

RNS Number:5985H
Mid-States PLC
14 August 2006

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Not for release, publication or distribution into the United States, Australia, Canada or Japan

Mid-States PLC ("Mid-States" or "the Company")

Proposed acquisition of Inov8 and Moving Sun

Proposed issue of 22,410,361 Ordinary Shares as consideration for Inov8 and Moving Sun

Cancellation of listing on the Official List

Admission of the Enlarged Share Capital to trading on AIM

Mid-States PLC, a cash shell, announces today that it intends to acquire the whole of the issued share capitals of Inov8 and Moving Sun. Completion of these acquisitions will result in the sellers of Inov8 and Moving Sun holding in aggregate a 29.99% share of the enlarged group. In addition, Mid-States intends to transfer trading in its ordinary shares from the Official List of the United Kingdom Listing Authority (the "Official List") to the AIM market of the London Stock Exchange PLC ("AIM").

Highlights of the acquisition

- Acquisitions bring together Mid-States' corporate infrastructure with Moving Sun's ground breaking air disinfection technology and Inov8's management, engineering, purchasing, finance and quality systems support
- New enlarged group will particularly focus on novel air disinfection technology, scientifically proven to kill bacteria, viruses and fungi
- Significant market potential provided by technology's potential to reduce high profile health concerns such as MRSA, E. coli and C. diff
- Unique technology behind air disinfection device, independently reported on by Professor Hugh Pennington, world expert in virology and bacteriology

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a copy of his report is included in the circular to shareholders of Mid-States being posted today

- Acquisitions give rise to combined group that will provide necessary structure to support volume production of air disinfection products
- Strong Board and management team with proven track record supported by leading blue chip investors

Move to AIM

The Board believes that it is appropriate for the Company to move to AIM in order to take advantage of the simplified ongoing administration and lower costs of trading which are more appropriate to a company of Mid-States' size and its stage of development. In the long term, it will also provide greater flexibility to pursue growth objectives with regard to any corporate transactions and related costs.

David Plucinsky, Chairman said: "We have looked at a number of transactions over the past few years and are confident that this is the most exciting opportunity that we have seen. This deal places the enlarged group in an excellent position to exploit significant opportunities in the air disinfection market. We are pleased to welcome Mike, David and the Inov8 team to Mid-States. The move to AIM gives Mid-States the flexibility required to achieve the substantial growth that we think this acquisition will provide."

Michael Heath, future Managing Director of the enlarged group, said: "We have been developing this technology for a number of years and are now confident that the device is ready for commercialisation. Mid-States provides the launch pad we need to fulfil the potential of this ground breaking technology."

A circular is being sent to shareholders today concerning the acquisitions and the proposal to move the listing of the Company's ordinary shares from the Official List to AIM. Copies of the Circular in respect of the proposed move are being made available for inspection at the Document Viewing Facility of the Financial Services Authority, 25 The North Colonnade, London E14 5HS, as well as being available from the Company's financial adviser, Panmure Gordon (UK) Limited, Moorgate Hall, 155 Moorgate, London, EC2M 6XB.

Expected timetable of events:

Announcement of the acquisitions, suspension, delisting and admission to AIM	14 August 2006
Latest time and date for receipt of forms of proxy	10.00am 04 September 2006
Extraordinary General Meeting	10.00am 06 September 2006
Completion of the acquisitions	05 October 2006
Cancellation of the listing of the existing ordinary shares on the Official List	07.30am 05 October 2006
Date of admission and commencement of dealings on AIM	08.00am 05 October 2006

Panmure Gordon (UK) Limited, the Company's existing financial adviser, has agreed to act as nominated adviser and broker to the Company in relation to the Admission to AIM.

Enquiries:

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Panmure Gordon is acting exclusively for Mid-States and no one else in relation to the acquisitions, and admission to AIM referred to in this announcement and will not be responsible to anyone other than Mid-States for providing the protections afforded to its clients or for providing advice in relation to the acquisitions and admission or any other matter referred to in this announcement.

The extraordinary general meeting of Mid-States will be held at the offices of O'Melveny & Myers LLP, 4th Floor, 5 Paternoster Square, London EC4M 7DX at 10.00am on Wednesday 06 September 2006. Copies of required documents will be available for inspection to the public, free of charge, at the registered office of Mid-States; Masters House, 107 Hammersmith Road, London, W14 0QH.

