



30 November 2010

IMMUNODIAGNOSTIC SYSTEMS HOLDINGS PLC
Unaudited Interim Results for the Six-Month Period to 30 September 2010

Immunodiagnostic Systems Holdings plc (“IDS” or the “Company” or the “Group”), a leading producer of diagnostic testing kits for the clinical and research markets, announces its interim results for the six month period to 30 September 2010.

IDS operate in the in-vitro diagnostics (“IVD”) market. The Company designs, manufactures and sells immunoassay kits which are used to measure or detect particular substances within a sample, thus aiding the diagnosis or monitoring of a disease or providing information for research studies. In 2008 the immunoassay sector of the IVD market was estimated to be worth US\$ 14bn.

Financial Highlights:

- Revenue up 34% to £22.6m (2009: £16.9m);
- Gross profit up 38% to £17.0m (2009: £12.3m);
- EBITA up 44% to £8.7m (2009: £6.0m);
- Pre-tax profit up 44% to £6.6m (2009: £4.6m);
- Earnings per share (diluted) up 54% to 18.8p (2009: 12.1p)

Operational Highlights:

- IDS-iSYS sales up 450% year on year
- Sales of manual Vitamin D products up 33% year on year
- Launch of CTX-1 bone formation marker on the IDS-iSYS
- Acquisition of new product IP (MGP Diagnostics) – completed in November 2010

Commenting on Outlook, David Evans, Chairman said:

“Traditionally the revenues are weighted to the second-half of the financial year and the Board sees this year as no exception.

“Revenues from the USA have increased by more than 60% compared to same period last year.

“The IDS-iSYS instrument continues to perform well and we have received positive feedback from our customers relating to its performance and reliability.

Contacts:

IDS

Roger Duggan, CEO
Paul Hailes, Finance Director

Tel: 0191 519 0660

<http://www.idsplc.com>

Brewin Dolphin Investment Banking

Sean Wyndham-Quin

Tel: 0845 213 4730

Walbrook PR Ltd

Paul McManus

Tel: 020 7933 8787

Mob: 07980 541 893

paul.mcmanus@walbrookpr.com

Chairman's and Chief Executive's Report

Dear shareholder,

The Group has performed well over the last six months. Having gained 510(k) market clearance from the United States Food and Drug Administration (US FDA) for the IDS-iSYS and 25 Vitamin D assay during the period we have been able to enter the fully automated diagnostic testing market in the USA and have secured our first US placements for the system.

Activities during the Period

Sales of our major products continue to grow and our subsidiaries in the USA, Germany, France and Scandinavia have all experienced increased sales. Revenues from the USA have increased by more than 60% compared to same period last year.

IDS-iSYS

Since its launch in 2009 revenues from IDS-iSYS have continued to grow and in H1 2010/11 represented 14% of total sales, compared to 7% for the 12 months to March 2010. As can be seen in the table below our "estate" of instruments is also growing and management believes that this will continue.

IDS-iSYS Placements (outright sales and reagent rental)			
	2009/10 : H1	2009/10 : H2	2010/11 : H1
For period	27	47	66
Cumulative	27	74	140

Our conversion rate remains high, with slightly over 90% of all evaluations being converted into "live accounts". Average revenue per machine has remained fairly constant at £96,000 in the UK and €74,000 in Europe, however, management anticipate that these numbers will increase as we expand our product range on to our growing instrument base. Outside the USA we now have 7 products available on the IDS-iSYS and expect to have another 4 by the first half of 2011.

We have submitted a 510(k) application to the US FDA for the IDS-iSYS Intact PTH immunoassay and once clearance to sell in the USA is achieved it will generate additional revenues for the Group.

The instrument continues to perform well and we have received positive feedback from our customers relating to its performance and reliability.

As well as direct and distributor sales we continue to pursue licensing opportunities for IDS-iSYS such as that for allergy testing recently announced by Omega Diagnostics Group plc. Heads of Terms have been signed between us and we anticipate this will progress to a formal agreement in the near future.

Other Products

Our manual product sales continue to grow, with revenues up 26% over the same period last year (Vitamin D 33%) and management believes additional revenues can be created as we expand sales into China and other emerging economies through joint ventures and distributors.

