

PRESS RELEASE

30 March 2010

MID-STATES PLC

Unaudited Results for the Six Months Ended 31 December 2009

Mid-States PLC, a leading environmental technology group today reports its unaudited results for the six months ended 31 December 2009.

Summary

- Orders for 679 ADs received in the six months ended 31 December 2009
- Includes significant orders from distributors in Spain, Norway and the Middle East
- Over 600 ADs in use in UK hospitals
- Order intake is expected to exceed 400 in the quarter ending 31 March 2010
- Order intake for the financial year now exceeds 1,000 units
- New wall mounted AD completed and further derivatives of the AD in development
- Increased investment in sales and marketing resources

Javier Segura, Chief Executive of Mid-States commented:

”On this, the first anniversary of my joining the Group, I am pleased to be reporting on the start of the commercial success of our technology. We are already achieving sales traction in multiple geographies and sectors. Our task now is to develop and replicate this success to bring the technology towards its full commercial potential.”

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Chairman and Managing Director's Report

Introduction

The Board is pleased to announce its results of the Company for the half year ended 31 December 2009 and to take this opportunity to comment on the continued progress in its air disinfection business and its groundbreaking air disinfection device, the AD.

Business update

The Board believes that the new business strategy adopted last year, its strengthened management team and the heightened awareness of viral threats (including swine 'flu), have been significant factors in the progress of the air disinfection business. The AD will kill influenza viruses including H1N1 in rooms and other enclosed spaces, in the same way but at a higher rate than they are killed in the open air. Using the AD will mean that enclosed rooms, which are the highest risk areas, become at least as safe as the open air.

Orders received in the six months ended 31 December 2009 for the Company's AD air disinfection device totalled 679. This comprised larger orders from distributors in Spain, Norway and the Middle East together and other relatively low volume sales to potential new distributors as the Company seeks to establish sales channels in new markets, both in the UK and internationally.

In addition, there are now over 600 AD in use in UK hospitals, successfully and demonstrably playing a key role in the ongoing fight against viral and bacterial pathogens. The successful outcomes achieved at hospitals such as Hereford Hospitals Trust and the selection of the AD as one of the winners of the NHS Smart Solutions programme will continue to generate interest from the healthcare market.

Other achievements include the completion of a new wall mounted AD. Further derivatives of the AD are in the development pipeline.

Having successfully established the AD into the UK hospital market, the strategy of the Group is to achieve further penetration of that market and of hospital markets in other selected countries, including India, the Middle East and certain countries in Europe including Spain. The investment in additional sales and marketing resources made in 2009 will be increased in 2010 to drive the sales, marketing and product development plans.

Financial Results for the Period

These interim condensed consolidated statements are prepared under International Financial Reporting Standards (IFRS).

In the six months ended 31 December 2009, the Group's continuing activities achieved revenues of £0.2 million (2008: £0.2 million) and the loss for the period from continuing operations was £1.1 million (2008: loss of £1.0 million). The basic and diluted loss per share (continuing operations) was 0.90 pence (2008: loss of 1.17 pence).

Net cash outflow for the six months ended 31 December 2009 was £1.3 million (2008: £0.1 million inflow; this included the net funds of £1.1 million raised from the placing of shares in July 2008). Net cash used in operating activities was £1.2 million (2008: £1.0 million). At 31 December 2009, the Group had net cash balances of £0.9 million (2008: £0.4 million).

Chairman and Managing Director's Report

Continued

Current trading and prospects

With the foundation of a successful entry of the AD into the UK hospital market, the Group is working to improve revenues which, whilst encouraging, have been relatively low due to the time necessary to select the right distributor, and launch and establishment of the AD in each particular market or sector. Nevertheless in the quarter ending 31 March 2010, order intake is expected to exceed 400 AD, which represents the highest quarterly figure yet for the air disinfection business, and year to date order intake now exceeds 1,000 AD.

