

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

Final results for the year ended 31 December 2013

EKF Diagnostics Holdings plc (AIM: EKF), the growing in-vitro diagnostics company, announces its audited final results for the year ended 31 December 2013, a year of strong organic growth and improved earnings. EKF has an installed base of c. 50,000 analysers globally and manufactures nearly 50 million tests annually.

Financial Highlights

- Revenues up 22% to £31.8m (2012: £26.1m) - *all from organic growth*
 - Reported EBITDA up 82% to £6.7m (2012: £3.3m)
 - Adjusted EBITDA* up 51% to £4.8m (2012: £3.2m)
 - Cash generated from operations of £3.2m (2012: £2.5m)
 - Cash at 31 December 2013 of £2.6m (2012: £4.3m) - *reflecting deferred consideration payments, investment in additional manufacturing capacity, capitalised development costs and increased working capital due to high December sales*
- * Excluding exceptional items and share based payments

Operational Highlights

- Hemo Control / HemoPoint sales up 42% - *driven by US growth and significant sales to Mexico*
- Quo-Lab and Quo-Test sales up 75%
- Biosen product sales up 20%
- β HB reagent sales up 8% - *despite return of competitor product to the market*
- Central laboratory sales (excluding β HB) rose 26%
- Quo-Lab cartridge automated manufacturing line in Barleben completed
- Establishment of EKF Molecular Diagnostics and launch of seven Research only use PointMan kits
- New products launched and product development pipeline remains strong

David Evans, Executive Chairman of EKF, said:

"The journey in 2014 promises to be exciting as we underpin the advancements we have made in prior years and seek to capture the opportunities that are in front of us. I truly believe that we are in a golden age for diagnostics and with ever increasing health demands from a growing and ageing population, diagnostics can provide a key role in helping contain costs and at the same time improve overall patient care through disease prevention, early intervention, patient monitoring and ensuring the right patients get the right medicine at the right time.

"We continue to look at opportunities to grow our business. 2013 has shown that we have come an extremely long way and now have a well-integrated business. I am confident 2014

will show that we can do even better."

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Chairman's Statement

Dear Fellow Shareholder

It is a pleasure to be able to report on a very strong result for EKF Diagnostics Holdings plc for 2013. I would like to thank shareholders for their continued support of the Group.

Strategy

EKF's strategy remains as it was when Julian Baines and I bought into the old Admiral sportswear business in 2010, and that is to create a world class in-vitro diagnostics (IVD) business through acquisition and organic growth, a so-called "buy and build" strategy. IVD has a wide spectrum, and within this spectrum we have chosen to concentrate on three distinct areas: Point-of-care, central laboratory, and molecular diagnostics.

We have succeeded in identifying and acquiring businesses in these areas with strong product lines and distribution networks which can benefit from better, more professional management, greater resources, and from the synergistic benefits of being part of a larger group. After making four major acquisitions in less than a year in the period up to June 2011, we paused our acquisition activities to ensure the full integration of those businesses and their continued development as part of a larger group. We are now seeing the fruits of this, with strong organic revenue growth and improved earnings.

Molecular diagnostics

The major step we have taken in this last year is to create a new molecular diagnostics division, EKF Molecular, based initially upon the acquisition of the PointMan enrichment technology owned by 360 Genomics Limited. Molecular diagnostics is expected by market research firm Frost and Sullivan to become the fastest growing segment of the global IVD market which is itself predicted to become the largest sector of the medical technology market in the next few years.

Molecular diagnostics involves testing for specific gene sequences such as single base pair changes, deletions, insertions or rearrangements in DNA or RNA which may be associated with a particular disease. The tests target specific diseases within a clinical area, in the case of the PointMan technology this is oncology in the first instance. PointMan offers sensitivity levels of many times those offered by current competing technologies.

EKF Molecular is led by its divisional Chief Executive Officer, Andrew Webb, who worked with me at the personalised healthcare company DxS, where he was commercial lead from the company's inception until its sale in 2009. Andrew has subscribed for £200,000 of convertible loan notes in EKF Molecular. If these loan notes are converted EKF would hold 80% of EKF Molecular and Andrew would own 20%. Andrew has the option to convert the loan note up until 30 November 2017. Andrew and his small team have made very significant progress during the year, launching kits for the enrichment of seven different genes associated with colorectal cancer, melanoma, and non-small cell lung cancer. While these are currently research use only, our aim is to obtain diagnostic registration in Europe in 2014, with the ultimate aim being the production of companion diagnostic products. Companion diagnostics are used to distinguish which patients are most likely to benefit from a particular therapy.

