Sustained growth at IDS

Immunodiagnostic Systems Holdings plc

Annual Report and Accounts
for the year ended 31 March 2010

Understanding IDS

IDS is deliberately positioned as a *specialist* in immunoassay. This philosophy drives our strategic imperative to identify and exploit poorly addressed clinical 'niches' of socio-economic importance in an aging population. Our original focus on bone and osteoporosis now accommodates cartilage and growth. As we broaden our offering still further and step up to fully-automated immunoassay, we reaffirm our position as *Specialists in Immunoassay*.

Financial Highlights

Revenue up 49% to £37.16m (2009: £24.94m)

Pre-tax profit up 130% to £10.99m (2009: £4.78m)

Diluted earnings per share up 79% to 28.93p (2009: 16.17p)

Operational Highlights

Gross margin increased to 74% (2009: 66%)

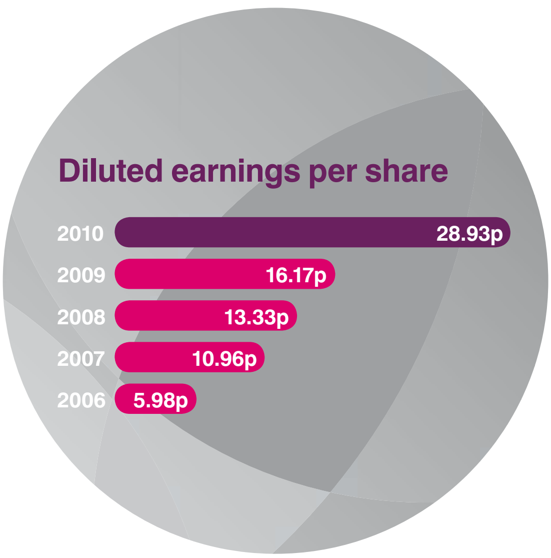
Launch of 5 fully-automated assays on the IDS-iSYS

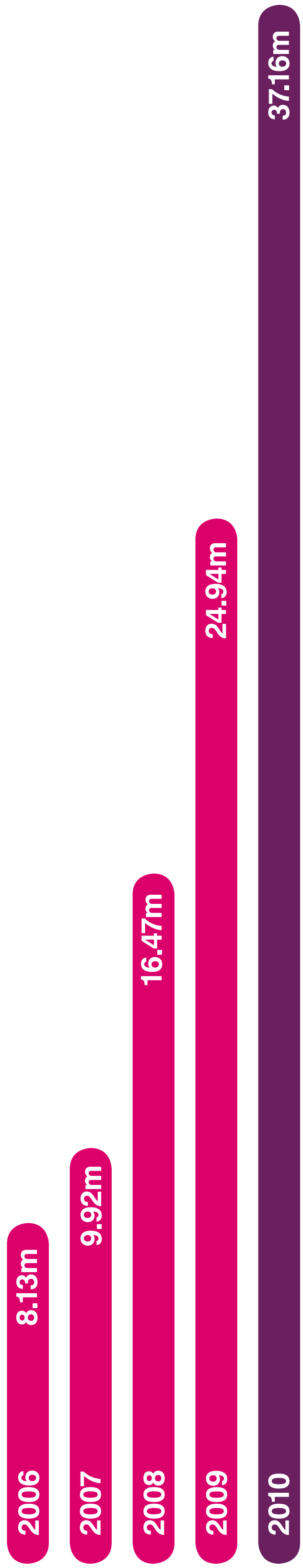
Reagent kit production up by 72%

Contents

Record levels of growth and profitability

- Revenue up 49% to £37.16m (2009: £24.94m)
- Gross profit up 66% to £27.52m (2009: £16.58m)
- Gross margin increased to 74% (2009: 66%)
- EBITDA up 110% to £14.69m (2009: £6.99m)
- Pre-tax profit up 130% to £10.99m (2009: £4.78m)
- Diluted earnings per share up 79% to 28.93p (2009: 16.17p)
- Improved cash at bank by 18% to £5.28m (2009: £4.46m)
- Launch of 5 fully-automated assays on the IDS-iSYS, giving customers 6 products to choose from, with more to follow
- This year, 70 IDS-iSYS analysers have been sold or placed on a reagent rental basis
- Average revenues per IDS-iSYS are 28% above management expectations
- New facilities in both Phoenix, Arizona and Paris, France
- Revenue of £11.5m for the first three months of the year, up 35% from £8.5m for the comparative period 2009
- Highlights since year end; US FDA 510(k) clearances for IDS-iSYS and automated Vitamin D kit





Revenue £37.16m +49%

The Vitamin D story

Vitamin D testing is growing as a result of increased awareness and an increasing body of evidence supported by clinical studies.

Why is Vitamin D testing increasing?
The demand for Vitamin D testing has been increasing dramatically year-on-year over recent times. Many clinical laboratories have seen increases of more than 50% in physician-requested 25-hydroxyvitamin D tests, and in some instances in France and the USA increases are still higher at 80 to 90%.

The reasons for this unprecedented increase in demand are twofold. First is the abundance of new evidence from clinical studies that associate 25-hydroxyvitamin D as an important factor in a wide range of diseases. It has been long-known that inadequate Vitamin D levels in children result in poor bone and tooth formation and can lead to rickets, but it is now appreciated that Vitamin D sufficiency in adulthood is also vital to good health, with low levels resulting in an increased predisposition to a growing number of serious maladies. In bone, inadequate Vitamin D contributes to and exacerbates osteoporosis and osteomalacia. However, a multitude of studies have now shown that Vitamin D can help prevent the onset of many diseases such as type 1 and type 2 diabetes, hypertension, and some common cancers. Depression, autoimmune disease, cardiovascular disease and falls in the elderly have all been associated with inadequate or insufficient Vitamin D levels, and the list of associations continues to grow.

The second market driver is the growing awareness that Vitamin D deficiency is more common than previously thought. A high prevalence of Vitamin D deficiency among children, the elderly and osteoporotic patients has been reported across many populations. In the USA, an estimated 36% of otherwise healthy adults are Vitamin D deficient, and this figure is even higher in Europe and northern populations. Reduced exposure to the sun, resulting from increased use of sunscreens with high protection factors, may have reduced the incidence of skin cancers, but is contributing to the rise in Vitamin D deficiency. Cultural, dietary and lifestyle changes also play an important role in overall Vitamin D status.

As more clinical studies are published and the links between Vitamin D status and disease conditions become stronger, it is anticipated that Vitamin D testing will continue to grow. Vitamin D supplementation and therapy is becoming more common, and monitoring efficacy of treatment will also create further demand for testing. The market is therefore likely to remain buoyant for the foreseeable future.

New clinical indications/ research
The growing body of published clinical research indicates that deficiency in Vitamin D contributes significantly to the development of a growing number of serious and debilitating chronic diseases and the list continues to grow. Alarmingly, Vitamin D deficiency (very low levels) and insufficiency (moderately low levels) are found in a large proportion of adults and the majority of the elderly.

Recent studies have reported that increased Vitamin D intake and higher 25-hydroxyvitamin D levels are associated with reductions in cancer risk. One five-year study of more than 120,000 people found that men with the highest Vitamin D intake had a 29% reduction in risk of colorectal cancer than those with the lowest Vitamin D intake. Another group of researchers found that women with sufficient 25-hydroxyvitamin D levels experienced a 50% lower risk in developing breast cancer compared to women with insufficient Vitamin D. Epidemiological studies indicate that the incidence of prostate cancer in African American men is higher than in white American men since the high melanin content of dark skin is known to reduce the efficiency of Vitamin D synthesis.

Abundant evidence points to the numerous cardio-protective functions of Vitamin D. Restoration of Vitamin D to normal levels has been found to help reduce inflammation, normalise blood pressure and improve insulin sensitivity – all factors that reduce heart disease risk.

Insulin-dependent diabetes mellitus (Type 1), multiple sclerosis (MS), and rheumatoid arthritis (RA) are examples of autoimmune diseases. The results of numerous studies suggest that adequate Vitamin D may decrease the risk of autoimmune disease. And infants receiving Vitamin D supplements during the first year of life are less likely to develop type 1 diabetes than infants receiving less Vitamin D. In two large cohorts of US women followed for at least ten years, Vitamin D supplementation was associated with a significant reduction in risk of developing MS. Similarly, postmenopausal women with the highest Vitamin D intakes were at significantly lower risk of developing RA after 11 years of follow up than those with lower intakes.

The full story of the beneficial effects of this remarkable molecule, the 'Sunshine Hormone', continues to unfold. In the interim, many more tests will be performed.

What is driving the Vitamin D market?

An abundance of scientific research and growing awareness by clinicians and scientists of links between Vitamin D and an expanding list of clinical conditions lies at the root of the continued increase in Vitamin D testing.

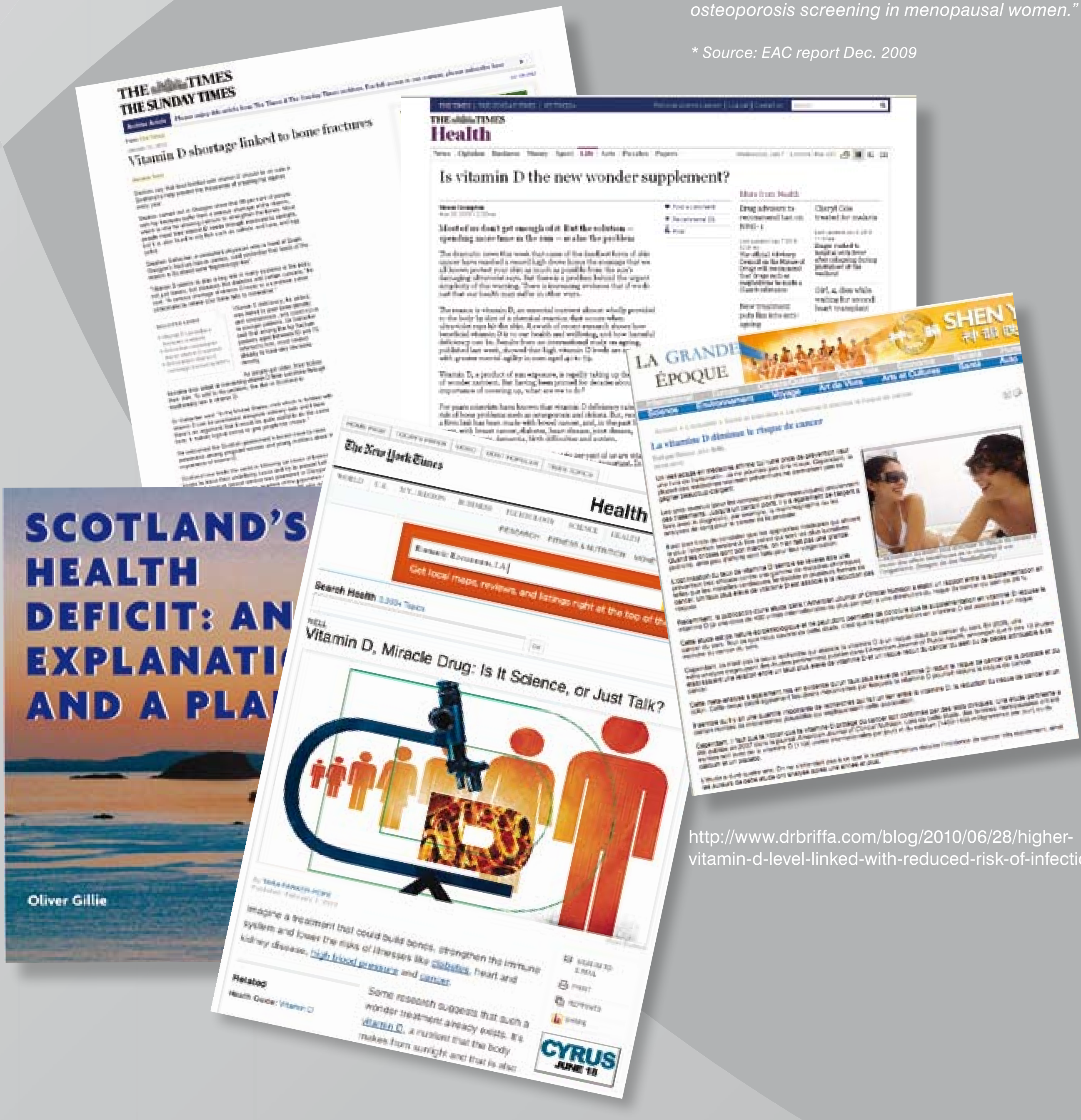
Global market growth

Sustained Growth in Vitamin D testing in all major markets.

Clinical awareness of the value of special endocrinology tests, in particular, 25-hydroxy vitamin D and Intact PTH, is developing. Increases in the incidence of diseases, plus greater clinical knowledge of the problems associated with 'abnormal' levels requiring testing is also an important factor promoting testing growth.

"25-Hydroxy Vitamin D and Intact PTH have increased globally by 15-20% and are likely to continue next year. Both have entered the reimbursement list a while ago. Regarding 25-hydroxyvitamin D, prescription habits have been modified by the last consensus about osteoporosis screening in menopausal women."*

** Source: EAC report Dec. 2009*



http://www.drbriffa.com/blog/2010/06/28/higher-vitamin-d-level-linked-with-reduced-risk-of-infection/

Augmenting growth

Our distinctiveness

From modest beginnings in 1977, IDS has graduated into a multi-national Group quoted on the Alternative Investment Market (AIM) on the London Stock Exchange, addressing the most demanding clinical and research requirements worldwide, and now delivering a sophisticated automated immunoanalyser to a highly critical audience. And yet we retain the enthusiasm and free-thinking ability to approach old problems with new solutions. Our ability to engage with global experts and key opinion leaders and their enthusiasm to engage with IDS provides immense strength to tackle future challenges and meet one of our primary goals – *to be the best in those areas in which we choose to specialise.*

IDS-iSYS: specialty immunoassay automation

The sophisticated IDS-iSYS immunoassay analyser automates our panels of specialty assays. Designed with the flexibility needed to accommodate unique and challenging assay requirements, the IDS-iSYS combines automated efficiency and uncompromised quality in specialty immunoassay testing for laboratories of all sizes.

Product Pipeline
1,25-Dihydroxy Vitamin D
ACTH
Aldosterone
Bioactive PTH (1-84)
Calcitonin
Cortisol
CTX-I (CrossLaps®)
CTX-II (CartiLaps®)
IGFBP-3
*Ostase® BAP
PTH (1-34)
Renin
TRAcP 5b (BoneTRAP®)

*Ostase® is a registered trademark of Hybritech Incorporated, a subsidiary of Beckman Coulter. Inc

Focused diversification

Having established the IDS Group as a leading immunoassay company in bone and calcium, we determined to broaden our interests into the adjacent and related areas of cartilage and growth factors. We have done so to great effect.

Our acquisition of Nordic Bioscience Diagnostics provided a firm foundation in the complex discipline of collagen and cartilage biology, one in which IDS continues to invest and one in which we will excel. New biomarkers will appear from the IDS Group, addressing the needs of the researcher and clinician in both osteoarthritis and rheumatoid arthritis.

Our decision to collaborate with Dr Martin Bidlingmaier of Mŭnchen, a leading authority in growth factors, was driven by the desire to produce better products rather than 'me too' products. In our IDS-iSYS human Growth Hormone (hGH) and Insulin-like Growth Factor-I (IGF-I) kits, we have done so.

We will continue to diversify into related areas of analytical need to provide the tools needed by researcher and physician alike.

Advancing into the future

Going forward, the Group recognises the need to balance its activities to maximise the prodigious potential before us. We must nurture and expand our existing manual assays, a highly profitable business that has sustained the Company's growth for decades. We must drive forward with the IDS-iSYS and our automated immunoassays, an avenue of immense future value and almost virgin market territory for our expanding panels of analytes. And we must continue to identify and invest wisely in tomorrow's technology, tomorrow's biomarkers, in order to stay at the forefront of our selected specialisms. The plans are afoot, a solid start has been made, and this sets our course for the forthcoming years.

R&D in the IDS Group

The IDS-iSYS analyser was developed (and is manufactured) in Burgundy, and will further evolve in the capable hands of its creators. Increased capacity, speed, precision and reliability will ensue as customer feedback continues and the system matures.

Immunoassay development thrives in Boldon and Liège within the Group, and in collaborators' laboratories in Germany and the USA, with additional labs to join in the forthcoming year. The pipeline is satisfactorily full of scientifically and clinically interesting assays. We enter the adjacent and specialist worlds of hypertension and kidney disease, and address the sequelae of these disorders – disrupted calcium metabolism, renal osteodystrophy and vascular calcification. Almost full circle – IDS revisiting calcium metabolism but from a wholly different perspective – *playing to our strengths*.

Business Development Group

The challenge confronting us as immunoassay specialists is the identification of 'future winners' among the plethora of newly-discovered biomarkers appearing in the learned scientific journals. The closer to 'discovery', to the cutting edge of science, the greater the risk that any particular biomarker may ultimately prove to be clinically irrelevant or insufficiently disease-specific. The closer to Proof of Concept or clinical acceptance, the greater the commercial competition and the more demanding the acquisition or licensing terms. We have now created a powerful international resource within IDS, the Business Development Group, which is charged with the identification and selection of tomorrow's more specific, more sensitive, more efficient biomarkers of disease. Only by the early and accurate identification of such candidates can the Group continue to re-invent itself as a true innovator in immunoassay.