The addition of new distribution partners in new territories and markets in 2010 is expected to provide significantly increasing revenues over the following years. The Company is presently working with a number of distributors in different market sectors and territories around the world. For example, we have recently commenced a partnership with a distributor in India and we believe this could be a significant market for the AD, both in healthcare and other markets. To continue and accelerate the progress made in the last year, and to assist in realising the full potential of the air disinfection technology including through additional sales and marketing resources and the development of further variants of the AD, the directors have instituted measures to generate more cash and secure additional finance, including through the continued support of its major shareholders.

We look forward to reporting on further progress at the time of the announcement of the Group's annual results for the year ending 30 June 2010.

John Bateson, Chairman
Javier Segura, Managing Director
29 March, 2010

Condensed consolidated interim statement of comprehensive income

	Six months to 31 December 2009 unaudited £'000	Six months to 31 December 2008 unaudited £'000	Year to 30 June 2009 audited £'000
Continuing operations			
Revenue	193	230	336
Cost of sales	(101)	(137)	(296)
Gross profit	92	93	40
Distribution expenses	(7)	(2)	-
Administrative expenses	(1,170)	(1,120)	(2,449)
Results from operating activities	(1,085)	(1,029)	(2,409)
Finance income	-	10	10
Net finance income	-	10	10
Loss before income tax	(1,085)	(1,019)	(2,399)
Income tax income	17	17	33
Loss from continuing operations	(1,068)	(1,002)	(2,366)
Discontinued operations			
(Loss)/profit from discontinued operations (net of income tax)	-	(628)	789
Loss for the period	(1,068)	(1,630)	(1,577)
Total comprehensive expense for the period	(1,068)	(1,630)	(1,577)
Loss per share (continuing operations)	(0.90)p	(1.17)p	(2.53)p
Loss per share (total operations)	(0.90)p	(1.90)p	(1.69)p

Condensed consolidated interim statement of financial position

	31 December 2009 unaudited £'000	31 December 2008 unaudited £'000	30 June 2009 audited £'000
Assets			
Property, plant and equipment	168	141	129
Goodwill	1,115	1,115	1,115
Other intangible assets	719	837	778
Total non-current assets	2,002	2,093	2,022
Inventories	187	559	280
Trade and other receivables	119	621	14
Other current assets	24	13	51
Cash and cash equivalents	927	369	2,230
Total current assets	1,257	1,562	2,575
Total assets	3,259	3,655	4,597
Equity			
Share capital	1,161	859	1,161
Share premium	4,543	1,956	4,543
Share based payments reserve	67	65	67
Capital redemption reserve	253	253	253
Merger reserve	3,250	3,250	3,250
Retained earnings	(6,647)	(5,632)	(5,579)
Total equity attributable to equity holders of the Company	2,627	751	3,695
Total equity	2,627	751	3,695
Liabilities			
Loans	-	100	-
Deferred tax liabilities	198	231	215
Long-term provisions	-	696	-
Total non-current liabilities	198	1,027	215
Trade and other payables	117	622	124
Other creditors and accruals	233	589	463
Deferred income	9	227	16
Short-term provisions	75	439	84
Total current liabilities	434	1,877	687
Total liabilities	632	2,904	902
Total equity and liabilities	3,259	3,655	4,597

Condensed consolidated interim statement of changes in equity

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Capital redemption reserve £'000	Merger reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
1 July 2009	1,161	4,543	67	253	3,250	(5,579)	3,695	-	3,695
Loss for the period	-	-	-	-	-	(1,068)	(1,068)	-	(1,068)
31 December 2009	1,161	4,543	67	253	3,250	(6,647)	2,627	-	2,627
1 July 2008	787	906	51	253	3,250	(4,002)	1,245	-	1,245
Loss for the period	-	-	-	-	-	(1,630)	(1,630)	-	(1,630)
Issue of new shares	72	1,050	-	-	-	-	1,122	-	1,122
Share-based payment transactions	-	-	14	-	-	-	14	-	14
31 December 2008	859	1,956	65	253	3,250	(5,632)	751	-	751
1 July 2008	787	906	51	253	3,250	(4,002)	1,245	-	1,245
Loss for the period	-	-	-	-	-	(1,577)	(1,577)	-	(1,577)
Issue of new shares	374	3,637	-	-	-	-	4,011	-	4,011
Share-based payment transactions	-	-	16	-	-	-	16	-	16
30 June 2009	1,161	4,543	67	253	3,250	(5,579)	3,695	-	3,695