The most important recent development has been the announcement that in collaboration with the Institute of Life Sciences at Swansea University, EKF Molecular has preliminary evidence of the ability to detect gene mutations in whole blood using PointMan, outperforming current DNA sequencing technologies. This opens the exciting possibility in future of minimally invasive testing for the mutation status of cancer patients, to allow physicians to target treatment more accurately without the need for invasive surgical removal of a tissue sample. We are working with other partners to further validate these results.

Results overview

Revenue has increased by 22% to £31.8m (2012: £26.1m), with all of this coming from organic growth. This growth has come from across the globe, with almost every territory we operate in showing an increase over 2012, and it has come from a number of product lines, including our Biosen Glucose and Lactate analyser range as well as our Quo-Test and Quo-Lab HbA1c analysers.

Driven largely by the increase in revenue, we have seen gross profit rise by 14% to £16.3m (2012: £14.3m). Earnings before interest, tax, depreciation and amortisation has increased to £6.7m (2012: £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 almost 51% to £4.8m (2012: £3.2m), giving a compound annual growth rate over the last two years of 75%.

Cash generated from operations was £3.1m (2012: £2.5m). This number is lower than would normally be expected given our earnings because our revenue figures include several large sales to Mexico totalling £1.7m which were completed and billed in December. Collection of the receivables due on these sales is expected to be completed in March 2014.

Management and staff

Apart from the addition of Andrew Webb, we have made a number of changes to the senior management team.

Richard Evans, formerly Finance Director, has been promoted to the new role of Chief Operating Officer. He has direct responsibility for our global sales, marketing, and operations teams.

Paul Foulger has re-joined the Board as Interim Finance Director as well as continuing with his duties as Company Secretary. Paul previously held the role of Finance Director for EKF until September 2011. Paul has very wide experience as an entrepreneurial finance director in a

number of industries. We currently anticipate that Paul will become Finance Director on a permanent basis in the near future.

Dr David Corr, Head of Research and Development at EKF, has been appointed as Chief Technology Officer. David is in charge of our research and development programmes.

Bill Pippin, formerly president of Stanbio Laboratory has retired from the business. We wish Bill a long and happy retirement. We have promoted Gilbert Mejia, previously Stanbio's Vice President of Sales and Marketing, to lead the Stanbio team.

The EKF team is now 330 strong, and each of them has had an important part to play in the Group's success during 2013. I would like to thank them on behalf of the Board for their hard work and the contribution they have made.

Outlook

Being a stakeholder in EKF whether it is as a Director, a Shareholder, or as an Employee is part of a journey as we continue to build an IVD Company dedicated to improving patient care through the provision of solutions to meet unmet patient and clinical need and by implication provide superior returns. The first stage of that journey for us was to take the disparate, owner managed businesses we had acquired and instil the professional ethos required in a public company. This has been completed. The second stage of the journey was to drive performance in these businesses and the results we present today are proof that great strides have been made. The time is now right to move to the next stage of our journey.

We believe we can expand our presence significantly in the markets in which we operate. This will require us to think smartly and act differently as we seek to differentiate ourselves in what we believe to be the fastest growing areas in IVD.

Also as we move forward we recognise the growing importance of both health economics and health education as being pivotal to the acceptance of new products and we are looking to collaborate strategically in this area so that we address the total requirements for introducing new products and services.

The journey in 2014 promises to be exciting as we underpin the advancements we have made in prior years and seek to capture the opportunities that are in front of us. I truly believe that we are in a golden age for diagnostics and with ever increasing health demands from a growing and ageing population, diagnostics can provide a key role in helping contain costs and at the same time improve overall patient care through disease prevention, early intervention, patient monitoring and ensuring the right patients get the right medicine at the right time.

We continue to look at opportunities to grow our business.

2013 has shown that we have come an extremely long way and now have a well-integrated business. I am confident 2014 will show that we can do even better.

David Evans
Executive Chairman

Chief Executive's Review

With organic revenue growth of 22%, and significant improvements to operating profit and adjusted earnings before interest, tax, depreciation, and amortisation, 2013 has seen EKF Diagnostics make excellent progress. This has been driven by a professional approach to sales and marketing and improved support and service to our distributors and end user customers. Additionally we have continued to integrate the businesses and focus on driving down costs and improving efficiencies.

