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EKF Diagnostics Holdings PLC  
20 March 2014

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20 March 2014

**EKF Diagnostics Holdings plc  
("EKF", the "Company" or the "Group")**

**Proposed Acquisitions of Selah Genomics, Inc. and DiaSpect Medical AB.  
Proposed Placing to raise £22.0 million  
Offer to Qualifying Participants to raise up to £4.0 million**

EKF Diagnostics Holdings plc (AIM: EKF), the point-of-care diagnostics business, announces that it has entered into a conditional agreement to acquire Selah

Genomics, Inc. ("Selah"), a US based developer of molecular diagnostics for personalised medicine, and a conditional agreement to acquire DiaSpect Medical AB. ("DiaSpect"), a Swedish based manufacturer of point-of-care haemoglobin analysers.

In addition, EKF proposes to raise £22.0 million (before expenses) by way of a firm placing of 14,285,714 new Ordinary Shares ("Firm Placing Shares") and a conditional placing of 48,571,428 new Ordinary Shares ("Conditional Placing Shares") (together "the Placing Shares") at a placing price of 35p ("the Placing") through an accelerated bookbuild process conducted through Canaccord Genuity Limited ("the Bookbuilding Process") representing 23.0 per cent. of the Company's existing issued share capital. The Company is also seeking to raise up to £4.0 million by way of an offer to Qualifying Participants ("the Offer Shares").

The Placing will be completed on a non pre-emptive basis and the Placing Shares are being placed with certain institutional investors.

The consideration for the acquisition of Selah comprises of an initial consideration of US\$35.6 million, to be satisfied by the issue of new Ordinary Shares in the Company and an additional deferred consideration of up to US\$35.0 million, valuing Selah at up to approximately US\$70.6 million (net of US\$4.4 million in borrowings). The consideration for the acquisition of DiaSpect will be satisfied by an initial consideration of £10.25 million in cash and £5.75 million in new Ordinary Shares in the Company, and an additional deferred cash consideration of up to £4.75 million, valuing DiaSpect at up to approximately £20.75 million.

The Board believes that the two acquisitions, combined with the acquisition of Separation Technology, Inc., announced on 12 March 2014, will allow EKF the opportunity to achieve its aim of becoming the number one in point-of-care haemoglobin testing through a comprehensive and cost effective product range, as well as enabling EKF to participate meaningfully in personalised medicine, which the Board believes will be the fastest growth area within the IVD industry.

**Julian Baines, CEO of EKF commented:** *"These acquisitions provide us with a huge opportunity to establish ourselves as a leading global player in point-of-care haemoglobin testing and to consolidate our position in molecular diagnostics and personalised medicine, an area that we consider to be one of the most exciting areas in diagnostics. My Board colleagues and I believe that these acquisitions will deliver an enhanced return to our shareholders and we expect the transactions to be earnings enhancing, both individually and in aggregate, from year one."*

The issue of new ordinary shares of the Company in connection with the Acquisitions, Conditional Placing and Offer are subject to the approval of the shareholders of the Company at a General Meeting to be held at 10.30am at Canaccord Genuity Limited, 41 Lothbury, London, EC2R 7AE, United Kingdom on 11 April 2014.

The Board unanimously recommend that you vote in favour of the Resolutions at the General Meeting, as they intend to do in respect of their own beneficial holdings of Ordinary Shares amounting to, in aggregate, 11,504,851 Ordinary Shares, representing approximately 4.2 per cent. of the Existing Ordinary Shares.

Julian Baines, CEO  
Paul Foulger, CFO

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**Canaccord Genuity Limited**

**Tel: 020 7523 8000**

*Nominated Adviser/Corporate Broking*

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**About EKF Diagnostics Holdings plc ([www.ekfdiagnostics.com](http://www.ekfdiagnostics.com))**

EKF Diagnostics Holdings plc was formed in July 2010 following the acquisition of EKF-diagnostic GmbH for €14.32m and refocused its strategy to one of building a substantial point of care diagnostics business. As part of this strategy, the Group has integrated three further acquisitions, Quotient Diagnostics Limited (acquired in September 2010 for a maximum of £5.41m), Argutus Medical Limited (acquired in December 2010 for £2.18m) and Stanbio Laboratory L.P. (acquired in June 2011 for a maximum of US\$25.5m). In 2013 EKF established a new subsidiary, EKF Molecular Diagnostics Ltd, to focus on molecular and companion diagnostics and acquired 360 Genomics Ltd, a business that owns diagnostics technologies for cancer gene detection.

The Company, with its head office in Cardiff and operations in London, Germany, Poland, Russia, Ireland and the US, is a leading diagnostics business, focused on the development, production and distribution of chemical reagents and analysers for the testing of glucose, lactate, haemoglobin, haematocrit and HbA1c.

In March 2011 EKF entered into a distribution agreement with Alere Inc, a global diagnostics company, under which Alere was appointed the exclusive distributor of EKF's CLIA waived HemoControl device and cuvettes in the US, Canada and United Kingdom. The device is distributed in the US under the name HemoPoint H2.

**About DiaSpect Medical A.B. ([www.diaspect.eu](http://www.diaspect.eu))**

DiaSpect is an IVD company developing, producing and distributing point of care haemoglobin systems. The company's focus is on developing systems for instant haemoglobin and haemoglobin related measurements, which are for use with unaltered whole blood without the use of reagents.

DiaSpect was founded in 2007, and is based in Uppsala, Sweden, with subsidiary operations in Germany and the US. The DiaSpect T model was developed by researchers and engineers based in Uppsala. DiaSpect's facility, in Sailauf, Germany, is the production and logistic centre for the business, and DiaSpect LLC based in San Francisco, US, is responsible for FDA registration of the company's products, and commercialisation in the US market.

**About Selah Genomics Inc. ([www.selahgenomics.com](http://www.selahgenomics.com))**

Selah is a clinical diagnostic company focused on enabling personalised medicine. Selah specialises in the detection of molecular biomarkers to diagnose and monitor disease, detect risk, and identify which therapies will work best for individual patients.

Selah was co-founded in 2012 by Michael Bolick (Chief Executive Officer), Ken Morgan (Senior Vice President, Operations) and Jeremy Stuart (Vice President, Genomic Services) following a management buy-out of UK company Lab21 Ltd's US-based operations. Prior to Selah, Michael Bolick served as President of Lab21. In addition to the main laboratory site, Selah has a Clinical Genomics Center located at the Institute for Translational Oncology Research ("ITOR") of the Greenville Health System ("GHS"), and a second Clinical Genomics Center at the University of South Carolina in Columbia, South Carolina.

### ***Selah Acquisition***

Selah is a clinical diagnostic company focused on enabling personalised medicine. Selah specialises in the detection of molecular biomarkers to diagnose and monitor disease, detect risk of developing certain diseases, and identify which therapies will work best for individual patients.

The consideration for the Selah Acquisition comprises the following:

- initial consideration of US\$35.6 million (£21.3 million) to be satisfied by the issue of 58,356,152 new Ordinary Shares in the Company, representing approximately 13.8 per cent. of the Enlarged Share Capital assuming full take up by Qualifying Shareholders under the Offer ("Selah Consideration Shares"); and
- additional deferred consideration, on a quarterly basis respectively, subject to certain agreed revenue targets for the two year period following the acquisition up until 31 March 2016, of up to US\$35.0 million (£21.0 million) which will be satisfied through the issue of a maximum of 57,445,235 further new Ordinary Shares in the Company ("Selah Deferred Shares"),

together valuing Selah, net of the aggregate borrowing of Selah, being the sum of US\$4.4 million, at approximately US\$70.6 million (£42.3 million) based on the Company's average closing price per share over the twenty (20) consecutive Business Days ending on 19 March 2014.

### ***DiaSpect Acquisition***

DiaSpect is an in vitro diagnostics ("IVD") company developing, producing and distributing point of care haemoglobin systems. DiaSpect's focus is on developing systems for haemoglobin measurements, which are for use with unaltered whole blood and without the use of reagents.

The consideration for the DiaSpect Acquisition will be satisfied by:

- initial consideration of a payment in cash of £10,248,000 ("DiaSpect

Cash Consideration") and a payment of £5,752,000 to be satisfied through the issue of up to 15,872,840 new Ordinary Shares in the capital of the Company, representing approximately 3.8 per cent. of the Enlarged Share Capital assuming full take up by Qualifying Shareholders under the Offer ("DiaSpect Consideration Shares"); and additional, deferred consideration, based on certain milestone targets being achieved, over eight milestone payments across a four year period, of up to £4,750,000 in aggregate, which will be satisfied by the payment of additional cash ("DiaSpect Deferred Consideration"),

together valuing DiaSpect at approximately £20,750,000 based on the Company's average closing price per share over the ten (10) consecutive Business Days ending on 19 March 2014.

The Company has today also announced the proposed Firm Placing and the Conditional Placing of 62,857,142 new Ordinary Shares in the Company, through Canaccord Genuity, nominated adviser and broker to the Company, at 35 pence per Placing Share to raise approximately £22.0 million (approximately £20.1 million net of expenses) through an accelerated bookbuild. Of the 62,857,142 Placing Shares, the Company agreed with Canaccord Genuity to place 14,285,714 new Ordinary Shares ("Firm Placing Shares") within the existing authorities granted to the Directors, to raise £5.0 million (before expenses) to fund certain internal projects and external investment opportunities not connected with the Acquisitions, with the remainder of 48,571,428 new Ordinary Shares to be placed conditional on Shareholder approval at the General Meeting. In conjunction with the Placing, the Board also announced today details of a conditional Offer to Qualifying Participants to raise up to a further £4.0 million (before expenses) through the issue of up to 11,428,571 new Ordinary Shares at a price of 35.0 pence per Offer Share. The Issue Price of the Placing Shares and the Offer Shares represents a discount of 2.8 per cent. to the closing middle market price of 36 pence per existing Ordinary Share on 19 March 2014 (being the last practicable date prior to the date of the announcement).

