

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser, immediately.

If you have sold or otherwise transferred all of your Ordinary Shares in Advanced Medical Solutions Group plc, please send this document and the accompanying Form of Proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or other transfer was effected for transmission to the purchaser or transferee. If you have sold only part of your holding, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately. Such documents should not however be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction.

Copies of this document are available to the public, free of charge, at the offices of Squire Sanders & Dempsey, 7 Devonshire Square, London EC2M 4YH, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document for a period of one month. A copy of this document is also available on the Company's website (<http://www.admedsol.com>).

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# Advanced Medical Solutions Group plc

*(Registered in England & Wales with Company Number: 02867684)*

## Placing of new Ordinary Shares in connection with the proposed acquisition of RESORBA Wundversorgung GmbH & co. KG

and

## Notice of General Meeting



*Nominated Adviser and Broker*

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**Notice of a General Meeting of Advanced Medical Solutions Group plc to be held at Investec, 2 Gresham Street, London EC2V 7QP on 19 December 2011 is set out on pages 17 to 18 of this Circular. Details of the action you are recommended to take are set out on page 16 of this Circular. Whether or not you plan to attend the General Meeting, please complete the enclosed Form of Proxy and return it in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 11.00 a.m. on 17 December 2011 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Alternatively, if you hold Ordinary Shares in uncertificated form, you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST Manual ensuring that it is received by Capita Registrars (under CREST participant ID: 331) by no later than 11.00 a.m. on 17 December (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy or using the CREST electronic proxy appointment service will not prevent you from attending, speaking and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so.**

This document should be read in conjunction with the accompanying Form of Proxy and the definitions set out in this document. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman of Advanced Medical Solutions Group plc which contains the unanimous recommendation by the Directors to Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting.

If you require assistance in completing the Form of Proxy or require additional Forms of Proxy, please call Capita Registrars, the Company's registrars, on 0871 664 0300 (calls cost 10p per minute plus network charges and lines are open Monday to Friday, 8.30 a.m.-5.30 p.m.) (or, from outside the UK, on +44 20 8639 3399). For legal reasons, Capita Registrars will not be able to give advice on the merits of the Resolutions or to provide legal, financial or taxation advice, and accordingly for such advice you should consult your stockbroker, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

**This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company nor shall it nor any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract therefor. This document provides information about a placing, but does not invite participation in the Placing. The information about the Placing in this document is provided solely for the information of Shareholders in connection with the General Meeting and not to any other person or for any other purpose. This document does not constitute, and the Company is not making, an offer to the public of transferable securities within the meaning of sections 85 and 102B of the Financial Services and Markets Act of 2000 (as amended) ("FSMA") nor does it constitute an admission document drawn up in accordance with the AIM Rules for Companies. This document is therefore not an approved prospectus for the purposes of section 85 of FSMA, and has not been prepared in accordance with the prospectus rules of the Financial Services Authority ("FSA") and as such neither its contents nor its issue have been approved by the FSA or by any authority which would be a competent authority for the purposes of any legislation that implements the EU Prospectus Directive.**

**The Placing Shares have not been, and will not be, registered under the United States Securities Act 1933 (as amended) or under the applicable securities laws of Canada, Japan, Australia or South Africa. Accordingly the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Japan, Australia or South Africa. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons who receive this document should inform themselves about and observe the laws governing those jurisdictions. Any failure to comply with any restrictions may constitute a breach of securities laws of any such jurisdictions.**

Investec Bank plc, which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser broker and underwriter to the Company in relation to the Placing and Admission. Investec is acting exclusively for the Company and for no one else in relation to the matters described in this document and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Investec, or for or for providing advice in relation to the contents of this document or any matter referred to in it. The responsibilities of Investec as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any person in respect of any decision to acquire or dispose of shares in the capital of Advanced Medical Solutions Group plc in reliance on any part of this document, or otherwise.

No liability is accepted by Investec nor does it make any representation or warranty, express or implied, in relation to, the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company and the Placing and accordingly Investec disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document or any such statement. Investec has not authorised the contents, or any part, of this document.

The Directors, whose names appear on page 8 of this document, accept responsibility for the information contained herein. To the best of the knowledge of the Directors, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

### **Forward-Looking Statements**

This document contains (or may contain) certain forward-looking statements with respect to certain of the Company's current expectations and projections about future events. These statements, which sometimes use words such as "aim", "anticipate", "believe", "intend", "plan", "estimate", "expect" and words of similar meaning, reflect the directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this document is subject to change without notice and, except as required by applicable law, the Company does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document. No statement in this document is or is intended to be a profit forecast or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2011

Posting of this document	2 December
Latest time and date for receipt of individual Forms of Proxy for General Meeting	11.00 a.m. on 17 December
General Meeting	11.00 a.m. on 19 December
Admission and commencement of dealings in the Placing Shares	8.00 a.m. on 20 December
Delivery into CREST of Placing Shares to be held in uncertificated form	20 December
Expected date of Completion of the Acquisition	20 December
Despatch of definitive share certificates for the Placing Shares held in certificated form	By 4 January 2012