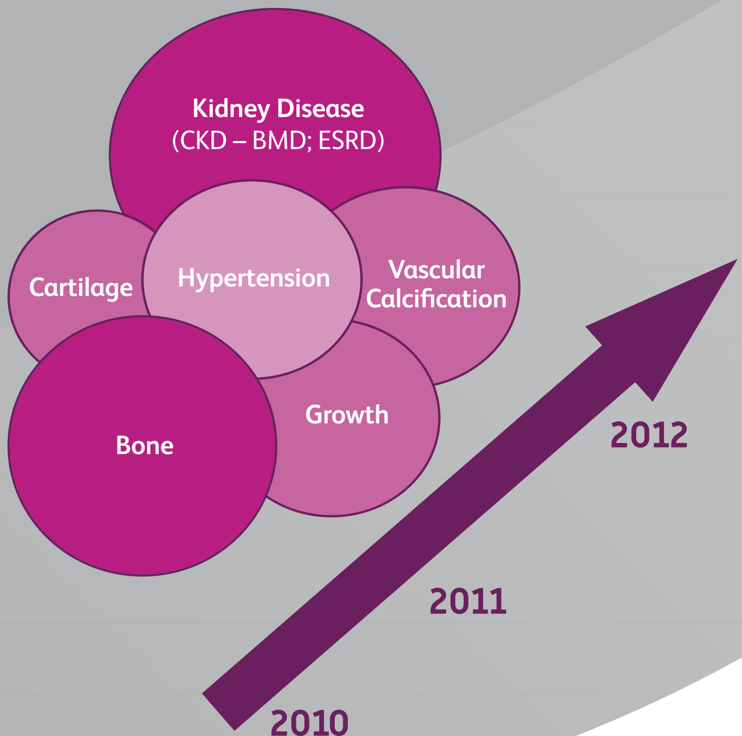
Bone and cartilage in skeletal health; joints and arthritis in aging

Growth factors in skeletal development; healthy aging

Vitamin D in mineral metabolism, hypertension

Obesity, diabetes and hypertension epidemics driving kidney disease

Chronic kidney disease – bone and mineral disorders (CKD – BMD); end-stage renal disease (ESRD); renal osteodystrophy



Our product range: Innovation in automation

Introducing the IDS-iSYS

In the first full year of its release, the IDS-iSYS has made a confident entrance to the specialist laboratory. Vitamin D is one of the most demanding analytes to measure, and still more to automate.

The IDS Group's flagship technology has made the transfer to an automated microparticle chemiluminescent format with remarkable aplomb, and enabled us to launch a brand new analyser with just a single analyte. Many customers are now running Vitamin D routinely on the IDS-iSYS and have adopted some or all of the five further products that have since launched.

Going forward, the IDS-iSYS will fully automate our unique portfolio of clinically-relevant bone, growth, hypertension and cartilage markers. Whilst small and sleek, the bench-top analyser accommodates proprietary technology for up to 15 different biomarkers at one time – all with hands-off ease of operation and superior day-to-day, lab-to-lab reproducibility.

IDS-iSYS users appreciate the many novel convenience features such as on-board storage of reagents, scheduled hands-free start-up and shut-down modes, pre-packaged reaction cuvettes and automatic daily maintenance, all contributing to optimizing assay performance, laboratory efficiency and result turnaround times. Supported by highly-experienced technical support and field service organisations in each territory, the IDS-iSYS brings unique value to discriminating customers wanting automation but who are unwilling to sacrifice quality.

The ongoing development of new specialty markers remains a critical factor in the continued success of the IDS-iSYS.

Products for 2010/11

As a result of global trends towards centralisation of laboratory testing, and a rise in test volumes, automation plays an important role in the marketplace in order to provide consistent, fast, efficient and accurate testing.

To meet this need, IDS continues to increase the menu of tests available on the IDS-iSYS automated testing platform. During the fiscal year 2009/10, IDS launched five new automated assays on the IDS-iSYS system in addition to 25-Hydroxy Vitamin D: Intact PINP, hGH, N-MID® Osteocalcin, Intact PTH, IGF-I. The Group will continue its campaign of menu expansion on the IDS-iSYS, with six new automated assays being launched during the fiscal year 2010/11: Ostase® BAP, CTX-I, PTH (1-34), Bioactive PTH (1-84), IGFBP-3 and Renin.

Menu expansion is of key importance to the future success of the IDS automation strategy, positioning IDS to fully exploit our specialist biomarker assays in a convenient push-button format to meet the most demanding of analytical situations.

New product development will continue throughout 2010 and 2011, and will add still more complementary IDS-iSYS products from a robust R&D pipeline.

Bone Panel

According to the International Osteoporosis Foundation, osteoporosis affects approximately 75 million people in Europe, USA and Japan.

Osteoporosis is a global public health problem which affects approximately one in three women and one in five men, and is increasing in significance as people live longer and the world's population grows. The current method of assessing the status of bone is the measurement of bone mineral density. A consensus group from the International Osteoporosis Foundation (IOF) recommends the use of bone turnover markers for monitoring of antiresorptive agents and prediction of fracture risk in postmenopausal osteoporosis. Canadian Consensus Conference on Osteoporosis, 2006 Update indicates bone turnover markers can be used to rapidly assess adherence and effectiveness of pharmacological interventions, and bone mineral density (BMD) should not be viewed as the only indicator for management success because therapy may or may not be associated with significant increases in BMD.

With the increasing number of drugs now available for the treatment of osteoporosis, a more rapid method to evaluate the efficacy of therapy is needed (months vs. years for bone mineral density). The biochemical markers of bone turnover offer the advantage of short time frame (months) for non-invasive and inexpensive assessment of changes in the rate of bone turnover following therapeutic intervention, changes in bone markers predict improvement in bone density and strength.

The following bone markers are/will be available on the IDS-iSYS specialty analyser.

IDS-iSYS 25-Hydroxy Vitamin D
25-hydroxyvitamin D measurement is considered the most relevant method for overall Vitamin D status. The IDS-iSYS 25-Hydroxy Vitamin D detects both dietary (D_2) and 'natural' (D_3) forms and has a growing number of users on the DEQAS quality assessment scheme.

IDS-iSYS 1,25-Dihydroxy Vitamin D
1,25-dihydroxyvitamin D is one of the major regulators of calcium (and phosphate) metabolism, stimulating intestinal calcium absorption and increasing bone resorption. It also inhibits parathyroid hormone (PTH) production. In late stage renal failure, low 1,25-dihydroxyvitamin D levels result. The launch of the IDS-iSYS 1,25-Dihydroxy Vitamin D will simplify a normally technically demanding assay and become an important link between the bone and renal disease panels.

IDS-iSYS Intact PINP
Intact Procollagen type I N-terminal Propeptide (PINP) is the most sensitive marker of bone formation and is particularly useful for monitoring bone formation therapies and anti-resorptive therapies.

IDS-iSYS N-MID® Osteocalcin
Detecting both intact and N-mid fragment of the osteocalcin protein, this assay is considered a specific marker of bone formation function.

IDS-iSYS Bone Specific Alkaline Phosphatase (Ostase® BAP)
Ostase® BAP is a well-established marker of bone formation and turnover, and is used extensively in the monitoring of patients on anti-resorptive therapies.

IDS-iSYS CTX-I (CrossLaps®)
In addition to its usefulness as a bone resorption marker monitoring therapy efficacy, CTX-I has the specificity and sensitivity that makes it a useful screening parameter in the risk assessment of post-menopausal osteoporosis and Paget's disease.

IDS-iSYS TRAcP 5b (BoneTRAP®)
TRAcP 5b is a reliable, highly specific and sensitive marker of bone resorption since it does not accumulate in circulation during renal and hepatic failure.

IDS-iSYS Intact PTH and IDS-iSYS Bioactive PTH (1-84)
PTH is an important modulator of serum calcium. Along with Vitamin D, it controls the balance of calcium between bones and serum, and the absorption, loss and retention of calcium by the body.

The preferred form of PTH to be measured is somewhat controversial. To meet the market demands, IDS will offer two products, one the established third generation type offered by our competitors and a second more specific format which measures *only* bioactive PTH in all patient groups, including chronic renal failure patients.

IDS-iSYS PTH (1-34)
The measurement of PTH (1-34) is useful in monitoring the efficacy of teriparatide treatment. This new anabolic drug is for people with osteoporosis at high risk of fracture.

IDS-iSYS Calcitonin
IDS-iSYS Calcitonin assay is primarily used to assist in the diagnosis of C-cell hyperplasia and medullary thyroid cancer, to evaluate the effectiveness of treatment and to monitor for recurrence.

Growth Panel

In the diagnosis and monitoring of conditions associated with an excess or deficiency of human Growth Hormone, accurate and consistent assays are required. The IDS-iSYS Growth panel meets these needs.

IDS-iSYS human Growth Hormone (hGH)
This assay is superbly suited to clinical evaluation of endogenous hGH levels as there is no cross-reactivity with growth hormone antagonists and is specific for the major isoform of hGH.

IDS-iSYS Insulin-like Growth Factor (IGF-I)
As IGF-I is the primary mediator of hGH and exhibits less diurnal variation than hGH, it is considered an important molecule in the diagnosis of growth disorders.

IDS-iSYS Insulin-like Growth Factor Binding Protein-3 (IGFBP-3)
The forthcoming IGFBP-3 assay will complete the IDS-iSYS growth panel and provide for a full and accurate analysis of samples in the management of growth disorders.

Hypertension Panel

It is estimated that nearly one billion people are affected by hypertension worldwide and this figure is predicted to increase to 1.5 billion by 2025.

IDS-iSYS Direct Renin
Renin forms an integral part of the Renin-Angiotensin-Aldosterone System (RAAS) which regulates blood pressure and fluid balance. Measurement of direct renin is therefore necessary in hypertensive patients and in the therapeutic follow-up of high blood pressure.

IDS-iSYS Aldosterone
The ratio between renin and aldosterone is important in the investigation of hypertension. Measurement of aldosterone along with direct renin on the IDS-iSYS will allow clinical evaluation of the ratio between these two hormones and will strengthen IDS's position in the investigation of hypertension.

Cartilage Panel

Osteoarthritis and rheumatoid arthritis are both common diseases characterised by the gradual destruction of cartilage cushioning the joints. The IDS-iSYS CTX-II (CartiLaps®) assay and ensuing products will be valuable in diagnosing and monitoring long-term efficacy of treatment for these conditions.

IDS-iSYS CTX-II (CartiLaps®)
Type II collagen is the major organic constituent of cartilage and fragments of type II collagen (CTX-II) are released into circulation following degradation of cartilage.

IDS continues to increase the menu of tests available on the IDS-iSYS automated testing platform, thereby enhancing panels of complementary tests used for the diagnosis and management of an increasing range of disease states.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Geographic infrastructure

The year saw significant investment by the Group in both sales & distribution, manufacturing capacity and capability. Headcount increased from 206 to 241 to meet the increased activity during the year and to prepare for future demand.

Direct and indirect sales coverage

The Group has direct sales coverage in the USA, France, Germany, Austria, Switzerland, Scandinavia and the UK. The year saw us increase the size of our sales, marketing and support teams by 47% to 85 people to effectively promote our manual assays and as importantly to ensure a successful roll-out of the IDS-iSYS. We have also continued to improve our distributor network, and key distribution territories such as Australia, Canada and Spain have successfully launched the IDS-iSYS.

New IDS facilities

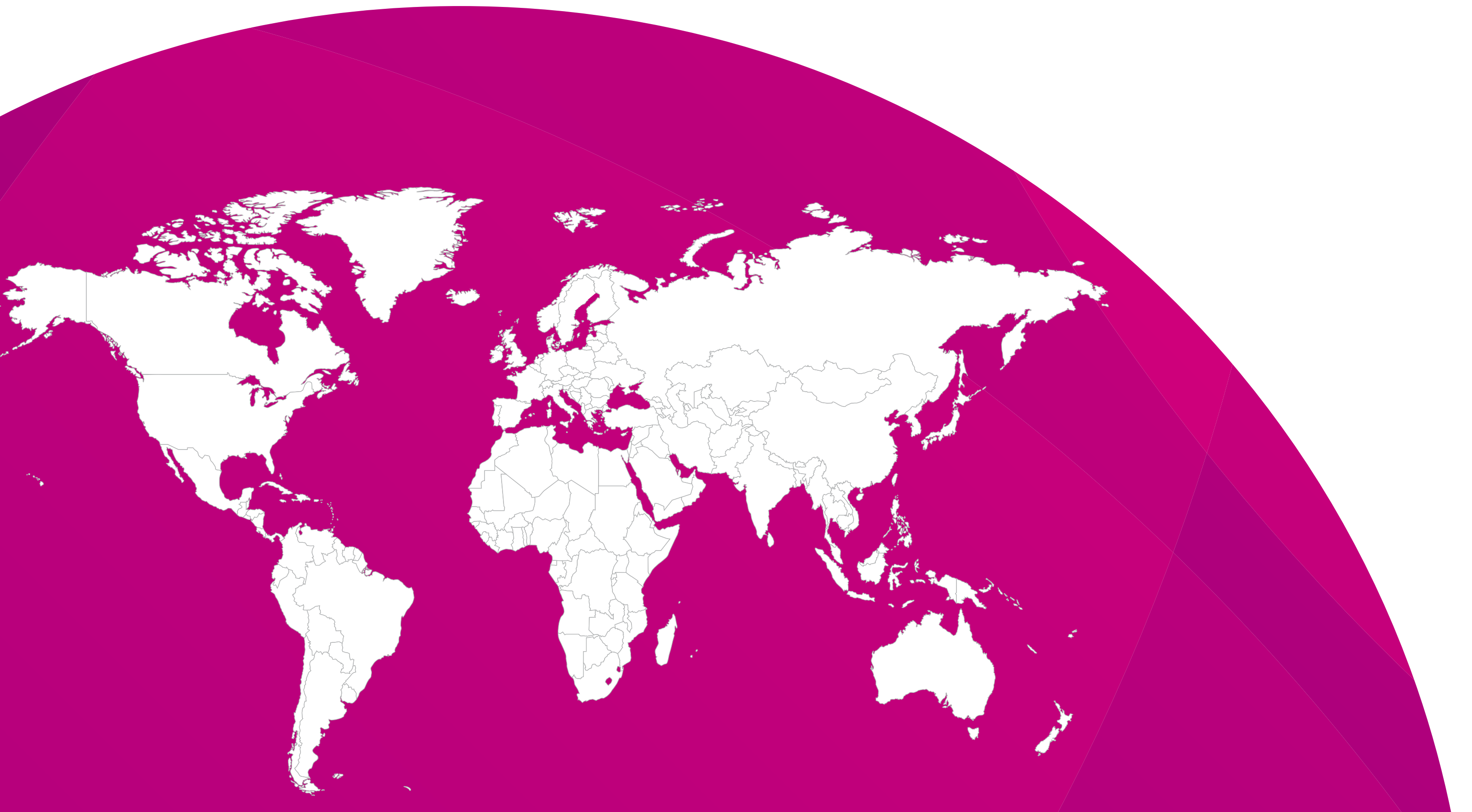
During the year the Group continued to invest in its facilities to meet the needs of our enlarged customer base. Reagent manufacturing operations in the UK and Belgium have been scaled-up to accommodate continued growth, and Lean Manufacturing techniques have been introduced in our instrument operation in France to increase throughput and reduce costs. Both our internal and external distribution routes have been streamlined to optimize the delivery of customer orders.

USA

In August 2009, IDS Inc, our US subsidiary, moved into much larger facilities (892 sq metres) in the Scottsdale area. Staff numbers in the US increased significantly from 8 to 25. Unsurprisingly, the recruitment of additional sales staff has resulted in higher sales of our existing products, and additional service and support staff have been put in place ahead of the US launch of the IDS-iSYS.

France

In September we brought our Paris-based staff together into one new central location for sales and customer demonstrations. This allowed us to close both the office we acquired with Biocode Hycel and the original IDS sales office. In March 2010 we completed the integration of Biocode Hycel into the IDS Group with the creation of a single merged company, IDS France. This was an important step in consolidating the enlarged Group, and we are already seeing the benefits of this change.



Development and Manufacturing

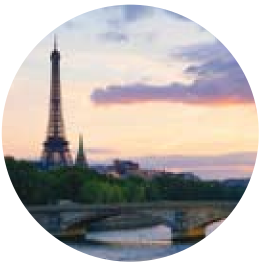
France
All of the IDS-iSYS analysers are developed and made in Pouilly-en-Auxois in Burgundy by a group of 40 dedicated people

Belgium
Our 50 employees in Liège are responsible for the development and manufacture of the IDS-iSYS test reagents

United Kingdom

Boldon in Tyne & Wear is our head office. As well as its corporate role it houses manual and automated reagent development, manufacturing and sales operations with a team of 84 people

Sales and Support



France
Our sales and support team of 26 people operate out of our office in Paris and in the field

USA
A team of 25 people sell to and support all of the USA, our fastest growing market, from our facility in Scottsdale, Arizona

Denmark
A small but enthusiastic team of 6 people in Copenhagen provides sales and support to all of Scandinavia and the Baltic States

Germany
The team of 10 people based in our Frankfurt office provides excellent sales and support for Germany, Austria, Switzerland and Eastern Europe

Continued growth

"Once again I am pleased to report that the IDS Group has stood up to the plate and delivered another very good set of results. Management and employees alike have worked well together and are creating a unique culture here at IDS, a culture that has contributed to our growth in both turnover and profitability and whilst I have no doubt that there will be many challenges ahead of us I am sure that our "Esprit de corps" will enable us to overcome them and continue to flourish!"

David Evans
Non-Executive Chairman

Dear Shareholder,

I am delighted to report on another year of continued growth at Immunodiagnostic Systems.

Increased sales and profitability have resulted from the continuing demand for our manual products, especially Vitamin D, as well as the successful roll-out of the IDS-iSYS and the launch of five more automated products that sit alongside our automated 25-Hydroxy Vitamin D.

Highlights

The continued worldwide demand for Vitamin D testing has seen our manual Vitamin D sales increase by 72% to £22,000,000 up from £12,820,000 in 2009.

All subsidiary companies within the IDS Group have experienced a growth in sales and profitability this year.

Our Group companies have been able to accommodate a significant increase in demand for our products, especially the automated analyser the IDS-iSYS. Our French subsidiary based in Pouilly has been able to match demand and incorporate system upgrades to reflect market feedback from our customer base. In addition to the instruments themselves, our Belgian subsidiary based in Liège which manufactures the automated reagents has been able to meet customer demand for a rapidly expanding product portfolio.

Average revenue per instrument from reagent rental accounts at a constant exchange rate was £77,000, slightly higher than management expectations.

We have also seen a very pleasant growth in our share price which has increased by circa 285% from 198.5p at 31 March 2009 to 765p as at 31 March 2010.

