RNS Number : 1856A
EKF Diagnostics Holdings PLC
18 March 2013

EKF DIAGNOSTICS HOLDINGS PLC
("EKF", the "Company" or the "Group")

Final results for the year ended 31 December 2012

EKF Diagnostics Holdings plc (AIM: EKF), the growing in-vitro diagnostics company, announces its audited final results for the year ended 31 December 2012, a year of consolidation and preparation for future growth while driving the profitability of the business.

Financial Highlights

- Revenues up 20.3% to £26.1m (2011: £21.7m)
- Gross margins improved to 55% (2011: 48%)
- Adjusted EBITDA (before exceptional costs and share based payments) up 100% to £3.2m (2011: £1.6m)
- Operating profit of £0.2m (2011: loss of £2.0m)
- Cash generated from operations of £2.5m (2011: £0.2m used) - with net cash of £2.0m (2011: £2.8m)

Operational Highlights

- Margins improved through increased sales of Beta-Hydroxybutyrate (BHB) liquid reagent
- Commercial launch of the Quo-Lab HbA1c analyser for emerging markets in July 2012 - almost 600 units sold by the end of February 2013
- Revised contract for Quo-Test in China with significantly increased minimum volumes
- Strong sales of HemoPoint H2 in North America since April 2012 to drive consumable sales in 2013
- Further order for HemoPoint H2 cuvettes from the Mexican Institute of Social Security ($0.7m recognised in 2012, $1.4m in 2013)
- Exclusive licence with Joslin Diabetes Center for two key diabetes markers
- Strong product development pipeline - further analytes for launch on Quo-Test and Quo-Lab, RenaStat, a strip version of the STATSite M Hgb analyser and an enhanced version of Lactate Scout.

Post Period End

- Acquisition of 360 Genomics Limited to form the basis of new operating business, EKF Molecular Diagnostics

David Evans, Executive Chairman of EKF, said:

"*2013 is a year where I anticipate seeing further advancement across all areas of our business as we continue to execute against an ambitious growth plan. Trading in the period to the date of this announcement is in line with expectations and we anticipate continued growth throughout the year*."

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Chairman's Statement

Dear Fellow Shareholder,

Welcome to the results for the year ending 31 December 2012 for EKF Diagnostics Holdings plc ('EKF'). The year has been one of consolidation and preparation for future growth while driving the profitability of the business.

Strategy

We are continuing to follow our strategy of building a world class diagnostics business focussed mainly on near patient testing, through, partnerships with leading players in the diagnostics market, carefully chosen acquisitions, and through challenging our existing businesses to deliver ever improved levels of performance.

In the months from July 2010 to June 2011 we made four major acquisitions which formed the core of the business during 2012. We have worked hard to bring these diverse organisations together to form a single cohesive business through aligning objectives and bringing teams together. In many ways the process of cultural change is never-ending but we have made good progress in achieving these goals. While we have been concentrating on this we have also been progressing our acquisition and corporate partnering strategies.

Partnerships and acquisition

During the year we announced a number of partnerships, followed two weeks ago by the announcement of our acquisition of 360 Genomics Limited, which will form the basis of our new operating business, EKF Molecular Diagnostics. More detail on this acquisition is given in the Chief Executive's statement.

360 Genomics develops diagnostic technologies to determine the most appropriate and timely therapies for cancer patients. The Company has a pipeline of analytical tests for the detection of mutations in key oncogenes at sensitivities far greater than existing chemistry platforms, and at a cost that is compatible with near patient testing and patient screening programmes. The company's lead technology is Pointman™, a product which enriches samples for all genetic mutations at a target position, using a simple-to-use reagent set that works on Polymerase Chain

Reaction machines - the standard equipment used for DNA amplification and extraction.

In addition to the Pointman™ enrichment technology, EKF Molecular will also be exploiting the Arcis DNA extraction technology which we licensed during the year as part of our investment of £250,000 in Arcis Biotechnology Holdings Limited. This technology offers the potential for DNA extraction which is quicker, cheaper, and less complex than competitive products.

The first applications for the Arcis and the Pointman™ technologies will be ready for market by mid-summer 2013, and we are very excited about our entry into the fastest growing area of diagnostics and the prospect of launching new products for diseases which we have hitherto not covered.

In addition to the above, in July we announced that we had obtained an exclusive licence with Joslin Diabetes Center in Boston, the world's preeminent diabetes research, clinical care and education organisation, covering two markers which can help identify patients with Type 1 and Type 2 diabetes who are at increased risk of developing end-stage renal disease up to ten years in advance of its onset. EKF is working in partnership with the Center to further validate the findings for the two markers and to develop clinical diagnostic tests which will accurately identify diabetes patients who have an increased risk of developing end-stage kidney disease.