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A. Introduction

Mid-States announces that, subject to its shareholders' approval, to be sought at an Extraordinary General Meeting to be held at the offices of O'Melveny & Myers LLP, 4th Floor, 5 Paternoster Square, London EC4M 7DX on 6 September 2006 (the "EGM"), it expects to acquire the whole of the issued share capitals of Inov8 and Moving Sun (together, the "Acquisition"). Consideration for the Acquisition is to be paid in Mid-States shares in the combined entity such that the Sellers of Inov8 and Moving Sun will hold in aggregate a 29.99 per cent. share of the enlarged group after completion of the Transaction, which based on the Mid-States share price as at 11 August 2006 (the last practicable date prior to the announcement), valued the consideration at approximately £3.474million.

The Acquisition is categorised as a reverse takeover for Mid-States under the Listing Rules and as such requires the consent of the Existing Shareholders at the EGM. The Company is seeking admission to AIM, and therefore Mid-States is applying for the cancellation of the listing of its existing Ordinary Shares from the Official List on completion of the Acquisition and will simultaneously apply for the Enlarged Share Capital to be admitted to trading on AIM. To complete the Acquisition it will also be necessary to give the Directors the required powers and authorities to allot the Consideration Shares.

A request to suspend the Existing Ordinary Shares from trading on the Official List has been approved by the UKLA and the London Stock Exchange. Suspension of trading in the Existing Ordinary Shares of Mid-States is effective from 07.30am on 14 August 2006.

The Acquisition is conditional, inter alia, on the Resolutions being passed by the Mid-States Shareholders at the EGM and Admission taking place.

Upon completion of the Acquisition and Admission one of the individual Sellers, Michael Heath, will join the Board, taking on the role of Managing Director, and the other individual Seller, David Macdonald, will be employed by Mid-States as chief scientific officer for the enlarged group.

B. Background to and reasons for the Transaction

(i) Overview

Mid-States is to acquire Moving Sun and Inov8. Moving Sun has a recently developed air disinfection technology. Inov8 has a specialised testing business and has the capability to provide management, engineering, finance and quality assistance to support the commercial realisation of the air disinfection technology.

Inov8 owns a business with testing facilities and basic manufacturing and tooling capabilities currently employed in the design, manufacture and supply of advanced testing, development and calibration technologies, primarily aimed at the automotive fuel systems market. The business and assets of Inov8, a company which had not previously traded, were transferred from DT A&T on 28 July 2005. The assets which were not transferred comprised freehold property and the historical pension liability of DT A&T.

Moving Sun is the company that has the newly developed air disinfection technology. Both Moving Sun and Inov8 were created to organise the business, assets and intellectual property of the Sellers, thus facilitating their disposal to Mid-States.

The Sellers of Inov8 and Moving Sun have been engaged in the development of the atmospheric disinfection technology for a number of years, with the aim of completing the high risk stages of the development programme prior to the rollout of a commercialised product. The Sellers identified the need for an effective engineering and manufacturing base, with existing quality control systems. With this in mind the Sellers acquired DT A&T in November 2004, the business and certain assets of which have now been transferred to Inov8 in order to complete the repositioning of the business under its new trading name of 'Inov8 Technologies'. Inov8 should be able to provide the necessary management, engineering, purchasing, finance and quality systems to support the volume production of the air disinfection products.

The underlying strategic direction for the enlarged group is to establish a recognisable position and brand in the developing environmental technology market. Moving Sun also has other technologies, some with applications for the existing business of Inov8 which the Directors and Proposed Director believe may contribute to the growth and profitability of Inov8 in the future.

The existing business of Inov8 serves the automotive fuel systems test and calibration market and has capabilities in the special purpose machines market. Inov8 is presently located in premises in Buckingham and Milton Keynes.

The Directors and Proposed Director expect the new air disinfection technology to be the major source of growth for the enlarged group. A production model of the air disinfection product has been developed. Inov8 will continue to provide support and facilities for the development and manufacture of this device.

The Directors and the Proposed Director of Mid-States believe that the Air Disinfection Unit should be effective in killing bacteria, viruses and fungi in

an enclosed environment.

With the businesses as part of a quoted company the Directors and Proposed Director expect to be able to retain existing and recruit additional personnel more easily, especially in the scientific and engineering fields.

