24 November 2015

Immunodiagnostic Systems Holdings PLC
Interim Results for the six month period ended 30 September 2015

Continued execution of strategy to build sustainable growth

Immunodiagnostic Systems Holdings plc ("IDS", “the Group” or "the Company"), a specialist solution provider to the clinical laboratory diagnostic market, today announces its unaudited interim results for the six month period ended 30 September 2015 (“H1 2016”).

Financial Summary

- Revenue of £19.4m in H1 2016 (H1 2015: £22.1m), in line with trading update of 13 October 2015.
- Automated revenues (IDS-iSYS) of £9.0m (H1 2015: £10.3m) impacted, as previously flagged, by continued competitive pressure from the large workhorse suppliers on our 25OH Vitamin D assay.
- Revenues from manual tests of £6.7m (H1 2015: £7.9m) impacted by continued competitive pressure towards automation on our manual 25OH and 1,25OH assays.
- Statutory EBIT of £0.9m (H1 2015: £2.5m). Adjusted* EBIT of £0.9m (H1 2015: £2.9m) before exceptional items.
- Basic EPS of 4.0p (H1 2015: 7.7p). Adjusted* basic EPS of 4.0p (H1 2015:8.3p).
- Net cash flow from operations of £3.1m (H1 2015: £4.8m).
- Closing cash and cash equivalents of £23.5m (31 March 2015: £23.7m).

* before exceptional costs of £nil (H1 2015: £0.5m)

Operational Summary

- Continued execution of the Group’s four strategic pillars as outlined in the 2015 Annual Report and Accounts: Menu, Net New Placements, Cost Management and Corporate Development.
- Unchanged target of menu expansion by six to eight automated assays in this financial year. R&D teams will be strengthened to accelerate this. In H1 2016 continued review of core development processes to compress time to market.
- Total instrument placements of 1 (H1 2015: 15) with minus 10 net direct placements (H1 2015: 8) and 11 net OEM/distributor placements (H1 2015: 7).
- For increasing net new placements, we have established sales processes targeting new customer groups such as physician office laboratories (“POL’s”) for endocrinologists, rheumatologists and nephrologists.
- Expanding our geographical reach by rebuilding our international sales department and including the product range with Dia.Metra in the offering.
- Cost control projects have been started and will be an area of focus for the incoming CFO who joins in early 2016.

Patricio Lacalle, CEO, of IDS, commented:

“We are about to change our approach in the market. Having been used to convenient sales inflow during the earlier days of 25 OH VitD, the business environment has toughened significantly. We will adjust to strong competition from the big 5 competitors by being the specialty partner for universities, reference laboratories and POL’s. Our products are of highly recognised quality and we must become more aggressive and better demonstrate the value of our offering. We now have a large portfolio of high quality manual assays. Our sales and marketing teams have run two sales campaigns to focus on either a specific product type or specific disease area. Our research and development teams all understand the necessity to triple our current portfolio and will work very hard to achieve this. This will all take time but we see a lot of opportunity in every market we are serving and also markets where we are not present today.

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About Immunodiagnostic Systems Holdings PLC
A Specialist in Endocrinology Testing, IDS is a leading in-vitro diagnostic solution provider to the clinical laboratory market. IDS develops, manufactures and markets innovative immunoassays and automated immunoanalyser technologies to provide improved diagnostic outcomes for patients. IDS's immunoassay portfolio is a combination of an endocrinology speciality testing menu and assay panels in complimentary fields.

IDS was founded in 1977 and trades on the Alternative Investment Market (AIM; trading symbol IDH) of the London Stock Exchange. It is a global company headquartered in the UK with around 400 employees worldwide. IDS's products are developed and manufactured at its facilities in Europe.

IDS serves its customers through regional offices in Europe, U.S.A and Brazil and works with a network of distributors to serve customers throughout the rest of the world.

www.idsplc.com

Chief Executive's Statement

The last six months have again been challenging for IDS. The underlying reasons behind this negative performance are known and will not go away. It underlines the need to execute our strategic plan without much compromise, and where possible, accelerate its implementation through acquisition.

Strategic plan: 4 pillars

We continue to implement our strategic plan with its four pillars as outlined in the 2015 Annual Report and Accounts: broadening our automated assay menu, increasing net new placements, focus on costs and efficiencies and corporate development.

Broadening our automated assay menu

The central tenet of our strategy is to build out our automated assay menu through internal development and partnering. Internally, our focus will be on building our "endocrinology excellence" menu.

In Europe we continue to target the launch of another six to eight assays by the end of this financial year. We have further defined the development of the next assays for Financial Year 2016/17.

In the USA we have received FDA clearance for our Aldosterone assay.

Increasing net new placements: strengthening our sales processes

We introduced a CRM system at the beginning of the financial year and adoption rates are increasing in most direct sales regions. It provides the sales leaders with a tool to guide their teams and shorten process cycles. We have also learned that we have to change our mind-set and become more focused and more effective. We have established performance metrics and quality guidelines that will help the sales teams to measure their performance.

