Immunodiagnostic Systems Holdings plc

Annual Report & Accounts

Year ended 31 March 2007

Introduction

IDS enhances its direct sales and marketing activities and maintains its reputation as a globally recognised innovator of 'In Vitro' diagnostics

Contents

Immunodiagnostic Systems Holdings plc is a dynamic SME, dedicated to the development and provision of innovative assays for use in clinical and research laboratories worldwide.

The Company is focused on sustaining its position as a fully integrated In Vitro Diagnostics business, building and manufacturing capability in de novo product design, development, manufacture and global marketing.

IMMUNODIAGNOSTIC SYSTEMS LTD UL REGISTERED FIRM ISO9001/ISO13485 A12400

THE QUEEN'S AWARDS FOR ENTERPRISE: INTERNATIONAL TRADE 2006

Highlights of 2006/2007

- Actual performance exceeds broker's initial forecast – 22% growth.
- IDS announces a major Automation Agreement with Biocode Hycel.
- IDS France has annual sales greater than 1.7m euros.
- IDS Germany has annual sales greater than 2.1m euros.
- IDS announces a major technology license with Immutopics Inc.
- IDS launches high-sensitivity IGF-I ELISA.
- IDS launches IGFBP-3 ELISA.
- IDS share price more than quadruples its price from date of flotation.
- IDS adds two executive directors to its main board.
- Mr Tony Wilks becomes IDS' Group Sales and Marketing Director.
- Dr Martha Garrity joins the IDS Board as Group Technical Director.
- IDS wins their 2nd Queen's Award.
- IDS' first royal visit, from HRH the Duke of York.
- IDS receives approval from Chinese SFDA to sell products in China.
- IDS starts selling BoneTRAP for clinical use in the USA.

Turnover £'000 (to 31 March)

Company Overview

Understanding IDS

1 PRODUCT PIPELINE

From its establishment in 1977 simply as a distributor of diagnostic products, IDS has become an integrated diagnostics company with full product development, manufacturing, product support and distribution. With direct sales and marketing presence in the UK, USA, Germany, France and a research and development facility in Finland, the Company is truly acknowledged as having a globally recognised brand.

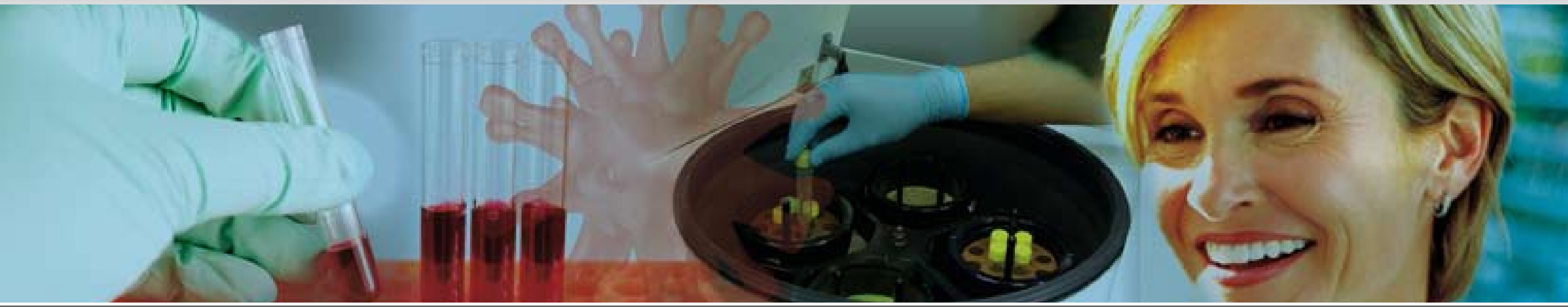
The Company continues to be recognised for its range of bone and growth-related products, and is uniquely placed to offer a wide range of internally manufactured products, in monitoring response to therapy and studying the fundamental mechanisms of growth and bone disorders.

The flagship products of the Company continue to be kits for the determination of Vitamin D in human serum, an important marker in the control and disposition of the body's calcium reserves. Calcium is vital in the development of healthy bones and teeth in the young, in the retention of calcium in the institutionalised and the elderly, and those with inadequate exposure to sunlight. Vitamin D, the 'sunshine vitamin' formed in the skin in response to ultra-violet light, is essential in calcium regulation.

IDS' product pipeline is focused on building on the existing bone and skeletal growth factor assay portfolio, as well as entering the fields of oncology and metastasis to bone.

Products to be released in the near future will be complementary to currently marketed products, further reinforcing our position as a global leader in the bone disease and growth factor diagnostic markets.

Strong Product Pipeline
The IDS product pipeline has never been as full, with a number of new product launches to be made within the new year. IDS looks to enhance its reputation as a global leader in bone formation, bone resorption and calciotropic hormone assays.



Future strategy

The Group continues to develop its strategy based upon increasing the range and novelty of new products to be introduced, whilst enhancing the ability to reach an expanding international research and clinical market by the further development of the IDS Sales and Marketing organisation.

The three-pronged strategy comprises:

- to drive geographic market growth, increasing direct sales and those achieved through our distributor network;
- to accelerate New Product Development; and
- to embrace growth by the acquisition of products and/or companies.

The directors believe that each of these individual stratagems has the potential to grow the Company and generate revenues, and that collectively they will add significant shareholder value. Going forward, we expect to see an increase in both revenues and profitability from automation of our manual assays in the 3X3 instrument; with royalties generated from out-licensing of Vitamin D technology also making a contribution.

£706k

Our spending in R&D decreased as several projects came to fruition. These savings will be reinvested as we look to our programme of product automation.

47,000 units

This represents a 34% growth on the prior year.

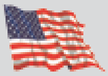
Multi-partner collaboration

Sales through the IDS distribution network represent circa 27% of total Group sales. IDS reaches every continent with tailored, targeted communications. Multi-lingual strategies in over 10 languages ensure IDS is able to think globally and act locally.

Our Products and Target Markets

Market potential – USA

$7.9bn



Market potential – UK

£400m

Actual performance exceeds broker's initial forecast – 22% growth.

IDS announce a major Automation Agreement with Biocode Hycel.

Our Global Presence

IDS reaches every continent with tailored, targeted communications. Multi-lingual strategies in over 10 languages ensure IDS is able to think globally and act locally.

Market potential – France

€1.2bn

Market potential – Germany

€2bn

IDS France has annual sales greater than 1.7m euros.

IDS Germany has annual sales greater than 2.1m euros.

Market analysis

IDS operates in the immunoassay segment of the in vitro diagnostics (IVD) market. In vitro diagnostics is defined as the study and analysis of body fluids and tissues for the detection and monitoring of disease. In 2002, the global IVD market was valued at approximately $22bn, with the immunoassay sector of this market worth approximately $10bn.

Immunoassay is a fundamental technique employing antibodies to create assays for biomarkers in human and animal tissues, most commonly serum or plasma. The sensitivity of immunoassay permits the detection and quantification of very small quantities (e.g. 1x10-12 gram) of biomarkers in small sample volumes. The high sensitivity achieved by immunoassays has resulted in the technology becoming a fundamental technique widely used in the clinical diagnosis of disease and in biomedical research.

The clinical IVD market is dominated by a small number of large, multi-national companies, with over 80% of the market revenues flowing to the top ten IVD companies (including Roche, Abbott and Johnson & Johnson). The US is the largest individual geographic territory by market value, followed by Europe and then Japan. The clinical IVD market is high volume but low margin, with the large players selling fully automated, push-button immunoassay systems delivering results very similar to those of their competitors. The current market addresses only a limited number of clinically proven analytes. We look forward to entering into the fully-automated 'Closed System' specialist immunoassay market with our leading products. A Closed System ensures that end-users must use reagent sets that are instrument-specific, produced only by IDS (or another member of the Alliance), which provides for more consistent results between laboratories and generates stronger customer loyalty.

With our unique product offering, IDS will be in an excellent position to take a predominant market position in the important area of diagnosing and monitoring therapy in patients with osteoporosis and other bone diseases.

With fully-automated instrumentation, we will also be able to compete more effectively for the larger accounts in reference laboratories and CROs in parallel with growing existing revenues from small to mid sized laboratories for our manual assays. However, advances in genomics and proteomics have improved the knowledge of the biology of healthy and diseased states, and provided the potential for the discovery of a wealth of new diagnostic markers. Development of immunoassays against novel diagnostic markers has the potential to change the dynamics of the industry with the launch of differentiated higher margin immunoassays. The highly competitive nature of the market and the need for differentiated immunoassays has resulted in an increased willingness on the part of the larger companies to in-license new technologies and biomarkers in an effort to cost-effectively gain market advantage. This provides an opportunity for smaller, innovative companies such as IDS to generate substantial value from the development and out-licensing of novel technologies and immunoassays.

In addition to the mainstream clinical IVD market is a substantial (approximately $2bn) Research Use Only (RUO) market, comprising those laboratories working in drug discovery, clinical trials and academic research. The RUO market is essentially unregulated compared with the clinical IVD market (regulated in individual geographic territories by the FDA in the US, MHW in Japan, and IVDD in Europe). This makes RUO assay development considerably quicker and less onerous, with the key criteria for the launch of a successful assay being the customers' view of the quality of the assay. This also results in the market being less price sensitive, making the RUO assay market low volume/high margin. The RUO market is also considerably more fragmented, made up of a large number of players with different areas of strength. Companies selling immunoassays into the RUO market have the potential to expand the market for their tests where clinical applicability can be demonstrated and regulatory approval gained. Where appropriate these assays can then be licensed to the major clinical IVD players to optimise market penetration.

Non-Executive Chairman's Statement

David Evans Non-Executive Chairman

Dear Shareholder

I have pleasure in reporting on a year of continued and sustained progress at Immunodiagnostics Systems (IDS).

Results

Turnover in the year grew to £9.9m (2006: £8.1m), an increase of 22%, with growth being achieved in all territories. Particularly pleasing was the contribution from our French subsidiary, which was only established in October 2005.

Operating Profit increased to £2.21m (2006: £1.12m), an increase of 97%, reflecting the benefits of operational gearing within the Group together with the beneficial effect of two non-recurring income items in relation to product development which contributed £242,026. Set against that is the impact of FRS20.

Profit before tax amounted to £2.19m (2006: £1.05m), an increase of 109%.

The charge to Corporation Tax amounted to £597,000 (2006: £220,000) resulting in a profit after tax of £1.59m (2006: £829,000), an increase of 92%.

The dividend last financial year was 1p and the Board is happy to announce an increase in the dividend for this financial year to 1.25p.

Strategic Direction

The Board has, since the last report, sought to consolidate its leading position in its market segment of bone and mineral disease through:

- the addition of new products through development, collaboration and by acquisition.
- selectively adding to its direct marketing channel as exemplified by the establishment of its French subsidiary, with active consideration being given to the establishment of a direct sales organisation in Scandinavia.
- addressing the issue of automation through the 3X3 strategic collaboration with Biocode.

Management

During the year, the Board has been strengthened through the elevation of Tony Wilks (Group Sales & Marketing Director) and Dr Martha Garrity (Technical Director) who replaced Dr Phil Lee, who resigned last May.

Additionally the Board is actively looking to recruit, as a main board position, an Operations Director, and I look forward to updating you in due course on this appointment.

Outlook

Trading in the current year is ahead of last year and in line with management expectations.

On July 26th the Board announced the acquisition of Nordic Bioscience Diagnostics A/S for a total consideration of £17m. The Company will also be paying a royalty on the automated versions of the products being acquired.

The acquisition, will be in itself earnings enhancing and give the group a significant and, some may argue, a dominant position in this market segment.

The Group exists in a competitive environment and a changing technological landscape and it will continue to defend its position with improved versions of its existing products as well as developing its flagship products on automated instruments.

The key to establishing further dominance and profitability is, though, dependent upon the ability of the group to automate its key products on the 3X3. This remains the group's highest priority and the group is currently evaluating ways in which this opportunity can be maximised.