Operations

Point-of-care

The year started and ended well with significant sales to Mexico. In January we supplied the remainder of the 2012 order for Hemo Control (sold in the USA as HemoPoint H2) cuvettes to the Instituto Mexicano del Seguro Social ("IMSS"), through our local distributor. Then in December we supplied a further 250 instruments and 52,000 boxes of cuvettes to Mexico through a number of targeted distributors. A further tender for IMSS is now expected to fall into 2014. Alere has continued to drive their HemoPoint H2 sales in the US and we are growing our market share as we see higher levels of pull-through of cuvette sales on an ever increasing installed device base. As a result overall Hemo Control revenues increased by 42%. Strategically during 2014 we will continue to look to grow our market share.

Quo-Test and Quo-Lab performed extremely well in 2013 growing turnover by 75%. During the year we sold 537 Quo-Test analysers and 1,426 Quo-Lab analysers. These products are now becoming fully established in the diabetes market. Quo-Lab has successfully achieved International Federation of Clinical Chemistry and Laboratory Medicine (IFCC) certification, adding to the NGSP certification already held. The IFCC reference measurement procedure is accepted worldwide as the analytical control for traceability of HbA1c measurement. Additionally Quo-Lab recently received registration approval in Mexico opening up another new market for the product.

With the exceptional performance of Quo-Lab and Quo-Test we have invested in an automated manufacturing line in Barleben for the manufacture of Quo-Lab cartridges which we expect to result in significantly reduced costs per test. This automated line will give us the opportunity to compete in emerging markets where NycoCard is the current market leader. We will now be entering new markets during 2014. Additionally an automated manufacturing line for Quo-Test cartridges should be completed by the end of Q3 enabling us to increase our margins on this platform too.

We have seen remarkably strong sales for our Biosen range of Glucose and Lactate analysers. These are used in clinical settings as well as by professional sports teams. Overall sales for Biosen products has increased by 20% year-on-year, with demand particularly strong in Russia and China. We are currently undertaking market research to evaluate new territories and markets for Biosen.

Strategically throughout 2014 we will be looking to build our diabetes brand. We have reached the stage where we can offer our customers a broad range of diabetes products with Quo-Lab, Quo-Test, Beta-Hydroxybutyrate (β HB) and Biosen. In 2014 we will be aiming to offer a comprehensive diabetes portfolio targeted at Point-of-care and small laboratories.

Central laboratory

In 2012 we saw sales of our β HB liquid reagent grow significantly. Despite the main competitor product returning to the market in 2013, sales of our β HB reagent have held up well, increasing 8%. Our other central laboratory products include fermentation produced enzyme products, which are sold to a number of high profile customers. Overall sales from our central laboratory products excluding β HB rose 26%. Whilst it is generally accepted that this is the smallest growth opportunity in our portfolio we will still be investing time and effort in launching a clinical chemistry analyser during 2014. This will enable our sales force to not only sell the reagents but the analysers as well, therefore offering a better overall service to our established customer base.

Molecular diagnostics

EKF Molecular Diagnostics was established at the beginning of 2013, and gained traction with the acquisition in March of the PointMan technology contained within 360 Genomics Limited. Since then EKF Molecular has launched seven kits for Research use only. We will aim to have the kits registered for diagnostic use in Q3 when we expect to see sales increase in volume. Additionally we are speaking with a number of parties who have expressed an interest in licensing the products.

Our Xtract product is still undergoing external validation and the Company is working closely with both Arcis and third parties to bring a novel molecular product to market.

Strategically during 2014 the board will continue to seek to increase our presence in molecular diagnostics. This is the fastest growing area of diagnostics and EKF will strive to be at the forefront of the molecular diagnostics revolution.

New products

In July we launched the Group's new strip based tests using the STAT-Site M platform developed in the USA by Stanbio Laboratory. The new tests are for β HB, a ketone test which provides a quick and easy assessment of diabetic ketoacidosis; and Hgb (haemoglobin), for the rapid Point-of-care analysis of haemoglobin for anaemia determination.

Earlier in the year, we introduced a novel test to identify diabetic patients at high risk of progression to end stage renal disease up to 10 years in advance, which is well above the capabilities of currently available tests. Our new sTNFr1 test is an ELISA assay that has the potential to significantly improve diabetic patient management and outcomes. This test is the first output from the licence agreement with the Joslin Diabetes Center. This unique product will be a valuable addition to our diabetes portfolio. The relationship with Joslin is extremely important to EKF. It will give us a unique insight into further developments within diabetes and we are looking forward to developing a new and exciting portfolio of diabetes products through this relationship.

