	Nomura Code Securities Limited
“Ordinary Shares” or “Shares”	ordinary shares of 2 pence each in the capital of Medical Solutions
“Sellers”	Christopher Roy Lear and Jane Marguerite Lear
“Sale and Purchase Agreement”	the agreement for the sale and purchase of the entire issued share capital of Autogen Bioclear dated 18 February 2008 and entered into between the Sellers and Medical Solutions
“Shareholder(s)”	a holder or holders of Ordinary Shares

## Appendix 2

### GLOSSARY

The following terms are used in this document:

antibodies	Antibodies are proteins that are found in blood or other bodily fluids; they are used by the immune system to identify and neutralise foreign objects, such as bacteria and viruses. A wide range of antibodies with a large variety of cellular targets are available to research scientists through distributors such as Autogen Bioclear.
biomarkers	Biomarkers often refer to substances found in blood, urine or tissue, changes in which may be used to indicate presence of disease or response to treatment. More generally the term biomarker refers to any molecule that can be used to monitor a particular cellular process.
Clinical Pathology Accreditation (CPA)	CPA is the mechanism of accreditation for clinical pathology services. It involves an external audit of the ability of a laboratory to provide a service of high quality by declaring a defined standard of practice, which is confirmed by peer review.
DNA and cDNA	DNA (DeoxyriboNucleic Acid) is a large, complex molecule which, by virtue of a unique sequence of building blocks, contains all the genetic information required to create a cell or organism. cDNA (complementary DNA) is a simplified version of the original DNA, synthesised artificially using an RNA template (see below).
fluorescence in situ hybridisation	In situ hybridisation (“ISH”) is a powerful technique, not unlike immunohistochemistry (below), for visualising the presence of specific sequences of DNA and RNA in tissue sections. The technique uses short synthetic sequences of DNA or RNA which will bind to the tissue with high specificity for the DNA or RNA of interest. Fluorescent “tags” are attached to these synthetic sequences, allowing them to be visualised with a special microscope, even when present at very low levels (“FISH”)
genomics	Genomics is the study of an organism’s entire genome, where the genome of an organism is its whole hereditary information and is encoded in the DNA (see above) and RNA (see below). This includes both the genes and the non-coding sequences of the DNA.
genomic clone libraries	A clone library is a collection of clones containing complementary DNA (cDNA) (see above) and is often intended to represent the genes that are expressed within a given cell or tissue type at a given period.
genomic products and reagents	In this instance, DNA or RNA extracted and purified from a reagents range of species, and provided in a variety of forms for research purposes.

genotyping & sequencing	DNA sequencing is the process of looking at the precise order in which the building blocks of the patient's DNA are linked together. Genotyping, in turn, is the process whereby an individual's DNA is tested for mutations (single changes in the building block sequence) which might give rise to disease or other abnormalities. This is normally carried out by sequencing.
Good Clinical Practice (GCP)	GCP accreditation provides further assurance beyond GLP (see below) that all regulatory studies involving human tissue are conforming to the principles of good clinical practice. GCP and GLP compliance is monitored by the Medicines and Healthcare products Regulatory Agency (MHRA), a governmental agency.
Good Laboratory Practice (GLP)	A set of principles that provides a framework within which laboratory studies are planned, performed, monitored, recorded and reported.
histopathology	The study of changes in tissues and cells as a consequence of some disease or toxic process.
immunohistochemistry	Immunohistochemistry is a technique for visualising proteins and other molecules in thin sections of tissue. This technique uses antibodies raised in other species against the protein of interest as a tool, and exploits their exquisite sensitivity and specificity for binding to that protein.
liquid based cytology	Liquid-based cytology ("LBC") is a process for collecting cytology samples from tissues such as the cervix or the lung, which provides purer populations of cells, without the other materials which frequently contaminate the sample such as blood or mucus.
RNA	RNA (RiboNucleic Acid) is chemically quite similar to DNA, but is an intermediate product between the DNA of the gene, and the ultimate protein product of that gene. The level of expression of a gene can be gauged by the amount of RNA synthesised from that gene, a process usually measured by quantitative real-time polymerase chain reaction ("Q-PCR").
RNA expression analysis	RNA expression analysis measures the activity of genes at once generating a global picture of cellular function. The expression analyses, or profiles, can distinguish between cells that are actively dividing, for example, or show how the cells react to a particular treatment.