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EKF Diagnostics Holdings PLC
16 March 2015

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

Final results

EKF Diagnostics Holdings plc (AIM: EKF), the AIM listed point-of-care, central laboratory and molecular diagnostics business, announces its audited final results for the year ended 31 December 2014. EKF has an installed base of over 80,000 analysers globally and manufactures over 56 million tests annually.

Financial Highlights

- Revenues up 26% to £40.1m (2013: £31.8m)
  - § *Organic growth of 6% with acquisitions contributing £6.5m*
  - § *Strong second half growth of 38% year-on-year*
  - § *£2.6m negative effect of exchange rates*
- Gross profit up 22% to £19.9m (2013: £16.3m)
- Adjusted EBITDA* up 31% to £6.3m (2013: £4.8m)
- Cash at 31 December 2014 of £8.3m (2013: £2.6m); Net cash of £2.1m (2013: £0.1m)

* *Excluding exceptional items and share based payments*

Operational Highlights

Point-of-Care

- Over 18,000 analysers sold during the year taking installed based to over 80,000
- Quo-Lab instrument sales up more than 30%; Biosen instrument sales up more than 8%
- Significant tender wins for HemoControl in Mexico and Latin America

Central laboratory

- Overall sales down 14%, with β-HB reagent sales up 9%

Molecular Diagnostics

- Major US collaboration to use PrecisionPath™ to improve colon cancer treatment
- Multiple third party evaluations commissioned for PointMan™

David Evans, Executive Chairman of EKF, said:
"*Our ambitions remain to achieve double digit growth and to be able to exploit*

the opportunities in front of us. We are under no illusion that we must deliver on expectations and that as we continue to seek to grow we must do this in a non-dilutory fashion. I am buoyed by the opportunities in front of us and in particular the opportunities presented by PrecisionPath."

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CHAIRMAN'S STATEMENT

Dear Fellow Shareholder

The year past has been a curate's egg of a year for the Company. There have been many positive factors as we have continued to grow both organically and by acquisition but they have been offset by certain events largely beyond our control.

Strategy

From a strategic perspective we believe we needed to achieve three key objectives in 2014.

The first was to underpin our current point of care offering particularly in hemoglobin testing where our existing hemoglobin technology, widely regarded as the Rolls-Royce of instruments, was being threatened by newer technologies. It was against that background that we acquired DiaSpect Medical AB last April for an upfront cash and equity consideration of £16m with an earnout of up to £4.75m, which was subsequently settled by a cash payment of £1.425m in January 2015.

We believe that the DiaSpect product suite allows us to compete more effectively against our principal competitor. I believe the benefit of this acquisition will be more fully evidenced during 2015.

Secondly, we recognised that we needed to embolden our presence in molecular diagnostics. In an ideal world this would have been in Point-of-Care, but given the plethora of technologies in development together with some launched products, not only would we have been playing catch-up with a me-too offering, but the scale of investment was not within our investment capacity.

It was the Board's view that a different approach was necessary and one which sought to build upon the Company's toe-hold in molecular diagnostics through its previous acquisition of 360 Genomics Ltd and the PointMan™ technology.

We sought to do this through the acquisition of Selah Genomics Inc primarily for two reasons; one tactical and the other strategic.

Tactically the DME (Drug Metabolising Enzymes) testing was growing and set to grow further and we believed that it would help underpin our short to medium term growth ambitions. Strategically, we believed, and still do more than ever, that the true value will be evidenced by the work being undertaken at our facility in Greenville which we believe is at the forefront of molecular diagnostic testing in the field of personalised medicine via next-generation sequencing (NGS) testing using both internally developed tests and leveraging externally developed tests.

It was unfortunate that within a very short period of time after the acquisition the local US Medicare Administrative Contractor (MAC) withdrew reimbursement for the DME panel. We have sought during 2014 to resolve this issue. We have explored a number of avenues and the effort that has been expended has been at the expense of other opportunities. We have come to the conclusion this month that the opportunity cost to us in pursuing DME revenues through the current channels and without the support of the MAC is too high when compared to the more significant and credible upside from PrecisionPath, which provides a panel of clinically validated biomarkers that can be used to design specific personalised treatment plans for cancer patients.