Finally, I would like to thank both the employees of IDS, whose unstinting effort has made this past year such a positive one, and you as a shareholder for your continued support.

David Evans
Non-Executive Chairman
27 July 2007

Managing Director's Review

Roger Duggan Managing Director

IDS announces a major technology license with Immutopics Inc.

The Financial Year to 31 March 2007 was a year of highly satisfactory sustained organic growth in every aspect of our existing business, both at home in the UK and throughout our subsidiaries in the USA, Germany, France and Finland. More importantly, it was a year of detailed strategic planning and tactical preparation, taking important decisions and thereafter putting in place an infrastructure to achieve these goals. Longer-term planning led us to identify and negotiate contractual agreements with third parties, and their successful conclusion will provide for stepwise growth in the near future.

One exceptional event in the last year was the demise of a major global competitor, Nichols Institute Diagnostics of California. This has provided opportunity for IDS (and others) to gain sales in a significant if temporarily chaotic market.

Our three-pronged strategy, as stated in my report of last year, remains as pertinent today as then, and is, I believe, providing the immediate challenges we need as a cogent, responsive and market-focused organisation, and encompasses the more aspirational, forward-looking vision we share as a company. The strategy remains:

- to drive geographic market growth, increasing direct sales and those achieved through our Distributor network;
- to accelerate New Product Development; and
- to embrace growth by the acquisition of products and/or companies.

This year, we have benefited from a maturation and further market acceptance of our subsidiaries, IDS Inc (in Fountain Hills, Phoenix, AZ, USA), IDS GmbH (in Frankfurt, Germany) and IDS EURL (in Paris, France). 'Market acceptance' is perhaps not a clearly defined term, but has significant connotations for IDS. We have, for example, exhibited our market-leading products at the AACC (American Association for Clinical Chemistry) convention for many years (1990 onwards), and received enthusiastic responses from US researchers and clinicians, but little in the way of resultant sales. The establishment of IDS Inc in Phoenix, Arizona in 2003 changed this dramatically – US customers prefer to buy from US operations, free from import/currency/cultural complications. Sales have blossomed as a result.

Whilst trans-national shipments within the EU are easier, we are experiencing similar uplifts in Germany and France – the comfort of buying from a domestic provider, sharing language and culture, is a highly significant factor in its own right, and a lesson that we will learn from in the future.

During this year, Tony Wilks joined the main Board as Sales and Marketing Director, and moved from IDS GmbH in Frankfurt to Newcastle upon Tyne. We are fortunate that we found an excellent successor in Dr Rudolf Schemer to take over as Country Manager at IDS GmbH. Like Tony, Rudolf is ex-Nichols Institute Diagnostics, and therefore has extremely pertinent knowledge of the industry and the European market. He is also a technical specialist with extensive knowledge of the insulin-like growth factors and their binding proteins, a targeted expansion area for new product development at IDS.

I anticipate that the benefits of direct representation by our subsidiaries will grow, and be further enhanced by a still more comprehensive product line, to which I will return.

Managing Director's Review

We have enjoyed a continuing improvement in the performance of our distributors in various territories throughout the world. This has been achieved by increased support from Boldon HQ and in-field support, with additional training and materials available to every distributor. Regulatory hurdles are frequently frustrating, but product registration activities continue in Japan, China and a number of other territories, and in the fullness of time will be overcome.

Our sales for the year have benefited to a certain degree by the withdrawal of Nichols Institute Diagnostics (NID) from the market in May/June 2006. NID was a significant competitor, with an automated instrument offering a number of competing tests, and they enjoyed a significant market share. We anticipate making further inroads into ex-NID customers as we roll out our automation programme.

To date, IDS products have been designed for use by skilled technicians within the laboratory environment (i.e. manual assays). In the course of the last year, we have enabled automation of our best-selling products on 'Open System' instruments such as the Triturus (from Grifols, Spain), with considerable success.

However, in July 2006, we entered into discussion with Biocode Hycel of Belgium (BCH) with a view to obtaining rights to a new, automated immunoanalyser known as the 3X3. With the successful conclusion of these negotiations, IDS acquired exclusive global rights to develop and market Bone & Skeletal products for the 3X3 instrument, and also became a founder member of what will become an 'Alliance' of IVD companies. The power of this concept is that companies excelling in non-competing areas will each apply their expertise to developing products for the 3X3, thereby accelerating 'menu development', an all-important factor in placing instruments in customers' laboratories in the face of stiff competition.

We look forward to entering into the fully-automated 'Closed System' specialist immunoassay market with our leading products. A Closed System ensures that end-users must use reagent sets that are instrument-specific, produced only by IDS (or another member of the Alliance), which provides for more consistent results between laboratories and generates stronger customer loyalty. With our unique product offering, IDS will be in an excellent position to take a predominant market position in the important area of diagnosing and monitoring therapy in patients with osteoporosis and other bone diseases. With fully-automated instrumentation, we will also be able to compete more effectively for the larger accounts in reference laboratories and CROs.

In February this year, we appointed a new Technical Director, Dr Martha Garrity, who joined us from California. For the previous 11 years, Martha had been developing immunoassays for the automatic analyser at Nichols Institute Diagnostics, and therefore has the ideal background to take us into product development for the 3X3. The technologies employed are essentially identical (paramagnetic particles and acridinium chemiluminescence, for the technically minded), and she has tremendous insight into the pot-holes we will encounter on the way – having navigated them before!

Vitamin D measurement remains a jewel in the crown of IDS, conferred predominantly by our current technology out-performing competing methods in efficiency and simplicity of use. We are now prioritising the development (conversion) of existing IDS products to the automated 3X3 platform, and our two main Vitamin D technologies are high on the priority list.

However, we also have a parallel New Product Development programme that will add still more Bone & Skeletal biomarkers to the menu. An antibody licence agreement with Immutopics of San Clemente, California, signed last December, will provide the key raw materials to develop products for Intact Parathyroid Hormone (I-PTH) and the newer, increasingly respected BioActive PTH. More recently, we reached an agreement with VitaK of Maastricht to develop a Matrix GLA protein, which is a factor active in calcification of tissues, and may have applications in vascular disease.

And, as a little icing on the cake, we have secured a contract with one of the top European pharmaceutical giants, hopefully the first of several, to develop and manufacture an automated 3X3 test for a proprietary compound for their extensive forward clinical trials.

IDS continues to conduct the feasibility stage of R&D at SBA Sciences in Oulu, Finland, which is now managed by Dr Jussi Halleen, also of Pharmatest of Turku. Several programmes are underway in Oulu, and we have recently recruited a further scientist, Dr Hannele Ylipahkala, to accelerate progress.

In Boldon, we have opened a spacious kitchen/dining/lounge area for our staff, and commissioned an audio-visual presentation suite and numerous additional offices. Happily, these were ready in time to host a royal visitor in December, when we were selected for a visit by the Duke of York, Prince Andrew, during a visit to the north-east in his capacity as the UK's Special Representative for International Trade. This proved to be a constructive visit, with HRH providing some novel suggestions on how to break into new international markets.

FY 2006/7 was a demanding and rewarding year, with sound progress made on all fronts, and ambitious plans laid for future growth. Now well into FY 2007/8, we are able to see the first fruits of our labours, and I am confident that when reflecting on our achievements in one year's time, I will have a still more exciting year to draw upon, and be able to report significant additional shareholder value.

Roger Duggan
Managing Director
15 July 2007

Financial Review

Paul Hailes Finance Director

IDS share price more than quadruples its price from date of flotation.

Financial Highlights

This year IDS achieved record financial results and again exceeded market expectations, with increased revenues and profits from our core products.

Turnover

Turnover increased by 22% to £9,922,000 (2006: £8,133,000). Direct sales into the USA, Germany, France and strong domestic demand contributed significantly to this year's growth.

Gross Margin

Our gross margin increased to 65.53% (gross profit £6,502,000) from 61.29% in 2006 (gross profit £4,985,000). This increase reflects certain economies of scale within production as well as the change in product mix within our business, with sales of IDS manufactured products up by 21% and sales in distribution of third party products up by 25% compared to last year. There was also an adjustment of £263,000 restating cost of sale for 2006.

Operating Costs and Profits

We continue to invest in R&D; however, our spend in 2007 decreased to £706,000 from £811,000 – a decrease of 12.9% as we reduced some of our external projects and experienced a favourable variance in staff mix. However, we expect R&D expenditure to increase throughout 2008 as we look to bring additional new products to market and automate some of our manual assays.

Distribution and Administrative expenses increased by £566,000 to £4,422,000 compared to £3,856,000 in 2006. This increase was expected as we strengthened our overseas subsidiaries and expanded our support network for increased sales.

The charge for depreciation and amortisation of intangibles, including goodwill, was £262,000 compared to £291,000 in 2006.

EBITDA

The Group reports an increase in earnings before interest, tax, depreciation and amortisation (EBITDA) from £1,408,000 in 2006 to £2,470,000, an increase of 75%.

Turnover by Product Area

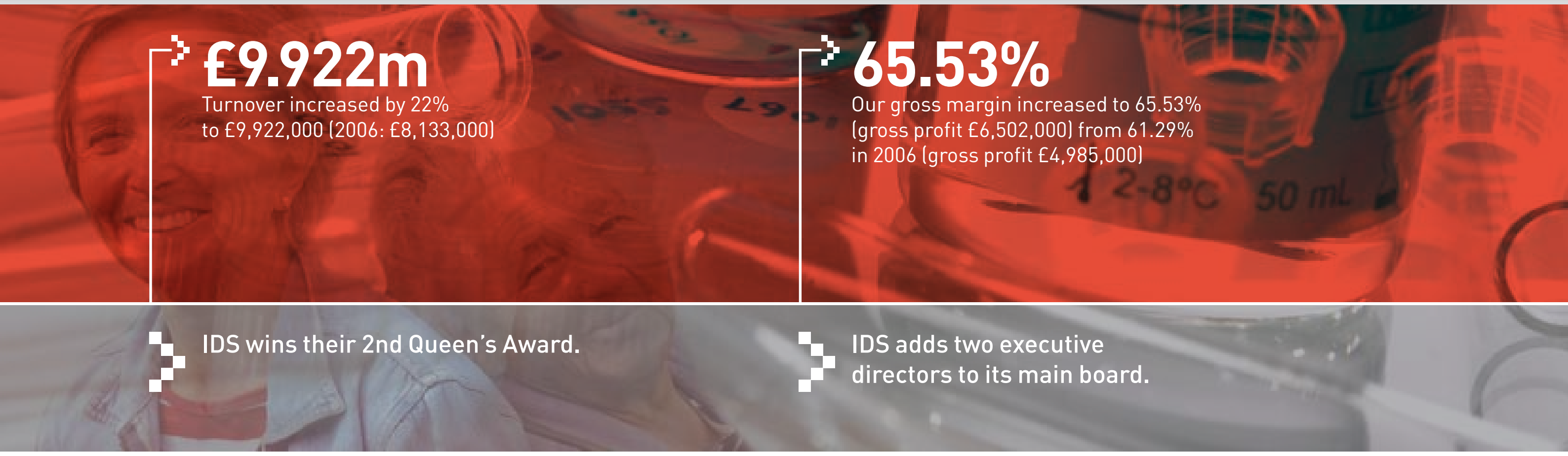
Year ending 31 March:	2007 £'000	2006 £'000	Change %
Vitamin D	**5,358**	4,059	32.00
Octeia	**774**	535	44.67
SBA – Trap	**642**	846	(24.11)
Gamma B	**182**	228	(20.18)
Other	**290**	318	(8.81)
Total of IDS products	**7,246**	5,986	21.05
Distribution of third party sales	**2,676**	2,147	24.64
Total turnover	**9,922**	8,133	22%

Cash Flow

The Company's continued improvement at generating cash has once again provided resource to help grow the business:

Net cash flow from operating activities	2,136,000
Net of investments and servicing finance	(20,000)
Taxation	(428,000)
Capital expenditure etc.	(791,000)
Dividend	(133,000)
Financing	(689,000)

This has led to an increase in cash of £75,000 and a net cash position of £875,000 as at 31 March 2007.