As well as progressing these opportunities we are looking to replicate further the innovative entrepreneurial model which involves entering partnerships with key stakeholders which we have initiated with Andrew Webb in his role at EKF Molecular Diagnostics Limited and 360 Genomics. We are currently reviewing a number of opportunities both in women's health and in the broader molecular space, outside the 360 Genomics field of reference.

New product development

The major development during the year has been the commercial launch of Quo-Lab, our affordable HbA1c analyser which is targeted at developing markets. By the end of February 2013 almost 600 of these had been sold worldwide, making this the most successful product launch in EKF's history to date. We have had enormous interest in the product from our worldwide distributor base as well as from major multi-nationals who wish to sell the product on an OEM basis.

We have also been making progress on our pipeline of products for the future. Following the success in achieving proof of principle for testing for C-reactive protein (CRP) levels on Quo-Test earlier in the year, we have now repeated this on the Quo-Lab analyser and are developing this and other potential analytes for launch within the next 18 months. The technical issues that had hindered the development of RenaStat, our acute kidney injury test, have now been resolved by our R & D team in Dublin, working alongside a third party developer. Clinical trials are planned for later this year, with launch anticipated for 2014. The strip version of our STATSite M Hgb analyser is being prepared for launch in non-US markets by mid-year.

Last but not least in 2013 we will launch an enhanced version of our handheld lactate analyser, Lactate Scout. We have also identified potential uses for near-patient lactate measurement outside sports science, specifically in emergency medicine and obstetrics. New versions of our products targeted at these markets are under development.

Results overview

A more detailed analysis of the 2012 results is contained in the Chief Executive's review. The year was made more challenging by the distraction of two distinct and separate approaches to acquire the Company that ultimately came to nothing due to reasons beyond our control. Despite these distractions, revenue has increased by 20.3% to £26.1m which includes a full year of Stanbio Laboratory. There has been a very significant increase in gross profit margin from 48% to 55%, driven by increased sales of liquid reagents for testing Beta-Hydroxybutyrate (BHB). Earnings before interest, tax, depreciation and amortisation has increased to £3.3m, whilst adjusted earnings before interest, tax, depreciation and amortisation, which we consider to be the most meaningful measurement, and which excludes share based payments and exceptional items, has increased by over 100% to £3.2m.

In March 2012, we announced the disposal of our Swiss subsidiary IBL AG for a gross consideration of £50,000. This completed the unwinding of the group's former existence as a sports brand management business. The disposal triggered the recycling through the consolidated income statement of accumulated translation differences previously taken direct to reserves, in accordance with the relevant accounting standard. This has generated a profit on the disposal of the discontinued business of £1.6m.

Management and employees

In the past 12 months a number of key appointments have been made which will help us fulfil our ambitions for the business. Tony Wilks, Head of Group Sales and Marketing, has now been in place for almost a year and has transformed our selling processes and upgraded our regional sales management team through new appointments in Germany, Asia, and Western Europe.

Andrew Webb has joined as Chief Executive of EKF Molecular Diagnostics. Andy brings enormous experience in this area most recently with QIAGEN and DxS where as Chairman I knew him well. As well as being Chief Executive of EKF Molecular Diagnostics, Andy has also taken an equity stake of 20% in our Molecular Diagnostics business.

Finally our Chief Technology Officer Cormac Kilty has semi-retired. His expertise, enthusiasm, and humour will be much missed. His responsibilities have been transferred to David Corr who has been promoted to Head of R & D, and to Brian Callaghan who has been made responsible for the very important area of regulatory affairs.

Each of our 300 plus employees has played an important role in our success to date, and the Board would like to thank them for their commitment, flexibility, and dedication.

Outlook

2013 is a year where I anticipate seeing further advancement across all areas of our business as we continue to execute our ambitious growth plan. Trading in the period to the date of this announcement is in line with expectations and we anticipate continued growth throughout the year.

I look forward to updating you in due course.

David Evans
Executive Chairman
18 March 2013

Chief Executive's Review

EKF Diagnostics has traded well in 2012, making progress on a number of levels, achieving earnings before interest, tax, depreciation and amortisation (adjusted for share based payments and exceptional items) higher than market consensus expectations and an operating profit and profit before and after tax for the first time. Each of these is a significant achievement.

Operations

One of the main reasons behind the improved margins during the period was the increased sales of our liquid reagents for testing Beta-Hydroxybutyrate (BHB). This is used for the diagnosis of ketoacidosis, which is commonly linked to diabetes and other dietary conditions. Testing for BHB offers improvements in efficiency and sensitivity over traditional methods of testing for ketoacidosis. Improved market conditions plus an increasing recognition of the benefits of the BHB test mean that 8 out of the top 10 diabetes and endocrinology hospitals in the US are now using the EKF test.