## PLACING STATISTICS

Number of Placing Shares being placed on behalf of the Company	47,236,112
Number of Subscriber Shares being issued	978,303
Placing Price per Placing Share	72p
Discount of Placing Price to middle market Closing Price	0.69%
Number of Ordinary Shares in issue immediately following Admission <sup>(1)</sup>	203,516,367
Number of Placing Shares and Subscription Shares as a percentage of the Enlarged Issued Share Capital of the Company immediately following Admission <sup>(1)</sup>	23.7%
Approximate gross proceeds of the Placing	£34.0m
Approximate estimated net proceeds of the Placing	£30.5m

*Note:*

(1) Includes the Subscription Shares and assumes that no additional Ordinary Shares are issued between the date of this document and Admission.

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Acquisition”	means the proposed acquisition of RESORBA Wundversorgung GmbH & co. KG pursuant to the Acquisition Agreement;
“Acquisition Agreement”	the conditional agreement entered into on 2 December 2011 between (1) the Vendors, (2) aptus 694. GmbH and (3) the Company to effect the Acquisition;
“Act”	the Companies Act 2006;
“ActivHeal™”	the Company’s own brand range of advanced wound care products;
“Admission”	the admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
“Advanced Woundcare”	the business division of AMS specialising in advanced wound care medical devices and products;
“Annual General Meeting”	annual general meeting of the Company’s shareholders;
“AIM Rules”	the rules for companies whose shares are traded on AIM, and their nominated advisers, and which are issued by the London Stock Exchange from time to time;
“AMS” or “the Company” or “the Group”	Advanced Medical Solutions Group plc;
“AIM”	a market operated by the London Stock Exchange;
“Board” or “Directors”	means the directors of the Company, whose names are set out on page 8 of this document;
“certificated” or “in certificated form”	a share or security which is not in uncertificated form (that is, not in CREST);
“Circular”	this document;
“Completion”	completion of the Acquisition;
“Consideration”	the consideration payable to the Vendors in respect of the Acquisition of RESORBA;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations);
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as subsequently amended);
“CREST Member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);

“CREST Participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
“CREST Proxy Instruction”	an appropriate and valid CREST message appointing a proxy by means of CREST;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
“CREST sponsor”	a CREST Participant admitted to CREST as a CREST sponsor;
“EBITA”	earnings before interest, taxation and amortisation;
“EBITDA”	earnings before interest, taxation, depreciation and amortisation;
“Enlarged Group”	the Group following Completion;
“Enlarged Issued Share Capital”	the share capital of the Company immediately following the issue of the Placing Shares and the Subscription Shares;
“Existing Issued Share Capital”	the 155,301,952 Ordinary Shares in issue as at the date of this document;
“EU”	the European Union;
“Euroclear”	Euroclear UK & Ireland Limited (formerly CRESTCo Limited), the operator of CREST;
“Form of Proxy”	means the form of proxy accompanying this document for use at the General Meeting;
“General Meeting”	means the general meeting of the Company to be held at 11.00 a.m. at Investec, 2 Gresham Street, London EC2V 7QP on 19 December 2011, or any adjournment or postponement thereof, notice of which is set out at the end of this document;
“Group”	the Company and its subsidiaries;
“Investec”	Investec Bank plc, the Company’s nominated adviser, broker and placing agent;
“LiquiBand®”	the Company’s own brand range of cyanoacrylate tissue adhesives for wound closure;
“London Stock Exchange”	London Stock Exchange plc;
“Mandatory Cost”	means the cost in addition to the interest rate to compensate lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank;
“New Debt Facilities”	the conditional €25 million term loan facility and the £8 million revolving credit facility granted to the Company by HSBC Bank plc pursuant to the New Debt Facilities Agreement;
“New Debt Facilities Agreement”	the facilities agreement dated 2 December 2011 between (1) HSBC Bank plc (in various capacities including mandated lead arranger, agent and lender) (2) HSBC Corporate Trustee Company (UK) Limited (as security trustee) and (3) the Company pursuant to which the New Debt Facilities are to be provided;