In two regions we have introduced telesales to address the interests of small and midsize customers. The initial results are so encouraging that we have expanded the activity into target identification, qualification and route planning.

Expanding our geographical reach

We are making progress in Brazil towards achieving validation of our products at a number of customers. In China, our distributor has signalled to not expect a rapid sales growth before financial year 2017/18. This is when we would expect registration of some key assays needed to approach the top hospital segment.

Cost management

We have so far chosen a selective approach to containing cost, mainly in the areas of recruiting or replacing positions in areas outside of R&D and Sales which are critical to the execution of the strategic plan. As the business continues the current trend, we will evaluate to reduce our structural cost base. This project will be headed by our incoming CFO.

Financial review

Group revenues were £19.4m (H1 2015: £22.1m) implying a decrease of 12.5%. Excluding Dia.Metra revenue, the decrease amounted to 18.4%. Revenue using exchange rates constant with H1 2015 would have been £19.9m, a reduction of 10.2%.

Gross profit came in at £12.1m (H1 2015: £14.7m) implying a gross margin percentage of 62.6% (H1 2015: 66.4%). The reduction in gross margin percentage is due to the proportion of direct costs which are largely fixed, and price erosion in Vitamin D products.

Statutory EBIT was £0.9m (H1 2015: £2.5m). Underlying EBIT in the six months to 30 September 2014 was £2.9m before exceptional costs of £0.5m.

Cash generated from operations was £3.1m (H1 2015: £4.8m). Cash outflow relating to investing activities (excluding the acquisition of subsidiaries) amounted to £2.5m (H1 2015:£3.3m) yielding free cash flow of £0.6m (H1 2015:£1.5m). Cash and cash equivalents were £23.5m as at 30 September 2015 (30 September 2014: £22.7m; 31 March 2015: £23.7m).

	H1 2016 £000	**H1 2015 £000**	2015 £000
Revenue	**19,354**	**22,114**	45,362
Gross profit	**12,114**	**14,677**	28,331
Gross margin	**62.6%**	**66.4%**	62.5%
Sales & Marketing	**(4,330)**	**(4,905)**	(9,922)
R&D	**(740)**	**(788)**	(1,627)
Administrative expenses	**(4,521)**	**(4,444)**	(9,236)
	(9,591)	**(10,137)**	(20,785)
Depreciation and amortisation	**(1,660)**	**(1,603)**	(3,298)
Underlying EBIT	**863**	**2,937**	4,248
Exceptional items	**-**	**(475)**	(983)
Statutory EBIT	**863**	**2,462**	3,265

Reclassification of costs

To ensure that the Group's financial performance can be more easily benchmarked with its peer group, a number of costs were reclassified in year ending 31 March 2015 from administrative expenses to cost of sales.

Further, the Board believes that the depreciation of revenue-generating IDS-iSYS Instruments and the amortisation of development costs are more appropriately classified within cost of sales. The overall impact on the results of the six months to 30 September 2015 is to transfer £1.8m (H1 2015: £1.8m) from depreciation and amortisation to cost of sales.

In the six months ending 30 September 2015 an additional reclassification has been made to classify exchange gains and losses from Administrative expenses to Finance Income/Expense. These exchange gains and losses relate to the retranslation of intercompany funding and cash balances and therefore are more appropriately classified in Finance Income/Expense. The Board believes this will give users of the accounts greater visibility of the components of Administrative expenses, improving the comparability from period to period.

The Board believes these changes will bring the group's margin and operating expense structure in line with what it believes to be the appropriate peer group and this subsequent benchmarking will allow the Group to recognise potential for improvement.

The changes do not impact the overall PBT performance of the Group. The following table highlights the changes made:

	Before adjustments		Adjustments		After adjustments	
£'000	**H1 2016**	H1 2015	**H1 2016**	H1 2015	**H1 2016**	H1 2015
Revenue	**19,354**	22,114			**19,354**	22,114
Cost of sales	**(5,461)**	(5,681)	**(1,779)**	(1,756)	**(7,240)**	(7,437)
Gross profit	**13,893**	16,433			**12,114**	14,677
Sales & Marketing	**(4,330)**	(4,905)			**(4,330)**	(4,905)
R&D	**(740)**	(788)			**(740)**	(788)
Administrative expenses***	**(4,625)**	(4,216)	**104**	(228)	**(4,521)**	(4,444)
	4,198	6,524			**2,523**	4,540
Depreciation*	**(1,190)**	(1,223)	**457**	476	**(733)**	(747)
Amortisation**	**(2,249)**	(2,136)	**1,322**	1,280	**(927)**	(856)
Underlying EBIT	**759**	3,165	**104**	(228)	**863**	2,937
Exceptional items	**-**	(475)			**-**	(475)
Profit from operations (EBIT)	**759**	2,690			**863**	2,462
Finance income***	**104**	91		228	**104**	319
Finance costs***	**(36)**	(10)	**(104)**		**(140)**	(10)
Profit before tax	**827**	2,771			**827**	2,771

