

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR THE REPUBLIC OF IRELAND OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE THE IMPORTANT NOTICE AT THE END OF THE ANNOUNCEMENT.**

**15 June 2010**

**INTERNATIONAL BRAND LICENSING PLC  
("IBL" or the "Company")**

**Proposed Acquisition of EKF-diagnostic GmbH  
Placing to raise £15.06m (gross) at 15p per share  
Change of name to EKF Diagnostics Holdings plc**

International Brand Licensing Plc (AIM: IBL), which has recently re-focused on building a business within the in vitro diagnostic devices market, announces:

- an agreement to acquire EKF-diagnostic GmbH ("EKF") for a total consideration of €14.32m to be satisfied by €11.32m in cash on completion and €3m deferred consideration in shares;
- a placing by Zeus Capital and Matrix Corporate Capital to raise approximately £15.06m (gross) by means of the issue of 100,435,653 new Ordinary Shares at 15 pence per share to fund the acquisition and to provide working capital; and
- a change of name of the Company to EKF Diagnostics Holdings plc (AIM trading symbol will be EKF.L).

**Commenting, Julian Baines, CEO of IBL, said:** *"This acquisition is the first step in our strategy to build a diagnostics business and gives us a good platform for future growth both organically and by further acquisitions. We intend, in particular, to focus on devices and reagents relating to diabetes, one of the fastest growing diseases in the world."*

The acquisition of EKF, which constitutes a reverse takeover under the AIM rules, will provide the Company with an established, profitable and cash generative business within the diagnostic devices industry. The Enlarged Group will be a manufacturer and distributor of point of care diagnostic devices and reagents and will immediately have sales and distribution channels into over 65 countries (including the key markets of the US, Europe and Russia).

The unaudited pro forma income statement, illustrating the effect on the Company of the acquisition as if it had been part of the Group for the year ended 31 December 2009, shows pro forma group revenue of £11.17 million and profit from operations of £2.67 million.

**About EKF:** [www.ekf-diagnostic.de](http://www.ekf-diagnostic.de)

EKF, based in Barleben, Germany, was founded in 1990 and focuses on the development, manufacture and selling of diagnostic instruments and reagents to clinical and research laboratories, doctors' offices and sports medicine testing sites worldwide. EKF focuses on diabetes and anaemia testing, two of the main segments of the point of care market.

At completion IBL will be the holding company of a group of diagnostics businesses with offices in Germany, Poland and Russia (where EKF will own 60 per cent. of the issued shares of the local entity).

A general meeting of IBL will be held at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP on 2 July 2010 at 11am and the Board (representing c. 13.38% of the Company's Existing Ordinary Shares) unanimously recommends that shareholders vote in favour of the Resolutions to be proposed.

*IBL will host a conference call for analysts at 8am and a lunch briefing at 12.30pm today  
for further details please contact Walbrook PR (contacts below)*

**Enquiries:**

**International Brand Licensing plc**

Julian Baines, CEO  
Paul Foulger, Finance Director

Mob: 07788 420 859  
Tel: 020 7823 1733

**Zeus Capital** (*Nominated Adviser and Joint Broker*)  
Ross Andrews / Tom Rowley

Tel: 0161 831 1512

**Matrix Corporate Capital LLP** (*Joint Broker*)  
Robert Naylor / Stephen Waterman

Tel: 020 3206 7000

**Walbrook PR**  
Paul McManus

Tel: 020 7933 8787  
Mob: 07980 541 893  
[paul.mcmanus@walbrookpr.com](mailto:paul.mcmanus@walbrookpr.com)

*Below are extracts from the Admission Document which has been sent to shareholders today. The full Admission Document is available on the Company's website: [www.iblplc.com](http://www.iblplc.com)*

