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PRESS RELEASE

UNAUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2007

Mid-States PLC (“Mid-States” or the “Company”), a leading environmental technology group today reports its unaudited preliminary results for the year ended 30 June 2007.

Summary

- Completed acquisition of Inov8 Technologies Limited and Moving Sun Limited on 5 October 2006
- Launched the Air Disinfection device, (“AD”) on 19 June 2007; a ground-breaking technology scientifically proven to be effective in the fight against hospital acquired infections
- First order for AD received from NHS – Sunderland NHS Foundation Trust
- World-Class Scientific Advisory board established including Prof. Hugh Pennington and Prof. Clive Beggs
- Turnover for year £4.1 million
- Cash balance of £2.4 million at 30 June 2007

Mike Heath, Managing Director of Mid-States commented: “I am extremely pleased with the progress Mid-States has made this year and I am particularly excited about the prospects for the AD. Since we launched the product in June, we already have our first order from an NHS trust and have a significant pipeline of potential customers. Airborne transmission of infection has become a huge problem for health agencies and a concern for consumers across the world. We aim to make the AD the disinfection unit of choice as we help tackle the spread of infection in our everyday lives”.

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CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

We are pleased to report on the activities of Mid-States PLC for the financial year ended 30 June 2007. During the year, the company became the parent of a leading environmental technology group as a result of the acquisition of its trading subsidiaries in October 2006. The financial information presents the consolidated results of the Group, and includes those of its trading subsidiaries from their dates of acquisition during the year.

The Group's New Businesses

Inov8 Technologies Limited, acquired by the Group on 5 October 2006, is an established global leader in fuel system testing equipment and technologies. Its equipment is used in 1,100 installations across 44 countries around the globe by many of the world's major motor manufacturers and Tier One suppliers. It also manufactures the Group's new air disinfection unit, the AD.

Inov8 Science Limited is the sales and marketing company for the AD, a new ground breaking technology that is scientifically proven to be effective in the fight against hospital acquired infections such as MRSA, E. coli and C.diff, and those associated with influenza and other common illnesses that impact our everyday lives. The device, launched in June 2007, clears enclosed spaces of airborne bacteria and viruses.

The AD generates a continuous cascade of hydroxyl radicals (OH[°]) indoors, reproducing the same natural disinfection effect as occurs in the outdoors and in our bodies. Hydroxyl radicals are essential to life and in the body they are produced by cells to kill invading pathogens as an integral part of the body's own defence systems. The device is suitable for use in a variety of environments including hospitals, care homes, offices, hotels and domestic homes. Development work on the AD was completed during the year and production of the device has now commenced.

Moving Sun Limited was also acquired by the Group and owns substantially all intellectual property rights acquired by the Group.

Operations – Inov8 Science (The AD)

Mid-States has made significant achievements since it acquired the Inov8 companies in October 2006. We finalised development of the AD, conducted further tests on the final product at Porton Down and Leeds University, and re-validated the effectiveness of the product to levels above those achieved in our pre-acquisition investigations. We launched the AD in June, have now begun production and, following the launch of our marketing campaign, have already secured an order from the Sunderland NHS Foundation Trust as part of their efforts to combat hospital acquired infections.

We are excited, not only by the opportunity this revolutionary product affords, but more importantly by the initial acceptance it has received. Whilst our focus is on preventing the airborne transmission of infection, potential purchasers of the AD have identified other uses for it. As an example, in response to a request from several care home operators, it has been proven that the AD is highly effective in eliminating odours, which is an important concern to this market segment. Our discussions with a number of possible distributors give encouragement that the AD will be an important part of infection control, initially in the UK, and thereafter in major markets around the globe.

Our marketing campaign for the AD is given particular credibility as it is endorsed by our prestigious Scientific Advisory Board, chaired by David Macdonald, the driving force behind the AD. Professors Hugh Pennington, Clive Beggs and Derek Elwood, the latter the originator of the OH[°] air disinfection concept from his days at Porton Down, provide us with invaluable input. Events such as our recent sponsorship of the global bird flu conference in the USA (where David Macdonald delivered a keynote speech) and attendance at the September 2007 Health Protection Agency conference at Warwick University continue to form an important part of our marketing. The detailed and insightful understanding of C.diff that Inov8 Science has developed is allowing us to meaningfully participate in research studies into this now increasingly major concern for health agencies.