* Comprising of depreciation on revenue earning IDS-iSYS instruments
** Comprising of amortisation on development costs
*** Comprising of exchange gains or losses

The following table gives transparency on the various revenue streams of the group:

	H1 2016	H1 2015	Full Year 2015	
	£000	£000	£000	% change
Automated revenue (IDS-iSYS)				
25OH vitamin D	**2,929**	4,029	7,752	(27%)
Other specialty	**3,775**	3,965	7,994	(5%)
Operating lease rental	**2,326**	2,263	4,617	3%
Total automated	**9,030**	10,257	20,363	(12%)
Manual revenue				
25OH vitamin D	**1,698**	2,998	5,419	(43%)
Other specialty	**4,987**	4,940	10,971	1%
Total manual	**6,685**	7,938	16,390	(16%)
Instrument revenue	**868**	888	2,781	(2%)
Other income	**2,771**	3,031	5,828	(9%)
	19,354	22,114	45,362	(12%)

Automated revenues

Automated revenues were £9.0m (H1 2015: £10.3m) to represent 46.7% of Group revenues (H1 2015: 46.4%). Within this segment, we differentiate two sub-groups:

i. Automated 25OH Vitamin D revenues declined by 27.3% to £2.9m (H1 2015: £4.0) due to continued price pressure and the return of a number of 25OH Vitamin D only IDS-iSYS instruments.

ii. Other speciality automated tests, i.e. the endocrinology excellence menu, accounted for 41.8% of the Group's automated revenues (H1 2015: 38.7%) but declined by 4.8% compared to H1 2015. This decline has been caused by a delayed launch of fully automated 1,25 Vitamin D compared to our competitors. Our product has not fully met the expectations of customers, resulting in the loss of some market share, however we are working with existing customers to launch an improved version in the first quarter of 2016. This is the area designed to drive the future growth of the group, therefore this decrease is particularly disappointing.

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 £3.9m to £2.9m and Other Specialty from £5.1m to £3.8m. Total operating lease income remained at £2.3m (H1 2015:£2.3m).

Instrument placements

In H1 2016, direct instrument placements were minus 10 (net of returns) (H1 2015: 8). 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 1 (H1 2015: 15).

	H1 2016	H1 2015	Full Year 2015
Direct – net placements	**-10**	8	14
Direct – installed base to date	**302**	306	312
Distributor – gross placements	**3**	4	38
Distributor – placements to date	**146**	109	143
OEM sales and partners	**8**	3	11

Overall in our direct territories our net placement levels were negative. Although 9 machines were placed, 19 machines were returned. Germany was the best-performing territory with net placements of 3 machines.

Average revenue per direct instrument ("ARPI") was £50,000 per annum (calculated on a rolling 12-month basis) (H1 2015: £64,000, 31 March 2015: £55,000). This decline was due predominantly to the return of a number of high throughput Vitamin D only IDS-iSYS instruments in both France and the United States.

Manual test revenue

Manual revenues declined to £6.7m (H1 2015: £7.9m) due mainly to the continued decline in manual 25OH vitamin D revenues to £1.7m (H1 2015: £3.0m). Aside from manual 25OH vitamin D, our portfolio of other manual products generated revenues of £5.0m (H1 2015: £4.9m), including £1.4m relating to the sale of Dia.Metra products (H1 2015: £0.1m). Dia.Metra was acquired in September 2014.

Instrument revenue

The Group generated £0.9m of revenue (H1 2015: £0.9m) from the sale of instruments and other instrument related revenues.

Other income

Other income was £2.8m (H1 2015: £3.0m) and represented 14.3% of total revenue (H1 2015: 13.7%). In the prior year we received £0.8m of development project license fee, with no such receipt in this six-month period.

Operating expenses

The Group's total operating expenses comprise:

	H1 2016	**H1 2015**	Full Year 2015
	£000	**£000**	£000
Sales and marketing	**4,330**	**4,905**	9,922
Research and development (net of capitalisation)	**740**	**788**	1,627
Administrative expenses (net of capitalisation)	**4,521**	**4,444**	9,236
Operating expenses (pre-exceptional)	**9,591**	**10,137**	20,785
Depreciation	**733**	**747**	1,492
Amortisation	**927**	**856**	1,806
Underlying total operating expenses	**11,251**	**11,740**	24,083
Exceptional items	**-**	**475**	983
Total operating expenses	**11,251**	**12,215**	25,066

Sales and marketing expenses

The most important cost items in this group of operating expenses are the direct sales organisation, the technical and field support organisation and marketing. Total sales and marketing costs decreased by 12% year on year, primarily due to positions which could not be quickly filled.

Research and development expenses

The most important items in this group of operating expenses are for the development of new automated assays and the costs of obtaining regulatory approvals for selling our products in the various national regulatory regimes.