In November we launched the new version of our Lactate Scout+ analyser. Additional features and functionality such as haematocrit compensation, now mean the device can be used in new medical applications, such as obstetrics. As a world-leader in lactate, EKF has been closely involved in research projects investigating applications of lactate in obstetric medicine such as cord blood lactate analysis and foetal scalp lactate which can be used to confirm the need for immediate intervention in complicated births where there may be risk of insufficient foetal oxygen supply. The Board feels that obstetrics alongside anaemia testing can be a major growth area for EKF. By combining our Hemo Control device with the new lactate monitor we aim to offer a significant service to every maternity ward globally.

We have a number of programmes building on our specialism in acute kidney injury (AKI). We recently announced that we will start testing on clinical samples in collaboration with a subsidiary of Carclo plc to produce a novel Point-of-care device for detecting AKI, based on EKF's AKI marker and Carclo's micropoc-pro device. We are also continuing to develop our RenaStat AKI test, which has entered clinical trials at a hospital in Dublin.

Our development pipeline remains strong with a combination of projects to support our existing products in the marketplace together with new projects primarily in Point-of-care which will offer improved patient care in new disease areas.

Acquisition

On 8 March 2013 the Group acquired 360 Genomics Limited ("360"), whose main technology is PointMan. The initial consideration of £1.6m was satisfied through the issue of 5,649,717 new ordinary shares in EKF at an issue price of 28.32 pence per share. In addition, deferred contingent consideration of up to £8.0m is payable, depending mainly on the sales performance of the technologies acquired in the period up to 31 December 2019. 360 forms part of the Group's Molecular Diagnostics division.

Results

Revenue

Revenue for the year was £31.8m (2012: £26.1m), an increase of 22%, all of which comes from organic growth. 360 Genomics, which was acquired during the year, does not contribute directly to revenue.

Gross profit

Gross profit has increased to £16.3m (2012: £14.3m), which is an increase over the prior year of 14%. Gross profit as a percentage of revenue has reduced to 51.4% from 54.9% in 2012. This is largely as a result of a change in product mix.

Administration costs and research and development costs

Despite the 22% rise in revenue, administration costs have fallen by 1.4%. This is also despite the investment made this year in our molecular diagnostics division of £0.8m. It also reflects the inclusion of a number of exceptional items, discussed below. Included within administration expenses are research and development costs charged to the consolidated income statement of £1.2m (2012: £0.1m). The increase is partly as a result of a change in reporting this year. In 2012 only third party costs were included, in 2013 this has been expanded to include internal costs. In addition, the Group capitalised expenditure on development of £1.1m (2012: £0.9m). The Group capitalises 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 £3.6m (2012: £3.1m).

Operating profit and adjusted earnings before interest tax and depreciation

The group has made an operating profit of £2.4m (2012: £0.2m). Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was £6.7m (2012: £3.3m). A more meaningful measure is considered to be Adjusted EBITDA which for 2013 was £4.8m (2012:

£3.2m) which excludes the effects of share based payments (£0.7m (2012: £ 0.5m)) and exceptional profits of £1.8m (2012: £0.6m). Exceptional items include the estimated benefit from the tax related warranty claim against the former owner of EKF-diagnostic GmbH and some related provision releases, releases of deferred consideration provisions associated with the acquisitions of Quotient Diagnostics and Stanbio, an impairment charge relating to our Irish unit, and transaction costs associated with the acquisition of 360 Genomics Limited.

Finance costs

Finance costs have increased to £1.8m (2012: £0.4m). The increase is mainly as a result of a fair value adjustment to the outstanding deferred consideration payable in respect of the acquisition of EKF-diagnostic GmbH of £0.7m, and an increased charge for unwinding the fair value discount applied to deferred consideration of £0.7m (2012: £0.3m).

Tax

As outlined in the Admission Document published on 15 June 2010, part of the outstanding deferred consideration for the acquisition of EKF-diagnostic GmbH would be reduced to the extent that there have been any claims under the warranties in the acquisition agreement. The Company has been advised by its German tax advisers that there is a potential tax and associated interest liability associated with the EKF-diagnostic GmbH business prior to acquisition, estimated at €1.44m (£1.24m). Under the warranties of the acquisition agreement EKF has already withheld payment of part of the deferred consideration to cover this liability. The warranty claim effect of this £1.24m is included as a deduction from administration costs and has also been disclosed as an exceptional item. The tax liability effect is shown in corporation tax.