Lowlights

The longer-than-anticipated clearance from the US Food & Drug Administration (FDA) obviously caused some angst amongst shareholders and employees alike. However, now that we have 510(k) clearance under our belt, we are confident that we can successfully take a share of the automated market within the USA.

Having by year end sold or placed 74 IDS-iSYS instruments post launch, the Directors believe they are slightly behind where they had hoped to be at year-end and this is due in no small part to the delay in getting a positive FDA decision. We hope to rectify this in the fullness of time.

Results

Turnover has increased by 49% to £37,158,000 (2009: £24,937,000) with increased automated revenues from the IDS-iSYS accounting for a little more than 18% of this growth.

Gross profit has increased substantially during the period from £16,580,000 in 2009 to £27,516,000 in 2010, an increase of 66% as we benefited from a favorable product mix and certain economies of scale associated with increased demand for our main products.

Overall profits from operations increased by 110% from £5,367,000 to £11,283,000.

Financing

Our financing costs have decreased from £703,000 to £555,000 reflecting the reducing amount of debt we have in the business and an enhanced foreign currency exchange gain compared to last year.

Taxation
The charge to taxation is £2,911,000 compared to £585,000 in the previous year and represents an effective rate of 26.5%. The effective rate reflects the varying taxation rate applicable per country where IDS has a subsidiary as well as favorable allowances for R&D tax credits.

Profit after Taxation
Overall profit after tax has increased from £4,196,000 to £8,075,000 reflecting an increase of 92%.

EPS
The Earnings per Ordinary Share has increased from 16.918p to 30.017p an increase of 77%. Fully diluted the total increase is 79% (28.926p vs 16.166p).

Balance sheet
Current Assets
- Cash at bank was up 18.4% to £5,276,000 (2009: £4,456,000);
- Trade and other receivables increased from £8,598,000 to £10,806,000 and reflects our increased turnover whilst also containing the monies due to us from Escalon Drew in relation to the disposal of the Haematolgy business in December 2008 as deferred consideration;
- Inventories have increased from £5,737,000 to £6,427,000 reflecting our increased turnover and stock of automated instruments and components.

Liabilities
Bank borrowings have decreased from £13,729,000 to £11,230,000 due in part to the weakening of the Euro and capital repayments.

Provisions
The main reduction in provision has been to reduce the earn-out liability to the former shareholders of Biocode Hycel reflecting revised assumptions and the first earn-out payment.

Direction and growth
I am very pleased with the progress made by the Company at integrating the businesses units within the Group and the steps taken to create the concept of 'One IDS'. This can only strengthen our attitudes towards working well with each other and help increase our efficiencies within the business.

The strategic direction remains the same: New Product Development, Geographic Growth and Acquisition and our goal is execution. So far I believe we are on track and are accelerating in the direction set out in the CEO's report.

I am pleased to reflect upon the two new non-executive Directors we have appointed recently, both Burkhard Wittek and Patrik Dahlen bring individual strengths and experience to our Board of Directors and I am sure the company will benefit going forward. In addition to the two new non-executive Directors, we have added to our headcount with additional staffing in almost all areas of the business from middle and senior management to production, operations, technical and engineering support, so much so that our headcount has increased from 206 last year to 241 and remains in line with management expectations.

Management
Going forward, we announce a changing of the guard as from 1 October, with Ian Cookson, now the Chief Operating Officer, succeeding Roger Duggan as Chief Executive Officer. I would like to pay tribute to Roger's knowledge, drive and leadership in ensuring that IDS has become the leading independent IVD company in the UK. I am glad to say that Roger will continue on at Board level in a business development role.

As Ian takes the baton on I am sure that his own drive, operational experience and attention to process and detail will ensure that IDS moves to becoming a still more significant and established IVD Company.

Outlook
The trading for the first three months of the year is in line with management expectations. Revenues for the first three months of the year have been £11.5m compared to £8.5m for the comparative period last year and the Directors believe the increased market acceptance of the IDS-iSYS with its expanding menu will continue and bodes well for the future particularly given the recent clearance to market in the USA.

Post launch we have now placed or sold more than 100 instruments and the Directors believe that this number can be substantially improved upon as our product menu continues to develop and grow, as does the infrastructure we have developed to support the customer during their decision-making process and thereafter post-installation and routine use.

The opportunities laid at our feet as a result of having the IDS-iSYS are truly remarkable and I look forward to updating you throughout the year on:

- Additional product launches on the IDS-iSYS
- Regulatory submission and approval on our new automated products
- Expansion of our IP portfolio
- Leveraging our automated technology

Finally, the growth we have experienced over the last twelve months could not have been achieved without the total commitment of our global workforce and the continued support of our Shareholder base. I would formally like to record my thanks to both groups.

David Evans
Non-Executive Chairman
9 July 2010

"Turnover for the year ending 31 March 2010 was £37.2m, 49% ahead of last year's performance (fy/e 31 March 2009: £24.9m) and trading in all of the Group's main territories has increased year on year. Sales into the USA, France, Germany and the UK have grown significantly this year."

David Evans, Non-Executive Chairman

A gruelling but successful year

"We have grown in size, turnover, profitability and prospects."

Roger Duggan, PhD
Chief Executive Officer

The IDS Group has had another gruelling but very successful year. We have grown in size, turnover, profitability and prospects, reflecting the underlying maturation of an expanding global workforce with a more eclectic range of specialist products.

This year we faced the most prodigious growth challenge ever experienced by IDS, namely breaking into the daunting automated immunoassay market whilst continuing to nurture and grow our longstanding manual assay business.

The launch of the fully-automated immunoanalyser, the IDS-iSYS, in February 2009 set the stage for FY 2009/10, with the prime focus being the realisation of the enormous potential that the marriage of the all-new instrument and our proven immunoassay expertise represented.

The requirements for success were well-known to us – the instrument itself has to be constructed to a very high quality, achieve the capacity, speed and precision requirements of the most demanding of laboratories and offer a high degree of reliability. The assays automated thereupon similarly have to be of the highest quality, with sensitivities and specificities to meet or exceed the most demanding specifications and must be manufactured to the highest possible consistency. And these two essential components, the IDS-iSYS and its assays, "the razor and the razor blades", have to work exquisitely in concert, day in and day out.

I'm tempted to say it was a close shave, but instead am pleased to report that with a fair wind and hard work we appear to have ticked all the required boxes.

Investors will know that the roll-out of the IDS-iSYS, the speed and frequency of realizing placements and "time to go live" in revenue generating accounts, was slower in the early stages than anticipated. An unknown machine from a company not known for automation provoked caution in an otherwise enthusiastic audience.

Fortunately this has changed with experience gained in the field and the invaluable "word of mouth" passing among a highly communicative customer base. Evaluations throughout Europe have accelerated as our operations in the UK, Germany, France and Scandinavia have gained confidence and competence. These Group subsidiaries have excelled this year, increasing sales of all of our manual products even as they tackle the new challenges of automation. Our distributors in Canada, Australia and Spain have been particularly bullish, and other territories are now shaping up to follow suit with the IDS-iSYS.

System launch in the USA was frustrated by a protracted delay in receipt of pre-market approval from the US FDA, who have "upped their game" in what is known as 510(k) submissions. The IVD industry as a whole now appreciates that approval timescales have lengthened over the past 18 months with most recent examples, including our own, taking 6-12 months from time of submission. However, our clearance, dated 25th, was received on 28 June and we have unleashed an eager US sales force. In the interim, we did not waste the time the delay presented – IDS Inc is today still better prepared for launching the iSYS into the single largest, most automated IVD market in the world. We have further improved our new premises in Scottsdale, and the enlarged sales team has lifted manual product sales impressively. And our US field engineers have broadened their knowledge of the European way of life by honing their new skills alongside other IDS engineers busy in France, Belgium and the UK. It has been a pleasure to see the interest and enjoyment of personnel throughout the Group that this cultural mix has generated.

This year we have launched more new immunoassay products than in any previous year in our history. The teams in Boldon and Liège have delivered human Growth Hormone (hGH) and Insulin-like Growth Factor I (IGF-I), both developed in association with Dr Martin Bidlingmaier of Munich, Intact PINP, Osteocalcin and Intact PTH to the IDS-iSYS product range. We continue to embody our policy of "raising the bar" with every product development to challenge and dispirit our competitors. Thus our Bone Panel and our Growth Panel take on shape and content, with more analytes to be added to each later this year. A Hypertension Panel will follow before the year-end. The ability to 'up-sell" increases with every new product launch, and can only add to the revenues received per machine placed, already above early expectations.

The continued buoyancy in the sales of our manual products has been an excellent contributor to the year's Group performance, with little cannibalisation by the automated IDS-iSYS alternatives at this juncture. Given that new biomarker assays to be released will almost invariably appear first in a manual Research Use Only format, our further investment in expanding production capacity in our Boldon plant is both necessary and timely. And as the range of products available on the IDS-iSYS grows, so cannibalisation of manual accounts becomes evermore a *desirable* outcome, enabling up-selling on each and every machine out there.

In a fast-moving and competitive environment, we must keep our eyes open for both threat and opportunity. We are very aware that competition will become much more severe in the Vitamin D market in the relatively near future. Whilst the market will continue to grow at impressive rates for the next few years, some major players will enter and the dynamics will change. The broadening of our product range and the access to larger specialist accounts afforded by the IDS-iSYS will certainly ameliorate the inevitable pressure on Vitamin D sales, and the quest for new biomarkers, new applications and new technologies will play a part in our readiness for the future.

The present year will be seminal in the history of IDS as we are able to fully exploit our manual and automated products worldwide. As the business continues to grow at an exhilarating rate, we are attuned to the changing demands on the 'Senior Team' and I am happy to hand the reins of the IDS Group to a very capable successor in Ian Cookson. Ian has the skill sets to take the Company to greater heights, and I look forward to exercising my more entrepreneurial talents elsewhere in the Group. I am looking forward to leading some talented younger colleagues in the newly-formed Business Development Group. IDS has identified a number of highly-attractive avenues to pursue with a number of prestigious research institutes and innovative companies in Europe and the USA, and potential additions to the IDS family. In the forthcoming months and years, I am confident that we will secure rights, by licence or acquisition, to some very exciting products, markets and technologies.

How is the IDS Group in July 2010?

We are in excellent shape financially and intellectually and poised for more steady and directed growth. Our mantra remains "to be the best in our chosen fields of application", and by striving to achieve this I am sure that we will continue to add significantly to shareholder value.

Roger Duggan, PhD
Chief Executive Officer
9 July 2010

"We are in excellent shape financially and intellectually and poised for more steady and directed growth. Our mantra remains "to be the best in our chosen fields of application", and by striving to achieve this I am sure that we will continue to add significantly to shareholder value."

Roger Duggan, PhD, Chief Executive Officer

Improved margins

"Overall the prospects for the Group remain bright and we continue to forge ahead with our plans for growth both organically and where we deem it appropriate by acquisition."

Paul Hailes
Finance Director

Financial highlights

The increase in demand for our Vitamin D range of products, as well as the launch of additional analytes onto the IDS-iSYS have, significantly contributed to this year's increase in both sales and profitability. All subsidiary companies have benefited from this and all have seen their sales increase from between 15% and 94%.

Additional product launches will help generate more instrument placements and increase average revenue per machine.

Turnover

Turnover increased by 49% to £37,158,000 (2009: £24,937,000). Direct sales through all of our subsidiary companies experienced significant growth.

Gross margin

Our gross margin increased for the twelve month period to 74.05% (gross profit £27,516,000) from 66.50% in 2009 (gross profit £16,580,000). Increased volumes, enhanced product sales mix and exchange rate movements were the three principal reasons for this growth.

Operating costs and profits

Our R&D expenditure for the year was in line with management expectations at £3,695,000, down slightly from £3,805,000 in 2009.

Distribution and Administrative expenses increased by £5,020,000 to £16,234,000 compared to £11,214,000 in 2009. This increase was expected, as we continue to strengthen the Group's infrastructure to support the increased demand for our manual products as well as the automation program supporting the IDS-iSYS roll-out and increased amortisation and depreciation charges.

The charge for depreciation and amortisation of intangibles was £3,351,000 compared to £1,428,000 in 2009 and is in line with management expectations as we amortise previously capitalised development costs associated with the IDS-iSYS programme.

EBITDA

The Group reports an increase in earnings before interest, tax, depreciation and amortisation (EBITDA) from £6,991,000 in 2009 to £14,985,000, an increase of 114%.

Turnover by product area

Year ending 31 March	2010 £'000	2009 £'000	Change %
Vitamin D	**22,000**	12,820	72%
Octeia	**2,053**	1,971	4%
Gamma B	**167**	211	(21%)
Other	**1,048**	657	60%
Automation	**2,714**	475	471%
Total of IDS products	**27,982**	16,134	73%
Distribution of third-party sales	**2,040**	2,119	(4%)
Nordic Bioscience Diagnostics	**4,003**	3,431	17%
Biocode Hycel	**3,133**	3,253	(4%)
Total Turnover	**37,158**	24,937	49%

Dividend policy and dividend

The Board is proposing a dividend for the year of 2.00p (2009: 1.65p) subject to the approval of shareholders at the Annual General Meeting. The dividend per share will be paid on 15 September 2010 to shareholders on the register at the close of business on 20 August 2010.

Balance sheet

The Group's non current assets at 31 March 2010 were £61,146,000 (2009: £60,768,000) which consisted of property, plant and equipment of £5,198,000, intangible assets of £55,732,000 and investments of £216,000. Intangible assets principally relate to the patents and goodwill acquired on acquisitions.

Stocks have increased to £6,427,000 (2009: £5,737,000) and debtors have increased to £11,381,000 (2009: £9,158,000) while current creditors have decreased to £9,951,000 (2009: £10,124,000). Creditors due after one year have decreased to £13,422,000 (2009: £19,282,000).

Financial performance

This report shows that the Group has had another 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 product. 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 six key performance indicators applied on a Group-wide basis. The Group's performance for 2010 and 2009 is shown below:

Financial KPI	2010	2009	Variance
Annual increase in sales	**49.00%**	51.00%	(2.00%)
Number of net invoices issued	**19,886**	17,180	2,706
Gross margin	**74.05%**	66.50%	7.55%
Profit after tax	**21.73%**	19.33%	2.40%
Basic earnings per share	**30.017p**	19.433p	13.099p
Diluted earnings per share	**28.926p**	18.569p	12.760p

Paul Hailes
Finance Director
9 July 2010

Board of Directors

David Evans BCom., CA, MBA (aged 50)
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 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.

Paul Hailes FCCA (aged 47)
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, and Pyrronostics Limited.

Roger Duggan PhD (aged 61)
Chief Executive Officer
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, and Pyrronostics Limited.

Ian Cookson (aged 56)
Chief Operating Officer
Ian has over twenty years of experience in senior appointments within the *in vitro* diagnostics (IVD) industry, both in the UK and overseas. Joining IDS from Axis-Shield plc, where he was Managing Director of their Dundee-based Laboratory Division. Ian brings valuable experience in automated immunoassay systems.

Martha Garrity PhD (aged 49)
Technical Director
Martha joined IDS after eleven years in Research and Development at Nichols Institute Diagnostics as Senior Scientist, Manager and Director, responsible for development and launch of automated speciality assays in the areas of bone, growth and hypertension. She has a wealth of experience in the assay technologies employed by IDS.

Antony 'Tony' Wilks (aged 49)
Sales and Marketing Director
Living for twenty years in Germany and with eighteen years experience in European sales and marketing of diagnostic products, Tony brings a wealth of experience in international sales to IDS. Tony joined IDS in February 2005 from Nichols Institute Diagnostics GmbH, where he served as Managing Director of European Operations.

Patrik Olof Dahlen PhD (aged 48)
Non-Executive Director
Patrik became CEO of Chempaq A/S, the Denmark-based Point of Care diagnostics company in November 2009 having been CEO of Dako A/S since 2005. Previously he was CEO of BioImage, Senior VP of Perkin-Elmer Inc and President of Perkin-Elmer Life Sciences. He is Chairman of OLink Biosciences and Proxeon.

Alain Rousseau (aged 59)
Engineering Director
Alain joined IDS following the Biocode Hycel acquisition, where he served as CEO, and developed the automated platform which is now the IDS-iSYS. Previously, as Head of Instrumentation for Diagnostica Stago, he developed their entire instrument product line. He has filed for over thirty patents during his career.

Burkhard Wittek PhD (aged 58)
Non-Executive Director
Burkhard holds an MBA from Harvard Business School. After working for Dresdner Bank AG he spent thirteen years with The Boston Consulting Group where he was a senior partner. In 1990 he founded FORUM Family Office making long-term investments in German Private Equity and European Small and Midcap situations.

Edward 'Eddie' Blair PhD, MBA (aged 51)
Non-Executive Director
Following a research career in virology at the MRC, UK, and University of California, Eddie spent fifteen years in the pharmaceutical industry, including the position of Therapeutic Adviser to the GlaxoWellcome Predictive Medicine Group, before becoming a director of clinical diagnostics at GlaxoSmithKline plc. He is a director of Integrated Medicines Limited.

Senior Management

Kenneth Gibbs (aged 65)
CEO and Managing Director – USA
Kenneth is a senior executive with more than thirty-five years' professional experience in pharmaceutical and medical devices sales, marketing, business development and management. He has U.S. and international experience with multi-national corporations as well as emerging technology companies. Kenneth joined IDS in January 2003 and created IDS Inc.

Ed Coombes BSc (aged 39)
Country Manager – France
Ed graduated in International Management Science and Modern Languages at the University of Bath. After a year with Price Waterhouse in Paris, he settled in France permanently where he worked in new technology companies. Ed was behind the creation of Netlink in 1998 and Oxford Biosystems France in 2002. He established IDS Eurl in 2005.

Dennis Djan (aged 48)
Group Marketing Manager
Dennis joined IDS in October 2009. Prior to 4 years spent in the medical devices arena mainly as EMEA Product Director, Dennis spent 14 years at Abbott Diagnostics serving international assignments in Germany as EMEA Business Development Manager, and prior to this was in Southern Africa responsible for establishing new markets.