Development project costs are fully capitalised once all the recognition criteria of IAS 38 Intangible Assets are met. They are amortised on a straight line basis over 10 years, and as outlined above, this amortisation is included within cost of sales. The total amount of development costs capitalised was £1.5m in H1 2016 compared to £1.6m in H1 2015. Amortisation of capitalised R&D amounted to £1.3m (H1 2015: £1.3m).

Administrative expenses

This category includes the costs of all group support functions such as Quality Assurance, Human Resources, Finance and IT. Overheads relating to production and establishment expenses are also categorised within Administrative costs.

Finance income

Net finance income was £nil (H1 2015: £0.3m).

Exceptional items

The Group incurred no exceptional costs during the period (H1 2015: £0.5m).

In H1 2015, exceptional costs included a residual £0.1m of costs in relation to a significant restructuring of the Group's operations which was undertaken in 2013/14 and involved a number of senior management changes as well as the restructuring and relocation of the United States sales office.
In addition, £0.4m of legal and financial due diligence costs (£0.2m Dia.Metra acquisition, £0.2m aborted transaction process) were incurred in the six month period to 30 September 2014.

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 -42% (H1 2015: 19%). Before prior year adjustments and the effect of rate changes, the effective rate is -42% (H1 2015:21%). The effective tax rate is reduced by 89% by research and development tax relief claimed on eligible expenditure which has been partially offset by the release of deferred tax assets previously provided in respect of losses which has increased the effective tax rate by 29% (H1 2015:8%).

Foreign exchange
In the period 42% (H1 2015:39%) of the Group's revenues were denominated in US Dollars, 48% (H1 2015:49%) Euros, 9% (H1 2015:10%) Sterling and 1% (H1 2015:2%) other currencies.

The average exchange rates used to translate revenue in the year are:

Average exchange rates	**H1 2016**	**H1 2015**	**2015**	(Strengthening)/ Weakening against Sterling H1
Sterling : US Dollar	**1.54**	**1.68**	**1.62**	(8.5%)
Sterling : Euro	**1.40**	**1.24**	**1.27**	12.7%

The effect of these exchange rate changes on the results for the year is to decrease reported revenue by £0.5m.

Earnings per share

Adjusted earnings per share is calculated using profit after tax adjusted to exclude the after tax effect of exceptional items, if applicable. Basic earnings per share is 4.0p (H1 2015: 7.7p). Adjusted basic earnings per share is 4.0p (H1 2015:8.3p).

Cash flow

IDS generated net cash flows from operations of £3.1m (H1 2015: £4.8m). Net cash used in investing activities (excluding the acquisition of subsidiaries) of £2.5m (H1 2015:£3.3m) results in free cash flow of £0.6m (H1 2015: £1.5m).

As at 30 September 2015, the Group had cash and cash equivalents of £23.5m (30 September 2014: £22.7m; 31 March 2015: £23.7m).

Human Resources

The average number of Full Time Equivalent employees in the six months ending 30 September 2015 was 335 (H1 2015: 327).

Outlook

The medium-term trading conditions for the Group remain challenging, with H2 revenues forecast to be slightly below those achieved in H1, but we strongly believe that the path to sustainable growth is through execution of the Group's strategic plan with its four pillars outlined above and in our 2015 Annual Report and Accounts. We will continue to pursue our key objectives of increasing the breadth and depth of our assay menu, improving our sales processes to drive net new placements, expanding internationally and managing our costs. In addition we are pursuing a proactive corporate development effort. We look forward to keeping shareholders updated on further progress in these areas.

Unaudited consolidated interim income statement
For the six month period to 30 September 2015

	Note	6 Months ended 30 Sept 2015	6 Months ended 30 Sept 2014	Year ended 31 March 2015
		£000	£000	£000
Revenue	**2**	**19,354**	**22,114**	**45,362**
Cost of Sales		(7,240)	(7,437)	(17,031)
Gross Profit		**12,114**	**14,677**	**28,331**
Sales and marketing		(4,330)	(4,905)	(9,922)
Research and development		(740)	(788)	(1,627)
Administrative expenses		(4,521)	(4,444)	(9,236)
Exceptional items	3			
Restructuring costs		-	(67)	(422)
Transaction costs		-	(408)	(561)
Total exceptional items		-	(475)	(983)
		2,523	4,065	6,563
Depreciation and amortisation		(1,660)	(1,603)	(3,298)
Profit from operations (Earnings before interest and tax)		**863**	**2,462**	**3,265**
Finance income		104	319	846
		967	**2,781**	**4,111**
Finance costs		(140)	(10)	(58)
Profit before tax		**827**	**2,771**	**4,053**
Income tax credit/ (expense)	5	350	(519)	(1,701)
Profit for the period attributable to owners of the parent		**1,177**	**2,252**	**2,352**
Earnings per share				
From continuing operations				
Adjusted basic	4	4.0p	8.3p	11.1p
Adjusted diluted	4	4.0p	8.3p	11.0p
Basic	4	4.0p	7.7p	8.1p
Diluted	4	4.0p	7.6p	8.0p