*The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.*

*Zeus Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser to International Brand Licensing plc and is acting for no-one else in connection with the Proposals and will not be responsible to anyone other than International Brand Licensing plc for providing the protections afforded to clients of Zeus Capital Limited nor for providing advice in connection with the Proposals or any other matter referred to herein. Zeus Capital Limited has not authorised the contents of, or any part of, this announcement or the Admission Document and no liability whatsoever is accepted by Zeus Capital Limited for the accuracy of any information or opinions contained*

*in this announcement or the Admission Document or for the omission of any information.*

*Matrix Corporate Capital LLP, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as joint broker to International Brand Licensing plc and is acting for no-one else in connection with the Proposals and will not be responsible to anyone other than International Brand Licensing plc for providing the protections afforded to clients of Matrix Corporate Capital LLP nor for providing advice in connection with the Proposals or any other matter referred to herein. Matrix Corporate Capital LLP has not authorised the contents of, or any part of, this announcement or the Admission Document and no liability whatsoever is accepted by Matrix Corporate Capital LLP for the accuracy of any information or opinions contained in this announcement or the Admission Document or for the omission of any information.*

## **Key Statistics**

### **Existing Share Capital**

Current number of Ordinary Shares in issue 41,991,653

### **Placing**

Number of Placing Shares 100,435,653

Placing Price 15p

Gross proceeds of the Placing £15.06 million

Estimated net proceeds of the Placing £13.52 million

### **Acquisition**

Cash Consideration €11,320,000

Maximum number of Consideration Shares 16,732,482

### **Upon Admission**

Market capitalisation of the Enlarged Group at the Placing Price immediately following Admission £21.36 million

Placing Shares as a percentage of the Enlarged Issued Share Capital 70.52%

## **Expected timetable**

Admission document publication date	15 June 2010
Latest time and date for receipt of Proxy Forms for the General Meeting	11.00 a.m. on 30 June 2010
General Meeting	11.00 a.m. on 2 July 2010
First Admission and commencement of dealings in the First Tranche Placing Shares*	8.00 a.m. on 5 July
Second Admission and commencement of dealings in the Second Tranche Placing Shares**	8.00 a.m. on 6 July
Third Admission and commencement of dealings in the Enlarged Issued Share Capital (including the Third Tranche Placing Shares***)	8.00 a.m. on 7 July

*\* The First Tranche Placing Shares represent 10,666,665 Placing Shares proposed to be subscribed by certain venture capital trusts (VCT) and EIS investors (those that have raised their funds since 6 April 2006).*

*\*\* The Second Tranche Placing Shares represent 25,499,998 Placing Shares proposed to be subscribed by certain VCT (those that have raised their funds prior to 6 April 2006).*

*\*\*\* The Third Tranche Placing Shares represents 64,268,990 Placing Shares*

*proposed to be subscribed by non VCT and EIS investors.*

## **Introduction**

On 26 November 2009, IBL announced a change of strategy in order to focus on building a business within the diagnostics market place through acquisition and organic growth. The Company also announced the appointment of a new management team with significant experience, contacts worldwide and a proven track record of acquisition, integration and growing businesses within the diagnostics industry. The new management team is headed by David Evans, as Non-Executive Chairman, and Julian Baines, as Chief Executive Officer.

## **The Enlarged Group**

The Acquisition will provide the Company with an established, profitable and cash generative business within the diagnostic devices industry. The Enlarged Group will be a manufacturer and distributor of point of care diagnostic devices and reagents and will immediately have sales and distribution channels into over 65 countries (including the key markets of the US, Europe and Russia). The Acquisition is the first step in the strategy to build a business within the diagnostics market place through acquisition and organic growth with the objective of delivering value to shareholders.

In the Directors' opinion, there is an opportunity, by utilising the expertise of the management team within the diagnostics industry, to build a business that can take advantage of the ageing profile of the Western World's population and help in the diagnosis, treatment and care for these people. Diagnostic devices are used for the examination of specimen samples taken from the human body in order to diagnose disease and identify treatment options in patients. In recent years, advances in the cost, specificity, complexity and size of the instruments which are used has led routine diagnostic testing to move from centralised clinical testing laboratories to the point of care. This has significant benefits to the cost and quality of healthcare services and the Board believes that there will be significant future growth in the use and sale of diagnostic devices and associated reagents.