It is beholden upon me to address the key issue of reimbursement at point of acquisition. Whilst the risk to reimbursement was recognised in due diligence, neither ourselves nor the incumbent management perceived the threat to be an immediate one. Given the nature of reimbursement in the USA had we been located in another state such as New Hampshire or Connecticut then the ability to have continued in the execution of our plan would have gone ahead unfettered. However, feeling sorry for oneself is likely to elicit zero sympathy and we believe a more realistic way forward is to work with the MAC in South Carolina to provide to their standard the necessary clinical evidence to support the use of a DME panel in anticipation of reimbursement becoming available again at some stage in the future.

Thirdly, whilst not based on our experience with DME it is clearly evident to those in the industry that health payers worldwide cannot continue to pay for the ever burgeoning number of new diagnostic tests and therapeutics unless clear health economic benefits can be demonstrated not in subjective terms, but in hard cash terms. It was against that strategic backdrop that we have taken a minority position in the Toronto based DxEconomix whose prime objective is to obtain value based pricing for IVD products for its clients. Progress has been slower than I had originally anticipated in that whilst many organisations recognise the need they are not yet fully prepared to pay for it.

Results overview

The Group has seen strong growth during the year with revenue of £40.1m (2013: £31.8m), an increase of 26%. This is despite the impact of a weak dollar and the well-publicised issues in Russia, which include a very significant

currency deterioration. Revenues would have been higher by £2.6m had they been translated at 2013 rates. Within this, organic growth was 6%.

Adjusted earnings before interest, tax, depreciation, and amortisation (AEBITDA), which excludes share-based payments and exceptional items, is our preferred measurement of income, and is up 31% to £6.3m (2013: £4.8m).

Board

During the year Gordon Hall retired as a Director having been on the EKF Board since 2005. Having known Gordon for over twenty years I would like to thank him for his support both for the Company and for me personally and I wish him well for the future.

Subsequent to Gordon's departure we strengthened the Board's Non-Executive contingent through the appointment of Doris-Ann Williams and David Toohey, both of whom have immense industry knowledge and experience. Their contribution to the Board since joining has been invaluable.

The Board's Executive contingent was strengthened through firstly the appointment of Paul Foulger as Chief Financial Officer - Paul has been with us from the start and it was a natural progression for Paul to make. Secondly, Tito Bacarese-Hamilton was appointed Chief Technology Officer. In the coming year a considerable burden rests on Tito's shoulders as we seek to launch a number of new products.

Regarding the passing of my baton, that will be done when the time is right, we must absolutely deliver on our expectations this year and restore the confidence in our shareholders for the team of which I am part. The pursuit of a significantly more expansionist strategy under different chairmanship cannot be contemplated until that confidence is restored and the share price responds accordingly.

Restructuring

During the year we moved our Quo-Test and Quo-Lab manufacturing to Barleben and closed our Dublin facility.

In 2015 we have refined our existing divisional structure of Point-of-Care and Molecular.

Julian Baines, whilst retaining overall Group CEO responsibilities, has been tasked with the day-to-day running of the Molecular Division with a primary focus of providing diagnostic tests directed at therapeutic intervention and monitoring.

Richard Evans will assume day-to-day responsibility for the whole of our Point of Care Division with that division being split into four main Business Units of Hemoglobin, Diabetes, Women's Health, and Central Laboratory.

These units will be led by highly respected Business Unit Managers and

underpinned by a strengthened Quality and Regulatory function.

We believe this focus will bring benefits during 2015 and that the latent value in our molecular diagnostics offering will be realised.

Outlook

As we move into 2015 the overall outlook is positive despite some headwinds; Russia where revenues this year are likely to be no more than 30% of last year's due to the continued impact of sanctions; and, the continued downward pressure on reimbursement globally.

Despite the above and an industry which is experiencing overall growth rates of 5% our ambitions remain to achieve double digit growth and to be able to exploit the opportunities in front of us.

We are under no illusion that we must deliver on sensible expectations and that as we continue to seek to grow we must do this in a non-dilutory fashion. As with all my years with the Company the results are back-end weighted and 2015 appears to be no exception to this.

We will continue to review the frequent approaches from private equity groups as to whether this is to the benefit of Shareholders but thus far none of the approaches represent anything more than opportunism.