Acquisition of MGPD

In September 2010 we announced the acquisition of MGP Diagnostics AS (MGPD) of Norway for an undisclosed cash consideration. MGPD owns a portfolio of patents relating to the determination of a unique biomarker, Matrix GLA protein (mGLA). There is growing evidence mGLA is a controlling factor in the inappropriate calcification of soft tissues such as carotid arteries and heart valves. This vascular calcification is known to play a significant role in cardiovascular disease. We also entered into a research agreement with VitaK BV of Maastricht, the world leading research centre for mGLA biology and the originators of the patents owned by IDS as a result of the acquisition. IDS and VitaK will work closely to accelerate the studies needed to establish the clinical utility of mGLA.

Financial

Profit and Loss Account

Turnover for the period increased to £22.6m from £16.9m an increase of 34% and a major part of this growth is revenues from our automated system the IDS-iSYS.

Gross Profit increased to £17.0m from £12.3m an increase of 38%. The overall margin increased to 75.4% from 72.9%.

Total group research and development expenditure for the period was £1.9m of which £1.5m related to product development and was capitalised.

Profit from operations increased to £7.2m from £4.9m, an increase of 46%

Net financing costs increased to £0.6m from £0.4m.

Profit before Tax increased to £6.6m from £4.6m, an increase of 44%.

The charge to taxation decreased to £1.1m from £1.2m leaving a profit attributable to ordinary shareholders of £5.5m (2009: £3.4m).

Overall EPS increased to 19.5p from 12.9p and on a fully diluted basis to 18.8p from 12.1p.

Balance Sheet

As at 30 September 2010 cash at bank amounted to £7.0m (2009: £3.5).

Group Debt at period end totalled £9.3m (2009: £13.2m).

Net debt amounted to £2.3m

Cash Flow

During H1 the company paid income tax of £0.6m, acquired property, plant, equipment and intangible assets of £3.2m, repaid borrowings of £1.5m, paid a dividend of £0.6m and still managed to increase cash and cash equivalents by £1.7m during H1.

Board Activities

We intend to strengthen our Board by the recruitment of additional Non-executive directors reflecting both our plans for growth and succession and also to ensure we maintain the highest standards of governance consistent with the size of the Group.

Outlook

The Group continues to make good progress on all fronts.

The continued growth in our revenues is dependent upon the following:

- Continued success in placing and selling IDS-iSYS instruments both directly and through our distributor network. The Directors believe that as at the end of November 2010 total placements year to date will be 170 units, of which 14 will be in the USA.
- The continued development and launch of new automated products for use on the IDS-iSYS which will increase the revenue produced by each instrument.
- Our ability to gain market share as new competitors enter the Vitamin D market.
- Clearance by the FDA of new products to be sold in the USA market place.

Trading in the year to date is in line with management expectations. Traditionally the Group experiences higher revenues in the second half of the year and the Board believes this trend will continue and we will meet our full year expectations.

Overall the prospects for the Group are good and we continue to progress our plans to grow both organically and where we deem it appropriate by acquisition.

We look forward to continuing to update you on the progress of the Group over the coming months.

David Evans
Chairman

Ian Cookson
Chief Executive Officer

Unaudited consolidated interim balance sheet

As at 30 September 2010

	6 Months ended 30 Sept 2010 £'000	6 Months ended 30 Sept 2009 £'000	Year ended 31 March 2010 £'000
Assets			
Non-current assets			
Property, plant and equipment	6,140	4,688	5,198
Goodwill	17,028	19,618	17,681
Other intangible assets	37,197	38,017	38,051
Investments	250	218	216
Deferred tax assets	6,372	0	0
	<u>66,987</u>	<u>62,541</u>	<u>61,146</u>
Current assets			
Inventories	7,064	6,043	6,427
Trade and other receivables	9,660	10,142	10,806
Income tax assets	1,038	0	575
Cash and cash equivalents	7,019	3,475	5,277
	<u>24,781</u>	<u>19,660</u>	<u>23,085</u>
Total assets	<u>91,768</u>	<u>82,201</u>	<u>84,231</u>
Liabilities			
Current liabilities			
Short term portion of long term borrowings	3,068	3,748	2,681
Trade and other payables	5,572	5,173	6,203
Income tax liabilities	1,745	1,693	914
Deferred income	126	0	153
	<u>10,511</u>	<u>10,614</u>	<u>9,951</u>
Net current assets	<u>14,270</u>	<u>9,046</u>	<u>13,134</u>
Non-current liabilities			
Long term borrowings	6,274	9,432	8,643
Provisions	1,521	3,534	1,901
Deferred tax liabilities	8,980	2,562	2,725
Deferred income	0	398	0
	<u>16,775</u>	<u>15,926</u>	<u>13,269</u>
Total liabilities	<u>27,286</u>	<u>26,540</u>	<u>23,220</u>
Net assets	<u>64,482</u>	<u>55,661</u>	<u>61,011</u>
Total equity			
Called up share capital	559	529	557
Share premium account	29,352	28,512	29,281
Other reserves	10,283	14,127	11,781
Retained earnings	24,288	12,500	19,392
Treasury shares	0	-7	0
	<u>64,482</u>	<u>55,661</u>	<u>61,011</u>
Equity attributable to owners of the parent	<u>64,482</u>	<u>55,661</u>	<u>61,011</u>