Whilst the Enlarged Group's suite of products will service a broad range of point of care diagnostics segments, including anaemia, heart disease and metabolic function, the Directors intend, in particular, to grow the Enlarged Group's existing focus on diabetes devices and reagents. Diabetes is one of the fastest growing diseases in the world, with the number of diabetes patients globally expected to increase from a base of 246 million in 2006, to 380 million in 2025.

## **About EKF**

The EKF Group comprises established businesses with operations in Germany, Poland and Russia (where EKF will, upon Admission, hold 60 per cent. of the issued share capital of the local entity) which are focused on the design, development, manufacture and selling of diagnostic instruments and reagents. The group also sells ancillary products including a line of proprietary cuvettes (small transparent containers which contain the patients' specimen in the device). The EKF Group's products and devices are designed to meet the needs of smaller professional clinical and research laboratories, doctors' offices, sports clinics and athletic testing sites. The EKF Group has its own sales force and is particularly strong in Eastern Europe and Russia which, the Directors believe, represent significant

untapped point of care markets.

### **Future Growth**

The Directors, drawing on their experience in building companies in the diagnostics market, have identified a clear strategy for generating shareholder value through the following initiatives:

- **Improving the sales and marketing strategy** - the Directors believe this is currently significantly under resourced and that EKF is under represented in four of the five largest markets in Western Europe as well as in the US. The Directors intend to develop stronger distribution relationships in Italy, France, Spain, the UK and in the US and to continue improving the Company's existing sales and marketing strategy in Germany.

The Directors also believe there is a significant opportunity to build the sales base of the Hemocontrol device, EKF's CLIA waived (US FDA home use approved) device for testing for haemoglobin and haematocrit, in order to compete with the only established competitor in the US;

- **Gaining further regulatory approvals to enable the launch of products** - examples include the proposed launch of EKF's glycosylated haemoglobin instrument in late 2010;
- **Centralising and expanding manufacturing capability** - centralisation of the Enlarged Group's manufacturing activities is expected to provide cost savings and optimise production;
- **Enhancing the product base through research and development** - through the utilisation of EKF's research and development facilities in Germany to develop an ongoing supply of new products;
- **Re-evaluating the distribution business model** - by gradually building on the value of direct sales with the consequent improvement upon gross margins; and
- **Acquiring other companies or products** - the Directors will continue to seek acquisition opportunities and are in discussion with a small diagnostics business and have identified other acquisition targets.

### **Management**

David Evans and Julian Baines have a proven track record in acquiring, integrating and growing businesses in the diagnostic area, exemplified by their role at BBI Holdings plc ("BBI"), which they grew through acquisition and organic growth, from a value of £4 million at the time of the management buyout in 2000, to a value of £84 million in 2007, when BBI was sold to Inverness Medical Innovations Inc. David is also chairman of Immunodiagnostic Systems Holdings plc.

The Directors have focused on the retention of high quality management within the group. Berthold Walter, the Chief Executive Officer of EKF, who has expertise in the development and manufacture of diagnostic platforms, will remain with the Enlarged Group as Managing Director of the EKF Group.

### **The Market**

While the Enlarged Group will market products to small centralised diagnostic testing laboratories, it is the point of care market which, in the Directors' opinion, represents the greatest commercial opportunity. Point of care testing is defined as diagnostic tests completed in close proximity to patients. By performing diagnostic tests closer to patients and obtaining results directly at the point of care, care providers can immediately diagnose and treat patients.

