



## PANBIO BOARD SUPPORTS \$0.65 CASH OFFER FROM INVERNESS

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**8 October 2007, Brisbane, Queensland, Australia:**

International medical diagnostics company, Panbio Ltd (Panbio), has announced today that it has signed a Scheme Implementation Agreement with US company Inverness Medical Innovations, Inc. (AMEX: IMA), under which it is proposed that Inverness or its nominee will acquire all of the issued shares in Panbio for \$0.65 cash per share pursuant to a scheme of arrangement (**Scheme**). If approved, the Scheme will apply to all issued Panbio Shares, including those held by employees under the employee share scheme.

Panbio was first approached by Inverness in November 2006 and the Board has spent considerable resources investigating the proposal from Inverness and other alternatives on behalf of Panbio shareholders. Over the last 10 months, a committee of independent directors has engaged in lengthy discussions with Inverness and has also canvassed alternative offers from third parties.

After careful consideration, the Panbio Board unanimously recommend that, in the absence of a superior offer, shareholders vote in favour of the proposed Scheme.

Panbio's Chairman, Peter Arnison, said:

"Since the board was approached by Inverness with an indicative offer valued at approximately \$0.34 per share last year, the company's Diagnostics Division has continued to prosper with EBIT increasing 40% in the last financial year. This financial strength has enabled the company to progress its Homogeneous Assay technology while at the same time maintaining competitive tension amongst interested parties. The committee believes the Inverness offer provides an excellent opportunity for shareholders to realise their investment in the company at a substantial premium to historical trading prices."

Commenting on the transaction, Ron Zwanziger, CEO of Inverness said:

"We are delighted to be entering into this agreement with Panbio and look forward to bringing this transaction to a mutually beneficial culmination. In particular, Panbio's position in the dengue fever diagnostic market will help Inverness to achieve its goal of promoting personal health worldwide by responding to the recent spread of the disease throughout South America and elsewhere. We are proud to be adding Panbio to the Inverness family, and greatly look forward to the opportunities presented."

The board has commissioned Sumner Hall to prepare an independent expert's report for inclusion in the Scheme Booklet, setting out Sumner Hall's opinion as to whether the transaction is in the best interests of Panbio shareholders.

### **Details of the Scheme**

The proposed Scheme, which values the issued share capital of Panbio at approximately \$41 million, is subject to approval by Panbio shareholders at a Scheme meeting expected to be held in December 2007. Further details of the conditions to the Scheme and other material terms of the Implementation Agreement are summarised in the attachment to this announcement.

Following implementation of the Scheme, Panbio will be a wholly-owned subsidiary of Inverness and it is the intention of Inverness to seek to have Panbio removed from the ASX official list following implementation of the Scheme.

The proposed Scheme consideration reflects the following premiums:

- 55% over the last sale price for Panbio shares on the trading day prior to this announcement (5 October 2007);
- 73% over Panbio's volume weighted average share price for the 30 trading days prior to today's announcement; and
- 85% over Panbio's volume weighted average share price for the 90 trading days prior to today's announcement.

### **Further Information**

Full details of the Scheme will be set out in the Scheme Booklet expected to be mailed to shareholders in late November and will also be available at Panbio's website [www.panbio.com](http://www.panbio.com)

Panbio's financial and legal advisers in relation to this offer are Global Markets Capital Group and Corrs Chambers Westgarth respectively.

Inverness is advised by Mallesons Stephen Jaques.

For further information please contact:

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### **About Panbio**

Panbio is an international diagnostics company headquartered in Brisbane, Australia. With operations in Brisbane and Columbia, Maryland U.S.A., the company develops, manufactures and markets diagnostic tests to a worldwide customer base. Panbio products are used in the diagnosis of 58 disease states. The company is recognised as a world leader in tests used in the diagnosis of flaviviruses and other arthropod-borne viruses. The company is listed on the Australian Securities Exchange (Code: PBO).

### **About Inverness**

By developing new capabilities in near-patient diagnosis, monitoring and health management, Inverness Medical Innovations enables individuals to take charge of improving their health and quality of life. A global leader in rapid point-of-care diagnostics, Inverness' products, as well as its new product development efforts, focus on infectious disease, cardiology, oncology, drugs of abuse and women's health. Inverness is headquartered in Waltham, Massachusetts U.S.A and is traded on the American Stock Exchange (AMEX:IMA).