In July we completed the successful commercial launch of Quo-Lab, our affordable HbA1c analyser which is based on the same technology as our Quo-Test automated analyser. In the first instance this is being targeted at emerging markets. We have been very pleased with the initial reaction to this product. We have also signed a revised contract for Quo-Test with our distributor in China with significantly increased minimum quantities. There is a growing acceptance of the advantages of HbA1c (glycated haemoglobin) testing for diabetes management by regulators following recommendations by both the World Health Organisation and the National Institute for Health and Clinical Excellence (NICE). Validation of HbA1c from bodies such as these will help drive market acceptance of the test.

It has been a highly successful year for EKF's haemoglobin analyser, which is sold as the HemoPoint H2 in the US and as the Hemo Control in the rest of the world. In April we commenced sales in North America through Alere Inc, one of the world's premier diagnostics businesses. In the first 8 months, they have sold over four times the number of instruments that Stanbio achieved in the whole of 2011. This high level of instrument sales should drive growth in consumable sales in 2013 and beyond.

At the end of the year EKF received through its local distributor a further order, for $2.1m, from the Instituto Mexicano del Seguro Social ("IMSS"), the Mexican Institute of Social Security, for cuvettes for the HemoPoint H2. This follows on from the $3.6m order announced in November 2011 to supply the IMSS with 3,500 HemoPoint H2 instruments and related cuvettes. Whilst $0.7m of the order will be recognised in the 2012 figures, around $1.4m will contribute to sales for 2013. This order was originally expected to be received in full during 2012 but was delayed by political uncertainty earlier in the year.

The work we have done during the year has enabled the Group in its present form to achieve an operating profit for the first time, and profits both before and after tax also for the first time. Most importantly, as we feel it is the most appropriate measure at present, adjusted earnings before interest, tax, depreciation and amortisation has doubled to £3.2m (2011: £1.6m). I am extremely pleased with these results which are proof of our commitment to increase margins and efficiency across the Group, and reflect the outstanding efforts of our staff in achieving this goal.

Regulatory

In August, we announced that we have entered into a Settlement Agreement with HemoCue in relation to patent-related litigation in Germany and the US. As a result of the Settlement Agreement all claims are mutually settled and finally resolved. The effect of this is that EKF´s original design of cuvette will continue to be sold in all countries other than China, Switzerland, Germany, Denmark, Spain, Finland, Great Britain, Italy, Japan, The Netherlands, Sweden, the United States and South Africa, while the newer design NXT cuvette will continue to be sold in all countries world-wide. As well as dispelling uncertainty, following the settlement we have released the remaining provision for associated costs totalling £0.50m. This has been treated as an exceptional credit within the income statement.

We have been successful in being awarded patents for the NXT cuvette in both the USA and in China. The NXT cuvette has significant advantages over competitor products. Its unique, patented design reduces wastage and is easier to use.

We are working hard to achieve relevant regulatory approvals for our key products around the world. In 2012 we sold to over 110 different countries, each of which has its own regulatory requirements. To demonstrate our commitment to emerging markets we have already gained approval for Quo-Lab in 28 countries in the 8 months since launch. We have appointed a new regulatory coordinator with the responsibility to manage and prioritise these issues.

Acquisition

On 4 March 2013 we announced the acquisition by our subsidiary company EKF Molecular Diagnostics Limited of 360 Genomics Limited, a business developing diagnostic technologies for cancer gene detection, for initial consideration of £1.6m payable in shares, plus additional consideration in cash, contingent on future revenues, of up to a further £8m.

Results Overview

Revenue

Revenue for the period was £26.1m (2011: £21.7m), an increase of 20.3%. When comparing revenue on a pro-forma basis including a full year of results for Stanbio for 2011, revenue was flat. This was a result of the large one-off sale to IMSS in the second half of 2011. Pro-forma revenue of £26.1m for 2011 includes pre-acquisition revenue relating to Stanbio of £4.5m.

Gross margin

Gross margin of £14.3m (2011: £10.4m) was achieved. This represents a margin on turnover of 55% (2011: 48%). Margins have increased as a result of a greater concentration on high margin products such as the BHB liquid reagent and Biosen consumables, a focussed cost reduction programme, and higher manufacturing volumes for the NXT cuvette.

Administration costs and research and development costs

Administration costs have risen as a result of the increased investment in sales and marketing personnel to aid integration and to develop the business.

Research and development expenditure charged to the consolidated income statement was £0.1m (2011: £0.3m). In addition, the Group capitalised expenditure on research and development of £0.9m (2011: £0.6m). The Group capitalises research and development expenditure only when a successful product launch is probable, and otherwise charges expenditure to the income statement immediately.

