27 November 2013

Immunodiagnostic Systems Holdings PLC
Interim Results for the six month period ended 30 September 2013

Strategy on track, 13% increase in revenue, continued growth in automated revenues and 10% increase in adjusted* EBIT

Immunodiagnostic Systems Holdings plc ("IDS", "the Group" or "the Company"), a leading producer of automated and manual specialist diagnostic testing kits and instrumentation for the clinical and research markets today announces its unaudited interim results for the six month period ended 30 September 2013.

Financial Summary

- 13% increase in revenue to £26.9m (H1 2013: £23.8m)
- Automated revenues (IDS-iSYS), 42% of overall revenues, up 37% to £11.2m (H1 2013: £8.2m)
- Revenues from manual tests, 42% of overall revenues, decreased by 14% to £11.4m (H1 2013: £13.3m)
- Adjusted* EBIT increased 10% to £5.2m (H1 2013: £4.7m) before exceptional items. Statutory EBIT of £4.1m (H1 2013: £6.2m)
- Adjusted* PBT of £5.2m (H1 2013: £4.8m). Statutory PBT of £4.1m (H1 2013: £6.3m)
- Adjusted* basic EPS of 15.3p (H1 2013:13.1p); basic EPS of 12.6p (H1 2013: 16.5p)
- Cash generated from operations of £7.4m (H1 2013: £8.6m), closing net funds of £24.3m (31 March 2013: £19.6m)

* before exceptional costs of £1.1m (H1 2013: £1.5m income)

Operational Summary

- Increased portfolio of specialist automated assays:
  - FDA clearance of 1,25 dihydroxy vitamin D
  - Further assay launches expected in H2 2014
- Development of next generation of IDS-iSYS instrument proceeding according to plan
- Expanding geographic reach:
  - Continued progress towards launching IDS-iSYS and automated assays in China
  - Launch of Brazilian subsidiary and appointment of General Manager for South American operations
- Continued strengthening of operational management team with appointments of Jorge Cerda (Operations Director) and Hans-Werner Griesser (Technical Director)
- Total instrument placements of 45 (H1 2013: 58) with 16 net direct placements (H1 2013: 41) and 29 OEM/distributor placements (H1 2013: 17)

Patrik Dahlen, CEO of IDS, commented:

"We have made good progress on all three of our strategic objectives so far this year. We have signed agreements with partners that broaden the range of assays that will be available on the IDS-iSYS system, progressed the development of our next generation instrument and expanded our geographic footprint into China and South America. For the second half of our financial year, we expect continued strategic progress, and the Board remains confident that the Company will meet its expectations for the full year."

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About Immunodiagnostic Systems Holdings PLC
The Group operates in the in-vitro diagnostics ("IVD") market by designing, manufacturing and selling immunoassay kits as well as its automated analyser, the IDS-iSYS System. The IDS product range is used to measure or detect particular substances within a sample, thus aiding the diagnosis or monitoring of a disease or providing information for research studies.

http://www.idsplc.com

Chief Executive's Statement

In the last six months, IDS has made good progress with executing its strategy of increasing its portfolio of specialist automated assays, developing the next generation IDS-iSYS system and entering into new geographies with attractive growth opportunities.

Broadening our automated assay menu

IDS continues to invest in internal R&D as well as seeking strategic partners to increase the "content" available on the IDS-iSYS platform.

Our 1,25 dihydroxy vitamin D assay received USA FDA (Food and Drug Administration) clearance in June 2013 for use on the IDS-iSYS system. The 1,25 dihydroxy vitamin D assay provides significant workflow and efficiency benefits in vitamin D testing for laboratories and we are in active discussions with a number of existing and potential USA laboratory customers regarding this assay. We estimate that the market for 1,25 dihydroxy vitamin D is worth approximately $20m in the USA and we anticipate our H2 2013/14 placement rate in the USA will be underpinned by this assay launch.

We remain on track in 2013/14 for further FDA clearances for our bone markers: osteocalcin, BAP and P1NP and our hypertension markers: renin and aldosterone. We also expect European product launches which will broaden our hypertension panel (cortisol) and our bone panel (Bone TRAP and MGP). In addition, we have an active pipeline of early stage projects in feasibility that would further strengthen our assay panels in our core clinical areas of bone and calcium metabolism, growth, hypertension and kidney. We are currently evaluating our R&D processes to improve the quantity and quality of our assay output. Firstly, by improving our evaluation of the market opportunity and our competitive position at an early stage in the feasibility process to ensure commercial and technical validation works in parallel and that the opportunities we pursue are market and customer driven. Secondly, we are reviewing our internal development paths and processes with the objective of increasing the return we generate on the R&D investment we make, in the form of greater assay development output per R&D head.

