



28 November 2011

IMMUNODIAGNOSTIC SYSTEMS HOLDINGS PLC
Unaudited Interim Results for the Six-Month Period to 30 September 2011

Immunodiagnostic Systems Holdings plc ("IDS" or the "Company" or the "Group"), a leading producer of diagnostic testing kits and automated systems for the clinical and research markets, announces its interim results for the six month period to 30 September 2011.

IDS operates in the in-vitro diagnostics ("IVD") market. The Company designs, manufactures and sells immunoassay kits as well as its automated analyser, the IDS-iSYS System. The IDS product range is 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.

Financial Highlights:

- Revenue up 21% to £27.3m (2010: £22.6m)
 - IDS-iSYS sales up 155% year-on-year
 - Sales of non-automated Vitamin D products up 1% year-on-year
- Gross profit up 22% to £20.7m (2010: £17.0m)
 - Increase in Gross Margin to 75.82% (2010: 75.39%)
- EBITDA up 18% to £10.0m (2010: £8.5m)
- Pre-tax profit up 17% to £7.7m (2010: £6.6m)
- Earnings per share (diluted) up 8% to 20.2p (2010: 18.8p)
- Net Cash £3.3m (2010: Net Debt £2.3m)

Operational Highlights:

- 81 IDS-iSYS systems placed or sold in H1 - 23% up on the same period last year (2010: 66)
- 322 IDS-iSYS units placed or sold in total – up 33.6% on 30 March 2011
- Average revenue per system is now £90,000 compared to £77,000 in September 2010
- Launch of PTH (1-34) test for osteoporosis therapy on the IDS-iSYS
- 10 automated assays available for sale outside the USA
- 5 automated assays available for sale in the USA
- Signed distribution agreement giving access to US Government market.

Tony Martin, Chairman of IDS commented:

"I am pleased to report that the first six months to September 30th of this year has seen IDS continue to grow driven by further demand for IDS-iSYS. The majority of the sales growth is a direct result of both the increase in placements of IDS-iSYS Systems and the growth in revenue per system. I am pleased to note that many of our larger customer accounts have migrated away from manual vitamin D testing and onto the IDS-iSYS.

The impending introduction of competing automated products has coincided with efforts to contain health budgets, particularly in the US. As a result we are beginning to see increasing price pressure, particularly on our larger accounts, and some very recent disruption to equipment ordering patterns which we believe will persist in the short term.

Despite these short term pressures the overall prospects for the Group are good. The recurring nature of our revenues will allow us to progress our plans to grow both organically and by acquisition where this is consistent with the Group's stated product strategy."

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Chairman's and Chief Executive's Report

During the last six months the Group has seen a positive increase in its sales, gross profit, and profit before tax as well as moving to a net cash position of £3.3m.

Activities during the Period

Sales of our automated and non-automated vitamin D products both continue to grow with revenues for the first half of 2011 up 26% to £18.9m compared to same period last year. Importantly, sales through our direct sales operations increased over 30% compared to the same period last year illustrating the strength of our field and technical support staff in the majority of our direct sales territories.

During the period IDS Inc, our USA sales operation, entered into a distribution agreement with Government Scientific Source Inc. (GSS) who will represent IDS's manual kits as well as the IDS-iSYS systems, test kits and ancillaries to USA Government buyers, including Veterans Medical Centres, Military Hospitals and the National Institutes of Health (NIH). GSS is a veteran assured small business which makes GSS a preferential supplier for government contracts. This Agreement opens up an additional market for us which should contribute to the continued growth of sales within the USA.

Since its launch in 2009, revenues from IDS-iSYS have continued to grow and were £8.3m for the period, representing 30% of total sales, compared to £3.3m (14% of total sales) for the 6 months to September 2010. System placements by our direct sales operations were 52% higher than the same period last year.