The charge for depreciation and the amortisation of intangibles was £3.1m (2011: £2.3m).

Operating profit and adjusted earnings before interest tax and depreciation

The Group made a small operating profit of £0.2m (2011: operating loss of £2.0m).

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was £3.3m (2011: £0.3m). A more meaningful measure is considered to be Adjusted EBITDA which for 2012 was £3.2m (2011: £1.6m) which excludes the effects of share based payments (£0.5m (2011: £ 0.8m)) and exceptional items (profit of £0.6m (2011: loss of £0.5m)). In 2012, exceptional items include the release of provisions following the settlement with HemoCue, and profits on the disposal of available for sale items. These items were small legacy holdings in various listed companies. The profit is stated after the recycling of revaluations previously taken to reserves.

Balance sheet

Property, plant and equipment

During the year we have invested £1.0m in new equipment. The major projects have been capacity upgrades for the manufacture of cuvettes in Germany and for

Quo-Test/Quo-Lab in the UK.

Deferred consideration

Payments of deferred consideration have been made in respect of the acquisitions of EKF-diagnostic GmbH (£1.9m in shares) and Stanbio Laboratory (£0.6m in cash), in accordance with agreements made at the time of purchase.

Cash and working capital

In 2012 the Group has successfully generated £2.5m of cash from operations (2011: £0.2m used). Cash generation was particularly strong in the second half of the year, while over the year as a whole net cash (cash less borrowings) has reduced to £2.0m (2011: £2.8m), largely as a result of the build-up of inventory for the IMSS contract, investments in R & D and equipment plus the payment of deferred cash consideration. The Group continues to concentrate on working capital management, in particular ensuring that inventories are held at an appropriate level to support the business.

The future

We have set ourselves ambitious targets for revenue and profit growth in 2013. Achieving these will require hard work and dedication. While there are many challenges ahead I believe that driven by a full year of HemoPoint H2 sales through Alere in North America and of Quo-Lab we are in a very good position to meet our targets and I am looking forward to a successful year.

Julian Baines
Chief Executive Officer
18 March 2013

Consolidated Income Statement

		2012	**2011**
	Notes	**£'000**	**£'000**
Continuing operations			
Revenue	2	26,060	21,658
Cost of sales		(11,747)	(11,277)
Gross profit		14,313	10,381
Administrative expenses		(14,651)	(12,906)
Other income		542	485
Operating profit/(loss)		204	(2,040)
Depreciation and amortisation	2	(3,079)	(2,321)
Share-based payment		(537)	(753)
Exceptional items	3	618	(534)
EBITDA before exceptional items and share-based payment		3,202	1,568
Finance income	4	4	76
Finance costs	4	(404)	(396)
Loss before income tax		(196)	(2,360)
Income tax credit/(expense)	5	606	(198)
Profit/(loss) for the year from continuing operations		410	(2,558)
Discontinued operations			
Profit/(loss) for the year from discontinued operations		1,594	(187)
Profit/(loss) for the year		2,004	(2,745)

Profit/(loss) attributable to:			
Owners of the parent		1,830	(2,884)
Non-controlling interest		174	139
		2,004	(2,745)

Earnings/(loss) per ordinary share from continuing and discontinued operations attributable to the owners of the parent during the year		**Pence**	**Pence**
Basic			
From continuing operations		0.09	(1.26)
From discontinued operations		0.62	(0.09)
Continuing and discontinued operations	6	0.71	(1.35)
Diluted			
From continuing operations		0.09	(1.26)
From discontinued operations		0.59	(0.09)
Continuing and discontinued operations	6	0.68	(1.35)

Consolidated Statement of Comprehensive Income

	2012 £'000	2011 £'000
Profit/(loss) for the year	2,004	(2,745)
Other comprehensive income:		
Actuarial loss on pension scheme	(18)	(2)
Fair value adjustment in respect of available-for-sale financial assets	-	155
Recycling of reserves in respect of available-for-sale financial assets	67	-
Recycling of currency translations in respect of previously held interest in IBL AG	(1,587)	-
Currency translation differences	(947)	(408)
Other comprehensive loss for the year	(2,485)	(255)
Total comprehensive loss for the year	(481)	(3,000)
Attributable to:		
Owners of the parent	(659)	(3,126)
Non-controlling interests	178	126
Total comprehensive loss for the year	(481)	(3,000)

Consolidated Statement of Financial Position

	Group 2012 £'000	Group 2011 £'000
Assets		
Non-current assets		
Property, plant and equipment	10,014	10,629
Intangible assets	31,250	33,116
Investments	250	-
Trade and other receivables	-	-
Deferred tax assets	973	168
Available-for-sale financial assets	-	280
Total non-current assets	42,487	44,193
Current assets		
Inventories	4,971	4,811
Trade and other receivables	3,884	4,273
Available-for-sale financial assets	-	51