Apart from the AD, our R&D efforts continue to focus on ways of improving the infection control environment in hospitals, care homes and other facilities. Work is progressing well on the development of additional applications for the air disinfection technology that capitalises on our detailed understanding of how OH[°] works. In all cases, the OH[°] concept underpins our technology. Whilst additional products are an

important part of our future, we continue to devote our full time and attention to making the AD a global success story.

The importance of the role of the hydroxyl radical in human and animal health, which has recently been further validated by independent research published by organisations as diverse as the Wellcome Foundation and Boston University, underpins our future product pipeline.

Operations – Inov8 Technologies

The last twelve months have been challenging for the automotive industry and, in particular, for the Western automotive manufacturers who have traditionally been our largest customers. They have seen falling market share in addition to a tightening of emission regulation in the EU and US which has meant that investment in fuel system testing technology has been delayed until they better understand ways to comply with these new standards.

In response to these challenges, Inov8 Technologies has taken steps to reduce their impact and capitalise on the changes in the market. In terms of ensuring a quality flow of revenues, we established a presence in new markets where growth is being seen, in particular the Far East. The fruits of this effort are evidenced by the installation of a high pressure common rail test stand incorporating our Akribis technology into a new customer's development facility in Japan. Further, we have just completed the installation in China of an end of production line test facility capable of handling 10 million fuel injectors per year. Inov8 Technologies has established a relationship with the Beijing Institute to establish a state of the art research facility and reference site. In addition, recognising the deferral of revenues in the short term, a cost reduction programme was implemented towards the end of the financial year, which brought costs to a level that will permit us to achieve profitability at lower revenues.

This change in geographic focus and the cost reduction programme should stand us in good stead during the coming year and complement our activity in our more traditional markets.

Results and dividends

As noted previously, the results of the Group incorporate those of its operating subsidiaries only for the period since acquisition on 5 October 2006.

Revenue for the year was £4.1 million (2006: £nil). The loss for the year before taxation was £3.0 million (2006: profit £95,000). At 30 June 2007 the cash at bank was £2.4 million (2006: £7.7 million) and shareholder's funds were £8.1 million (2006: £7.7 million). The directors do not recommend the payment of a dividend for the year (2006: £nil).

Our Finance Director's review provides further details of the results for the year.

Board changes

As previously reported Mike Heath was appointed Managing Director of the Group on 5 October 2006. Mike was, and continues to be an Executive Director of Inov8 Technologies Limited. Prior to joining Inov8, Mike had 25 years of experience of working in corporate banking and corporate recovery and has considerable experience in working in China.

Andrew Tonks was appointed to the Board as Finance Director on 22 June 2007 having joined the Group as Chief Financial Officer in March. Andrew has extensive experience having held senior finance positions within a number of publicly listed groups including NSB Retail Systems, Alvis, ML Holdings and BTR.

Roger McCabe resigned from the Board on completion of the Group's acquisition of Inov8. Roger, the former Chief Executive Officer of the Company, latterly served as a Non-Executive Director. We would like to thank him for his services to the Company over many years and wish him every success for the future.

Placing

The Company expects to announce later today that it has successfully raised approximately £971,000 by way of a cash placing.

Outlook

Since the acquisition of Inov8 Technologies was completed in October 2006, the newly combined Group has made solid progress.

We will continue to market the AD in the coming months and we are in advanced negotiations with a number of potential UK distribution partners and expect to announce more details when these negotiations are complete.

We believe that there is significant market potential for the AD in reducing high profile health concerns about viruses and bacteria such as MRSA, E.coli and C.diff, as well as those that impact our daily lives such as influenza.

We are seeing signs of increasing activity in the automotive industry and the Group is well placed to take advantage of the growth generated by the tightening of emissions regulations in the EU and US and from the expansion of the Chinese and Japanese markets. Development work on the next generation of our Akribis technology is close to completion and will be brought to market during the coming year.

We look forward to reporting further over the coming year on sales of the AD and the growth in demand for our market leading fuel system testing technologies.