Condensed consolidated interim statement of cash flows

	Six months to 31 December 2009 unaudited £'000	Six months to 31 December 2008 unaudited £'000	Year to 30 June 2009 audited £'000
Cash flows from operating activities			
Loss for the period	(1,068)	(1,630)	(2,366)
Adjustments for:			
Depreciation	33	19	21
Amortisation of intangible assets	59	59	118
Share based payments	-	14	16
	(976)	(1,538)	(2,211)
Change in inventories	93	55	(278)
Change in trade and other receivables	(105)	932	297
Change in trade and other payables	(225)	(525)	(59)
Change in provisions	(9)	57	-
Change in deferred income	7	-	(33)
	(1,215)	(1,019)	(2,284)
Interest income	-	(10)	(10)
Net cash (used in) operating activities	(1,215)	(1,029)	(2,294)
Cash flows from investing activities			
Interest received	-	10	10
Purchase of property, plant and equipment	(88)	(12)	(2)
Net cash (used in)/from investing activities	(88)	(2)	8
Cash flows from financing activities			
Proceeds from issue of share capital	-	1,122	4,011
Capital element of finance lease	-	(3)	-
Net cash from financing activities	-	1,119	4,011
Net (decrease)/ increase/ in cash and cash	(1,303)	88	1,725
Cash and cash equivalents at beginning of period	2,230	281	505
Cash and cash equivalents at end of the period	927	369	2,230

Notes to the condensed consolidated interim financial statements

1 Nature of operations and general information

Mid-States PLC and subsidiaries' ('the Group') principal activities are in the area of environmental technology, focussing in particular on its innovative air disinfection products.

Mid-States PLC is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. Mid-States PLC's shares are listed on the Alternative Investment Market of the London Stock Exchange.

Mid-States PLC consolidated interim financial statements are presented in Pounds Sterling.

These consolidated condensed interim financial statements have been approved for issue by the Board of Directors on 29 March 2010.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 June 2009, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

2 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 December 2009 have been prepared in accordance with the accounting policies which will be applied in the year end financial statements to 30 June 2010. These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted for use in the European Union that are effective at 31 December 2009. This interim report is condensed with respect to IFRS requirements. As permitted, this interim report has been prepared in accordance with AIM rules for companies and not in accordance with IAS 34 "Interim Financial Reporting".

The condensed consolidated interim financial statements are unaudited and have not been subject to review. They do not include all the information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual financial statements as at 30 June 2009. These financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

Changes in accounting policy

In the current financial year, the Group has adopted International Financial Reporting Standard 8 "Operating Segments" and International Accounting Standards 1 "Presentation of Financial Statements" (revised).

IAS 1 (revised) requires changes in presentation in the primary statements but does not affect the financial position or profits and losses of the group.

Notes to the condensed consolidated interim financial statements

Continued

3 Loss per share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

	Six months to 31 December 2009 unaudited £'000	Six months to 31 December 2008 unaudited £'000	Year to 30 June 2009 unaudited £'000
Loss per share			
Loss for the period (continuing operations)	(1,068)	(1,002)	(2,366)
Loss for the period (total operations)	(1,068)	(1,630)	(1,577)
Weighted average number of shares			
For the purposes of basic loss per share	116,082,412	85,726,920	93,432,152
For the purposes of diluted loss per share	116,082,412	85,726,920	93,432,152
Basic and diluted loss per share (continuing operations)	(0.90)p	(1.17)p	(2.53)p
Basic and diluted loss per share (total operations)	(0.90)p	(1.90)p	(2.53)p