“NHS”	the National Health Service;
“Ordinary Shares”	ordinary shares of 5p each in the capital of the Company with ISIN GB0004536594;
“Placing”	the proposed placing of the Placing Shares;
“Placing Agreement”	the conditional placing agreement dated 2 December 2011 between (1) the Company, (2) Investec, a summary of which is set out in paragraph 7 of Part I of this document;
“Placing Price”	72 pence per Placing Share;
“Placing Shares”	the 47,236,112 new Ordinary Shares to be issued pursuant to the Placing;
“Register”	the register of members of the Company;
“R&D”	research and development;
“Resolutions”	the ordinary resolution and the special resolution to be proposed at the General Meeting, as set out in the notice of General Meeting on pages 17 to 18 of this document;
“Resolution 7”	the resolution passed at the Company’s last Annual General Meeting held on 8 June 2011 granting the Directors the authority to allot Ordinary Shares up to an aggregate nominal amount of £2,580,329;
“Shareholders”	holders of Ordinary Shares;
“Special Resolution”	the special resolution to be proposed at the General Meeting, as set out in the Notice of General Meeting on pages 17 to 18 of this document;
“Subscription”	the subscription for the Subscription Shares;
“Subscription Shares”	the 978,303 new Ordinary Shares to be subscribed for by those persons referred to in paragraph 9 of Part I of this document;
“Voting Record Time”	in relation to the General Meeting, 6.00 p.m. on 17 December 2011 or if the General Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of the adjourned meeting;
“Vendors”	the shareholders of RESORBA at the time of the Acquisition; and
“Wound Closure”	the business division of AMS specialising in wound closure and sealant medical devices and products.

## PART I



Advanced Medical Solutions Group plc

### LETTER FROM THE CHAIRMAN OF ADVANCED MEDICAL SOLUTIONS GROUP PLC

*(Incorporated and registered in England and Wales No 2867684)*

*Directors:*

Dr Donald W Evans (*Chairman*)  
Christopher Meredith  
Mary G Tavener  
Penelope A Freer  
Stephen G Bellamy

*Registered Office:*

Premier Park  
33 Road One  
Winsford Industrial Estate  
Winsford  
Cheshire  
CW7 3RT

2 December 2011

*To the holders of Ordinary Shares*

Dear Shareholder

#### **PLACING OF 47,236,112 NEW ORDINARY SHARES AND NEW DEBT FACILITIES IN CONNECTION WITH THE PROPOSED ACQUISITION OF RESORBA WUNDVERSORGUNG GMBH & CO. KG AND NOTICE OF GENERAL MEETING**

##### **1. Introduction**

The Board has today announced the proposed acquisition of RESORBA Wundversorgung GmbH & Co. KG, a long established wound care and wound closure business headquartered in Germany for a total cash consideration of €63.8 million (approximately £55.0 million) on a debt-free, cash-free basis. RESORBA is being acquired from Brockhaus Private Equity, a German private equity firm.

The Board has also announced today that it proposes to raise approximately £34.0 million (approximately £30.5 million net of acquisition and placing expenses) by way of a placing of 47,236,112 Placing Shares at 72 pence per share. The Placing is being carried out by way of a non pre-emptive placing to institutional and other professional investors and is being arranged and fully underwritten by Investec, pursuant to and conditional upon the terms of the Placing Agreement.

The Directors expect the Acquisition to be earnings per share enhancing in the financial year to 31 December 2012<sup>1</sup>.

To enable the Company to effect the Placing, Shareholders are required to pass the Special Resolution. Accordingly, your Board has convened a General Meeting, notice of which appears on pages 17 to 18 of this document, to be held at 11.00 a.m. at the offices of Investec, 2 Gresham Street, London EC2V 7QP on 19 December 2011, the purpose of which is to consider and, if thought fit, pass the Resolutions.

**The purpose of this document is to explain the background to and reasons for the Placing and the Acquisition, and to provide you with details of the Resolutions and to explain why the Directors consider the Resolutions to be in the best interests of the Company and Shareholders as a whole and are unanimously recommending that you vote in favour of the Resolutions to be proposed at**

<sup>1</sup> This statement is not intended, nor is to be construed as a profit forecast or to be interpreted to mean that earnings per Ordinary Share for the current or future financial years, or those of the Enlarged Group, will necessarily match or exceed the historical earnings per Ordinary Share.



**the General Meeting, as the Directors intend to do in respect of their own beneficial holdings, totalling 6,492,777 Ordinary Shares, representing 4.2 per cent. of the Existing Issued Share Capital.**

**The contents of this letter are important and I would urge you to read it carefully and to sign and return the enclosed Form of Proxy in accordance with the instructions given thereon and in Part II “Action to be Taken” below, as soon as possible.**

**Shareholders should read the whole of this document and should not rely solely on the summarised information set out in this letter.**

## **2. Information on AMS**

Founded in 1991 and quoted on AIM, AMS is a global business providing products and brands in the areas of accelerating healing and managing wounds, minimising adverse surgical outcomes and sealing and closing tissue. The products are sold in countries across the globe, either directly or through a number of strategic partners and distributors.

AMS operates through two business divisions:

*Advanced woundcare* products are based on an extensive range of technologies including alginates, silver alginates and hydrophilic polyurethane foams. These and other products pioneer the concept of moist wound healing, allowing wounds to heal faster and with less pain and scarring. They protect the wound, deal with tissue fluids, provide an optimal environment for healing to occur and, in the case of silver alginates, include a safe and effective broad-spectrum anti-microbial agent for infection control.