### **Attachments**

A Key Terms of the Implementation Agreement

## Attachment:

### Summary of the key terms and conditions of the Scheme Implementation Agreement

#### Conditions precedent

The scheme will not become Effective unless each of the following conditions precedent is satisfied or waived:

- (a) before 8.00am on the Second Court Date, ASIC issues or provides such consents or approvals or does such other acts which Inverness and Panbio determine are necessary or desirable to implement the Transaction including provided the statement required under section 4.11(17)(b) of the *Corporations Act*;
- (b) before 8.00am on the Second Court Date, all other approvals of a Government Agency which Inverness and Panbio agree are necessary to implement the Transaction are obtained;
- (c) no Panbio Prescribed Occurrence having occurred between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date;
- (d) no Panbio Material Adverse Change having occurred, being discovered, being announced, being disclosed or otherwise becoming known to Inverness between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date;
- (e) no temporary restraining order common preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing a Transaction being in effect at 8.00am on the Second Court Date;
- (f) before 8.00am on the Second Court Date Shareholders approve the Scheme by the requisite majorities under section 411(4) of the *Corporations Act* at the Scheme Meeting;
- (g) there has been no termination of the Scheme Implementation Agreement before 8.00am on the Second Court Date;
- (h) the court approving the Scheme pursuant to section 411(4)(b) of the *Corporations Act* either unconditionally or in such conditions as are acceptable to the parties (such acceptance not to be unreasonably withheld); and
- (i) the Independent Expert's Report concludes that the Scheme is in the best interests of Scheme participants before the date on which the Scheme Booklet is lodged with ASIC.

#### No solicitation

Panbio has agreed that it will not directly or indirectly solicit any Competing Transaction. Panbio has agreed to notify Inverness of any unsolicited approach relating to a Competing Transaction. Panbio has also agreed not to participate in any discussions or negotiations

relating to a Competing Transaction unless the directors are required to do so as a result of their fiduciary or other legal duties, or the board has received a Superior Offer.

### **Reimbursement of costs**

Panbio has agreed to pay Inverness \$400,000 if the Transaction does not proceed because:

- a person other than Inverness (or a related body corporate) acquires a relevant interest in more than 50% of all Shares under a takeover offer and that takeover offer is free or becomes free from any defeating conditions;
- if a person other than Inverness (or related body corporate) acquires or agrees to acquire the whole or a substantial part of its business or property and Inverness terminates the Scheme Implementation Agreement;
- the Independent Expert's report which concludes that the Scheme is in the best interests of shareholders is not lodged with ASIC and Panbio terminates the Scheme Implementation Agreement as a result;
- the Panbio directors (or any one or more of them) fail to make, or withdraw, a recommendation to Scheme Participants to vote in favour of the Scheme other than in circumstances where Panbio is entitled to terminate the agreement because of non-satisfaction of any of the conditions precedent other than the following (adopting the paragraph numbering used earlier in this document):
  - (a) ASIC approval not being obtained;
  - (b) Government Agency approval not being obtained;
  - (e) court or legal restraint preventing the Transaction being in effect;
  - (f) shareholder approval not being obtained; or
  - (g) court approval not being obtained,and Inverness terminates the Scheme Implementation Agreement;
- the Panbio directors (or any one or more of them) recommend a Competing Transaction and Inverness terminates the Scheme Implementation Agreement; and
- Inverness terminates the MIA for material breach of the Scheme Implementation Agreement by Panbio.

Inverness has agreed to pay Panbio \$400,000 if the Transaction does not proceed because of a material breach by Inverness of its obligations under the Scheme Implementation Agreement.

### **Termination**

The Scheme Implementation Agreement may be terminated at any time prior to 8.00am on the Second Court Date:

- (a) by either party, if the other party is in material breach of the Scheme Implementation Agreement and the breach remains unremedied following the expiration of the notice period;

- For personal use only
- (b) by Inverness if any of the Panbio directors withdraw or change their recommendation of the Transaction;
  - (c) by Inverness, if the Scheme Booklet does not contain a statement that the Panbio directors make a formal recommendation that Shareholders vote in favour of the Scheme in the absence of a Superior Offer;
  - (d) by Inverness if any of Panbio's directors recommends a Competing Transaction;
  - (e) by Inverness if Panbio or one of its subsidiaries receives formal notice from a Government Agency alleging a breach of applicable trade practices legislation and it receives legal advice which concludes that there is a real risk that it has not complied with the relevant law;
  - (f) if the conditions precedent are not satisfied and the parties are not able to agree on an alternate agreement within the required consultation period;
  - (g) if a court or other Government Agency has prohibited the scheme proceeding;
  - (h) if the scheme is not approved with the necessary majority of Panbio shareholders;
  - (i) if the scheme has not become effective by 31 January 2008;
  - (j) by Inverness if Panbio is liable to reimburse its costs in the circumstances described above;
  - (k) by Panbio if an Insolvency Event occurs in relation to Inverness; and
  - (l) by either party, if the court finally determines to refuse to make an order convening the Scheme Meeting or any order approving the Scheme (where no party has provided the other with notice of its intention to appeal the decision in accordance with the agreement).

