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EKF Diagnostics Holdings PLC
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EKF DIAGNOSTICS HOLDINGS PLC (the 'Company' or 'Group')

Preliminary unaudited financial statements for the year ended 31 December 2010

EKF Diagnostics Holdings Plc, (AIM: EKF) the AIM listed point-of-care diagnostics business, announces its unaudited preliminary results for the year ended 31 December 2010.

Highlights:

· Change of strategy during the 2010 financial year to build a Group focused on the *in vitro* diagnostics industry. This has been progressed through the following transactions completed during the period:

- Acquisition in July 2010 of EKF Diagnostic Gmbh ("EKF") for total consideration of £11.91 million
- Further complementary acquisitions of Quotient Diagnostics Limited and Argutus Medical Limited for a total maximum consideration of £7.59 million
- Disposal of the legacy Admiral Sportswear business for a total consideration of £1.86 million

· Group revenue (since the acquisition of EKF): £6.48 million

· EBITDA loss from continuing activities: £(1.12) million

· Adjusted EBITDA from continuing activities (excluding share based payments (£0.15 million) and exceptional items (£1.92 million)): £0.95 million

· Cash at bank at 31 December 2010: £3.19 million

Post Balance sheet events announced today:

· Proposed acquisition of Stanbio Laboratory, LP for a maximum consideration of $25.5 million (£15.7 million)

· Distribution agreement with Alere, Inc. for the distribution of EKF's Hemo_Control device

David Evans, Executive Chairman of EKF, said:

"Today's announcements, coupled with the acquisitions we have already completed and integrated within the Group, show that we have made very significant progress towards our goal of building a successful, profitable, international IVD business. During the remainder of 2011 we shall be concentrating on the successful integration of the Stanbio business and on continuing to drive the performance of the existing businesses. I am pleased that progress to date in 2011 has been very strong with revenues up 28% in the first quarter when compared to the equivalent period of 2010. We will also continue to seek acquisition targets which we believe will complement our existing businesses and bring long term value to shareholders."

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EKF will host a conference call for analysts at 8am for further details please contact Walbrook PR

Chairman's Statement

I am delighted to present to you the inaugural results of EKF Diagnostics Holdings plc in its new form. Since the change in strategy of the former International Brand Licensing Plc was agreed by shareholders on 4 January 2010, we have completed some important steps towards our goals. Further significant progress has been made with the announcement today of the agreed acquisition of Stanbio Laboratory LP ('Stanbio'), which adds distribution capabilities in the critical US market, and of a distribution contract with Alere, Inc., one of the world's largest point of care businesses.

Strategy

The agreed new strategy is to build a group focused on the *in vitro* diagnostics industry, through acquisition and subsequent organic growth. *In vitro* diagnostic ("IVD") medical devices are used for the examination of specimen samples taken from the human body in order to diagnose patients. In particular, IVD tests are used in point of care testing and self-testing. The initial aim is to focus on applications which will benefit most from the migration of routine diagnostic testing from the clinical laboratory to the point of care, targeting businesses with a proven product record, significant intellectual property and manufacturing expertise.

The Board has a wealth of experience in the IVD market and a strong track record of delivering significant returns to the shareholders of companies in which they have been directors.

Overview of developments

Disposal of legacy business

During the year we announced the completion of the disposal of the legacy Admiral Sportswear business for a total consideration of £1.86m of which £1.22m was unpaid at the year end. The proceeds are being used to fund the continuing operations of the Group.

Progress with IVD strategy

EKF Diagnostic Gmbh

On 15 June 2010 we announced the acquisition of EKF-diagnostic Gmbh ("EKF") for a total consideration of €14.32m (£11.91m). Alongside this we announced the change of the name of the holding company. EKF, based in Barleben, Germany, was founded in 1990 and focuses on the development, manufacture and selling of diagnostic instruments and reagents to clinical and research laboratories, doctors' offices and sports medicine testing sites worldwide. EKF focuses on diabetes and anaemia testing, two of the main segments of the point of care market. It is an established, profitable and cash generative business within the diagnostic devices industry and has sales and distribution channels into over 65 countries (including the key markets of the US, Europe and Russia). It has its head office, sales service and manufacturing operations and a research & development centre in Germany; sales, service and manufacturing operations in Poland; and owns 60% of its sales and service operation in Russia. EKF offers a strong base for the future growth of the business and good distribution in the EU.

Quotient

The completion of the acquisition of Quotient Diagnostics Limited ("Quotient") for a total consideration of £5.41m was announced on 4 October 2010. Quotient, formed in 2003 and based in Walton-on Thames, Surrey, has the worldwide rights to a patented fluorescent quenching technique for the measurement of glycated haemoglobin that allows for a simple and cheap diagnostic test for monitoring the treatment of diabetes. Quotient has developed Quo-Test, a low cost solid-state optoelectronic instrument which utilises a low cost disposable cartridge containing reagent, which it sells through a number of distributors. Quo-Test is a platform which can be used for other point of care tests. Quotient has also developed Quo-Lab, a similar product but one which uses simpler cartridges that can be assembled by the end-user, meaning that this machine and cartridges are cheaper and thus more appealing to the developing world.