Dividend Policy and Dividend
The Board is proposing a dividend for the year of 1.25p (2006: 1p); subject to the approval of shareholders in the Annual General Meeting, the dividend per share will be paid on 24 September 2007 to shareholders on the register at the close of business on 24 August 2007.

Balance Sheet
The Group's fixed assets at 31 March 2007 were £2,531,000 (2006: £1,842,000), which consisted of tangible assets of £1,137,000, intangible assets of £1,392,000 and investments of £2,000. The intangible assets principally relate to the patents and goodwill acquired on acquisitions.

Stocks have increased to £915,000 (2006: £805,000) and debtors have increased to £2,108,000 (2006: £1,563,000), while current creditors have increased to £1,990,000 (2006: £1,664,000). Creditors due after one year have decreased to £16,000 (2006: £441,000).

Financial Instruments
This report shows the Group has had a very good year with record sales and profitability. A major contributor to this success has been the increase in both the number of orders received and the number of active customers who purchase products. As we develop and introduce new products we expect this growth to continue.

There are of course always risks associated with a business, and as the in vitro diagnostic market develops, there is the possibility that increasing competition from larger companies with greater financial and other resources than those directly available to the Group will appear. The directors are aware of this and are looking to work closely with these larger companies in an attempt to make them customers for the Group's products rather than direct competitors.

Our progress on our strategic objectives is monitored by the Board of Directors by reference to seven key performance indicators applied on a Group-wide basis. The Group's performance for 2007 and 2006 is shown in the table below:

Financial KPI	2007	2006	Variance
Annual increase in sales	22%	50%	(28)%
Number of net invoices issued	8,898	7,157	1,741
Gross margin	65.53%	61.29%	4.24%
Profit after tax	16.05%	10.19%	5.86%
Basic earnings per share	11.933p	6.212p	5.721p
Diluted earnings per share	10.917p	5.977p	4.940p
ROCE*	49.37%	35.98%	13.39%

*ROCE being profit before tax as a % of shareholders' funds

Paul Hailes
Finance Director
15 July 2007

Board of Directors, Senior Management and Advisers

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Board of Directors

1: David Evans BCom., CA., MBA (aged 46)
Non-Executive Chairman
David has considerable expertise within the diagnostic industry. As Financial Director, he was a key member of the team that floated Shield Diagnostics Group plc in 1993, and was Chief Executive Officer responsible for the merger of Shield Diagnostics Group plc with Axis Biochemicals ASA of Norway in 1999 to create Axis-Shield plc. He is currently involved in a non-executive capacity with several other companies.

2: Roger Duggan PhD (aged 58)
Managing Director
Roger joined RIA (UK), the forerunner of IDS, in 1981. Within IDS, he has held the positions of Development Scientist, Laboratory Manager, and Scientific Director, becoming Managing Director following the management buy-out in 1996. Roger also sits on the boards of PeriNatal Diagnostics Limited, PalindromX Limited, Pyrronostics Limited, Briefvision Limited, Phabia Limited and IDS Inc.

3: Paul Hailes FCCA (aged 44)
Finance Director
Paul gained experience with Bowater plc and Courtaulds plc before joining IDS in February 1993. Paul is also a Director and/or Company Secretary in PeriNatal Diagnostics Limited, PalindromX Limited, Pyrronostics Limited, Briefvision Limited and Phabia Limited.

4: Antony "Tony" Wilks (aged 46)
Sales and Marketing Director
Living for more than 20 years in Germany and with 18 years' experience in European sales and marketing of diagnostic products, Tony brings a wealth of experience in international sales to IDS. Tony recently joined IDS from Nichols Institute Diagnostics GmbH, a wholly-owned subsidiary of Quest Diagnostics, the US Parent where he acted as Managing Director of European Operations. Tony had been with Nichols Institute since 1997.
In 1990 Tony started Tosoh Medics GmbH in Germany and successfully established Tosoh as a major diagnostic company in immunoassay automation. Prior to this Tony was Product Manager for Oxford Medical Systems GmbH, responsible for cardiovascular system marketing and distribution sales.

5: Martha Garrity (aged 46)
Technical Director
Martha joined IDS in February after 11 years in Research and Development at Nichols Institute Diagnostics as a Senior Scientist, Manager and Director. She was a key member of the team created to convert the well-established immunoassays of NID into fully-automated formats for the Nichols Advantage. At NID she contributed to the development and launch of automated speciality assays in the areas of Bone, Growth, Thyroid, and Hypertension and gained expertise in chemiluminescent labels and magnetic particles, which are the specific technologies to be employed by IDS in the automation of its unique range of bone and skeletal biomarkers.

6: William "Will" Dracup (aged 42)
Non-Executive Director
Will founded Nonlinear Dynamics Limited in 1989. An Economics graduate and software engineer, Will became interested in the analysis of protein separations after working for a life science imaging company, Joyce-Loebl Limited. Deciding that the available technology was inadequate, Will went on to develop software that has since become the industry standard in its field. Nonlinear Dynamics Limited grew throughout the 1990s, and Will has overseen the successful diversification of the company into the US and Asia Pacific markets, with the company's product line growing into a wide range of application areas within life sciences.

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7: Edward "Eddie" Blair PhD, MBA (aged 47)
Non-Executive Director
Following a research career in virology at the MRC National Institute for Medical Research (Mill Hill, London) and University of California (Irvine, CA, US), Eddie spent 15 years in the pharmaceutical industry and held the positions of Programme Leader in Virology, then Clinical Therapeutic Adviser to the Predictive Medicine Group, at GlaxoWellcome, before becoming a director of clinical diagnostics at GlaxoSmithKline plc. He is currently a director of Integrated Medicines Limited.

Senior Management

9: Rudolf Schemer (aged 46)
Country Manager – Germany
Dr Schemer, aged 46, gained his Doctorate (PhD) from the University of Hohenheim (Stuttgart, Germany) in 1991, before joining Nichols Institute Diagnostics in a technical sales position. His ensuing progression to Sales & Marketing Manager, then European Marketing Manager, before becoming Country Manager (Germany, UK, Ireland, The Netherlands, Austria and Switzerland) followed his success in placing over 150 fully automated specialty immunoassay systems, and in maintaining and growing these high-value accounts.

8: Kenneth Gibbs (aged 62)
CEO and Managing Director, IDS Inc
Kenneth is a senior executive with more than 30 years' professional experience in pharmaceutical, in vitro diagnostic and medical device marketing, sales, reimbursement, business development, and management. He has US and international experience with large multi-national corporations as well as emerging technology and start-up entrepreneurial companies. From 1994 until joining IDS in January 2003, he was employed by Metra Biosystems Inc, and later retained as marketing consultant by Quidel Corporation, a major competitor to IDS in bone and skeletal diagnostics, following Quidel's acquisition of Metra Biosystems Inc.

10: Ed Coombes BSc (aged 36)
Country Manager – France
Ed graduated with a First in International Management Science and Modern Languages at the University of Bath in 1994. After a year with Price Waterhouse in Paris, he settled in France permanently in 1995 where he worked in new technology companies for a number of years. Ed was behind the creation of Netlink in 1998 and Oxford Biosystems France in 2002, both of which went on to become acquired by larger international corporations, and founded IDS France in October 2005.

Advisers

Auditors
Baker Tilly UK Audit LLP
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne NE1 4AD

Registrars
Computershare Investor Services plc
Corporate Actions
PO Box 859
The Pavilions
Bridgwater Road
Bristol BS99 1XZ

Bankers
HSBC Bank plc
110 Grey Street
Newcastle upon Tyne NE1 6JG

Nominated Advisors And Broker
Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London EC3A 7QT

Solicitors
Watson Burton
1 St James' Gate
Newcastle upon Tyne NE99 1YQ

Shepherd + Wedderburn
155 St Vincent Street
Glasgow G2 5NR

Directors' Report

The directors submit their report and audited financial statements of the Company and of the Group for the year ended 31 March 2007.

Principal activities
The principal activity of the Group during the year under review was that of manufacturing and distributing medical diagnostic products. The Group is also actively involved in research and development projects.

Review of the business and future developments
These are dealt with in the Chairman's Statement, the Financial Review and the Managing Director's Review.

Results and dividend
The Group's profit on ordinary activities after tax for the year is £1,592,000. The directors have recommended a dividend of 1.25p per ordinary share.

Research and development
Research and development projects continue to concentrate in areas of bone and growth and the group has increased the number of employees working within this area.

The directors and their interests in the shares of the Company
The directors who served the Company during the year together with their beneficial interests in the shares of the Company were as follows:

	Position	Class of share	At 31 March 2007 No.	At 31 March 2006 No.
Dr R T Duggan	Managing Director/Chief Exec	£0.02 Ordinary shares	2,393,860	2,393,860
Mr P Hailes	Finance Director	£0.02 Ordinary shares	1,341,650	1,418,210
Dr M L Garrity	Technical Director	£0.02 Ordinary shares	–	–
Mr A Wilks	Sales and Marketing Director	£0.02 Ordinary shares	58,820	58,820
Mr D E Evans	Non-Executive Chairman	£0.02 Ordinary shares	343,127	343,127
Mr W Dracup	Non-Executive Director	£0.02 Ordinary shares	–	–
Dr E D Blair	Non-Executive Director	£0.02 Ordinary shares	–	–

Dr M L Garrity was appointed on 1 February 2007.
Mr A Wilks was appointed on 13 March 2007.

The executive directors and the Chairman have options granted to them under share option schemes; details are included within note 35 of the attached financial statements.

Substantial shareholdings
The directors have been notified or are aware that the following are interested in 3% or more of the issued ordinary share capital of the Company as at 29 June 2007.

	Number of ordinary shares of 2p each	Percentage of issued share capital
Dr R T Duggan	2,393,860	17.94%
New Star Asset Management	1,535,300	11.50%
Mr D Laurie	1,369,200	10.26%
Mr P Hailes	916,650	6.87%
Mr James Stoker	883,300	6.62%
Brewin Dolphin	709,034	5.31%
Mr Paul Puntin	406,300	3.04%

Policy on the payment of creditors
It is the Company's policy to ensure all creditors are paid in full within the agreed terms of business. Trade creditors of the Company at 31 March 2007 were equivalent to 34 days' purchases, based on the average daily amount invoiced by suppliers to the Group during the year.

Disabled persons policy
The Company and the Group recognise and accept its responsibility to ensure that full and fair consideration is given to the employment of disabled persons. Where an individual's abilities and aptitude are recognised as suitable, appropriate training will be arranged to develop the skills of the individual and further their career within the Company and the Group.

Employee involvement
An open forum within the Company and the Group is encouraged where staff may come forward with ideas, concerns and suggestions and where the Company and the Group can discuss matters concerning employees.

The Company has been credited with the Investors in People award.

Environmental policy
Our environmental policy is summarised as follows:

The Group's main objective is to provide customers with products that meet their requirements with respect to fitness for use, reliability, delivery and value for money and ensuring that we comply with the pertinent regulatory standards associated with our industry. In particular:

- the Group is committed to the development and sustainability of its business, whilst minimising any adverse impact on the environment caused by its operations.
- the Group will promote good practices to ensure that the organisation will comply with all regulatory and legislative requirements and at the same time look to continually improve on how we can reduce any adverse impact on the environment.
- the Group will continue to motivate staff to be environmentally aware.

The Group's main operation is within the in vitro diagnostic (IVD) testing industry, supplying test kits to hospital and research laboratories. Most of our tests are carried out on blood or urine samples and are based upon immunoassays involving an antibody-antigen reaction, and use antibodies and other well-established common reagents that can be readily acquired. Materials are sourced from the highest quality manufacturers and are handled according to their relevant instruction or legislation. All human biological and radioactive materials used at our premises are treated as hazardous waste which is collected and disposed of by specialist contractors.

We have a recognised Health and Safety Officer who undertakes regular audits of our compliance and chairs a health and safety committee which meets regularly throughout the year. We also produce products to the highest levels of Good Manufacturing Practice (GMP) as demanded by the FDA and European IVD Directive.

