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18 July 2006

Inspicio plc (“Inspicio” or the “Company”)

Acquisition of Eclipse Scientific Group Limited (“Eclipse”)

Inspicio plc (INP.L), the UK and international inspection and testing business, is pleased to announce that it has entered into a conditional agreement to acquire Eclipse Scientific Group Limited (“the Acquisition”), one of Europe’s leading independent food and pharmaceutical testing laboratories.

Acquisition Highlights:

- Continues Inspicio’s strategy to build a global testing and inspection business
- Earnings enhancing for Inspicio in first year
- Acquisition of Eclipse for £47 million
- Up to £3 million further payable to Julie Dedman, Managing Director of Eclipse, based on the future performance of Eclipse
- The Acquisition to be funded through a combination of new debt facilities (“the New Debt Facilities”) of £22 million and the issue of new Ordinary Shares of £30 million, including both a placing by Bridgewell Limited of approximately 25.1 million new Ordinary Shares (“the Cash Placing”) at a price of 110 pence per Ordinary Share and the issue of approximately 2.1 million Consideration Shares to several of the Eclipse Vendors
- Inspicio’s third major acquisition since listing in April 2005
- Increases Inspicio’s proportion of sales of higher-margin testing services

About Eclipse:

- Eclipse achieves profit (EBITDA) margins of 22 per cent. in a market that is expected to grow at approximately 20 per cent. per annum
- Eclipse is an analytical food testing business that is well known to Inspicio and complementary to Inspicio’s existing businesses
- It is well established within the United Kingdom and the Republic of Ireland where it focuses on analysis of the food, pharmaceutical, water, environmental, agrochemical and animal feed industries

Commenting on the Acquisition, Inspicio’s Chief Executive Officer, Mark Silver, said:

“We believe there is an opportunity to build a global food testing business within Inspicio. The global food and pharmaceutical testing market is estimated to be worth £540 million and is growing at approximately 20 per cent. CAGR, but it is fragmented. By acquiring Eclipse we plan to build a global food testing business on Inspicio’s existing laboratory infrastructure that will service this growing demand, and create a platform to further consolidate the industry.”

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Introduction

The board of Inspicio plc (INP.L), the UK and international inspection and testing business, is pleased to announce that it has entered into a conditional agreement to acquire Eclipse Scientific Group Limited for £47 million, plus a further amount of deferred consideration of up to £3 million payable to the Managing Director of Eclipse, Julie Dedman, based on the future performance of Eclipse. This continues Inspicio's stated strategy of growth in the UK and international inspection and testing markets through acquisition.

The Acquisition is to be funded through a combination of new debt facilities of £22 million and the issue of new Ordinary Shares of £30 million, including both the Cash Placing by Bridgewell Limited of approximately 25.1 million new Ordinary Shares at a price of 110 pence per Ordinary Share and the issue of approximately 2.1 million Consideration Shares to several of the Eclipse Vendors.

The Acquisition is of an analytical food testing business that is well known to Inspicio. Eclipse is complementary to Inspicio's existing businesses and synergies have been identified. The Acquisition is in line with the Company's strategy of fully leveraging the group's existing international laboratory infrastructure through the development of up to five separate global product divisions within the group.

The Company today gave notice that an EGM for shareholders to approve the resolutions ("Resolutions") required for the issue of the new Ordinary Shares will be held at 9:00am on 10 August 2006 at the offices of Jones Day at 21 Tudor Street London EC4Y 0DJ. The Acquisition remains conditional, inter alia, upon the approval of the Resolutions by shareholders at the EGM and the Cash Placing and the New Debt Facilities becoming unconditional in all respects.

Rationale for the Acquisition

Inspicio's stated objective is to acquire and manage companies and businesses in the UK and international inspection and testing (including performance conformity) markets. Eclipse will be the Company's third major acquisition, following the acquisition of Inspectorate in October 2005 and Environmental Services Group Limited in April 2006.

The Directors believe that a number of factors are stimulating long-term growth in the inspection and testing markets, and will support the growth of a global inspection and testing business:

- Regulatory and legislative changes driving the need for new and tougher testing regimes
- Buyers/sellers of goods and services seeking independent third party inspection
- Multi-national businesses requiring consistent inspection and testing services worldwide
- Globalisation of supply chains

The global market size for food and pharmaceutical testing is estimated at approximately £540 million, and is expected to grow at 20 per cent. CAGR. The Directors believe there is an opportunity to leverage Inspectorate's existing global laboratory network to build a global food testing division with bases in the Americas, Europe and Asia that will deliver rates of growth ahead of the market and realise operational synergies. By adding to Inspectorate's existing South American food testing operations, the acquisition of Eclipse is an important stage towards fulfilment of this strategy.