Unaudited interim statement of other comprehensive income

For the six month period to 30 September 2015

	6 Months ended 30 Sept 2015	6 Months ended 30 Sept 2014	Year ended 31 March 2015
	£000	**£000**	**£000**
Profit for the period	**1,177**	**2,252**	**2,352**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation differences	467	(2,861)	(5,905)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, before tax	**467**	**(2,861)**	**(5,905)**
Tax relating to other comprehensive income to be reclassified to profit or loss in subsequent periods	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plan	36	-	(108)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, before tax	**-**	**-**	**(108)**
Tax relating to other comprehensive income to be reclassified to profit or loss in subsequent periods	(12)	-	36
Other comprehensive income, net of tax	**491**	**(2,861)**	**(5,977)**
Total comprehensive income for the period attributable to owners of the parent	**1,668**	**(609)**	**(3,625)**

Unaudited consolidated interim balance sheet
As at 30 September 2015

	Note	30 September 2015 £000	30 September 2014 £000	31 March 2015 £000
Assets				
Non-current assets				
Property, plant and equipment		10,011	10,687	10,264
Goodwill		15,549	16,405	15,326
Other intangible assets		30,282	32,780	30,574
Deferred tax assets		86	984	115
Other non-current assets		276	280	273
		56,204	61,136	56,552
Current assets				
Inventories		7,760	7,465	6,805
Trade and other receivables		7,215	7,231	7,414
Income tax assets		2,534	2,355	2,600
Cash and cash equivalents		23,486	22,671	23,730
		40,995	39,722	40,549
Total assets		97,199	100,858	97,101
Liabilities				
Current liabilities				
Short-term borrowings		-	424	252
Short-term portion of long-term borrowings		82	-	110
Trade and other payables		5,289	6,577	5,632
Income tax liabilities		804	514	971
Provisions	6	83	171	82
Deferred income		137	68	147
		6,395	7,754	7,194
Net current assets		34,600	31,968	33,355
Non-current liabilities				
Long-term portion of long-term borrowings		1,194	1,383	1,238
Repayable grants		1,375	1,449	1,357
Provisions	6	1,108	948	1,135
Deferred tax liabilities		5,507	5,827	5,769
		9,184	9,607	9,499
Total liabilities		15,579	17,361	16,693
Net assets		**81,620**	**83,497**	**80,408**
Total equity				
Called up share capital	7	588	584	584
Share premium account	7	32,263	31,825	31,857
Other reserves		(814)	1,763	(1,281)
Retained earnings		49,583	49,325	49,248
Equity attributable to owners of the parent		**81,620**	**83,497**	**80,408**

Unaudited consolidated interim cash flow statement

For the six month period to 30 September 2015

	6 Months ended 30 Sept 2015	6 Months ended 30 Sept 2014	Year ended 31 March 2015
	£000	£000	£000
Profit before tax	827	2,771	4,053
Adjustments for:			
Depreciation of property, plant and equipment	1,190	1,223	2,465
Amortisation, impairment and retirement of intangible assets	2,249	2,153	4,439
(Profit)/loss on disposal of property, plant and equipment	(30)	130	219
Loss on disposal of intangibles	-	-	17
Share based payment expense	15	57	76
Finance income	(104)	(319)	(846)
Finance costs	140	10	58
Exceptional items	-	-	983
Operating cash flows before movements in working capital	4,287	6,025	11,464
Increase in inventories	(922)	(893)	(413)
Decrease in receivables	203	784	514
Decrease in payables and provisions	(423)	(1,018)	(1,456)
Cash generated by operations	3,145	4,898	10,109
Cash outflow related to exceptional costs	-	-	(1,168)
Income taxes paid	(21)	(121)	(161)
Net cash from operating activities	**3,124**	**4,777**	**8,780**
Investing activities			
Acquisition of subsidiary (net of cash acquired)	-	(2,429)	(2,540)
Purchases of other intangible assets	(1,743)	(2,150)	(3,587)
Purchases of property, plant and equipment	(959)	(1,542)	(2,872)
Disposals of property, plant and equipment	84	67	229
Interest received	104	319	846
Net cash used by investing activities	**(2,514)**	**(5,735)**	**(7,924)**
Financing activities			
Proceeds from issue of shares for cash	410	17	49
Repayments of borrowings	(324)	(26)	(116)
Interest paid	(140)	(10)	(58)
Dividends paid	(876)	(2,479)	(2,479)
Net cash used by financing activities	**(930)**	**(2,498)**	**(2,604)**
Net decrease in cash and cash equivalents	**(320)**	**(3,456)**	**(1,748)**
Effect of exchange rate differences	**76**	**(563)**	**(1,212)**
Cash and cash equivalents at beginning of period	23,730	26,690	26,690
Cash and cash equivalents at end of period	**23,486**	**22,671**	**23,730**