Argutus

On 2 December 2010 we announced the acquisition of Argutus Medical Limited ("Argutus") for a total consideration of £2.18m. Argutus is a world leader in the discovery and development of novel biomarkers of organ injury and, in particular, urinary biomarkers for the early detection of acute kidney damage. Based in Dublin, Argutus was originally a division of Biotrin Holdings Limited and was acquired in July 2008 by its management team and Enterprise Ireland. Prior to acquisition, the business has generated revenue through the sale of its products to clinical trial and research companies. Its focus going forward is on developing point of care tests for both kidney damage and as an indicator of kidney failure by diabetic patients, which is a far larger market.

Argutus, along with Quotient, offers the Group access to next generation, high value point of care technologies.

Post Balance Sheet events

Today we have announced the acquisition of Stanbio for a maximum consideration of $25.5m (£15.7m). Founded in 1960, Stanbio is an established, profitable US diagnostics business with a strong brand and robust sales growth. The business is based in Boerne, Texas, and supplies clinical diagnostic reagents, blood analysers, haemoglobin analysers, and various other diagnostic products, including a number of rapid point of care tests. Following completion, the acquisition of Stanbio is expected to double the Group's existing revenues. Full details of the acquisition are shown in the circular published today.

In addition, and contingent on the completion of the acquisition of Stanbio, we have today announced a major contract for the distribution of our Hemo_Control haemoglobin instrument with Alere, Inc., a major US diagnostics business.

Results highlights

Turnover since the acquisition of EKF has totalled £6.48m and we have achieved a gross profit of £3.71m (57% margin). Adjusted EBITDA, which comprises EBITDA loss of £1.12m adjusted to exclude share based payments (£0.15m) and exceptional items (£1.92m) was £0.95m. As a result of these largely one-off costs, a pre-tax loss of £2.09m was incurred.

Our balance sheet is strong and we have very little debt. Cash at bank was £3.19m and we had net assets of £23.53m at year end.

Outlook

We have had a successful first period in charge. Today's announcements, coupled with the acquisitions we have already completed and integrated within the Group, show that we have made very significant progress towards our goal of building a successful, profitable, international IVD business. During the remainder of 2011 we shall be concentrating on the successful integration of the Stanbio business and on continuing to drive the performance of the existing businesses. I am pleased that progress to date in 2011 has been very strong with revenues up 28% in the first quarter when compared to the equivalent period of 2010. We will also continue to seek acquisition targets which we believe will complement our existing businesses and bring long term value to shareholders.

This has been a period of great change for our new employees who have had to cope with the challenge of moving from private ownership to the greater rigour required by a plc. They have shown excellent commitment and flexibility in achieving the progress made to date. Our shareholders have shown great faith in the new management of the Group and have provided strong support. I would like to record my thanks to both of these stakeholders.

David Evans

Executive Chairman

Chief Executive's Review

2010 was a turning point in the history of the EKF Group. Following the final disposal of the remaining Admiral business, we have successfully completed the acquisition of three businesses, made excellent headway with integration, and made important progress with our sales and marketing strategy.

Operations review

The acquisition of EKF gave us a strong base consisting of sales, distribution, manufacturing and development operations which support three main product lines for the measurement of haemoglobin (Hemo_Control), glucose (BioSens), and lactate (BioSens and Lactate SCOUT). The Quotient acquisition gave us complementary products for the testing of glycated haemoglobin (Quo-Test and Quo-Lab). Argutus added the development and marketing of biomarkers for the early detection of kidney injury and failure. The Stanbio acquisition announced today will bring with it increased revenues, a high quality customer base, excellent distribution capabilities in the US and South American markets where EKF has not been strong historically, and a range of clinical chemistry and point of care test products.

Since the acquisitions we have put considerable resources into the upgrading of the businesses and their integration. In particular, we have introduced a new sales management team, integrated the EKF and Quotient sales teams and refocused the EKF sales effort. While much work still needs to be done, the new team has already made an impact on revenue which has seen organic growth in EKF of 10% over the equivalent pre-acquisition period. They have been tasked with improving the geographical range of EKF's sales especially targeting key European territories such as Italy, France, Spain and the UK. We are also working to improve the marketing of products in the markets where EKF is already strong.

In addition, we have invested in increased financial management, appointing a new multi-lingual finance director in EKF and a Group financial controller in the UK. These appointees have concentrated on upgrading systems to meet the needs of an international listed plc.

Also following completion of the acquisition of Argutus, their Chief Executive Officer, Cormac Kilty, became Chief Technical Officer, further strengthening the Group's management team.

We have committed to projects to expand and upgrade our manufacturing facilities in Germany, Poland and the UK. The upgrades will require capital expenditure during 2011 of £600,000.