Outside of our core clinical areas our partnerships are progressing well. We will continue to seek partners with businesses that have a leadership position in clinical areas that we believe would complement our existing ranges of automated assays and a number of discussions are underway that could lead to additional long-term development collaborations.

The R&D collaboration with Beijing Leadman Biochemistry Technology Co, Ltd ("Leadman") signed in May 2013 is advancing with some very encouraging results from the conversion of the first Leadman assays onto the IDS-iSYS instrument. We anticipate launching an initial panel of over 20 assays into the Chinese market in around 12 months time. Over the initial three-year period the target is to convert over 50 of Leadman's proprietary immunoassays for use on the IDS-iSYS instrument in China and potentially worldwide. The assays in the initial launch will include the IDS panel of bone and cartilage markers in addition to a number of Leadman's assays in the clinical areas of thyroid, tumour and fertility.

Our partnership with Omega Diagnostics Group plc ("Omega") in the allergy testing market continues to progress. In March 2011, we granted Omega a worldwide licence to develop and distribute allergy tests on the IDS-iSYS automated instrument. Omega's initial target is to launch 40 allergy tests in 2014/15, with a further development path to eventually increase the range of allergens tested to 150.

Developing the next generation of our IDS-iSYS instrument

We have progressed the development of the next generation of the IDS-iSYS instrument ("Mark II") with a target of commercial launch in the first half of calendar 2015. The Mark II is expected to be significantly cheaper to manufacture and will be a "trackable" instrument. This will crucially enable the Mark II to be integrated into laboratory tracking systems which is particularly important for the large reference laboratory segment of the market.

We are developing the Mark II with Diagnostica Stago ("Stago"), our development partner. Stago will have exclusive rights to sell the IDS-iSYS instrument in its core haematology market and are contributing €1m to the development of the instrument. This is receivable by IDS on the achievement of certain milestones with the first €0.5m of the contribution received in April 2013. We anticipate the development of the prototype instrument will be completed by December 2013 in line with our project plan.

Expanding our geographical reach

We continue to pursue opportunities to expand our distribution into China, Brazil, Russia, India and other selected high growth emerging markets.

In addition to our R&D collaboration with Leadman we have also agreed a 3 year distribution agreement which will commence from the date of the China Food and Drug Administration (CFDA) approval of the IDS-iSYS instrument and the first IDS assay. This is anticipated to be by mid-2014. During the period of the distribution agreement Leadman have committed to minimum IDS-iSYS instrument and reagent purchases. Over the initial three years this commitment could lead to over 300 IDS-iSYS instruments being placed by Leadman and its sub-distributors in the Chinese market.

Following a lengthy evaluation of the market opportunity and potential routes to market, we have decided to open a direct operation in Brazil. This subsidiary will act as a sales and distribution hub for Brazil and the South American market in general. Our initial target will be the Brazilian market and the Brazilian IVD market alone is estimated to be worth over $1bn and is growing at 6-8% per annum (Source: *MDDI News).* We are delighted to have secured the appointment of Denise Schwartz as General Manager for our South American operations. Denise has over 20 years' diagnostic experience, most recently as Senior Vice President responsible for PerkinElmer's South American operations.

We have selected a preferred distribution partner for both the Russian and Indian markets and we anticipate agreements being in place by the end of this financial year. We continue to seek and evaluate distribution partners in other territories and we have prioritised South Korea and Japan where we have begun a review of potential distribution partners.

Executive Management Team

The executive management team now comprises Patrik Dahlen (CEO), Jorge Cerda (Operations), Hans-Werner Griesser (Assay R&D), Alain Rousseau (Instrumentation R&D and Production), Karim Tabiti (Marketing), Nicola Trewin (HR), and Chris Yates (CFO).

Jorge Cerda was appointed Operations Director in July 2013 and previously worked for Dako in Denmark as the Corporate Vice President of Global Operations and prior to this worked for both GE Healthcare Life Sciences and Amersham Pharmacia Biotech.

Hans-Werner Griesser was appointed Technical Director in October 2013 and previously worked with Boehringer Mannheim, Roche Diagnostics and Straumann. He has extensive experience in assay development, managing R&D teams, launching new products and introducing new platforms internationally.

The executive management are currently developing the long-term strategic plan for the business. We expect to announce the details of this plan shortly after the end of the current financial year.