We are delighted with the performance of the IDS-iSYS systems and continue to receive encouraging feedback from our expanding customer base on its performance and reliability. With over 320 systems currently placed or sold, the IDS-iSYS already has a strong reputation in the market.

In October we launched our PTH (1-34) assay, which will be used to monitor bone therapy; this brings the total number of products available on the IDS-iSYS to 10 (outside the USA).

A full breakdown of IDS-iSYS sales and placements are given below:

	2009/10 H1	2009/10 H2	2010/11 H1	2010/11 H2	2011/12 H1
For period					
End user (reagent rental & sold)	12	19	31	51	47
Distributors	5	14	9	18	5
OEM & partners	6	14	26	32	29
Total	23	47	66	101	81
Cumulative					
End user (reagent rental & sold)	12	31	62	113	160
Distributors	5	19	28	46	51
OEM & partners	10	24	50	82	111
Total	27	74	140	241	322

Although the total number of IDS-iSYS systems sold or placed is 33.6% higher than at March 2011, as we indicated in our pre-close update the period has seen a reduction in placements made compared to the second half last year.

This is mainly due to a number of potential USA customers delaying purchase decisions beyond the end of the period as they wait to evaluate new products that are being launched shortly by competitors. Based on the experience seen in markets outside the USA where these products are already available we are confident that IDS-iSYS competes well against these alternative products, and therefore believe that we will continue to grow placements in the USA.

It is pleasing to note that the level of sales enquiries remains high and that there are a number of global account opportunities that are being discussed, but the timing and likely outcome of these discussions remains uncertain.

Revenue per end-user system is now c. £90,000 (£77,000: September 2010) down on March 2011. This reflects both the changes in the testing volumes of new users and the wider range of tests available on the system.

Volumes in our non-automated vitamin D business have increased marginally with revenues up 1% to £13.7m (2010: £13.5m). This growth has been achieved despite the cannibalisation of some of our larger manual accounts following the placement of IDS-iSYS systems and an unexpected requirement by our major distributor in China to re-register some of our manual products. The products could not be sold for most of the period resulting in lost sales of circa £250K. Registration of the products is now complete and we believe we will see a greater pull through from distributor sales in the 6 months to March 2012. Sales into Japan were comparable to the same period last year.

The period saw a small fall in non-vitamin D manual product revenues (Nordic and Octeia) this is mainly due to cannibalisation by the new automated equivalents we have available on the IDS-iSYS.

Financial

Income Statement

Sales for the period increased to £27.3m from £22.6m an increase of 21% and a major part of this growth is revenues from our automated system the IDS-iSYS. Revenues at constant currency would have been £27.8m, an increase of 23%. Increasing revenues from our USA subsidiary accounted for more than 60% of this growth.

Gross Profit increased to £20.7m from £17.0m an increase of 22%. Gross margin increased to 75.8% from 75.4%.

Total group research and development expenditure for the period was £2.0m of which £1.8m related to product development and was capitalised.

Profit from operations increased to £7.8m from £7.2m, an increase of 8%. This is after incurring £250k of restructuring costs in relation to the rationalisation of certain senior roles within the Group.

Net financing costs decreased from £0.6m to £0.1m.

Profit before Tax increased to £7.7m from £6.6m, an increase of 17%.

The charge to taxation increased to £1.7m from £1.1m leaving a profit attributable to ordinary shareholders of £6.0m (2010: £5.5m).

Basic EPS increased to 21.1p from 19.5p and on a fully diluted basis to 20.2p from 18.8p.

Balance Sheet

As at 30 September 2011 cash at bank amounted to £8.5m (2010: £7.0m).

Group Debt at period end totalled £5.2m (2010: £9.3m).

Net cash amounted to £3.3m compared to net debt of £2.3m as at September 2010.

Cash Flow

During H1 the company paid income tax of £1.9m, acquired property, plant, equipment and intangible assets of £3.5m, repaid borrowings of £1.2m, paid a dividend of £0.7m and still managed to increase cash and cash equivalents by £2.1m during the period.