(ii) Inov8 - Specialised Testing Business

(a) History of the specialised testing business

In November 2004, the current parent company of Inov8, Managed Technologies Limited, acquired the shares of DT A&T's parent company, DT Industries (UK) II Limited, from its then owners, DT Industries Inc. The DT A&T business, previously the assembly and test segment of Lucas Industries, was historically involved in the high precision measurement of liquids and gases for the purposes of improving the efficiency of, reducing emissions from, and the quality assurance of, fuel systems. On 28 July 2006 Inov8 acquired the automotive business and certain assets of DT A&T. Inov8 continues to provide testing platforms to automotive OEMs and tier one component suppliers worldwide.

Before the acquisition of the automotive testing business from DT A&T, Inov8 was a non-trading company. The value of the gross assets to be acquired by Mid-States, as set out in the Circular to Shareholders, is £2.1 million. The assets of Inov8 generated a profit before tax of £767,000 in the six months to 31 December 2005 and a loss on ordinary activities before taxation of £2.1 million in the year to 26 June 2005, as set out in the Circular to Shareholders.

On acquisition by Managed Technologies Limited, DT A&T included a loss-making after-market business (Hartridge) serving the garage markets which was sold in a management buyout in December 2004. This allowed the remaining business to be focused on the supply of fuel system assembly and test equipment both for development customers and for incorporation within assembly lines. Since that time, significant progress has been made under new management.

The Directors of Inov8 believe that it is regarded as being a leader in fuel systems technology with a specialist understanding of the role played by fuel delivery systems in combustion chemistry.

The business is now accessing automotive OEMs at senior levels and widening the scope of its fuel system customers. A new range of products including new measurement systems and a new standard test bench is currently being introduced. Inov8's business includes large project management and it has been successful in this field.

As well as continuing its existing activities, it is intended that Inov8 will provide ISO 9000 quality certification for the enlarged group including in relation to the manufacture of the air disinfection device.

(b) Fuel injection testing products

Inov8's range of products is in use worldwide and extends from laboratory and development cells through to high volume test and calibration production lines. Inov8's equipment, which measures tiny quantities of liquid at extremely high speed, is in widespread use in the calibration of fuel injectors worldwide. Inov8 has created software specially to collect and process data from its metering units. The Directors and Proposed Director believe that part of the solution to the problem of increasingly stringent EU and US emissions legislation lies in the application of atmospheric and combustion chemistry, and therefore that Inov8 is well placed to benefit from growth in this area. The

Directors and Proposed Director are optimistic that upgraded high technology production areas such as leak detection, spray analysis and optical spectroscopy should improve margins from current levels.

(c) Strategy for the future growth of the existing Inov8 business

Sales within Inov8 are difficult to predict in the present climate. Significant tightening of the European and, later, American emission regulations, is causing both difficulty and delay for the OEMs and the Tier One suppliers. Large scale investment by the business' customers is dependent on successful development of fuel systems able to meet proposed and future emission standards.

Inov8 has been informed of the anticipated timescale of certain major contracts, which had been delayed and the Directors of Inov8 anticipate the award of certain contracts following the development of these fuel systems.

The Inov8 business has a requirement for high levels of intellectual capability within the development and engineering functions and the Directors and Proposed Director consider it important to recruit within these areas. The Directors and Proposed Director believe that this recruitment brings the opportunity to increase the spectrum of knowledge within the business.

The Directors and Proposed Director expect that the new products under development should have strong sales attraction within the market with the added advantage of reduced engineering requirements.

(d) Competition

The Directors and Proposed Director are aware of two principal direct competitors in Inov8's market. They are Moewhald of Germany, previously part of Bosch, and Ono Sokki of Japan. Other companies who provide similar services, in part using products supplied by DT A&T, are Michigan Custom Machine of the US, utilising DT A&T's Akribis injection quantity measuring system and test heads, and AEA of Italy who sell test lines supplied by DT A&T. Other potential competitors include AVL LIST GmbH and IAV GmbH of Germany.