Rudolf Schemer PhD (aged 49)
Country Manager – Germany
Dr Schemer gained his doctorate (PhD) from the University of Hohenheim, Germany, before joining Nichols Institute Diagnostics in technical sales. He progressed in Sales and Marketing, then European Marketing Management, before becoming Country Manager (Germany, UK, Ireland, Netherlands, Austria and Switzerland) following successfully placing over 150 fully-automated immunoassay systems.

Dagmar Kasper PhD (aged 44)
Country Manager – Northern Europe
Dr Kasper undertook doctoral studies in biochemistry at Georg-August University, Germany. Following post-doctoral research at the University of Hamburg, she joined Nordic Bioscience Diagnostics (NBD) as International Product Manager, becoming head of sales and marketing in 2004. She later moved to USA spearheading direct sales operations, and developing strategic alliances for NBD.

Guy Pirens (aged 60)
Site Manager – Belgium
Guy started his career developing immunoassays for the Liège University Clinical laboratory. He was involved in clinical and hormone reference validation studies. Guy participated in the establishment of spin-off companies from Liège University. He is now the Liège Site Manager responsible for the development and production of immunoassays for the IDS-iSYS analyser.

Barry Hextall BSc ACMA, MBA (aged 42)
IDS Ltd Country Manager & IDS Group Deputy Finance Director
Barry joined IDS in April 2009 as Deputy Finance Director with Country Management responsibility for the UK. Barry gained experience with ICI, Zeneca and Ernst & Young. He has considerable senior management and executive experience, including the management of major investment projects.

Jean-Marc Valentin (aged 58)
Site Manager, Pouilly – France
Jean-Marc has a long experience in Automation, servicing and manufacturing. He joined IDS following the IDS acquisition of Biocode Hycel, at which time he served as Site Manager. His previous management roles include responsibilities for manufacturing, customer service, and production methods.

Directors' report

The Directors submit their report and audited financial statements of the Company and of the Group for the year ended 31 March 2010.

Immunodiagnostic Systems Holdings PLC is a public listed parent company, incorporated and domiciled in England and quoted on AIM.

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 Non-executive Chairman's Statement, the Financial Review and the Chief Executive Officer's Review.

Results and dividend
The Group's profit on ordinary activities after tax for the year is £8,075,000. The Directors have recommended a dividend of 2.00p 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 2010 No.	At 31 March 2009 No.
Dr R T Duggan	Chief Executive Officer	£0.02 Ordinary shares	2,276,187	2,222,927
Mr P Hailes	Finance Director	£0.02 Ordinary shares	1,111,378	928,046
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 A Rousseau	Engineering Director	£0.02 Ordinary shares	50,584	85,584
Mr C I Cookson	Chief Operating Officer	£0.02 Ordinary shares	11,538	11,538
Mr D E Evans	Non-Executive Chairman	£0.02 Ordinary shares	522,458	343,127
Mr W Dracup	Non-Executive Director	£0.02 Ordinary shares	–	–
Dr E D Blair	Non-Executive Director	£0.02 Ordinary shares	–	–
Dr B Wittek	Non-Executive Director	£0.02 Ordinary shares	–	–
Dr P Dahlen	Non-Executive Director	£0.02 Ordinary shares	8,250	–

All directors served throughout the year with the exception of Mr W Dracup who resigned on 4 September 2009 and Dr B Wittek and Dr P Dahlen who were appointed on 20 October 2009 and 11 December 2009 respectively.

The executive Directors and the Chairman have options granted to them under share option schemes; details are included within Note 37 of the attached financial statements.

Directors indemnity
Every Director shall be indemnified by the company out of its own funds.

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 18 June 2010.

	Number of ordinary shares of 2p each	Percentage of issued share capital
Forum Venture Capital	6,504,364	23.35%
Dr R T Duggan	2,276,187	8.17%
New Star Asset Management	1,282,200	4.60%
Mr P Hailes	1,111,378	3.99%
Brewin Dolphin	1,003,954	3.60%
Mr D Laurie	984,200	3.53%
AXA Investment Managers	883,300	3.17%

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 Group at 31 March 2010 were equivalent to 50 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 their 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 Euro as well as Sterling. Where possible the Company looks to offset foreign currency liabilities.

Charitable contributions
Contributions to charitable organisations amounted to £4,596 (2009: £13,982), and can be analysed as follows:

Gift of products to colleges and universities	£4,138
Other	£458

Financial instruments
As sales through our 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 subsidiaries who deal directly with end users and are able to maintain very good relationships with respect to pricing and credit control. Note 38 gives information on foreign currency exposures.

Related party transactions
Transactions occurring with associated undertakings are detailed in Note 30 of the financial statements.

Annual General Meeting
The Company's Annual General Meeting will be held on Wednesday 25 August at 3pm at the offices of Brewin Dolphin, 12 Smithfield Street, London, EC1A 9BD.

A special resolution will be proposed to adopt new Articles of Association of the Company (the 'New Articles'). A new set of Articles of Association has been drafted to take into account changes brought in by the implementation of the Companies Act 2006, which changes came into full force on 1 October 2009. References to the Companies Act 1985 have been amended and updated to references to the appropriate corresponding provision of the Companies Act 2006. Additionally, the following substantive changes have been made:

The Company's objects
The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum of association. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006, with effect from 1 October 2009, a company's objects clause and all other provisions which were contained in a company's memorandum are deemed to be contained in a company's Articles of Association, but a company can remove these provisions by special resolution.

Furthermore, the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's Articles of Association as of 1 October 2009. Resolution 12 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement, currently in the Company's Memorandum of Association, regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

Authorised share capital and unissued shares
The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this (Article 6 of the current Articles of Association of the Company ('the Current Articles') has been removed). The Directors will still be limited as to the number of shares they can at any time allot because an allotment authority from the shareholders continues to be required under the Companies Act 2006, save in respect of employee share schemes.

Closing of the register of share transfers
The Current Articles permit the directors to suspend the registration of share transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable and the previous statutory provisions allowing a company to close its register of members for any time or times not exceeding 30 days have been repealed. Accordingly, the power in the Current Articles to suspend the registration of transfers (Article 46) has been removed and is not provided for in the New Articles.

Reasons for refusal to register transfers
The Companies Act 2006 states that a company can only refuse to register a transfer of shares in certain circumstances and must give reasons when refusing to register a share transfer. The New Articles have been updated to reflect this position.

Change of name
Previously, under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

Authority to consolidate and sub-divide shares and reduce share capital
Under the previous law a company required specific enabling provisions in its articles to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. Under the Companies Act 2006 a company only requires shareholder authority to do any of these things and it is no longer necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

Written resolutions
The Companies Act 2006 sets out that a resolution of the members (or a class of members) of a public company must be passed at a meeting of the members. Therefore the provisions in the Current Articles (Article 50.2) that purported to allow the Company's members to pass written resolutions have been removed.

Directors' interests
The provisions of the New Articles relating to the declaration of a Director's interests have been updated to encompass changes made to the over-riding statutory regime.

Retirement by rotation
The provisions which govern director's retirement by rotation have been updated to reflect the provisions contained in the model articles for public companies, as introduced under the Companies Act 2006.

Time for deposit of Proxy Forms
The Current Articles set out that forms of proxy in relation to any general meeting of the Company must be deposited no less than two days before the time appointed for that meeting. In accordance with new provisions introduced by the Companies Act 2006, the New Articles change this by adding the qualification that non-working days do not count in calculating the two day time period.

Board authorisation of conflicts of interests
The Companies Act 2006 introduced a statutory duty for directors to avoid conflicts of interest. Section 175 of the Companies Act 2006 provides that a public company may authorise conflicts of interest by resolution of the board of directors only where there is an express provision in the Articles enabling them to do so. Such a provision has been included in the New Articles so that the directors may have that power.

Directors' report

Use of seals

A company previously required authority in its articles of association to have an official seal for use abroad. After 1 October 2009 such authority is no longer required. Accordingly the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a Director and the Secretary or two Directors. An 'authorised person' is any Director, Secretary or any other person authorised to by the Directors to sign.

Voting by proxies on a show of hands

The Companies (Shareholders' Rights) Regulations 2009 have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution.

Extraordinary General Meetings and Extraordinary resolutions

The Companies Act 2006 does not have any reference to Extraordinary General Meetings or Extraordinary Resolutions, therefore such references have been removed from the New Articles.

Members' rights to requisition meetings, resolutions and polls

The rights of members to require resolutions to be circulated, meetings to be called or polls to demand polls are now contained in the Companies Act 2006. Those provisions of the Current Articles that are inconsistent with the new statutory regime have been amended or removed.

Indemnity provisions

The Companies Act 2006 has expanded the pool of individuals whom a Company may indemnify in the event that they incur any liability arising out of their role with the Company. Therefore, provisions have been included in the New Articles which allow the directors, to indemnify directors, alternate directors, officers or employees of the Company and companies in which it is interested.

Disqualification of Directors

The provisions in the New Articles dealing with the circumstances in which a director may be removed from office have been updated to reflect the provisions of the model articles for public companies, as introduced under the Companies Act 2006.

Age limit for Directors

The Companies Act 2006 does not contain any provision requiring directors to retire when they reach a certain age. The corresponding provisions in the Current Articles have therefore been removed.

Auditors

A resolution to re-appoint Baker Tilly UK Audit LLP as auditors for the ensuing year will be proposed at the Annual General Meeting.

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 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
9 July 2010

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 2010, the Board comprised of six executive, a non-executive Chairman and three other non-executive Directors. Details of the current Directors are set out on page 18. 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 Boldon, Tyne and Wear, with additional meetings held as required.

Summary of board meetings attended in the 12 months to 31 March 2010

Twelve board meetings were held in the year to 31 March 2010.

Director	Meetings attended	Meetings eligible
Dr Roger Duggan	12	12
Mr Paul Hailes	11	12
Mr David Evans	11	12
Mr Antony Wilks	10	12
Dr Martha Garrity	11	12
Mr Ian Cookson	12	12
Mr Alain Rousseau	12	12
Mr William Dracup	3	4
Dr Eddie Blair	11	12
Dr Burkhard Wittek	5	6
Dr Patrik Dahlen	3	4

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 eight 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, Ian Cookson, Alain Rousseau and Roger Duggan, who is also the Chief Executive Officer. The Board considers Burkhard Wittek, Patrik Dahlen 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.

Patrik Dahlen has been identified as the Senior Independent Director as required by the Code.

Chairman's commitments

The Chairman has the following Non-Executive Directorships:

Omega Diagnostics Group plc
Quotient Diagnostics Limited
Epistem Holdings plc
Bgenuine Tech KK (succeeds Secure Design KK)
Onyx Scientific Limited
Scancell Limited
IBL plc – appointed November 2009
Marine Biotech Ltd – appointed March 2010

Corporate governance report

During the year the Chairman ceased to be a Non-Executive Director of:

Microtest Matrices Limited – left office November 2009
Vindon Healthcare plc – left office March 2010

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 Edward Blair (Chairman), Patrik Dahlen and Burkhard Wittek. 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 6 and share options under Note 37.

2. The Nominations Committee
The Nominations Committee comprises David Evans (Chairman), Patrik Dahlen and Edward Blair. The Nominations 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 Financial Statements 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 2010 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 Burkhard Wittek and Edward Blair, both independent non-executive Directors. The Committee will normally meet twice 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 with the auditors and reviewing reports from the auditors. It meets with 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 2010 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
9 July 2010

Directors' responsibilities in the preparation of financial statements

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

UK Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The company financial statements are required by law to give a true and fair view of the state of affairs of the company.

In preparing each of the group and company 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. for the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU; and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements.
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Immunodiagnostic Systems Holdings plc

We have audited the group and parent company financial statements ('the financial statements') which comprise the consolidated and company balance sheet, consolidated income statement, consolidated statement of cash flows, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As more fully explained in the Directors' Responsibilities Statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2010 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

W MICHAEL BLYTH (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

9 July 2010

Consolidated balance sheet

as at 31 March 2010

Company Registration No. 05146193

	Notes	2010 £	2009 £
Assets			
Non-current assets			
Property, plant and equipment	13	**5,198,284**	4,161,154
Goodwill	14	**17,680,418**	19,463,756
Other intangible assets	15	**38,051,032**	37,139,180
Investments	17	**3,696**	3,696
Other non-current assets	18	**212,496**	–
		61,145,926	60,767,786
Current assets			
Inventories	19	**6,427,301**	5,737,202
Trade and other receivables	20	**10,805,648**	8,598,131
Income tax assets		**575,422**	559,740
Cash and cash equivalents	20	**5,276,489**	4,455,920
		23,084,860	19,350,993
Total assets		**84,230,786**	80,118,779
Liabilities			
Current liabilities			
Short-term portion of long-term borrowings	21	**2,680,830**	2,634,240
Trade and other payables	24	**6,202,608**	6,240,156
Income tax liabilities		**913,782**	1,249,663
Deferred income	28	**153,432**	–
		9,950,652	10,124,059
Net current assets		**13,134,208**	9,226,934
Non-current liabilities			
Long-term borrowings	21	**8,642,895**	11,291,523
Provisions	27	**1,901,447**	3,165,425
Deferred tax liabilities	26	**2,724,691**	4,446,964
Deferred income	28	**–**	377,866
		13,269,033	19,281,778
Total liabilities		**23,219,685**	29,405,837
Net assets		**61,011,101**	50,712,942
Total equity			
Called up share capital	31	**557,091**	528,316
Share premium account	32	**29,280,672**	28,499,692
Other reserves	33	**11,780,834**	12,165,927
Retained earnings	34	**19,392,504**	9,525,542
		61,011,101	50,719,477
Treasury shares		**–**	(6,535)
Equity attributable to owners of the parent		**61,011,101**	50,712,942

The financial statements on pages 30 to 64 were approved by the Board of Directors and authorised for issue on 9 July 2010 and are signed on its behalf by:

Mr D E Evans
Non-Executive Chairman

Mr P Hailes
Finance Director

Consolidated income statement

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Revenue	2	**37,158,260**	24,936,906
Cost of sales		**(9,641,781)**	(8,356,580)
Gross profit		**27,516,479**	16,580,326
Distribution costs		**(5,922,713)**	(4,600,918)
Administrative expenses		**(10,311,132)**	(6,612,592)
Profit from operations	3	**11,282,634**	5,366,816
Finance income	7	**258,781**	117,553
		11,541,415	5,484,369
Finance costs	8	**(554,998)**	(702,849)
Profit before tax		**10,986,417**	4,781,520
Income tax expense	9	**(2,911,303)**	(585,343)
Profit for the year from continuing activities		**8,075,114**	4,196,177
Profit for the year from discontinued activities	4	**–**	623,780
Profit for the year attributable to owners of the parent		**8,075,114**	4,819,957
Earnings per share			
From continuing operations			
Basic	11	**30.017p**	16.918p
Diluted	11	**28.926p**	16.166p
Had the share options not been exercised in the year ended 31 March 2010, basic earnings per share would have been	11	**30.569p**	
From continuing and discontinued operations			
Basic	11	**30.017p**	19.433p
Diluted	11	**28.926p**	18.569p

No separate income statement is included for Immunodiagnostic Systems Holdings PLC as permitted by section 408 (3) of the Companies Act 2006.

Consolidated statement of other comprehensive income

for the year ended 31 March 2010

	2010 £	2009 £
Profit for the year	**8,075,114**	4,819,957
Currency translation differences	**(1,906,281)**	5,573,258
Other comprehensive income, before tax	**(1,906,281)**	5,573,258
Income tax relating to items credited/charged to equity	**(97,598)**	465,922
Other comprehensive income, net of tax	**(2,003,879)**	6,039,180
Total comprehensive income for the year attributable to owners of the parent	**6,071,235**	10,859,137

Consolidated statement of cash flows

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Operating activities			
Cash generated from operations	35	**11,730,641**	6,367,085
Income taxes paid		**(1,343,977)**	(302,478)
Interest paid		**(692,794)**	(754,220)
Net cash from operating activities		**9,693,870**	5,310,387
Investing activities			
Acquisition of subsidiaries, net of cash acquired		**(213,359)**	(52,305)
Purchases of other intangible assets		**(4,544,443)**	(4,326,248)
Purchases of property, plant and equipment		**(2,429,366)**	(1,423,450)
Interest received		**258,781**	117,553
Net cash used by investing activities		**(6,928,387)**	(5,684,450)
Financing activities			
Proceeds from issue of shares for cash		**816,290**	3,004,813
Proceeds of new borrowings		**–**	1,404,720
Repayments of borrowings		**(2,446,869)**	(2,613,241)
Repayments of hire-purchase obligations		**(102,493)**	(85,351)
Dividends paid		**(436,273)**	(360,278)
Net cash (used by)/from financing activities		**(2,169,345)**	1,350,663
Effect of exchange rate differences		**224,431**	505,868
Net increase in cash and cash equivalents		**820,569**	1,482,468
Cash and cash equivalents at beginning of year		**4,455,920**	2,973,452
Cash and cash equivalents at end of year		**5,276,489**	4,455,920

Consolidated statement of changes in equity

for the year ended 31 March 2010

	Called up share capital £	Share premium account £	Merger reserve £	Share-based payments reserve £
At 1 April 2008	479,453	25,543,742	582,999	300,766
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Foreign exchange translation differences on foreign currency net investment in subsidiaries	–	–	–	–
Tax effect of treatment of foreign currency translation differences	–	–	–	–
Total comprehensive income	–	–	–	–
Transactions with owners	–	–	–	–
Share-based payments	–	–	–	217,677
Dividends paid				
Shares issued in the period (net of expenses)	48,863	2,955,950	–	–
At 31 March/1 April 2009	528,316	28,499,692	582,999	518,443
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Foreign exchange translation differences on foreign currency net investment in subsidiaries	–	–	–	–
Tax effect of treatment of foreign currency translation differences	–	–	–	–
Total comprehensive income	–	–	–	–
Transactions with owners	–	–	–	–
Deferred tax recognised on share-based payments	–	–	–	1,549,201
Tax benefit on exercise of share options	–	–	–	–
Share-based payments	–	–	–	354,585
Transfer on exercise of share options	–	–	–	(285,000)
Dividends paid	–	–	–	–
Shares issued in the period (net of expenses)	28,775	780,980	–	–
At 31 March 2010	**557,091**	**29,280,672**	**582,999**	**2,137,229**

	Currency translation reserve £	Retained earnings £	Treasury shares £	Total £
At 1 April 2008	5,025,305	5,065,863	(6,535)	36,991,593
Profit for the year	–	4,819,957	–	4,819,957
Other comprehensive income	–	–	–	–
Foreign exchange translation differences on foreign currency net investment in subsidiaries	5,573,258	–	–	5,573,258
Tax effect of treatment of foreign currency translation differences	465,922	–	–	465,922
Total comprehensive income	6,039,180	4,819,957	–	10,859,137
Transactions with owners	–	–	–	–
Share-based payments	–	–	–	217,677
Dividends paid	–	(360,278)	–	(360,278)
Shares issued in the period (net of expenses)	–	–	–	3,004,813
At 31 March/1 April 2009	11,064,485	9,525,542	(6,535)	50,712,942
Profit for the year	–	8,075,114	–	8,075,114
Other comprehensive income	–	–	–	–
Foreign exchange translation differences on foreign currency net investment in subsidiaries	(1,906,281)	–	–	(1,906,281)
Tax effect of treatment of foreign currency translation differences	(97,598)	–	–	(97,598)
Total comprehensive income	(2,003,879)	8,075,114	–	6,071,235
Transactions with owners	–	–	–	–
Deferred tax recognised on share-based payments	–	–	–	1,549,201
Tax benefit on exercise of share options	–	1,943,121	–	1,943,121
Share-based payments	–	–	–	354,585
Transfer on exercise of share options	–	285,000	–	–
Dividends paid	–	(436,273)	–	(436,273)
Shares issued in the period (net of expenses)	–	–	6,535	816,290
At 31 March 2010	**9,060,606**	**19,392,504**	**–**	**61,011,101**

Notes to the consolidated financial statements

for the year ended 31 March 2010

1. ACCOUNTING POLICIES

a) Basis of accounting

The consolidated financial statements are prepared under the historical cost convention in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards Board (IASB). IFRS includes all IFRS, IAS, ISCs and IFRICs and the financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The measurement basis and principal accounting policies are unchanged from the previous year and are set out below.

b) Basis of preparation

The financial statements are prepared on the historical cost basis except for certain financial assets which are stated at their fair values.

