

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

Trading update

EKF Diagnostics Holdings plc (AIM: EKF), the AIM listed point-of-care, central laboratory and molecular diagnostics business, provides the following trading update for the six months ended 30 June 2014.

Trading for the six months ended 30 June 2014

EKF continued to make good progress in the first half of 2014 and with an expected second half weighting, the Board remains confident of meeting market expectations for the full year. Unaudited revenues for the six months ended 30 June 2014 were c. 12% ahead of the same period last year at £16.7m (H1 2013: £14.9m), despite the negative impact of exchange rates of circa £1m during the period.

Unaudited adjusted EBITDA for the period was £2.2m, a marginal increase on the previous year (H1 2013: £2.1m); excluding the effect of exchange rates, adjusted EBITDA would have shown a c. 16% improvement on the same period last year.

The cash position of the Company remains strong, with unaudited cash balances as at 30 June 2014 of £11.1m (31 December 2013: £2.6m), and a net cash position of £5.2m. This reflects the £26m raised in April through an oversubscribed Placing and Offer, the payment of the cash considerations for the recent acquisitions, and the final deferred consideration payment made in relation to the acquisition of Quotient Diagnostics.

Outlook - strong H2 weighting

The first half of the year was shaped by the completion of three value-adding acquisitions; DiaSpect, Selah Genomics and STI. These acquisitions materially enhance the Company's overall product offering and are expected to make a considerable contribution to the future growth of the business.

The outlook for the second half is very positive both in terms of organic growth and growth deriving from the contribution from the recent acquisitions. The Company has been highly encouraged by the increase in sales at the end of the first half with a record month in June when sales reached £5.4m.

During the period, EKF has also invested in Dx Economix Inc, a company which builds and implements market entry strategies for new or existing healthcare technology products. EKF will work closely with Dx Economix, strengthening a partnership that will create new market opportunities for the EKF products whilst offering both an economic benefit to the healthcare system as well as improved clinical benefit for the patient. EKF expects to start generating revenues from this relationship in early 2015.

Point-of-care

EKF's products in the areas of Diabetes and Haemoglobin have performed well in the first half showing c. 23% sales growth on the previous comparable period (H1 2013: £9.8m) with further progress expected in the second half. As recently announced, the Company has gained an order for 1,900 glucose and lactate analysers (Biosen C-Line) to a new distribution partner in China, a deal worth approximately €4.0m over a two and a half year period with potential for a further €2.0m of consumable revenues. Following regulatory approval in China and Japan for DiaSpect's CompoLab TS haemoglobin instrument, the prospects for growth across Asia, and particularly China, are encouraging.

The Company is also confident of securing tender wins in South America and in the area of WIC (Women, Infants and Children) health programmes before the end of the year. Furthermore, EKF expects contributions from new product launches scheduled for the second half, as well as benefits from the cross-selling of DiaSpect and STI products across the Group once the existing EKF sales staff have been fully trained on the new products deriving from the acquisitions.

Central laboratory

The first half for clinical chemistry products was more challenging and reflects the increasingly mature nature of this market. Despite this sales of EKF's β HB liquid reagent continued to perform well and over the full year the Company expects this division to continue to make a strong contribution to cash flow.

Molecular diagnostics

Despite the reduction in reimbursement levels for Selah's DME panel, EKF has benefitted from over £1.2m of sales from Selah in H1, the first material revenues recorded for the Molecular Diagnostics division. The Company has focussed efforts on the growth of this business, including the additional launch of a reimbursable Women's Health panel. The number of test samples is expected to increase in the second half, coming not only from the DME and Women's Health panels, but also from new products which the team has been working hard to deliver.

As a result of the previously announced reduction in reimbursement of the DME panel, Selah did not achieve their first quarter gross revenue target, as indicated in the Agreement and Plan Merger document dated 20 March 2014, hence no earn-out merger consideration is payable with respect to the first quarter of the first earn-out year.

The second half will also see the first, if modest, contribution to revenues from

our oncology biomarkers. Significant progress has been made with Pointman and the detection of circulating tumour cells in whole blood. Following initial work with Swansea University, a successful collaboration with GILUPI in the area of lung and colorectal cancer marks a major step towards the routine and reliable detection of cancer cells in blood samples.

Operational benefits

In addition, the second half will see the first full period impact of the operational benefits from the transfer of production of Quo-Test and Quo-Lab instruments and reagents cartridges to the Barleben manufacturing site. The business will also benefit from the significant experience of our newly appointed Chief Technical Officer, Tito Bacarese-Hamilton, whose proven track record of developing innovative diagnostics technology into revenue-generating platforms will prove invaluable.

The Company will announce its interim results for the six months ended 30 June 2014 on Monday 15 September 2014.

Julian Baines, CEO of EKF commented: "I am very pleased with our performance in the first half of the year and the successful integration of the recent acquisitions into the business. We have laid the foundation for growth in the second half, building on the record £5.4m of sales in June. We now have over 65,000 diagnostic instruments in the market globally with over 53m tests manufactured last year by EKF and I believe we are in a unique position to continue to grow this base substantially."

Enquiries:

EKF Diagnostics Holdings plc

David Evans, Executive Chairman
Julian Baines, CEO
Paul Foulger, CFO

Tel: 029 2071 0570

Mob: 07740 084 452
Mob: 07788 420 859
Mob: 07710 989 255

Canaccord Genuity Limited

Nominated Adviser/Corporate Broking

Lucy Tilley /Julian Feneley /Henry Fitzgerald-O'Connor /Chris Connors

Tel: 020 7523 8350

Walbrook PR Limited

Paul McManus
Lianne Cawthorne

Tel: 020 7933 8780 or ekf@walbrookpr.com

Mob: 07980 541 893
Mob: 07584 391 303

About EKF Diagnostics Holdings plc - 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), Argutus Medical Limited (acquired in December 2010) and Stanbio Laboratory L.P. (acquired in June 2011). 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, focussing 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 ("Alere"), a global diagnostics company, under which Alere was appointed the exclusive distributor of EKF's CLIA waived Hemo Control device and cuvettes in the US, Canada and United Kingdom. The device is distributed in the US under the name HemoPoint H2.

In March 2014, EKF acquired Separation Technology, Inc., a Florida based manufacturer of in vitro diagnostics devices for the haematology testing market. In April 2014, EKF completed the acquisitions of Selah Genomics Inc., a US based developer of molecular diagnostics for personalised medicine and DiaSpect Medical AB., a Swedish based manufacturer of point-of-care haemoglobin analysers.

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

END

TSTLLFLRDVIFVIS admin Trading update 21892200 A Wed, 07/23/2014 - 07:00 Results and Trading Reports EKF