(iii) Moving Sun - Air Disinfection Technology

(a) Overview

The technology behind the air disinfection device is based on research originated over 15 years ago relating to the scientific understanding of the process of atmospheric disinfection, whereby pathogens are killed by the action of chemical factors naturally present in fresh air. The Directors and Proposed Director believe that the device, which is intended to run continuously, should be effective in killing bacteria, viruses and fungi in enclosed spaces. The product has a scientifically established ability to kill such pathogens through the action of the Hydroxyl Radical. Operated within an enclosed environment, one unit running continuously has the capacity to substantially reduce levels of airborne pathogens. A patent has been applied for to protect key elements that enable the device to operate efficiently and cost effectively. It is projected that the unit will be competitively priced in comparison with the existing room ionisation devices on the market.

The value of the gross assets of Moving Sun as at 30 June 2005, as set out in the Circular to Shareholders, was £100, because its principal asset is intellectual property, the value of which is not reflected on the balance sheet. Moving Sun is not a trading company and therefore no profits are attributable to

these assets. This is set out in the Circular to Shareholders.

(b) History

The roots of the air disinfection technology contained within Moving Sun lie in studies carried out in the 1960s at Porton Down, the UK government research laboratory. Much of this research was carried out by Professor Derek Ellwood, then working at Porton Down. Professor Ellwood is presently engaged as a consultant to Inov8. It was discovered that bacteria and viruses were killed in the air at night, contrary to the then view that it was the presence of ultra violet light in the open atmosphere which accounted for the lower incidence of pathogens. The substance responsible, not fully understood at the time, was given the name the "Open Air Factor". It has been established that naturally occurring Ozone and Olefins react in the open air environment leading to the production of the Hydroxyl Radical, OH..

Over the past few years David Macdonald, one of the Sellers and the prospective chief scientific officer of the enlarged group, has continued research into this area of science, in conjunction with Professor Ellwood, to develop a method for producing the same effect indoors. Moving Sun has submitted a patent application based on this research in relation to a mechanism for using Ozone and Olefins to produce the Hydroxyl Radical, and therefore replicating the "Open Air Factor" indoors.

(c) Commercialised Product

The unit, which is intended for mass production, is a light-weight cylindrical canister approximately 40cm in height. The unit operates on 12 volts supplied from a simple transformer that plugs into a normal electrical socket, runs constantly and is intended to be replaced after approximately 12 months. The device draws in surrounding air and produces Hydroxyl Radicals, which in turn replicate the process by which bacteria and viruses are killed and controlled in the natural environment.

(d) Possible Applications

Hydroxyl Radicals are known to be effective against bacteria, against airborne viruses and against vegetative sporing organisms. It appears, from the continuing disinfection action of the atmosphere, that the killing mechanism is not something to which pathogens develop resistance, unlike the effects of antibiotics on many bacteria. However, the precise nature of the chemical interaction between the Hydroxyl Radical and surface molecules of pathogens is as yet not fully understood.

It is difficult to estimate market size for the product as a result of the many possible applications. However, the following opportunities have been prioritised:

- The Directors and Proposed Director expect the US retail market to be a major source of demand, given the current success of similar consumer products currently offered there.
- Given the high profile nature of hospital acquired infections, the UK hospital market represents a significant market opportunity. It has recently become accepted by many in the UK scientific community that MRSA, and many other hospital acquired infections, are to a significant extent carried in the air, rather than simply spread through personal contact or on surfaces. Whilst the cleaning of hospitals in a traditional manner, combined with the

washing of hands, may have an impact on these infections, infections introduced by staff and visitors will continue to be carried through the air. By killing pathogens in the air itself on an ongoing basis, the Directors and Proposed Director believe that it is possible to significantly reduce airborne infection rates.

- Care homes and other health facilities which have many separate areas that could potentially benefit from the installation of the Air Disinfection Unit.
- US hospitals are also a target for the enlarged group.

Possible other applications have also been identified including hotels, cruise ships, enclosed livestock facilities and other enclosed spaces.

(e) Product Tests

It is currently intended that every device will be subject to a strict quality control process prior to shipping. The process involves exposing an agar plate seeded with bacillus subtilis bacteria, a standard test used in establishing sterility in micro-biological laboratories, to the output of the device under test. On incubation, the number of bacteria left alive after exposure will be counted and compared with an untreated test plate. A photograph of the two plates demonstrating the efficacy of the device will be issued to customers with each unit as part of the quality control process.