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

c) Foreign currencies

The results and financial position of the Group are expressed in pounds sterling, its functional currency. Transactions in currencies other than pounds sterling are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Exchange differences arising on translation are recognised in the consolidated income statement for the period.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency (e.g. property, plant and equipment purchased in a foreign currency) are translated using the exchange rate prevailing at the date of the transaction. Exchange differences arising on the retranslation of net assets of foreign subsidiaries are effected through equity and reported in the statement of comprehensive income.

Where a non-monetary foreign currency loan forms part of the net investment in a foreign subsidiary, on consolidation the exchange differences are recognised directly in equity to the extent the loan qualifies as an effective hedge.

d) Business combinations

The financial statements incorporate the financial statements of the Company and all its subsidiaries. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group since date of transition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of assets and liabilities is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly (but normally through voting rights granted through the Company's shareholdings), to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements.

Acquisitions

On acquisition, the assets and liabilities of a subsidiary, including identifiable intangible assets, are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is reviewed for impairment annually and any impairment is recognised immediately in the income statement. Any excess of fair value of the identifiable net assets acquired over the cost of acquisition is credited to the income statement on acquisition. Goodwill recorded on business combinations prior to IFRS transition has not been restated and has either been written off to reserves or capitalised according to the UK GAAP accounting standards then in force. On disposal or closure of a previously acquired business, the attributable goodwill previously written off to reserves is not included in determining the profit or loss on disposal.

The results and cash flows relating to the business are included in the consolidated accounts from the date of combination.

Notes to the consolidated financial statements for the year ended 31 March 2010

1. ACCOUNTING POLICIES CONTINUED

e) Revenue recognition
Revenue is measured by reference to the fair value of consideration received or receivable for goods and services provided in the normal course of business, excluding VAT. Revenue is recognised upon the performance of services or the sales of goods when risk is transferred to the customer. Where services are based on performance or specific deliverables the income is accounted for as the right to consideration for performance is earned.

f) Operating segments
The Group has adopted IFRS 8 'Operating Segments' during the year. The standard supersedes IAS 14 'Segment Reporting' and is effective for the year ended 31 March 2010. IFRS 8 provides segmental information for the Group on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that the role of chief operating decision-maker is performed by the Board of Directors. IAS 14 required segmental information to be reported for business segments and geographical segments based on assets and operations that provided products or services subject to different risks and returns. The adoption of IFRS 8 has not had any impact on the segmental reporting disclosures, as those geographical segments previously identified are identical to those reported to and reviewed by the Board. The Group has identified The United Kingdom, Europe and the USA as operating segments. The Group has only one business segment, being the manufacture and distribution of diagnostic test kits and the related instruments.

g) Goodwill and other intangible assets
Goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually.

All research costs, which consist predominantly of salaries, are charged to the income statement as incurred.

Development costs, which consist predominantly of salaries and third party direct costs, are capitalised as an intangible asset when recognition criteria are met and, in particular, it is clear that the development expenditure will generate future economic benefit. Otherwise development costs are charged to the income statement as incurred. Capitalised costs are amortised over five years from the date the product commences commercial production.

All development expenditure incurred on automation of IDS products on the IDS-iSYS is capitalised and amortised over 18 years from the date the product commences commercial production. Development expenditure on research use only products will be expensed as incurred as there is uncertainty as to the magnitude of future revenues being sufficient to cover the development costs.

Research and development of clinical products – all expenditure incurred up to feasibility stage is expensed – all expenditure post feasibility is capitalised and amortised post product launch over five years.

Other intangible assets, including product technology, acquired as part of a business acquisition are capitalised at fair value at the date of acquisition. Purchased intangible assets acquired separately are capitalised at cost. After initial recognition, all intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

The TRAP patent was recognised at fair value on the acquisition of a 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.

Intangible assets which have been assigned a finite life are amortised on a straight line basis over the assets' useful life of up to 20 years and are tested for impairment if events or changes in circumstances indicate that the carrying value may have declined. Useful lives are examined every year and adjustments are made, where applicable, on a prospective basis. Amortisation of intangible assets is charged in the income statement under administrative expenses.

h) Property, plant and equipment
Property, plant and equipment is shown at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at varying rates calculated to write off cost to the expected current residual value by equal annual instalments over their estimated useful economic lives. The principal rates employed are:

Property	–	over the life of the lease
Fixtures, Fittings and Equipment	–	over 5-7 years
Motor Vehicles	–	over 4 years

Disposal of assets
The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale is included in administrative expense in the income statement.

i) Investments
Fixed asset investments are stated at cost after making provision for any impairment in their value.

1. ACCOUNTING POLICIES CONTINUED

j) Impairment
Impairment is determined by comparing the recoverable amount of the cash-generating unit or Group of cash-generating units ('CGU') which are expected to benefit from the asset to its carrying value. The recoverable amount is the greater of an asset's value in use and its fair value less costs to sell. Value in use is calculated by discounting the future cash flows expected to be derived from the asset or Group of assets in a CGU at an appropriate pre tax discount rate. Where the recoverable amount is less than the carrying value, the asset is considered impaired and is written down through the income statement to its recoverable amount.

k) Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. For inventories that are ordinarily interchangeable, cost is calculated using the weighted average method. 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.

l) Lease and hire purchase commitments
Assets held under hire purchase agreements are capitalised in the balance sheet at the fair value of the assets and are depreciated over their useful lives. The capital element of future obligations under the contract is included in liabilities in the balance sheet.

The interest element of the rental obligations is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

All other leases are classified as operating leases and rentals are charged to the income statement on a straight line basis over the lease term.

m) Pensions
Trading companies operate defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the Company. The annual contributions payable are charged to the income statement.

n) Financial assets
Trade receivables
Trade receivables are initially recognised at fair value and thereafter at amortised cost using the effective interest rate. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of these receivables. The amount of the provision is recognised in the income statement. Trade receivables do not carry any interest charge.

Cash
Cash includes cash in hand and deposits held at call with banks.

o) Financial liabilities
Trade payables
Trade payables are non-interest-bearing and are initially measured at fair value and thereafter at amortised cost using the effective interest rate.

Borrowings
Interest-bearing loans and bank overdrafts are initially carried at the fair value. Finance charges, including premia payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

p) Government grants
Government grants in respect of capital expenditure are treated as deferred income and are credited to the income statement over the estimated useful life of the assets to which they relate. Revenue grants are credited to the income statement in the period to which they relate.

q) Provisions
Provisions for liabilities are recognised where the Group has a present commitment at the balance sheet date arising from a past event and where the extent of the commitment can be estimated reliably.

r) Share-based payments
All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. The Group issues equity-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 vesting 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 pricing 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.

Notes to the consolidated financial statements for the year ended 31 March 2010

1. ACCOUNTING POLICIES CONTINUED

r) Share-based payments continued
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.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to reserves.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

s) Taxation
Current tax is the tax currently payable based on taxable results for the year.

Deferred income taxes are calculated using the liability method on temporary differences. However, deferred tax is not provided on the initial recognition of an asset or a liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

t) Financial instruments
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of that instrument.

The Group uses foreign currency loans to hedge its overseas exposure and fixed rate interest swaps to hedge its term loan interest rate exposure. The Group does not use derivative financial instruments for speculative purposes.

Interest rate swaps are initially recognised at cost and are subsequently re-measured to fair value at each balance sheet date. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. These valuations are provided by the issuing financial institution.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

u) Equity
Equity comprises the following:

- share capital represents the nominal value of equity shares.
- share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- retained earnings include all current and prior period results as disclosed in the income statement.
- merger reserve represents the share premium and capital redemption reserve in existence in the subsidiary at the date of merger.
- share-based payment reserve is the corresponding entry to the expense arising from equity-settled share-based payments.

v) Critical judgements in applying the group's accounting policies
In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Development costs
Development expenditure is capitalised as an intangible asset when recognition criteria are met and, in particular, it is clear that the development expenditure will generate future economic benefit. The development of the IDS-iSYS instrument and a range of tests to be run on it are seen as development expenditure so relevant costs are capitalised and amortised over 18 years from the date the product commences commercial production.

Identification and valuation of intangible assets on acquisition
The Directors use their judgement to identify the separate intangible assets and then determine a fair value for each based upon the consideration paid, the nature of the asset, industry statistics, future potential and other relevant factors. These fair values will be reviewed for impairment annually.

1. ACCOUNTING POLICIES CONTINUED

Segmental analysis
The Group's principal activity consists of manufacturing and distributing medical diagnostic products. The Directors believe that these activities comprise one business unit and consequently segmental analysis by business segment is not considered necessary.

Contingent consideration
The acquisition of Biocode Hycel SA included a contingent consideration clause in the form of a commitment to pay the former shareholders of the acquired company for each IDS-iSYS instrument placed by the group as per the Sales and Purchase Agreement. In determining the fair value attributable to this commitment, the Directors considered current sales forecasts and discounted, applying a discount factor of 8.9%, being the Group's weighted average cost of capital.

Share-based payments
In calculating the fair value of equity-settled share-based payments using the Black-Scholes option pricing model, the Directors are required to exercise their judgement in determining input parameters which may have a material effect on the fair value calculated.

w) Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives
The Group uses forecast cash flow information and estimates of future growth to assess whether goodwill and other intangible fixed assets are impaired, and to determine the useful economic lives of its goodwill and intangible assets. If the results of operations in a future period are adverse to the estimates used a reduction in useful economic life may be required.

x) Standards not yet effective
The directors do not expect any of the standards below which are issued but not yet effective to have a material impact on the financial information.

IAS 32 (amended) Financial Instruments: Presentation (effective for periods commencing on or after 1 February 2010). The amendment to IAS 32 concerns the classification of rights issues.

IFRS 5 (amended) Non-current Assets Held for Sale and Discontinued Operations (effective for periods commencing on or after 1 July 2009, further amendments effective for periods commencing on or after 1 January 2010). The amendment to IFRS 5 concerns plans to sell the controlling interest in a subsidiary, the further amendment concerns disclosure of non-current assets classified as held for sale or discontinued operations.

IFRS 8 (amended) Operating Segments (effective for periods commencing on or after 1 January 2010). The amendment to IFRS 8 concerns disclosure of information about segment assets.

IAS 1 (amended) Presentation of Financial Statements (effective for periods commencing on or after 1 January 2010). The amendment to IAS 1 concerns the current/non-current classification of convertible instruments.

IAS 7 (amended) Statement of Cash Flows (effective for periods commencing on or after 1 January 2010). The amendment to IAS 7 concerns the classification of expenditures on unrecognised assets.

IAS 17 (amended) Leases (effective for periods commencing on or after 1 January 2010). The amendment to IAS 17 concerns the classification of leases of land and buildings.

IAS 36 (amended) Impairment of Assets (effective for periods commencing on or after 1 January 2010). The amendment to IAS 36 concerns the unit of accounting for the goodwill impairment test.

IAS 38 (amended) Intangible Assets (effective for periods commencing on or after 1 July 2009). The amendment to IAS 38 concerns the measurement of the fair value of an intangible asset acquired in a business combination.

IAS 39 (amended) Financial Instruments: recognition and Measurement (effective for periods commencing on or after 1 January 2010). The amendments to IAS 39 concern the treatment of loan prepayment penalties as closely related embedded derivatives, scope exemptions for business combination contracts and cash flow hedge accounting.

Notes to the consolidated financial statements for the year ended 31 March 2010

2. SEGMENTAL INFORMATION

For management purposes, the Group is currently organised into three geographical operating regions, UK, Europe and USA. These regions are the basis on which the Group reports, by origin, its segment information.

The main activity of the Group is the manufacturing and distributing of medical diagnostic products. No separate business segments have been identified for management purposes.

Inter-segment sales are priced based on the market selling price for the individual item obtainable by the purchasing segment, reduced by a margin equivalent to the gross margin that would be expected to have been achieved by purchasing the item on the local wholesale market.

	Year ended 31 March 2010				
	UK £000	Europe £000	USA £000	Adjustments £000	Consolidated £000
Revenue					
External sales	**10,055**	**15,098**	**12,005**	**–**	**37,158**
Inter-segment sales	**14,531**	**8,920**	**–**	**(23,451)**	**–**
Total revenue	**24,586**	**24,018**	**12,005**	**(23,451)**	**37,158**
Profit from operations	**9,219**	**335**	**2,091**	**(363)**	**11,282**
Finance income	**–**	**445**	**1**	**(187)**	**259**
Finance costs	**(174)**	**(220)**	**–**	**(161)**	**(555)**
Profit before tax	**9,045**	**560**	**2,092**	**(711)**	**10,986**
Income tax expense	**(2,357)**	**237**	**(861)**	**70**	**(2,911)**
Profit after tax	**6,688**	**797**	**1,231**	**(641)**	**8,075**
Segment assets	**78,884**	**49,898**	**3,431**	**(47,982)**	**84,231**
Segment liabilities	**(31,644)**	**(23,416)**	**(850)**	**32,690**	**(23,220)**
	47,240	**26,482**	**2,581**	**(15,292)**	**61,011**
Non-current assets	**31,628**	**28,581**	**721**	**–**	**60,930**
Capital additions	**3,120**	**3,210**	**639**	**–**	**6,969**
Depreciation and amortisation	**791**	**2,519**	**41**	**–**	**3,351**

	Year ended 31 March 2009				
	UK £000	Europe £000	USA £000	Adjustments £000	Consolidated £000
Revenue					
External sales	7,789	13,421	6,176	–	27,386
Inter-segment sales	8,136	5,105	–	(13,241)	–
Total revenue	15,925	18,526	6,176	(13,241)	27,386
Discontinued operations	–	2,449	–	–	2,449
Revenue from continuing operations	15,925	16,077	6,176	(13,241)	24,937
Profit from operations	4,984	432	1,062	(95)	6,383
Finance income	88	375	2	(347)	118
Finance costs	(2,511)	(234)	–	1,991	(754)
Profit before tax	2,561	573	1,064	1,549	5,747
Income tax expense	(567)	525	(425)	(460)	(927)
Profit after tax	1,994	1,098	639	1,089	4,820
Discontinued operations	–	(18)	–	–	(18)
Profit after tax from continuing operations	1,994	1,116	639	1,089	4,838
Segment assets	62,728	48,329	1,859	(32,797)	80,119
Segment liabilities	(26,839)	(22,735)	(494)	20,662	(29,406)
	35,889	25,594	1,365	(12,135)	50,713
Non-current assets	21,535	39,163	66	–	60,764
Capital additions	3,183	2,620	34	–	5,837
Depreciation and amortisation	362	1,055	11	–	1,428

3. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	2010 £	2009 £
Amortisation of government grants refixed assets	**(209,174)**	(284,733)
Amortisation of other intangible assets	**2,346,606**	693,034
Depreciation of owned plant, property and equipment	**948,853**	678,157
Depreciation of assets held under hire purchase agreements	**55,480**	56,678
Operating lease costs	**629,708**	441,692
Share-based payments	**354,585**	217,677
Other staff costs	**12,749,464**	10,734,303
Net (gain) on foreign currency translation of trading items	**(78,053)**	(602,368)
(Gain)/loss on foreign currency translation of contingent consideration	**(77,909)**	546,770
Costs relating to an abortive acquisition	**–**	427,741
Research and development	**121,867**	243,995
Auditor's remuneration (see below)	**134,053**	243,682

Expenses charged in arriving at profit from operations can be analysed by nature as follows:

	2010 £	2009 £
Staff costs (see Note 5)	**13,104,049**	10,951,980
Material costs	**6,415,645**	5,215,651
Research and development costs	**121,867**	243,995
Depreciation of property plant and equipment	**1,004,333**	734,835
Amortisation of intangible assets	**2,346,606**	693,034
Foreign currency translation differences	**(155,962)**	(55,598)
One-off and exceptional items	**–**	427,741
Other operating expenses	**3,039,088**	1,358,452
	25,875,626	19,570,090

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

	2010 £	2009 £
Audit services		
– statutory audit of parent and consolidated accounts	**81,300**	113,850
Other services relating to taxation		
– compliance services	**19,600**	14,550
Work performed by associates of Baker Tilly in respect of consolidation returns or local legislative requirements	**33,153**	16,257
Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the company	**–**	99,025
	134,053	243,682

Notes to the consolidated financial statements for the year ended 31 March 2010

4. DISCONTINUED OPERATIONS

Discontinued operations refer to the disposal of the Haematology Division of Biocode Hycel. IDS determined that this was not a core interest of the Group, employing as it does different technology and servicing a market unaddressed by IDS. The sale was completed on 31 December 2008. The disposal of this division on acceptable terms has significantly reduced the complexity of the business and reduced demands on management resources.