The performance of the acquired businesses has been strong. As already noted, revenues have improved strongly and this improvement has continued and accelerated in the first quarter of 2011. Highlights have included a major order for over 3,000 Hemo_Control instruments and associated consumables to MINSA (the Health Ministry of Peru). As part of a new distribution agreement Diagnostica Peruana will deliver, install and maintain the Hemo_Control devices as well as providing instrument training to new users. While the consumables supply contract is subject to tender, we are confident that this instrument order will lead to on-going supplies of consumables to MINSA over an extended period because of the special design of the cuvettes required. We have also recently signed up to supply 800 instruments to Tanzania. And today we have announced a distribution agreement, contingent on the acquisition of Stanbio, with Alere, Inc. which is expected to lead to the supply of over 6,000 Hemo_Control instruments and associated consumables over the next three years.

In addition, Quotient has been successful in gaining approval from China's Safety for Food and Drugs Administration for its Quo-Test A1C test. With this approval, Quotient has started the promotion, distribution and sale of the Quo-Test A1c Reagent kit on its proprietary Quo-Test platform into the highly important Chinese market.

Research and development

EKF has an established product development facility in Leipzig, Germany where 30 research and development employees are divided between hardware and chemistry development. Core technological expertise includes semi-automated clinical analysers that handle liquids, biosensors and cuvettes. Other expertise resides largely in the design of hardware and software that exploits readily available biomarker reagents. Efforts are mainly concentrated on extending the range of tests available on existing platforms. Quotient has a dedicated team who are working on readying the Quo-Lab test for market in 2011. This team is being integrated into the EKF R&D organisation.

To date the Argutus business has generated revenue through the sale of its products to clinical trial and research companies. Its focus, going forward, is on providing point of care platform products for both kidney damage and as an indicator of kidney failure by diabetic patients. A third party has been contracted to develop the point of care device with the aim of a product launch in 2012.

The acquisition of Stanbio will bring additional new product launches including a number of hand-held devices. In addition we anticipate that their experience in gaining US FDA regulatory approvals will assist in the introduction of Group products into the important US market.

The future

We are well positioned for the future with an excellent base from which to build a good and expanding product line, improved sales capabilities and experienced management. There will undoubtedly be challenges ahead but we have a highly capable team which will meet these challenges with enthusiasm.

Julian Baines
Chief Executive Officer

Finance Director's Review

During the year the Group has been transformed from a shell Company with a residual sportswear business into an international diagnostics Group.

Turnover

Turnover for the period was £6.48m. This represented organic growth of 10% for EKF over the equivalent period in the previous year.

Gross Margin

Gross profit of £3.71m was achieved. This represents a margin on turnover of 57%.

Operating costs and profit

Administrative costs have been affected by the increased investment in sales and finance personnel to aid integration. Research and development expenditure was £0.14m. The Group capitalises research and development expenditure only when a successful product launch is probable and otherwise charges expenditure to the Income Statement account immediately. The charge for depreciation and the amortisation of intangibles was £1.17m. Operating loss for the period was £1.93m.

Adjusted Earnings before interest, tax and depreciation

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was a loss of £1.12m (as set out in Note 2). A more meaningful measure is considered to be Adjusted EBITDA of £0.95m which excludes the effects of share based payments (£1.52m) and exceptional items (£1.92m).

Exceptional items and share based payments

Following a revision to International Financial Reporting Standard 3 "Business combinations", acquisition costs are now expensed immediately. Acquisition related costs expensed during the period were £1.58m. IFRS 3 also requires that inventory within business acquired is uplifted to fair value, resulting in a £0.34m reduction in post-acquisition gross margin. These have both been treated as exceptional costs. Charges for share based payments were £0.15m.

Interest

Interest costs for the period were £0.18m. This represents the cost of servicing the small amount of debt acquired within EKF, offset by interest on deposits and the interest element on deferred consideration on acquisition.

Non-controlling interest

This represents the non-controlling interest of 40% in the profits of EKF Russia.

Loss before tax
The loss before tax was £2.08m. The loss is in line with management expectations and was incurred because of the high level of exceptional items associated with acquisition costs, plus the investments required in the development of the Group.

Taxation
Taxation was a credit of £49,000 and represented a percentage rate of 2%. The low rate is as a result of losses that have not been recognised as a deferred tax asset, and the range of corporation tax rates in the countries in which the Group operates.

Loss per share and dividend
The basic and diluted loss per share was 2.08p from continuing operations only.

The directors do not recommend the payment of a dividend as they believe the Company needs to retain its cash resources at present to fund the future development of the Group. Once it is commercially prudent to declare a dividend, it is the intention of the Board to implement a progressive dividend policy.

Balance sheet
The Group had non-current assets at 31 December 2010 of £26.08m. These consist of plant property and equipment of £5.47m, intangible assets of £20.26m, available for sale assets of £0.14m and deferred tax assets of £0.22m. The intangible assets mainly relate to the trade names, customer relationships, trade secrets and goodwill on acquisitions.