An independent testing agency tested the technology in May 2004 and found it able to significantly reduce the concentration of staphylococcus epidermidis by over 98 per cent. Staphylococcus epidermidis is an accepted test bacterium for use as a surrogate for MRSA. As the device is currently to be marketed as an air-cleaning product and not a medical device, clinical trials have not yet been started with the production device, although it is intended that these will take place over the next months. A larger programme of tests will include clinical trials of the production units in hospital environments and trials against fungal infestation common following flood damage in the southern states of the United States. Trials against specific organisms including clinical isolates will also continue.

(f) Competition

The Directors and Proposed Director are not aware of any other device having the same proven scientific capability as the Air Disinfection Unit in killing airborne pathogens in an enclosed environment on a continuing basis.

In the US a company has been marketing a product called 'Ionic Breeze' claiming to 'clean' the air. It has been sold through television 'infomercials' and retail outlets, including 'The Sharper Image'. Other similar products are available on the market, including 'Biozone' air purifiers, the 'Vision - RGF' Air Purifier and the 'Sharp FPN40CX'. The Directors and Proposed Director believe that these products do not have the same proven scientific capability in killing airborne pathogens in an enclosed environment on a continuing basis.

The Directors and Proposed Director also believe that the Air Disinfection Unit will be competitive with these other units currently on the market.

Applications have been made for patents covering certain elements of the Air Disinfection Unit. The Directors and Proposed Director understand that amendments will need to be made to these applications and the scope of any patents, if granted, are likely to be different and potentially more narrow than

the scope represented by the pending applications. At this stage it is not possible to say with any certainty whether any patents will be granted and, if so, whether they would cover those key elements of the Air Disinfection Unit that enable it to operate efficiently and cost effectively. That said, the Directors and the Proposed Director take the view that the business model and strategy for commercialising the Air Disinfection Unit should be largely independent of whether or not patents are ultimately granted. The ongoing strategy is the creation of an economic barrier to entry for competitors by careful engineering at the design stage, reducing costs to a minimum, securing distribution channels and establishing a reputation for performance and quality. The question of patentability is therefore considered by the Directors and Proposed Director to be of lesser priority at this stage.

Freedom to operate inquiries have also been conducted in relation to selling the Air Disinfection Unit in Europe and the US. The results indicate that whilst there are some other patents (US) and patent applications (Europe) which have some potential to prove problematic, none are thought by the Directors and Proposed Director to pose a significant risk to commercialisation of the Air Disinfection Unit on the understanding that it operates in a different way to the devices and methods covered by those other patents and applications.

(g) Marketing and Sales Strategy

It is planned that the initial sales channel will be by credit card payments through a web based application. The Directors and Proposed Director believe that online distribution gives the best chance of being able to control demand in the event that the market develops more rapidly than anticipated.

It is intended that the key marketing method for the US will be by a concentrated public relations campaign, managed by a well respected US marketing company, to generate interest and to provide credibility. This company is being selected based on their experience of the US market and the Directors and Proposed Director expect that given the current levels of interest in MRSA and avian flu, a US marketing campaign will generate significant web-site activity.

Once the operation is established and the manufacturing, test and delivery systems are in place, it is planned that a series of infomercials will be screened in the USA.

C. Information on Mid-States

Mid-States is a cash shell listed on the London Stock Exchange with cash balances as at 31 December 2005 of £7.7 million. Mid-States previously owned a business involved in the supply of automotive aftermarket products in the US. This business was sold in October 2001. Since then the Board has been reviewing the possibility of acquiring a new business with a view to generating additional value for Shareholders.

D. Principal terms and conditions of the Acquisition

Mid-States proposes to acquire the entire issued share capital of Inov8 and the entire issued share capital of Moving Sun from the Sellers. In consideration for the Acquisition Mid-States will issue and allot 22,410,361 Consideration Shares to the Sellers, credited as fully paid, such that the Sellers will together hold 29.99 per cent. of the Enlarged Share Capital of Mid-States, immediately following the Acquisition. The Circular to Shareholders contains a more detailed summary of the terms of the Acquisition.

Shareholder approval is being sought for the issue of these Consideration Shares as set out in the Circular to Shareholders. Shareholder approval is also being sought for an increase of the authorised share capital of Mid-States from 85,000,000 ordinary shares to 120,000,000 ordinary shares, representing a 41.2 per cent. increase in the authorised share capital.