The profit after tax from discontinued operations is made up as follows:

	2010 £	2009 £
Gain on disposal	–	641,588
Trading result	–	(17,808)
	–	623,780

The results of the haematology business for the period from 1 April to 31 December 2008, which have been included in the consolidated financial statements, are as follows:

	2010 £	2009 £
Revenue	–	2,449,192
Cost of sales	–	(1,138,852)
Gross profit	–	1,310,340
Distribution costs	–	(735,075)
Administrative expenses	–	(541,702)
Profit from operations	–	33,563
Finance costs	–	(51,371)
Loss/profit after tax	–	(17,808)

Cash flows from discontinued operations are as follows:

	2010 £	2009 £
Operating cash flows	–	33,563
Investing cash flows	–	–
Financing cash flows	–	(51,371)
	–	(17,808)

The gain on disposal is calculated as follows:

	2010 £	2009 £
Net proceeds	–	3,741,549
Net assets disposed of	–	(2,758,633)
Gain on disposal before tax	–	982,916
Tax on gain on disposal	–	(341,328)
	–	641,588

4. DISCONTINUED OPERATIONS CONTINUED

The net proceeds of the disposal are calculated as follows:

	2010 £	2009 £
Gross consideration	–	4,088,785
Transaction costs incurred	–	(347,236)
	–	3,741,549

The net assets disposed of are as follows:

	2010 £	2009 £
Property, plant and equipment	–	42,571
Other intangible assets	–	244,415
Inventories	–	1,530,423
Trade and other receivables	–	941,224
	–	2,758,633

5. PARTICULARS OF EMPLOYEES

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

	2010 No.	2009 No.
Number of production staff	**76**	78
Number of distribution staff	**85**	59
Number of administrative staff	**80**	79
	241	216

The aggregate payroll costs of the above were:

	2010 £	2009 £
Wages and salaries	**9,840,225**	8,053,983
Social security costs	**2,815,332**	2,612,132
Other pension costs	**93,907**	68,188
Share-based payments	**354,585**	217,677
	13,104,049	10,951,980

For the year ended 31 March 2010, of staff costs, £2,748,179 (2009: £2,276,773) has been included in cost of sales, £4,288,356 (2009: £3,765,620) in distribution costs and £6,067,514 (2009: £4,909,587) in administrative expenses.

Notes to the consolidated financial statements
for the year ended 31 March 2010

6. DIRECTORS' EMOLUMENTS

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

	2010 £	2009 £
Emoluments receivable	**1,207,624**	977,525
Value of Company pension contributions to money purchase schemes	**39,062**	36,611
	1,246,686	1,014,136

Emoluments of highest paid Director:

	2010 £	2009 £
Total emoluments (excluding pension contributions)	**212,743**	176,475
Value of Company pension contributions to money purchase schemes	**–**	–
	212,743	176,475

The number of Directors who accrued benefits under Company pension schemes was as follows:

	2010 No.	2009 No.
Money purchase schemes	**4**	5

2010

	Salary £	Bonuses £	Fees £	Benefits £	Total £
Dr R T Duggan	**147,000**	**36,750**	**–**	**17,639**	**201,389**
Mr P Hailes	**115,500**	**28,875**	**–**	**22,199**	**166,574**
Mr C I Cookson	**131,250**	**36,375**	**–**	**13,275**	**180,900**
Mr A Wilks	**132,420**	**31,793**	**–**	**10,898**	**175,111**
Dr M Garrity	**115,500**	**28,875**	**–**	**17,976**	**162,351**
Mr A Rousseau	**177,276**	**33,519**	**–**	**1,948**	**212,743**
Mr D E Evans (Non-Exec)	**–**	**–**	**25,000**	**–**	**25,000**
Mr W Dracup (Non-Exec)	**–**	**–**	**38,092**	**–**	**38,092**
Dr B Wittek (Non-Exec)	**–**	**–**	**13,468**	**–**	**13,468**
Dr P Dahlen (Non-Exec)	**–**	**–**	**10,000**	**–**	**10,000**
Dr E D Blair (Non-Exec)	**–**	**–**	**21,996**	**–**	**21,996**
Total	**818,946**	**196,987**	**108,556**	**83,935**	**1,207,624**

2009

	Salary £	Bonuses £	Fees £	Benefits £	Total £
Dr R T Duggan	141,167	14,340	–	17,639	173,146
Mr P Hailes	110,917	17,925	–	9,362	138,204
Mr C I Cookson	126,042	10,000	–	31,021	167,063
Mr A Wilks	124,960	40,135	–	11,380	176,475
Dr M Garrity	110,917	–	–	18,090	129,007
Mr A Rousseau	115,271	9,444	–	2,252	126,967
Mr D E Evans (Non-Exec)	–	–	25,000	–	25,000
Mr W Dracup (Non-Exec)	–	–	20,833	–	20,833
Dr E D Blair (Non-Exec)	–	–	20,830	–	20,830
Total	729,274	91,844	66,663	89,744	977,525

6. DIRECTORS' EMOLUMENTS CONTINUED

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

7. FINANCE INCOME

	2010 £	2009 £
Bank interest receivable	**1,045**	50,837
Interest receivable on disposal of business	**257,736**	66,716
	258,781	117,553

8. FINANCE COSTS

	2010 £	2009 £
Interest payable on bank borrowing	**647,344**	781,426
Finance charges	**14,206**	16,177
Exchange (gain) on foreign currency borrowings	**(137,796)**	(44,311)
Other similar charges payable	**31,244**	928
	554,998	754,220
Finance costs from discontinued operations	**–**	51,371
	554,998	702,849

9. TAXATION ON ORDINARY ACTIVITIES

a) Analysis of charge in the year

	2010 £	2009 £
Current tax:		
UK Corporation tax based on the results for the year at 28% (2009: 28%)	**1,943,121**	564,310
(Over)/under provision in prior year	**(16,906)**	31,612
Foreign tax on income	**1,037,111**	386,417
Total current tax	**2,963,326**	982,339
Deferred tax:		
Capital allowances	**389,092**	848,122
Other	**24,876**	(716)
Tax losses carried forward	**(442,494)**	(847,435)
Deferred tax on share-based payments charge	**(23,497)**	(55,639)
Total deferred tax (Note 26)	**(52,023)**	(55,668)
Deferred tax from discontinued activities	**–**	(341,328)
Deferred tax from continuing activities	**(52,023)**	(396,996)
Tax on profit on ordinary activities	**2,911,303**	585,343

Notes to the consolidated financial statements
for the year ended 31 March 2010

9. TAXATION ON ORDINARY ACTIVITIES CONTINUED

b) Factors affecting tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2010 £	2009 £
Profit on ordinary activities before taxation	**10,986,417**	4,781,520
Profit on ordinary activities by rate of tax in the UK of 28% (2009: 28%)	**3,076,196**	1,388,824
Expenses not deductible for tax purposes	**33,712**	39,936
Income not taxable for tax purposes	**(1,103)**	(2,865)
Additional relief for R & D expenditure	**(842,593)**	(730,834)
Foreign profits taxable at different rates	**722,049**	(80,765)
Losses carried forward	**78,760**	–
Losses brought forward utilised	**(44,782)**	(60,565)
Relief for employee share award	**(94,030)**	–
Tax in respect of prior periods	**16,906**	31,612
Total tax charge at an effective rate of 26.5% (2009: 12.2%)	**2,911,303**	585,343

10. DIVIDENDS

On 21 August 2009, a dividend of 1.65p (2008: 1.5p) per share was paid to shareholders. In respect of the current year, the Directors propose that a dividend of 2p per share will be paid to the shareholders on 27 August 2010. 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 2010 is payable to all shareholders on the Register of Members on 20 August 2010. The total estimated dividend is £557,144.

11. 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 March 2010, the performance criteria for the vesting of the awards under the option scheme had been met and consequently the shares in question are included in the diluted EPS calculation.

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

From continuing and discontinued operations:

	2010 £	2009 £
Profit on ordinary activities after tax	**8,075,114**	4,819,957
Weighted average no. of shares:	**No.**	**No.**
For basic earnings per share	**26,901,896**	24,802,348
Effect of dilutive potential ordinary shares:		
– Share Options	**1,014,451**	1,154,875
For diluted earnings per share	**27,916,347**	25,957,223
Basic earnings per share	**30.017p**	19.433p
Diluted earnings per share	**28.926p**	18.569p
Had the share options not been exercised in the year ended 31 March 2010, basic earnings per share would have been	**30.569p**	–

11. EARNINGS PER ORDINARY SHARE CONTINUED

From continuing operations:

	2010 £	2009 £
Profit on ordinary activities after tax	**8,075,114**	4,196,177
Weighted average no of shares as above:		
Basic earnings per share	**30.017p**	16.918p
Diluted earnings per share	**28.926p**	16.166p
From discontinued operations:		
Basic earnings per share	**0.000p**	2.515p
Diluted earnings per share	**0.000p**	2.403p

12. FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET

	Year ended 31 March 2010		
	Other investments £	Loans and receivables £	Total £
Non-current financial assets			
Financial asset investments	3,696	212,496	216,192
Current financial assets			
Trade and other receivables	–	10,000,074	10,000,074
Cash and cash equivalents	–	5,276,489	5,276,489
	–	15,276,563	15,276,563
Total	3,696	15,489,059	15,492,755

	Other financial liabilities £
Current financial liabilities	
Trade and other payables	5,371,059
Bank loans and overdrafts	2,623,727
Obligations under hire purchase agreements	57,103
	8,051,889
Non-current financial liabilities	
Bank loans and overdrafts	8,606,078
Obligations under hire purchase agreements	36,817
	8,642,895
Total	16,694,784

Notes to the consolidated financial statements for the year ended 31 March 2010

12. FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET CONTINUED

	Year ended 31 March 2010		
	Other investments £	Loans and receivables £	Total £
Non-current financial assets			
Financial asset investments	3,696	–	3,696
Current financial assets			
Trade and other receivables	–	8,042,212	8,042,212
Cash and cash equivalents	–	4,455,920	4,455,920
	–	12,498,132	12,498,132
Total	3,696	12,498,132	12,501,828

	Other financial liabilities £
Current financial liabilities	
Trade and other payables	5,389,382
Bank loans and overdrafts	2,535,197
Obligations under hire purchase agreements	99,043
	8,023,622
Non-current financial liabilities	
Bank loans and overdrafts	11,194,153
Obligations under hire purchase agreements	97,370
	11,291,523
Total	19,315,145

13. PROPERTY, PLANT AND EQUIPMENT

	Property £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2008	1,239,754	2,963,364	47,369	4,250,487
Exchange differences	286,185	802,860	8,893	1,097,938
Additions	239,088	1,271,796	–	1,510,884
Disposals	–	(1,067,286)	(1,934)	(1,069,220)
At 31 March/1 April 2009	1,765,027	3,970,734	54,328	5,790,089
Exchange differences	(68,468)	(179,913)	(2,204)	(250,585)
Additions	40,057	2,374,666	9,981	2,424,704
Disposals	–	(312,372)	(40,160)	(352,532)
Transfer	–	(207,834)	–	(207,834)
At 31 March 2010	**1,736,616**	**5,645,281**	**21,945**	**7,403,842**
Depreciation				
At 1 April 2008	213,918	938,111	32,048	1,184,077
Exchange differences	163,902	555,406	8,555	727,863
Charge for the year	152,911	571,095	10,829	734,835
On disposals	–	(1,015,906)	(1,934)	(1,017,840)
At 31 March/1 April 2009	530,731	1,048,706	49,498	1,628,935
Exchange differences	(34,558)	(116,932)	(2,154)	(153,644)
Charge for the year	179,156	818,589	6,588	1,004,333
On disposals	–	(233,906)	(40,160)	(274,066)
At 31 March 2010	**675,329**	**1,516,457**	**13,772**	**2,205,558**
Net book value				
At 31 March 2010	**1,061,287**	**4,128,824**	**8,173**	**5,198,284**
At 31 March 2009	1,234,296	2,922,028	4,830	4,161,154
At 1 April 2008	1,025,836	2,025,253	15,321	3,066,410

Hire purchase agreements

Included within the net book value of fixtures, fittings and equipment £4,128,824 is £201,555 (2009: £256,976) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of such assets amounted to £55,480 (2009: £56,678).

Notes to the consolidated financial statements for the year ended 31 March 2010

14. GOODWILL

	£
Cost	
At 1 April 2008	19,804,264
Exchange differences	3,082,801
Additions	52,305
Reassessment of earn-out liability	(2,509,168)
At 31 March/1 April 2009	20,430,202
Exchange differences	(837,768)
Additions	4,662
Reassessment of earn-out liability	(950,232)
At 31 March 2010	**18,646,864**
Amortisation	
At 1 April 2008	966,446
Charge for the year	–
At 31 March/1 April 2009	966,446
Charge for the year	–
At 31 March 2010	**966,446**
Net book value	
At 31 March 2010	**17,680,418**
At 31 March 2009	19,463,756
At 1 April 2008	18,837,818

Goodwill is allocated to cash-generating units (CGU's) identified on the basis of product sub-groups within the single business segment. A summary of the goodwill allocated to each CGU's given below:

	2010 £	**2009 £**
IDS Nordic products	**15,646,104**	16,243,008
IDS-iSYS products	**2,034,315**	3,220,748
	17,680,419	**19,463,756**

The Directors have carried out an impairment review of goodwill carried forward on the balance sheet for the acquisitions of Nordic Bioscience Diagnostics and Biocode Hycel. The Directors believe that the future revenues and profitability expected from sales of both manual assays and those products sold on the automated platform the IDS-iSYS are such that no impairment is necessary. The calculations used cash flow projections over the next five year period based on the internal budgets and market forecasts for the next two years. Cash flows beyond this two-year period are extrapolated using a constant gross margin and applying the estimated growth rates below.

The Directors have used a growth rate per product type, however believe that the business will continue to grow above this rate and this remains the case after applying a 8.9% discount on future revenues and profits.

15. OTHER INTANGIBLE ASSETS

	Development costs £	Patents and product technology £	Total £
Cost			
At 1 April 2008	9,213,158	19,938,387	29,151,545
Exchange differences	2,373,046	3,709,799	6,082,845
Additions	3,560,954	765,294	4,326,248
Disposals	(810,709)	(139,528)	(950,237)
At 31 March/1 April 2009	14,336,449	24,273,952	38,610,401
Exchange differences	(609,570)	(932,535)	(1,542,105)
Additions	3,572,679	971,764	4,544,443
Disposals	–	(7,198)	(7,198)
At 31 March 2010	**17,299,558**	**24,305,983**	**41,605,541**
Amortisation			
At 1 April 2008	148,030	393,630	541,660
Exchange differences	728,902	213,043	941,945
Charge for the year	187,662	505,372	693,034
Disposals	(567,746)	(137,672)	(705,418)
At 31 March/1 April 2009	496,848	974,373	1,471,221
Exchange differences	(163,653)	(92,467)	(256,120)
Charge for the year	855,122	1,491,484	2,346,606
Disposals	–	(7,198)	(7,198)
At 31 March 2010	**1,188,317**	**2,366,192**	**3,554,509**
Net book value			
At 31 March 2010	**16,111,241**	**21,939,791**	**38,051,032**
At 31 March 2009	13,839,601	23,299,579	37,139,180
At 1 April 2008	9,065,128	19,544,757	28,609,885

Notes to the consolidated financial statements for the year ended 31 March 2010

16. SUBSIDIARIES

Details of the Company's subsidiaries at 31 March 2010 are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Immunodiagnostic Systems Limited	England	100	100	manufacturing and distributing medical diagnostic products
Immunodiagnostic Systems Inc(1)	USA	100	100	distribution of Group products
Immunodiagnostic Systems Deutschland GmbH(1)	Germany	100	100	distribution of Group products
Suomen Bioanalytiikka Oy (SBA Sciences Ltd)(1)(2)	Finland	100	100	research and development
Briefvision Limited(1)	England	100	100	non-trading
Immunodiagnostic Systems Nordic A/S	Denmark	100	100	distribution of Group products
Immunodiagnostic Systems SA	Belgium	100	100	manufacturing and distributing diagnostic test kits
Immunodiagnostic Systems France SA	France	100	100	manufacturing and distributing automated instruments and distributing diagnostic test kits

(1) 100% subsidiary of Immunodiagnostic Systems Limited.
(2) 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.

During the year Immunodiagnostic Systems Eurl was merged with Immunodiagnostic Systems France SA (see Note 2 to the company financial statements).

The figures for net profit/loss and net assets/liabilities for the subsidiaries are as stated under the local accounting principles (local GAAP) applicable to each entity before adjusting for inclusion in these consolidated financial statements.