Financial review

Group revenue of £26.9m (H1 2013: £23.8m) increased by 12.7% with strong automated revenue growth (36.8%) and other income growth (129.8%) offsetting continued declines in manual revenues (14.4%). Gross profit was £19.9m (H1 2013: £18.2m) with a gross margin percentage of 74.2% (H1 2013: 76.4%).

Adjusted EBIT was £5.2m (H1 2013: £4.7m) before exceptional costs of £1.1m (H1 2013: income £1.5m). Statutory EBIT was £4.1m (H1 2013: £6.2m). The Group achieved £5.2m of adjusted profit before tax (H1 2013: £4.8m) and statutory profit before tax of £4.1 (H1 2013: £6.3m).

Cash generated from operations was £7.4m (H1 2013: £8.6m). As a result of this strong cash flow, net funds increased from £19.6m as at 31 March 2013 to £24.3m as at 30 September 2013.

	H1 2014	H1 2013	2013
	£000	£000	£000
Revenue	**26,874**	23,838	49,772
Gross profit	**19,938**	18,219	36,371
Gross margin	**74.2%**	76.4%	73.1%
Operating costs pre-exceptionals	**(11,006)**	(10,154)	(20,110)
Depreciation and amortisation	**(3,753)**	(3,364)	(6,494)

EBIT pre-exceptionals	**5,179**	4,701	9,767
Net finance income	**17**	57	24
PBT pre-exceptionals	**5,196**	4,758	9,791
Exceptional (costs) /income	**(1,085)**	1,505	246
PBT post-exceptionals	**4,111**	6,263	10,037

There was a continued significant shift in the Group's sales mix with automated revenues accounting for 41.8% of overall revenues (H1 2013: 34.4%), manual revenues 42.2% (H1 2013: 55.6%), instrument revenues 5.9% (H1 2013: 5.0%) and other income (including royalties) 10.1% (H1 2013: 5.0%).

	H1 2014	H1 2013	Full Year 2013	% Change 30 Sept	
	£000	£000	£000	Actual FX rate	Constant FX rate
Automated revenue (IDS-iSYS)					
25OH vitamin D	**5,602**	5,498	11,399	1.9	
Other specialty	**3,550**	1,253	3,823	183.3	
Operating lease rental	**2,079**	1,460	3,266	42.4	
Total automated	**11,231**	8,211	18,488	36.8	29.3
Manual revenue					
25OH vitamin D	**4,912**	6,556	12,133	(25.1)	
Other specialty	**6,440**	6,699	13,213	(3.9)	
Total manual	**11,352**	13,255	25,346	(14.4)	(17.8)
Instrument revenue	**1,577**	1,191	2,866	32.4	23.6
Other income	**2,714**	1,181	3,072	129.8	88.3
	26,874	23,838	49,772	12.7	8.4

Automated revenues

Automated revenues grew to £11.2m (H1 2013: £8.2m) to represent 41.8% of Group revenues (H1 2013: 34.4%). Driving the expansion was the growth in Other speciality automated tests which accounted for 31.6% of the Group's automated revenues (H1 2013: 15.3%). Excluding the impact of IFRIC 4, non-25OH vitamin D automated tests accounted for 38.8% of the Group's automated revenues (H1 2013: 18.6%).

The Group discloses the operating lease component associated with the placement of IDS-iSYS systems and as such the Group has adopted IAS 17 when determining the relevant proportions of automated assay revenues and operating lease rental payments. This has the effect of reducing automated 25OH vitamin D revenues from £6.9m to £5.6m and Other Specialty from £4.4m to £3.6m. Total operating lease income increased from £1.5m in H1 2013 to £2.1m in H1 2014.

In H1 2014, direct instrument placements were 16 (net of returns) (H1 2013: 41). Direct instruments are those sold or placed with reagent rental IDS end-user customers in the Group's core markets of the USA and Europe (excluding distributor territories of Spain and Italy). The total number of instruments placed (directly or through distributors) and sold to OEM partners was 45 (H1 2013: 58).

	H1 2014	**H1 2013**	**Full Year 2013**
Direct – net placements	**16**	**41**	**88**
Direct – installed base to date	**279**	**216**	**263**
Distributor – gross placements	**9**	**10**	**23**
Distributor – placements to date	**86**	**64**	**77**
OEM sales and partners	**20**	**7**	**27**

The placement rate across the Group in H1 2014 was disappointing. Our European operations had a mixed performance with Germany performing broadly in line with plan but our French operation continued to see gross placements being offset by a number of returns. In September 2013 in our European markets we

launched a range of 29 autoimmune and infectious disease tests developed by Technogenetics for use on the IDS-iSYS. We believe these panels will strengthen our ability to protect existing instrument placements through offering up-selling possibilities onto existing instruments as well as opening up further opportunities in these markets. Our USA sales operation also saw a significant reduction in new placement numbers in H1 2014. Part of the reason was the impact of a planned significant restructuring of the field sales force and sales management during H2 2013 and H1 2014. The combination of a settled team, the launch of 1,25 dihyroxy vitamin D on the IDS-iSYS and further anticipated product launches in H2 2014 should mean the placement levels in the USA pick up materially in H2 2014 and into the following financial year.