Admission Statistics

Price per Ordinary Share on 11 August 2006	15.5pence
Number of Existing Ordinary Shares	52,315,751
Number of Consideration Shares to be issued to the Sellers	22,410,361
Number of Ordinary Shares in issue following completion of the Acquisition	74,726,112
Percentage of Enlarged Share Capital represented by the Consideration Shares	29.99%

E. Expected timetable

Announcement of the Acquisition, Suspension, Delisting and Admission to AIM	14 August 2006
Latest time and date for receipt of Forms of Proxy	10.00am 04 September 2006
Extraordinary General Meeting	10.00am 06 September 2006
Completion of the Acquisition	05 October 2006
Cancellation of the listing of the Existing Ordinary Shares on the Official List	07.30am 05 October 2006
Date of Admission and commencement of dealings on AIM	08.00am 05 October 2006

F. Cancellation of Listing and Proposed Admission to AIM of the Enlarged Share Capital

The Company intends to apply for the cancellation of the listing of its Existing Ordinary Shares from the Official List on completion of the Acquisition and simultaneously to apply to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM.

It is expected that Admission to AIM will become effective and dealings in the Enlarged Share Capital will commence on 05 October 2006. If Resolutions 1 and 2 are not passed, or the Acquisition is not completed, the Existing Ordinary Shares will remain on the Official List.

G. Financial Effects of the Transaction on Mid-States

Mid-States is a cash shell and as such the Acquisition will have a transforming impact on the financial position of the Company. The Directors and the Proposed Director believe that, taking into account the impact of the issue of the Consideration Shares, the Acquisition will be earnings enhancing for the enlarged group in the first full financial year of ownership.

H. Directors, Proposed Director and Key Personnel of the Enlarged Group

It is proposed that the following individual will join the board of Mid-States following Admission:

Michael Heath, Managing Director

Michael Heath, aged 55, is a director of Inov8 and is the proposed Managing Director of Mid-States. Prior to joining the other Sellers in 2004, Mike had 25 years of experience of working in corporate banking and corporate recovery. He has considerable experience of working in China and was formerly the director general of the Southampton Chamber of Commerce and Industry.

Mr Heath will enter into a service agreement with the Company which will be effective from Admission. Under the agreement his gross annual salary will be £150,000. The notice required to terminate his employment will be six months by either party. The agreement contains restrictions applying after termination of employment which seek to prevent Mr Heath for a period of 12 months after termination of employment being involved in a competing business or soliciting clients, prospective clients, suppliers or key employees of the Company or a member of the Company's group.

David Macdonald, Chief Scientific Officer

David Macdonald is a director of Inov8 and proposed chief scientific officer of the enlarged group. His broad career has encompassed positions in senior business management, as a company doctor and 14 years as a scientist. He has experience as a chief executive in both UK and US publicly listed companies in the technology and bio-technology sectors. Currently his role in Inov8 is scientific and operational. He has established a reputation as a world authority on composites and advanced materials as well as for innovative engineering in a number of fields.

The current directors of Mid-States will continue as directors on the board of Mid-States, except that it is intended that Roger J McCabe will leave the Board at completion.

I. Dividend Policy

The Directors and Proposed Director of the enlarged group do not intend to declare a dividend in the short to medium term, preferring to seek to generate capital growth through the reinvestment of earnings. The Directors and the Proposed Director may recommend distributions of dividends at some future date, depending on the generation of sustainable profits, at the point when it becomes financially prudent to do so.

J. Extraordinary General Meeting

An Extraordinary General Meeting of the Company, to be held at O'Melveny & Myers LLP's offices in Warwick Court, 4th Floor, 5 Paternoster Square, London EC4M 7DX at 10.00am on 06 September 2006, will be convened for the purpose of considering

and, if thought fit, passing the Resolutions.

K. Recommendation

The Board, which has been so advised by Panmure Gordon, consider that the Transaction is in the best interests of Mid-States's Shareholders as a whole. In providing this advice, Panmure Gordon has taken into account the Directors' commercial assessment of the Transaction. Accordingly, the Board recommends that you vote in favour of all the Resolutions, to be proposed at the EGM, as the Directors intend to do in respect of their own beneficial shareholdings, amounting to 784,959 Ordinary Shares representing approximately 1.5 per cent. of the issued share capital of Mid-States.