*Wound closure and sealants* products are based on cyanoacrylate adhesive technology developed for medical applications. Tissue adhesives offer significant benefits over conventional ways of closing wounds following trauma or surgical incision. They are simple to use, non-invasive, help to reduce the risk of infection, minimise trauma to the patient and provide good clinical and cosmetic outcomes. The technology is also ideally suited to protecting skin from breakdown or for use as a skin sealant to help prevent infection of surgical sites.

## **3. Information on RESORBA**

### *Overview*

RESORBA is a manufacturer and distributor of surgical sutures and collagen products for surgical disciplines. Headquartered in Nuremberg, it was founded over 75 years ago and today employs approximately 175 people.

RESORBA has been a distributor of AMS’s LiquiBand® products for eight years. RESORBA has direct sales capabilities through three sites in Germany, the Czech Republic and Russia, targeting surgeons working in hospitals and private practices, and oral surgery. The majority of its sales arise from the German domestic market. It has manufacturing facilities in Germany and the Czech Republic.

### *Products*

RESORBA focuses on the surgical and dental/oral surgery markets through its core technologies of surgical sutures and collagen products.

RESORBA’s heritage is in the manufacture and distribution of surgical sutures for use by surgeons in the operating room. Not only does RESORBA provide a comprehensive range of products, including absorbable and non-absorbable sutures, it also has the flexibility and manufacturing capability to work with its customers to accommodate specific, bespoke requests from surgeons. RESORBA has, through its sales force, been able to establish direct relationships with surgeons in Germany, the Czech Republic and Russia.

RESORBA’s other core products are its surgical dressings derived from their proprietary, IP protected collagen technology platform. RESORBA produces collagen-based products which serve a number of surgical applications, including for use in haemostasis and in antimicrobial and surgical dressings. RESORBA

also manufactures collagen products under private label for a major global healthcare company for use in highly sensitive fields such as neurosurgery.

More recently, RESORBA has moved into the dental/oral surgery market. Through a combination of its existing technologies, surgical sutures and collagen, RESORBA is able to offer oral surgeons a complete “Repair and Regenerate” approach to woundcare and wound closure distinguishing it from its competitors.

In addition to its own technologies, RESORBA offers a range of complementary third party products which it distributes through its direct sales force. Products include wound sealants, such as AMS’s LiquiBand® adhesive, along with other single use devices which RESORBA does not manufacture or develop itself. These third party products are not currently the focus of the sales team however this enables its sales force to offer its customers a more comprehensive wound closure product portfolio.

#### *Sales and distribution*

RESORBA’s products are focused on the operating room and in Germany, RESORBA accesses its markets through three distinct sales channels: (i) surgeons in hospitals, (ii) surgeons performing surgical procedures in private practices and (iii) dental surgeons who perform more complex oral procedures than regular dentistry. Access to hospitals and private practices involves selling directly to the surgeons as well as, in the case of hospitals, to hospital buying groups through RESORBA’s direct sales team, supported by a key account manager and non-direct distributors. Dental surgeons are served by the general direct sales team and also a full time specialist dental sales team of four, who focus on densely populated and more affluent metropolitan areas in Germany.

In addition to Germany, RESORBA operates a direct sales force in the Czech Republic and Russia through its offices in those countries. RESORBA has, in the last eighteen months, also put in place a network of third party distributors to help grow its export business, focusing on the dental/oral surgery market. RESORBA has a distributor network covering all major European markets.

#### *RESORBA Management team*

The following members of the RESORBA management team will be joining the Group on a permanent basis following Completion.

##### **Christian Huber**, Age 45, *Chief Executive Officer*

Christian has been Chief Executive Officer of RESORBA since 2009. He holds a Masters in Business Administration (lic. oec.) from the University of St. Gallen, Switzerland. Christian has more than 18 years’ experience in the medical devices industry in Switzerland, UK and Germany. Previous to RESORBA, Christian was Senior Director Extremities EMEA at Wright Medical, NL and General Manager at Clinical House, Synthes, Germany and also at Synthes UK.

##### **René Raeppe**, Age 39, *Chief Commercial Officer*

René has been Chief Commercial Officer at RESORBA since the start of 2011, where he is responsible for sales and marketing. René holds a diploma in Economics as well as a Master in Business Administration (TUAS, Finland) and has more than 12 years’ experience in international sales and marketing positions in the medical device industry. Before RESORBA, René was Head of Sales for American Medical Systems, with responsibility for Germany and Austria and Switzerland, Regional Manager at Covidien and a Sales Representative at ZOLL Medical Corporation.

##### **Thomas Duy**, Age 37, *Chief Financial Officer*

Thomas joined RESORBA as CFO in 2009, having previously worked as CFO at Henschke GmbH Int. Industrievertretung and as a customer consultant for companies at Sparkasse Fürth. Thomas studied Banking and Economics at the Frankfurt School of Finance & Management and is a certified Bankbetriebswirt. He has more than 18 years’ experience working with and for finance departments.