Impact of Euro
The Company recognises that to be competitive within the Euro-zone it must be able to offer for sale products priced in euros as well as sterling. Where possible the Company looks to off-set foreign currency liabilities.

Charitable contributions
Contributions to charitable organisations amounted to £8,905 (2006: £8,413), and can be analysed as follows:

Gift of products to colleges and universities	£7,288
Other	£1,617

Financial instruments
As sales through our 100% owned subsidiary companies continue to positively impact on turnover, profitability and cash flow, we continue to monitor and manage our exposure to external pressures that may affect our performance by monitoring our customer and key supplier contracts as well as looking to offset any exchange risk through matching liabilities with corresponding assets. Pricing and credit issues do not appear to be a significant problem as the majority of sales income is generated through wholly-owned subsidiaries who deal directly with end users and are able to maintain very good relationships with respect to pricing and credit control. Note 36 gives information on foreign currency exposures.

Directors' Report

Related party transactions
Transactions occurring with associated undertakings are detailed in note 26 of the financial statements.

Annual General Meeting
The Company's Annual General Meeting will be held on Friday 31 August 2007 at 11:00am at 10 Didcot Way, Boldon Business Park, Boldon, Tyne and Wear, NE35 9PD.

Auditors
The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all requisite steps to make themselves and their auditors aware of relevant audit information. This includes information of which the directors are aware, but which the auditors have not specifically requested, or may indeed have no knowledge of.

By order of the Board

David Evans
Non-Executive Chairman
15 July 2007

Corporate Governance Report

The Combined Code is intended to promote the principles of openness, integrity and accountability. The Company fully supports these principles and although not required to do so, the directors have decided to provide Corporate Governance disclosures.

The Board formally adopted the principles of good governance set out in the Code. However, in view of the size and nature of the Group, the directors have taken into consideration the Guidance for Smaller Quoted Companies on the Code, produced by the Quoted Companies Alliance. The Company's governance policies already in place matched closely the position set out in the Combined Code.

Narrative statement

Directors

As at the Group's year end, 31 March 2007, the Board comprised four executives, a non-executive Chairman and two other non-executive Directors. Details of the current directors are set out on page 10. The composition of the Board is designed to provide an appropriate balance of executive, financial, technical and commercial experience and skills, and will be reviewed regularly. The Board looks to meet in a formal manner on a monthly basis at the head office in Newcastle upon Tyne, with additional meetings held as required.

Summary of board meetings attended in the 12 months to 31 March 2007

Ten board meetings were held in the year to 31 March 2007.

Director	Meetings attended	Meetings eligible
Dr Roger Duggan	10	10
Mr Paul Hailes	10	10
Mr David Evans	10	10
Mr Antony Wilks	2	2
Dr Martha Garrity	1	1
Mr William Dracup	6	10
Dr Eddie Blair	8	10

It is the responsibility of the Company Secretary to ensure that the directors receive all of the information necessary for the effective performance of their duties. In the furtherance of their duties, the directors have access to the advice and service of the Company Secretary and are permitted to take independent professional advice where necessary and to undertake any training considered appropriate, both at the Company's expense.

The Chairman, David Evans, does not meet the independence criteria required by paragraph A.3.1 of the Combined Code on appointment. The Chairman also has six other non-executive directorships, details of which are shown below. The Chairman is responsible for the running of the Board.

The executive directors are Paul Hailes, Antony Wilks, Martha Garrity and Roger Duggan, who is also the Chief Executive. The Board considers William Dracup and Edward Blair to be independent.

The Board has overall responsibility for determining and directing the Group's corporate strategy. This is achieved through consideration and approval of the annual business plan and financial strategy and through the monitoring and discussion of financial results and corporate matters, including the exposure to key business risks and the results of individual trading subsidiaries, their annual budgets and financial strategy, at regular board meetings.

William Dracup has been identified as the senior independent director as required by the Code.

Corporate Governance Report

Chairman's commitments
The Chairman has the following non-executive directorships:

Omega Diagnostics Limited
Storyland Group plc (succeeds Storyland Limited) as of October 2005
BBI Holdings plc
Microtest Matrices Limited
Epistem Limited – appointed June 2005
Vinden Healthcare plc – appointed December 2006
Secure Design KK – appointed July 2006
Onyx Scientific Limited – appointed July 2007
DxS Genotyping Limited – appointed September 2006

During the year the Chairman ceased to be a non-executive director of:

Physiomics – left office August 2006
Chromogenex – left office April 2007
Eurodiagnostica – left office March 2007
Platform Diagnostics Limited – left office May 2007

All other non-executive directorships were held throughout the year.

Board Committees
In addition to the Audit Committee (see below) the following board committees were established in December 2004 under specific terms of reference:

1. The Remuneration Committee
The Remuneration Committee comprises William Dracup (Chairman), David Evans and Edward Blair. It reviews the performance of executive directors and sets the scale and structure of their remuneration and reviews the basis of their service agreements with due regard to the interests of shareholders. The Board itself determines the remuneration of the non-executive directors. The Remuneration Committee also makes recommendations to the directors concerning the allocation of share options to employees. No director is permitted to participate in discussions or decisions concerning his own remuneration. The details of directors' remuneration are set out under note 5 and share options under note 35.

2. The Nominations Committee
The Nominations Committee comprises David Evans (Chairman), William Dracup and Edward Blair. The Nomination Committee is responsible for reviewing the size, structure and composition of the Board, establishing appropriate succession plans for the executive directors and other senior executives in the Group and for the nomination of candidates to fill Board vacancies where required. The Committee will normally meet twice every year.

Relations with shareholders
The Board recognises the importance of maintaining good communications with its shareholders. The Group engages a firm of financial PR consultants to provide another channel of communication to shareholders, potential investors and analysts.

Accountability and audit
The Board believes that the Annual Report and Accounts play an important part in presenting all shareholders with an assessment of the Group's position and prospects.

The Chairman's statement contains a detailed consideration of the Group's position and prospects.

Internal controls
The Board has designed the Group's systems of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against misstatement or loss.

The Board has overall responsibility for the Group's systems of internal control and for reviewing its effectiveness.
The Audit Committee which was established on flotation has been delegated responsibility for conducting this review.

The Group's systems of internal control include regular meetings of management to discuss operational, strategic and risk issues, designed to ensure that the possibility of misstatement is kept to a minimum.

The Board has not undertaken a formal review in the current period but shall endeavour do so in the next reporting period.

The system in place for financial reporting ensures the Board receives management accounts, forecast variance analysis and other ad hoc reports on a timely basis.

The Group has not implemented an internal audit function because the directors believe that the controls in place are appropriate for the size and complexity of the Group's activities.

There are no significant issues disclosed in the report and financial statements for the year ended 31 March 2007 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

Audit committee
The Audit Committee is chaired by David Evans, a qualified chartered accountant, and the Board feels that this Committee is independent, all members being non-executive directors. The Audit Committee is responsible for the relationship with the Group's external auditors and the review of the Group's financial reporting and the Group's internal controls.

The Committee also comprises William Dracup and Edward Blair, both independent non-executive directors. The Committee will normally meet four times a year and is responsible for monitoring the quality of internal control, ensuring that the financial performance of the Company is properly measured and reported on, meeting the auditors and reviewing reports from the auditors. It meets the auditors at least once a year.

The Audit Committee has undertaken an assessment of the auditor's independence, including:
- a review of non-audit services provided to the Group and related fees;
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that in their professional judgement, they are independent.

An analysis of fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 3 to the financial statements.

The Company is satisfied that the external auditors remain independent in the discharge of their audit responsibilities.

Going concern
The Board has considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results. The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. For this reason they have adopted the going concern basis in the preparation of the financial statements.

Compliance statement
The Board has reviewed compliance with the Combined Code.

Throughout the year ended 31 March 2007 the Group has substantially complied with the provisions set out in Section 1 of the Combined Code.

By order of the Board

Paul Hailes
Company Secretary
15 July 2007

Directors' Responsibilities in the Preparation of Financial Statements

Directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

a) select suitable accounting policies and then apply them consistently;
b) make judgements and estimates that are reasonable and prudent;
c) state whether accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will be able to continue in business.

The directors are also responsible for:

a) keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985;
b) safeguarding the assets of the Group and Company;
c) taking reasonable steps for the prevention and detection of fraud and other irregularities;
d) ensuring that the annual report is prepared in accordance with company law in the United Kingdom;
e) ensuring that the annual report includes information required by the rules of the Alternative Investment Market of the London Stock Exchange.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Immunodiagnostic Systems Holdings Plc

We have audited the financial statements of Immunodiagnostic Systems Holdings plc for the period ended 31 March 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, and the related notes.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, Financial Review and Managing Directors Review that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement the Managing Director's Review, the Financial Review, the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion
- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and Company's affairs at 31 March 2007 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985;
- The information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
1 St James Gate
Newcastle upon Tyne
NE1 4AD

15 July 2007

Consolidated Profit and Loss Account
for the year ended 31 March 2007

	Notes	2007 £	2006 £ (restated)
Turnover		**9,922,427**	8,132,681
	2	**9,922,427**	8,132,681
Cost of sales		**(3,420,075)**	(3,147,941)
Gross profit		**6,502,352**	4,984,740
Distribution costs		**(1,540,068)**	(1,444,004)
Administrative expenses		**(2,882,008)**	(2,411,748)
Other operating income	38	**127,486**	–
		2,207,762	1,128,988
Share of operating profit/(loss) in associates	12	**1,226**	(11,657)
Operating profit	3	**2,208,988**	1,117,331
Interest receivable		**19,100**	14,806
Share of interest receivable in associates		**156**	181
		2,228,244	1,132,318
Interest payable and similar charges	6	**(39,238)**	(83,758)
Profit on ordinary activities before taxation		**2,189,006**	1,048,560
Taxation	7	**(596,577)**	(219,565)
Profit on ordinary activities after taxation		**1,592,429**	828,995
Earnings per share			
Basic	9	**11.933p**	6.212p
Diluted	9	**10.917p**	5.977p

All transactions arise from continuing operations.

Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 March 2007

	Notes	2007 £	2006 £ (restated)
Profit for the financial year		**1,592,429**	828,995
Foreign exchange translation differences on foreign currency net investment in subsidiaries		**(11,421)**	(9,606)
Total recognised gains and losses relating to the year		**1,581,008**	819,389
Prior Year adjustment	37	**(108,080)**	
Total recognised gains and losses since the last financial statements		**1,472,928**	

Consolidated Balance Sheet
31 March 2007

	Notes	2007 £	2006 £ (restated)
Fixed assets			
Intangible assets	10	**1,392,468**	1,093,719
Tangible assets	11	**1,136,701**	746,429
Investments	12	**1,897**	1,769
		2,531,066	1,841,917
Current assets			
Stocks	13	**914,640**	805,203
Debtors due within one year	14	**2,107,859**	1,562,693
Cash at bank and in hand	15	**959,842**	885,094
		3,982,341	3,252,990
Creditors			
Amounts falling due within one year	16	**(1,989,957)**	(1,663,737)
Net current assets		**1,992,384**	1,589,253
Total assets less current liabilities		**4,523,450**	3,431,170
Creditors			
Amounts falling due after more than one year	17	**(15,521)**	(440,984)
		4,507,929	2,990,186
Provisions for liabilities and charges			
Deferred tax	21	**15,094**	12,403
Other provisions	22	**27,140**	27,020
Share of associates net liabilities	12	**11,015**	12,270
Deferred income	23	**20,378**	24,317
		4,434,302	2,914,176
Capital and reserves			
Called up share capital	27	**266,893**	266,893
Share premium account	28	**935,701**	935,701
Other reserves	29	**814,358**	737,528
Profit and loss account	30	**2,423,885**	976,324
		4,440,837	2,916,446
Own shares	31	**(6,535)**	(2,270)
Shareholders' funds	31	**4,434,302**	2,914,176