The key deliverables for 2015 are set out below

Point-of-Care

- Further develop the hemoglobin business across the whole spectrum of hemoglobin applications and markets using connected solutions to open new markets in monitoring
- Use EKF´s expertise to establish lactate measurement in peri-natal settings as a marker of maternal and neonatal well-being
- Continue to build on EKF´s experience in very accurate glucose measurement by introducing the Biosen instrument to new markets, particularly in Asia and Latin America
- Incorporate connectivity and data management in all our major revenue-generating product lines
- Development of the first ever POC monitoring system for patients with Phenylkenonuria (PKU)

Molecular

- CE Marking for PointMan™ T790M assay
- Reimbursement for PrecisionPath
- Complete the development of PrecisionPath Discovery
- Launching the initial tests for the Oncomine programme through Precision Path Discovery
- Launch the Ferrer Incode products into Private Payer and Corporate Wellness markets
- Transfer the manufacture of PointMan™ into Selah
- Achieve ISO 13485 in the Selah facility

- Progress the Colon cancer programme with Becton Dickinson, DecisionQ and Greenville Health System
- Deliver more Pharma partnerships

I am buoyed by the opportunities in front of us and in particular the opportunities presented by PrecisionPath.

David Evans
Executive Chairman

CHIEF EXECUTIVE'S REVIEW

During 2014 we made progress as we saw the organic growth of the core business continue to be above the global industry average. Additionally, we made three strategic acquisitions and although at times challenging, these acquisitions have been quickly integrated and have given us significant growth opportunities over the next three years. Year-on-year we have seen continuous improvement in both revenue and AEBITDA despite the decrease in health care spending worldwide, reduction in re-imbursement, tighter regulatory controls and the instability in Russia and the Middle East.

We now have a firm footing in the global Point of Care market with over 80,000 instruments installed globally. We have seen a large increase in the sales of our Quo-Lab and HemoControl instruments. We are also making progress with our Molecular Diagnostics division with the signing of contracts with Massachusetts General Hospital, Gilupi and Angle, supporting our belief that our PointMan™ product will become key to some major new technologies, especially in the detection of circulating tumour cells in whole blood. In addition Selah has given us a valuable platform and relationships that will enable us to deliver significant opportunities in the United States and beyond in 2015.

EKF Group has a lot to deliver in 2015 but those deliverables are clear and defined as we have laid the base foundations in key areas to deliver growth above the industry average.

Operations

Structural change

During the year we have continued to initiate a number of significant structural changes to the business with the aim of improving efficiency, reducing cost, and driving revenue. With minimal disruption we successfully transferred the manufacture of the Quo-Test and Quo-Lab product lines, including both instruments and cartridges, into our main European production base in Barleben, in Germany. This involved the commissioning of a new Quo-Lab cartridge production line which was designed and built by EKF's in house production engineering team and which has reduced the cost of manufacture significantly. Having the ability to transfer production and build our own automated production lines is very rare and valuable to EKF.

Our facility in Ireland has been closed following the termination of the building

lease. While a small core project management team will remain in place, the majority of development projects, and the manufacture of the biomarker products have been transferred to the Walton-on-Thames site.

With the successful transfer of production of Quo-Test and Quo-Lab instruments and reagents cartridges to the Barleben manufacturing site and the closure of the Dublin site, the Company expects to benefit from operational savings in the region of £0.75m annually. In addition, work has now begun on expanding the Barleben site which will provide increased production capacity. As production levels rise the Company expects this to have an additional positive impact on product margins, as well as creating further overhead efficiency opportunities. The Company will also continue to integrate the acquisitions made in 2014 and to exploit cross-selling initiatives and cost efficiency opportunities.

We have recently enhanced and expanded our regional structure, including in China where we are about to open a representative office in Shanghai. At the same time we have improved our distributor support, introducing a Premier Partner Programme, held our first international distributor meeting, and intend to employ a dedicated distribution chain manager.

The strengthening of the Sales and Marketing Infrastructure by bringing in experienced Business Unit Directors from major diagnostic organisations demonstrates that EKF is developing a global presence in the diagnostic industry and investment in this area will be key to continued growth.

Acquisitions

The three acquisitions made in the first half of the year have expanded our product line capabilities in hemotology and molecular diagnostics.

Separation Technology, Inc. (STI) brings a successful line of centrifugal separation products all of which are FDA 510(k) approved. Additionally, it brings Ultracrit, an ultrasound based hematology analyser which is being used in a number of major US blood banks. STI has been successfully integrated and has shown continued growth in the US market through the expanded sales coverage via our US sales team.

DiaSpect Medical has designed a hematology instrument which is available in both desktop and handheld formats. Both formats use DiaSpect's patented reagentless cuvette technology, which allows cheaper manufacture, longer shelf life and results in under two seconds, which is particularly useful in blood banks where time to result is critical. The DiaSpect range is sold into blood banks via our partnership with Fresenius, the world's leading supplier of blood bank products. We announced on 5 January 2015 that the Company agreed to make a cash payment of £1.425m as final settlement for the total deferred cash consideration due. The original maximum deferred consideration totalled £4.75m.