### Financial information

The table below is a summary of RESORBA's unaudited financial information extracted from management information for the financial years ended 31 December 2008 and 31 December 2009, and the audited accounts for the year ended 31 December 2010<sup>1</sup>.

Year ended 31 December (€ millions)	2008	2009	2010
Revenue	18.5	19.1	20.1
Underlying EBITDA <sup>2</sup>	6.7	7.2	7.2
Operating EBIT	6.1	6.6	6.6
Free cash flow before interest, financing and taxation <sup>3</sup>	4.9	8.1	5.5
Gross Assets (excluding cash)	12.0	41.0	39.3

1. Adjustments made to arrive at underlying EBITDA have been extracted from unaudited financial information.
2. Underlying EBITDA is the assessment by AMS's Directors of the trading position of RESORBA, adjusting for one-off items and non-recurring costs and income (2008: €nil; 2009: €0.4 million; 2010: €0.2 million).
3. 2009 free cash flow included a one-off receipt of €0.6 million from the sale of property.

For the year ended 31 December 2010, RESORBA reported a profit before tax of €2.0 million, which was after charging €2.1 million of goodwill amortisation and amortisation of other intangible assets relating to the acquisition of RESORBA in 2009 by its current owner, and €2.3 million of net financial costs, reflecting the capital structure currently in the business but which will not exist following Completion.

#### 4. Background to and reasons for the Acquisition

The Company's stated strategy is to support growth by maximising the value of its LiquiBand® and ActivHeal™ brands; to strengthen its commitment to support partners and develop innovative wound care products; to enhance the Group's ability to generate growth from its operating room product range; and to supplement organic growth with further licensing and acquisition activity.

The Directors expected to achieve their stated acquisition strategy through a number of smaller bolt-on acquisitions. However, in RESORBA, the Directors believe they have identified a business that fulfils all of their key aims in a single acquisition.

In addition to capitalising on existing technologies and infrastructure, AMS has identified a number of commercial synergies with RESORBA it believes it can exploit in the short to medium term and beyond:

- Market LiquiBand® through RESORBA's direct surgical sales force;
- Apply for regulatory clearance for LiquiBand® for use in oral surgery, (process is already underway). The Directors believe regulatory approval can be secured in a reasonably short time frame and for a relatively low cost;
- Develop private label suture products in new markets; AMS has already had indications in the past from its partner base that this would be a welcome addition to their portfolio;
- Develop the collagen technology in a similar fashion to the foam technology and sell through the Group's global partner base; and
- Develop a range of surgical dressings using the Group's existing technologies in the chronic woundcare market and distribute them to the operating room market via RESORBA's sales team.

#### 5. Group current trading and prospects

The Group highlighted at the time of its interim results on 7 September 2011 that it was being impacted by destocking at one of its major European wound care partners. Whilst this destocking continues, the Directors expect profit before tax to be in line with the Board's expectations for the full year and the Board remains confident and optimistic about the long term prospects for the Group.

#### 6. Principal terms and conditions of the Acquisition Agreement

Under the terms of the Acquisition Agreement, the Group through a new special purpose subsidiary company, aptus 694. GmbH, established for the purpose of the Acquisition, has conditionally agreed to

acquire the entire issued share capital of Biopham GmbH, which is the holding company of the RESORBA Group, from Brockhaus Private Equity, Christian Huber and René Raeppe for a total cash consideration of €63.8 million on a debt-free, cash-free basis and assuming a normalised level of working capital on Completion.

The consideration is payable in full on Completion but is subject to subsequent adjustment upwards or downwards on a euro for euro basis, based on a set of completion accounts, to reflect actual net debt and cash in the business at Completion, and any variation in working capital outside of an agreed range.

The Acquisition Agreement is conditional on, *inter alia*:

- (a) the passing of the Special Resolution (without amendment) at the General Meeting; and
- (b) Admission becoming effective.

The Acquisition must complete on or before 30 December 2011 or the agreement will lapse (unless the parties otherwise agree).

Christian Huber and René Raeppe have agreed to give certain warranties to AMS in the Acquisition Agreement and each of the Vendors have agreed to give a tax indemnity, in each case of a scope considered customary for a transaction of this nature.

AMS has agreed to guarantee due performance by aptus 694. GmbH of all its obligations to the Vendors under the Acquisition Agreement.

## **7. Details of the placing and use of proceeds**

Pursuant to the terms of the Placing Agreement, Investec has, as agent for the Company, conditionally placed with institutional and other professional investors 47,236,112 Placing Shares at a price of 72 pence per Placing Share to raise approximately £34.0 million (approximately £30.5 million net of acquisition and placing expenses), pursuant to the terms of the Placing Agreement. The Placing has been fully underwritten by Investec. The net proceeds of the Placing will be used to fund the Acquisition.

The Placing Price represents a discount of approximately 0.5 pence (0.69 per cent.) to the closing middle market price of 72.5 pence per Ordinary Share on 1 December 2011 (being the latest practicable date prior to the publication of this document). The Placing Shares and Subscription Shares will represent approximately 31.1 per cent. of the Existing Issued Share Capital and approximately 23.7 per cent. of Enlarged Issued Share Capital.