## Definitions

**Competing Transaction** means a takeover bid, scheme of arrangement, capital reconstruction, sale of main undertaking or other similar reconstruction for or in relation to Panbio announced or proposed by a person other than Inverness, or any associate or related body corporate of Inverness.

**Disclosed** means fairly disclosed by Panbio:

- (a) in writing to Inverness in, or exhibited to, a disclosure letter delivered to Inverness on or before the date of the Scheme Implementation Agreement; and
- (b) in relation to certain representations and warranties and Panbio Prescribed Occurrences, to Inverness and its Representatives in the data room established for the benefit of Inverness conducting due diligence investigations on Panbio.

**Excluded Shares** means a share held by Inverness or by any person on behalf of or for the benefit of Inverness.

**Government Agency** means:

- (a) ASIC or ASX; or
- (b) any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, regulatory (including self-regulatory) organisation established

under statute or judicial body, minister, department, commission, delegate, board, authority, tribunal, agency or organisation of any government.

**Independent Expert's Report** means the report to be prepared by the Independent Expert for inclusion in the Scheme Booklet.

**Insolvency Event** means in relation to a person:

- (a) **insolvency official:** the appointment of a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person;
- (b) **arrangements:** the entry by the person into a deed of company arrangement with its creditors under the *Corporations Act* or like arrangement under a foreign law;
- (c) **winding up:** the calling of a meeting to consider a resolution to wind up the person or the making of an order for the winding up or dissolution of the person;
- (d) **suspends payment:** the person suspends payment of its debts generally; or
- (e) **insolvency:**
  - (i) the person is or becomes unable to pay its debts when they fall due; or
  - (ii) in respect of Inverness, the amount of the fair value of the assets or business of such person does not exceed (A) the value of all liabilities of such person, or (B) the amount that will be required to pay the probable liabilities of such person on its existing debts as such debts become absolute and matured.

**Panbio Material Adverse Change** means events or occurrences or matters occurring after the date of the Scheme Implementation Agreement other than:

- (a) those required or permitted to be done or procured by Panbio pursuant to the Scheme Implementation Agreement or the Scheme; or
- (b) those Disclosed by Panbio to Inverness; or
- (c) those done with the approval in writing of the Transaction Implementation Committee;
- (d) the termination of any agreement pursuant to which Panbio distributes third party products other than solely as a result of Panbio's breach of that agreement; or
- (e) the termination of any agreement pursuant to its terms as a result of the change of control which will or may occur as a result of the Scheme Implementation Agreement or the Transaction,

which individually, or when aggregated with all such events, occurrences or matters of a like kind, could reasonably be expected to have a material adverse effect on the prospects or profitability of the Panbio group when taken in the context of the transaction as a whole or Panbio's ability to perform its obligations under the Scheme Implementation Agreement.

**Panbio Prescribed Occurrence** means the occurrence of any of the following:

- (a) Panbio converting all or any of its share into a larger or smaller number of shares;
- (b) Panbio or a subsidiary of Panbio resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;

- (c) Panbio or a subsidiary of Panbio:
  - (i) entering into a buyback agreement; or
  - (ii) resolving to approve the terms of a buyback agreement under the *Corporations Act*;
- (d) Panbio or a subsidiary of Panbio issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option (other than an issue of Shares) pursuant to the exercise of a Panbio Option which was granted prior to the date of the Scheme Implementation Agreement;
- (e) Panbio or a subsidiary of Panbio issuing, or agreeing to issue, securities convertible into share or debt securities (including, for the avoidance of doubt, any performance rights or options);
- (f) Panbio making any change or amendment to its constitution;
- (g) Panbio or a subsidiary of Panbio disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (h) Panbio or a subsidiary of Panbio creating, or agreeing to create:
  - (i) any mortgage or charge; or
  - (ii) other than in the ordinary course of business, any lien or other encumbrance, over the whole, or a substantial part, of its business or property;
- (i) an Insolvency Event occurring in relation to Panbio or a subsidiary of Panbio;
- (j) Panbio declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or announcing an intention to return or agreeing to return any capital to its members or a subsidiary of Panbio paying or distributing any bonus or other share of its profits or assets other than to its member;
- (k) Panbio or a subsidiary of Panbio:
  - (i) acquiring or disposing of;
  - (ii) agreeing to acquire or dispose of;
  - (iii) offering or proposing to acquire or dispose of;
  - (iv) announcing a bid or tendering for; or
  - (v) lending or leasing,  
any securities, business, asset, interest in a joint venture entity or undertaking, the value of which exceeds \$400,000 (individually or as a result of a series of transactions) excluding trading inventories and consumables in the ordinary and usual course;
- (l) Panbio or a subsidiary of Panbio:

- (i) entering into, or amending, any contract or commitment:
  - A other than in the ordinary course of the business and consistent with past practice, requiring, or having the effect of requiring, payments by Panbio and its subsidiaries taken as a whole, whether alone or as a series of like contracts or commitments or increases in commitment, in excess of \$100,000;
  - B which is a contract or commitment payments under which are accounted for as expenses by Panbio or its subsidiary and which is for a term which exceeds 12 months or which cannot be terminated by Panbio or a subsidiary without penalty by providing notice of less than 12 months;
  - C which would have a material adverse impact on a Panbio Group member's ownership of, right to use or ability to deal with any Intellectual Property Rights; or
  - D other than in the ordinary course of the business and consistent with past practice.
- (ii) amending an existing contract to remove, or have the effect of removing, a right to terminate without penalty by providing notice of less than 6 months;
- (iii) issuing any bonds, warranties, endorsement, financing or similar commitments (other than for the benefit of subsidiaries) which, whether alone or as a series of contracts or commitments, are in excess of \$200,000;
- (iv) entering into any contract, arrangement or understanding or taking any action which has the purpose or effect of:
  - A terminating the arrangements under which one or more of the Intellectual Property Rights are licensed to or held by Panbio or any subsidiary of Panbio;
  - B Panbio or any subsidiary of Panbio ceasing to have an exclusive licence to use, exercise or deal with any Intellectual Property Right or to distribute any product in one or more jurisdictions;
  - C granting any person the exclusive right to use or distribute products in one or more jurisdictions;
  - D granting any person the exclusive right to use, exercise or deal with any Intellectual Property Rights in one or more jurisdictions (whether on a perpetual or irrevocable basis or not);
  - E materially limiting or restraining the ability of a Panbio group member to compete in any jurisdiction, except where the limitation or restraint is contained in a standard customer contract and has been Disclosed,  
except
  - F for the purpose of renewing or formalising Panbio's product distribution arrangements; or
  - G with the prior written consent of Inverness, which must not be unreasonably withheld or delayed;

- (m) Panbio (except as required by law):
- (i) accelerates the rights of directors or employees to benefits of any kind;
  - (ii) pays or agrees to pay a director, executive or employee a termination payment other than as provided for, or required by, the existing terms of any employment agreement in place on the date of the Scheme Implementation Agreement; or
  - (iii) enters into any arrangement or agreement under which it will make a payment or provide a financial benefit to any employee, consultant or adviser conditioned on or determined as a function of the outcome of the Scheme or the Transaction other than as provided for, or required by, the existing terms of any employment agreement in place on the date of the Scheme Implementation Agreement,

provided that a Panbio Prescribed Occurrence will not include a matter:

- (n) required or permitted to be done or procured by Panbio pursuant to the Scheme Implementation Agreement or the Scheme;
- (o) Disclosed by Panbio;
- (p) that results from the termination of any agreement pursuant to which Panbio distributes third party products other than solely as a result of Panbio's breach of that agreement;
- (q) that results from the termination of any agreement pursuant to its terms as a result of the change in control which will or may occur as a result of the Scheme Implementation Agreement;
- (p) the undertaking of which the Transaction Implementation Committee has approved in writing.

**Record Date** means 7.00pm on the fifth business day following the date on which the Scheme becomes Effective or such other date as the parties may agree in writing.

**Scheme Meeting** means the meeting to be convened by the court pursuant to section 411(1) of the *Corporations Act* to consider and, if thought fit, approve the Scheme.

**Scheme Participants** means each person who is registered in the Register as the holder of a Scheme Share as at the Record Date.

**Scheme Shares** means all the shares on issue on the Record Date other than the Excluded Shares.

**Second Court Date** means the first day on which the application made to the court for an order under section 411(4)(b) of the *Corporations Act* approving the Scheme is heard.

**Shareholder** means each person who is registered in the Register from time to time as the holder of a Share.

**Superior Offer** means a bona fide Competing Transaction that:

- (a) the Panbio Board determines in good faith after taking advice from its legal and financial advisers to be superior to the Transaction; and

- (b) which can reasonably be expected to be consummated on a timely basis, having regard to legal, regulatory, financial and other considerations, including conditionality.

**Transaction** means the acquisition by Inverness of all the Scheme Share by means of the Scheme.