Balance sheet

Property, plant and equipment

We have invested £1.2m (2012: £1.0m) in property plant and equipment. The major projects have been the part completion of a new building for manufacturing and distribution at our factory in Barleben and the completion of the cuvette capacity upgrade there.

Intangible assets

The increase in intangible assets is due to the acquisition of 360 Genomics Limited, and the capitalisation of development costs. The development process for our Renastat AKI test has been longer and more complex than anticipated at the time EKF Diagnostics Limited (formerly Argutus Medical Limited) was purchased in 2010. Many of the issues have now been resolved and the product has now entered clinical trials in Dublin. However as a result of these delays the associated anticipated income stream has been pushed back resulting in the goodwill associated with this unit being impaired by £0.75m. The charge to the consolidated income statement has been included in exceptional items.

Deferred consideration

Payments in cash of deferred consideration have been made in respect of the acquisitions of Quotient Diagnostics Limited (£0.6m) and Stanbio Laboratory (£0.8m), in accordance with agreements made at the time of purchase.

The maximum deferred consideration payable in respect of the acquisition of Quotient

Diagnostics Limited has been re-assessed, and as a result the provision has been reduced by £0.85m. Following the payment of deferred consideration in respect of certain tax indemnities relating to the acquisition of Stanbio, the balance of the provision which is no longer required of £0.26m has been credited to income. The credits to the consolidated income statement have been shown as exceptional profits.

Cash and working capital

The Group has generated £3.1m (2012: £2.5m) of cash from operations during the year. Cash has reduced as a result of the investment in property, plant and machinery (£1.2m), in capitalised development costs (£1.1m), and in the payment of deferred consideration (£1.4m). In addition, working capital at the end of the year is significantly higher than normal as a result of the high sales level achieved in December.

Outlook

2014 is set to be a very exciting and rewarding year as we seek to expand our presence in diagnostics worldwide. With an installed base of c. 50,000 analysers globally and the Company manufacturing nearly 50 million tests we have a very strong infrastructure on which we can build a leading global diagnostic business. Our trading in the period to date is in line with our expectations and due to timing of tenders we anticipate the weighting to be skewed further to the second-half of the year than previously.

We will be making every effort to increase our market share in haemoglobin testing, diabetes and molecular. To that end we have a number of specific objectives in the current year including:

- Establishing a business in China to spearhead our expansion in the Asia Pacific Region
- Increasing the distribution footprint of our Stanbio products in Europe, the Middle East, and Africa
- Building upon our excellent existing OEM relationships and looking to expand upon these and secure new OEM contracts.

Our cost base remains under tight control but as we continue to expand we need to ensure that we attract the right calibre of people and that management is not overstretched. I anticipate adding to our management team as we continue to expand. We are also reviewing areas whereby we can increase margin by streamlining production and I will update you further on this shortly.

We anticipate a number of product launches throughout the year and our pipeline remains robust as we look to bolster our existing product offerings and introduce new ones which we believe can meet unmet clinical need.

We continue to review acquisition opportunities that we believe can add strategic value in our key areas of haemoglobin, diabetes and molecular. We also continue to review joint-venture opportunities in the areas of new product development, health economics and health education which we see as important drivers going forward.

With our goal to be one of the emerging leaders in diagnostic testing in a multi-disciplinary way we will aim to strengthen our presence in the US market.

I look forward to 2014 as EKF continues to build its name and reputation in the diagnostics arena and thank you for your continued support.