The Conditional Placing, the Offer and the Acquisitions are each conditional upon, amongst other things, the Directors obtaining appropriate Shareholder approvals at the General Meeting to grant authority to allot the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares and to disapply statutory pre-emption rights which would otherwise apply to the allotment of the Conditional Placing and Offer Shares, the Consideration Shares and the Selah Deferred Shares. If the Resolutions are not passed by the requisite majority, being 50% in respect of Resolution 1 and 75% in respect of Resolution 2, the allotment of shares will not proceed. Shareholders should also note that whilst the Acquisitions are not of a sufficient size to require the Company to seek shareholder approval for the Acquisitions, if the allotment of shares does not proceed then the Acquisitions will not take place.

Dealings in the Firm Placing Shares are expected to commence on AIM at 8.00 a.m. on 26 March 2014. The Conditional Placing Shares have been conditionally placed with institutional investors. Dealings in the Conditional Placing Shares, the Offer Shares and the Consideration Shares are expected to commence on AIM at 8.00 a.m. on 17 April 2014. Assuming no take up under the Offer, the Fundraising Shares represent approximately 23.0 per cent. of the Company's existing issued share capital and will, when issued, represent approximately 15.3 per cent. of the

Company's Enlarged Share Capital. Assuming full take up under the Offer, the Fundraising Shares together represent approximately 27.2 per cent. of the Company's existing issued share capital and will, when issued, represent approximately 17.6 per cent. of the Company's Enlarged Share Capital.

The Board considers the Acquisitions and the associated Fundraising to be in the best interests of the Company and its Shareholders as a whole and recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting where Shareholders approval will be sought for the issue of the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares.

The Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own beneficial holdings of Ordinary Shares amounting to, in aggregate, 11,504,851 Ordinary Shares, representing approximately 4.2 per cent. of the Existing Ordinary Shares.

## **2. Background on the Group**

EKF was formed in July 2010 following the acquisition of EKF-diagnostic GmbH, and at that time refocused its strategy in order to build a substantial point of care diagnostics business. As part of this strategy, the Group subsequently made and then integrated three further acquisitions: Quotient Diagnostics Limited (acquired in September 2010), Argutus Medical Limited (acquired in December 2010) and Stanbio Laboratory L.P. (acquired in June 2011).

The Group, with its head office in Cardiff and operations in London as well as, Germany, Ireland, Poland, Russia, and the US, is a diagnostics business, focused on the development, production and distribution of chemical reagents and analysers for the testing of glucose, lactate, haemoglobin (for anaemia), red blood cell content (haematocrit) and glycated haemoglobin ("HbA1c") (for diabetes management).

In March 2011, EKF entered into a distribution agreement with Alere Inc. ("Alere"), a global diagnostics company, under which Alere was appointed the exclusive distributor of EKF's CLIA waived Hemo Control device and cuvettes in Canada, the United Kingdom and the US. The device is distributed in the US under the name HemoPoint H2 and in Europe under the name Hemo Control.

In March 2013, the Group announced that it had established a new subsidiary, EKF Molecular Diagnostics Limited ("EKF Molecular"), to focus on molecular and companion diagnostics. EKF Molecular was established to offer innovative products with the potential to change current DNA extraction and detection practices allowing EKF to address the fast growing companion diagnostics market. Companion diagnostics are used to distinguish between which patients are most likely to benefit from a particular therapy and those where the therapy will prove ineffective or harmful.

## **3. Information in relation to Selah and its markets**

Selah is a clinical diagnostic company focused on enabling personalised medicine.

Selah specialises in the detection of molecular biomarkers to diagnose and monitor disease, detect risk, and identify which therapies will work best for individual patients.

Selah was co-founded in 2012 by Michael Bolick (Chief Executive Officer), Ken Morgan (Senior Vice President, Operations) and Jeremy Stuart (Vice President, Genomic Services) following a management buy-out of UK company Lab21 Limited's ("Lab21") US-based operations. Prior to Selah, Michael Bolick served as President of Lab21. Going forward, Michael Bolick and Ken Morgan will continue in their current roles. In addition to the main laboratory site, Selah has a Clinical Genomics Center located at the Institute for Translational Oncology Research ("ITOR") of the Greenville Health System ("GHS"), and a second Clinical Genomics Center at the University of South Carolina in Columbia, South Carolina.

The diagnostic and therapeutic segment of the personalised market (which is comprised primarily of pharmaceutical, medical device and diagnostics companies) was estimated at US\$24 billion in 2009 and is expected to grow by 10 per cent. per annum, reaching US\$42 billion by 2015.

At its CLIA-certified laboratory in Greenville, South Carolina, US, Selah uses technologies such as next generation sequencing ("NGS") platforms to develop laboratory developed tests ("LDTs") and companion diagnostics.

These capabilities position Selah in the growing personalised medicine market. Personalised medicine involves customising medical decisions and treatments to the individual patient. Within this market, there is recognition that NGS is revolutionising the way gene-based testing is performed as NGS is able to identify multiple biomarker genes from the same patient sample, enabling faster and lower cost gene-based testing. NGS is an emerging but proven technology with the first commercial platform introduced in 2005. The first US Food and Drug Administration ("FDA") premarket clearance of a NGS platform for clinical use occurred in November 2013.

Biomarker discovery is the first step in developing personalised medicine diagnostic tests (for example, genetic biomarkers that determine how an individual responds to a certain medication). In the US, the steps to commercialise these tests can proceed along two different paths. The first path, requires an expensive and lengthy FDA 510(K) notification (claiming equivalence to an already existing product) or Premarket Approval ("PMA") (no already existing product) for such a test to be commercialised as an IVD product. The second is to work within the CLIA requirements using a LDT test-as-a-service model. CLIA are a set of regulations originally set out in US government legislation by the CLIA Act 1988 which apply to clinical laboratory testing performed on humans in the US. CMS has the primary responsibility for the operation of the CLIA Program, and CLIA approved laboratories can receive Medicare and Medicaid payments, as well as payments from private insurers.

In partnership with GHS, Selah has developed PrecisionPath™, a panel of known oncology biomarker genes for which there is evidence of clinical utility. In November 2013, GHS ITOR started using Selah's PrecisionPath™ test to molecularly profile tissue from each GHS cancer surgery patient under a Universal Consent at no additional cost to the patient. As a result, GHS and Selah are now building a biorepository of molecularly profiled tissue that is expected to be critical

to Selah and ITOR in informing future generations of the PrecisionPath™ assays and to enable creation of additional intellectual property (IP). In short, Selah and ITOR are working together to demonstrate the clinical utility of additional genetic biomarkers to enable a better understanding of the pathological genetic aetiology of certain cancers.

In July 2013, Selah entered into an agreement with Applied Genetics ("AG") whereby AG provides a contract sales force for Selah's drug metabolising enzyme ("DME") panel testing services. Selah developed a pharmacogenomics DME panel of biomarkers that characterise the numerous genetic variations involved in the Cytochrome P450 ("CYP") system. The CYP system comprises a large and diverse group of enzymes involved in drug metabolism, amongst other activities. Selah's report provides physicians with the key prescribing implications that can be derived from a particular patient's DME panel results. This allows the physician to tailor drug therapy to the patient, with regards to drug selection, dosing, efficacy, side-effects and potential interactions with other drugs, thereby giving bespoke treatment to that patient. The DME panel includes the key CYP genetic biomarkers that are reimbursed by CMS and private insurers in the US.

In February 2014, Selah entered into a partnership with Foundation Medicine and GHS to launch a Rare Tumor Center, in order to provide patients with molecular profiling of their rare cancer tumours through the FoundationOne test. The test uses NGS to detect genomic alterations in more than 230 genes that are thought to be most relevant to the growth and spread of cancer. GHS expects the Rare Tumor Center will take in more than 100 patients in its first year, for whom, as part of the partnership, Selah provides the molecular testing.

Selah is also developing LDTs for:

1. Organ-i's SORT technology: SORT is a gene expression biomarker panel that predicts kidney transplant rejection;
2. Ferrer inCode's suite of assays which identify genetic risk of cardiac disease, thrombosis, and sudden death and obesity; and
3. Companion diagnostics in support of pharmaceutical company drug development programs (including Amgen and Gilead, among others).

Companion diagnostics is a growing field within the personalised medicine market, and is expected to grow to US\$42 billion by 2015 according to industry analysts TriMarkPublications.com. Companion diagnostics use an individual's genetic variation to chart different patient responses to specific drugs in order to create effective and efficient treatments tailored to a patient's genetic profile. Regulatory agencies like the FDA and the European Medicines Agency ("EMA") are encouraging the use of companion diagnostics, with fast-track approval for test/drug combination data in areas where there is significant unmet clinical need. As a result, pharmaceutical companies increasingly support the use of companion diagnostics to stratify patients for clinical trials (i.e. select those patients in whom the drug under investigation would be most effective). This allows pharmaceutical companies to conduct clinical trials faster and with smaller patient cohorts. In addition, regulatory authorities are starting to require pharmaceutical companies to identify the actionable biomarkers associated with the safety and efficacy of the treatment. In some cases this may lead to the approval of a drug requiring a



companion diagnostic.

### ***Financial information of Selah***

Selah's historical trading results are summarised below and have been extracted from the management accounts for the three years ended 31 December 2013. The accounts have been prepared under historical cost convention and in accordance with US GAAP, but have not been subject to a separate audit.

<b>(US\$'000)</b>	<b>31 December</b>	<b>31 December</b>	
	<b>2011</b>	<b>2012</b>	<b>2013</b>
Sales	110	503	1,313
Cost of sales	(18)	(228)	(1,001)
Gross profit	92	275	312
Overheads	(1,463)	(1,943)	(2,219)
EBITDA	(1,290)	286	(1,767)
PBT	(1,370)	(22)	(1,940)
Net assets	1,634	2,655	1,927

### ***Strategic rationale for the Selah Acquisition***

EKF's entry into the molecular diagnostic field began with its acquisition of 360 Genomics in March 2013, which became part of EKF Molecular. Since this time, EKF has announced the release of DNA enrichment products and preliminary data regarding the use of its PointMan technology to detect mutations in the gene BRAF from blood rather than tissue samples. With the acquisition of Selah, EKF is acquiring the capabilities to participate in the US personalised medicine diagnostics market with a test-as-a-service business model.