The Placing Shares and Subscription Shares will be issued credited as fully paid and will, on issue, *rank pari passu* with the Existing Issued Share Capital (including the right to receive all dividends or other distributions declared, made or paid thereon, following Admission).

Application will be made to the London Stock Exchange for the Placing Shares and Subscription Shares to be admitted to trading on AIM. It is expected that Admission will occur on 20 December 2011.

The Placing Agreement is conditional on, *inter alia*:

- (a) the passing of the Special Resolution (without amendment) at the General Meeting; and
- (b) Admission becoming effective by not later than 8.00 a.m. on 20 December 2011 (or such later time and/or date as the Company and Investec may agree (being not later than 8.00 a.m. on 30 December 2011)).

The Placing Agreement contains certain warranties given by the Company in favour of Investec as to, amongst other things, certain matters relating to the Company and its business. In addition, the Company has given certain undertakings to Investec relating to, amongst other things, the despatch of public communications concerning the Company following Admission and the issue and allotment of Ordinary Shares following Admission. The Placing Agreement also contains indemnities given by the Company in favour of Investec in relation to certain liabilities they may respectively incur in respect of the Placing and/or Admission. Investec has the right to terminate the Placing Agreement prior to Admission in certain circumstances, including:

- (a) in the event of a material breach of the warranties or undertakings in the Placing Agreement by the Company;
- (b) in the event of certain *force majeure* events or other events involving certain material adverse changes relating to the Company; and
- (c) in the event of Investec becoming aware of any material inaccuracies in certain documents (or any of them) issued by the Company in connection with the Placing.

In consideration for the services to be provided to the Company by Investec in connection with Admission and the Placing, the Company has agreed to pay Investec certain fees and commissions and certain other costs and expenses incidental to Admission and/or the Placing which could amount to approximately £1.4 million, and will be payable by the Company.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. Subject to, amongst other things, the Special Resolution being duly passed by the requisite majority at the General Meeting, it is expected that Admission will become effective and dealings in the Placing Shares on AIM will commence on 20 December 2011.

If Admission does not take place on or before 8.00 a.m. on 20 December 2011 (or such later time and/or date as the Company and Investec may agree (being not later than 8.00 a.m. on 30 December 2011)), the Placing will not proceed.

## **8. New Debt Facilities**

Pursuant to the New Debt Facilities Agreement the facilities to be made available to the Company are as follows:

- (i) a €25,000,000 amortising term loan facility ("Term Facility"); and
- (ii) an £8,000,000 revolving credit facility ("RCF Facility").

These facilities will not be available for drawdown until certain conditions have been satisfied including, *inter alia*:

- (a) the passing of the Special Resolution (without amendment) at the General Meeting; and
- (b) Admission becoming effective.

Both the Term Facility and the RCF Facility have a maturity of 31 July 2015. The Term Facility must be drawn in one amount at the time of the Acquisition. The RCF Facility is available to the Company for the general working capital purposes of the Group and may be repaid and re-borrowed. The New Debt Facilities Agreement replaces AMS's existing facility.

The annual interest rate applicable to both facilities is LIBOR or EURIBOR (dependent on the currency drawing) plus Mandatory Cost plus a margin. The applicable margin will be in the range of 1.5 per cent. to 2.5 per cent. and is set in accordance with a margin ratchet mechanism that is linked to the ratio of net debt to EBITDA of the Group.

The Term Facility and up to £3,000,000 of the RCF Facility are available for use in and towards the Acquisition.

The New Debt Facilities Agreement contains representations, covenants and events of default that are customary for a facility of this nature, and does not contain any unusually onerous provisions. It is based on a Loan Market Association standard document, tailored to an agreed term sheet.

## **9. Directors and RESORBA and AMS management participation in the Placing**

Christian Huber, Chief Executive Officer of RESORBA, René Raepple, Chief Commercial Officer of RESORBA, and Thomas Duy, Chief Financial Officer, of RESORBA, have agreed to subscribe for, in aggregate, 965,238 Subscription Shares at the Placing Price.

Penny Freer, Non-Executive Director of AMS is subscribing for 13,888 Placing Shares at the Placing Price.

In addition, three senior managers at AMS are subscribing for a total of 12,915 Subscription Shares at the Placing Price.

## **10. General Meeting**

A General Meeting of the Company, notice of which is set out at the end of this document, is to be held at 11.00 a.m. on 19 December 2011 at the offices of Investec, 2 Gresham Street, London EC2V 7QP. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions. The Placing is conditional on the Special Resolution as set out in the Notice of General Meeting being passed without amendment.

The Directors are seeking authority from Shareholders to allot Ordinary Shares pursuant to the Placing and to disapply statutory pre-emption rights in respect of such Ordinary Shares.

A Form of Proxy for use at the General Meeting is enclosed with this document (see Part II below headed "Action to be Taken").