The Group had cash in hand at 31 December 2010 of £3.19m.

The Group's main current assets are inventories totalling £2.98m, and debtors of £3.63m. Current liabilities are £4.97m. Creditors due after one year, which consist principally of deferred consideration on acquisitions of £4.17m and deferred tax liabilities of £2.92m, amounting to £7.48m.

Key Performance Indicators ("KPIs")
The Group intends to establish other key performance indicators in due course once the Group has matured sufficiently. The Group does not use and does not at present intend to use non-financial key performance indicators.

Paul Foulger
Finance Director

Consolidated income statement

	Notes	2010 £'000	2009 £'000
Continuing operations			
Revenue	2	6,483	-

Cost of sales		(2,775)	-
Gross profit		**3,708**	**-**
Administrative expenses	3	(6,068)	(596)
Other income		430	-
Operating loss		**(1,930)**	**(596)**
Depreciation and amortisation		(815)	(3)
Exceptional items	3	(1,919)	(207)
EBITDA before exceptional items		**804**	**(386)**
Finance income	4	28	29
Finance costs	4	(187)	(1)
Loss before income tax		**(2,089)**	**(568)**
Income tax credit	5	49	75
Loss for the year from continuing operations		**(2,040)**	**(493)**
Discontinued operations			
(Loss)/profit for the year from discontinued operations	9	(1,372)	290
Loss for the year	**2**	**(3,412)**	**(203)**
Loss attributable to:			
Owners of the parent		(3,435)	(203)
Non-controlling interest		23	-
		(3,412)	**(203)**

Loss per ordinary share from continuing and discontinued operations attributable to the equity holders of the Company during the year		**Pence**	**Pence**
From continuing operations			
Basic and diluted	6	**(2.08)**	(1.44)
From discontinued operations			
Basic and diluted	6	**(1.40)**	0.84
Continuing and Discontinued operations			
Basic loss per share	6	**(3.51)**	(0.59)

Consolidated statement of comprehensive income

	2010 **£'000**	2009 £'000
Loss for the year	**(3,412)**	(203)
Other comprehensive income:		
Actuarial loss on pension scheme	(11)	-
Fair value adjustment in respect of available for sale financial assets	(6)	(130)
Currency translation differences	705	(218)
Other comprehensive income for the year	688	(348)
Total comprehensive income for the year	**(2,724)**	(551)
Attributable to:		
Owners of the parent	(2,745)	(551)
Non-controlling interest	21	-
Total comprehensive income for the year	**(2,724)**	(551)

Consolidated Balance Sheet

	2010	**2009**

	£'000	£'000
Assets		
Non-current assets		
Property, plant and equipment	5,467	-
Intangible assets	20,260	1,949
Investments in subsidiaries	-	-
Deferred tax assets	217	94
Available-for-sale financial assets	135	141
Total non-current assets	26,079	2,184
Current assets		
Inventories	2,983	-
Trade and other receivables	3,625	703
Available-for-sale financial assets	100	473
Cash and cash equivalents	3,192	3,037
Total current assets	9,900	4,213
Total assets	35,979	6,397
Equity attributable to owners		
Ordinary shares	1,681	420
Share premium account	23,013	4,077
Other reserve	244	244
Foreign currency reserves	1,972	1,265
Retained earnings	(3,686)	(386)
	23,224	5,620
Non-controlling interest	305	-
Total equity	23,529	5,620
Liabilities		
Non-current liabilities		
Borrowings	309	-
Deferred consideration	4,168	-
Deferred tax liabilites	2,916	
Retirement benefit obligation	88	-
Total non-current liabilities	7,481	-
Current liabilities		
Trade and other payables	3,969	622
Current income tax liabilities	210	155
Borrowings	229	-
Provisions for other liabilities & charges	561	-
Total current liabilities	4,969	777
Total liabilities	12,450	777
Total equity and liabilities	35,979	6,397

Consolidated Statement of cash flows

	Notes	2010 £'000	2009 £'000
Cash Flow from operating activities			
Cash generated from operations	**8**	(2,268)	(663)
Interest paid		(187)	(1)
Income tax paid		(232)	(12)
Net cash used in operating activities		**(2,687)**	**(676)**
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired	10	(8,463)	-
Purchase of property, plant and equipment (PPE)		(2,474)	-
Purchase of intangibles		(4)	-
Proceeds from sale of PPE		3	-
Proceeds from sale of intangible assets		1,428	362
Purchase of available-for-sale financial assets		-	(250)
Interest received		28	29
Net cash (used in)/generated by investing activities		**(9,482)**	**141**

Cash flow from financing activities		
Proceeds from issuance of ordinary shares	14,499	1,071
Repayments of borrowings	(2,496)	-
Net cash generated by financing activities	**12,003**	**1,071**
Net (decrease)/increase in cash and cash equivalents	**(166)**	**536**
Cash and cash equivalents at beginning of year	**3,037**	**2,501**
Exchange gains/(losses) on cash and cash Equivalents	321	-
Cash and cash equivalents at end of year	**3,192**	**3,037**