The financial statements on pages 22 to 55 were approved by the Board of Directors and authorised for issue on 15 July 2007 and are signed on its behalf by:

Mr D E Evans
Non-Executive Chairman

P. Hailes

Mr P Hailes
Finance Director

Balance Sheet
31 March 2007

	Notes	2007 £	2006 £ (restated)
Fixed assets			
Investments	12	**243,553**	219,718
		243,553	219,718
Current assets			
Debtors due within one year	14	**1,154,949**	1,056,683
Cash at bank and in hand	15	**20,982**	24,484
		1,175,931	1,081,167
Creditors			
Amounts falling due within one year	16	**65,667**	43,018
Net current assets		**1,110,264**	1,038,149
Total assets less current liabilities		**1,353,817**	1,257,867
Provisions for liabilities and charges			
Deferred tax	21	**(39,443)**	(39,443)
Other provisions	22	**27,140**	27,020
		1,366,120	1,270,290
Capital and reserves			
Called up share capital	27	**266,893**	266,893
Share premium account	28	**935,701**	935,701
Other reserves	29	**231,359**	154,529
Profit and loss account	30	**(61,298)**	(84,563)
		1,372,655	1,272,560
Own shares	31	**(6,535)**	(2,270)
Shareholders' funds	31	**1,366,120**	1,270,290

The financial statements on pages 22 to 55 were approved by the Board of Directors and authorised for issue on 15 July 2007 and are signed on its behalf by:

P. Hailes

Mr D E Evans
Non-Executive Chairman

Mr P Hailes
Finance Director

Consolidated Cash Flow Statement
for the year ended 31 March 2007

	Notes	2007 £	2006 £
Net cash flow from operating activities	32(a)	**2,136,014**	1,215,881
Returns on investments and servicing of finance	32(b)	**(20,138)**	(68,952)
Taxation	32(b)	**(428,328)**	(127,889)
Capital expenditure and financial investment	32(b)	**(790,613)**	(291,402)
Equity dividend paid	32(b)	**(133,447)**	–
Cash inflow before financing		**763,488**	727,638
Financing	32(b)	**(688,740)**	(286,655)
Increase in cash in the year	32(c)	**74,748**	440,983

Reconciliation of Net Cash to Movement in Net Funds
for the year ended 31 March 2007

	Notes	2007 £	2006 £
Increase in cash in the year	32(c)	**74,748**	440,983
Net cash outflow from bank loans		**589,906**	195,385
Cash outflow in respect of hire purchase		**98,834**	60,994
Change in net funds resulting from cash flows		**763,488**	697,362
New hire purchase		**(57,929)**	(170,422)
Movements in net funds in the year		**705,559**	526,940
Net funds/(debt) at 1 April 2006	32(c)	**169,479**	(357,461)
Net funds at 31 March 2007	32(c)	**875,038**	169,479

Notes to the Financial Statements
for the year ended 31 March 2007

1 ACCOUNTING POLICIES

a) Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Change in accounting policy
During the year, the Group adopted FRS 20, "Share based payment". The adoption of FRS 20 is a change in accounting policy which results in a prior year adjustment. The effect on the comparative figures is an increase in the Group's net assets as at 31 March 2006 of £46,449, a reduction in the Group's profit before tax of the year ended 31 March 2006 of £108,080 net of deferred tax and the recognition of a share option reserve of £154,529.

c) Basis of consolidation
The financial statements incorporate the financial statements of the Company and its subsidiary undertaking using the merger method of accounting and the subsidiary's subsidiary undertakings using the acquisition method of accounting and the subsidiary's share of the results and net assets of its associates. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life.

The results and cash flows relating to the business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition.

No profit and loss account is presented for Immunodiagnostic Systems Holdings Plc as provided by section 230(3) of the Companies Act 1985.

d) Accounting for acquisitions and disposals
The results of businesses acquired or disposed of are consolidated from or to the effective dates of acquisition or disposal. On the acquisition of subsidiary undertakings or businesses, the acquisition cost is allocated against the fair value of net assets acquired, after adjustments to bring accounting policies into line with those of the Group.

e) Associated undertakings
In the consolidated accounts, shares in the subsidiary's associated undertakings are accounted for using the equity method. The financial information includes the appropriate proportion of the results and reserves of associated undertakings based on the associates' last accounts.

In the consolidated balance sheet the investments in associated undertakings are shown as follows:

Group's share of underlying net assets – under the heading 'Investment in associate'
Group's share of underlying net liabilities – under provisions and other charges as 'Share of associates' net liabilities'

Goodwill arising on the acquisition of an associate is capitalised as part of the carrying amounts in the consolidated balance sheet and amortised over its estimated useful life.

f) Turnover
The turnover shown in the profit and loss account represents amounts invoiced during the year in respect of goods sold and services rendered, exclusive of Value Added Tax. Where services are based on performance or specific deliverables the income is accounted for as the right to consideration for performance earned.

g) Research and development
Expenditure on research and development incurred in the year is charged against profits.

Notes to the Financial Statements
for the year ended 31 March 2007

h) Intangible fixed assets

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Purchased goodwill

Goodwill representing the excess of the purchase price compared with the fair value of the net assets acquired is capitalised and written off evenly over 10 years, as in the opinion of the directors this represents the period over which the goodwill is effective.

Patents/product technology – 20 years straight line

The TRAP patent has been recognised at fair value on acquisition of a sub-subsidiary. The amount capitalised is the consideration in excess of the book values of the assets and liabilities at the date of acquisition. The directors consider 20 years as a reasonable period of estimated useful life.

i) Tangible fixed assets

All tangible fixed assets are initially recorded at cost.

j) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	–	over the life of the lease
Plant & Machinery	–	over 7 years
Fixtures & Fittings	–	over 5 years
Motor Vehicles	–	over 4 years

k) Investments

Fixed asset investments are stated at cost after making provision for any impairment in the value.

l) Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Net realisable value is based on estimated selling price less estimated cost of disposal.

Work in progress is valued on the basis of direct costs plus attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of the work in progress.

m) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

n) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

o) Pension costs

The subsidiary operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the subsidiary. The annual contributions payable are charged to the profit and loss account.

p) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

q) Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit. Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

r) Employee benefit trust
Assets held in the Employee Benefit Trust are recognised in the financial statements of the Group until they vest unconditionally in identified beneficiaries.

The consideration paid for the Company's own shares is deducted in arriving at shareholders' funds, where the shares have not vested unconditionally in the employees. When unconditional awards are made to employees, the cost recognised is the fair value of the shares at the date of the award, which is spread over the period to which the employee's performance relates, in accordance with UITF 17 and 38.

s) Deferred income – government grants
Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate. Revenue grants are credited to the profit and loss account in the period to which they relate.

t) Finance costs
Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

u) Financial instruments
Financial Instruments and their derivatives are categorised as held for trading or held as hedges.

Transactions and monetary assets and liabilities in overseas currencies which are covered by forward exchange contracts are converted at the contract rate.

Differences arising from the movement in exchange rates during the year from the translation to sterling of the foreign currency borrowing and similar instruments used to finance long-term foreign equity investments are taken direct to distributable reserves and reported in the statement of total recognised gains and losses.

v) Share-based payments
The Group has applied the requirements of FRS 20 Share-based Payments. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006. Note 37 explains the impact of this new policy.

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vested period, based on the Group's estimate of shares that will eventually vest.

The fair value is measured by the use of the Black-Scholes option price model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments. Changes in fair value are recognised through the profit and loss account.

w) Other operating income
Other operating income represents non-recurring product development income and is recognised in the financial statements when receivable.

Notes to the Financial Statements for the year ended 31 March 2007

2 TURNOVER AND SEGMENTAL INFORMATION

An analysis of turnover by destination is given below:

	2007 £	2006 £
United Kingdom	**2,851,869**	2,146,716
Overseas	**7,070,558**	5,985,965
	9,922,427	8,132,681

Overseas can be further analysed as follows:

	£000	£000
Europe	**4,626**	3,555
USA	**1,540**	1,521
Japan	**259**	394
Other	**646**	516
	7,071	5,986

Turnover 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:

	2007			2006		
	Total sales £000	Intra group £000	Third party £000	Total sales £000	Intra group £000	Third party £000
UK	8,077	(2,341)	5,736	7,220	(2,127)	5,093
Europe	2,883	(225)	2,658	1,852	(333)	1,519
USA	1,528	(–)	1,528	1,521	(–)	1,521
	12,488	(2,566)	9,922	10,593	(2,460)	8,133

Geographical analysis of profit before tax by origin:

	Group	
	2007 £000	2006 £000 (restated)
UK	**2,058**	932
Europe	**(14)**	(60)
USA	**164**	257
Operating profit	**2,208**	1,129
Share of operating profit in associates	**1**	(12)
Total operating profit	**2,209**	1,117
Exceptional item	**–**	–
Finance charges (net)	**(20)**	(69)
Profit on ordinary activities before tax	**2,189**	1,048

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

	Group 2007 £000	Group 2006 £000 (restated)
UK	**4,364**	2,903
Europe	**(102)**	(70)
USA	**172**	81
	4,434	2,914

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2007 £	2006 £
Amortisation of government grants re fixed assets	**(3,939)**	(3,939)
Amortisation of intangible fixed assets	**49,215**	129,990
Depreciation of owned fixed assets	**177,613**	140,782
Depreciation of assets held under hire purchase agreements	**34,681**	19,763
Profit on disposal of fixed assets	**–**	–
Operating lease costs:		
– Plant and equipment	**13,033**	6,492
– Vehicles	**86,490**	44,673
Share-based payments	**76,830**	125,607
Net (gain)/loss on foreign currency translation	**98,003**	(69,009)
Research and development	**706,319**	810,543

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services:

	2007 £	2006 £
Audit services		
– statutory audit*	**87,686**	52,500
Further assurance services	**16,600**	1,500
Tax services		
– compliance services	**5,570**	4,900
– advisory services	**3,250**	22,735
Other services	**15,928**	3,621
	129,034	85,256

* Includes amounts payable in respect of overseas subsidiaries of £14,000 (2006: £14,000).

The figures presented are for Immunodiagnostic Systems Holdings Plc and subsidiaries as if they were a single entity. Immunodiagnostic Systems Holdings Plc has taken the exemption permitted by SI 2005 2417 Reg 5 to omit information about its individual acounts.