Selah Genomics, Inc. is a US CLIA certified supplier of panels of molecular diagnostic tests to patients who are referred by general practitioners or by corporate health teams in the USA. Funding is usually either through Medicare or private health insurers. The company provides EKF with significant opportunities through their relationships with major partners (Becton Dickenson, Greenville Health System, DecisionQ) as well as a high quality product range (PrecisionPath, PrecisionPath Discovery and the Ferrer InCode products). Delivery will be the main focus for the molecular diagnostics business in 2015.

Point-of-Care

During 2014 we focussed on improving our distribution channels into major markets. Whilst we still have some way to go we have had success in introducing Human, Arkray, Fresenius, Alere Japan, and Multiclone as distributors and therefore strengthening our global sales capabilities. The current year will be focussed on delivery. We have a strong mix of mature and new products and with the strengthening of the commercial team we will aim to continue to grow at a higher rate than the industry average.

The Point-of-Care business continues to perform well, with growth being seen across most products. In particular, QuoLab instrument sales are up more than 30% on the previous year with the product now registered in more countries than ever, including Japan, which offers EKF a significant growth opportunity. QuoLab is a glycated hemoglobin analyser used in diabetes monitoring.

Biosen instrument sales are showing an increase of more than 8% on the previous year, mainly due to strong growth in Asia where we have signed a multi-million Euro contract with a new partner based in northern China. We do have significant challenges in Russia where Biosen is the major product line; we would expect to see a 70% drop in revenues in Russia due to the reduction in healthcare spending and the impact of the rouble. A large contract win in China will go some way to mitigate this. Biosen is a range of analysers which measure glucose and lactate quickly and precisely in clinics, laboratories and sports medicine facilities.

HemoControl continues to perform well especially in Mexico and Latin America where we have continued to win significant tenders. The performance by Alere in the US market has been disappointing as the growth has not been as expected but we have continued to increase market share. The new sales infrastructure will enable us to support Alere in continuing to grow the US market. HemoControl is a point of care device that provides immediate, lab-quality results for both hemoglobin and hematocrit from one simple test.

Central Laboratory

The main product in the Central Laboratory Division, β-HB, grew by 9%. Conversely the Central Laboratory market is very competitive and we saw a decline overall. In 2014 we took steps to mitigate this and in 2015 we will launch

a Procalcitonin marker for sepsis diagnosis as a new product and also a new desktop Clinical Chemistry analyser. The Business Unit Director will also be responsible for expanding the Clinical Chemistry Business outside the US.

Molecular Diagnostics

Selah Genomics had a major setback in May 2014 with the announcement that the re-imbursement for the DME panel testing was to be significantly reduced. This led to the announcement that revenues for 2014 would be materially lower. Whilst DME testing continues, it will not be the focus of the management in 2015. Alongside PointMan™, Selah offers a significant opportunity for EKF over the next 3 years. In 2015 we will have a number of deliverables as set out in the Chairman's statement above.

To deliver these we will be bringing all molecular products and services under one corporate identity as well as introducing US and UK industry experts to drive the molecular business which has real potential.

In 2014 Selah contributed £3.0m to full year revenues. Whilst we still face some choppy waters in the short term the change of focus has led to increased commercial opportunities and the potential for further significant partnerships. For example, as mentioned earlier, we have announced a collaboration with the Greenville Health System's ITOR facility, DecisionQ, and BD Technologies which will use PrecisionPath as the basis of a system that supports improved clinical decisions in the treatment of colon cancer patients. This is one of a number of opportunities for Selah in 2015.

The initial Selah purchase agreement was drafted to accommodate the risk of reduced reimbursement payments via a reduction in deferred consideration payments if certain performance targets were not met; the lower than anticipated sales from Selah is likely to result in the year one earn-out payment of $17.5m not being payable. We still believe that Selah represents a significant value opportunity to shareholders over the short to medium term if we deliver on the above.

During 2014 the value of PointMan to the molecular industry has become clear. PointMan significantly enhances the sensitivity of any molecular platform, as well as working on a number of sample types such as biopsy or liquid biopsy (whole blood), and can be utilised in the latest technologies such as circulating tumour cells and circulating free DNA. Additionally this has led to MGH, Gilupi and Angle evaluating PointMan on their differing technologies and we look forward to reporting on results in the near future.