Consolidated Statement of Changes in Shareholders' Equity

	Share capital £'000	Share premium £'000	Other reserve £'000	Foreign currency reserve £'000	Retained earnings £'000	Total £'000	Non controlling interest £'000	Total equity £'000
As at 1 January 2009	**336**	**3,090**	**244**	**1,483**	**(83)**	**5,070**	**-**	**5,070**
Comprehensive income								
Loss for the year	-	-	-	-	(203)	(203)	-	(203)
Other comprehensive income								
Fair value adjustment in respect of available-for-sale financial assets	-	-	-	-	(130)	(130)	-	(130)
Currency translation differences	-	-	-	(218)	-	(218)	-	(218)
Total comprehensive Income	**-**	**-**	**-**	**(218)**	**(333)**	**(551)**	**-**	**(551)**
Transactions with Owners								
Proceeds from shares Issued	84	987	-	-	-	1,071	-	1,071
Share based payments	-	-	-	-	30	30	-	30
At 1 January 2010	**420**	**4,077**	**244**	**1,265**	**(386)**	**5,620**	**-**	**5,620**
Comprehensive income								
Loss for the year	-	-	-	-	(3,435)	(3,435)	23	(3,412)
Other comprehensive Income								
Actuarial loss on pension	-	-	-	-	(11)	(11)	-	(11)
Fair value adjustment in respect of available-for-sale financial assets	-	-	-	-	(6)	(6)	-	(6)
Currency translation Differences	-	-	-	707	-	707	(2)	705
Total comprehensive Income	**-**	**-**	**-**	**707**	**(3,452)**	**(2,745)**	**21**	**(2,724)**
Transactions with Owners								
Proceeds from shares Issued	1,261	18,936	-	-	-	20,197	-	20,197
Share based payments	-	-	-	-	152	152	-	152
Total contributions by and distributions to owners	1,261	18,936	-	-	152	20,349	-	20,349
Non controlling interest on business combinations	-	-	-	-	-	-	284	284
At 31 December 2010	**1,681**	**23,013**	**244**	**1,972**	**(3,686)**	**23,224**	**305**	**23,529**

Notes to the preliminary financial statements

1. **Basis of preparation**

    a. EKF Diagnostics Holdings Plc (formerly known as International Brand Licensing plc) is a company incorporated in the United Kingdom. The Company is a public limited company, which is listed on the AIM market of the London Stock Exchange

b. These financial results do not comprise statutory accounts for the year ended 31 December 2010 within the meaning of Section 434 of the Companies act 2006. Those financial statements have not yet been delivered to the Registrar, nor have the auditors reported on them. Statutory accounts for the year ended 31 December 2009 were approved by the Board of Directors on 10 June 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

c. This financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

d. Certain statements in this announcement constitute forward-looking statements. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, amongst other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this announcement and the Company undertakes no obligation to update its view of such risks and uncertainties or to update the forward -looking statements contained herein. Nothing in this announcement should be construed as a profit forecast.

2. Segmental Reporting

Management has determined the Group's operating segments based on the monthly management reports presented to the Chief Operating Decision Maker ('CODM'). The CODM is the Executive Board and the monthly management reports are used by the Group to make strategic decisions and allocate resources. The key performance measure used by the CODM is EBITDA.

During 2010 the Group discontinued its licensing business and disposed of its portfolio of sports and lifestyle brands in order to focus on building a business within the "in vitro" diagnostic devices market place.

The principal activity of the Group, following the disposal of the licensing business, is the design, development, manufacture and selling of diagnostic instruments, reagents and certain ancillary products. This activity takes place across various countries, Germany, Poland, Russia, United Kingdom and Ireland, and as such the Board considers the business primarily from a geographic perspective. Although not all the segments meet the quantitative thresholds required by IFRS 8, management has concluded that given the recent acquisitions, all segments should be maintained and reported, given potential future growth of the segments.

The reportable segments drive their revenue primarily from the manufacture and sale of diagnostic equipment. Other services include the servicing and distribution of other Company products under separate distribution agreements.