Julian Baines
Chief Executive Officer

Consolidated Income Statement

	Notes	2013 £'000	2012 £'000
Continuing operations			
Revenue	2	31,804	26,060
Cost of sales		(15,459)	(11,747)
Gross profit		16,345	14,313
Administrative expenses		(14,439)	(14,651)
Other income		495	542
Operating profit		2,401	204
Depreciation and amortisation		(3,554)	(3,079)
Share-based payment		(709)	(537)
Exceptional items	3	1,840	618
EBITDA before exceptional items and share-based payment		4,824	3,202
Finance income	4	5	4
Finance costs	4	(1,799)	(404)
Profit/(loss) before income tax		607	(196)
Income tax (expense)/credit	5	(1,500)	606
(Loss)/profit for the year from continuing operations		(893)	410
Discontinued operations			
Profit for the year from discontinued operations		-	1,594
(Loss)/profit for the year		(893)	2,004
(Loss)/profit attributable to:			
Owners of the parent		(1,126)	1,830
Non-controlling interest		233	174
		(893)	2,004
		Pence	Pence
(Loss)/earnings per Ordinary Share from continuing and discontinued operations attributable to the owners of the parent during the year			
Basic			
From continuing operations		(0.41)	0.09
From discontinued operations		-	0.62
Continuing and discontinued operations	6	(0.41)	0.71
Diluted			
From continuing operations		(0.41)	0.09
From discontinued operations		-	0.59
Continuing and discontinued operations	6	(0.41)	0.68

Consolidated Statement of Comprehensive Income

	2013 £'000	2012 £'000
(Loss)/profit for the year	(893)	2,004
Other comprehensive income:		

Actuarial gain/(loss) on pension scheme	9	(18)
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	199	(947)
Other comprehensive gain/(loss) for the year	208	(2,485)
Total comprehensive loss for the year	(685)	(481)
Attributable to:		
Owners of the parent	(881)	(659)
Non-controlling interests	196	178
Total comprehensive loss for the year	(685)	(481)

Consolidated Statement of Financial Position

	Group 2013 £'000	Group 2012 £'000
Assets		
Non-current assets		
Property, plant and equipment	9,785	10,014
Intangible assets	34,725	31,250
Investments in subsidiaries	-	-
Investments	250	250
Trade and other receivables	-	-
Deferred tax assets	903	973
Total non-current assets	45,663	42,487
Current assets		
Inventories	5,308	4,971
Trade and other receivables	7,155	3,884
Deferred tax assets	46	44
Cash and cash equivalents	2,551	4,331
Total current assets	15,060	13,230
Total assets	60,723	55,717
Equity attributable to owners of the parent		
Share capital	2,727	2,671
Share premium account	41,783	40,240
Other reserve	41	-
Foreign currency reserves	(725)	(961)
Retained earnings	(3,412)	(3,004)
	40,414	38,946
Non-controlling interest	508	481
Total equity	40,922	39,427
Liabilities		
Non-current liabilities		
Borrowings	2,108	2,031
Deferred consideration	5,471	3,114
Deferred tax liabilities	3,442	3,793
Retirement benefit obligation	103	112
Total non-current liabilities	11,124	9,050
Current liabilities		
Trade and other payables	4,189	3,743
Deferred consideration	1,778	2,600
Current income tax liabilities	1,998	200
Deferred tax liabilities	380	417

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 1 January 2013	2,671	40,240	-	(961)	(3,004)	38,946	481	39,427
Comprehensive income								
(Loss)/profit for the year	-	-	-	-	(1,126)	(1,126)	233	(893)
Other comprehensive income								
Actuarial gain on pension	-	-	-	-	9	9	-	9
Currency translation differences	-	-	-	236	-	236	(37)	199
Total comprehensive income	-	-	-	236	(1,117)	(881)	196	(685)
Transactions with owners								
Proceeds from shares issued	56	1,543	-	-	-	1,599	-	1,599
Issue of convertible loan notes in subsidiary	-	-	41	-	-	41	-	41
Dividends to non-controlling interest	-	-	-	-	-	-	(169)	(169)
Share-based payments	-	-	-	-	709	709	-	709
Total contributions by and distributions to owners	56	1,543	41	-	709	2,349	(169)	2,180
At 31 December 2013	2,727	41,783	41	(725)	(3,412)	40,414	508	40,922

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 2013 and comprises the Company and its subsidiaries. The consolidated financial statements were authorised for issuance on 26 February 2014. The financial information set out does not constitute the Company's statutory accounts for the years ended 31 December 2012 or 2013 within the meaning of Section 434 of the Companies Act 2006, but is derived from those accounts. Statutory accounts for 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered following the company's Annual General Meeting. The auditors' reports on the statutory accounts for the years ended 31 December 2012 and 31 December 2013 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 2012 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 2013 by 31 March 2014, which will be available on the Company's website at www.ekfdiagnostics.com and at the Company's registered office at Avon House, 19 Stanwell Road Penarth CF64 2EZ. The Annual General Meeting will be held on Tuesday 20 May 2014.