Average revenue per direct instrument ("ARPI") was £71,000 per annum (calculated on a rolling 12-month basis) (H1 2013: £76,000, 31 March 2013: £72,000). This decline was anticipated as a result of the changing product mix and we would expect some downward trend in ARPI to continue into the second half of 2014.

Manual test revenue

Manual revenues declined to £11.4m (H1 2013: £13.3m) due mainly to the continued decline in manual 25OH vitamin D revenues to £4.9m (H1 2013: £6.6m). Aside from manual 25OH vitamin D, our portfolio of other manual products performed reasonably with revenues of £6.4m (H1 2013: £6.7m).

Instrument revenue

The Group generated £1.6m of revenue (H1 2013: £1.2m) from the sale of instruments and other instrument related revenues.

Other income

Other income grew to £2.7m (H1 2013: £1.2m) and represented 10.1% of total revenue (H1 2013: 5.0%). This growth was driven by recognition of the Stago license fee (H1 2014: £0.7m; H1 2013; £nil) and the royalties payable by a significant OEM customer (H1 2014: £2.0m; H1 2013: £1.2m). This OEM customer also contributed £0.5m (H1 2013:£0.3m) to manual revenues through the sale of antibodies.

Overheads

The Group's total overheads comprise:

	H1 2014	H1 2013	Full Year 2013
	£000	£000	£000
Sales and distribution	**4,899**	4,168	8,143
Research and development (net of capitalisation)	**1,221**	966	2,323
Other administration costs	**4,886**	5,020	9,644
Operating overheads	**11,006**	10,154	20,110
Depreciation	**1,334**	1,173	2,415
Amortisation	**2,419**	2,191	4,079
Pre-exceptional overheads	**14,759**	13,518	26,604
Exceptional costs / (income)	**1,085**	(1,505)	(246)
Total overheads	**15,844**	12,013	26,358

Operating overheads increased by 8.4% to £11.0m (H1 2013: £10.2m). Recurring payroll costs represent approximately 81% of operating overheads (H1 2013: 79%). The increase in sales & marketing costs of 17.5% compared to the prior year was due to the investment in additional sales and marketing personnel in H2 2013 and H1 2014. As at 30 September we had 94 FTE in sales and distribution compared to 86 in the prior year.

Development project costs are capitalised once all the recognition criteria of IAS 38 Intangible Assets are met. The total amount of development cost overheads capitalised was £1.4m in H1 2013 compared to £1.2m in H1 2013 partly due to the increased development costs around the Mark II instrument. Research and developments costs (net of capitalisation) increased by 26% compared to the prior year period due to a lower proportion of R&D spend being classified as development, and therefore capitalised if the recognition criteria of IAS 38 Intangible Assets are met, compared to the prior year.

Overall, pre-exceptional overheads increased by 9.2% to £14.8m (H1 2013: £13.5m).

Finance income

Net finance income was £0.0m (H1 2013: £0.1m).

Exceptional items

The Group incurred a number of exceptional items during the period:

	H1 2014	H1 2013	Full Year 2013
	£000	£000	£000
Restructuring costs	**(768)**		-
Impairment of development costs	**(317)**	-	(465)
Retirement of development costs	**-**		(794)
Impairment of other receivable	**-**	1,505	1,505
Total exceptional (costs) / income	**(1,085)**	1,505	246

Restructuring costs

Management changes, including those within the executive team, has led to the Group incurring one-off restructuring charges of £0.8m.

Impairment of assay development costs

The bi-annual review of the assay register to identify any risk of impairment determined that some assays that had commenced the development phase had subsequently failed to meet the requirements of IAS 38 due to changes in the market or technical issues arising during the development phase. As a consequence, the development costs that had been capitalised in connection with these assets have been impaired.

Taxation

The Group's effective tax rate for the current period is based on an estimate of the rate for the full financial year and is 12% (H1 2013: 24%). Before prior year adjustments and the effect of rate changes, the effective rate is 17%.

Earnings per share

Adjusted earnings per share is calculated using profit after tax adjusted to exclude the after tax effect of exceptional items. Adjusted basic earnings per share is 15.3p (H1 2013: 13.1p). Basic earnings per share is 12.6p (H1 2013: 16.5p).

