

**Press Release, October 27 2006**

**Inspicio plc**

**("Inspicio" or the "Company")**

**Investment in Concateno plc**

Inspicio plc, the UK and international inspection and testing company, announces that it is investing £1.2 million for a 5 per cent. share holding in Concateno plc ("Concateno"). At the time of completion of Inspicio's investment, Concateno's sole asset will be Medscreen Holdings Limited ("Medscreen"), a global provider of drug and alcohol testing services.

The investment will give Inspicio exposure to the fast-growing drug and alcohol testing market. Inspicio and Concateno intend to enter into, on completion, a trading agreement that will allow Medscreen to grow through access to Inspectorate's global infrastructure, and provide a number of potential additional revenue streams for Inspicio.

Mark Silver, Chief Executive of Inspicio, said:

"We have decided to exploit the drug and alcohol testing market through this strategic investment in Concateno. Our investment and the associated trading agreement further enhance the range of Inspicio's global inspection and testing offering. We are confident that working together should generate revenue benefits to our core business as well as increasing the underlying value of our shareholding in Concateno."

**Concateno**

Concateno was admitted to trading on AIM on 7 April 2005 as an investing company. Today it has announced that it has entered into a conditional agreement to acquire the entire issued share capital of Medscreen for a purchase price of £30 million. Concateno is funding this acquisition through a placing of new ordinary shares to raise £18.7 million, the issue of new ordinary shares to the vendor, new debt facilities and its own cash resources.

Inspicio is subscribing for 1,397,059 new ordinary shares in Concateno pursuant to the placing at a price of 85 pence per share. As a result of this subscription, Inspicio will own 5 per cent. of Concateno. The investment will be funded from Inspicio's cash resources and bank facilities.

Completion of Concateno's acquisition of Medscreen, the placing of new ordinary shares and trading on AIM of the enlarged share capital of Concateno is expected to take place on 6 November 2006.

Concateno is chaired by Keith Tozzi, the Chairman of Inspicio. Keith will continue to chair both companies, using his considerable knowledge of the inspection and testing industry to deliver value for both groups of shareholders.

**Medscreen**

Medscreen is a global provider of drug and alcohol testing services, providing management solutions for the problems that drugs and alcohol bring to the working environment. Medscreen currently has 49 employees at its head office in Canary Wharf, plus an additional 60 collection officers in the UK and 260 overseas contractors that provide its collection service in ports around the world.

Medscreen is run by Fiona Begley, who led a management buy-out of the company in 2002 supported by Bowmark Capital Limited. Fiona will remain CEO of Medscreen and will join the board of Concateno.

Medscreen conducts clinical diagnostic testing, which forms part of the life sciences segment of the testing and certification sector. The global life sciences testing market has been estimated at £450 million per annum and to be growing at up to 30 per cent. per annum, with 25 per cent. operating margins (*source: Bridgewell Securities Research, December 2005.*)

### **Terms of Trading Agreement**

Inspicio has also agreed to work with Concateno to improve revenue potential to both groups. On completion, Inspicio and Concateno intend to enter into a trading agreement that will include the following benefits to both companies:

- (i) Inspicio will provide Medscreen with the use of Inspectorate's office and laboratory infrastructure in return for a fee or revenue sharing arrangement. Medscreen will be able to use Inspectorate's sites as cheaper testing and collection points, and will have access to more locations around the world.
- (ii) Medscreen will refer business opportunities to Inspicio, particularly in the maritime sector. Medscreen has very strong relationships with ship management companies and Inspectorate should be able to provide other testing services to these businesses (principally fuel, water and environmental tests). Inspicio will also refer business to Medscreen as appropriate.

**- Ends -**

### **For further enquiries, please contact:**

Mark Silver, Inspicio	020 7248 0802
Nick Tulloch, Altium	020 7484 4040
Chris Blundell, Brunswick	020 7404 5959

### **About Medscreen**

Medscreen was formed in 1986 in anticipation of the UK following the trend seen in the United States towards management of drugs and alcohol in the workplace. In 2002, a management team led by Fiona Begley, along with funds managed and advised by Bowmark Capital Limited, bought the business through a management buyout.

Medscreen's testing and analytical procedures are based on urine testing and it has implemented UKAS ISO17025 accreditation for its laboratory based in Canary Wharf, London and BSI ISO9001:2000 for its administration departments.

Medscreen currently has 49 employees at its head office in Canary Wharf, plus 60 collection officers in the UK and 260 overseas contractors that provide its collection service in ports around the world.

Medscreen's largest client by sales is HM Prisons, which contributed 18 per cent. of sales in the financial year ended 31 December 2005. Medscreen originally won the contract with HM Prisons in 1998 and was re-awarded the contract, following a competitive tender process for a further four-year period in September 2006.

In addition to HM Prisons, Medscreen currently operates in three key market sectors:

- (i) the international maritime sector;

- (ii) the UK workplace market, in particular companies in the oil, gas and petroleum, rail and construction industries, and contractors to those industries; and
- (iii) product sales such as breathalysers and POC kits and advice on policy development and employee training.

Medscreen has over 800 customers worldwide, with the top 20 accounts by sales (excluding HM Prisons) representing approximately 26 per cent. of sales. Medscreen generally does business with its customers on standard terms and conditions. Contracts tend to be on a one or two year rolling basis with a basic price charged for the initial sample test and a more complex ongoing cost structure if the test is confirmed positive.

In the financial year ended 31 December 2005, Medscreen reported Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") of £1,098,000 on turnover of £6,760,000. In the eight months ended 31 August 2006 (which have not been audited), Medscreen achieved EBITDA of £1,604,000 on turnover of £5,742,000.

### **About Inspicio**

Inspicio was admitted to AIM on 29 April 2005 as a newly incorporated company, established to acquire and manage organisations in the testing, inspection and performance conformity markets, both in the UK and internationally. The group has over 5,000 employees operating in almost 130 countries and a framework for continued growth.

Inspicio's strategy is focused on growth. It intends to use its global infrastructure to drive international expansion and its mission is to become a significant global player in the testing, inspection and performance conformity market.

More information is available at [www.inspiciopl.com](http://www.inspiciopl.com)