The segment information provided to the Board for the reportable segments for the year ended 31 December 2010 is as follows:

	Germany	**UK**	**Ireland**	**Poland**	**Russia**	**Switzerland (Discontinued)**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Income statement								
Revenue	10,092	185	50	486	1,478	-	-	12,291

Inter segment	(5,808)	-	-	-	-	-	-	(5,808)
External revenue	4,284	185	50	486	1,478	-	-	6,483
EBITDA	**1,044**	**(91)**	**(37)**	**151**	**18**	**-**	**(2,200)**	**(1,115)**
Depreciation	(342)	(11)	(3)	(6)	(3)	-	-	(365)
Amortisation	(304)	(44)	(15)	(64)	(23)	-	-	(450)
Operating profit/(loss)	398	(146)	(55)	81	(8)	-	(2,200)	(1,930)
Net finance costs	(247)	-	-	-	-	-	88	(159)
Income tax	(17)	12	77	(11)	(12)	-	-	49
Discontinued operations	-	-	-	-	-	(1,372)	-	(1,372)
Retained profit/(loss)	134	(134)	22	70	(20)	(1,372)	(2,112)	(3,412)
Segment assets								
Operating assets	21,552	6,075	2,183	1,284	688	1,534	9,100	42,415
Inter segment assets	(1,090)	-	-	-	-	(1,344)	(7,194)	(9,628)
External operating assets	20,462	6,075	2,183	1,284	688	190	1,906	32,787
Cash	811	76	202	13	203	112	1,775	3,192
Total assets	**21,273**	**6,151**	**2,385**	**1,297**	**891**	**302**	**3,681**	**35,979**
Segment liabilities								
Operating liabilities	12,702	1,438	517	304	178	14	6,387	21,540
Inter segment liabilities	(7,473)	(775)	-	(35)	-	464	(1,809)	(9,628)
External operating liabilities	5,229	663	517	269	178	478	4,578	11,912
Borrowings	538	-	-	-	-	-	-	538
Total liabilities	**5,767**	**663**	**517**	**269**	**178**	**478**	**4,578**	**12,450**
Other segmental information								
Non current assets - PPE	3,378	243	112	56	8	-	1,670	5,467
Non current assets - Intangibles	11,006	5,573	2,111	1,022	548	-	-	20,260

Other primarily relates to the Holding company.

The segment information provided to the Board for the reportable segments for 2009 changed following the significant change in strategy of the business during 2010. During 2009, the Group's business was attributable to a single segment, being its licensing business, all these operations are considered discontinued. The segment information provided to the Board for the reportable segments for the year ended 31 December 2009 is as follows:

	Discontinued Ops	**Other**	**Consolidation Adjustments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Income statement				
Revenue	-	-	-	-
EBITDA	-	(593)	-	(593)
Depreciation	-	(3)	-	(3)
Operating profit/(loss)	-	(596)	-	(596)
Net finance costs	-	28	-	28
Discontinued operations	290	-	-	290
Income tax	-	75	-	75
Retained profit/(loss)	290	(493)	-	(203)
Segment assets				
Operating assets	-	3,360	-	3,360
Cash	-	3,037	-	3,037
Total assets	-	6,397	-	6,397
Segment liabilities				

Operating liabilities	-	777	-	777
Total liabilities	-	777	-	777
Other segmental information				
Non current assets - Intangibles	-	1,949	-	1,949
	-	**1,949**	**-**	**1,949**

Disclosure of Group revenues by geographic location

	2010 £'000	2009 £'000
Americas		-
United States of America	888	-
Rest of Americas	1,028	-
Europe, Middle East and Africa (EMEA)		-
Germany	975	-
United Kingdom	45	-
Rest of Europe	1,016	-
Middle East	208	-
Africa	189	-
Rest of World		-
Russia	1,528	-
China	355	-
Asia	224	-
New Zealand / Australia	27	-
Total revenue	**6,483**	**-**

3. Exceptional items

Included within Cost of sales and Administrative expenses are exceptional items as shown below;

	Note	2010 £'000	2009 £'000
Exceptional items include:			
- Transaction costs relating to business combinations	a	1,582	-
- Loss on stock	b	337	-
- Other costs	c	-	207
Exceptional items - continuing		**1,919**	207
Exceptional items - discontinued	**d**	**364**	(362)

(a) Transaction costs relating to business combinations - included within administrative costs

The Group incurred acquisition expenses of £1,582,000 associated with the acquisition of EKF Diagnostic Gmbh, Quotient Diagnostics Limited and Argutus Medical Limited which are included within administrative expenses in the consolidated income statement.

(b) Loss on stock - included within Cost of sales

Under the requirements of IFRS 3 'Business combinations' the value of inventory acquired with the acquisition of EKF Diagnositc Gmbh, Quotient Diagnostics Limited and Argutus Medical Limited was uplifted to its sales value less cost to sell. The post acquisition impact of selling the acquired inventory at its uplifted sales value has been to reduce gross profit by £337,000.

(c) Other costs - included within Administrative costs

Other costs related to bad debt write-offs (£67,000), future change of strategy costs (£36,000) and termination payments to a director (£104,000).

(d) Discontinued exceptional items relate to an impairment charged in 2010 and a profit on sale of intangibles in 2009.