Unaudited consolidated interim income statement

For the six month period to 30 September 2010

	6 Months ended 30 Sept 2010 £'000	6 Months ended 30 Sept 2009 £'000	Year ended 31 March 2010 £'000
Revenue	22,605	16,898	37,158
Cost of Sales	-5,562	-4,573	-9,642
Gross Profit	17,043	12,325	27,516
Distribution costs	-3,312	-2,709	-5,923
Administrative expenses	-6,512	-4,685	-10,311
Profit from operations	7,219	4,931	11,282
Finance income	113	130	259
Finance costs	7,332	5,061	11,541
	-732	-485	-555
Profit before tax	6,600	4,576	10,986
Income tax expense	-1,145	-1,165	-2,911
Profit for the period attributable to owners of the parent	5,455	3,411	8,075
Earnings per share			
- basic	19.543p	12.900p	30.017p
- diluted	18.761p	12.148p	28.926p

Unaudited consolidated interim cash flow statement

For the six month period to 30 September 2010

	6 Months ended 30 Sept 2010 £'000	6 Months ended 30 Sept 2009 £'000	Year ended 31 March 2010 £'000
Profit from operations	7,219	4,931	11,282
Adjustments for:			
Depreciation and amortisation, including loss on disposal	1,777	1,589	3,431
Share based payment expense	444	148	355
Release of deferred grants	-201	-20	-210
Interest paid	-314	-450	-555
Operating cash flows before movements in working capital	8,925	6,198	14,303
Movement in inventories	-841	-495	-869
Movement in receivables	953	-1,900	-2,499
Movement in payables	-761	-535	103
Income taxes paid	-648	-87	-1,344
Net cash from / (used by) operating activities	7,628	3,181	9,694
Investing activities			
Acquisition of investments in subsidiaries (net of cash acquired)	0	0	-213
Purchases of other intangible assets	-1,478	-2,369	-4,545
Purchases of property, plant and equipment	-1,685	-1,420	-2,429
Interest received	112	130	259
Net cash used by investing activities	-3,051	-3,659	-6,928
Financing activities			
Proceeds from issue of shares for cash	74	13	816
Proceeds of new borrowings	0	0	0
Repayments of borrowings	-1,481	-698	-2,549
Dividends paid	-559	-437	-436
Net cash from / (used by) financing activities	-1,966	-1,122	-2,169
Effect of exchange rate differences	-869	619	224
Net increase / (decrease) in cash and cash equivalents	1,742	-981	821
Cash and cash equivalents at beginning of period	5,277	4,456	4,456
Cash and cash equivalents at end of period	7,019	3,475	5,277

Unaudited consolidated statement of changes in equity

	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Treasury shares £'000	Total £'000
At 1 April 2010	557	29,281	11,781	19,392	0	61,011
Profit for the period				5,455		5,455
Other comprehensive income						
Foreign exchange translation differences on foreign currency net investment in subsidiaries			-1,942			-1,942
Transactions with owners						
Share based payments charged to equity reserves			444			444
Dividend Paid				-559		-559
Shares issued in the period (net of expenses)	2	71				73
At 30 September 2010	559	29,352	10,283	24,288	0	64,482
At 1 April 2009	528	28,500	12,166	9,526	-7	50,713
Profit for the period				3,411		3,411
Other comprehensive income						
Foreign exchange translation differences on foreign currency net investment in subsidiaries			27			27
Transactions with owners						
Share based payments charged to equity reserves			148			148
Deferred tax effect of share based payments charged to equity reserves			1,786			1,786
Dividend Paid				-437		-437
Shares issued in the period (net of expenses)	1	12				13
At 30 September 2009	529	28,512	14,127	12,500	-7	55,661
At 1 April 2009	528	28,500	12,166	9,526	-7	50,713
Profit for the period				8,075		8,075
Other comprehensive income						
Foreign exchange translation differences on foreign currency net investment in subsidiaries			-2,004			-2,004
Transactions with owners						
Share based payments charged to equity reserves			355			355
Deferred tax effect of share based payments charged to equity reserves			1,549			1,549
Transfer in respect of share options exercised in the period			-285	285		0
Tax benefit on exercise of share options				1,943		1,943
Dividend Paid				-437		-437
Shares issued in the period (net of expenses)	29	781			7	817
At 31 March 2010	557	29,281	11,781	19,392	0	61,011