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 the USA, 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 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 third party 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 2013 is as follows:

2013

	Germany	UK	USA	Ireland	Poland	Russia	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income statement								
Revenue	13,091	3,143	17,338	389	1,241	3,900	-	39,102
Inter-segment	(6,191)	(1,099)	-	-	(8)	-	-	(7,298)
External revenue	6,900	2,044	17,338	389	1,233	3,900	-	31,804
Adjusted EBITDA*								
Exceptional costs	1,575	757	258	-	-	-	-	2,590
Share-based payment	-	-	-	-	-	-	(709)	(709)
EBITDA	5,067	(584)	4,834	237	418	746	(3,304)	4,824
Depreciation	(662)	(180)	(299)	(45)	(38)	(15)	(65)	(1,304)
Exceptional impairment	-	-	-	(750)	-	-	-	(750)
Amortisation	(650)	(495)	(728)	(218)	(118)	(41)	-	(2,250)
Operating profit/(loss)	3,755	(1,259)	3,807	(776)	262	690	(4,078)	2,401
Net finance costs	(247)	(488)	(256)	-	(1)	-	(802)	(1,794)
Income tax	(1,115)	179	(540)	131	(36)	(131)	12	(1,500)
Profit/(loss) for the year	2,393	(1,568)	3,011	(645)	225	559	(4,868)	(893)
Segment assets								
Operating assets	16,858	14,147	21,101	2,347	1,136	1,052	26,325	82,966
Inter-segment assets	(314)	(43)	-	-	-	-	(24,437)	(24,794)
External operating assets	16,544	14,104	21,101	2,347	1,136	1,052	1,888	58,172
Cash and cash equivalents	1,123	244	42	-	256	727	159	2,551
Total assets	17,667	14,348	21,143	2,347	1,392	1,779	2,047	60,723
Segment liabilities								
Operating liabilities	7,335	9,891	13,525	402	(126)	179	6,962	38,168
Inter-segment liabilities	(4,663)	(6,350)	(9,981)	-	187	-	-	(20,807)
External operating liabilities	2,672	3,541	3,544	402	61	179	6,962	17,361
Borrowings	481	166	1,789	-	4	-	-	2,440
Total liabilities	3,153	3,707	5,333	402	65	179	6,962	19,801
Other segmental information								
Non-current assets - PPE	3,386	688	3,769	23	206	87	1,626	9,785
Non-current assets - Intangibles	9,188	11,068	11,758	1,738	642	331	-	34,725
Non-current assets - additions	1,034	5,851	78	394	19-	77	27	7,480

* Adjusted EBITDA excludes exceptional items and share-based payments.

2012

	Germany	UK	US	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*									
Exceptional costs	503	-	-	-	-	-	-	115	618
Share-based payment	-	-	-	-	-	-	-	(537)	(537)
EBITDA	3,929	(248)	2,791	(421)	303	558	-	(3,207)	3,202
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
Profit/(loss) for the year	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 items and share-based payments.

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

Disclosure of Group revenues by geographic location is as follows:

	2013	2012
	£'000	£'000
Americas		
United States of America	9,873	8,322
Rest of Americas	5,189	3,406
Europe, Middle East and Africa (EMEA)		
Germany	4,002	2,992
United Kingdom	251	514
Rest of Europe	2,702	2,548
Russia	3,905	3,339
Middle East	763	622
Africa	1,114	1,043
Rest of World		
China	2,050	1,511
Asia	1,913	1,731
New Zealand/Australia	42	32
Total revenue	31,804	26,060

Revenues of approximately £2.5m (2012: £1.9m) are derived from a single external customer. These revenues are attributable to the Rest of Americas segment.

3. Exceptional items

Included within Administrative expenses are exceptional items as shown below:

	Note	2013	2012
		£'000	£'000
- Warranty claim	a	1,241	-
- Exceptional release of provision	a	334	-
- Transaction costs relating to business combinations		(93)	-
- Impairment charges	b	(750)	-
- Release of deferred consideration provisions	c	1,108	-
- Profit on disposal of available-for-sale assets		-	115
- Release of provision associated with patent litigation		-	503
Exceptional items - continuing		1,840	618

- (a) Estimated warranty claim in relation to the acquisition of EKF-diagnostic GmbH and the release of a previously held provision associated with the tax claim..
- (b) Impairment of goodwill associated with EKF Diagnostics Limited, Ireland.
- (c) Release of deferred consideration provisions associated with Stanbio Laboratory LP and Quotient Diagnostics Limited