Board Activities

During the period Mr. Roland Sackers was appointed as a Non-Executive Director who will also act as the Chairman of the audit committee. A resolution at the Annual General Meeting held in September also appointed Mr Tony Martin as Chairman, replacing Mr David Evans. As announced at the time of our preliminary results we are seeking a new Finance Director to succeed Paul Hailes and the process has progressed well. We are at the short list stage and expect to make an announcement in the coming weeks.

Outlook

As we announced at the time of our full year results in June, we expect the demand for vitamin D testing will continue to grow, albeit at lower rates than experienced in recent years. This appears to be the case with growth continuing in both manual and automated testing.

The impending introduction of competing automated products from some major manufacturers has coincided with efforts to contain health budgets, particularly in the USA. As a result we are beginning to see increasing price pressure, particularly on our larger accounts, and some disruption to equipment ordering patterns which we believe will persist in the short term and it is likely that this will impact negatively on our placement rate for the current period. As we noted earlier there are a number of global account discussions that are underway although the likely outcome and duration of these discussions remains uncertain.

The company is continuing to follow its strategy of driving growth by the introduction of new tests onto the IDS-iSYS. We now have 10 automated products available for sale outside of the USA, with five of these products also available for sale in the USA. We believe that the wider test menu available will increase the attractiveness of the system to our identified market segment and become a key differentiator of the system.

We expect to be the first to market by launching our automated test for 1,25 vitamin D in the coming 6 months. We also expect to launch our automated tests for Renin and Aldosterone which are key markers in the diagnosis of hypertension before the end of June 2012. Development of other IDS-iSYS tests for BioPTH, TRAP and other markers is progressing as expected.

In addition we are seeing continued strong interest from third party companies who are keen to explore licensing opportunities for additional automated assays and we would expect to report progress on this during the current financial period.

We have strengthened our Sales and Marketing teams and our plans to establish joint ventures in the major emerging markets will accelerate as a result of the additional resource and focus on these areas.

Despite some short term pressure the overall prospects for the Group are good. The recurring nature of our revenues will allow us to progress our plans to grow both organically and by acquisition where this is consistent with the Group's stated product strategy.

Tony Martin
Chairman

Ian Cookson
Chief Executive Officer

Unaudited consolidated interim balance sheet
As at 30 September 2011

	6 Months ended 30 Sept 2011 £'000	6 Months ended 30 Sept 2010 £'000	Year ended 31 March 2011 £'000
Assets			
Non-current assets			
Property, plant and equipment	8,952	6,140	8,275
Goodwill	17,551	17,028	17,693
Other intangible assets	40,486	37,197	40,268
Investments	4	4	4
Deferred tax assets	3,462	6,372	6,754
Other non-current assets	236	246	237
	<u>70,691</u>	<u>66,987</u>	<u>73,231</u>
Current assets			
Inventories	9,285	7,064	8,453
Trade and other receivables	10,434	9,660	11,679
Income tax assets	1,019	1,038	1,286
Cash and cash equivalents	8,511	7,019	6,364
	<u>29,249</u>	<u>24,781</u>	<u>27,782</u>
Total assets	<u>99,940</u>	<u>91,768</u>	<u>101,013</u>
Liabilities			
Current liabilities			
Short term portion of long term borrowings	873	3,068	2,113
Trade and other payables	6,478	5,572	7,714
Income tax liabilities	1,972	1,745	2,108
Deferred income	110	126	121
	<u>9,433</u>	<u>10,511</u>	<u>12,056</u>
Net current assets	<u>19,816</u>	<u>14,270</u>	<u>15,726</u>
Non-current liabilities			
Long term borrowings	4,313	6,274	4,312
Provisions	674	1,521	1,160
Deferred tax liabilities	6,045	8,980	9,459
	<u>11,032</u>	<u>16,775</u>	<u>14,931</u>
Total liabilities	<u>20,465</u>	<u>27,286</u>	<u>26,987</u>
Net assets	<u>79,475</u>	<u>64,482</u>	<u>74,026</u>
Total equity			
Called up share capital	567	559	559
Share premium account	30,040	29,352	29,353
Other reserves	11,314	10,283	12,053
Retained earnings	37,554	24,288	32,061
	<u>79,475</u>	<u>64,482</u>	<u>74,026</u>
Equity attributable to owners of the parent	<u>79,475</u>	<u>64,482</u>	<u>74,026</u>