The Directors believe that the Acquisition will allow Inspicio to expand its proportion of higher-margin testing operations by creating a food testing division with a range of testing capabilities.

Eclipse is a successful business with a large and high quality customer base. It achieves profit (EBITDA) margins of 22 per cent. and is a leader in the UK market that is growing at 20 per cent. per annum. This acquisition will be earnings enhancing for Inspicio in the first full year.

Background on Eclipse Scientific Group Limited (“Eclipse”)

Eclipse is one of Europe’s leading independent analytical testing laboratories, with a reputation for high quality analysis, support and advice. It provides a variety of analytical testing services that focus principally on the food, water and pharmaceutical sectors. Eclipse was formed by a management buyout from Swan Group plc in July 2004. Following that management buyout, Eclipse has grown via a combination of organic growth and a series of acquisitions.

Eclipse’s strategy since the management buyout has been to improve the geographic coverage and the performance of the existing business, focusing on controlling costs and operating as a business-led, rather than science-led, operation. To achieve this turnaround, Eclipse has implemented various initiatives, including moving to 24/7 operations, investing in technology to improve the efficiency of testing, automating the manner in which results are reported to customers and developing a new refrigerated transport fleet to allow samples to be collected from across the United Kingdom.

The turnover, EBITDA and net assets attributable to Eclipse, as extracted from the management accounts for the year ending 31 March 2006, were approximately £12.5 million, £2.5 million and £10 million respectively. Eclipse completed a number of acquisitions during its financial year ended 31 March 2006; the full year contribution of such acquisitions will be reflected in Eclipse’s financial results for 2007.

Eclipse’s operations are divided between the different industries it serves. Details of the business units and contribution to turnover in the year ended 31 March 2006 are set out below:

Food and Drink – 66 per cent. of turnover in the year ended 31 March 2006

Eclipse undertakes analytical testing of food and drinks to internationally accredited standards, and also offers consultancy services in HACCP, ISO 9000, food technology, legal and labelling advice. The testing that is undertaken within this division includes vitamins, pesticide residue, additives, minerals, milk testing, allergen testing and veterinary residues. The testing of food is divided into two types of testing – microbiology testing and chemistry testing.

Residues – 9 per cent. of turnover

Eclipse provides analytical testing for the agrochemical industry to detect pesticides.

Pharmaceutical – 8 per cent. of turnover

The pharmaceutical division operates from a state-of-the-art laboratory within the United Kingdom. The facility was purpose built and is dedicated to supporting pharmaceutical companies in their compound and shelf-life testing.

Water and Waste – 7 per cent. of turnover

Water testing includes the testing of legionella, drinking waters, surface waters and ground waters. Eclipse provides water quality analysis and water treatment advice for swimming pools, recreational waters and natural mineral water and bottled water. This division also provides effluent and sludge analysis including the analysis of trade effluent discharge, waste waters, and consent discharge for landfill leachates.

Environmental – 4 per cent. of turnover

The environmental testing business, Voelcker Consultants, is a long-established environmental, soil and landscape testing company in the UK.

Products – 6 per cent. of turnover

The products division includes the sale of Dairy Starter Cultures and miscellaneous laboratory consumables.

The Cash Placing

Pursuant to the Acquisition, Inspicio has raised £27.7 million by way of the Cash Placing of 25.1 new Ordinary Shares at 110 pence per Ordinary Share by Bridgewell Limited. The Cash Placing Ordinary Shares will represent approximately 29.2 per cent. of the enlarged issued share capital of the Company. The Placing Price of 110 pence per share represents a discount of 7.95 per cent. to the middle market closing price of 119.5 pence per Ordinary Share on 17 July 2006. In addition, 2,135,160 Consideration Shares will be issued to the Eclipse Vendors.

The proceeds of the Cash Placing will be used to fund the Acquisition (including the costs of the Acquisition) and Bridgewell, on behalf of the Company, has conditionally agreed to place the Placing Shares at the Placing Price. The Cash Placing will be fully underwritten by Bridgewell. The Directors have agreed to subscribe for an aggregate total of 121,700 Ordinary Shares in the Cash Placing at the Placing Price.

The new Ordinary Shares will, following allotment, rank *pari passu* in all respects with the existing issued Ordinary Shares and will have the right to receive all dividends and other distributions hereafter declared, made or paid in respect of the issued Ordinary Share capital of the Company. Existing Shareholders are not selling any Ordinary Shares pursuant to the Cash Placing and all of the new Ordinary Shares are being issued by the Company.

Ends

For more information please go to: www.inspiciopl.com