Notes to the Financial Statements
for the year ended 31 March 2007

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial year amounted to:

	2007 No.	2006 No.
Number of production staff	**24**	20
Number of distribution staff	**21**	20
Number of administrative staff	**26**	24
	71	64

The aggregate payroll costs of the above were:

	2007 £	2006 £
Wages and salaries	**2,395,587**	2,098,089
Social security costs	**354,079**	243,146
Other pension costs	**60,361**	59,559
	2,810,027	2,400,794

5 DIRECTORS' EMOLUMENTS

The Directors' aggregate emoluments in respect of qualifying services were:

	2007 £	2006 £
Emoluments receivable	**533,527**	569,185
Value of company pension contributions to money purchase schemes	**8,573**	8,557
	542,100	577,742

Emoluments of highest paid director:

	2007 £	2006 £
Total emoluments (excluding pension contributions)	**127,983**	285,397
Value of company pension contributions to money purchase schemes	**4,698**	4,698
	132,681	290,095

The number of directors who accrued benefits under company pension schemes was as follows:

	2007 No.	2006 No.
Money purchase schemes	**2**	2

	Salary £	Comp. for loss of office £	Bonuses £	Fees £	Benefits £	Total £
Dr R T Duggan	111,663	–	–	–	16,320	127,983
Mr P Hailes	87,241	–	–	–	7,960	95,201
Dr Philip Lee	61,994	20,000	–	–	3,229	85,223
Mr A Wilks	110,119	–	34,904	–	8,701	153,724
Dr M Garrity	15,000	–	–	–	1,396	16,396
Mr D E Evans (non-exec)	–	–	–	25,000	–	25,000
Mr W Dracup (non-exec)	–	–	–	15,000	–	15,000
Dr E D Blair (non-exec)	–	–	–	15,000	–	15,000
	386,017	20,000	34,904	55,000	37,606	533,527

The services of the non-executive directors are provided by third parties as follows:

Mr D E Evans (Non-Exec)	MBA Consultancy, an unincorporated business where Mr D E Evans is sole proprietor
Mr W Dracup (Non-Exec)	Nonlinear Dynamics Limited, a company in which Mr W Dracup is a director and has a significant shareholding
Dr E D Blair (Non-Exec)	Integrated Medicines Limited, a company in which Dr E D Blair is a director and majority shareholder

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Interest payable on bank borrowing	**21,340**	39,213
Finance charges	**11,306**	5,803
Other similar charges payable	**6,592**	38,742
	39,238	83,758

7 TAXATION ON ORDINARY ACTIVITIES

a) Analysis of charge in the year

	Notes	2007 £	2006 £ (restated)
Current tax:			
UK Corporation tax based on the results for the year at 30% (2006: 30%)		**605,736**	170,439
Under/(over) provision in prior year		**(11,850)**	27,956
Total current tax		**593,886**	198,395
Prior Year adjustment	37	**–**	8,767
Deferred tax:			
Origination and reversal of timing differences			
Capital allowances		**22,101**	26,697
Other		**3,549**	32,155
Deferred tax on share based payments charge		**(22,959)**	(46,449)
Total deferred tax	21	**2,691**	12,403
Tax on profit on ordinary activities		**596,577**	219,565

Notes to the Financial Statements
for the year ended 31 March 2007

b) Factors affecting current tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Notes	2007 £	2006 £ (restated)
Profit on ordinary activities before taxation		**2,189,006**	1,048,560
Profit on ordinary activities by rate of tax 30% (2006: 30%)		**656,702**	314,568
Expenses not deductible for tax purposes		**45,904**	116,804
Capital allowances in excess of depreciation		**(22,101)**	(19,136)
Income not taxable for tax purposes		**–**	–
Additional relief for R&D expenditure		**(84,484)**	(93,894)
Other timing differences		**3,097**	(6,375)
Profits taxable at lower rates		**–**	(1,094)
Losses carried forward		**18,245**	44,654
Losses brought forward utilised		**(11,627)**	(42,131)
Relief for employee share award by EBT		**–**	(146,400)
Tax attributable to associates		**–**	3,443
Tax in respect of prior periods		**(11,850)**	27,956
Total current tax	7(a)	**593,886**	198,395

8 DIVIDENDS

On 25 September 2006, a dividend of 1p (2006: £nil) per share was paid to shareholders. In respect of the current year, the directors propose that a dividend of 1.25p per share will be paid to the shareholders on 24 September 2007. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The proposed dividend for 2007 is payable to all shareholders on the Register of Members on 24 August 2007. The total estimated dividend is £201,600.

9 EARNINGS PER ORDINARY 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 31 December 2006, 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.

	2007 £	2006 £ (restated)
Profit on ordinary activities after tax	**1,592,429**	828,995

	No.	No.
Weighted average no. of shares:		
For basic earnings per share	**13,344,667**	13,344,667
Effect of dilutive potential ordinary shares:		
–Share options	**1,242,392**	524,178
For diluted earnings per share	**14,587,059**	13,868,845
Basic earnings per share	**11.933p**	6.212p
Diluted earnings per share	**10.917p**	5.977p

10 INTANGIBLE FIXED ASSETS

GROUP	Goodwill £	Patents and product technology £	Total £
Cost			
At 1 April 2006	966,446	1,125,496	2,091,942
Additions	–	347,964	347,964
At 31 March 2007	966,446	1,473,460	2,439,906
Amortisation			
At 1 April 2006	958,393	39,830	998,223
Charge for the year	8,053	41,162	49,215
At 31 March 2007	966,446	80,992	1,047,438
Net book value			
At 31 March 2007	–	1,392,468	1,392,468
At 31 March 2006	8,053	1,085,666	1,093,719

Notes to the Financial Statements
for the year ended 31 March 2007

11 TANGIBLE FIXED ASSETS

GROUP	Short leasehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2006	377,545	1,751,163	53,125	2,181,833
Additions	191,144	411,423	–	602,567
Disposals	(78,083)	(875,831)	(10,273)	(964,187)
At 31 March 2007	490,606	1,286,755	42,852	1,820,213
Depreciation				
At 1 April 2006	155,007	1,257,417	22,980	1,435,404
Charge for the year	42,494	161,283	8,518	212,295
On Disposals	(78,114)	(876,840)	(9,233)	(964,187)
At 31 March 2007	119,387	541,860	22,265	683,512
Net book value				
At 31 March 2007	371,219	744,895	20,587	1,136,701
At 31 March 2006	222,538	493,746	30,145	746,429

Hire purchase agreements

Included within the net book value of £1,136,701 is £170,582 (2006: £165,927) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of such assets amounted to £34,681 (2006: £19,763).

12 INVESTMENTS

Sub-subsidiary undertakings

The subsidiary owns 100% of the issued share capital of Briefvision Limited (formerly Immunodiagnostic Systems Limited) a company incorporated and registered in England. The Company does not trade.

The subsidiary also owns 100% of the issued share capital in Immunodiagnostics Systems Inc., a company incorporated and registered in the United States of America. The principal activity of Immunodiagnostic Systems Inc is that of a distribution channel.

The subsidiary also owns 100% of the issued share capital of IDS GmbH, a company incorporated and registered in Germany. The principal activity of IDS GmbH is that of a distribution channel.

The subsidiary also owns 100% of the issued share capital in Suomen Bioanalytiikka Oy (SBA Sciences Ltd), a company incorporated and registered in Finland. The principal activity of Suomen Bioanalytiikka Oy is that of a distribution channel. The purchase agreement included contingent consideration of €600,000, payment of which will become due following the outcome of certain future events. At present the directors believe the outcome cannot be reliably estimated.

1. €300,000 following approval of 510k status from the US Federal Drug Administration for TRAP products.
2. €300,000 following receipt of reimbursement status from US Medicare for the TRAP products.

The subsidiary also owns 100% of the issued share capital of IDS EURL, a company incorporated and registered in France. The principal activity of IDS EURL is that of a distribution channel.

The subsidiary also owns 100% of the issued share capital of Phabia Limited, a company incorporated and registered in England. The company does not trade.

The financial year end of the subsidiary and its subsidiaries is 31 March.

Investment in associates

The subsidiary owns 30% of the issued share capital of Perinatal Diagnostics Limited, a company incorporated in England. The company has not traded during the year. The company's loss for the year was £430 with capital and reserves of Perinatal Diagnostic Limited at £5,297 as at 31 March 2007.

The subsidiary owns 33% of the issued share capital of Pyrronostics Limited, a company incorporated in England. The principal activity of Pyrronostics Limited is that of a biomarker discovery company. The loss for the year ended 31 March 2007 was £5,306. The deficiency in capital and reserves of Pyrronostics Limited is £7,427 as at 31 March 2007.

The subsidiary owns 18.75% of the issued share capital of Palindromx Limited, a company incorporated in England. The principal activity of Palindromx Limited is that of research and development. The profit for the year ended 31 March 2007 was £288. The deficiency in capital and reserves of Palindromx Limited is £9,003 as at 31 March 2007.

Notes to the Financial Statements
for the year ended 31 March 2007

Subsidiary's share of associated undertakings comprises:

	2007 £	2006 £
Share of turnover		
Perinatal Diagnostics Limited	**–**	–
Pyrronostics Limited	**–**	–
Palindromx Limited	**5,933**	10,297
	5,933	10,297
Share of operating profit/(loss)		
Perinatal Diagnostics Limited	**65**	(951)
Pyrronostics Limited	**(1,157)**	(13,394)
Palindromx Limited	**4**	2,688
	(1,226)	(11,657)
Share of assets		
Share of fixed assets		
Perinatal Diagnostics Limited	**308**	–
Pyrronostics Limited	**–**	–
Palindromx Limited	**6,684**	10,285
	6,992	10,285
Share of current assets		
Perinatal Diagnostics Limited	**2,823**	2,765
Pyrronostics Limited	**1,781**	4,512
Palindromx Limited	**13,113**	7,219
	17,717	14,496
Share of liabilities		
Liabilities due within one year		
Perinatal Diagnostics Limited	**(1,234)**	(996)
Pyrronostics Limited	**(4,232)**	(5,212)
Palindromx Limited	**(18,984)**	(16,574)
Liabilities due over one year		
Perinatal Diagnostics Limited	**–**	–
Pyrronostics Limited	**–**	–
Palindromx Limited	**(9,377)**	(12,500)
Share of net assets	**1,897**	1,769
Share of net liabilities	**(11,015)**	(12,270)

COMPANY	Investment in subsidiary undertakings £	Total £
Cost		
At 31 March 2006	219,718	219,718
Share options to subsidiaries' employees	23,835	23,835
At 31 March 2007	243,553	243,553
Net book value		
At 31 March 2007	243,553	243,553
At 31 March 2006	219,718	219,718

The Company owns 100% of the issued ordinary share capital and voting rights of Immunodiagnostic Systems Limited, a Company incorporated in England. The Company is unlisted. The results of the subsidiary and its subsidiaries have been consolidated within the Group accounts. The principal activity of the Company during the year was that of manufacturing and distributing medical diagnostic products. The Company is also actively involved in research and development projects.

13 STOCKS

GROUP	2007 £	2006 £
Raw materials	**467,499**	475,875
Work in progress	**129,971**	57,636
Finished goods	**317,170**	271,692
	914,640	805,203

14 DEBTORS

GROUP	2007 £	2006 £
Trade debtors	**1,588,388**	1,340,781
VAT recoverable	**–**	32,826
Other debtors	**190,824**	39,497
Prepayments and accrued income	**328,647**	149,589
	2,107,859	1,562,693

Included within other debtors is £500 (2006: £2,536) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

COMPANY	2007 £	2006 £
Amounts owed by group undertakings	**1,145,164**	1,044,305
Other debtors	**500**	2,536
Prepayments and accrued income	**9,285**	9,842
	1,154,949	1,056,683

Included within other debtors is £500 (2006: £2,536) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

Notes to the Financial Statements
for the year ended 31 March 2007

15 CASH AT BANK AND IN HAND

GROUP	2007 £	2006 £
Bank deposit account	**891,222**	816,833
Cash at bank	**66,639**	66,608
Petty cash	**1,981**	1,653
	959,842	885,094

Included in the bank deposit account is £20,982 (2006: £24,484) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

COMPANY	2007 £	2006 £
Bank deposit account	**20,982**	24,484
Cash at bank	**–**	–
	20,982	24,484

Included in the bank deposit account is £20,982 (2006: £24,484) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

16 CREDITORS: Amounts falling due within one year

GROUP	2007 £	2006 £
Bank loans and overdrafts	**–**	205,962
Trade creditors	**607,211**	365,746
Corporation tax	**285,567**	120,009
Other taxation and social security	**96,026**	284,007
Hire purchase agreements	**69,283**	68,669
Dividends payable	**–**	16,343
Other creditors	**217,125**	321,222
Accruals and deferred income	**714,745**	281,779
	1,989,957	1,663,737

The following liabilities disclosed under creditors falling due within one year are secured by the Group:

	2007 £	2006 £
Bank loans and overdrafts	**–**	205,962
Other creditors	**–**	–
Hire purchase agreements	**69,283**	68,669
	69,283	274,631

Amounts due under hire purchase agreements are secured over the assets financed.

Included within other debtors is £877 (2006: £3,577) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

During the year, there were two bank loans in place. Both have been repaid in full.

COMPANY	2007 £	2006 £
Trade creditors	**10,186**	9,632
Corporation tax	**1,890**	8,832
Accruals and deferred income	**52,714**	5,500
Other creditors	**877**	19,054
	65,667	43,018

17 CREDITORS: Amounts falling due after more than one year

GROUP	2007 £	2006 £
Bank loans and overdrafts	**–**	383,944
Hire purchase agreements	**15,521**	57,040
	15,521	440,984

Hire purchase agreements are secured over the assets financed.