Unaudited consolidated interim income statement

For the six month period to 30 September 2011

	6 Months ended 30 Sept 2011 £'000	6 Months ended 30 Sept 2010 £'000	Year ended 31 March 2011 £'000
Revenue	27,332	22,605	50,164
Cost of Sales	-6,610	-5,562	-12,714
Gross Profit	20,722	17,043	37,450
Distribution costs	-4,358	-3,312	-7,051
Administrative expenses	-8,592	-6,512	-13,272
Profit from operations	7,772	7,219	17,127
Finance income	114	113	220
Profit before tax	7,886	7,332	17,347
Finance costs	-192	-732	-711
Profit before tax	7,694	6,600	16,636
Income tax expense	-1,708	-1,145	-3,645
Profit for the period attributable to owners of the parent	5,986	5,455	12,991
Earnings per share			
- basic	21.149p	19.543p	46.493p
- diluted	20.204p	18.761p	44.633p

Unaudited statement of other comprehensive income

For the six month period to 30 September 2011

	6 Months ended 30 Sept 2011 £'000	6 Months ended 30 Sept 2010 £'000	Year ended 31 March 2011 £'000
Profit for the period	5,986	5,455	12,991
Currency translation differences	-420	-1,662	-842
Other comprehensive income, before tax	-420	-1,662	-842
Income tax relating to items credited/charged to equity	-16	-280	86
Other comprehensive income, net of tax	-436	-1,942	-756
Total comprehensive income for the period attributable to owners of the parent	5,550	3,513	12,235

Unaudited consolidated interim cash flow statement

For the six month period to 30 September 2011

	6 Months ended 30 Sept 2011 £'000	6 Months ended 30 Sept 2010 £'000	Year ended 31 March 2011 £'000
Profit before tax	7,694	6,600	16,636
Adjustments for:			
Depreciation of property, plant and equipment	1,012	601	1,278
Amortisation of intangible assets	1,270	1,176	2,536
Loss on disposal of property, plant and equipment and intangible assets	0	0	36
Share based payment expense	107	444	369
Release of deferred grants	-11	-201	-49
Finance income	-114	-112	-220
Finance costs	192	732	711
Operating cash flows before movements in working capital	10,150	9,240	21,297
Movement in inventories	-848	-841	-2,126
Movement in receivables	1,289	953	-855
Movement in payables	-1,171	-761	1,051
Cash generated by operations	9,420	8,591	19,367
Income taxes paid	-1,909	-648	-2,214
Interest paid	-154	-314	-711
Net cash from operating activities	7,357	7,629	16,442
Investing activities			
Acquisition of investments in subsidiaries (net of cash acquired)/Asset acquisition	-486	0	-1,907
Purchases of other intangible assets	-1,787	-1,478	-3,736
Purchases of property, plant and equipment	-1,709	-1,685	-4,445
Interest received	114	112	218
Net cash used by investing activities	-3,868	-3,051	-9,870
Financing activities			
Proceeds from issue of shares for cash	695	74	74
Grants received	1	0	0
Repayments of borrowings	-1,195	-1,438	-4,895
Repayments of hire-purchase obligations	-15	-43	-56
Dividends paid	-708	-559	-559
Net cash used by financing activities	-1,222	-1,966	-5,436
Effect of exchange rate differences	-120	-869	-48
Net increase in cash and cash equivalents	2,147	1,743	1,088
Cash and cash equivalents at beginning of period	6,364	5,276	5,276
Cash and cash equivalents at end of period	8,511	7,019	6,364