Deferred tax assets	44	67
Cash and cash equivalents	4,331	5,338
Total current assets	**13,230**	14,540
Total assets	**55,717**	58,733
Equity attributable to owners of the parent		
Share capital	2,671	2,512
Share premium account	40,240	38,372
Other reserve	-	244
Foreign currency reserves	(961)	1,577
Retained earnings	(3,004)	(5,664)
	38,946	37,041
Non-controlling interest	481	386
Total equity	**39,427**	37,427
Liabilities		
Non-current liabilities		
Borrowings	2,031	2,097
Deferred consideration	3,114	5,222
Deferred tax liabilities	3,793	4,434
Retirement benefit obligation	112	97
Total non-current liabilities	**9,050**	11,850
Current liabilities		
Trade and other payables	3,743	4,793
Deferred consideration	2,600	2,932
Current income tax liabilities	200	317
Deferred tax liabilities	417	392
Borrowings	280	435
Provisions for other liabilities and charges	-	587
Total current liabilities	**7,240**	9,456
Total liabilities	**16,290**	21,306
Total equity and liabilities	**55,717**	58,733

Consolidated Statement of Cash Flows

	Notes	**Group 2012 £'000**	**Group** 2011 £'000
Cash flow from operating activities			
Cash generated by/(used in) operations	8	2,520	(169)
Interest paid		(144)	(158)
Income tax paid		(777)	(479)
Net cash generated by/(used in) operating activities		**1,599**	(806)
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(8,689)
Purchase of investments		(250)	-
Purchase of property, plant and equipment (PPE)		(961)	(1,555)
Purchase of intangibles		(977)	(660)
Proceeds from sale of PPE		120	15
Proceeds from sale of intangible assets		-	1,220
Proceeds from sale of available-for-sale financial assets		462	78
Interest received		4	8
Net cash (used in)/generated by investing activities		**(1,602)**	(9,583)

Cash flow from financing activities		
Proceeds from issuance of Ordinary Shares	127	12,774
New bank loans	-	450
Repayments on borrowings	(312)	(451)
Dividend payment to non-controlling interest	(83)	(45)
Payment of deferred consideration	(617)	(323)
Net cash (used in)/generated by financing activities	**(885)**	12,405
Net (decrease)/increase in cash and cash equivalents	(888)	2,016
Cash and cash equivalents at beginning of year	5,219	3,192
Exchange gains on cash and cash equivalents	-	11
Cash and cash equivalents at end of year	**4,331**	5,219

Consolidated Statements of Changes in Equity

Consolidated	**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**
At 1 January 2011	**1,681**	**23,013**	**244**	**1,972**	**(3,686)**	**23,224**	**305**	**23,529**
Comprehensive income								
Loss for the year	-	-	-	-	(2,884)	(2,884)	139	(2,745)
Other comprehensive income								
Actuarial loss on pension	-	-	-	-	(2)	(2)	-	(2)
Fair value adjustment in respect of available-for-sale financial assets	-	-	-	-	155	155	-	155
Currency translation differences	-	-	-	(395)	-	(395)	(13)	(408)
Total comprehensive income	**-**	**-**	**-**	**(395)**	**(2,731)**	**(3,126)**	**126**	**(3,000)**
Transactions with owners								
Proceeds from shares issued	831	15,359	-	-	-	16,190	-	16,190
Dividends to non-controlling interest	-	-	-	-	-	-	(45)	(45)
Share-based payments	-	-	-	-	753	753	-	753
Total contributions by and distributions to owners	**831**	**15,359**	**-**	**-**	**753**	**16,943**	**(45)**	**16,898**
At 1 January 2012	**2,512**	**38,372**	**244**	**1,577**	**(5,664)**	**37,041**	**386**	**37,427**
Comprehensive income								
Profit for the year	-	-	-	-	1,830	1,830	174	2,004
Other comprehensive income								
Actuarial loss on pension	-	-	-	-	(18)	(18)	-	(18)
Recycling of reserves in respect of previously held interest in IBL AG	-	-	(244)	(1,587)	244	(1,587)	-	(1,587)
Recycling of reserves in respect of available-for-sale financial assets	-	-	-	-	67	67	-	67
Currency translation differences	-	-	-	(951)	-	(951)	4	(947)
Total comprehensive income	**-**	**-**	**(244)**	**(2,538)**	**2,123**	**(659)**	**178**	**(481)**
Transactions with owners								
Proceeds from shares issued	159	1,868	-	-	-	2,027	-	2,027
Dividends to non-controlling interest	-	-	-	-	-	-	(83)	(83)
Share-based payments	-	-	-	-	537	537	-	537
Total contributions by and distributions to owners	**159**	**1,868**	**-**	**-**	**537**	**2,564**	**(83)**	**2,481**
At 31 December 2012	**2,671**	**40,240**	**-**	**(961)**	**(3,004)**	**38,946**	**481**	**39,427**