D J Plucinsky

M E Heath

Chairman

Managing Director

8 November 2007

8 November 2007

FINANCE DIRECTOR'S REVIEW

The Group returned to active trading during the year ended 30 June 2007, following the acquisition of Inov8 Technologies Limited and Moving Sun Limited in October 2006. Consequently, the inclusion of nine months trading of these subsidiaries in the results for the year causes major differences between this year and last year's financial statements. Significant matters and changes for the year are detailed below.

Results

Revenues totalled £4.1 million (18 months ended 30 June 2006: £nil) and the operating loss was £3.2 million (18 months ended 30 June 2006: £0.4 million loss). The loss after tax was £3.0 million (18 months ended 30 June 2006: £0.1 million profit) after charging restructuring costs of £138,000 and goodwill amortisation of £245,000.

The restructuring costs relate to the redundancies made in Inov8 Technologies in May 2007 to reduce the cost base following a period of low activity in the automotive market and to ensure the business remains competitive in future.

The total cash outflow for the year ended 30 June 2007 was £5.2 million and included in this figure was an outflow of £2.7 million associated with the acquisition of Inov8 Technologies Limited and Moving Sun Limited (this includes the £1.9 million repayment of Inov8 Technologies Limited's overdraft).

The Group's cash balances were £2.4 million at 30 June 2007 (30 June 2006: £7.7 million). The lower cash balances following the acquisition reduced interest receivable to £224,000 (18 months ended 30 June 2006: £512,000).

Key performance indicators

The Group considers the key performance indicators as the growth of AD and AD consumable sales, engineering revenues, gross profit, net current assets and cash balances.

	2007	2006
	£'000	£'000
Revenue	4,062	-
Gross Profit	1,439	-
Gross margin %	35.4%	-
Net current assets	2,199	7,659
Cash at bank and in hand	2,428	7,669

Please note there were no sales of the AD or the AD consumable in the year.

All of £4,062,000 revenue was attributable to the Inov8 Technologies automotive business. Please note this revenue is for the 9 months trading from the acquisition on 5 October 2006.

The geographical analysis of revenue is:

	2007	2006
	£'000	£'000
United Kingdom	1,403	-
Other EU	713	-
Rest of World	1,946	-
	4,062	-

Research and development costs

The loss for the year ended 30 June 2007 included a charge of £1.8 million for research and development costs. £1.4 million of this expenditure relates to the development of the air disinfection technology following the acquisition in October 2006 and the Group launched the AD in June 2007. The balance of the expenditure relates to ongoing research and development in the automotive fuel injection testing business.

(Loss)/earnings per share

The basic loss per share for the year ended 30 June 2007 was 4.42 pence (basic earnings per share 18 months ended 30 June 2006: 0.18 pence).

The diluted loss per share was 4.42 pence (diluted earnings per share 18 months ended 30 June 2006: 0.17 pence).

Acquisition of Inov8 Technologies Limited and Moving Sun Limited

The acquisition was completed on 5 October 2006 and nine months of the trading of Inov8 Technologies have been included in the Group's results for the year. Moving Sun was dormant except for the licensing of intellectual property to Inov8.

The goodwill arising on the acquisition of £6.5 million will be amortised over twenty years under UK GAAP. A charge of £245,000 was included in the consolidated profit and loss account of the Group for the year ended 30 June 2007 (18 months ended 30 June 2006: £nil).

Bank facilities

HSBC Bank plc has granted a £500,000 overdraft facility and a standby overdraft facility of £1 million to Inov8 Technologies Limited on 11 July 2007 and these facilities are reviewed annually. The next review will fall due in January 2008.

Share based payments

The Group has applied FRS 20 from 1 January 2005. In accordance with the transitional provisions, FRS 20 is applicable only to those grants of equity instruments after 7 November 2002 that remained unvested

as of 1 January 2005. FRS 20 has not been applied to unexercised share options at the period end which were granted before 7 November 2002 and vested prior to 1 January 2005. The adoption of FRS 20 has not had a material impact on the current period and no prior period adjustments were required.

Taxation

As a result of brought forward losses and the operating loss in the year in Inov8 Technologies Limited the Group's tax charge for the year ended 30 June 2007 was £nil (18 months ended 30 June 2006: £nil).