Cash flow

IDS generated strong net cash flows from operations of £7.4m (H1 2013: £8.6m). As at 30 September 2013 the Group had net funds of £24.3m (30 September 2012: £10.4m; 31 March 2013: £19.6m).

Outlook

Operationally and commercially there remains work to be done within IDS to ensure we have a sustainable platform for long-term growth. Our recent senior appointments will help drive the changes needed internally and allow us to continue to execute on our stated strategy. We believe there is a need to build a long-term vision and strategic plan for the business. As a relatively new executive team we are now in the process of building this long-term plan with the intention of announcing this shortly after the end of the current financial year.

In terms of the current financial year, the performance of the business in H1 2014 was in line with management expectations and we reiterate our outlook for the full year is for revenues to show modest growth against the prior year and for EBIT and PBT to be in line with the prior year. In addition, our net placement levels should show some growth compared to the first half of this financial year.

Unaudited consolidated interim income statement
For the six month period to 30 September 2013

	Note	6 Months ended 30 Sept 2013 Unaudited £000	6 Months ended 30 Sept 2012 Unaudited £000	Year ended 31 March 2013 Audited £000
Revenue	2	**26,874**	**23,838**	**49,772**
Cost of Sales		(6,936)	(5,619)	(13,401)
Gross Profit		**19,938**	**18,219**	**36,371**
Distribution costs		(4,899)	(4,168)	(8,143)
Administrative expenses				
Exceptional items				
Restructuring costs	3	(768)	-	-
Impairment of development costs	3	(317)	-	(465)
Impairment of other receivable		-	1,505	1,505
Retirement of development costs		-	-	(794)
Other administrative expenses		(9,860)	(9,350)	(18,461)
Profit from operations		**4,094**	**6,206**	**10,013**
Finance income		73	108	67
		4,167	**6,314**	**10,080**
Finance costs		(56)	(51)	(43)
Profit before tax		**4,111**	**6,263**	**10,037**
Income tax expense	5	(493)	(1,562)	(2,238)
Profit for the period attributable to owners of the parent		**3,618**	**4,701**	**7,799**
Earnings per share				
- basic	4	12.6p	16.5p	27.5p
- diluted	4	12.4p	16.4p	27.2p
Adjusted earnings per share				
- basic	4	15.3p	13.1p	27.2p
- diluted	4	15.2p	13.0p	26.9p

Unaudited interim statement of other comprehensive income
For the six month period to 30 September 2013

	6 Months ended 30 Sept	6 Months ended 30 Sept	Year ended 31 March

	2013 Unaudited £000	2012 Unaudited £000	2013 Audited £000
Profit for the period	**3,618**	**4,701**	**7,799**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation differences	(555)	(2,624)	689
Other comprehensive income to be reclassified to profit or loss in subsequent periods, before tax	**(555)**	**(2,624)**	**689**
Income tax relating to items credited/charged to equity	-	(122)	(145)
Other comprehensive income, net of tax	**(555)**	**(2,746)**	**544**
Total comprehensive income for the period attributable to owners of the parent	**3,063**	**1,955**	**8,343**

Unaudited consolidated interim balance sheet
As at 30 September 2013

	Note	30 Sept 2013 Unaudited £000	30 Sept 2012 Unaudited £000	31 March 2013 Audited £000
Assets				
Non-current assets				
Property, plant and equipment		9,331	9,525	9,977
Goodwill		16,250	15,412	16,346
Other intangible assets		33,006	34,843	33,864
Investments		-	4	-
Deferred tax assets		2,126	773	2,776
Other non-current assets		263	224	294
		60,976	60,781	63,257
Current assets				
Inventories		6,659	6,525	5,879
Trade and other receivables		7,618	8,743	9,321
Income tax assets		1,334	1,402	1,146
Cash and cash equivalents		24,316	10,406	19,565
		39,927	27,076	35,911
Total assets		100,903	87,857	99,168
Liabilities				
Current liabilities				
Trade and other payables		8,355	6,058	8,787
Income tax liabilities		401	397	425
Provisions	6	149	495	150
Deferred income		801	84	1,525
		9,706	7,034	10,887

Net current assets		30,221	20,042	25,024
Non-current liabilities				
Repayable grants		1,554	1,396	1,564
Provisions	6	866	748	859
Deferred tax liabilities		5,171	5,119	6,065
		7,591	7,263	8,488
Total liabilities		17,297	14,297	19,375
Net assets		**83,606**	**73,560**	**79,793**
Total equity				
Called up share capital	7	580	567	567
Share premium account	7	31,470	30,041	30,041
Other reserves		6,565	4,263	7,398
Retained earnings		44,991	38,689	41,787
Equity attributable to owners of the parent		**83,606**	**73,560**	**79,793**