Notes to the Financial Statements for the year ended 31 March 2007

18 BORROWINGS

Borrowings include bank loans and overdrafts which are due for repayment as follows:

GROUP	2007 £	2006 £
Amounts repayable:		
In one year or less or on demand	–	205,962
In more than one year but not more than two years	–	139,616
In more than two years but not more than five years	–	244,328
	–	589,906

19 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

GROUP	2007 £	2006 £
Amounts payable within 1 year	**69,283**	68,669
Amounts payable between 2 to 5 years	**15,521**	57,040
	84,804	125,709

Hire purchase agreements are secured over the assets financed.

20 PENSIONS

The subsidiary company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £46,609 (2006: £46,043).

21 DEFERRED TAXATION

GROUP	2007 £	2006 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	**12,403**	–
Profit and loss account movement arising during the year	**25,650**	58,852
Deferred tax asset on share based payments charge	**(22,959)**	(46,449)
Total deferred tax	**2,691**	12,403
Provision carried forward	**15,094**	12,403

The elements of deferred taxation are as follows:

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	**22,101**	26,697
Other timing differences	**3,549**	32,155
	25,650	58,852

22 OTHER PROVISIONS

	GROUP £	COMPANY £
Opening balance as at 1 April	**27,020**	27,020
Movement in EBT provision for the year	**120**	120
Closing balance as at 31 March	**27,140**	27,140

Other provisions of £27,140 relates to the expenditure committed by the Employee Benefit Trust, relating to past service.

23 DEFERRED INCOME

GOVERNMENT GRANTS GROUP	2007 £	2006 £
Received and receivable:		
At 1 April	**51,625**	51,625
Receivable during year	**–**	–
At 31 March	**51,625**	51,625
Amortisation:		
At 1 April	**27,308**	23,369
Credit to profit and loss account	**3,939**	3,939
At 31 March	**31,247**	27,308
Net balance at 31 March	**20,378**	24,317

24 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2007 the Group had annual commitments under non-cancellable operating leases as set out below.

	2007		2006	
GROUP	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within 1 year	**–**	**10,559**	–	51,410
Within 2 to 5 years	**–**	**60,472**	–	28,983
After more than 5 years	**89,217**	**–**	81,800	–
	89,217	**71,031**	81,800	80,393

Notes to the Financial Statements
for the year ended 31 March 2007

25 TRANSACTIONS WITH THE DIRECTORS

There were no directors' dealings within the year.

26 RELATED PARTY TRANSACTIONS

Transactions and balances with associated undertakings are as follows:

	2007 £	2006 £
Pyrronostics Limited:		
Amount due to Immunodiagnostic Systems Limited	**5,791**	2,222
Palindromx Limited:		
Sales to Immunodiagnostic Systems Limited	**31,642**	39,068
Amount due to Immunodiagnostics Systems Limited	**31,844**	31,844
Perinatal Diagnostics Limited:		
Amount due to Immunodiagnostics Systems Limited	**2,145**	2,145

27 SHARE CAPITAL

Equity shares

	2007 £	2006 £
Authorised:		
50,000,000 Ordinary shares of £0.02 each	**1,000,000**	1,000,000
	1,000,000	1,000,000

	2007 £	2006 £
Allotted, called up and fully paid:		
13,344,667 Ordinary shares of £0.02 each	**266,913**	266,913
	266,913	266,913

28 SHARE PREMIUM

	2007 £	2006 £
Balance brought forward	**935,681**	965,957
Share issue costs	**–**	(30,276)
At 31 March	**935,681**	935,681

29 OTHER RESERVES

GROUP	Notes	2007 £	2006 £
Merger reserve		**582,999**	582,999
Shares to be issued :			
Balance brought forward		**154,529**	–
Prior Year adjustment	37	**–**	28,922
Charge for the year		**76,830**	125,607
At 31 March		**231,359**	154,529
		814,358	737,528

COMPANY	Notes	2007 £	2006 £
Balance brought forward		**154,529**	–
Prior Year adjustment	37	**–**	28,922
Charge for the year		**76,830**	125,607
At 31 March		**231,359**	154,529

The merger reserve represents the share premium and capital redemption reserve in existence in the subsidiary at the date of merger.

The Black Scholes method was used to calculate the profit and loss charge relating to Share Options.

During the year, the Group adopted FRS 20, 'Share based payment'. The effect on the comparative figures is an increase in the Group's net assets as at 31 March 2006 of £46,449, a decrease in the Group's profit before tax of the year ended 31 March 2006 of £108,080 net of deferred tax and the recognition of a share option reserve of £154,529.

Notes to the Financial Statements for the year ended 31 March 2007

30 PROFIT AND LOSS ACCOUNT

GROUP	Notes	2007 £	2006 £ (restated)
Balance brought forward as previously reported		**1,084,404**	177,090
Prior year adjustment	37	**(108,080)**	(20,155)
As restated		**976,324**	156,935
Retained profit for the financial year		**1,592,429**	828,995
Foreign exchange translation differences on foreign currency net investment in subsidiaries		**(11,421)**	(9,606)
Dividends paid		**(133,447)**	–
At 31 March		**2,423,885**	976,324

COMPANY	Notes	2007 £	2006 £ (restated)
Balance brought forward as previously reported		**7,471**	6,154
Prior year adjustment	37	**(92,034)**	(16,571)
As restated		**(84,563)**	(10,417)
Retained profit for the financial year		**(43,288)**	(74,146)
Dividends received		**200,000**	–
Dividends paid		**(133,447)**	–
At 31 March		**(61,298)**	(84,563)

31 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP	Notes	2007 £	2006 £ (restated)
Profit for the financial year		**1,592,429**	828,995
Dividends paid		**(133,447)**	–
Foreign exchange translation differences on foreign currency net investment in subsidiaries		**(11,421)**	(9,606)
Share based payments charged to equity reserve		**76,830**	125,607
		1,524,391	944,996
Issue of shares		**–**	(30,276)
Gift of shares to employees by EBT		**(4,265)**	229,736
Net addition to funds		**1,520,126**	1,144,456
Opening shareholders' funds		**2,867,727**	1,760,953
Prior Year adjustment	37	**46,449**	8,767
Closing shareholders' funds		**4,434,302**	2,914,176
Total shareholders' funds		**4,434,302**	2,914,176

At 31 March 2007, the Immunodiagnostics Systems Holdings plc had an investment in its own shares via the Employee Benefit Trust. The number of own shares held at 31 March 2007 was 10,503 ordinary shares (2006: 10,503). The market value of the shares at the year end which had not unconditionally vested in employees was £27,623. The consideration paid for own shares was £6,535 (2006: £2,270).

COMPANY	Notes	2007 £	2006 £ (restated)
Loss for the financial period		**(43,288)**	(74,146)
Dividends received		**200,000**	–
Dividends paid		**(133,447)**	–
Share based payments charged to equity reserve		**76,830**	107,805
		100,095	33,659
Issue of shares		**–**	(30,276)
Gift of shares to employees by EBT		**(4,265)**	229,736
Net addition to shareholders' funds		**95,830**	233,119
Opening shareholders' equity funds (as previously reported)		**1,207,795**	1,007,018
Prior Year adjustment	37	**62,495**	30,153
Opening shareholders' funds as restated		**1,270,290**	1,037,171
Closing shareholders' funds		**1,366,120**	1,270,290
Total shareholders' funds		**1,366,120**	1,270,290

Notes to the Financial Statements
for the year ended 31 March 2007

32 CASH FLOWS

a) Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £ (restated)
Operating profit	**2,208,988**	1,117,331
Amortisation of intangible fixed assets	**49,215**	129,990
Depreciation of tangible fixed assets	**212,295**	160,545
Amortisation of government grants	**(3,939)**	(3,939)
Increase in stocks	**(109,437)**	(42,601)
Increase in debtors	**(545,166)**	(291,437)
Increase in creditors	**259,875**	18,334
Reserves movement on foreign entities	**(11,421)**	(9,606)
Adjustment in respect of share option schemes	**76,830**	125,607
Share of (profits)/losses of associates	**(1,226)**	11,657
Net cash inflow from operating activities	**2,136,014**	1,215,881

b) Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2007 £	2006 £
Interest received	**19,100**	14,806
Interest paid	**(27,932)**	(77,955)
Interest element of hire purchase	**(11,306)**	(5,803)
Net cash outflow from returns on investments and servicing of finance	**(20,138)**	(68,952)
Taxation		
Taxation	**(428,328)**	(127,889)
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	**(245,975)**	(158,354)
Payments to acquire tangible fixed assets	**(544,638)**	(133,282)
Receipt from sale of fixed asset investment	**–**	234
Net cash outflow for capital expenditure and financial investment	**(790,613)**	(291,402)
Equity dividends paid		
Equity dividends paid	**(133,447)**	–

	2007 £	2006 £
Financing		
Share issue costs	**–**	(30,276)
Repayment of bank loans	**(589,906)**	(195,385)
Capital element of hire purchase	**(98,834)**	(60,994)
Net cash outflow from financing	**(688,740)**	(286,655)

c) Analysis of net debt

	At 1 Apr 2006 £	Cash flows £	Other changes £	At 31 Mar 2007 £
Cash in hand and at bank	885,094	74,748	–	**959,842**
	885,094	74,748	–	**959,842**
Debt due within 1 year	(205,962)	205,962	–	**–**
Debt due after 1 year	(383,944)	383,944	–	**–**
Hire purchase agreements	(125,709)	98,834	(57,929)	**(84,804)**
	(715,615)	688,740	(57,929)	**(84,804)**
Total	169,479	763,488	(57,929)	**875,038**

33 CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £148,733 (2006: £Nil).

34 ACQUISITION

There were no acquisitions during the year.

35 SHARE OPTIONS

The Company has granted options, which remain exercisable, to subscribe for ordinary shares of £0.02 each, as follows:

	Grant date	Exercise price	Period within which options are exercisable From	To	Number of shares for which rights are exercisable 2006	2007
Share Options Agreements	2005	51p	22.12.07	22.12.14	346,962	346,962
Unapproved Scheme	2005	51p	22.12.07	22.12.14	541,970	541,970
	2006	116.5p	20.01.09	20.01.16	46,627	–
EMI Share Scheme	2005	51p	22.12.07	22.12.14	692,408	625,685
	2007	116.5p	29.09.09	29.09.16	85,750	40,000
SAYE	2006	65p	01.07.08	01.01.11	158,998	158,998
	2007	212p	01.02.10	01.08.10	-	37,166
Total					1,872,715	1,750,781

The market price of the shares at 31 March 2007 was 261.5p and the range during the year was 268p to 118p.

Options may normally be exercised in whole or part within the period of three to ten years after the date of the grant, and then only if the performance conditions attached to the options have been satisfied.

The share options granted will only be exercisable upon the achievement of the performance criteria.

Notes to the Financial Statements for the year ended 31 March 2007

Share Option Agreements

The following share options are held by directors of the Company:

	Options at 01.04.06	Options at 31.03.07	Exercise price (pence)	Date from which exercisable	Expiry date
D. Evans	333,617	333,617	51p	22.12.07	22.12.14

Enterprise Management Initiative Scheme

The Company operated a share option scheme under the Enterprise Management Initiative Scheme ('EMI'). The following share options are held by directors of the Company:

	Options at 01.04.06	Options granted in year	Options at 31.03.07	Exercise price (pence)	Date from which exercisable	Expiry date
R Duggan	196,078	–	196,078	51p	22.12.07	22.12.14
P Hailes	196,078	–	196,078	51p	22.12.07	22.12.14

Approved Share Option Scheme

Options are granted at the discretion of the Board to employees and full time directors of the Group, save that options will not be granted to individuals due to retire within six months or those individuals who have a material interest in a company within the Group. No share options were granted under this scheme during the year.