4. Finance income and costs

	2010 £'000	2009 £'000
Interest expense:		
- Bank borrowings	47	1
- Finance lease liabilities	2	-
-Net pension finance cost	5	-
- Interest on other loans	111	-
- Other interest	22	-
Finance costs	**187**	**1**
Finance income		
- Interest income on cash and short term deposits	28	29
Finance income	**28**	**29**
Net finance costs	**159**	**28**

5. Income tax expense

	2010 £'000	2009 £'000
Current tax:		
Current tax on loss for the year	132	-
Adjustments in respect of prior years	-	(42)
Total current tax	**132**	**(42)**
Deferred tax:		
Origination and reversal of temporary differences	(181)	(33)
Total deferred tax	**(181)**	**(33)**
Income tax credit	**(49)**	**(75)**

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the standard tax rate applicable to the profits of the consolidated entities as follows:

	2010 £'000	2009 £'000
Loss before tax	**(2,089)**	**(568)**
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 28%	(585)	(119)
Tax effects of:		
- Expenses not deductible for tax purposes	201	86
- Losses carried forward	331	
- Adjustment in respect of prior years	-	(42)
- Impact of different tax rates in other jurisdictions	4	-
Tax credit	**(49)**	**(75)**

6. Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010 £'000	*2009 £'000*
Loss attributable to equity holders of the Company	(3,435)	(203)
Loss from continuing operations attributable to equity holders of the Company	(2,040)	(493)
Loss/profit from discontinued operations attributable to equity holders of the Company	(1,372)	290
Weighted average number of ordinary shares in issue	97,800,087	34,293,228
Basic (loss) per share	(3.51) pence	(0.59) pence
Basic (loss) per share from continuing operations	(2.08) pence	(1.44) pence
Basic (loss)/earnings per share from discontinued operations	(1.40) pence	0.84 pence

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary share: equity based long term incentive plans, equity based bonus incentive plans and share options.

Loss from continuing operations is used as the control number to establish whether potential ordinary shares are dilutive or antidilutive. There is no dilutive effect of the long term incentive plan or share options as the Group has made a loss from continuing operations.

7. Dividends

There are no dividends paid or proposed by the Company in either year.

8. Cash used from operations

	2010	2009
	£'000	£'000
Loss before income tax	(2,089)	(568)
Adjustments for:		
- Discontinued activities	(1,372)	290
- Depreciation	365	3
- Amortisation	804	-
- Share based payments	152	61
- Loss on disposal of intangibles	414	(361)
- Foreign exchange losses/(gains) on operating activities	(163)	(22)
- Finance costs	159	(28)
Changes in working capital		
- Inventories	80	-
- Trade and other receivables	4,554	(173)
- Trade and other payables	(5,172)	135
Net cash used in from the operations	**(2,268)**	**(663)**

9. Discontinued Operations

Analysis of (loss)/profit and cash flows for the year from discontinued operations

The results and cash flows of the discontinued legacy Admiral Sportswear business included in the consolidated income statement and consolidated cash flow statement for 2010 and 2009 are set out below.

	2010	2009
	£'000	£'000
Profit/(loss) from discontinued operations		
Revenue	212	256
Operating expenses	(789)	(327)
Exceptional impairment of intangible	(354)	-
Exceptional (loss)/gain on sale of intangible assetss	(414)	362
Taxation	(27)	(1)
(Loss)/profit for the year from discontinued operations	(1,372)	290
Cash flow from discontinued operations		
Net cash flow from operating activities	(605)	(72)
Net cash flow from investing activities	1,428	362
Net cash flow	823	290

10. Acquisitions

(a) Acquisition of EKF-diagnostic Gmbh

On 2 July 2010, the Group acquired 100% of the share capital of EKF-diagnostic Gmbh, a Group focused on the design, development, manufacture and sale of diagnostic instruments, reagents and ancillary products.

The goodwill of £4,535,000 arising from the acquisition is attributable to the expected future profitability of the acquired business and synergies expected to arrive from the incorporation of the business within the Group.

None of the goodwill recognised is expected to be deductible for income tax purposes. The following table summarises the consideration paid for EKF-diagnostic Gmbh and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	£'000
Consideration at 2 July 2010	
Cash	9,405
Deferred consideration (16,732,482 ordinary shares - to be issued on second anniversary)	2,505
Total consideration	**11,910**
Acquisition-related costs (included in operating expenses in the consolidated income statement for the year ended 31 December 2010)	1,425
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	664
Property, plant and equipment	3,011
Licences - included in intangibles	13
Trade names - included in intangibles	380
Customer relations - included in intangibles	1,600
Trade secrets - included in intangibles	5,820
Inventories	2,738
Trade and other receivables	7,056
Trade and other payables	(7,748)
Retirement benefit obligations - pensions	(156)
Borrowings	(2,756)
Taxation	(306)
Provisions and contingent liability	(606)
Deferred tax liabilities	(2,106)
Deferred tax assets	55
Non-controlling interest - Russia	(284)
Total identifiable net assets	7,375
Goodwill	**4,535**

The fair value of the 16,732,482 ordinary shares to be issued on the second anniversary of the acquisition, as part of the consideration paid for EKF-diagnostic Gmbh was based on the published share price on 2 July 2010.