Notes to the Interim Financial Statements

For the period to 30 September 2010

1 Basis of preparation

This interim statement for the six month period to 30 September 2010 is unaudited and was approved by the Directors on 25 November 2010. The financial information contained in the interim report has been prepared in accordance with the accounting policies set out in the annual report and accounts for the year ended 31 March 2010.

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the full preceding year is based on the statutory accounts for the year ended 31 March 2010. Those accounts, upon which the auditors, Baker Tilly UK Audit LLP, issued an unqualified audit opinion, and whose report did not contain any matters to which they drew attention by way of emphasis, nor contained a statement under Section 498(2) or 498(3) of the Companies Act 2006, have been delivered to the Registrar of Companies.

As permitted, this interim report has been prepared in accordance with AIM Rule 18 and not in accordance with IAS 34 "Interim Financial Reporting" therefore it is not fully in compliance with IFRS as adopted by the European Union.

2 Revenue and segmental information

Revenue and profit before tax relate principally to the main activity of the manufacturing and distributing of medical diagnostic products, and are attributable to the continuing operations of the Group.

Geographical analysis of turnover by origin:

	6 Months ended 30 Sept 2010 £'000	6 Months ended 30 Sept 2009 £'000	Year ended 31 March 2010 £'000
UK	6,119	4,811	10,055
Europe	7,981	6,876	15,098
USA	8,505	5,211	12,005
	<u>22,605</u>	<u>16,898</u>	<u>37,158</u>

Geographical analysis of profit before tax by origin:

UK	5,812	4,175	8,856
Europe	284	-257	335
USA	1,123	1,013	2,091
Profit from operations	<u>7,219</u>	<u>4,931</u>	<u>11,282</u>
Finance Costs (net)	-619	-355	-296
Profit before tax	<u>6,600</u>	<u>4,576</u>	<u>10,986</u>

Geographical analysis of net assets/(liabilities) by origin:

UK	19,388	36,540	31,948
Europe	42,974	17,318	26,482
USA	2,120	1,803	2,581
	<u>64,482</u>	<u>55,661</u>	<u>61,011</u>

3 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two classes of dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and the contingently issuable shares under the Group's share option scheme. At 30 September 2010, the performance criteria for the vesting of the awards under the option scheme had been met and consequently the shares in question are included in the diluted EPS calculation.

The calculations of earnings per share are based on the following profits and numbers of shares.

	6 Months ended 30 Sept 2010	6 Months ended 30 Sept 2009	Year ended 31 March 2010
	£	£	£
Profit after tax	<u>5,455,046</u>	<u>3,410,745</u>	<u>8,075,114</u>
	No.	No.	No.
Weighted average no of shares:			
For basic earnings per share	27,913,632	26,440,813	26,901,896
Effect of dilutive potential ordinary shares:			
-Share Options	1,163,521	1,635,202	1,014,451
For diluted earnings per share	<u>29,077,153</u>	<u>28,076,015</u>	<u>27,916,347</u>
Basic earnings per share	19.543p	12.900p	30.017p
Diluted earnings per share	18.761p	12.148p	28.926p

4 Taxation

Taxation for the 6 months ended 30 September 2010 is based on the effective rates of taxation in each jurisdiction which are estimated to apply for the year ended 31 March 2011.

5 **Other reserves**

The other reserves consist of the merger reserve, the foreign currency translation reserve and the reserve for shares to be issued under employee share option plans.

The merger reserve arises on consolidation of the results of Immunodiagnostic Holdings PLC and the consolidated results of Immunodiagnostic Systems Limited. The reserve represents the difference arising on consolidation between the nominal value of shares issued by Immunodiagnostic Holdings PLC in consideration for 100% of the share capital of Immunodiagnostic Systems Limited and the nominal value of the shares acquired, plus the share premium account relating to those shares.

6 **Interim results**

These results were approved by the Board of Directors on Thursday 25 November 2010. Copies of this interim report will be available to the public from the Group's registered office and www.idsplc.com.