Notes to the final results

1. Basis of preparation

EKF Diagnostics Holdings 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

This preliminary announcement is an extract from the consolidated financial statements of the Company for the year ended 31 December 2012 and comprises the Company and its subsidiaries. The consolidated financial statements were authorised for issuance on 18 March 2013. The financial information set out below does not constitute the Company's statutory accounts for the years ended 31 December 2011 or 2012 within the meaning of Section 434 of the Companies Act 2006, but is derived from those accounts. Statutory accounts for 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the company's Annual General Meeting. The auditors' reports on the statutory accounts for the years ended 31 December 2011 and 31 December 2012 were unqualified and do not contain statements under s498(2) or (3) Companies Act 2006.

This financial information has been prepared in accordance with the Group's accounting policies as disclosed in the financial statements for the year ended 31 December 2011 and 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.

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.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company will publish its full financial statements for the year ended 31 December 2012 by 19 April 2013, which will be available on the Company's website at www.ekfdiagnostics.com and at the Company's registered office at 14 Kinnerton Place South, London SW1X 8EH. The Annual General Meeting will be held on Wednesday 15 May 2013.

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 Directors and the monthly management reports are used by the Group to make strategic decisions and allocate resources.

The principal activity of the Group is the design, development, manufacture and selling of diagnostic instruments, reagents and certain ancillary products. This activity takes place across various countries, such as US, 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 derive their revenue primarily from the manufacture and sale of medical diagnostic equipment. Other services include the servicing and distribution of other Company products under separate distribution agreements.

Currently the key operating performance measures used by the CODM are Revenue and adjusted EBITDA.

The segment information provided to the Board for the reportable segments for the year ended 31 December 2012 is as follows:

2012	**Germany**	**UK**	**USA**	**Ireland**	**Poland**	**Russia**	**Switzerland (Discontinued)**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Income statement									
Revenue	11,108	1,691	13,989	469	1,210	3,318	-	-	31,785
Inter-segment	(5,386)	(332)	-	-	(7)	-	-	-	(5,725)
External revenue	5,722	1,359	13,989	469	1,203	3,318	-	-	26,060
Adjusted EBITDA*	**3,426**	**(248)**	**2,791**	**(421)**	**303**	**558**	**-**	**(3,207)**	**3,202**
Exceptional costs	503	-	-	-	-	-	-	115	618
Share-based payment	-	-	-	-	-	-	-	(537)	(537)
EBITDA	**3,929**	**(248)**	**2,791**	**(421)**	**303**	**558**	**-**	**(3,629)**	**3,283**
Depreciation	(575)	(181)	(268)	(39)	(30)	(12)	-	(60)	(1,165)
Amortisation	(583)	(218)	(742)	(210)	(117)	(44)	-	-	(1,914)
Operating profit/(loss)	**2,771**	**(647)**	**1,781**	**(670)**	**156**	**502**	**-**	**(3,689)**	**204**
Net finance costs	(47)	-	(282)	-	(2)	-	-	(69)	(400)
Income tax	(44)	1,088	(301)	(13)	(17)	(95)	-	(12)	606
Profit/(loss)from continuing operations	**2,680**	**441**	**1,198**	**(683)**	**137**	**407**	**-**	**(3,770)**	**410**
Discontinued operations	-	-	-	-	-	-	1,594	-	1,594
Retained profit/(loss)	**2,680**	**441**	**1,198**	**(683)**	**137**	**407**	**1,594**	**(3,770)**	**2,004**
Segment assets									
Operating assets	16,851	9,355	22,370	3,023	1,410	1,122	-	22,233	76,364
Inter-segment assets	(97)	(51)	-	-	-	-	-	(24,830)	(24,978)
External operating assets	16,754	9,304	22,370	3,023	1,410	1,122	-	(2,597)	51,386
Cash and cash equivalents	2,069	413	266	37	143	667	-	736	4,331
Total assets	**18,823**	**9,717**	**22,636**	**3,060**	**1,553**	**1,789**	**-**	**(1,861)**	**55,717**
Segment liabilities									
Operating liabilities	9,460	5,606	18,085	1,872	160	183	-	3,373	38,739
Inter-segment liabilities	(6,610)	(4,702)	(12,090)	(1,354)	(4)	-	-	-	(24,760)
External operating liabilities	2,850	904	5,995	518	156	183	-	3,373	13,979
Borrowings	455	-	1,846	-	10	-	-	-	2,311
Total liabilities	**3,305**	**904**	**7,841**	**518**	**166**	**183**	**-**	**3,373**	**16,290**
Other segmental information									
Non-current assets - PPE	3,181	807	4,045	58	222	36	-	1,665	10,014
Non-current assets - Intangibles	9,312	5,786	12,725	2,267	753	407	-	-	31,250
Non-current assets - additions	686	588	255	335	36	16	-	22	1,938

** Adjusted EBITDA excludes exceptional costs and share based payments*

Other primarily relates to the Holding company and head office costs.