Unaudited consolidated statement of changes in equity

	Share capital	Share premium account	Other reserves	Retained earnings	Total
	£000	£000	£000	£000	£000
At 1 April 2015	584	31,857	(1,281)	49,248	80,408
Profit for the period	-	-	-	1,177	1,177
Other comprehensive income					
Foreign exchange translation differences on foreign currency net investment in subsidiaries	-	-	467	-	467
Remeasurement of defined benefit plan	-	-	-	36	36
Tax effect on remeasurement of defined benefit plan	-	-	-	(12)	(12)
Total comprehensive income			467	1,201	1,668
Transactions with owners					
Share based payments	-	-	-	15	15
Tax recognised on share based payments charged to equity reserves	-	-	-	(5)	(5)
Dividend Paid	-	-	-	(876)	(876)
Shares issued in the period (net of expenses)	4	406	-	-	410
At 30 September 2015	588	32,263	(814)	49,583	81,620
At 1 April 2014	583	31,809	4,624	49,570	86,586
Profit for the period	-	-	-	2,252	2,252
Other comprehensive income					
Foreign exchange translation differences on foreign currency net investment in subsidiaries	-	-	(2,861)	-	(2,861)
Total comprehensive income	-	-	(2,861)	2,252	(609)
Transactions with owners					
Share based payments	-	-	-	57	57
Tax recognised on share based payments	-	-	-	(75)	(75)
Dividend Paid	-	-	-	(2,479)	(2,479)
Shares issued in the period (net of expenses)	1	16	-	-	17
At 30 September 2014	584	31,825	1,763	49,325	83,497

At 1 April 2014	583	31,809	4,624	49,570	86,586
Profit for the period	-	-	-	2,352	2,352
Other comprehensive income					
Foreign exchange translation differences on foreign currency net investment in subsidiaries	-	-	(5,905)	-	(5,905)
Remeasurement of defined benefit plan	-	-	-	(108)	(108)
Tax effect on remeasurement of defined plan	-	-	-	36	36
Total comprehensive income	-	-	(5,905)	2,280	(3,625)
Transactions with owners					
Share based payments	-	-	-	(71)	(71)
Tax recognised on share based payments	-	-	-	(52)	(52)
Dividend Paid	-	-	-	(2,479)	(2,479)
Shares issued in the period (net of expenses)	1	48	-	-	49
At 31 March 2015	584	31,857	(1,281)	49,248	80,408

Notes to the Interim Financial Statements
For the six month period to 30 September 2015

1 Basis of preparation
The condensed financial statements for the six months ended 30 September 2015 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 2015. 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 2015 that are described on pages 55 to 63 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 2015 that have a material effect on the half year results. The financial information for the six months ended 30 September 2015 and the comparative financial information for the six months ended 30 September 2014 has not been audited, but has been reviewed by the auditors. The comparative financial information for the year ended 31 March 2015 has been extracted from the 2015 Annual Report & 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 2015, which were approved by the Board of Directors on 22 June 2015, 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.

Change in accounting policy relating to presentation only: In the Annual Report and Accounts 2015, the cost categories on the Consolidated Income Statement were increased and amended to give greater clarity. At the same time, certain elements of depreciation and amortisation were recategorised from administrative expenses to cost of sales to allow benchmarking amongst peer companies. This resulted in no change to profit from operations (EBIT), earnings per share, net assets or cash flows of the Group.

The effect of this reclassification on the results for the six months ending 30 September 2015 is to increase cost of sales by £1,779,000, reduce gross profit by £1,779,000 reduce depreciation by £457,000 and reduce amortisation by £1,322,000. There is no impact on profit from operations (EBIT), earnings per share, net assets or cash flows of the Group.

Further, in this six months ending 30 September 2015, a reclassification was made to classify exchange gains or losses as Finance income or costs rather than within administrative expenses. These exchange gains and losses relate to the retranslation of intercompany funding and cash balances and therefore are more appropriately classified in Finance Income/Expense. This change further enhances the ability to compare to peer group companies, and reduces the variability of administrative expenses allowing a more meaningful comparison to prior periods. The impact on the results for the six months ending 30 September 2015 is to reduce administrative expenses by £104,000, increase profit from operations (EBIT) by £104,000, and increase finance costs by £104,000. The impact on results for year ending 31 March 2015 is to increase administrative expenses by £688,000, reduce profit from operations (EBIT) by £688,000, and increase finance income by £688,000. This had no effect on profit before tax, earnings per share, net assets or cash flows of the Group.

The comparatives for the six months ending 30 September 2014 have been restated to reflect the same basis. A full disclosure of the reasons for the change and the effects of the recategorisation is given in the Financial Review in this Interim Report. The effect of these reclassifications on the amounts disclosed in the income statement is set out in the following table.