Unaudited consolidated statement of changes in equity

	Share capital	Share premium account	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2011	559	29,353	12,053	32,061	74,026
Profit for the period				5,986	5,986
Other comprehensive income					
Foreign exchange translation differences on foreign currency net investment in subsidiaries			-420		-420
Tax effect of treatment of foreign currency translation differences			-16		-16
Transactions with owners					
Share based payments charged to equity reserves			107		107
Deferred tax recognised on share based payments charged to equity reserves			-195		-195
Transfer in respect of share options exercised in the period			-215	215	0
Dividend Paid				-708	-708
Shares issued in the period (net of expenses)	8	687			695
At 30 September 2011	567	30,040	11,314	37,554	79,475
At 1 April 2010	557	29,281	11,781	19,392	61,011
Profit for the period				5,455	5,455
Other comprehensive income					
Foreign exchange translation differences on foreign currency net investment in subsidiaries			-1,662		-1,662
Tax effect of treatment of foreign currency translation differences			-280		-280
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	64,482
At 1 April 2010	557	29,281	11,780	19,393	61,011
Profit for the period				12,991	12,991
Other comprehensive income					
Foreign exchange translation differences on foreign currency net investment in subsidiaries			-842		-842
Tax effect of treatment of foreign currency translation differences			86		86
Transactions with owners					
Share based payments charged to equity reserves			369		369
Deferred tax recognised on share based payments charged to equity reserves			683		683
Transfer in respect of share options exercised in the period			-23	23	0
Tax benefit on exercise of share options				213	213
Dividend Paid				-559	-559
Shares issued in the period (net of expenses)	2	72			74
At 31 March 2011	559	29,353	12,053	32,061	74,026

Notes to the Interim Financial Statements

For the period to 30 September 2011

1 Basis of preparation

This interim statement for the six month period to 30 September 2011 is unaudited and was approved by the Directors on 25 November 2011. 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 2011.

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 2011. 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 2011 £'000	6 Months ended 30 Sept 2010 £'000	Year ended 31 March 2011 £'000
UK	6,230	6,119	12,903
Europe	9,738	7,981	18,531
USA	11,364	8,505	18,730
	<u>27,332</u>	<u>22,605</u>	<u>50,164</u>

Geographical analysis of profit before tax by origin:

UK	7,462	5,812	13,860
Europe	-644	284	1,997
USA	954	1,123	1,270
Profit from operations	<u>7,772</u>	<u>7,219</u>	<u>17,127</u>
Finance Costs (net)	-78	-619	-491
Profit before tax	<u>7,694</u>	<u>6,600</u>	<u>16,636</u>

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

UK	31,665	19,388	24,844
Europe	43,985	42,974	45,901
USA	3,825	2,120	3,281
	<u>79,475</u>	<u>64,482</u>	<u>74,026</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 period.

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 period and the contingently issuable shares under the Group's share option scheme. At 30 September 2011, 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 2011 £	6 Months ended 30 Sept 2010 £	Year ended 31 March 2011 £
Profit after tax	5,985,897	5,455,046	12,991,000
	No.	No.	No.
Weighted average no of shares:			
For basic earnings per share	28,303,582	27,913,632	27,942,000
Effect of dilutive potential ordinary shares:			
-Share Options	1,324,134	1,163,521	1,164,000
For diluted earnings per share	29,627,716	29,077,153	29,106,000
Basic earnings per share	21.149p	19.543p	46.493p
Diluted earnings per share	20.204p	18.761p	44.633p

4 Taxation

Taxation for the 6 months ended 30 September 2011 is based on the effective rates of taxation in each jurisdiction which are estimated to apply for the year ended 31 March 2012.

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 Friday 25 November 2011. Copies of this interim report will be available to the public from the Group's registered office and www.idsplc.com.