2011	**Germany**	**UK**	**USA**	**Ireland**	**Poland**	**Russia**	**Switzerland (Discontinued)**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Income statement									

Revenue	11,430	1,074	8,396	799	1,062	3,233	-	-	25,994
Inter segment	(4,247)	(80)	-	-	(9)	-	-	-	(4,336)
External revenue	7,183	994	8,396	799	1,053	3,233	-	-	21,658
Adjusted EBITDA*	**1,883**	**(1,024)**	**2,056**	**(245)**	**251**	**436**	**-**	**(1,789)**	**1,568**
Exceptional costs	-	-	(137)	-	-	-	-	(397)	(534)
Share based payment	-	-	-	-	-	-	-	(753)	(753)
EBITDA	**1,883**	**(1,024)**	**1,919**	**(245)**	**251**	**436**	**-**	**(2,939)**	**281**
Depreciation	(622)	(106)	(131)	(44)	(13)	(4)	-	(5)	(925)
Amortisation	(595)	(197)	(262)	(187)	(111)	(44)	-	-	(1,396)
Operating profit/(loss)	**666**	**(1,327)**	**1,526**	**(476)**	**127**	**388**	**-**	**(2,944)**	**(2,040)**
Net finance costs	(156)	-	(146)	-	(1)	-	-	(17)	(320)
Income tax	86	39	(241)	(1)	(14)	(67)	-	-	(198)
Discontinued operations	-	-	-	-	-	-	(187)	-	(187)
Retained profit/(loss)	**596**	**(1,288)**	**1,139**	**(477)**	**112**	**321**	**(187)**	**(2,961)**	**(2,745)**
Segment assets									
Operating assets	17,709	7,167	21,948	2,881	1,417	1,027	53	25,526	77,728
Inter segment assets	(1,104)	(25)	-	-	-	-	-	(23,204)	(24,333)
External operating assets	16,605	7,142	21,948	2,881	1,417	1,027	53	2,322	53,395
Cash and cash equivalents	782	42	1,210	55	14	473	19	2,743	5,338
Total assets	**17,387**	**7,184**	**23,158**	**2,936**	**1,431**	**1,500**	**72**	**5,065**	**58,733**
Segment liabilities									
Operating liabilities	10,138	3,069	18,758	910	215	86	32	9,899	43,107
Inter segment liabilities	(7,383)	(2,634)	(13,534)	(631)	(151)	-	-	-	(24,333)
External operating liabilities	2,755	435	5,224	279	64	86	32	9,899	18,774
Borrowings	840	-	1,677	-	15	-	-	-	2,532
Total liabilities	**3,595**	**435**	**6,901**	**279**	**79**	**86**	**32**	**9,899**	**21,306**
Other segmental information									
Non current assets - PPE	3,443	735	4,412	96	208	32	-	1,703	10,629
Non current assets - Intangibles	10,000	5,669	13,973	2,203	820	451	-	-	33,116

Disclosure of Group revenues by geographic location is as follows:

	2012 £'000	2011 £'000
Americas		
United States of America	8,322	4,751
Rest of Americas	3,406	3,683
Europe, Middle East and Africa (EMEA)		
Germany	2,992	3,097
United Kingdom	514	153
Rest of Europe	2,548	2,568
Russia	3,339	3,244
Middle East	622	423
Africa	1,043	1,077
Rest of World		
China	1,511	1,273
Asia	1,731	1,365
New Zealand / Australia	32	24
Total revenue	26,060	21,658

Revenues of approximately £1.9m (2011: £2.3m) are derived from a single external customer. These revenues are attributable to the US segment.

3. Exceptional items

Included within Administrative expenses and costs of sales are exceptional items as shown below:

	Note	**2012 £'000**	2011 £'000

Exceptional items includes:			
- Profit on disposal of available-for-sale assets	(a)	115	-
- Release of provision associated with patent litigation	(b)	503	-
- Transaction costs relating to business combinations		-	(397)
- Loss on stock		-	(137)
Exceptional items - continuing		618	(534)
Exceptional items - discontinued		-	(49)

(a) Profit on disposal of available for sale assets:

The Group made a net profit of £115,000 (2011: nil) as a result of the sale of its holding of listed securities.
The profit is reported after the recycling from reserves of previous revaluation losses of £67,000.