Our collaboration with The Institute of Life Sciences in Swansea has shown that PointMan is effective in isolating and characterising certain low-level DNA mutations in blood, paving the way for the development of a simple cancer screening and diagnostic test based on a blood sample rather than a biopsy. The data highlighted the utility of a blood-based test and critically demonstrated that PointMan was highly sensitive and can detect just three mutant cells in a background of 10,000 wild type cells.

The unification of the molecular business and the progress being made with PrecisionPath and the continued development of the commercial offering of PointMan provides the Company with confidence that 2015 will be a very significant year for establishing the credentials of the EKF Molecular Diagnostics division and a considerable generator of shareholder value.

New products

During 2014 we have introduced or entered late-stage development of a number of new or improved product lines. These include:-

- Senspoint, a POC lactate measuring system designed for use in peri-natal settings.
- Enhancements to major revenue-generating product lines to equip our customers with data-management and connectivity capability.
- Procalcitonin - this is a Central Laboratory Test for measuring sepsis.
- sTNFR1/2 biomarkers that will predict fast progressors to Chronic Kidney Disease (CKD) in both Type 1 and 2 diabetics. If untreated CKD can lead to End Stage Renal Disease which is one of the costliest conditions for healthcare payers. sTNFR1 has been exclusively licenced from Joslin Diabetes Centre in Boston and is a significant development project for EKF. EKF is working very closely with major pharmaceutical and dialysis companies to incorporate sTNFR1/2 as complementary diagnostics with their therapies.
- Inborn Errors of Metabolism - EKF is developing a POC system for monitoring Phenyalanine levels in PKU (a rare genetic condition that is present from birth). The company is working very closely with a major pharmaceutical company with PKU therapies on the market and significantly improved drugs in late development. In PKU, Phenylalanine (an amino acid) builds up and if untreated can lead to mental retardation, behavioural disorders, seizures and other serious medical problems.

Results

Revenue

Revenue for the year was £40.1m (2013: £31.8m), an increase of 26%. Overall, acquisitions contributed £6.5m to revenues. Underlying organic revenues accounted for £33.6m of total revenues which represented 6% organic growth year-on-year.

Gross profit

Gross profit has increased to £19.9m (2013: £16.3m), which is an increase of 22%. Gross profit as a percentage of revenue is 49.8% (2013: 51.4%), largely as a result of the structurally lower margins on the Selah business because of the arrangements made with their billing and marketing partners.

Administration costs and research and development costs

Administrative expenses have increased by 59.6%. The increase comes from the

acquisitions, the additional amortisation associated with the acquisitions, added investment in sales resources, and from a number of exceptional items including the closure costs for our Dublin facility, the costs of moving manufacture of the Quo-Test and Quo-Lab products, and the costs of making the three acquisitions in the year. In addition to the R & D costs included in Administration costs of £1.3m, a further £1.5m of expenditure has been capitalised.

The charge for depreciation of fixed assets and for the amortisation of intangibles is £5.0m (2013: £3.6m).

Operating profit and adjusted earnings before interest tax and depreciation

The Group has made an operating loss of £2.5m (2013: profit of £2.4m) for the reasons outlined above. We consider a more meaningful measure of underlying performance to be adjusted EBITDA which for 2014 was £6.3m (2013: £4.8m). This excludes the effects of share-based payments of £0.5m (2013: £0.7m) and exceptional losses of £3.3m (2013: exceptional gains of £1.8m).

Finance costs

Finance costs have decreased to £1.6m (2013:£ 1.8m). The decrease is largely a result of fair value adjustments associated with the deferred shares withheld as part of the tax warranty claim.

Tax

There is a tax charge of £1.4m (2013: £1.5m). The charge is largely the result of the utilisation of a deferred tax asset associated with the Quotient business, as well as unrelieved losses made in certain jurisdictions. The effect of the potential tax warranty claim has been reduced following negotiations between the Group's German subsidiary, its tax advisers, and the German tax authorities. We are hopeful this issue will be fully resolved early in 2015. The reduced tax charge has an associated reduction of the warranty claim, this amount has been included in exceptional items.

Balance sheet

Property, plant and equipment

We have invested £1.0m (2013: £1.2m) in property plant and equipment. Major projects include building work at Barleben and additional equipment at Selah, both to increase capacity.