Recent industry announcements such as diagnostic product launches, diagnostic company Initial Public Offerings and fund raisings, and company acquisitions have reinforced the commercial opportunity offered by molecular diagnostics. This opportunity is being driven by the application of new technologies, such as NGS, to multi-focal diseases such as cancer. US companies such as, Foundation Medicine, Genomic Health, LabCorp, Myriad Genetics, and Response Genetics are engaged in the development of molecular tests, testing equipment, and the provision of testing services. In Europe, companies such as, Qiagen and Roche are engaged in molecular diagnostic activities.

Selah provides EKF with the opportunity to acquire a strategically and commercially valuable platform that offers:

- Entry into the US market for personalised diagnostic testing;
- An established CLIA-certified laboratory with the scientific know-how, equipment and resources to utilise leading diagnostic technologies such as NGS, PCR platforms, and related supporting instrumentation systems, in:
  - the development of LDTs and companion diagnostics;
  - the provision of laboratory testing services to clinicians, pharmaceutical companies, and healthcare providers; and
  - the identification of novel biomarkers.
- Existing contractual relationships with:
  - AG, whereby AG provides a contract sales force for Selah's DME

panel testing services;

- Organ-i, which gives Selah exclusive commercialisation rights to the eastern half of the United

States for Organ-i's SORT assay for the prediction of kidney transplant rejection;

- Ferrer inCode, which gives Selah exclusive access to the entire US market for Ferrer inCode's

suite of genetic risk assays for cardiac disease, thrombosis, sudden death and obesity;

- major multinational pharmaceutical firms (including Amgen and Gilead), providing companion

diagnostic development services for supporting clinical trial patient selection along with ad-hoc individual research and discovery projects; and

- Greenville Health System - the 11th largest public health system in the US - and ITOR - which

operates the largest Phase 1 oncology clinical trial program in South Carolina.

- Existing relationships with commercially relevant organisations including:

- CLIA approval and certification authorities;

- Palmetto GBA, the Medicare Administrative Contractor in South Carolina;

- Selah's billing agent Premier Source; and

- testing technology providers such as Life Technologies, Qiagen, Roche, and

Illumina

- A US molecular diagnostics management team with a strong track record in the molecular diagnostics industry;

- The ability to develop LDTs and testing services from EKF Molecular's current and future assay development activities;

- The platform to potentially commercialise EKF Molecular's PointMan technology in the US market; and

- US operations that are east coast based and can be readily assimilated into the EKF organisation

## **Reimbursement**

One key factor in the adoption of NGS in the US market is reimbursement. Reimbursement is divided into two main categories: (i) those covered by the US Federal programs Medicare and Medicaid, and (ii) those covered by private insurance. Medicare reimbursement is managed by 53 Medicare Administrative Contractors hired by the CMS. In January 2013, CMS introduced a new system of determining reimbursement for diagnostic tests. Current Procedural Terminology ("CPT") codes were re-defined and this had a significant impact on the market. In March 2012, a further change in processing was announced involving the introduction of new Z codes, which, along with the delay in Medicare payments caused by the US government shut-down, created issues in the market place which have since been resolved. At the current time, Z codes for the key biomarkers in the DME panel have been recently confirmed.

In addition to the reimbursement environment, the regulatory environment is constantly evolving with the FDA becoming increasingly active in the diagnostic

market. As the reimbursement, regulatory and competitive environment in the US rapidly develops, management believe that it is important for EKF to have a significant presence in this marketplace which currently accounts for 31 per cent. of the global IVD market.

US federal government sponsored healthcare insurance is provided through two tax payer funded programmes; Medicare and Medicaid. Medicare was launched in 1966 as a federal insurance program attached to Social Security, administered by the U.S. federal government, and guaranteeing access to health insurance for American citizens aged over 65 who have worked and paid into the system, and younger people with certain disabilities. In 2010, Medicare provided health insurance to 48 million Americans; 40 million people age 65 and older and 8 million young people with disabilities. At US\$572.5 billion, total Medicare spending represented 20 per cent. of the US national health spending in 2012, with Medicaid spending contributing a further US\$421.2 billion. Medicare paid out US\$8.2 billion for laboratory based tests in 2010, accounting for 3 per cent. of annual Medicare Supplementary Medical insurance spending (US\$268.4 billion). Medicaid is a joint federal and state program primarily for families and individuals, of all ages, with low income and resources. The program is means tested and jointly funded by the state and federal governments, but managed by the individual states. In 2014, Affordable Care Act ("ACA") (aka Obamacare) was introduced to expand the number of people on government sponsored insurance.

The CMS is a federal agency within the United States Department of Health and Human Services, which administers the Medicare program and works in partnership with state governments to administer Medicaid. Medicare reimbursement is managed by MAC hired by CMS. Reimbursement is linked to the location at which the testing is carried out rather than where the patient is located. Selah's MAC is Palmetto GBA, which covers Jurisdiction 11 Part A (North Carolina, South Carolina, West Virginia and Virginia). Private payer reimbursement is determined by where the individual patient is located.

#### **4. Information in relation to DiaSpect and its markets**

DiaSpect is an IVD company developing, producing and distributing point of care haemoglobin systems. The company's focus is on developing systems for instant haemoglobin and haemoglobin related measurements, which are for use with unaltered whole blood without the use of reagents. Management believes such reagent-less systems offer a significant cost benefit versus standard reagent-based systems.

DiaSpect was founded in 2007, and is based in Uppsala, Sweden, with subsidiary operations in Germany and the US. The DiaSpect product was developed by researchers and engineers based in Uppsala. DiaSpect's facility, in Sailauf, Germany, is the production and logistic centre for the business.

Haemoglobin is one of the world's most frequently performed diagnostic tests (the level of an individual's haemoglobin determines whether they are anaemic or not). The ability to accurately measure haemoglobin status in a patient is crucial across three major medical markets; in the doctors' office (both primary care and maternity care); in hospital clinics; and in blood banks where potential donors with anaemia are excluded from donating blood. The point of care market for haemoglobin testing is growing and it is seeing a continued shift from reagent to

non-reagent based testing in certain markets, including the blood bank market, primarily due to the lower cost of the cuvettes. Additionally, lower cost and longer shelf life non-reagent based testing is being increasingly used in emerging markets where traditional copper sulphate testing for anaemia is being phased out. Copper sulphate testing is banned in the EU and is currently being phased out in the US.

The three addressable market segments are serviced by a range of instruments which vary across a range of factors including price, speed of result and accuracy. In doctors' offices (both primary care and maternity care) and hospital clinics, there is significant focus on the accuracy of the measurement. By contrast, in blood banks, where the measurement is used for binary assessment (whether or not a patient may give blood), less significance is given to accuracy and more to speed of result and cost efficiency. In the emerging markets, cost is the determining factor across the three addressable markets.

The global revenue generated from the sales of portable and handheld point of care devices for haemoglobin and haematocrit testing is estimated to be around US\$300 million per annum. The significant growth in demand for point of care haemoglobin testing in primary and maternity care is driven in part by growth in Africa, Asia and South America, where climate conditions favour reagent free systems.

DiaSpect launched its first analyser, the T model, in 2010, and followed this with a smaller version, the Tm model in 2013. The instruments produced by DiaSpect are considered to be amongst the world's fastest and easiest to use haemoglobin testing systems, whilst offering laboratory quality performance. Both models are CE marked, and the T model is FDA CLIA approved in the US and . The DiaSpect products are protected by issued patents in Europe (registered in Switzerland, Germany, France, United Kingdom, Hungary, Italy and Turkey), China, Sweden and the US, a registered European trademark.

The Tm model produces a result in circa one to two seconds, which compares to a minimum of circa 10 seconds to the HemoCue Hb 301. The cuvette is simply pushed into the instrument and the result is delivered. Consequently, training requirements are minimal. With no reagent, shelf life is long and humidity issues are minimised.

To date, DiaSpect has sold into all three segments of the point of care market. During fiscal year 2013, DiaSpect entered into an agreement with Fresenius Kabi for exclusive global distribution rights into the blood bank market.

### ***Financial Information for DiaSpect***

DiaSpect's historical trading results are summarised below and have been extracted from the management accounts for the three years ended 31 December 2013. The accounts have been prepared in accordance with Swedish GAAP, but have not been subject to a separate audit.

	<i>31 December 2011</i>	<i>31 December 2012 (€'000)</i>	<i>31 December 2013</i>
Sales	1,018	1,602	3,705
Cost of sales	(506)	(682)	(1,863)
Gross profit	511	920	1,842
Overheads	(386)	(593)	(939)

EBITDA	125	327	903
PBT	11	229	781
Net assets	1,087	1,333	1,527

**Note:**

*Accounts presented in Swedish Krona and translated to EUR at a rate of 9SEK/1EUR for the purpose of the above.*

**Strategic rationale for the DiaSpect Acquisition**

The expansion of EKF's product offering in haemoglobin testing through the acquisition of DiaSpect, will provide EKF the opportunity to address segments of the market, particularly blood banking and transfusion medicine, that are difficult to penetrate with EKF's current product range. EKF's recent acquisition of Separation Technology Inc. complements this strategy and will provide EKF with a comprehensive product offering that will provide incremental revenues.

EKF's competitors sell both reagent-based cuvettes, similar to EKF's Hemo Control, and reagent-less cuvettes. The latter are cheaper to produce due to the lack of reagent and the reduced quality-control processes involved in the manufacture. Management believe the reason for measuring the haemoglobin status of a patient dictates the level of accuracy demanded of the testing instrument, and a higher level of accuracy is required where a test is used for the purpose of guiding clinical diagnosis and therapeutic intervention, compared to when a test is used for the purpose of determining a patient's suitability to give blood.

