

RNS Number:7086L
Mid-States PLC
08 November 2006

MIDSTATES PLC

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Mid-States PLC announces preliminary results
for the 18 months to 30 June 2006

Mid-States PLC ("Mid-States" or "the Company") today announces its preliminary results for the 18 months to 30 June 2006.

Highlights

- Completed acquisition of Inov8 Technologies Ltd and Moving Sun Ltd on 5 Oct 2006
- Moved from Official List of LSE to AIM, a market better suited for Mid-States' size and stage of development
- Created leading environmental group with particular focus on novel air disinfection technology, scientifically proven to kill bacteria, viruses and fungi
- Technology well positioned to benefit from significant market potential in reducing high profile health concerns such as MRSA, E. coli and C. diff
- Continued development of global leadership in fuel system technology
- Robust cash position provides working capital for group
- Enlarged group provides necessary support and structure to oversee volume production of air disinfection as well as development of existing business

David Plucinsky, Chairman said: "Since the end of the period, Mid-States has completed two exciting acquisitions which have created an enlarged group in an excellent position to exploit significant opportunities in the air disinfection market. The move to AIM gives Mid-States the flexibility required to achieve the substantial growth that we think this acquisition will provide."

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CHAIRMAN'S STATEMENT

I am pleased to report to you on both the Company's acquisition of Inov8 Technologies Ltd and Moving Sun Ltd, (together "Inov8") and the financial results of the Company prior to the acquisitions, for the eighteen month period to 30 June 2006.

Acquisition of Inov8

At the Extraordinary General Meeting held on 5 September 2006 shareholders

approved the acquisition of Inov8 as detailed in the circular to shareholders dated 14 August 2006. The acquisition which completed on 5 October 2006 brought together Mid-States' corporate infrastructure and balance sheet, Moving Sun's ground breaking air disinfection technology and Inov8 Technologies' management, engineering and systems testing business.

Inov8 Business

The acquisition created a leading environmental technology group founded on proven expertise in atmospheric chemistry. Its technologies target global concerns and interest in clean air and an improved environment. Inov8 has a suite of sophisticated current, soon to be launched, and in-development products. It has established revenues and is well placed to take advantage of significant growth opportunities in its international commercial and retail markets.

Inov8 is a global leader in fuel system testing technology and the provision of equipment directed toward meeting emission requirements and increasing fuel efficiency. Its customers include manufacturers such as Ford, Renault and Volkswagen as well as tier one suppliers including Siemens, Delphi, Denso and Keihin. The Group is well positioned to take advantage of the demand in these markets that will be generated by the increasingly stringent EU and US emission regulations.

As well as new fuel system testing equipment, the Group is planning to launch a ground breaking air disinfection technology. This has been developed over the past several years by David Macdonald, the Group's new Chief Scientific Officer, based on research conducted by both David and Professor Derek Elwood, a consultant to the Group. It replicates, indoors, the natural pathogen control which exists in the atmosphere.

In open air, the harmful effects of pathogens are proven to be eliminated by naturally occurring hydroxyl radicals. The Group's technology, in the form of an air disinfection device, generates a continuous cascade of hydroxyl radicals indoors, reproducing the same effect as occurs naturally outdoors. The device has been tested at Porton Down and is scientifically proven to be effective in killing pathogens, including MRSA, E. coli and C. diff in an enclosed environment. It is suitable for both commercial and domestic use and target markets include hospitals, care homes, hotels, offices, as well as retail customers.

The enlarged Group provides the necessary infrastructure to support the volume production of the air disinfection products as well as development of the existing Inov8 business.

Structure of Acquisitions and Move to AIM

Inov8 Technologies Limited and Moving Sun Limited were acquired by the Group in exchange for issuing shares in Mid-States. The sellers now own 29.99% of the enlarged share capital of the Group. The two individual sellers have joined the Company, Michael Heath as Managing Director and David Macdonald as Chief Scientific Officer. The cash held at completion by Mid-States, approximately £6.5 million after transaction expenses, provides working capital for the Group.

In conjunction with the acquisition, the Company moved from being listed on the Official List of the London Stock Exchange to being quoted on the Alternative Investment Market of the London Stock Exchange (AIM). The board believes that this is appropriate in order to take advantage of the simplified ongoing administration and lower costs of trading which are more appropriate for a company of Mid-States' size at its stage of development. In the longer term, it will also provide greater flexibility to pursue growth objectives with regard to

any corporate transactions. Shareholders can continue to trade shares on the market as before.

Board and Management Changes

As noted previously, Michael Heath has been appointed Managing Director of the enlarged Group. Mike, who has over 25 years of business experience, has been a director of Inov8 since 2004. As well as his experience in the UK, Mike has significant experience in China, which is expected to be an important trading location for the Group.

David Macdonald has been appointed Chief Scientific Officer of the enlarged Group. David has a broad career in senior business management positions in the technology and biotechnology sectors, and as a scientist. As well as in the UK, he has extensive experience of working in the US, which is also expected to be a significant market for the Group's products.

I would like to welcome Mike, David and all the management and staff of Inov8 to the Group.

As indicated in the circular to shareholders dated 14 August, Roger McCabe stepped down from the Board as a non-executive director on completion of the acquisition. Roger had been a director of the Company since 1998 and served as its Chief Executive from then until the disposal of the Group's former operations in October 2001. Roger leaves the Board with our gratitude for his services to the Company and best wishes for the future.