Intangible assets

Intangible assets have increased substantially following the three acquisitions made in March and April, plus further capitalisation of development costs. Following the closure of the Group's Dublin facility, the associated goodwill and trade secret assets, and the capitalised development cost associated with the Renastat project of £1.2m, have been impaired in full.

Deferred consideration

The final payment of deferred consideration of £0.4m in respect of the acquisition of Quotient Diagnostics Ltd was made during the year. The small remaining provision has been credited to exceptional items. The deferred consideration payable to the vendors of DiaSpect Medical was renegotiated down to £1.4m and this was paid in January 2015.

Cash and working capital

Cash used in operations in 2014 is £3.3m (2013: £3.1m generated). Following the fund raising in April, the Group had cash on hand at 31 December 2014 of £8.3m (2013: £2.5m), and a net cash position of £2.1m (2013: £0.1m). Trade debtors at year end are especially high as a result of sales to Mexico made during the year and especially in December. Payment of some of these outstanding amounts totalling £5.5m has been delayed because of slow payments to the relevant distributors by the Mexican Government.

Outlook

Whilst we acknowledge that 2014 was a challenging year where we had setbacks we performed very creditably with a 26% overall growth and we made very significant progress. It is clear what we have to deliver in 2015 and we are very confident that this will be achieved. In 2015 we will see a number of new products being brought to market as well as improvements to some of our important existing products.

The integration of Selah and EKF Molecular into one company will reap short and medium term rewards and Selah's PrecisionPath service, which provides a panel of clinically validated biomarkers that can be used to design specific personalised treatment plans for cancer patients, represents a huge opportunity for growth. This has the potential to become a very high margin reimbursable testing service and the Company will keep shareholders updated as this progresses. Additionally it is clear how advantageous PointMan™ will be in the next generation of molecular diagnostic testing.

We believe that this report provides shareholders with very clear guidance on our deliverables for 2015. In addition to these operational goals we are determined to deliver sensible financial goals and as such have set as one of our key performance indicators the challenge to deliver at least 10% annual organic growth therefore outperforming our industry peers. We are convinced that by taking a more measured approach we are putting in place all of the factors required to become even more successful and to produce long term sustainable double digit growth, and value for shareholders.

Julian Baines
Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

	Notes	**2014** **£'000**	2013 £'000

Continuing operations			
Revenue	2	**40,062**	31,804
Cost of sales		**(20,113)**	(15,459)
Gross profit		**19,949**	16,345
Administrative expenses		**(22,793)**	(14,439)
Other income		**371**	495
Operating (loss)/profit		**(2,473)**	2,401
Depreciation and amortisation		**(4,950)**	(3,554)
Share-based payments		**(512)**	(709)
Exceptional items	3	**(3,268)**	1,840
EBITDA before exceptional items and share-based payments		**6,257**	4,824
Finance income	4	**18**	5
Finance costs	4	**(1,573)**	(1,799)
(Loss)/profit before income tax		**(4,028)**	607
Income tax expense	5	**(1,440)**	(1,500)
Loss for the year		**(5,468)**	(893)
Loss attributable to:			
Owners of the parent		**(5,689)**	(1,126)
Non-controlling interest		**221**	233
		(5,468)	(893)
		Pence	Pence
Loss per Ordinary Share attributable to the owners of the parent during the year			
Basic			
From continuing operations	6	(1.50)	(0.41)
Diluted			
From continuing operations	6	(1.50)	(0.41)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2014 £'000**	2013 £'000
Loss for the year		(5,468)	(893)
Other comprehensive income:			
Movement on pension scheme		48	9
Currency translation differences		546	199
Other comprehensive gain for the year		594	208
Total comprehensive loss for the year		(4,874)	(685)
Attributable to:			
Owners of the parent		(4,890)	(881)
Non-controlling interests		16	196

Total comprehensive loss for the year	(4,874)	(685)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group 2014 £'000	Group 2013 £'000
Assets		
Non-current assets		
Property, plant and equipment	10,568	9,785
Intangible assets	93,522	34,725
Investments	1,152	250
Deferred tax assets	238	903
Total non-current assets	105,480	45,663
Current assets		
Inventories	5,793	5,308
Trade and other receivables	16,115	7,155
Deferred tax assets	45	46
Cash and cash equivalents	8,346	2,551
Total current assets	30,299	15,060
Total assets	135,779	60,723
Equity attributable to owners of the parent		
Share capital	4,221	2,727
Share premium account	91,276	41,783
Other reserve	41	41
Foreign currency reserves	26	(725)
Retained earnings	(8,541)	(3,412)
	87,023	40,414
Non-controlling interest	353	508
Total equity	87,376	40,922
Liabilities		
Non-current liabilities		
Borrowings	2,492	2,108
Deferred consideration	9,536	5,471
Deferred tax liabilities	13,258	3,442
Retirement benefit obligation	-	103
Total non-current liabilities	25,286	11,124
Current liabilities		
Trade and other payables	7,943	4,189
Deferred consideration	8,493	1,778
Current income tax liabilities	2,171	1,998