Shareholders have the right to attend, speak and vote at the General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf) if they are on the Register at the Voting Record Time (namely 6.00 p.m. on 17 December 2011). Changes to entries in the Register after the Voting Record Time will be disregarded in determining the rights of any person to attend and/or vote at the General Meeting. If the General Meeting is adjourned, only those Shareholders on the Register at 6.00 p.m. on the day which is two days before the date of the adjourned General Meeting will be entitled to attend, speak and vote or to appoint a proxy.

The number of Ordinary Shares a Shareholder holds as at the Voting Record Time will determine how many votes a Shareholder or his/her proxy will have in the event of a poll.

### ***Explanation of the Resolutions to be proposed at the General Meeting***

The notice convening the General Meeting sets out the Resolutions which will be proposed at it. An explanation of these Resolutions is set out below:

#### *Resolution 1*

This resolution, which is an ordinary resolution, authorises the Directors to allot, or grant rights to subscribe for, or convert any security into, Ordinary Shares up to an aggregate nominal amount of £5,802,660. Such authority, if given, will be in substitution for the existing authority to allot Ordinary Shares which was given at the Company's last Annual General Meeting, and will expire on the conclusion of the Company's next Annual General Meeting.

While the Company already has sufficient authority to allot shares to effect the Placing, this authority will provide sufficient authority to enable the Directors to effect the Placing and also maintain a reasonable margin of authorised but unissued share capital for allotment following the Placing. While the Directors have no present intention of issuing any of the authorised but unissued share capital other than in connection with the Placing, it is considered prudent and appropriate to maintain the flexibility that this authority provides.

#### *Resolution 2*

This resolution, which is a special resolution and in substitution for any existing authorities, disapplies the statutory pre-emption rights conferred by section 561(1) of the Act which require all new shares to be offered firstly to the existing shareholders of the Company proportionately in accordance with the Ordinary Shares held by them, so as to empower the Directors, pursuant to the authority conferred either by Resolution 1 above or, if Resolution 1 is not passed, by Resolution 7 passed at the Company's last Annual General Meeting convened on 8 June 2011, *inter alia* to allot Ordinary Shares pursuant to the Placing, or in connection with offers to existing shareholders, where such offer is made in proportion to existing holdings, and otherwise up to an aggregate nominal amount of £3,428,249 if Resolution 1 is passed or, if Resolution 1 is not passed, £2,550,721, in each case as if section 561(1) of the Act did not apply to any such allotment.

If the Resolutions are passed the Company may, before such authorities expire, make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot

Ordinary Shares or grant or grant rights to subscribe for, or convert any security into, Ordinary Shares in pursuance of such offer or agreement after the authority has expired.

Apart from the Placing and apart from rights issues, open offers or any other pre-emptive offer as mentioned such resolution the authority will be limited to the issue of shares and sales of treasury shares for cash up to an aggregate nominal value of £1,017,582 (if Resolution 1 is passed) which is in keeping with the extent for which such authority has been sought and given at each Annual General Meeting of the Company since 2006. Allotments made under the authorisation in paragraph (b) of Resolution 2 would be limited to allotment by way of a rights issue only (subject to the right of the directors to impose necessary or appropriate limitations to deal with, for example, fractional entitlements and regulatory matters).

If the Special Resolution is not passed the Placing, Acquisition and New Debt Facilities will not proceed.

#### **11. Action to be taken**

Please see Part II of this document for further details on actions to be taken by Shareholders.

#### **12. Recommendation**

**Your Board, who have received independent financial advice in relation to the Placing, believes that the proposals set out in this Circular are in the best interests of the Company and unanimously recommends shareholders to vote in favour of each of the Resolutions to be proposed at the General Meeting. Your Directors, who between them have beneficial holdings amounting to 6,492,777 Ordinary Shares, representing approximately 4.2 per cent. of the issued Ordinary Share capital of the Company, intend to vote in favour of each of the Resolutions.**

Yours faithfully

**Don Evans**

*Non-executive Chairman of Advanced Medical Solutions Group plc*

## PART II

### ACTION TO BE TAKEN

You will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you plan to be present at the General Meeting, please complete the enclosed Form of Proxy and return it in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 11.00 a.m. on 17 December 2011 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Alternatively, if you hold Ordinary Shares in uncertificated form, you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST Manual ensuring that it is received by Capita Registrars (under CREST participant ID: RA10) by no later than 11.00 a.m. on 17 December 2011 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy or using the CREST electronic proxy appointment service will not prevent you from attending, speaking and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so.

For Shareholders' convenience, the appointment of the chairman of the General Meeting as proxy has already been included in the enclosed Form of Proxy, although Shareholders may appoint someone else as their proxy if they so wish. A proxy need not be a Shareholder.

CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Whether or not you intend to attend the General Meeting, you are requested to complete and return the Form of Proxy to Capita Registrars, so as to be received by not later than that time. For this purpose, you can return the Form of Proxy by post or by hand.