	As previously reported	Reclassifications					As restated
		i	ii	iii	iv	V	
	£000	£000	£000	£000	£000	£000	£000
Revenue	22,114						22,114
Cost of sales	(5,681)		(1,756)				(7,437)
Gross profit	16,433	-	(1,756)	-	-	-	14,677
Distribution costs	(4,905)			4,905			-
Sales & marketing				(4,905)			(4,905)
Admin expenses	(8,363)	3,359			788	(228)	(4,444)
Research & development					(788)		(788)
Exceptional items	(475)						(475)

Depreciation & amortisation		(3,359)	1,756				(1,603)
Profit from operations (EBIT)	2,690	-	-	-	-	(228)	2,462
Finance income	91					228	319
Finance costs	(10)						(10)
Profit before tax	2,771	-	-	-	-	-	2,771

i. Separation of depreciation and amortisation from admin expenses.
ii. Comprising of £476k depreciation on revenue earning iSYS instruments and £1,280k amortisation on development costs.
iii. Change in description of distribution costs to sales & marketing.
iv. Separation of research & development costs.
v. Reclassification of exchange gains and losses to Finance income/costs.

During the year ended 31 March 2015, the provisional fair values attributed to the September 2014 acquisition of Dia.Metra S.r.l., were finalised. In accordance with IFRS3, the net impact of the adjustments to the provisional fair values has been recognised by means of a decrease to goodwill, an increase in intangible assets (and related deferred tax liabilities) and the adjustments to the provisional amounts have been recognised as if the accounting for the business combination had been completed at the relevant acquisition date. As such, all affected balances and amounts have been restated in the financial statements. To this effect, the Consolidated Balance Sheet and affected notes present restated comparative information as at 30 September 2014. There was no impact on the Consolidated Income Statement or Consolidated Statement of Comprehensive Income as a result of the finalisation of the provisional values. Further details of the restatement can be found in note 8.

2 Revenue and segmental information

The main activity of the Group is the development, manufacture and distribution of medical diagnostic products. As described on page 63 of the 2015 Annual Report & Accounts, the Group has determined that it has one operating segment as defined under IFRS 8, being the whole of the Group. As a result of this, no detailed segmental information is provided.

3 Exceptional items

There are no exceptional items in the six months ended 30 September 2015. Exceptional items in the six months ended 30 September 2014 related to:

(i) residual costs from a restructuring exercise in 2013/14
(ii) £176,000 of transaction costs relating to the acquisition of Dia.Metra and £232,000 of aborted transaction costs

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 2015, 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 2015	**6 Months ended 30 Sept 2014**	**Year ended 31 March 2015**
	£000	**£000**	**£000**
Profit after tax	1,177	2,252	2,352
	No.	No.	No.
Weighted average no of shares:			
For basic earnings per share	29,248,508	29,173,035	29,193,569
Effect of dilutive potential ordinary shares:			

-Share Options	9,483	296,586	235,365
For diluted earnings per share	29,257,991	29,469,621	29,428,934
Basic earnings per share	4.0p	7.7p	8.1p
Diluted earnings per share	4.0p	7.6p	8.0p

As there are no exceptional items in the current period, earnings per share and adjusted earnings per share are the same. The calculation of the adjusted earnings per share in the prior year was calculated by adjusting the profit as reported for the after-tax effects of the exceptional items disclosed separately on the face of the income statement.

	6 Months ended 30 Sept 2015	**6 Months ended 30 Sept 2014**	**Year ended 31 March 2015**
	£000	**£000**	**£000**
Profit on ordinary activities after tax as reported	1,177	2,252	2,352
Exceptional items	-	181	874
Profit on ordinary activities after tax as adjusted	1,177	2,433	3,226
Adjusted basic earnings per share	4.0p	8.3p	11.1p
Adjusted diluted earnings per share	4.0p	8.3p	11.0p

5 Taxation

The estimated tax rate for the year of -42% (H1 2015: 21%) has been applied to the profit before tax for the six months ending 30 September 2015.

In the Budget on 8 July 2015, the Chancellor announced planned reductions in the UK Corporation tax rate to 18% by 2020. These changes were substantively enacted on 26 October 2015. This will reduce the group's future tax charge accordingly. The effect of the reduction in rate to 18%, had it been enacted at the balance sheet date, would have been to reduce the net deferred tax liability by approximately £151,000 in these financial statements.

6 Provisions

	Retirement/ Leavers Provision £000	**Warranty Provision £000**	**Dilapidation Provision £000**	**Total £000**
At 1 April 2015	635	82	500	1,217
Foreign exchange gain	9	1	-	10
Reassessment in period	(36)	-	-	(36)
At 30 September 2015	608	83	500	1,191
At 1 April 2014	350	292	500	1,142
Increase on acquisition of subsidiary	160	-	-	160
Foreign exchange gain	(19)	(16)	-	(35)
Reassessment in period	(43)	(105)	-	(148)
At 30 September 2014	448	171	500	1,119
At 1 April 2014	350	292	500	1,142
Increase on acquisition of subsidiary	160	-	-	160
Foreign exchange gain	(40)	(34)	-	(74)
Reassessment in year	165	(176)	-	(11)

At 31 March 2015	635	82	500	1,217
At 30 September 2015				
Included in current liabilities	-	83	-	83
non-current liabilities	608	-	500	1,108
	608	83	500	1,191
At 30 September 2014				
Included in current liabilities	-	171	-	171
non-current liabilities	448	-	500	948
	448	171	500	1,119
At 31 March 2015				
Included in current liabilities	-	82	-	82
non-current liabilities	635	-	500	1,135
	635	82	500	1,217

The retirement / leavers provision relates to statutory requirements in France and Italy to pay amounts to retiring / leaving employees under certain circumstances. There is no assumption that employees will leave within the next 12 months and as such the provision is all included within non-current liabilities.