Unaudited consolidated interim cash flow statement
For the six month period to 30 September 2013

	6 Months ended 30 Sept 2013 Unaudited £000	**6 Months ended 30 Sept 2012 Unaudited £000**	**Year Ended 31 March 2013 Audited £000**
Profit before tax	4,111	6,263	10,037
Adjustments for:			
Depreciation of property, plant and equipment	1,334	1,173	2,415
Amortisation of intangible assets	2,419	2,191	5,392
(Profit) / loss on disposal of property, plant and equipment and intangible assets	(105)	-	13
Share based payment expense	41	72	(90)
Movements of deferred grants	(10)	(8)	100
Finance income	(73)	(108)	(67)
Finance costs	56	51	43
Operating cash flows before movements in working capital	7,773	9,634	17,843
Movement in inventories	(886)	704	1,737
Movement in receivables	1,575	(1,209)	(1,524)
Movement in payables	(1,025)	(483)	3,305
Cash generated by operations	7,437	8,646	21,361
Income taxes paid	(799)	(1,514)	(3,005)
Net cash from operating activities	**6,638**	**7,132**	**18,356**
Investing activities			
Acquisition of investments in subsidiaries (net of cash acquired)/Asset acquisition	-	(20)	(105)
Purchases of other intangible assets	(1,600)	(1,519)	(2,256)
Purchases of property, plant and equipment	(697)	(1,482)	(2,652)
Interest received	73	108	67
Interest paid	(56)	(51)	(43)

Net cash used by investing activities	**(2,280)**	**(2,964)**	**(4,989)**
Financing activities			
Proceeds from issue of shares for cash	1,442	-	-
Repayments of borrowings	-	(4,072)	(4,152)
Repayments of hire-purchase obligations	-	(9)	(10)
Dividends paid	(866)	(779)	(779)
Net cash used by financing activities	**576**	**(4,860)**	**(4,941)**
Effect of exchange rate differences	**(183)**	**67**	**108**
Net increase/(decrease) in cash and cash equivalents	**4,751**	**(625)**	**8,534**
Cash and cash equivalents at beginning of period	19,565	11,031	11,031
Cash and cash equivalents at end of period	**24,316**	**10,406**	**19,565**

Unaudited consolidated statement of changes in equity

	Share Capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
At 1 April 2012	567	30,041	6,970	34,767	72,345
Profit for the period	-	-	-	7,799	7,799
Other comprehensive income					
Foreign exchange translation differences on foreign currency net investment in subsidiaries	-	-	689	-	689
Tax effect of treatment of foreign currency translation differences	-	-	(145)	-	(145)
Transactions with owners					
Share based payments charged to equity reserves	-	-	(90)	-	(90)
Deferred tax recognised on share based payments charged to equity reserves	-	-	(26)	-	(26)
Dividend Paid	-	-	-	(779)	(779)
At 31 March 2013 and 1 April 2013	567	30,041	7,398	41,787	79,793
Profit for the period	-	-	-	3,618	3,618
Other comprehensive income					
Foreign exchange translation differences on foreign currency net investment in subsidiaries	-	-	(555)	-	(555)
Transactions with owners					
Share based payments charged to equity reserves	-	-	41	-	41
Tax recognised on share based payments charged to equity reserves	-	-	133	-	133
Transfer on exercise of share options	-	-	(452)	452	-
Dividend Paid	-	-	-	(866)	(866)
Shares issued in the period (net of expenses)	13	1,429	-	-	1,442
At 30 September 2013	580	31,470	6,565	44,991	83,606

At 1 April 2012	567	30,041	6,970	34,767	72,345
Profit for the period	-	-	-	4,701	4,701
Other comprehensive income					
Foreign exchange translation differences on foreign currency net investment in subsidiaries	-	-	(2,624)	-	(2,624)
Tax effect of treatment of foreign currency translation differences	-	-	(122)	-	(122)
Transactions with owners					
Share based payments charged to equity reserves	-	-	72	-	72
Deferred tax recognised on share based payments charged to equity reserves	-	-	(33)	-	(33)
Dividend Paid	-	-	-	(779)	(779)
At 30 September 2012	567	30,041	4,263	38,689	73,560

Notes to the Interim Financial Statements
For the six month period to 30 September 2013

1 **Basis of preparation**

The condensed financial statements for the six months ended 30 September 2013 have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2013. The condensed financial information has been prepared using the same accounting policies and methods of computation used to prepare the Group's Annual Report for the year ended 31 March 2013 that are described on pages 45 to 52 of that report which can be found on the Group's website at www.idsplc.com. The annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union.