In emerging markets, including Brazil, India and Indonesia, significant levels of testing in blood banks still rely on the copper sulphate test. This method of testing has been banned in the EU and is being phased out in the US. Management believes that the trend of moving away from this method towards instrument-based testing is a significant market opportunity. Management believe that the DiaSpect offering is well-placed for emerging markets where the primary determination of test selection is cost.

EKF's current product range offers superior precision to the reagent-less cuvettes and will, therefore, continue to be marketed to doctor offices (both primary and maternity care).

The acquisition of DiaSpect brings EKF:

- A haemoglobin testing product range with:
  - significant speed to result; advantage one to two seconds speed to results versus HemoCue Hb 301 (approximately 10 seconds) and Masimo Pronto 7 (more than 1 minute)
  - ease of use advantages
- A competitive product offering for the global blood bank market and for emerging markets;
- Future product expansion possibilities (potential new markets for EKF) such as:
  - entry into the oximetry and co-oximetry markets
  - entry into the field of flow-through cell counts which are used in dialysis provision (under co-

- development with Norma Diagnostica of Budapest)
- blood group identification, thrombocyte activity and red blood cell sedimentation rate technologies
- Germany based operations that will be straight forward to integrate into EKF's current German operations, offering a base in the western part of the Country within 30 minutes of Frankfurt airport, which makes it easier to attract new employees into the German operations;
- Management with a significant expertise in haemoglobin measurement technologies that complements those of the existing EKF team;
- EKF management believe that its existing distribution and sales channels provide a platform which can be leveraged to expand the global market potential of the DiaSpect product offering.

## **5. The terms of the Acquisitions**

### ***Selah Acquisition***

Under the terms of the Selah Acquisition Agreement, the Company, inter alia, upon Completion and Admission, has agreed to acquire the entire share capital of Selah for a total consideration of up to US\$70.6 million (£42.3 million), net of the aggregate borrowings of Selah, being the sum of US\$4.4 million.

The Selah Acquisition is being structured by a merger of Greenville Merger Sub Inc, a newly formed wholly owned subsidiary of EKF, with Selah. The effect of the merger structure is that Selah will become a wholly owned subsidiary of EKF.

The consideration will be satisfied by an initial payment of US\$35.6 million (£21.3 million) by the issue of 58,356,152 new Ordinary Shares, representing approximately 13.8 per cent. of the Enlarged Share Capital, assuming full take up of the Open Offer Shares by Qualifying Shareholders, and additional Selah Deferred Consideration, payable on a quarterly basis upon Selah meeting certain revenue targets for the two year period following the acquisition, of up to US\$35.0 million (£21.0 million) which will be satisfied through the issue of Selah Deferred Shares.

In the event that during the two year period following the acquisition, up until 31 March 2016, a sale of more than 90 per cent. of the issued share capital of the Company takes place, all revenue targets in respect of the Selah Deferred Consideration determinable for quarters commencing after completion of that sale shall be deemed automatically satisfied and the Selah Deferred Consideration payable in respect of those quarters shall become payable.

Under the terms of the Selah Acquisition Agreement the Selah Sellers have to put 10% of the Selah Consideration Shares received by them in to escrow to satisfy indemnity claims. The Selah Sellers acknowledge that they are responsible for \$750,000 of existing liabilities of Selah. The Selah Sellers will satisfy this obligation by disposing of sufficient of the Selah Consideration Shares held in escrow over the one year term of the escrow arrangement. Such shares will be released from the lock in provisions set out in the Selah Acquisition Agreement and sold through Canaccord Genuity. The effect of the Selah Sellers accepting responsibility for this amount is to increase the net asset position of Selah.

Warranties as would be usual in a transaction of this nature were provided. The Selah Acquisition Agreement is subject to the law of Delaware.

The completion of the Selah Acquisition is conditional on, amongst other things, approval by Shareholders of the Resolutions to be proposed at the General Meeting, and successful Admission of the Selah Consideration Shares and the Placing Shares to trading on AIM.

### ***DiaSpect Acquisition***

Under the terms of the DiaSpect Acquisition Agreement, EKF has conditionally, inter alia, upon Completion and Admission, agreed to acquire the entire share capital of DiaSpect for a total consideration of up to £20,750,000.

The consideration will be satisfied by an initial cash payment of £10,248,000 and a payment of £5,752,000 to be satisfied by the issue of 15,872,840 new Ordinary Shares, representing approximately 3.8 per cent. of the Enlarged Share Capital, assuming full take up of the Open Offer Shares by Qualifying Shareholders. In addition, DiaSpect Deferred Consideration will become payable on certain milestone targets being achieved spread over 8 milestone payments over a four year period of up to £4,750,000 which will be satisfied through the payment of additional cash on each milestone being achieved.

Warranties as would be usual in a transaction of this nature were provided. The DiaSpect Acquisition Agreement is subject to Swedish law.

The completion of the DiaSpect Acquisition is conditional on, amongst other things, approval by Shareholders of the Resolutions to be proposed at the General Meeting, and successful Admission of the DiaSpect Consideration Shares and the Placing Shares to trading on AIM.

## **6. Current trading and prospects**

On 26 February 2014, the Company announced its preliminary 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.

With organic revenue growth of 22 per cent., and significant improvements to operating profit and adjusted earnings before interest, tax, depreciation, and amortisation, 2013 has seen EKF make excellent progress. This has been driven by a professional approach to sales and marketing and improved support and service to distributors and end user customers.

	<i>31 December 2012 (£m)</i>	<i>31 December 2013 (£m)</i>
Revenues	26.1	31.8
Reported EBITDA	3.3	6.7
Adjusted EBITDA	3.2	4.8
Cash generated from operations	2.5	3.1

**Note:**

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

A copy of the announcement is contained on the Company's website: [www.ekfdiagnostics.com](http://www.ekfdiagnostics.com) and the Board expects to post the report and accounts to Shareholders shortly.

The Directors can confirm that trading from 1 January 2014 until 19 March 2014 is in line with expectations.

## **7. Board Changes**

Mr Paul Foulger, who re-joined the Board as Interim Finance Director in July 2013, has agreed to join the Company on a permanent basis with effect from 11 April 2014. Mr Foulger has a wide range of experience as a finance director in a number of industries and will be a welcome addition to the Executive team.

The Company also announces that Mr Gordon James Hall has agreed to step down as Non-Executive Director with effect from 31 March 2014. The Board wish to thank Mr Hall for his excellent contribution. The Board are currently in the process of finding a senior Non-Executive Director to replace Mr Hall.

## **8. Use of the Proceeds from the Placing and Offer**

The Company intends to raise gross proceeds of £22 million pursuant to the Placing and up to £4.0 million pursuant to the Offer. It is expected that the net amount of cash available to the Company pursuant to the Fundraising, assuming no take up under the Offer, and including the funds available under the new debt facility will be approximately £25.0 million, which will be used as follows:

- £15.0 million to satisfy the cash consideration of the DiaSpect Acquisition;
- £3.2 million to pay down debt within Selah and DiaSpect;
- £3.0 million to finance the following internal projects, including;
  - PointMan
  - Xtract
  - Other internal R&D projects
- £2.0 million to fund external investment opportunities; and
- £1.9 million balance to be used by the Enlarged Group for general working capital purposes

Additionally, the funds raised in the Offer, of up to £4.0 million will be used by the Company for general working capital purposes.

## **9. Details of the Placing, the Placing Agreement and the Offer**

### ***The Placing***

The Issue Price represents a discount of approximately 2.8 per cent. to the mid-market closing price of 36 pence per Ordinary Share on 19 March 2014, being the last practicable dealing day prior to the publication of this document. Assuming no take up under the Offer, the Placing Shares will represent approximately 15.3 per cent. of the Enlarged Share Capital following both Firm Admission and Conditional Admission. Assuming full take up under the Offer, the Placing Shares will represent approximately 14.9 per cent. of the Enlarged Share Capital following both Firm



## Admission and Conditional Admission.

It is expected that the Firm Placing Shares to be held in uncertificated form will be delivered in CREST on 26 March 2014 and that share certificates for the Firm Placing Shares to be held in certificated form will be dispatched by first class post by 26 March 2014. It is expected that, subject to the Resolutions to be proposed at the General Meeting being passed, the Conditional Placing Shares to be held in uncertificated form will be delivered in CREST on 17 April 2014 and that share certificates for the Conditional Placing Shares to be held in certificated form will be dispatched by first class post in the week commencing 21 April 2014.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM and it is anticipated that trading in the Firm Placing Shares will commence on AIM at 8.00 a.m. on 26 March 2014 and, subject inter alia to the Resolutions to be proposed at the General Meeting being passed, trading in the Conditional Placing Shares will commence on AIM at 8.00 a.m. on 17 April 2014 (or such later time as the Company and Canaccord Genuity may agree, not being later than 8.00am on 30 April 2014).

The Firm Placing Shares and the Conditional Placing Shares will, when issued and fully paid, rank equally in all respects with the existing Ordinary Shares, including the right to receive any dividend or other distribution declared, made or paid after Firm Admission and Conditional Admission respectively.

The Firm Placing is conditional, amongst other things, upon:

- (i) compliance by the Company in all material respects of its obligations under the Placing Agreement; and
- (ii) admission of the Firm Placing Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 26 March 2014 (or such later time and date as the Company and Canaccord may agree, not being later than 8.00 a.m. on 30 April 2014).

The Conditional Placing is conditional, amongst other things, upon:

- (i) the Resolutions to be proposed at the General Meeting being passed without amendment;
- (ii) the DiaSpect Acquisition Agreement and the Selah Acquisition Agreement becoming unconditional in accordance with their terms;
- (iii) compliance by the Company in all material respects of its obligations under the Placing Agreement; and
- (iv) admission of the Conditional Placing Shares, Offer Shares and Consideration Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 17 April 2014 (or such later time and date as the Company and Canaccord Genuity may agree, not being later than 8.00 a.m. on 30 April 2014).