The warranty provision relates to warranties given for the first year of operation of IDS-iSYS systems. This is reassessed each year. It is expected that these costs will be incurred in line with normal warranty terms of one year from the placements of the instrument.

The dilapidations provision relates to leased buildings in Boldon, UK and at its earliest will be required to be settled in July 2020, at the first break point in a 15 year lease signed in February 2015. The discounted expected future cash flows to restore the buildings amounted to £500,000 at the balance sheet date.

7 Share Capital

	6 Months ended 30 Sept 2015	**6 Months ended 30 Sept 2014**	**Year ended 31 March 2015**
	£000	**£000**	**£000**
Equity Shares			
Authorised:			
75,000,000 Ordinary Shares of £0.02 each at 30 Sept 2015, 31 March 2015 and 30 September 2014	1,500	1,500	1,500
Share Capital			
Allotted, called up and fully paid:			
29,215,175 in issue at 1 April 2015 (1 April 2014: 29,161,915)	584	583	583
Issued on the exercise of share options	4	1	1
29,415,175 in issue at 30 Sept 2015 (30 Sep 2014: 29,195,176, 31 Mar 2015: 29,215,175)	588	584	584
Share Premium			
Balance brought forward	31,857	31,809	31,809
Premium on shares issued during the year	406	16	48

	32,263	31,825	31,857

8 Business combinations

On 9 September 2014, IDS completed the acquisition of the entire share capital of Dia.Metra S.r.l. ("Diametra"), an Italian company specialised in the development and commercialisation of manual immunoenzymatic assays. Due to the timing of the acquisition shortly before the period end date, work on identifying and valuing the intangible assets was not complete at 30 September 2014.
The sale and purchase agreement allowed for a net assets adjustment on finalisation of the completion balance sheet.
The fair values for Diametra were finalised in the financial statements for the year ending 31 March 2015. As a result, the provisional fair values disclosed at 30 September 2014 have been restated.

The table below shows the provisional fair values as reported at 30 September 2014, and the final fair values as reported at 31 March 2015.

	Provisional fair values as reported at 30 September 2014 £000	Finalised fair values as reported at 31 March 2015 £000
Fair value of cash consideration	2,769	2,879
Non-current assets		
Property, plant & equipment	1,728	1,724
Intangible assets	-	1,301
Other non-current assets	-	4
	1,728	3,029
Current assets		
Inventory	327	327
Receivables and accrued income	885	884
Cash and cash equivalents	339	339
	1,551	1,550
Current liabilities		
Short term borrowings	(452)	(452)
Trade and other payables	(377)	(377)
Deferred taxation	(61)	(61)
Accruals	(89)	(89)
	(979)	(979)
Non-current assets		
Long term borrowings	(1,403)	(1,403)
Deferred taxation on intangibles	-	(408)
Provisions	(160)	(160)
	(1,563)	(1,971)
Net Assets	737	1,629
Goodwill	2,032	1,250

The key difference between the provisional and final fair values is the identification of intangible assets in relation to technology, brand and customer relationships, and the associated deferred tax liabilities. The fair value of consideration also increased by £110,000 due to the increase in actual net assets over the target net assets agreed in the Sale and Purchase Agreement.

9 Financial assets and financial liabilities

The carrying value of the financial assets and liabilities are not materially different from their fair value.

10 Contingent liabilities

The Group undertakes research and development activities often in collaboration with third parties who provide their expertise and from time to time their intellectual property in the form of know-how or patents. To facilitate this collaboration, IDS may enter into risk and reward contracts that require contractual payments to be made when certain performance milestones are achieved. These liabilities are not reported in the financial statements of the Group as the Directors consider the fulfilment of any condition that will give rise to these liabilities to be future events.

The relevant contingent milestone payments as at 30 September 2015 are:

i)The Group has entered into a licence and co-operation agreement for the development of four analytes. For each analyte there are milestone payments falling due: £ 25,000 upon commercial launch, £75,000 upon receipt of 510(k) clearance in the US, and £150,000 upon achievement of US reimbursement status. There are currently no planned launch dates for these products.

ii) The Group has a potential liability to the previous owners of SBA for €600,000 of which €300,000 is due upon receipt of 510(k) clearance for TRAcP 5b products in the US, and a further €300,000 upon obtaining US reimbursement status for these same products. There is currently no planned launch date for these products in the US.

11 Interim results

These results were approved by the Board of Directors on Monday 23 November 2015. 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 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 2015 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 11. 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 2015 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
23 November 2015