Results for the Period to 30 June 2006

Following the change in the Company's year end, the period being reported upon commenced on 1 January 2005 and ended on 30 June 2006.

The Group did not trade during the period. Net interest on the Group's cash balances during this period totalled £512,000 and expenses incurred totalled £417,000, which included certain expenses associated with the acquisition of Inov8. The Group made a profit after tax of £95,000 in the period.

The Future

The next twelve months will be a key period in the Company's development. It will bring challenges as well as exciting opportunities. We are optimistic about the results that the Company will achieve and believe these should become evident during the course of 2007.

Finally, I would like to thank shareholders for their support during the search for an appropriate transaction for the Company and in the acquisition of Inov8.

David J. Plucinsky
Chairman

GROUP PROFIT AND LOSS ACCOUNT For the 18 months ended 30 June 2006

Notes	18 Months to 30 June 2006 £'000's (audited)	12 Months to 31 December 2004 £'000's (audited)
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Administrative expenses		(417)	(235)
		-----	-----
Operating (loss) from continuing operations		(417)	(235)
Net interest receivable		512	324
		-----	-----
Profit on ordinary activities before taxation		95	89
Taxation	1	-	-
		-----	-----
Profit on ordinary activities after taxation		95	89
		-----	-----
Retained profit for the period		95	89
		-----	-----
Basic earnings per share	2	0.18p	0.17p
Diluted earnings per share	2	0.17p	0.16p

Following a change in the Company's year end, the period being reported upon commenced 1 January 2005 and ended on 30 June 2006.

There are no recognised gains or losses for the period other than the profit and loss shown above.

GROUP BALANCE SHEET
At 30 June 2006

	30 June 2006 £000's (audited)	31 December 2004 £000's (audited)
Current assets		
Debtors	466	61
Cash at bank and in hand	7,669	7,579
	-----	-----
	8,135	7,640
Creditors: amounts falling due within one year	(476)	(76)
	-----	-----
Net assets	7,659	7,564
	=====	=====
Capital and reserves		
Called up share capital	523	523
Capital redemption reserve	253	253
Profit and loss account	6,883	6,788
	-----	-----
Total equity funds	7,659	7,564
	=====	=====

GROUP CASHFLOW STATEMENT
For the 18 months ended 30 June 2006

	Notes	18 Months to 30 June 2006 £'000 (audited)	12 Months to 31 December 2004 £'000 (audited)
Net cash (outflow) from operating activities	3	(465)	(214)
Returns on investments and servicing of finance		555	311
Taxation		-	(32)
Cash inflow before liquid resources and financing		90	65
Management of liquid resources		(119)	(47)
(Decrease) / increase in cash in the period	4	(29)	18

NOTES:

1. Taxation

No tax charge arose during the period ended 30 June 2006 or the year ended 31 December 2004 due to the utilisation of brought forward tax losses.

2. Earnings per share

The calculation of the basic earnings per share is based on the profit for the period after tax of £95,000 (2004 - £89,000) and on the weighted average number of ordinary shares in issue during the period of 52,315,751 (2004 - 52,315,751).

The diluted earnings per share has been calculated using the profit for the period after tax of £95,000 (2004 - £89,000) and on, the weighted average number of ordinary shares in issue during the period of 52,315,751 (2004: 52,315,751) plus the number of share options in existence at the balance sheet date which may vest and convert into ordinary shares at some future date of 2,000,000 (2004: 2,000,000), totalling 54,315,751 ordinary shares (2004: 54,315,751).

3. Reconciliation of operating (loss) to net cash (outflow) from operating activities

	18 Months to 30 June 2006 £'000s	12 Months to 31 December 2004 £'000s
Operating (loss)	(417)	(235)
Currency translation gains	-	(1)
(Increase) in debtors	(448)	-

Increase in creditors	400	22
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Net cash (outflow) from operating activities	(465)	(214)
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4. Reconciliation of net funds

	18 Months to 30 June 2006 £'000s	12 Months to 31 December 2004 £'000s
(Decrease) / increase in cash in the period	(29)	18
Cash outflow from increase in liquid resources	119	47
	-----	-----
Movement in net funds during the period	90	65
Net funds at the beginning of the period	7,579	7,514
	-----	-----
Net funds at the end of the period	7,669	7,579
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5. Post Balance Sheet Events

On 5 October 2006 Mid-States PLC completed the acquisition of the whole of the share capital of Inov8 Technologies Limited and Moving Sun Limited. Inov8 Technologies Limited is a global leader in fuel system testing technology. Moving Sun Limited holds the various intellectual property rights associated with Inov8 Technologies operations.

As consideration for the acquisition, Mid-States PLC issued and allotted 22,410,361 ordinary shares to the sellers, representing 29.99% of the issued share capital of the enlarged Group.

Costs incurred with the acquisition of Inov8, as at 30 June 2006, are included within Debtors and amounted to £439,000. These costs will form part of the consideration for the Inov8 acquisition and will be transferred to fixed asset investments.

6. Financial Information

The accounts have been prepared on the historical cost basis and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The figures for the 18 months ended 30 June 2006 have been extracted from the statutory accounts which have been reported on by the group's auditors and will be delivered to the Registrar of Companies. The auditors' report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Copies of the 2006 Annual report will be sent to shareholders in due course. Further copies will be available from the Company's offices: Masters House, 107 Hammersmith Road, London, W14 0QH.

This information is provided by RNS
The company news service from the London Stock Exchange

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