International Financial Reporting Standards

The results for the year ending 30 June 2008 will be reported under International Financial Reporting Standards (IFRS) and the impact of the transition from UK GAAP to IFRS will be reported upon when the Group publishes its results for the six months ending 31 December 2007.

Andrew Tonks
Finance Director
8 November 2007

GROUP PROFIT AND LOSS ACCOUNT
As at 30 June 2007

	12 months ended 30 June 2007			18 months ended 30 June 2006	
		Acquisitions	Existing	Total	
	Note	£'000	£'000	£'000	
Turnover: continuing activities		4,062	-	4,062	-
Cost of sales		(2,623)	-	(2,623)	-
Gross profit		1,439	-	1,439	-
Distribution costs		(57)	-	(57)	-
Administration costs		(4,212)	(399)	(4,611)	(417)
Operating loss: continuing activities		(2,830)	(399)	(3,229)	(417)
Interest receivable and similar charges				224	512
Interest payable and similar costs				(36)	-
(Loss)/profit on ordinary activities before taxation				(3,041)	95
Tax on (loss)/profit on ordinary activities				-	-
(Loss)/profit on ordinary activities after tax				(3,041)	95
(Loss)/profit for the financial year/period				(3,041)	95
(Loss)/earnings per share:					
Basic (loss)/earnings per share	4			(4.42)p	0.18p
Diluted (loss)/earnings per share	4			(4.42)p	0.17p

All amounts are derived from continuing activities.

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

GROUP BALANCE SHEET
As at 30 June 2007

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Intangible assets		6,298	-
Tangible assets		656	-
		<u>6,954</u>	<u>-</u>
CURRENT ASSETS			
Stocks		371	-
Debtors		717	466
Cash at bank and in hand		2,428	7,669
		<u>3,516</u>	<u>8,135</u>
CREDITORS: amounts falling due within one year		<u>(1,317)</u>	<u>(476)</u>
NET CURRENT ASSETS		2,199	7,659
TOTAL ASSETS LESS CURRENT LIABILITIES		9,153	7,659
CREDITORS: amounts falling due after within one year		(105)	-
PROVISIONS FOR LIABILITIES		<u>(956)</u>	<u>-</u>
NET ASSETS		<u>8,092</u>	<u>7,659</u>
CAPITAL AND RESERVES			
Called up share capital		747	523
Capital redemption reserve	6	253	253
Merger reserve	6	3,250	-
Profit and loss account	6	3,842	6,883
TOTAL EQUITY SHAREHOLDER'S FUNDS		<u>8,092</u>	<u>7,659</u>

GROUP CASH FLOW STATEMENT
As at 30 June 2007

	Note	2007 £'000	2006 £'000
Net cash outflow from operating activities	8	(2,382)	(465)
Returns on investments and servicing of finance		188	555
Taxation		-	-
Capital expenditure and financial investment		(321)	-
Acquisitions		(2,719)	-
Cash (outflow)/inflow before liquid resources and financing		(5,234)	90
Management of liquid resources		-	(119)
Financing		(7)	-
(Decrease) in cash in the period		(5,241)	(29)

All amounts are derived from continuing activities.

There are no recognised gains or losses for the current or prior year other than as stated above.

NOTES

For the year ended 30 June 2007

1. FINANCIAL INFORMATION

The financial information set out above does not constitute the Group's statutory accounts for the year ended 30 June 2007. The comparative period was an eighteen month period which ended on 30 June 2006. The statutory accounts for the Group for the year ended 30 June 2007 have not yet been approved, audited or filed. These statements have been prepared on the going concern basis, which the directors consider to be appropriate because they have a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future.

2. ACCOUNTING POLICIES

The financial statements are prepared in accordance with United Kingdom law and accounting standards. The particular accounting policies adopted, which have been applied consistently in the current and prior year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

The Group's accounts include the accounts of the Company and all of its subsidiary undertakings during the year. The results of subsidiary undertakings and businesses acquired during the period are included from date of acquisition. The results of subsidiary undertakings and businesses disposed are included to date of disposal.