(b) Release of provision associated with patent litigation:

Following the final settlement of patent litigation, the Group has released the unused associated provision for litigation costs of £503,000.

4. Finance income and costs

	2012 **£'000**	2011 £'000
Interest expense:		
- Bank borrowings	130	126
- Finance lease liabilities	1	13
- IAS 19 interest expense	6	7
- Interest on other loans	7	80
- Deferred consideration-unwinding of discount	260	170
Finance costs	404	396
Finance income		
- Interest income on cash and short term deposits	4	4
- Other interest	-	72
Finance income	4	76
Net finance costs	400	320

5. Income tax

	2012 **£'000**	2011 £'000
Current tax:		
Current tax on loss for the year	659	586
Total current tax	659	586
Deferred tax:		
Origination and reversal of temporary differences	(104)	(388)
Adjustment arising in previous period	(775)	-
Impact of deferred tax rate change	(386)	-
Total deferred tax	(1,265)	(388)
Income tax (credit)/charge	(606)	198

On 21 March 2012 the UK Government announced a reduction in the rate of corporation tax to 24% with effect from 1 April 2012. In addition, the Finance Act 2012, which passed into law on 3 July 2012 included legislation to reduce the main rate of corporation tax from 24% to 23% with effect from 1 April 2013. The change in the main rate from 25% to 23% in the UK has resulted in a deferred tax credit of £386,000.

The proposed further reduction in the UK corporation tax rate by 2% to 21% from 1 April 2014 is expected to be enacted separately, the effect of this change on deferred tax cannot be reliably quantified at this stage.

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:

	2012 **£'000**	2011 £'000
Loss before tax	(196)	(2,360)
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 24.5% (2011: 25%)	(48)	(590)
Tax effects of:		
- Expenses not deductible for tax purposes	(518)	369
- Losses carried forward	865	322
- Impact of different tax rates in other jurisdictions	243	97
- Utilisation of previously unrecognised tax losses	(891)	-
- Effect of reduction in tax rate	(386)	-
- Other movements	129	-
Tax (credit)/charge	(606)	198

There are no tax effects on the items in the statement of other comprehensive income.

6. Earnings/(loss) per share

(a) *Basic*

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to owners of the parent by the weighted average number of Ordinary Shares in issue during the year.

	2012 **£'000**	2011 £'000
Profit/(loss) attributable to owners of the parent	1,830	(2,884)
Profit/(loss) from continuing operations attributable to owners of the parent	236	(2,697)
Profit/(loss) from discontinued operations attributable to owners of the parent	1,594	(187)
Weighted average number of Ordinary Shares in issue	255,156,200	213,580,118
Basic earnings/(loss) per share	0.71 pence	(1.35) pence
Basic earnings/(loss) per share from continuing operations	0.09 pence	(1.26) pence
Basic earnings/(loss) per share from discontinued operations	0.62 pence	(0.09) pence

(b) *Diluted*

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding assuming 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.

	2012 **£'000**	2011 £'000
Profit/(loss) attributable to owners of the parent	1,830	(2,884)
Profit/(loss) from continuing operations attributable to owners of the parent	236	(2,697)
Profit/(loss) from discontinued operations attributable to owners of the parent	1,594	(187)
Weighted average number of Ordinary Shares in issue	269,011,446	213,580,118
Basic earnings/(loss) per share	0.68 pence	(1.35) pence
Basic earnings/(loss) per share from continuing operations	0.09 pence	(1.26) pence

Basic earnings/(loss) per share from discontinued operations	0.59 pence	(0.09) pence

7. Dividends

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

8. Cash used in operations

	Group 2012 £'000	Group 2011 £'000
Loss before income tax	**(196)**	(2,360)
Adjustments for:		
- Discontinued activities	**-**	(187)
- Depreciation	**1,165**	925
- Amortisation	**1,914**	1,396
- Impairment of available-for-sale assets	**-**	49
- Profit on disposal of available-for-sale assets	**(115)**	-
- Share-based payments	**537**	753
- Release of provision	**(503)**	-
- Defined benefit pension scheme	**(3)**	-
- Foreign exchange gains on operating activities	**-**	(122)
- Net finance costs / (income)	**400**	320
Changes in working capital		
- Inventories	**(323)**	(23)
- Trade and other receivables	**311**	(488)
- Trade and other payables	**(667)**	(432)
Net cash generated by/(used in) operations	**2,520**	(169)

9. Annual Report & Accounts

Copies of the audited Annual Report & Accounts for the year ended 31 December 2012 will be posted to shareholders and may also be obtained from the Company's registered office at 14 Kinnerton Place South, London, SW1X 8EH.

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