It is estimated that approximately 70 per cent. of medical decisions are based on diagnostic test results and there is a growing demand for faster testing which simply cannot be addressed by centralised testing laboratories. The availability of viable point of care testing technologies is now highlighting the cost and outcome benefits (in particular the relative costs of delaying diagnosis) and this is driving evolution of the market towards the least expensive and most efficient means of testing.

According to Frost & Sullivan, the US is the largest point of care market, worth an estimated value of US\$2.1 billion in 2009 with a compound annual growth rate of 9.2 per cent. The western European point of care market was valued at US\$1.29 billion in 2007, growing at an annual rate of 10.4 per cent. In 2008 the Asia Pacific market was estimated to be worth US\$190 million.

### **Current Trading**

On 10 June 2010, the Company announced its audited results for the year ended 31 December 2009. Revenue for the period was £256,000 (2008: £465,000), the loss before tax was £277,000 (2008: £923,000) and as at 31 December 2009, the Company had cash and cash equivalents of £3,037,000. The Company has continued to trade in line with the Directors' expectations since 31 December 2009 and the Board continues to seek opportunities for the disposal of its remaining licensing business assets. A copy of the annual report and accounts for the three financial years ending 31 December 2009 can be found on the Company's website at [www.iblplc.com](http://www.iblplc.com).

Trading at EKF in the first quarter of the financial year was impacted by reduced public sector budgets for the year ended 31 March 2010 and by a delay in a significant Chinese contract which did not commence until April 2010.

The Directors believe that the Acquisition will be a step change for the Company and they view the future with confidence.

The Company's year-end remains 31 December and the first consolidated results for the Enlarged Group will be for the year ended 31 December 2010.

### **Principal Terms of the Acquisition**

Under the Acquisition Agreement, the Company has, conditional upon, *inter alia*, Admission, agreed to acquire EKF for a total consideration of €14.32 million. The consideration will be satisfied by the payment of €11.32 million in cash on Completion and €3 million satisfied by the issue of 16,732,482 new Ordinary Shares at the Placing Price, on the second anniversary of Completion. This deferred share consideration will be reduced to the extent that there have been any successful claims under the warranties in the Acquisition Agreement.

### **Placing**

Under the Placing the Company is raising approximately £15.06 million, before

expenses, through the placing of 100,435,653 new Ordinary Shares at the Placing Price.

The Placing Shares will, upon allotment, rank *pari passu* in all respects with the Existing Ordinary Shares. The Placing Price of 15 pence per Placing Share represents a discount of approximately 26.83 per cent. to the middle market price of an Ordinary Share at the close of business on 14 June 2010, being the latest practicable date prior to the publication of this document.

### **Reverse Takeover**

In view of its size, in relation to the Company, the Acquisition constitutes a reverse takeover under the AIM Rules and, as such, is conditional upon Shareholders' approval, the admission of the Enlarged Issued Share Capital to trading on AIM and the publication of an Admission Document. It is expected that Admission will become effective and dealings on AIM of the Enlarged Issued Share Capital will commence on 7 July 2010.

### **Change of Name**

To reflect the EKF brand within the diagnostic devices market place it is proposed to change the name of the Company to EKF Diagnostics Holdings plc.

### **Recommendation**

The Board considers that the Proposals are in the best interests of the Company and would promote the success of the Company for the benefit of its Shareholders as a whole and unanimously recommend you to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their aggregate shareholdings of 5,618,153 Existing Ordinary Shares representing approximately 13.38 per cent. of the Company's Existing Ordinary Shares.

### **ENDS**

### **DEFINITIONS**

The following definitions apply throughout this announcement unless the context requires otherwise.