Unapproved Share Option Scheme

	Options at 01.04.06	Options granted in year	Options at 31.03.07	Exercise price (pence)	Date from which exercisable	Expiry date
R Duggan	137,539	–	137,539	51p	22.12.07	22.12.14
P Hailes	137,539	–	137,539	51p	22.12.07	22.12.14
A Wilks	133,446	–	133,446	51p	22.12.07	22.12.14

Performance conditions in relation to the Share Option Agreements, the EMI scheme, the Approved Share Option Scheme and the Unapproved Share Option Scheme are:

Exercise of an option will be dependent upon the achievement by the Company of a specified threshold of earnings per share ('EPS') growth (calculated after excluding amortisation of goodwill, gains and losses on the disposal of assets, changes resulting from the expensing of options through the profit and loss account and any extraordinary or exceptional items at the discretion of the Remuneration Committee) in excess of the growth in Retail Price Index over a three or more years performance period (the 'Performance Period'). For an option to become exercisable in full, the growth in EPS of the Company over the Performance Period must exceed the growth in Retail Price Index over the same period by a specified percentage. If the excess is 15% or greater in respect of the first three years of the Performance Period, then the performance condition is met. Where the performance condition is not met then the Performance Period is extended one financial year at a time and the growth in EPS is increased by 5% for each financial year while the options remain in existence until the performance condition as so increased has been met. As soon as the performance condition is met the options vest in their entirety and become exercisable in whole or in part at any time, subject to the rules of the IDS Approved Share Option Scheme.

SAYE Share Option Scheme

The SAYE Share Option Scheme is an all employee share scheme; 37,166 share options were granted under this scheme during the year.

All UK employees or full time UK directors of the Group who have worked for a minimum period as the Board determines are eligible to participate in the IDS SAYE Share Option Scheme, as long as they do not have a material interest in the Company or a participating company.

Share Based Payments

The number of share options in existence during the year was as follows:

	2007 Number of share options	2007 Weighted average exercise price	2006 Number of share options	2006 Weighted average exercise price
At 1 April	1,872,715	57p	1,581,340	51p
Granted during the year	77,166	162p	291,375	88p
Forfeited during the year	199,100	95p	–	51p
Exercised during the year	–	–	–	–
Outstanding at 31 March	1,750,781	57p	1,872,715	57p
Exercisable at 31 March	–	–	–	–

Options were valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation were as follows :

	2007	2006
Risk free interest rate	5.5%	5.5%
Expected volatility	40.1%	39.1%
Expected option life in years	3 years	4 years
Expected dividend yield	3%	3%
Weighted average share price	183p	88p
Weighted average exercise price	162p	88p
Weighted average fair value of options granted	59p	25p

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The weighted average fair value of options granted in the year was £45,285 (2006: £73,524)

During 2007, the Group recognised total share-based payment expenses of £76,830 (2006: £125,607) of which £76,830 (2006: £125,607) related to equity-settled share-based payment transactions. After deferred tax the charge was £53,871 (2006: £87,925).

Notes to the Financial Statements
for the year ended 31 March 2007

36 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise bank overdraft facility, cash and short-term deposits. The Group has various other financial instruments such as trade debtors and creditors that arise directly from its operations, which have been excluded from the disclosures, other than the currency disclosures.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The policies for managing these are regularly reviewed and agreed by the Board.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

Interest rate risk

The Group finances its operations by a mixture of retained profits and bank borrowings. The Group's policy on interest rate management is agreed at Board level and is reviewed on an ongoing basis. The interest rates applying to facilities during the year are detailed in note 16.

Interest rate profile

The Group has no financial assets, excluding short-term debtors, other than sterling cash deposits of £72,637 (2006: £321,686), euro cash deposits of £208,183 (2005: £78,720) and USD cash deposits of £446,307 (2006: £391,943), which are part of the financing arrangements of the Group.

The interest rate profile of the Group's financial liabilities at 31 March 2007 was as follows:

		2007			2006	
Currency	Total £000	Floating £000	Fixed £000	Total £000	Floating £000	Fixed £000
Sterling						
– Borrowings	**85**	**–**	**85**	192	66	126
Euro						
– Borrowings	**–**	**–**	**–**	524	524	–
	85	**–**	**85**	716	590	126

Liquidity risk

As regards liquidity, the Group's policy throughout the year has been to ensure continuity of funding by means of generated funds supported by the Group's bankers and raising capital. The Group is cash positive in its operating activities and is expected to be for the foreseeable future. Facilities are reviewed regularly by the Board, which will consider carefully the liquidity risk for any future acquisitions.

Short term flexibility is achieved by overdraft facilities.

Foreign currency risk

The Group has subsidiaries, which operate in the USA and continental Europe. Their revenues and expenses are denominated substantially in US dollars and euros. In order to protect the Group's sterling balance sheet from the movements in these currencies and the sterling exchange rate, the Group finances its net investment in these subsidiaries by means of borrowings in their respective functional currencies.

The table below shows the Group's currency exposure, being those transactional exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or 'functional') currency of the operating unit involved. At 31 March 2007 these exposures are as follows:

	Net foreign currency monetary assets/(liabilities)			
Functional currency of group operation	**Sterling £000**	**US Dollar £000**	**Euro £000**	**Total £000**
Sterling	–	289	195	484
	–	289	195	484

The exposures at 31 March 2006 for comparison purposes were as follows:

	Net foreign currency monetary assets/(liabilities)			
Functional currency of group operation	**Sterling £000**	**US Dollar £000**	**Euro £000**	**Total £000**
Sterling	–	365	(95)	270
	–	365	(95)	270

The Maturity profile of the Group's financial liabilities at 31 March 2007 was as follows:

	Borrowings 2007 £	**Total 2006 £**
In one year or less	**69,283**	274,631
In more than one year but not more than two years	**15,521**	196,656
In more than two years but not more than five years	**–**	244,328
	84,804	715,615

Borrowing Facilities

The Group had no undrawn committed borrowing facilities at 31 March 2007.

Fair values

Fair values of financial instruments equate to the book value as disclosed in the financial information. There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

Notes to the Financial Statements
for the year ended 31 March 2007

37 PRIOR YEAR ADJUSTMENTS

a) Share based payments

The Group adopted the provisions of FRS20 for share-based payments for the first time during the year. As a result, the fair value of the share option at the grant date is to be recognised over the vesting period of the option.

This had the effect of decreasing the brought forward profit and loss reserve by providing for the related amount in the 2006 accounts and creating a share option reserve. A further charge has been made in the 2007 profit and loss account. The comparative figures in the financial statements and notes have been restated to reflect this new policy.

The effect of this change is as follows:

GROUP

Profit and loss account

	2006 £	2005 £
Administrative expenditure – share-based payments	125,607	28,922
Taxation	(37,682)	(8,767)
Decrease in profit for the financial year	87,925	20,155

Balance sheet

	2006 £
Deferred tax	46,449
Other reserve – shares to be issued	(154,529)
Profit and loss account	108,080
Increase in net assets	–

COMPANY

Profit and loss account

	2006 £	2005 £
Administrative expenditure – share-based payments	107,805	23,672
Taxation	(32,342)	(7,101)
Decrease in profit for the financial year	75,463	16,571

Balance sheet

	2006 £
Investments	23,052
Deferred tax	39,443
Other reserve – shares to be issued	(154,529)
Profit and loss account	92,034
Increase in net assets	–

b) Change in allocation of costs

The Group has revised the allocation of costs between Cost of Sales, Distribution costs and Administrative expenses to better reflect the nature of the business.

This had no effect on the operating profit.

The effect of this change for the 2006 accounts is as follows:

GROUP

Profit and loss account

	2006 £
Cost of sales increase	262,648
Distribution costs increase	51,306
Administrative expenses decrease	(313,954)
Change in operating profit for the year	–

38 OTHER OPERATING INCOME

IDS Ltd received non-recurring income of £127, 486 ($250,000) in relation to product development.

39 POST BALANCE SHEET EVENTS

On 26 July 2007 Immunodiagnostic Systems Limited announced the acquisition of 100% Nordic Bioscience Diagnostics A/S (NBD). The consideration for NBD was £17,000,000 with £10,000,000 (€14,900,000) to be satisfied in cash, and the balance satisfied through the issue of 2,783,300 new Ordinary Shares in IDS, at a price of 251.5p.

As of this date, the Company's issued share capital consists of 16,127,967 ordinary shares with a nominal value of 2 pence each ('Ordinary Shares'), with voting rights.

Glossary

Analyte
The substance for which an assay is designed to measure. In the present context this will be in a sample taken from a patient or animal (such as blood) and its measurement will aid the diagnosis or monitoring of a disease or its treatment, or provide information for research studies.

Antibodies
Any of a large variety of immunoglobulins (or fragments thereof) which are part of the immune system, and are produced to help fight against infection. Antibodies are made by a type of blood cell called a lymphocyte, and are tailor-made in response to foreign material (antigen) entering the body. Antibodies are highly specific for their particular antigen, and will bind strongly to it. In immunoassays, antibodies are raised against the analyte and used as a receptor to bind the analyte.

Antigen
A protein or part of a protein which provokes an immune response and will bind to the antibodies generated.

Assay
A test to detect and/or quantitate a specific analyte in a sample.

Biomarker
An analyte present in a biological sample whose presence or concentration is indicative of a disease state.

Conjugate
An entity formed by coupling two substances together. In immunoassays the term generally refers to the labelled entity in the assay (e.g. enzyme-labelled antibody).

DNA
Deoxyribonucleic Acid. Comprised of a series of nucleotides that form genes.

Enzyme
A catalytic protein which is necessary for a particular chemical process to take place in a living cell. In immunoassays, enzymes are frequently conjugated to antibodies, as part of the signal generation system.

Gene
A sequence of nucleotide bases which will code for a specific protein.

Immunoassay
An assay which uses the specificity of the antibody-antigen binding to measure or detect an analyte.

In vitro
Literally 'in glass'. It refers to a process or biological reaction taking place outside a living system.

In Vitro Diagnostics (IVD)
Reagents, instruments and systems intended for use in the diagnosis of disease or other conditions, including a determination of the state of health, in order to cure, mitigate, treat or prevent disease. Tests are performed on samples removed from the body.

Liposome
A type of 'artificial cell' composed of a lipid bilayer which has the ability to separate and isolate the contents from the surrounding liquid.

Marker
In the present context, a synonym for Biomarker.

Monoclonal antibodies
Made by producing a single antibody cell line so that it will secrete large amounts of a specific antibody indefinitely. The antibodies produced are therefore all the same. Monoclonal antibodies are used in diagnostics and in purifying useful proteins from mixtures.

Proteins
Proteins are one of the products that genes code for. They are made of chains of amino acids folded into complex three dimensional structures. It is this structure that helps determine their function.

Research-Use Only (RUO)
In the present context, an immunoassay that does not have regulatory approval for use as an IVD and can only be used for research purposes.

RNA
Ribonucleic Acid is a linear, usually single-stranded polymer of ribonucleotides, each containing the sugar ribose in association with a phosphate Company and one of four nitrogenous bases: adenine, guanine, cytosine, or uracil. RNA is found in all living cells and it encodes the information needed to synthesize proteins (i.e. it copies 'instructions' that it receives from DNA), in certain viruses, it serves as the genome.

Specificity
In this context the ability of a measurement procedure to determine solely the measurable quantity it purports to measure.

TRAP
Tartrate-resistant acid phosphatases. This enzyme when measured effectively helps to find out the rate at which bone is broken down.

Shareholder Information

Annual General Meeting
The company's Annual General Meeting will be held on Friday 31st August 2007 at 11:00am at 10 Didcot Way, Boldon Business Park, Boldon, Tyne and Wear, NE35 9PD.

Registrars and dividend payments
Enquiries regarding shareholdings, lost certificates, change of address, and dividend payments should be addressed to the Company's registrars:

Computershare Investor Services plc
Corporate Actions
PO Box 859
The Pavilions
Bridgwater Road
Bristol
BS99 1XZ

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Immunodiagnostic Systems Holdings plc

Annual Report & Accounts

Year ended 31 March 2007