In order for a proxy appointment made by means of CREST to be valid, the CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction must be transmitted so as to be received by Capita Registrars (ID: RA10) by 11.00 a.m. on 17 December 2011 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

**CREST Members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.**

**It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

Completion of the form of proxy will not preclude holders of Ordinary Shares attending the Meeting and voting in person should they wish to do so.



# Advanced Medical Solutions Group plc

(Registered in England and Wales No 2867684)

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting ("**Meeting**") of Advanced Medical Solutions Group plc ("**Company**") will be held at Investec, 2 Gresham Street, London EC2V 7QP on 19 December 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

### ORDINARY RESOLUTION

#### 1. AUTHORITY TO ALLOT

That, in substitution for any existing authorities conferred on the Directors pursuant to section 551 of the Act, the Directors be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all or any of the powers of the Company to allot shares in the capital of the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") to such persons and at such times and on such terms as they think proper up to an aggregate nominal amount of £5,802,660 provided that this authority shall expire on the conclusion of the Company's next Annual General Meeting save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

### SPECIAL RESOLUTION

#### 2. DISAPPLICATION OF PRE-EMPTION RIGHTS

2.1 That, in substitution for all existing authorities, the Directors be generally empowered in accordance with section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) for cash pursuant to the authority conferred by Resolution 1, or, if Resolution 1 is not passed pursuant to the authority conferred by Resolution 7 passed at the Company's last Annual General Meeting on 8 June 2011, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- (a) up to an aggregate nominal amount of £2,410,721 pursuant to the Placing and the Subscription (as such terms are defined in the circular to shareholders of the Company dated 2 December 2011);
- (b) in connection with an issue in favour of the holders of Ordinary Shares of the Company in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to exclusions or other arrangements which the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and
- (c) (otherwise than pursuant to sub-paragraphs (a) and (b) above) up to an aggregate nominal amount of £1,017,528 if Resolution 1 is passed or, if Resolution 1 is not passed such amount as, when added to any allotment of equity securities pursuant to sub-paragraph (b) does not exceed £140,000

and the power hereby granted shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the Board

**Mary Tavener**

*Company Secretary*

Advanced Medical Solutions Group plc

Premier Park, 33 Road One, Winsford Industrial Estate, Winsford, Cheshire CW7 3RT

2 December 2011

## NOTES TO THE NOTICE OF GENERAL MEETING

### 1. APPOINTMENT OF PROXIES

- 1.1 You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the Meeting in order to represent you. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). To appoint more than one proxy, you may photocopy the Form of Proxy. A Form of Proxy is enclosed. The notes to the Form of Proxy include instructions on how to appoint the Chairman of the Meeting or another person as proxy. To be valid the form must reach the Company's registrars, Capita Registrars by post or by hand to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 11.00 a.m. on 17 December 2011.
- 1.2 The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting. Completion of the Form of Proxy will not preclude a member from attending and voting in person.
- 1.3 The Company pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 6.00 p.m. on 17 December 2011 (or, if the Meeting is adjourned, two working days before the time fixed for the adjourned Meeting) shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
- 1.4 Subject to the following principles, where more than one proxy is appointed, where a Form of Proxy does not state the number of shares to which it applies (a "**blank proxy**"), then that proxy is deemed to have been appointed in relation to the total number of shares registered in your name (the member's "**entire holding**"). In the event of a conflict between a blank proxy and a Form of Proxy which does state the number of shares to which it applies (a "**specific proxy**"), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting Forms of Proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one).
- 1.5 When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last delivered. Proxies in the same envelope will be treated as sent and delivered at the same time, to minimise the number of conflicting proxies.
- 1.6 If conflicting proxies are sent or delivered at the same time in respect of (or deemed to be in respect of) your entire holding, none of them shall be treated as valid.
- 1.7 Where the aggregate number of shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or delivered (or they were all sent or delivered at the same time), the number of votes attributed to each proxy will be reduced pro rata (on the basis that as far as possible, conflicting Forms of Proxy should be judged to be in respect of different shares). Where this gives rise to fractions of shares, such fractions will be rounded down.
- 1.8 If you appoint a proxy or proxies and then decide to attend the meeting in person and vote, on a poll, using your poll card, then your vote in person will override the proxy vote(s). If your vote in person is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote at the meeting in respect of less than your entire holding, if you indicate on your polling card that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then your vote in person will be treated in the same way as if it were the last delivered proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.
- 1.9 In relation to note 1.8 above, in the event that you do not specifically revoke proxies, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
- 1.10 To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see note 1.1) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you would like to change the proxy instructions, please contact Capita Registrars Limited.
- 1.11 In order to revoke a proxy instruction you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Capita Registrars Limited at the address set out in note 1.1. The revocation notice must be received by Capita Registrars Limited no later than 11.00 a.m. on 17 December 2011. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then your proxy appointment will remain valid.
- 1.12 In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant holding.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