The net profit and assets of the subsidiaries for the year ended 31 March 2010 were as follows:

Name of subsidiary	Net profit/ (loss) £	Net assets/ (liabilities) £
Immunodiagnostic Systems Limited	6,708,166	10,972,803
Immunodiagnostic Systems Inc	1,294,678	2,644,090
Immunodiagnostic Systems Deutschland GmbH	281,189	256,076
Suomen Bioanalytiikka Oy (SBA Sciences Ltd)	(30,387)	285,691
Briefvision Limited	–	10,000
Immunodiagnostic Systems Nordic A/S	842,450	5,673,136
Immunodiagnostic Systems SA	2,107,114	10,996,906
Immunodiagnostic Systems France SA	(249,718)	2,602,863

16. SUBSIDIARIES CONTINUED

The net profit and assets of the subsidiaries for the year ended 31 March 2009 were as follows:

Name of subsidiary	Net profit/ (loss) £	Net assets/ (liabilities) £
Immunodiagnostic Systems Limited	2,295,527	4,672,720
Immunodiagnostic Systems Inc	638,528	1,364,700
Immunodiagnostic Systems Deutschland GmbH	216,304	(28,891)
IDS Eurl	331,753	385,524
Suomen Bioanalytiikka Oy (SBA Sciences Ltd)	55,221	324,448
Briefvision Limited	–	10,000
Immunodiagnostic Systems Nordic A/S	623,269	4,932,393
Immunodiagnostic Systems SA	(370,435)	9,296,995
Immunodiagnostic Systems France SA	(1,232,841)	2,580,579

The figures for net profit/loss and net assets/liabilities for the subsidiaries are as stated under the local accounting principles (local GAAP) applicable to each entity before adjusting for inclusion in these consolidated financial statements.

17. INVESTMENTS

	2010 £	2009 £
At 1 April and 31 March	**3,696**	3,696

The subsidiary Immunodiagnostic Systems Limited owns 41% of the issued share capital of Perinatal Diagnostics Limited, a company incorporated in England. The company has not traded during the period. The company's loss for the period was £25,792, relating to patent and other non-trading expenses, with the deficiency in capital and reserves of Perinatal Diagnostics Limited at £31,687 as at 31 March 2010.

The subsidiary Immunodiagnostic Systems Limited also 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 profit for the year ended 31 March 2010 was £889. The deficiency in capital and reserves of Pyrronostics Limited is £10,370 as at 31 March 2010.

The subsidiary Immunodiagnostic Systems Limited also owns a 18.75% shareholding in Palindromx Limited, a company incorporated in England. The principal activity of Palindromx Limited is that of research and development. The loss for the year ended 31 March 2010 was £935. The deficiency in capital and reserves of Palindromx Limited is £41,005 as at 31 March 2010.

The above investments are not treated as associated undertakings as they are not considered to be material to the Group.

18. OTHER NON-CURRENT ASSETS

	2010 £	2009 £
Other loans and receivables		
At 1 April	**–**	–
Transfer from property, plant and equipment	**207,834**	–
Additions	**9,816**	–
Repaid	**(5,154)**	–
At 1 April and 31 March	**212,496**	–

Notes to the consolidated financial statements for the year ended 31 March 2010

19. INVENTORIES

	2010 £	2009 £
Raw materials	**3,797,664**	2,911,432
Work in progress	**1,552,778**	2,042,244
Finished goods	**1,076,859**	783,526
	6,427,301	5,737,202

Inventories are stated after releasing provisions of £136,964 (2009: release of £163,347) previously held for impairment of inventories held by subsidiary companies. Of the total release a charge of £61,532 relates to finished goods whereas the provision for raw materials has decreased by £198,496 in the year.

The Directors consider that the carrying amount of inventories approximates to their fair value.

20. OTHER FINANCIAL ASSETS

Other financial assets are made up of trade and other receivables and cash and cash equivalents.

Trade and other receivables are as follows:

	2010 £	2009 £
Trade receivables	**6,357,631**	4,374,066
VAT recoverable	**293,904**	316,334
Other receivables	**3,756,454**	3,756,195
Prepayments and accrued income	**511,670**	239,585
	10,919,659	8,686,180
Allowance accounts for trade receivables	**(114,011)**	(88,049)
	10,805,648	8,598,131

Included in other receivables is an amount of £3,012,317 (2009: £3,384,373) due more than one year after the balance sheet date.

The average credit period taken on sale of goods is 62 days (2009: 58 days). An allowance has been made for estimated irrecoverable amounts from sale of goods of £114,011 (2009: £88,049). This allowance has been based on the knowledge of the financial circumstances of individual receivables at the balance sheet date. Credit terms are negotiated individually for major customers; at the balance sheet date there are no material receivables which can be classified as overdue, other than those for which an allowance has been made.

There are no significant credit risks arising from financial assets that are neither past due nor impaired.

The movements on the allowance account were as follows:

	2010 £	2009 £
Balance at 1 April	**88,049**	107,267
Increase in allowance	**57,628**	–
Amounts received previously provided	**(31,666)**	(19,218)
Balance at 31 March	**114,011**	88,049

The following table provides analysis of trade receivables that were overdue at 31 March, but not impaired. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

20. OTHER FINANCIAL ASSETS CONTINUED

	2010 £	2009 £
Up to three months	**682,706**	717,360
Over three months	**29,783**	14,087
	712,489	731,447

At 31 March 2010 £1,371,388 (2009: £1,230,344) of receivables were denominated in Sterling, £7,477,715 (2009: £6,680,225) in Euros, £1,757,490 (2009: £1,088,500) in US Dollars and £199,055 (2009: £158,802) in Danish Kroner.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Cash and cash equivalents of £5,276,489 (2009: £4,455,920) comprise cash and short-term deposits held by the group treasury function. The carrying amount of these assets approximates to their fair value.

21. BORROWINGS

2010	Current £	Non-current £
Bank loans	**2,623,727**	**8,606,078**
Obligations under hire purchase agreements	**57,103**	**36,817**
	2,680,830	**8,642,895**

2009	Current £	Non-current £
Bank loans	2,535,197	11,194,153
Obligations under hire purchase agreements	99,043	97,370
	2,634,240	11,291,523

22. BANK LOANS

This relates entirely to bank loans denominated in Euros.

Bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk, which has been partially hedged by use of and interest rate swap. The weighted average period until maturity was three years.

The Directors estimate that the fair value of the Group's borrowings is not significantly different to the carrying value.

The bank holds an unlimited multilateral guarantee in respect of all Group companies, together with a debenture and fixed and floating charges over all tangible and intangible assets and uncalled share capital of the Company, both present and future.

23. OBLIGATIONS UNDER HIRE PURCHASE AGREEMENTS

Amounts payable under hire purchase agreements:

	2010 £	2009 £
Within one year	**57,103**	99,043
In the second to fifth year inclusive	**36,817**	97,370
	93,920	196,413

Notes to the consolidated financial statements for the year ended 31 March 2010

23. OBLIGATIONS UNDER HIRE PURCHASE AGREEMENTS CONTINUED

It is the Group's policy to finance certain of its fixtures and equipment under hire purchase agreements. The average contract term is 3-4 years. For the year ended 31 March 2010 the average effective borrowing rate was approximately 10%. Interest rates are fixed at the contract date. All contracts are on a fixed repayment basis, amounts totalling £29,096 (2009: £98,930) are denominated in Sterling and amounts totalling £64,824 (2009: £97,483) are denominated in Euros.

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

The Directors estimate that the fair value of the Group's obligations under hire purchase agreements is not significantly different to the carrying value.

24. OTHER FINANCIAL LIABILITIES

Trade and other payables are as follows:

	2010 £	2009 £
Trade payables	**3,157,960**	2,803,247
Other taxation and social security	**831,549**	850,774
Other payables	**56,137**	202,234
Accruals and deferred income	**2,156,962**	2,383,901
	6,202,608	6,240,156

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 50 days (2009: 55 days).

At 31 March 2010 £2,070,583 (2009: £1,665,449) of payables were denominated in Sterling, £3,642,965 (2009: £4,208,042) in Euros, £403,124 (2009: £236,316) in US Dollars and £85,936 (2009: £130,349) in Danish Kroner.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

25. PENSIONS

Two subsidiary companies operate defined contribution schemes. The assets of the schemes are held separately from those of the companies in independently administered funds. The pension cost charge represents contributions payable by the companies to the funds and amounted to £93,907 (2009: £68,188).

26. DEFERRED TAXATION

	2010 £	2009 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	**4,446,964**	3,115,531
Income statement movement arising during the year	**(52,023)**	(55,668)
	4,394,941	3,059,863
Deferred tax recognised on employee share options in excess of charge to the income statement charged directly to equity	**(1,549,201)**	–
Effect of exchange rate movements	**(121,049)**	1,387,101
Provision carried forward	**2,724,691**	4,446,964

26. DEFERRED TAXATION CONTINUED

The elements of deferred taxation are as follows:

	2010 £	2009 £	2008 £
Excess of taxation allowances over depreciation on fixed assets	**9,249,143**	9,174,235	6,313,456
Other timing differences	**(1,765,221)**	(217,399)	(93,102)
Tax losses carried forward	**(4,759,231)**	(4,509,872)	(3,104,823)
	2,724,691	4,446,964	3,115,531

27. PROVISIONS

	Earn-out liability £	Other provisions £	Total £
At 1 April 2008	5,100,683	27,140	5,127,823
Movement in the year	(1,962,398)	–	(1,962,398)
At 31 March/1 April 2009	3,138,285	27,140	3,165,425
Payments made in the year	(208,697)	(27,140)	(235,837)
Reassessment of liability	(1,028,141)	–	(1,028,141)
At 31 March 2010	**1,901,447**	**–**	**1,901,447**

The earn-out liability relates to a commitment to the former shareholders of Immunodiagnostic Systems SA for each IDS-iSYS instrument placed by the Group as per the Sale and Purchase Agreement. The provision is calculated using current sales forecasts and discounted using a discount rate of 8.9%. The cash outflows are expected to occur annually until 2013.

28. DEFERRED INCOME

Government grants

	2010 £	2009 £
Received and receivable:		
At 1 April	**949,839**	804,339
Exchange differences	**(35,355)**	145,500
At 31 March	**914,484**	949,839
Amortisation:		
At 1 April	**571,973**	210,971
Credit to income statement	**209,174**	284,733
Exchange differences	**(20,095)**	76,269
At 31 March	**761,052**	571,973
Net balance at 31 March	**153,432**	377,866

Notes to the consolidated financial statements for the year ended 31 March 2010

29. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2010 the Group had commitments under non-cancellable operating leases as set out below.

	2010		2009	
	Land and buildings £	Other £	Land and buildings £	Other £
Amounts payable:				
Within 1 year	**374,375**	**216,668**	139,831	201,343
Within 2 to 5 years	**598,588**	**195,672**	299,717	141,536
	972,963	**412,340**	439,548	342,879

30. RELATED PARTY TRANSACTIONS

Trading transactions
Transactions between the Group and its associated undertakings are as follows:

	2010 £	2009 £
Purchases of goods in year	**13,000**	36,000
Amounts owed by related parties at year end	**43,334**	49,189

As explained in Note 17, equity accounting is not used for the associates as they are not considered to be material to the Group as a whole.

Remuneration of key management personnel
The remuneration of the directors, who are the key management personnel of the Group, is set out in Note 6. The total employers' national insurance contributions paid on behalf of directors was £93,510 (2009: £88,949) and the income statement charge in respect of share-based payments to directors was £314,102 (2009: £198,709) In addition, royalties of £10,656 (2009: £nil) were paid to a director, Mr A Rousseau.

During the year four directors exercised share options. The total gain on the exercise of these options was £6,284,005.

31. SHARE CAPITAL

	2010 £	2009 £
Equity Shares		
Authorised:		
75,000,000 (2008: 75,000,000) Ordinary shares of £0.02 each	**1,500,000**	1,500,000
	1,500,000	1,500,000

	2010 £	2009 £
Allotted, called up and fully paid:		
Ordinary shares of £0.02 each		
26,415,813 (2009: 23,972,686) in issue at 1 April	**528,316**	479,453
2,397,268 were issued for cash at 130p	**–**	47,946
45,859 were issued at 64.5p on the exercise of share options	**–**	917
1,367,827 were issued at 51p on the exercise of share options	**27,357**	–
40,000 were issued at 116.5p on the exercise of share options	**800**	–
30,926 were issued at 212.5p on the exercise of share options	**618**	–
27,854,566 (2009: 26,415,813) in issue at 31 March	**557,091**	528,316

The total premium received on the issue of shares during the year was £780,980; no expenses were incurred in relation to the issue of the shares.

32. SHARE PREMIUM

	2010 £	2009 £
Balance brought forward	**28,499,692**	25,543,742
Premium on shares issued during the year (net of expenses)	**780,980**	2,955,950
At 31 March	**29,280,672**	28,499,692

33. OTHER RESERVES

	2010 £	2009 £
Merger reserve	**582,999**	582,999
Share-based payments reserve:		
Balance brought forward	**518,443**	300,766
Charge for the year	**354,585**	217,677
Deferred tax recognised in excess of charge to income statement	**1,549,201**	–
Transfer to retained earnings on exercise of options	**(285,000)**	–
At 31 March	**2,137,229**	518,443
Currency translation reserve		
Balance brought forward	**11,064,485**	5,025,305
Movement in the year	**(2,003,879)**	6,039,180
At 31 March	**9,060,606**	11,064,485
	11,780,834	12,165,927

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

The Black-Scholes method was used to calculate the profit and loss charge relating to Share Options (Note 37).

The currency translation reserve relates to exchange differences arising from restating the Group's net investment in its overseas subsidiaries using the closing rate method.

34. RETAINED EARNINGS

	2010 £	2009 £
Balance brought forward	**9,525,542**	5,065,863
Profit for the financial year	**8,075,114**	4,819,957
Transfer from other reserves on exercise of share options	**285,000**	–
Tax benefit on exercise of share options	**1,943,121**	–
Dividends paid	**(436,273)**	(360,278)
At 31 March	**19,392,504**	9,525,542

Notes to the consolidated financial statements for the year ended 31 March 2010

35. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH GENERATED FROM OPERATIONS

	2010 £	2009 £
Profit before tax from continuing operations	**10,986,417**	4,781,520
Profit before tax from discontinued operations	**–**	965,108
Profit before tax	**10,986,417**	5,746,628
Adjustments for:		
Depreciation of property, plant and equipment	**1,004,333**	734,835
Amortisation of intangible assets	**2,346,606**	693,034
Loss on disposal of property, plant and equipment	**78,466**	–
Share-based payment charge	**354,585**	217,677
Release of deferred grants	**(209,174)**	(284,733)
Finance income	**(258,781)**	(117,553)
Finance costs	**692,794**	754,220
Operating cash flows before movements in working capital	**14,995,246**	7,744,108
Decrease/increase in inventories	**(868,691)**	1,415,901
Increase in receivables	**(2,499,360)**	(2,781,950)
Increase in payables	**103,446**	(10,974)
Cash generated by operations	**11,730,641**	6,367,085

36. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £nil (2009: £nil).

37. SHARE-BASED PAYMENTS

The Group 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		Number of shares for which rights are exercisable	
			From	To	2010	2009
Share Options Agreements	2005	51p	22.12.07	22.12.14	**8,345**	341,962
Unapproved Scheme	2005	51p	22.12.07	22.12.14	**–**	541,970
	2007	241.5p	03.09.10	03.09.17	**90,970**	90,970
	2008	189.5p	25.03.11	25.03.18	**814,631**	814,631
	2009	236.5p	22.06.12	22.06.19	**607,259**	–
EMI Share Scheme	2005	51p	22.12.07	22.12.14	**66,722**	558,962
	2007	116.5p	29.09.09	29.09.16	**–**	40,000
	2007	241.5p	03.09.10	03.09.17	**41,407**	41,407
	2008	189.5p	25.03.11	25.03.18	**52,770**	52,770
	2009	236.5p	22.06.12	22.06.19	**42,283**	–
SAYE	2006	65p	01.07.10	01.01.11	**79,422**	79,422
	2007	212p	01.02.10	01.08.10	**2,674**	33,600
Total					**1,806,483**	2,595,694

The market price of the shares at 31 March 2010 was 765p and the range during the year was 173p to 820p.

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.

37. SHARE-BASED PAYMENTS CONTINUED

Share option agreements

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

	Options at 01.04.09	Options exercised in year	Options at 31.03.10	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 operates a share option scheme under the Enterprise Management Initiative Scheme ('EMI'). The following share options are held by Directors of the Company:

	Options at 01.04.09	Options exercised in year	Options at 31.03.10	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
M Garrity	41,407	–	**41,407**	241.5p	03.09.10	03.09.17
I Cookson	52,770	–	**52,770**	189.5p	25.03.11	25.03.18

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 01.04.09	Options granted in year	Options exercised in year	Options at 31.03.10	Exercise price (pence)	Date from which exercisable	Expiry date
R Duggan	137,539	–	137,539	**–**	51p	22.12.07	22.12.14
	–	66,383	–	**66,383**	236.5p	22.06.12	22.06.19
P Hailes	137,539	–	137,539	**–**	51p	22.12.07	22.12.14
	–	66,383	–	**66,383**	236.5p	22.06.12	22.06.19
A Wilks	133,446	–	133,446	**–**	51p	22.12.07	22.12.14
	–	66,554	–	**66,554**	236.5p	22.06.12	22.06.19
M Garrity	90,970	–	–	**90,970**	241.5p	03.09.10	03.09.17
	–	67,623	–	**67,623**	236.5p	22.06.12	22.06.19
I Cookson	280,847	–	–	**280,847**	189.5p	25.03.11	25.03.18
	–	66,383	–	**66,383**	236.5p	22.06.12	22.06.19
A Rousseau	133,446	–	–	**133,446**	189.5p	25.03.11	25.03.18
	–	66,554	–	**66,554**	236.5p	22.06.12	22.06.19

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 percent 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 five percent 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; no 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.

Notes to the consolidated financial statements for the year ended 31 March 2010

37. SHARE-BASED PAYMENTS CONTINUED

Share-based payments
The number of share options in existence during the year was as follows:

	2010		2009	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
At 1 April	**2,595,694**	**110p**	2,678,836	109p
Granted during the year	**649,542**	**236.5p**	–	0p
Forfeited during the year	**–**	**–**	37,283	79p
Exercised during the year	**1,438,753**	**56p**	45,859	65p
Outstanding at 31 March	**1,806,483**	**199p**	2,595,694	110p
Exercisable at 31 March	**77,741**	**56.5p**	1,442,894	51p

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:

	2010
Risk-free interest rate	**4%**
Expected volatility	**54.1%**
Expected option life in years	**3 years**
Expected dividend yield	**3%**
Weighted average share price	**237p**
Weighted average exercise price	**237p**
Weighted average fair value of options granted	**80p**

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three 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 £519,634 (2009: £nil).