The accountants' report on DT A&T for the 3 year period to June 2005, which is included in the Circular to Shareholders, contains a disclaimer of opinion in relation to the financial information presented for this period. The Board is of the opinion that the issues raised within the disclaimer will have no impact on the enlarged group as they relate entirely to the parts of DT A&T that were not acquired by Inov8, and, hence, are not the subject of the Transaction. The Board believes, having been so advised by Panmure Gordon, that they are still able to recommend the proposal set out in the Circular to Shareholders notwithstanding this, and that the qualification should not be regarded as significant by Shareholders.

L. Documentation

A Circular to Shareholders containing the full terms and conditions of the Transaction, together with the relevant Forms of Proxy, is expected to be published and dispatched to Mid-States Shareholders shortly.

The Circular to Shareholders will also contain notice of the Extraordinary General Meeting of Mid-States convened for 6 September 2006 for the purposes of considering the necessary resolutions to implement the Transaction.

Appendix 1: Definitions

The following definitions shall have the following meanings throughout this document, except where the context otherwise requires:

"Articles" or "Articles of Association"	the articles of association of Mid-States
"Acquisition"	the acquisition by Mid-States of the entire issued share capital of Inov8 and Moving Sun
"Acquisition Agreement"	the conditional sale and purchase agreement for the Acquisition dated 11 August 2006 between the Consideration Shares and Mid-States
"Admission"	the admission of the Existing Ordinary Shares and the Consideration Shares to be issued on Completion to listing on AIM and to trading on the London Stock Exchange
"AIM"	The AIM market operated by the London Stock Exchange
"AIM Rules"	The rules for AIM companies and their nominated advisers issued

by the London Stock Exchange in relation to AIM traded securities.

"Board" or "Directors"	the existing directors of Mid-States whose names appear in Part III of the Circular to Shareholders
"Combined Code" or "Company" or "Mid-States"	the Combined Code on Corporate Governance Mid-States PLC, a company incorporated and registered in England and Wales with registered number 546708
"Completion"	completion of the Acquisition and Admission
"Consideration Shares"	22,410,361 Ordinary Shares to be issued by Mid-States on Completion to the Consideration Shares as consideration for the Acquisition
DT A&T	DT Assembly & Test - Europe Limited, a company incorporated under the laws of England and Wales with company number 03403962
"Enlarged Share Capital"	the issued ordinary share capital of Mid-States immediately following Completion, including the Existing Ordinary Shares and the Consideration Shares
Existing Shareholders	The holders of Existing Ordinary Shares
"Existing Ordinary Shares"	the Ordinary Shares in issue as at the date of the Circular to Shareholders
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of Mid-States to be held at the offices of O'Melveny & Myers LLP, 4th Floor, 5 Paternoster Square, London EC4M 7DX at 10.00am on 06 September 2006, notice of which is set out at the end of the Circular to Shareholders
"Form of Proxy"	the form of proxy accompanying the Circular to Shareholders to be used by the Shareholders in respect of the EGM
"Mid-States Group"	Mid-States and DSC (Consumer Products) Ltd, Juneau Ltd, Ketchican Ltd, Mid-States Investments Ltd, Old Stylus Ltd and Scagway Ltd, being the subsidiary companies of Mid-States at the date of the Circular to Shareholders
"Inov8"	Inov8 Technologies Limited, a company incorporated and registered in England and Wales with registered number 05394224
"London Stock Exchange"	London Stock Exchange PLC
"Moving Sun"	Moving Sun Limited, a company incorporated and registered in England and Wales with registered number 05157414
"Official List"	The Official List of the UK Listing Authority
"Ordinary Shares"	Ordinary shares of 1p each in the capital of Mid-States
"Proposed Director"	Michael Ernest Heath
"Resolutions"	The ordinary and special resolutions set out in the notice of

EGM appearing at the end of the Circular to Shareholders

"Sellers" Managed Technologies Limited, Mr David Murray MacDonald and Mr Michael Ernest Heath

"Shareholders" the holders of Ordinary Shares

"Transaction" the Acquisition and Admission

"UK Listing Authority" or the Financial Services Authority acting in its capacity as the competent authority for the purpose of Part VI of the Financial

"UKLA" Services and Markets Act 2000

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