<b>"Acquisition"</b>	the proposed acquisition by the Company of the entire issued share capital of EKF, to be effected pursuant to the Acquisition Agreement;
<b>"Acquisition Agreement"</b>	the agreement dated 15 June 2010, under which the Company has conditionally agreed to acquire EKF;
<b>"Admission"</b>	First Admission, Second Admission and Third Admission (and for any of them as the case may be);
<b>"Admission Document"</b>	the Admission document dated 15 June 2010;
<b>"AIM"</b>	the market of that name operated by the London Stock Exchange;

<b>"AIM Rules"</b>	the AIM Rules for Companies published by the London Stock Exchange which set out the rules and responsibilities in relation to companies whose shares are admitted to AIM;
<b>"Board" or "Directors"</b>	the directors of the Company at the date of this document;
<b>"Cash Consideration"</b>	the cash consideration of €11,320,000 to be paid to shareholders of EKF pursuant to the Acquisition Agreement;
<b>"Change of Name"</b>	the proposed change of name of the Company to EKF Diagnostics Holdings plc;
<b>"Completion"</b>	completion of the Proposals;
<b>"Consideration Shares"</b>	the issue of 16,732,482 new Ordinary Shares, with a value of €3,000,000, at the Placing Price, to be issued to the vendors of EKF pursuant to the Acquisition Agreement on the second anniversary of Completion;
<b>"EKF"</b>	EKF-diagnostic GmbH
<b>"Enlarged Group"</b>	the Company and its subsidiaries following completion of the Acquisition;
<b>"Enlarged Issued Share Capital"</b>	the entire issued share capital of the Company as enlarged by the issue of the Placing Shares;
<b>"Existing Ordinary Shares"</b>	the 41,991,653 Ordinary Shares in issue at the date of this announcement;
<b>"First Tranche Placing Shares"</b>	the 10,666,665 Placing Shares proposed to be subscribed by certain venture capital trusts and EIS investors;
<b>"General Meeting"</b>	the general meeting of the Company to be held at 11.00 a.m. on 2 July 2010, at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP;
<b>"Group"</b>	the Company and its subsidiaries as at the date of this document;
<b>"Ordinary Shares"</b>	the ordinary shares of 1 pence each in the capital of the Company;
<b>"Placing"</b>	the conditional placing of the Placing Shares by Zeus Capital and Matrix Corporate Capital, as agents for the Company, pursuant to the Placing Agreement;
<b>"Placing Agreement"</b>	the conditional agreement dated 15 June 2010, between (1) the Company, (2) the Directors, (3) Zeus Capital and (4) Matrix Corporate Capital, relating to the Placing
<b>"Placing Price"</b>	15p per Placing Share;
<b>"Placing Shares"</b>	100,435,653 new Ordinary Shares to be issued pursuant to the Placing;
<b>"Proposals"</b>	the Acquisition, the Placing, the Change of Name, the increase in authorised share capital and Admission;
<b>"Resolutions"</b>	the resolutions set out in the notice of General Meeting;
<b>"Second Admission"</b>	admission of the Second Tranche Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules;
<b>"Second Tranche Placing Shares"</b>	the 25,499,998 Placing Shares (not being the First Tranche Placing Shares) proposed to be subscribed by certain venture capital trusts;
<b>"Shareholder"</b>	the holder of Existing Ordinary Shares;
<b>"Third Admission"</b>	admission of the Third Tranche Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules;



**"Third Tranche Placing Shares"**

the 64,268,990 Placing Shares (other than the First Tranche Placing Shares and the Second Tranche Placing Shares);

**DISCLAIMER**

*This announcement does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this announcement must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Existing Ordinary Shares and the Placing Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Existing Ordinary Shares and the Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa and they may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).*

*The distribution of this announcement outside the UK may be restricted by law. No action has been taken by the Company, Zeus Capital Limited or Matrix Corporate Capital LLP that would permit a public offer of shares in the Company or possession of this announcement where action for that purpose is required. Persons outside the UK who come into possession of this announcement should inform themselves about, and observe any restrictions on the distribution of this announcement in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdictions.*

This information is provided by RNS  
The company news service from the London Stock Exchange

END

MSCSFMEFLFSS EDM admin Acquisition and Placing 3515776 A Tue, 06/15/2010 - 07:00 Company Announcement - General EKF