Deferred tax liabilities	756	380
Borrowings	3,754	332
Total current liabilities	23,117	8,677
Total liabilities	48,403	19,801
Total equity and liabilities	135,779	60,723

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Group 2014 £'000**	Group 2013 £'000
Cash flow from operating activities			
Cash (used in)/generated by operations	9	(3,262)	3,172
Interest paid		(241)	(152)
Income tax paid		(1,241)	(1,013)
Net cash (used in)/generated by operating activities		(4,744)	2,007
Cash flow from investing activities			
Purchase of investments		(902)	-
Purchase of property, plant and equipment (PPE)		(1,038)	(1,185)
Purchase of intangibles		(1,595)	(1,097)
Purchase of subsidiaries (net of cash acquired)		(12,379)	-
Proceeds from sale of PPE		22	61
Interest received		18	5
Net cash used in investing activities		(15,874)	(2,216)
Cash flow from financing activities			
Proceeds from issuance of Ordinary Shares		25,007	-
New bank loans		3,764	477
Repayments on borrowings		(1,855)	(439)
Dividend payment to non-controlling interest		(171)	(169)
Payment of deferred consideration		(355)	(1,429)
Net cash generated by/(used in) financing activities		26,390	(1,560)
Net increase/(decrease) in cash and cash equivalents		5,772	(1,769)
Cash and cash equivalents at beginning of year		2,551	4,331
Exchange gains/(losses) on cash and cash equivalents		23	(11)
Cash and cash equivalents at end of year		8,346	2,551

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium account £'000	Other reserve £'000	Foreign currency reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2013	**2,671**	**40,240**	**-**	**(961)**	**(3,004)**	**38,946**	**481**	**39,427**
Comprehensive income								
(Loss)/profit for the year	-	-	-	-	(1,126)	(1,126)	233	(893)
Other comprehensive income								
Actuarial gain on pension	-	-	-	-	9	9	-	9
Currency translation differences	-	-	-	236	-	236	(37)	199
Total comprehensive income	**-**	**-**	**-**	**236**	**(1,117)**	**(881)**	**196**	**(685)**
Transactions with owners								
Proceeds from shares issued	56	1,543	-	-	-	1,599	-	1,599
Issue of convertible loan notes in subsidiary	-	-	41	-	-	41	-	41
Dividends to non-controlling interest	-	-	-	-	-	-	(169)	(169)
Share-based payments	-	-	-	-	709	709	-	709
Total contributions by and distributions to owners	**56**	**1,543**	**41**	**-**	**709**	**2,349**	**(169)**	**2,180**
At 1 January 2014	**2,727**	**41,783**	**41**	**(725)**	**(3,412)**	**40,414**	**508**	**40,922**
Comprehensive income								
(Loss)/profit for the year	-	-	-	-	(5,689)	**(5,689)**	221	**(5,468)**
Other comprehensive income	-	-	-	-				
Movement on pension	-	-	-	-	48	**48**	-	**48**
Currency translation differences	-	-	-	751	-	**751**	(205)	**546**
Total comprehensive income	-	-	-	**751**	**(5,641)**	**(4,890)**	**16**	**(4,874)**
Transactions with owners								
Proceeds from shares issued	1,494	49,493	-	-	-	**50,987**	-	**50,987**
Dividends to non-controlling interest	-	-	-	-	-	-	(171)	**(171)**
Share-based payments	-	-	-	-	512	**512**	-	**512**
Total contributions by and distributions to owners	**1,494**	**49,493**	-	-	**512**	**51,499**	**(171)**	**51,328**
At 31 December 2014	**4,221**	**91,276**	**41**	**26**	**(8,541)**	**87,023**	**353**	**87,376**

NOTES TO THE FINAL RESULTS

for the year ended 31 December 2014

1. Basis of presentation

EKF Diagnostics Holdings Plc is a company incorporated in the United Kingdom. The Company is a public limited company, which is listed on the AIM market of the London Stock Exchange.