Share based payments

FRS 20 "Share based payment" requires the recognition of share based payments at fair value at the date of grant. The Group has applied FRS 20 from 1 January 2005, in accordance with the transitional provisions, FRS 20 is applicable only to those grants of equity instruments after 7 November 2002 that remained unvested as of 1 January 2005. FRS 20 has not been applied to unexercised share options at the period end which were granted before 7 November 2002 and vested prior to 1 January 2005. The adoption of FRS 20 has not had a material impact on the current period and no prior period adjustments were required.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings during the year representing any excess of the fair value of the consideration given over the identifiable assets and liabilities acquired is capitalised and amortised over its useful economic life, which is 20 years.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment. Income is included in the accounts in the year which it is receivable.

Tangible fixed assets

On other fixed assets depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant, Fixtures and fittings	10% to 20% per annum
Motor vehicles	25% per annum

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and direct labour. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Long-term contracts

Amounts recoverable on long term contracts, which are included in debtors are stated at the net value of the work done less any amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales less provision for contingencies and anticipated future losses on contracts, included as long term contract balances in stock.

Turnover

Turnover represents the invoiced value of goods and services supplied by the company except in respect of long term contract work where revenue recognised in this manner is based on an assessment of the fair value of the work completed at the balance sheet date as a proportion of the total value of the contract but excluding Value Added Tax. Revenue is only recognised where the company has a contractual right to receive consideration for work undertaken.

Research and development

Research and development costs are written off in the year that they are incurred.

Foreign currency

Transactions undertaken in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Balances outstanding at the period end are translated at the exchange rate ruling at the balance sheet date. All translation differences are dealt with in the profit and loss account.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Taxation

Current tax including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Retirement Benefits

Stakeholder Pension Scheme

The Company offers a stakeholder plan. This is open to all employees. The pension costs charged against operating profits are the contributions payable to the stakeholder plans in respect of the year.

3. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

No tax charge arose during the period ended 30 June 2007 or for comparative periods due to the utilisation of brought forward tax losses.

4. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following information

	12 months ended 30 June 2007 £'000	18 months ended 30 June 2006 £'000
(Loss)/earnings for the purposes of basic (loss)/earnings per share being the net loss/profit attributable to equity holders of the parent	(3,041)	95
Weighted average number of ordinary shares for the purpose of basic earnings per share:	68,799,405	52,315,751
Share options in issue	2,275,000	2,000,000
	<hr/>	
Basic (loss)/earnings per share	(4.42)p	0.18p
Diluted (loss)/earnings per share	(4.42)p	0.17p

5. ACQUISITION OF SUBSIDIARY UNDERTAKINGS

On 5 October 2006 the company acquired 100% of the issued share capital of Inov8 Technologies Limited and Moving Sun Limited for consideration comprising the issue of 22,410,361 ordinary shares of each in the company, representing 29.99% of the issued share capital of the enlarged Group. The fair value of the net liabilities acquired was £1,819,000 and the total consideration was £4,724,000.

The net liabilities of Inov8 Technologies Limited that were acquired totalled £1,819,000, this included a bank overdraft of £1,908,000. Costs incurred with the acquisition as at 30 June 2007, have been capitalised and amounted to £1,250,000.

6. STATEMENT OF MOVEMENT ON RESERVES

	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 July 2006	253	-	6,883	7,136
(Loss) for the year	-	-	(3,041)	(3,041)
Shares issued on acquisition of subsidiary	-	3,250	-	3,250
At 30 June 2007	253	3,250	3,842	7,345

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2007 £'000	2006 £'000
(Loss) / profit for the year	(3,041)	95
Shares issued in the year on acquisition of subsidiary	3,474	-
Net addition to shareholder's funds	433	95
Opening shareholder's funds	7,659	7,564
Closing shareholder's funds	8,092	7,659

8. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007 £'000	2006 £'000
Operating (loss)	(3,229)	(417)
Depreciation	127	-
Amortisation	245	-
Decrease in stocks	385	-
Decrease / (Increase) in debtors	676	(448)
(Decrease) / Increase in creditors	(367)	400
(Decrease) / Increase in provisions	(219)	-
Net cash (outflow) from operating activities	(2,382)	(465)