There are no new standards or interpretations mandatory for the first time for the financial year ending 31 March 2014 that have a material effect on the half year results. The financial information for the six months ended 30 September 2013 and the comparative financial information for the six months ended 30 September 2012 has not been audited, but has been reviewed by the auditors. The comparative financial information for the year ended 31 March 2013 has been extracted from the 2013 Annual Report and Accounts. The financial information contained in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006 and does not reflect all of the information contained in the Group's Annual Report and financial statements. The annual financial statements for the year ended 31 March 2013, which were approved by the Board of Directors on 14 June 2013, received an unqualified audit report, did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

In 2013 it was decided that dilapidations, retirement and warranty liabilities be reclassified as a provision, given the expected timing and nature of these liabilities. Comparative amounts as at 30 September 2012 have been restated to include £1,175,000 previously included in trade and other payables in provisions. Of this £495,000 was classified as current provisions and £680,000 as non-current provisions.

2 **Revenue and segmental information**

For management purposes, the Group is currently organised into three operating regions: direct sales operations in the United States and Europe (excluding Spain, Italy and Portugal) and distributor sales operations in the Rest of World. These regions are the basis on which the Group reports its

segment information. The main activity of the Group is the manufacturing and distributing of medical diagnostic products. 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.

	USA £000	Europe £000	ROW £000	Eliminations £000	Consolidated £000
Period ended 30 September 2013 (unaudited)					
Revenue					
External sales	8,724	11,806	6,344	-	26,874
Inter-segment sales	-	5,750	-	(5,750)	-
Total revenue	8,724	17,556	6,344	(5,750)	26,874
Result					
Segment result	692	10,392	1,444	-	12,528
Central administration and distribution costs					(8,434)
Profit from operations					4,094
Finance income					73
Finance costs					(56)
Profit before tax					4,111
Income tax expense					(493)
Profit after tax					3,618
Period ended 30 September 2012					
Revenue					
External sales	9,912	8,564	5,362	-	23,838
Inter-segment sales	-	5,344	-	(5,344)	-
Total revenue	9,912	13,908	5,362	(5,344)	23,838
Result					
Segment result	1,664	9,405	1,314	-	12,383
Central administration and distribution costs					(6,177)
Profit from operations					6,206
Finance income					108
Finance costs					(51)
Profit before tax					6,263
Income tax expense					(1,562)
Profit after tax					4,701
Year ended 31 March 2013 (audited)					
Revenue					
External sales	18,741	21,376	9,655	-	49,772
Inter-segment sales	-	9,707	-	(9,707)	-
Total revenue	18,741	31,083	9,655	(9,707)	49,772

Result					
Segment result	2,789	16,992	2,755	-	22,536
Central administration and distribution costs					(12,523)
Profit from operations					10,013
Finance income					67
Finance costs					(43)
Profit before tax					10,037
Income tax expense					(2,238)
Profit after tax					7,799

3 Exceptional items

Exceptional items in the six months ended 30 September 2013 relate to:

(i) the cost of restructuring within the Group, including the Executive Management Team

(ii) the impairment of development costs for a project abandoned during the development stage.

4 Earnings per share

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

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares relating to contingently issuable shares under the Group's share option scheme. At 30 September 2013, the performance criteria for the vesting of the awards under the option scheme had been met and consequently the shares in question are included in the diluted EPS calculation.

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

	6 Months ended 30 Sept 2013 Unaudited £000	**6 Months ended 30 Sept 2012 Unaudited £000**	**Year ended 31 March 2013 Audited £000**
Profit after tax	3,618	4,701	7,799
	No.	No.	No.
Weighted average no of shares:			
For basic earnings per share	28,802,898	28,336,915	28,336,915
Effect of dilutive potential ordinary shares:			
-Share Options	264,090	123,872	315,637
For diluted earnings per share	29,066,988	28,460,787	28,652,552
Basic earnings per share	12.6p	16.5p	27.5p
Diluted earnings per share	12.4p	16.4p	27.2p

The calculation of the adjusted earnings per share has been calculated by adjusting the profit as reported for the after-tax effects of the items disclosed separately on the face of the income statement.