## ***The Placing Agreement***

Pursuant to the terms of the Placing Agreement, Canaccord Genuity, as agent for the Company, has agreed conditionally to use its reasonable endeavours to procure Placees for the Placing Shares at the Issue Price. The Placing is not being underwritten.

The Placing Agreement contains warranties from the Company in favour of Canaccord Genuity in relation to, inter alia, the accuracy of the information contained in this document and certain other matters relating to the Group, its business and the Acquisitions. In addition, the Company has agreed to indemnify Canaccord Genuity in relation to certain liabilities that it may incur in respect of the Placing, Offering and the Acquisitions.

The obligations of Canaccord Genuity under the Placing Agreement in respect of the firm Placing are conditional upon, inter alia, (i) the performance by the Company of its obligations under the Placing Agreement in all material respects prior to Firm Admission; (ii) the delivery of the documents referred to in the placing agreement to Canaccord Genuity; and (iii) becoming effective on or before 8.00 a.m. on 26 March 2014 (or such later date as the Company and Canaccord Genuity may agree, but not later than 8.00 a.m. on 30 April 2014). The obligations of Canaccord Genuity under the Placing Agreement in respect of the Conditional Placing are conditional upon, inter alia, (i) Shareholders passing the Resolutions at the General Meeting; (ii) the DiaSpect Acquisition Agreement and the Selah Acquisition Agreement becoming unconditional in accordance with their terms; (iii) so far as the same fall to be performed prior to Conditional Admission, compliance by the Company in all material respects of its obligations under the Placing Agreement; and (iv) Conditional Admission becoming effective on or before 8.00 a.m. on 17 April 2014 (or such later date as the Company and Canaccord may agree, but not later than 8.00 a.m. on 30 April 2014).

Canaccord Genuity may terminate the Placing Agreement in specified circumstances (including for breach of warranty at any time prior to Firm Admission and Conditional Admission, if such breach is reasonably considered by Canaccord Genuity to be material in the context of the Placing) and in the event of a force majeure event occurring at any time prior to Firm Admission and Conditional Admission (as applicable). If the conditions of the Placing Agreement which apply to the Placing as a whole are not fulfilled on or before the relevant date in the Placing Agreement, subscription monies will be returned to Placees without interest as soon as possible thereafter. Provided that if firm admission has taken place no monies will be refunded to those placees in respect of the Firm Placing.

In consideration for the services to be provided to the Company by Canaccord Genuity in connection with Firm Admission and Conditional Admission and the Placing, the Company has agreed to pay Canaccord Genuity certain fees and commissions and certain other costs and expenses incidental to Firm Admission and Conditional Admission and/or the Placing.

## **The Offer**

The Company considers it important that Qualifying Participants have an opportunity to participate in the Fundraising. The Company is therefore proposing to invite Qualifying Participants to subscribe for up to 11,428,571 Offer Shares at the Issue Price pursuant to a conditional Offer to raise, in aggregate, up to an additional £4.0 million (before expenses) (the "Offer Threshold"). In the event that Qualifying Participants apply for, in aggregate, an amount that is greater than the Offer Threshold, the Directors will use their discretion to scale back such applications such that this threshold is not exceeded. Assuming that if the

Resolutions are passed, it is expected that Conditional Admission will become effective and that dealings in the Offer Shares pursuant to the Offer will commence at 8.00 a.m. on 17 April 2014.

## **10. General Meeting**

A General Meeting of the Company, to be held at Canaccord Genuity Limited, 41 Lothbury, London, EC2R 7AE, United Kingdom at 10.30 a.m. on 11 April 2014 is to be convened. The business to be considered at the General Meeting is set out in the notice of the General Meeting together with the explanatory notes to each resolution below.

The Company has a pre-existing authority to allot up to 40,906,606 Ordinary Shares for cash free of pre-emption rights. The Company intend to use this pre-existing authority to allot and issue the Firm Placing Shares conditional, inter alia, on Firm Admission.

The placing of the Conditional Placing Shares and Offer Shares and the allotment and issue of the Consideration Shares and the Selah Deferred Shares, together with other relevant prior allotments, including the allotment of the Firm Placing Shares, renders the pre-existing authorities insufficient to allow the placing of the Conditional Placing Shares, the allotment of the Offer Shares and the allotment and issue of the Consideration Shares and Selah Deferred Shares to proceed without further shareholder approval. Accordingly, at the General Meeting, the following Resolutions will be proposed:

### ***Resolution 1 - Authority to allot Ordinary Shares***

The Directors require the authority of Shareholders in order to allot the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares. Resolution 1 in the Notice provides such authority by granting the Directors authority to allot Ordinary Shares.

For the purposes of the Conditional Placing and the Offer, paragraph (a) of Resolution 1 grants the Directors authority to allot Ordinary Shares up to a maximum nominal amount of £600,000 (representing, as at 19 March 2014 (being the latest practicable date before the publication of this document), 22.0 per cent. of the Existing Ordinary Shares) being 59,999,999 Ordinary Shares in number.

For the purposes of the DiaSpect Acquisition, paragraph (b) of Resolution 1 grants the Directors authority to allot Ordinary Shares up to a maximum nominal amount of £158,728 (representing, as at 19 March 2014 (being the latest practicable date before the publication of this document), 5.8 per cent. of the Existing Ordinary Shares) being 15,872,840 Ordinary Shares in number.

For the purposes of the Selah Acquisition, paragraph (c) of Resolution 1 grants the Directors authority to allot Ordinary Shares up to a maximum nominal amount of £1,158,014 (representing, as at 19 March 2014 (being the latest practicable date before the publication of this document), 42.4 per cent. of the Existing Ordinary Shares) being 115,801,387 Ordinary Shares in number.

Resolution 1 is being proposed as an ordinary resolution and will therefore require more than 50 per cent. of the votes cast, whether in person or by proxy, to be in

favour of the resolution. This authority, if granted, will be in addition to any existing authorities to allot Ordinary Shares granted to the Directors prior to the date of this document, and will enable the Directors to effect the Placing and the Offer, and to issue and allot the Consideration Shares and the Selah Deferred Shares. This authority will expire on the date of the next Annual General Meeting of the Company.

### ***Resolution 2 - Disapplication of pre-emption rights***

Section 561 of the Companies Act requires that, on an allotment of "equity securities" for cash, such equity securities must first be offered to existing Shareholders in proportion to the number of Ordinary Shares they each hold at that time. This is known as a shareholder's pre-emption right. The Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares are "equity securities" for these purposes. Accordingly, neither the Conditional Placing Shares, the Offer Shares, the Consideration Shares nor the Selah Deferred Shares can be allotted for cash on a non pre-emptive basis unless Shareholders have first waived their pre-emption rights. Resolution 2, if passed, provides such a waiver. If Resolution 2 is passed, the Directors will be able to allot the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares, on a non pre-emptive basis, to the extent of the authority granted by Resolution 1. The authority to allot the Conditional Placing Shares, the Consideration Shares and the Selah Deferred Shares for cash on a non pre-emptive basis in respect of the Fundraising will, if granted, expire on the date of the next Annual General Meeting of the Company.

Resolution 2 is being proposed as a special resolution and will therefore require not less than 75 per cent. of the votes cast, whether in person or by proxy, to be in favour of the resolution. This authority, if granted, will be in addition to any existing authorities to allot Ordinary Shares free of pre-emption rights granted to the Directors prior to the date of this document which will continue in full force and effect whether or not the Conditional Placing, the Offer and the Acquisitions are effected.

If Resolutions 1 and 2 are passed by Shareholders at the General Meeting but the Conditional Placing and the Acquisitions does not complete, the Company undertakes not to use the authorities granted by Resolutions 1 and 2, and to rely only on the general authorities granted pursuant to existing authorities to allot Ordinary Shares free of pre-emption rights granted to the Directors prior to the date of this announcement.

## **DEFINITIONS**

The following definitions apply throughout this document unless the context requires otherwise:

"Acquisitions"	the Selah Acquisition and the DiaSpect Acquisition
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time) governing admission to and the operation of AIM

"Application Form"	the application form accompanying this document on which Qualifying Participants may apply for Offer Shares under the Offer
"Applied Genetics" or "AG"	Applied Genetics LLC
"Business Day"	any day (excluding Saturdays and Sundays) on which banks are open in the City of London for the conduct of normal banking business
"Canaccord Genuity"	Canaccord Genuity Limited of 88 Wood Street, London, EC2V 7QR
"CAGR"	compound annual growth rate
"Capita Asset Services"	Capita Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, registrars and receiving agents to the Company
"Circular"	this circular to shareholders dated 20 March 2014
"Companies Act" or the "Act"	the Companies Act 2006
the "Company" or "EKF"	EKF Diagnostics Holdings plc, a company incorporated in England and Wales with a registered number 4347937
"Completion"	completion of the Acquisitions which is expected to be on or around 11 April 2014
"Conditional Admission"	admission of the Conditional Placing Shares, Offer Shares and Consideration Shares to trading on AIM becoming effective in accordance with the AIM Rules
"Conditional Placing"	the proposed placing by Canaccord Genuity of the Conditional Placing Shares on behalf of the Company pursuant to the Placing Agreement
"Conditional Placing Shares"	the 48,571,428 new Ordinary Shares to be issued by the Company at the Issue Price pursuant to the Placing Agreement, the allotment of which is conditional upon the passing of the resolutions at the General Meeting
"Consideration Shares"	together the Selah Consideration Shares and DiaSpect Consideration Shares
"CREST"	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland is the operator (as defined in the Regulations)
"DiaSpect"	DiaSpect Medical AB.
"DiaSpect Acquisition"	the acquisition by the Company of the entire issued share capital of DiaSpect
"DiaSpect Acquisition Agreement"	the agreement entered into between the Company and the DiaSpect Sellers documenting the terms of the DiaSpect Acquisition
"DiaSpect Cash Consideration"	the aggregate amount of £10,248,000 to be paid in cash to the DiaSpect Sellers as part of the initial consideration for the DiaSpect Acquisition
"DiaSpect Consideration Shares"	the 15,872,840 Ordinary Shares to be issued and allotted to the DiaSpect Sellers as part of the initial consideration for the DiaSpect Acquisition representing £5,752,000
"DiaSpect Deferred Consideration"	up to £4,750,000 which, in accordance with the terms of the DiaSpect Acquisition Agreement, may become payable to the DiaSpect Sellers as additional consideration for the DiaSpect Acquisition and which shall be settled by the payment of additional cash
"DiaSpect Sellers"	being all the shareholders of DiaSpect
"Directors" or "Board"	the directors of the Company whose names are set out in this announcement
"Enlarged Group"	the Company and its subsidiaries following completion of the Acquisitions
"Enlarged Share Capital"	the issued share capital of the Company following Admission, as enlarged by the Fundraising Shares and the Consideration Shares but ignoring any Selah Deferred Shares
"EU"	the European Union
"Excluded Territories"	United States, Australia, Canada, Japan or the Republic of South Africa
"Existing Ordinary Shares"	272,942,369 Ordinary Shares in issue at the date of this document
"FCA"	the Financial Conduct Authority
"Ferrer inCode"	division of Grupo Ferrer Internacional, S.A
"Firm Admission"	admission of the Firm Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
"Firm Placing"	the proposed placing by Canaccord Genuity on behalf of the Company of the Firm Placing Shares pursuant to the terms of the Placing Agreement.