The fair value of trade and other receivables is £7,056,000. The gross contractual amount for trade and other receivables is £7,268,000 of which £212,000 is expected to be uncollectable.

The fair value of inventories is £2,738,000. Finished goods and work in progress inventories have been uplifted by £337,000 to sales value less cost to complete and cost to sell, after taking into account a £177,000 fair value provision against old and obsolete inventory.

The revenue included in the consolidated statement of comprehensive income since 2 July 2010 contributed by EKF-diagnostic Gmbh was £6,248,000. EKF-diagnostic Gmbh also contributed profit of £584,000 over the same period.

Had EKF-diagnostic Gmbh been consolidated from 1 January 2010, the consolidated statement of comprehensive income would show revenue of £10,632,000 and profit of £797,000.

(b) Acquisition of Quotient Diagnostics Limited

On 23 September 2010, the Group acquired 100% of the share capital of Quotient Diagnostics Limited, a Company focused on the design, development, manufacture and sale of diagnostic instruments and ancillary products.

The goodwill of £3,390,000 arising from the acquisition is attributable to the expected future profitability of the acquired business and synergies expected to arrive from being part of a larger medical diagnostic Group.

None of the goodwill recognised is expected to be deductible for income tax purposes. The following table summarises the consideration paid for Quotient Diagnostics Limited and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	£'000
Consideration at 23 September 2010	
Equity instruments (15,979,766 ordinary shares)	3,516
Contingent consideration	1,643
Total consideration	**5,159**
Acquisition-related costs (included in operating expenses in the consolidated income statement for the year ended 31 December 2010)	94
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	59
Property, plant and equipment	115
Trade secrets - included in intangibles	2,300
Inventories	263
Trade and other receivables	220
Trade and other payables	(169)
Borrowings	(398)
Deferred tax liabilities	(621)
Total identifiable net assets	**1,769**
Goodwill	**3,390**

The fair value of the 15,979,766 ordinary shares issued as part of the consideration paid for Quotient Diagnostics Limited was based on the published share price on 23 September 2010.

The contingent consideration arrangement requires the Group to pay the former owners of Quotient Diagnostics Limited additional consideration agreed at a maximum of £1,900,000 that is directly linked to the number of quo test and quo lab systems sold over a 42 month period post acquisition.

The fair value of the contingent consideration of £1,643,000 was estimated based on the maximum potential pay out, discounted at a rate of 5%.

The revenue included in the consolidated statement of comprehensive income since 23 September 2010 contributed by Quotient Diagnostics Limited was £185,000. Quotient Diagnostics Limited also contributed a loss of £207,000 over the same period.

Had Quotient Diagnostics Limited been consolidated from 1 January 2010, the consolidated statement of comprehensive income would show revenue of £442,000 and loss of £1,072,000.

(c) Acquisition of Argutus Medical Limited

On 2 December 2010, the Group acquired 100% of the share capital of Argutus Medical Limited, a Company focused on developing and commercialising laboratory test kits for identifying early signs of injury to the kidney, liver and pancreas.

The goodwill of £1,041,000 arising from the acquisition is attributable to synergies anticipated to be reduced from the incorporation of the business within an enlarged medical diagnostic Group.

None of the goodwill recognised is expected to be deductible for income tax purposes. The following table summarises the consideration paid for Argutus Medical Limited and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	£'000
Consideration at 2 December 2010	
Equity instruments (9,731,387 ordinary shares)	2,183

Total consideration	**2,183**
Acquisition-related costs (included in operating expenses in the consolidated income statement for the year ended 31 December 2010)	63
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	219
Property, plant and equipment	113
Trade secrets - included in intangibles	980
Customer relations - included in intangibles	140
Inventories	62
Trade and other receivables	201
Trade and other payables	(422)
Taxation	151
Deferred tax liabilities	(302)
Total identifiable net assets	1,142
Goodwill	1,041

The fair value of the 9,731,387 ordinary shares issued as part of the consideration paid for Argutus Medical Limited was based on the published share price on 2 December 2010.

The revenue included in the consolidated statement of comprehensive income since 2 December 2010 contributed by Argutus Medical Limited was £50,000. Argutus Medical Limited also contributed profit of £35,000 over the same period.

Had Argutus Medical Limited been consolidated from 1 January 2010, the consolidated statement of comprehensive income would show revenue of £723,000 and loss of £508,000.

11. Post balance sheet events

As of the date of these financial statements EKF Diagnostics Holdings plc acquired the share capital of Stanbio Laboratory LP, a supplier of point of care diagnostic devices, for a maximum consideration of $25.5m (£15.7m).

EKF Diagnostic Holdings plc have also completed a major distribution contract with Alere Inc for the Group's Hemo_Control haemoglobin instrument.

12. Annual Report & Accounts

Copies of the audited Annual Report & Accounts for the year ended 31 December 2010 will be posted to shareholders and may also be obtained from the Company's registered office at 14 Kinnerton Place South, London, SW1X 8EH