	6 Months ended 30 Sept 2013 Unaudited £000	6 Months ended 30 Sept 2012 Unaudited £000	Year ended 31 March 31 March 2013 Audited £000
Profit on ordinary activities after tax as reported	3,618	4,701	7,799
Exceptional items	803	(1,003)	(93)
Profit on ordinary activities after tax as adjusted	4,421	3,698	7,706
Adjusted basic earnings per share	15.3p	13.1p	27.2p
Adjusted diluted earnings per share	15.2p	13.0p	26.9p

5 Taxation

Taxation for the six months ended 30 September 2013 is based on the effective rates of taxation in each jurisdiction which are estimated to apply for the year ended 31 March 2014.

The tax estimated for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	6 Months ended 30 Sept 2013	6 Months ended 30 Sept 2012	Year ended 31 March 2013
	£000	£000	£000
Profit on ordinary activities before taxation	4,111	6,263	10,037
Profit on ordinary activities by rate of tax in the UK of 23% (2013: 24%)	946	1,503	2,409
Additional relief for R&D expenditure	(491)	(409)	(984)
Expenses not deductible for tax purposes	45	24	178
Losses not recognised in deferred tax	293	677	408
Overseas profits/(losses) taxed (relieved) at higher rate	(93)		(37)
Effect of tax rate changes on deferred tax balances	(180)		107
Tax in respect of prior periods	(27)	(233)	157
Income Tax Expense	493	1,562	2,238

6 Provisions

	Earn-out liability £000	Retirement Provision £000	Warranty Provision £000	Dilapidation Provision £000	Total £000
At 1 April 2013	-	359	150	500	1,009

Foreign exchange gain		(2)	(1)	-	(3)
Movement in period		9	-	-	9
At 30 September 2013	-	366	149	500	1,015
At 1 April 2012	566	260	415	500	1,741
Payments made in the year	(20)	-	-	-	(20)
Change in assumptions	(495)	-	-	-	(495)
Foreign exchange gain	(7)	(12)	(19)	-	(38)
Unwinding of discount	24	-	-	-	24
Movement in period	-	-	31	-	31
At 30 September 2012	68	248	427	500	1,243
At 1 April 2012	566	260	415	500	1,741
Payments made in the year	(105)	-	-	-	(105)
Change in assumptions	(479)	-	-	-	(479)
Foreign exchange gain	(6)	(3)	(4)	-	(13)
Unwinding of discount	24	-	-	-	24
Movement in period	-	102	(261)	-	(159)
At 31 March 2013	-	359	150	500	1,009
At 30 September 2013					
Included in current liabilities	-	-	149	-	149
non-current liabilities	-	366	-	500	866
	-	366	149	500	1,015
At 30 September 2012					
Included in current liabilities	68	-	427	-	495
non-current liabilities	-	248	-	500	748
	68	248	427	500	1,243
At 31 March 2013					
Included in current liabilities	-	-	150	-	150
non-current liabilities	-	359	-	500	859
	-	359	150	500	1,009

7 Share Capital

Equity Shares	**£000**
Authorised:	
75,000,000 Ordinary Shares of £0.02 each at 30 Sept 2013, 31 March 2013 and 30 September 2012	1,500

	Share Capital £000	**Share premium £000**
Allotted, called up and fully paid:		
28,336,915 in issue at 1 April 2012, 31 March 2013 and 1 April 2013	567	30,041

680,970 issued on the exercise of share options	13	1,429
29,017,885 in issue at 30 Sept 2013	580	31,470

8 **Contingent liabilities**

In 2010 IDS acquired MGP Diagnostics AS ('MGPD') from Tibesi AS. Tibesi had acquired MGPD from Nattopharma ASA in 2009. Nattopharma has issued legal proceedings against several parties stating its sale to Tibesi was ineffective because required shareholder approval was not obtained. Nattopharma argues that IDS did not acquire good title (as Tibesi did not have this to sell) and that the MGPD shares should be transferred back to it. On advice from Norwegian lawyers, IDS strongly rejects this claim. IDS is carrying £1.5m of related unamortised IP and £0.2m of related assay development costs in the balance sheet at 30 September 2013.

9 **Interim results**

These results were approved by the Board of Directors on Tuesday 26 November 2013. Copies of this interim report will be available to the public from the Group's registered office and www.idsplc.com.

Independent review report to the Immunodiagnostic Systems Holdings PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2013 which comprises the Consolidated Interim Income Statement, Consolidated Interim Statement of Comprehensive Income, Consolidated Interim Balance Sheet, Consolidated Interim Cash Flow Statement, Consolidated Statement of Changes in Equity and the related notes 1 to 9. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with International Accounting Standards 34, "Interim Financial Reporting", as adopted by the European Union.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting,' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland), 'Review of Interim Financial Information Performed by the Independent Auditor of

the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 September 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP
Newcastle upon Tyne
26 November 2013