"Firm Placing Shares"	the 14,285,714 new Ordinary Shares to be issued by the Company at the Issue Price pursuant to the Placing Agreement, which may be allotted pursuant to the Company's existing authorities
"Form of Proxy"	the form of proxy for use by shareholders at the General Meeting, enclosed with this document
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Fundraising"	together the Placing and the Offer
"Fundraising Shares"	the Placing Shares and the Offer Shares
"General Meeting" or "GM"	the general meeting of the Company to be held at 10.30 a.m. at Canaccord Genuity Limited, 41 Lothbury, London, EC2R 7AE, United Kingdom on 11 April 2014
"Group"	the Company and its subsidiaries before Completion of the Acquisition
"HMRC"	HM Revenue & Customs
"Issue Price"	the price at which the Fundraising Shares are to be issued and allotted pursuant to the Fundraising, being 35 pence per Fundraising Share
"London Stock Exchange"	London Stock Exchange plc
"Notice of General Meeting"	the notice convening the General Meeting set out at the end of this document
"Offer"	the offer of the Offer Shares on the terms and conditions set out in Part III of the Circular and the Application Form accompanying the Circular
"Offer Record Date"	the record date in relation to the Offer, being 5.30 p.m. on 19 March 2014
"Offer Shares"	up to 11,428,571 new Ordinary Shares to be issued to Qualifying Participants in connection with the Offer and whose allotment and issue is conditional, amongst other things, on the approval of Resolutions 1 and 2 by Shareholders at the General Meeting
"Offer Threshold"	the aggregate maximum subscription under the Offer (before expenses) of up to £4 million
"Ordinary Shares"	the ordinary shares of £0.01 each in the capital of the Company
"Organ-i"	Organ-i, Inc.
"Overseas Shareholders"	Qualifying Shareholders who have registered addresses outside the United Kingdom
"Placing"	the proposed placing by Canaccord Genuity of the Firm Placing Shares and the Conditional Placing Shares on behalf of the Company pursuant to the Placing Agreement
"Placing Agreement"	the agreement dated 20 March 2014 between the Company and Canaccord Genuity relating to the Placing, further details of which are set out in this document
"Placing Shares"	together the Firm Placing Shares and Conditional Placing Shares
"Qualifying Employees"	persons employed by any member of the Company on the Offer Record Date who are in any jurisdiction in which the offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or the Offer Shares to be approved by, or registered with, any regulatory body
"Qualifying Participants"	Qualifying Employees and Qualifying Shareholders
"Qualifying Shareholders"	Shareholders on the register of members of the Company on the Offer Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or the Offer Shares to be approved by, or registered with, any regulatory body
"Regulation D"	Regulation D under the Securities Act
"Regulation S"	Regulation S under the Securities Act
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)

"Resolutions"	the resolutions to be proposed at the General Meeting as set out in
"Securities Act"	the Notice of General Meeting
"Selah"	United States Securities Act of 1933
"Selah Acquisition"	Selah Genomics, Inc.
	the acquisition by the Company of the entire issued share capital of
	Selah
"Selah Acquisition Agreement"	the agreement entered into between the Company and Selah documenting the terms of the Selah Acquisition
"Selah Consideration Shares"	the 58,356,152 Ordinary Shares to be issued and allotted to the Selah Sellers
	as initial consideration for the Selah Acquisition representing US\$35,555,000 (£21,311,667)
"Selah Deferred Consideration"	up to US\$35,000,000 (£20,979,000) which, in accordance with the terms of the Selah Acquisition Agreement, may become payable to the Selah Sellers as additional consideration for the Selah Acquisition and which will be settled through the issue of the Selah Deferred Shares
"Selah Deferred Shares"	up to 57,445,235 Ordinary Shares which, in accordance with the terms of the Selah Acquisition Agreement, may be issued to the Selah Sellers as part of the Selah Deferred Consideration
"Selah Sellers"	being all the shareholders of Selah
"Shareholders"	holders of Ordinary Shares
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any
	State of the United States and the District of Columbia

## GLOSSARY OF SCIENTIFIC TERMS

"ACA"	Affordable Care Act
"Biomarker"	indicator of a biological state or condition
"BRAF"	the human gene that makes the proto-oncogene B-Raf, the cell signalling protein
"CLIA"	Clinical Laboratory Improvement Amendments, the US federal standards for clinical laboratory testing on humans
"CMS"	The Center for Medicare & Medicaid Services, a federal agency within the US Department of Health and Human Services, which administers the Medicare program and works in partnership with state governments to administer Medicaid
"CPTs"	CMS reimbursement codes
"Cuvette"	small tube designed to hold samples for spectroscopic experiments
"CYP"	Cytochrome P450, a family of liver enzymes that catalyse the oxidation of organic substances
"DME"	Drug metabolism enzymes, proteins responsible for metabolising an array of compounds including drugs, environmental pollutants, and endogenous compounds
"Erythrocytes"	red blood cells
"FDA"	US Food and Drug Administration
"FDA 510(K) notification"	submission made to the FDA to demonstrate that the device to be marketed is at least as safe and effective as a legally marketed equivalent device
"GHS"	Greenville Health System. GHS is the 11th largest public health system in the United States

"Haematocrit"	the ratio of the volume of red blood cells to the total volume of blood
"Haemoglobin"	the iron-containing oxygen-transport metalloprotein found in the red blood cells of all vertebrates
"HbA1c"	glycated haemoglobin
"ITOR"	located within GHS, Institute for Translational Oncology Research, based in Greenville, South Carolina, United States
"IVD"	in vitro diagnostics, are the reagents, consumables, and analysers that are used to perform testing outside the body on obtained specimens to measure analytes of interest for patient evaluation
"LDT"	Laboratory developed tests, in vitro diagnostics tests that qualify as medical devices but can enter the market without FDA approval
"MACs"	Medicare Administrative Contractors, the Companies hired by CMS to manage Medicare reimbursement
"NGS"	Next generation sequencing, the high-throughput sequencing techniques that can generate multiple sequences in parallel
"PCR"	Polymerase chain reaction, a technique for amplifying DNA through the use of thermo-cycling and polymerase enzymes
"Pharmacogenomics"	analysis of the genetic differences in metabolic pathways which can affect an individual's response to a specific drug
"PMA"	Premarket Approval, the FDA process of scientific and regulatory review to evaluate the safety and effectiveness of medical devices
"R&D"	Research and development

## IMPORTANT NOTICES

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THIS ANNOUNCEMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN EKF DIAGNOSTICS HOLDINGS PLC.

THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE OF THE UNITED STATES IN "OFFSHORE TRANSACTIONS" WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATIONS UNDER THE SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES OR ELSEWHERE.

THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, THE REPUBLIC OF SOUTH AFRICA OR JAPAN OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

The distribution of this Announcement and/or the Placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, Canaccord Genuity or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and Canaccord Genuity to inform themselves about and to observe any such restrictions.

This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia (the "United States" or the "US")), Canada, Australia, The Republic of South Africa, Japan or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

All offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in

circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply.

The Placing Shares referred to in this Announcement have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.

By participating in the Bookbuilding Process and the Placing, each person who is invited to and who chooses to participate in the Placing (a "Placee") by making an oral and legally binding offer to acquire Placing Shares will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in the Appendix.

This Announcement may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company, including amongst other things, United Kingdom domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of future acquisitions or combinations within relevant industries, the effect of tax and other legislation and other regulations in the jurisdictions in which the Company and its respective affiliates operate, the effect of volatility in the equity, capital and credit markets on the Company's profitability and ability to access capital and credit, a decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Canaccord Genuity is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom and is acting exclusively for the Company and no one else in connection with the Bookbuilding Process and the Placing, and Canaccord Genuity will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Bookbuilding Process or the Placing or any other matters referred to in this Announcement.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Canaccord Genuity or by any of its affiliates or agents as to, or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

No statement in this Announcement is intended to be a profit forecast, and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued or sold pursuant to the Placing will not be admitted to trading on any stock exchange other than the AIM market of the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

## **APPENDIX**

### **TERMS AND CONDITIONS OF THE PLACING IMPORTANT INFORMATION FOR INVITED PLACEDS ONLY REGARDING THE PLACING**

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THE RELEVANT MEMBER STATE (THE "PROSPECTUS DIRECTIVE"); (2) IF IN THE UNITED KINGDOM, ARE QUALIFIED INVESTORS AND (A) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER") OR (B) ARE PERSONS WHO FALL WITHIN ARTICLE 49(2)(a) TO (d) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

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THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATION S UNDER THE SECURITIES ACT. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES OR ELSEWHERE.

THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

The distribution of this Announcement and/or the Placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, Canaccord Genuity or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and Canaccord Genuity to inform themselves about and to observe any such restrictions.

This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada, Australia, the Republic of South Africa, Japan or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

All offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in

which section 21(1) of the Financial Services and Markets Act 2000 (as amended) (the "FSMA") does not apply.

The Placing Shares referred to in this Announcement have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section of this Announcement.

By participating in the Bookbuilding Process and the Placing, each Placee will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in the Appendix.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of a Relevant Person in a member state of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") who acquires any Placing Shares pursuant to the Placing:
  - A. it is a Qualified Investor within the meaning of Article 2(1)(e) of the Prospectus Directive; and
  - B. in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
    - i. the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of Canaccord Genuity has been given to the offer or resale; or
    - ii. where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons; and
3. it is acquiring the Placing Shares for its own account or is acquiring the

Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Announcement; and

4. it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Appendix; and
5. except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 3 above) is outside the United States acquiring the Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the Securities Act.

#### No prospectus

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this Announcement, the announcement of the pricing of the Placing (the "Placing Results Announcement") and any information publicly announced through a Regulatory Information Service (as defined in the Listing Rules of the FCA (the "Listing Rules")) by or on behalf of the Company on or prior to the date of this Announcement (the "Publicly Available Information") and subject to any further terms set forth in the contract note sent to individual Placees.

Each Placee, by participating in the Placing, agrees that it has neither received nor relied on any information, representation, warranty or statement made by or on behalf of Canaccord Genuity or the Company other than the Publicly Available Information and none of Canaccord Genuity, the Company nor any person acting on such person's behalf nor any of their affiliates has or shall have any liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

#### Details of the Placing Agreement and the Placing Shares

Canaccord Genuity has entered into a placing agreement (the "Placing Agreement") with the Company under which it has undertaken, on the terms and subject to the conditions set out in the Placing Agreement, to use its reasonable endeavours to procure Placees for the Placing Shares.

The Placing Shares will, when issued, be subject to the articles of association of the Company and credited as fully paid and will rank pari passu in all respects with the existing issued ordinary shares of 1 pence ("Ordinary Shares") per share in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

As part of the Placing, the Company has agreed that it will not for a period of six months after Admission, carry out any equity or debt fundraising without prior consultation with Canaccord Genuity.

#### Application for admission to trading

Application will be made to the London Stock Exchange plc for admission of the Placing Shares to trading on AIM.

It is expected that admission of the Firm Placing Shares to trading on AIM will become effective by not later than 8.00 a.m. on 26 March 2014 (or such later time and date as the Company and Canaccord Genuity may agree, not being later than 8.00 a.m. on 30 April 2014) and that admission of the Conditional Placing Shares to trading on AIM will become effective by not later than 8.00 a.m. on 17 April 2014 (or such later time and date as the Company and Canaccord Genuity may agree, not being later than 8.00 a.m. on 30 April 2014). In each case it is anticipated that dealings in the Firm Placing Shares and Conditional Placing Shares (as applicable) on AIM will commence at the same time as the relevant Admission.

#### The Bookbuilding Process

Canaccord Genuity will today commence the Bookbuilding Process to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

Canaccord Genuity and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuilding Process as they may, in their sole discretion, determine.

#### Principal terms of the Bookbuilding Process and Placing

1. Canaccord Genuity is acting as sole manager and bookrunner to the Placing, as agent for and on behalf of the Company.
2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited by Canaccord Genuity to participate. Canaccord Genuity and any of its affiliates are entitled to enter bids in the Bookbuilding Process.
3. The Bookbuilding Process will establish a single price (the "Placing Price") payable to Canaccord Genuity by all Placees whose bids are successful. The Placing Price and the number of Placing Shares will be agreed between Canaccord Genuity and the Company following completion of the Bookbuilding Process. The Placing Price will be announced by the Company through a Regulatory Information Service (the "Placing Results Announcement") following the completion of the Bookbuilding Process and the entry into the Placing Agreement by the Company and Canaccord Genuity.
4. To bid in the Bookbuilding Process, Placees should communicate their bid by telephone to their usual sales contact at Canaccord Genuity. Each bid should state the number of Ordinary Shares which a Placee wishes to acquire at either the Placing Price which is ultimately established by Canaccord Genuity in agreement with the Company or at prices up to a price limit specified in its bid. Bids may be scaled down by Canaccord Genuity on the basis referred to in paragraph 9 below. Canaccord Genuity is arranging the Placing as agent of the Company.
5. The Bookbuilding Process is expected to close no later than 11.00 a.m. on 20 March 2014 but may be closed earlier or later subject to the agreement of Canaccord Genuity and the Company. Canaccord Genuity may, in agreement with the Company, accept bids that are received after the Bookbuilding Process has closed. The Company reserves the right (upon agreement of Canaccord Genuity) to reduce or seek to increase the amount to be raised pursuant to the Placing, in its discretion.
6. Each Placee's allocation will be determined by Canaccord Genuity in its

discretion following consultation with the Company and will be confirmed orally by Canaccord Genuity as soon as practicable following the close of the Bookbuilding Process. Canaccord Genuity's oral confirmation of an allocation will give rise to a legally binding commitment by the Placee concerned, in favour of Canaccord Genuity and the Company, under which it agrees to acquire the number of Firm Placing Shares and / or Conditional Placing Shares (as applicable) allocated to it on the terms and subject to the conditions set out in this Appendix and the Company's articles of association.

7. The Company will release the Placing Results Announcement following the close of the Bookbuilding Process detailing the aggregate number of the Placing Shares to be issued pursuant to the Firm Placing and Conditional Placing and the Placing Price at which such shares have been placed.
8. Each Placee's allocation and commitment will be evidenced by a contract note issued to such Placee by Canaccord Genuity. The terms of this Appendix will be deemed incorporated therein.
9. Subject to paragraphs 4, 5 and 6 above, Canaccord Genuity may choose to accept bids, either in whole or in part, on the basis of allocations determined at its discretion and may scale down any bids for this purpose on such basis as it may determine or be directed. Canaccord Genuity may also, notwithstanding paragraphs 4, 5 and 6 above, subject to the prior consent of the Company: (a) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time; and (b) allocate Placing Shares after the Bookbuilding Process has closed to any person submitting a bid after that time.
10. A bid in the Bookbuilding Process will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and except with Canaccord Genuity's consent will not be capable of variation or revocation after the time at which it is submitted. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to Canaccord Genuity, to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to acquire and the Company has agreed to allot and issue to that Placee.
11. Except as required by law or regulation, no press release or other announcement will be made by Canaccord Genuity or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
12. Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Firm Placing Shares to be acquired pursuant to the Firm Placing will be required to be made at the same time and settlement for all Conditional Placing Shares to be acquired pursuant to the Conditional Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
13. All obligations under the Bookbuilding Process and Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Termination of the Placing".
14. By participating in the Bookbuilding Process, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
15. To the fullest extent permissible by law, neither Canaccord Genuity nor any of its affiliates, agents, directors, officers or employees shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither Canaccord Genuity nor any of its affiliates, agents, directors, officers or employees shall have any liability (including, to



the extent permissible by law, any fiduciary duties) in respect of Canaccord Genuity's conduct of the Bookbuilding Process or of such alternative method of effecting the Placing as Canaccord Genuity and the Company may agree.

#### Registration and Settlement

If Placees are allocated any Placing Shares in the Placing they will be sent a contract note or electronic confirmation which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to Canaccord Genuity.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by Canaccord Genuity in accordance with either the standing CREST or certificated settlement instructions which they have in place with Canaccord Genuity.

Settlement of transactions in the Placing Shares (ISIN: GB0031509804) following Firm Admission and Conditional Admission (as applicable) will take place within the CREST system. Settlement of the Firm Placing Shares is expected to occur on 26 March 2014 and settlement of the Conditional Placing Shares is expected to occur on 17 April 2014. In each case settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and Canaccord Genuity may agree that the Placing Shares should be issued in certificated form. Canaccord Genuity reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of 2 percentage points above prevailing LIBOR as determined by Canaccord Genuity.

Each Placee is deemed to agree that if it does not comply with these obligations, Canaccord Genuity may sell any or all of their Placing Shares on their behalf and retain from the proceeds, for Canaccord Genuity's own account and benefit, an amount equal to the Placing Price of each share sold plus any interest due. Placees will, however, remain liable for any shortfall below the Placing Price and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional contract note is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

#### Conditions of the Placing

The Firm Placing is conditional, amongst other things, upon:

- a. compliance by the Company in all material respects of its obligations under the Placing Agreement; and
- b. admission of the Firm Placing Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 26 March 2014 (or such later time and date as the Company and Canaccord Genuity may agree, not being later than 8.00 a.m. on 30 April 2014)

The Conditional Placing is conditional, amongst other things, upon:

- a. the Resolutions to be proposed at the General Meeting being passed without amendment;
- b. the Diaspect Acquisition Agreement and the Selah Acquisition Agreement becoming unconditional in accordance with their terms (as applicable);
- c. compliance by the Company in all material respects of its obligations under the Placing Agreement; and
- d. admission of the Conditional Placing Shares, Offer Shares and Consideration Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 17 April 2014 (or such later time and date as the Company and Canaccord Genuity may agree, not being later than 8.00 a.m. on 30 April 2014).

The obligations of Canaccord Genuity under the Placing Agreement in respect of the Firm Placing and Conditional Placing (as applicable) are conditional upon, inter alia, (i) Firm Admission becoming effective on or before 8.00 a.m. on 26 March 2014 (or such later date as the Company and Canaccord Genuity may agree, but not later than 30 April 2014), (ii) Conditional Admission becoming effective on or before 8.00 a.m. on 17 April 2014, (iii) there being prior to Admission no material breach of the warranties given to Canaccord Genuity. Additional conditions are imposed in respect of the Conditional Placing which, Inter alia, Include (i) Shareholders passing the Resolutions at the General Meeting and (ii) the Diaspect Acquisition Agreement and the Selah Acquisition Agreement Selah becoming unconditional save for completion of the Placing and payment of the consideration on the terms set out above.