The options outstanding at 31 March 2009 had an exercise price between 51p and 241.5p (2009: between 51p and 241.5p), and a weighted average remaining contractual life of 7.9 years (2009: 6.8 years).

During 2010, the Group recognised total share-based payment expenses of £354,585 (2009: £217,677) of which £354,585 (2009: £217,677) related to equity-settled share-based payment transactions. After deferred tax the charge was £255,301 (2008: £156,727).

38. FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise bank loans, 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 Group's exposure to interest rate volatility is reduced by means of interest rate swaps. The interest rates applying to the existing hire purchase commitments of £93,290 is fixed at between 8% and 13%.

Interest rate profile
The Group has no financial assets, excluding short-term debtors, other than Sterling cash deposits of £1,402,537 (2009: £1,888,254), Euro cash deposits of £2,061,410 (2009: £258,127), US Dollar cash deposits of £1,542,082 (2009: £846,308) and Danish Kroner cash deposits of £270,460 (2009: £nil) which are part of the financing arrangements of the Group.

38. FINANCIAL RISK MANAGEMENT CONTINUED

The interest rate profile of the Group's financial liabilities at 31 March 2010 was as follows:

	2010			2009		
Currency	Total £000	Floating £000	Fixed £000	Total £000	Floating £000	Fixed £000
Sterling						
– Borrowings	**29**	**–**	**29**	99	–	99
Euro						
– Borrowings	**11,295**	**–**	**11,295**	13,827	–	13,827
	11,324	**–**	**11,324**	13,926	–	13,926

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 operations and is expected to be so for the foreseeable future. Facilities are reviewed regularly by the Board, which will consider carefully 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 foreign currency risk inherent in anticipated short-term currency requirements is reduced by means of forward exchange contracts.

At the balance sheet date the Group had a loan denominated in Euros of £10,447,932 (2009: £10,929,256) outstanding which has been designated as a hedge against the net investment in a subsidiary company. An exchange gain arising from the hedge during the year amounting to £348,563 (2009: exchange loss of £1,664,008) has been deferred in equity and will be recognised in the income statement as and when the loan is repaid.

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 2010 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	–	66	500	566
	–	66	500	566

The exposures at 31 March 2009 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	–	(57)	100	43
Danish Kroner	–	–	43	43
Euro	–	(16)	–	(16)
	–	(73)	143	70

Notes to the consolidated financial statements for the year ended 31 March 2010

38. FINANCIAL RISK MANAGEMENT CONTINUED

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

	2010 £	2009 £
In one year or less	**2,680,830**	2,634,240
In more than one year but not more than five years	**8,642,895**	11,291,523
	11,323,725	13,925,763

Borrowing facilities
The Group had no undrawn committed borrowing facilities at 31 March 2010.

Fair values
There are no material differences between the fair value of financial instruments and the amount at which they are stated in the financial statements.

39. CONTINGENT LIABILITIES

Immunodiagnostic Systems SA has received a grant from the Walloon Regional Government, which may become repayable in the future. The amount and timing of any repayment is dependent on the Company's future revenues and, at present, can not be reliably determined. The grant will become repayable if and when the product which is being developed and for which the grant was received enters commercial production, and will be repaid as a percentage of the revenue generated from the project. The maximum potential repayment is approximately £3.0m. Included in the net book value of deferred income of £153,432 (see Note 28) is an amount of £114,676 (2009: £228,908) relating to the portion of this grant which has not yet been released to the income statement.

The subsidiary Immunodiagnostic Systems France SA is party to a collective agreement under which employees leaving the Company to enter retirement are entitled to a payment equivalent to one-tenth of a month's salary for each year of service with the Company. No payment is made to employees leaving the Company's employment for other reasons. The present value of the potential liability to current employees as at 31 March 2010 is approximately £257,500. No provision has been made for this amount in these financial statements as the Directors consider retirement, a future event, to be the event giving rise to the obligation.

40. POST BALANCE SHEET EVENTS

There are no material events after the balance sheet date which are required to be disclosed in the financial statements.

Company balance sheet

as at 31 March 2010

Company Registration No. 05146193

	Notes	2010 £	2009 £
Fixed assets			
Investments	2	**47,735,569**	36,344,555
		47,735,569	36,344,555
Current assets			
Debtors due within one year	3	**636,682**	1,635,001
Cash at bank and in hand	4	**–**	8,025
		636,682	1,643,026
Creditors			
Amounts falling due within one year	5	**14,874,383**	5,186,779
Net current liabilities		**(14,237,701)**	(3,543,753)
Total assets less current liabilities		**33,497,868**	32,800,802
Provisions for liabilities			
Other provisions	7	**1,901,447**	3,165,425
		31,596,421	29,635,377
Capital and reserves			
Called up share capital	8	**557,091**	528,316
Share premium account	9	**29,280,672**	28,499,692
Other reserves	10	**588,028**	518,443
Profit and loss account	11	**1,170,630**	95,461
		31,596,421	29,641,912
Own shares		**–**	(6,535)
Shareholders' funds	12	**31,596,421**	29,635,377

The financial statements on pages 65 to 72 were approved by the Board of Directors and authorised for issue on 9 July 2010 and are signed on its behalf by:

Mr D E Evans
Non-Executive Chairman

Mr P Hailes
Finance Director

Notes to the company financial statements

for the year ended 31 March 2010

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 generally accepted in the United Kingdom (UK GAAP). The Company financial statements are presented separately to the consolidated financial statements which have been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union.

b) Investments

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

c) Pension costs

A subsidiary operates a defined contribution pension scheme of which employees of the Companies are members. 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.

d) 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 Company'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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

e) 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.

f) Share-based payments

The Company 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 at 1 April 2006.

The Company 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.

2. INVESTMENTS

	Investment in subsidiary undertakings £
Cost	
At 1 April 2009	36,344,555
Acquisition of subsidiary undertakings	12,299,329
Reduction in contingent consideration	(950,232)
Share options to subsidiaries' employees	41,917
At 31 March 2010	**47,735,569**
Net book value	
At 31 March 2010	**47,735,569**
At 31 March 2009	36,344,555

2. INVESTMENTS CONTINUED

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

The Company owns 100% of the share capital of Immunodiagnostic Systems Nordic A/S, formerly Nordic Bioscience Diagnostics A/S, an unlisted company incorporated in Denmark. The results of the subsidiary have been consolidated within the Group accounts. It's principal activity of the Company during the year was that of manufacturing and distributing bone and arthritic diagnostic test kits. The manufacturing activities were transferred to Immunodiagnostic Systems Limited during the year.

The Company owns 100% of the share capital of Immunodiagnostic Systems SA, an unlisted company incorporated in Belgium. The results of the subsidiary have been consolidated within the Group accounts. It's principle activity during the year was that of manufacturing and distributing diagnostic test kits in particular for use on the Group's automated platform. That Company is also actively involved in research and development projects.

During the year, the Company acquired 100% of the share capital of Immunodiagnostic Systems France SA, an unlisted company incorporated in France and previously a 100% subsidiary of Immunodiagnostic Systems SA. It's principle activity during the year was that of manufacturing and distributing automated instruments. The Company is also actively involved in research and development projects. During the year the Company also acquired 100% of the share capital of Immunodiagnostic Systems Eurl, from Immunodiagnostic Systems Limited. The principal activity of the Company during the year was that of distribution of the Group's products in France. On 31 March 2010, Immunodiagnostic Systems Eurl was merged into Immunodiagnostic Systems France SA and ceased to exist. For fiscal and statutory reporting purposes, the merger was deemed to have taken place on 1 April 2009. The results of the merged subsidiary have been consolidated within the Group accounts.

3. DEBTORS

	2010 £	2009 £
Amounts owed by Group undertakings	**485,606**	1,509,802
Other debtors	–	500
Prepayments and accrued income	**2,662**	6,667
Deferred tax asset (see Note 6)	**148,414**	118,032
	636,682	1,635,001

4. CASH AT BANK AND IN HAND

	2010 £	2009 £
Bank deposit account	–	8,025

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	**14,649**	11,069
Amounts due to Group undertakings	**14,772,165**	4,961,254
Other creditors	–	877
Accruals and deferred income	**87,569**	213,579
	14,874,383	5,186,779

Notes to the company financial statements for the year ended 31 March 2010

6. DEFERRED TAXATION

	2010 £	2009 £
The movement in deferred tax during the year was:		
Asset brought forward	**118,032**	62,393
Profit and loss account movement arising during the year	**30,382**	55,639
Total deferred tax	**30,382**	55,639
Asset carried forward	**148,414**	118,032

The deferred taxation relates to timing differences between the accounting and tax treatment of share options.

7. OTHER PROVISIONS

	Earn-out liability £	Other provisions £	Total £
At 1 April 2008	5,100,683	27,140	5,127,823
Movement in the year	(1,962,398)	–	(1,962,398)
At 31 March/1 April 2009	3,138,285	27,140	3,165,425
Payments made in the year	(208,697)	(27,140)	(235,837)
Reassessment of liability	(1,028,141)	–	(1,028,141)
At 31 March 2010	**1,901,447**	**–**	**1,901,447**

The earn-out liability relates to a commitment to pay the former shareholders of Biocode Hycel SA for each IDS-iSYS instrument placed by the group by 31 December 2010. The provision is calculated using current sales forecasts and discounted using a discount rate of 8.9%.

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

8. SHARE CAPITAL

	2010 £	2009 £
Equity Shares		
Authorised:		
75,000,000 Ordinary shares of £0.02 each	**1,500,000**	1,500,000
	1,500,000	1,500,000

	2010 £	2009 £
Allotted, called up and fully paid:		
27,854,566 (2009: 26,415,813) Ordinary shares of £0.02 each	**557,091**	528,316
	557,091	528,316

During the year the Company issued a total of 1,438,753 ordinary shares of 2p each, of which 1,367,827 were issued at 51p, 40,000 were issued at 116.5p and 30,926 were issued at 212.5p, all on the exercise of share options. The total premium received on the issue of shares during the year was £780,980.

9. SHARE PREMIUM

	2010 £	2009 £
Balance brought forward	**28,499,692**	25,543,742
Premium on shares issued during the year	**780,980**	2,955,950
At 31 March	**29,280,672**	28,499,692

10. OTHER RESERVES

	2010 £	2009 £
Share options reserve		
Balance brought forward	**518,443**	300,766
Charge for the year	**354,585**	217,677
Transfer for options exercised in the year	**(285,000)**	–
At 31 March	**588,028**	518,443

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

11. PROFIT AND LOSS ACCOUNT

	2010 £	2009 £
Balance brought forward	**95,461**	65,556
Profit for the financial year	**1,226,442**	390,183
Transfer from share options reserve	**285,000**	–
Dividends paid	**(436,273)**	(360,278)
At 31 March	**1,170,630**	95,461

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit for the financial period	**1,226,442**	390,183
Dividends paid	**(436,273)**	(360,278)
Share-based payments charged to equity reserve	**354,585**	217,677
	1,144,754	247,582
Issue of shares	**816,290**	3,004,813
Net addition to shareholders' funds	**1,961,044**	3,252,395
Opening shareholders' equity funds	**29,635,377**	26,382,982
Closing shareholders' equity funds	**31,596,421**	29,635,377
Total shareholders' funds	**31,596,421**	29,635,377

Notes to the company financial statements for the year ended 31 March 2010

13. SHARE-BASED PAYMENTS

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 2010	2009
Share Options Agreements	2005	51p	22.12.07	22.12.14	**8,345**	341,962
Unapproved Scheme	2005	51p	22.12.07	22.12.14	**–**	541,970
	2007	241.5p	03.09.10	03.09.17	**90,970**	90,970
	2008	189.5p	25.03.11	25.03.18	**814,631**	814,631
	2009	236.5p	22.06.12	22.06.19	**516,096**	–
EMI Share Scheme	2005	51p	22.12.07	22.12.14	**–**	392,156
	2007	241.5p	03.09.10	03.09.17	**41,407**	41,407
	2008	189.5p	25.03.11	25.03.18	**52,770**	52,770
Total					**1,524,219**	2,275,866

The market price of the shares at 31 March 2010 was 765p and the range during the year was 173p to 820p.

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.

Share option agreements

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

	Options at 01.04.09	Options exercised in year	Options at 31.03.10	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 01.04.09	Options exercised in year	Options at 31.03.10	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
M Garrity	41,407	–	**41,407**	241.5p	03.09.10	03.09.17
I Cookson	52,770	–	**52,770**	189.5p	25.03.11	25.03.18

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.

13. SHARE-BASED PAYMENTS CONTINUED

Unapproved share option scheme

	Options at 01.04.09	Options granted in year	Options exercised in year	Options at 31.03.10	Exercise price (pence)	Date from which exercisable	Expiry date
R Duggan	137,539	–	137,539	**–**	51p	22.12.07	22.12.14
	–	66,383	–	**66,383**	236.5p	22.06.12	22.06.19
P Hailes	137,539	–	137,539	**–**	51p	22.12.07	22.12.14
	–	66,383	–	**66,383**	236.5p	22.06.12	22.06.19
A Wilks	133,446	–	133,446	**–**	51p	22.12.07	22.12.14
	–	66,554	–	**66,554**	236.5p	22.06.12	22.06.19
M Garrity	90,970	–	–	**90,970**	241.5p	03.09.10	03.09.17
	–	67,623	–	**67,623**	236.5p	22.06.12	22.06.19
I Cookson	280,847	–	–	**280,847**	189.5p	25.03.11	25.03.18
	–	66,383	–	**66,383**	236.5p	22.06.12	22.06.19
A Rousseau	133,446	–	–	**133,446**	189.5p	25.03.11	25.03.18
	–	66,554	–	**66,554**	236.5p	22.06.12	22.06.19

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 percent 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 five percent 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.

All UK employees or full time UK Directors of the Company 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.

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

	2010		2009	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
At 1 April	**2,275,866**	**115p**	2,302,306	109p
Granted during the year	**516,096**	**236.5p**	–	–
Forfeited during the year	**–**	**–**	26,440	65p
Exercised during the year	**1,267,743**	**51p**	–	–
Outstanding at 31 March	**1,524,219**	**209p**	2,275,866	115p
Exercisable at 31 March	**–**	**–**	1,276,088	51p

The weighted average fair value of options granted in the year was £411,845 (2009: £nil). The options outstanding at 31 March 2010 had an exercise price between 51p and 241.5p (2009: between 51p and 241.5p), and a weighted average remaining contractual life of 8.3 years (2009: 5.7 years).

During 2010, the Company recognised total share-based payment expenses of £312,668 (2009: £198,709) of which £312,668 (2009: £198,709) related to equity-settled share-based payment transactions. After deferred tax the charge was £225,121 (2009: £143,070).

Notes to the company financial statements for the year ended 31 March 2010

13. SHARE-BASED PAYMENTS CONTINUED

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:

	2010
Risk free interest rate	4%
Expected volatility	54.1%
Expected option life in years	3 years
Expected dividend yield	3%
Weighted average share price	237p
Weighted average exercise price	237p
Weighted average fair value of options granted	80p

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.

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.

Biochemistry
As used here, assays not employing immunoassay or antibodies, but (relatively) simple colorimetric chemical or amperometric ionic reactions to determine e.g. calcium ions, urinary creatinine, etc.

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

Coagulation
A complex process by which blood forms clots. It is an important part of haemostasis (the cessation of blood loss from a damaged vessel) whereby a damaged blood vessel wall is covered by a platelet and fibrin containing clot to stop bleeding and begin repair of the damaged vessel. Disorders of coagulation can lead to an increased risk of bleeding (haemorrhage) and/or clotting (thrombosis).

Closed System
An analyser that is designed to use only reagents specifically designed, manufactured and formatted for use on such analyser according to pre-set programmes not amenable to end-user variation.

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).

CTX-I
An abbreviation for C-terminal telopeptides of Type I collagen. Type I collagen accounts for more than 90% of the organic matrix of bone and is synthesised primarily in bone. During renewal of the skeleton, Type I collagen is degraded, and small peptide fragments are excreted into the bloodstream. These CTX-I fragments can be measured and are useful for follow up of anti-resorptive treatment of patients with metabolic bone diseases.

CTX-II
An abbreviation for C-terminal telopeptides of type II collagen. Type II collagen is the major organic constituent of cartilage and fragments of type II collagen (CTX-II) are being released into circulation and subsequently secreted into urine following degradation of cartilage. In urine, the CTX-II fragments can be measured and has been reported to be useful in prediction and progression of osteoarthritis and in other clinical and pre-clinical investigations.

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.

Haematology
The branch of biology that is concerned with the study of blood, the blood-forming organs and blood diseases. Haematology includes the study of etiology, diagnosis, treatment, prognosis and prevention of blood diseases.

IDS-iSYS
The name of IDS' closed system for automated platform for testing blood samples. This instrument can run Immunology, Biochemistry and Coagulation tests.

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.

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.

Open System
An analyser that is designed to accept generic as opposed to instrument-specific reagents enabling end-users to use products from one or more manufacturers of similarly formatted products and where the end-user can determine analytical programmes.

Glossary

Pharma
In the present context, an abbreviation for Pharmaceutical company(s) or the Pharmaceutical Industry.

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.

Specificity
In this context the ability of an immunoassay to measure one biomarker in the presence of others without that determination being interfered with, positively or negatively, by such a presence.

Sensitivity
The least amount of substance, such as a biomarker, that can be determined with sufficient accuracy and precision.

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

Notes

Directors and advisers

Directors

Mr D E Evans	Non-Executive Chairman
Dr R T Duggan	Chief Executive Officer
Mr C I Cookson	Chief Operating Officer
Mr P Hailes	Finance Director
Mr A Rousseau	Engineering Director
Dr M L Garrity	Technical Director
Mr A Wilks	Sales & Marketing Director
Dr E D Blair	Non-Executive Director
Dr B Wittek	Non-Executive Director
Dr P Dahlen	Non-Executive Director

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Mr P Hailes

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