4. Finance income and costs

	2013	2012
	£'000	£'000
Finance costs:		
- Bank borrowings	135	130
- Finance lease liabilities	6	1
- IAS 19 interest expense	4	6
- Other interest	212	7
- Financial liabilities at fair value through profit or loss - losses	750	-
- Deferred consideration-unwinding of discount	685	260
- Convertible debt	7	-
Finance costs	1,799	404
Finance income		
- Interest income on cash and short-term deposits	2	4
- Other interest	3	-
Finance income	5	4
Net finance costs	1,794	400

5. Income tax

Group	2013	2012
	£'000	£'000
Current tax:		
Current tax on loss for the year	1,602	659
Adjustments for prior periods	1,022	-
Total current tax	2,624	659
Deferred tax:		
Origination and reversal of temporary differences	(701)	(104)
Adjustment arising in previous period	-	(775)
Impact of deferred tax rate change	(423)	(386)
Total deferred tax	(1,124)	(1,265)
Income tax charge/(credit)	1,500	(606)

On 21 March 2013 the UK Government announced a reduction in the rate of corporation tax to 21% with effect from 1 April 2014, and to 20% with effect from 1 April 2015. The change in the main rate from 23% to 20% in the UK has resulted in a deferred tax credit of £423,000.

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:

	2013	2012
	£'000	£'000
Profit/(loss) before tax	607	(196)
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 23.25% (2012: 24.5%)	141	(48)
Tax effects of:		
- Expenses not deductible for tax purposes	398	(518)
- Losses carried forward	531	865
- Prior year adjustment	1,022	-
- Impact of different tax rates in other jurisdictions	467	243
- Utilisation of previously unrecognised tax losses	(173)	(891)
- Effect of reduction in tax rate	(423)	(386)
- Other movements	(463)	129
Tax charge/(credit)	1,500	(606)

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

6. (Loss)/Earnings per share

(a) Basic

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

	2013	2012
	£'000	£'000
(Loss)/profit attributable to owners of the parent	(1,126)	1,830
(Loss)/profit from continuing operations attributable to owners of the parent	(1,126)	236

Profit from discontinued operations attributable owners of the parent	-	1,594
Weighted average number of Ordinary Shares in issue	271,695,776	255,156,200
Basic (loss)/earnings per share	(0.41) pence	0.71 pence
Basic (loss)/earnings per share from continuing operations	(0.41) pence	0.09 pence
Basic earnings per share from discontinued operations	-	0.62 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. The potential shares are not dilutive in 2013 as the Group has made a loss per share.

	2013	2012
	£'000	£'000
(Loss)/profit attributable to owners of the parent	(1,126)	1,830
(Loss)/profit from continuing operations attributable to owners of the parent	(1,126)	236
Profit from discontinued operations attributable owners of the parent	-	1,594
Weighted average diluted number of Ordinary Shares	286,302,764	269,011,446
Diluted (loss)/earnings per share	(0.41) pence	0.68 pence
Diluted (loss)/earnings per share from continuing operations	(0.41) pence	0.09 pence
Diluted earnings per share from discontinued operations	-	0.59 pence
	2013	2012
	£'000	£'000
Weighted average number of Ordinary Shares in issue	271,695,776	255,156,200
Adjustment for:		
- Assumed conversion of share awards	10,563,048	9,811,306
- Assumed payment of equity deferred consideration	4,043,940	4,043,940
Weighted average number of Ordinary Shares for diluted earnings per share	286,302,764	269,011,446

7. Dividends

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

8. Cash used in operations

	Group	
	2013	2012
	£'000	£'000
Profit/(loss) before tax	607	(196)
Adjustments for:		
- Depreciation	1,304	1,165
- Amortisation	2,250	1,914
- Impairment	750	-
- Warranty claim	(1,241)	-
- Profit on disposal of fixed assets	(8)	-
- Profit on disposal of available-for-sale assets	-	(115)
- Share-based payments	709	537
- Release of deferred consideration	(1,108)	-
- Fair value adjustment	750	-
- Release of provision	(334)	(503)
- Defined benefit pension scheme	-	(3)
- Net finance costs / (income)	1,044	400
Changes in working capital		
- Inventories	(298)	(314)
- Trade and other receivables	(1,930)	319
- Trade and other payables	677	(684)
Net cash generated by operations	3,172	2,520

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