If any of the conditions set out in the Placing Agreement becomes incapable of being fulfilled or, where capable of waiver, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as Canaccord Genuity may determine), or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Bookbuilding Process, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Placing" below and will not be capable of rescission or termination by it.

Canaccord Genuity may, in its absolute discretion and upon such terms as it thinks fit, waive fulfilment of all or any of the conditions in the Placing Agreement in whole or in part, or extend the time provided for fulfilment of one or more conditions, save that certain conditions including the conditions relating to admission of Firm Placing Shares and Conditional Placing Shares (in each case as detailed above) may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Appendix.

Neither Canaccord Genuity nor any of its affiliates, agents, directors, officers or employees nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision

any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Canaccord Genuity.

#### Termination of the Placing

Canaccord Genuity may, in its absolute discretion, by notice to the Company, terminate the Placing Agreement at any time before Firm Admission or Conditional Admission (as applicable) if, inter alia:

1. there has been a breach of the warranties given to Canaccord Genuity by the Company which (in the opinion of the Canaccord Genuity acting in good faith) are material;
2. there has, in the opinion of Canaccord Genuity (in good faith and after consultation with the Company), been a material adverse change;
3. any statement contained in this Announcement has become untrue, inaccurate or misleading; or
4. in the opinion of Canaccord Genuity (in good faith and after consultation with the Company), there has been a force majeure event.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this Announcement shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Bookbuilding Process, each Placee agrees with the Company and Canaccord Genuity that the exercise by the Company or Canaccord Genuity of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or Canaccord Genuity or for agreement between the Company and Canaccord Genuity (as the case may be) and that neither the Company nor Canaccord Genuity need make any reference to such Placee and that none of the Company, Canaccord Genuity nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the Placing" section and will not be capable of rescission or termination by it after oral confirmation by Canaccord Genuity following the close of the Bookbuilding Process.

#### Representations, warranties and further terms

By submitting a bid in the Bookbuilding Process, each Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that (save where Canaccord Genuity expressly agrees in writing to the contrary):

1. it has read and understood this Announcement in its entirety and that its acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person

in connection with Admission, the Placing, the Company, the Placing Shares or otherwise, other than the information contained in this Announcement and the Publicly Available Information;

2. it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under the Prospectus Directive; and (b) has been or will be prepared in connection with the Placing;
3. the Ordinary Shares are admitted to trading on AIM, and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules for Companies published by the London Stock Exchange, which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;
4. neither Canaccord Genuity nor the Company nor any of their respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Announcement or the Publicly Available Information; nor has it requested Canaccord Genuity, the Company, any of their respective affiliates, agents, directors, employees or officers or any person acting on behalf of any of them to provide it with any such information;
5. neither Canaccord Genuity nor any person acting on behalf of it nor any of its affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
6. (a) the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for the Placing Shares is contained in the Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information; (b) neither Canaccord Genuity, nor the Company (nor any of their respective affiliates, agents, directors, officers and employees) have made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information; (c) it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; and (d) has not relied on any investigation that Canaccord Genuity or any person acting on its behalf may have conducted with respect to the Company, the Placing or the Placing Shares;
7. the content of this Announcement and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and that neither Canaccord Genuity nor any persons acting on its behalf is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this Announcement or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Placing based on any

information, representation, warranty or statement contained in this Announcement, the Publicly Available Information or otherwise. Nothing in this Appendix shall exclude any liability of any person for fraudulent misrepresentation;

8. it is not, and at the time the Placing Shares are acquired will not be, a resident of Australia, Canada, the Republic of South Africa or Japan;
9. the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of the United States, or any state or other jurisdiction of the United States, Australia, Canada, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, Australia, Canada, the Republic of South Africa or Japan or in any country or jurisdiction where any such action for that purpose is required;
10. it and/or each person on whose behalf it is participating:
  - (a) is entitled to acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;
  - (b) has fully observed such laws and regulations;
  - (c) has capacity and authority and is entitled to enter into and perform its obligations as an acquirer of Placing Shares and will honour such obligations; and
  - (d) has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
11. it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, outside the United States and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the Securities Act;
12. it understands that the Placing Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
13. it (and any account for which it is purchasing) is not acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the Securities Act;
14. it understands that: (a) the Placing Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act; (b) no representation is made as to the availability of the exemption provided by Rule 144 for resales of Placing Shares; and (c) it will not deposit the Placing Shares in a depositary receipt programme in the United States or for US persons (as defined in the Securities Act);
15. it will not offer, sell, transfer, pledge or otherwise dispose of any Placing Shares except:
  - (a) in an offshore transaction in accordance with Rules 903 or 904 of

- Regulation S under the Securities Act; or
- (b) pursuant to another exemption from registration under the Securities Act, if available,
- and in each case in accordance with all applicable securities laws of the states of the United States and other jurisdictions;
16. understands that the Placing Shares are expected to be issued to it through CREST but may be issued to it in certificated, definitive form and acknowledges and agrees that the Placing Shares will, to the extent they are delivered in certificated form, bear a legend to the following effect unless agreed otherwise with the Company:

"THESE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE APPLICABLE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (C) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.";

17. it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
18. none of Canaccord Genuity, its respective affiliates and any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of Canaccord Genuity and that Canaccord Genuity has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
19. it will make payment to Canaccord Genuity for the Placing Shares allocated to it in accordance with the terms and conditions of this Announcement on the due times and dates set out in this Announcement, failing which the relevant Placing Shares may be placed with others on such terms as Canaccord Genuity determines in its absolute discretion without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the

terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;

20. its allocation (if any) of Placing Shares will represent a maximum number of Placing Shares which it will be entitled, and required, to subscribe for, and that the Company may call upon it to subscribe for a lower number of Placing Shares (if any), but in no event in aggregate more than the aforementioned maximum;
21. no action has been or will be taken by any of the Company, Canaccord Genuity or any person acting on behalf of the Company or Canaccord Genuity that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
22. the person who it specifies for registration as holder of the Placing Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Canaccord Genuity and the Company will not be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to acquire Placing Shares pursuant to the Placing and agrees to indemnify the Company and Canaccord Genuity in respect of the same on the basis that the Placing Shares will be allotted to a CREST stock account of Canaccord Genuity or transferred to a CREST stock account of Canaccord Genuity who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
23. the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
24. it and any person acting on its behalf (if within the United Kingdom) falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
25. it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;
26. if it is within the EEA, it is a Qualified Investor as defined in section 86(7) of the FSMA, being a person falling within Article 2.1(e) of the Prospectus Directive;
27. it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
28. it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of the FSMA in respect of anything done

in, from or otherwise involving the United Kingdom);

29. represents and warrants that, if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive (including any relevant implementing measure in any member state), the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the express prior written consent of Canaccord Genuity has been given to the offer or resale;
30. if it has received any confidential price sensitive information about the Company in advance of the Placing, it has not: (a) dealt in the securities of the Company; (b) encouraged or required another person to deal in the securities of the Company; or (c) disclosed such information to any person, prior to the information being made publicly available;
31. neither Canaccord Genuity, the Company nor any of their respective affiliates, agents, directors, officers or employees nor any person acting on behalf of Canaccord Genuity or its affiliates, agents, directors, officers or employees is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings, or indemnities contained in the Placing Agreement nor the exercise or performance of any of Canaccord Genuity's rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
32. acknowledges and accepts that Canaccord Genuity may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise and, except as required by applicable law or regulation, Canaccord Genuity will not make any public disclosure in relation to such transactions;
33. it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Directive;
34. it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 (together, the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
35. acknowledges that its commitment to acquire Placing Shares on the terms set out in this Announcement will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or Canaccord Genuity's conduct of the Placing;
36. it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of



subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;

37. the Company, Canaccord Genuity and others (including each of their respective affiliates, agents, directors, officers and employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to Canaccord Genuity on its own behalf and on behalf of the Company and are irrevocable;
38. if it is acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;
39. time is of the essence as regards its obligations under this Appendix;
40. any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to Canaccord Genuity;
41. the Placing Shares will be issued subject to the terms and conditions of this Appendix; and
42. this Appendix and all documents into which this Appendix is incorporated by reference or otherwise validly forms a part and all agreements to acquire shares pursuant to the Bookbuilding Process and/or the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation thereto except that proceedings may be taken by the Company or Canaccord Genuity in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, Canaccord Genuity and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Appendix or incurred by Canaccord Genuity, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placee's obligations as set out in this Announcement, and further agrees that the provisions of this Appendix shall survive after the completion of the Placing.

The agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct by the Company. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and neither the Company nor Canaccord Genuity shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and they should notify Canaccord Genuity accordingly. In addition,

Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company and Canaccord Genuity in the event that either the Company and/or Canaccord Genuity have incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Appendix are given to Canaccord Genuity for itself and on behalf of the Company and are irrevocable.

Canaccord Genuity is authorised and regulated by the FCA in the United Kingdom and is acting exclusively for the Company and no one else in connection with the Bookbuilding Process and the Placing, and Canaccord Genuity will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Bookbuilding Process or the Placing or any other matters referred to in this Announcement.

Each Placee and any person acting on behalf of the Placee acknowledges that Canaccord Genuity does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that Canaccord Genuity may (at its absolute discretion) satisfy its obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with Canaccord Genuity, any money held in an account with Canaccord Genuity on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from Canaccord Genuity's money in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this Announcement are to London time, unless otherwise stated.

All times and dates in this Announcement may be subject to amendment. Placees will be notified of any changes.

No statement in this Announcement is intended to be a profit forecast, and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares.

Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued or sold pursuant to the Placing will not be admitted to trading on any stock exchange other than the AIM market of the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

This information is provided by RNS  
The company news service from the London Stock Exchange

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MSCPGUUPWUPCUQU admin Proposed Acquisitions, Placing & Offer 21553233 A Thu, 03/20/2014 - 07:00 Company Announcement - General EKF