This preliminary announcement is an extract from the consolidated financial statements of the Company for the year ended 31 December 2014 and comprises the Company and its subsidiaries. The consolidated financial statements were authorised for issuance on 16 March 2015. The financial information set out does not constitute the Company's statutory accounts for the years ended 31 December 2013 or 2014 within the meaning of Section 434 of the Companies Act 2006, but is derived from those accounts. Statutory accounts for 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered following the company's Annual General Meeting. The auditors' reports on the statutory accounts for the years ended 31 December 2013 and 31 December 2014 were unqualified and do not contain statements under s498(2) or (3) Companies Act 2006.

This financial information has been prepared in accordance with the Group's accounting policies as disclosed in the financial statements for the year ended 31 December 2013 and International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company will publish its full financial statements for the year ended 31 December 2014 by 24 April 2015, which will be available on the Company's website at www.ekfdiagnostics.com and at the Company's registered office at Avon House, 19 Stanwell Road Penarth CF64 2EZ. The Annual General Meeting will be held on Tuesday 19 May 2015.

2. Segmental reporting

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

The principal activity of the Group is the design, development, manufacture and selling of diagnostic instruments, reagents and certain ancillary products. This activity takes place across various countries, such as the USA, Germany, Poland, Russia, United Kingdom and Ireland, and as such the Board considers the business primarily from a

geographic perspective. Although not all the segments meet the quantitative thresholds required by IFRS 8, management has concluded that all segments should be maintained and reported, given potential future growth of the segments. In 2015 a new matrix structure for revenue based partly on disease states will be introduced and this structure will be reflected in the segmental analysis in future years.

The reportable segments derive their revenue primarily from the manufacture and sale of medical diagnostic equipment. Other services include the servicing and distribution of third party company products under separate distribution agreements, and the supply of molecular diagnostic testing services.

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

2. Segmental reporting continued

The segment information provided to the Board for the reportable segments for the year ended 31 December 2014 is as follows:

2014	Germany £'000	UK £'000	USA £'000	Ireland £'000	Poland £'000	Russia £'000	Other £'000	Total £'000
Income statement								
Revenue	15,520	2,539	24,499	373	1,770	3,162	1,738	49,601
Inter-segment	(7,297)	(1,848)	(29)	-	(22)	-	(343)	(9,539)
External revenue	**8,223**	**691**	**24,470**	**373**	**1,748**	**3,162**	**1,395**	**40,062**
Adjusted EBITDA*	4,460	4,746	4,579	(42)	1,079	717	(9,282)	6,257
Exceptional costs	(481)	(663)	-	(170)	-	-	(792)	(2,106)
Share-based payment	-	-	-	-	-	-	(512)	(512)
EBITDA	**3,979**	**4,083**	**4,579**	**(212)**	**1,079**	**717**	**(10,586)**	**3,639**
Depreciation	(609)	(117)	(458)	(11)	(35)	(23)	(115)	(1,368)
Exceptional impairment	-	-	-	(1,162)	-	-	-	(1,162)
Amortisation	(603)	(624)	(1,465)	(229)	(108)	(24)	(529)	(3,582)
Operating profit/(loss)	**2,767**	**3,342**	**2,656**	**(1,614)**	**936**	**670**	**(11,230)**	**(2,473)**
Net finance costs	(21)	(694)	(231)	-	5	-	(614)	(1,555)
Income tax	(58)	(714)	(687)	141	(189)	(131)	198	(1,440)
Profit/(loss) for the year	**2,688**	**1,934**	**1,738**	**(1,473)**	**752**	**539**	**(11,646)**	**(5,468)**
Segment assets								
Operating assets	26,655	21,147	92,578	1,667	956	623	20,086	163,712
Inter-segment assets	(1,703)	(5,469)	-	-	-	-	(29,107)	(36,279)
External operating assets	24,952	15,678	92,578	1,667	956	623	(9,021)	127,433
Cash and cash equivalents	1,586	378	240	86	1,037	553	4,466	8,346
Total assets	**26,538**	**16,056**	**92,818**	**1,753**	**1,993**	**1,176**	**(4,555)**	**135,779**
Segment liabilities								
Operating liabilities	15,164	11,093	24,845	655	157	119	26,887	78,920
Inter-segment liabilities	(10,665)	(7,165)	(18,985)	-	52	-	-	(36,763)
External operating liabilities	4,499	3,928	5,860	655	209	119	26,887	42,157
Borrowings	441	174	2,591	-	-	-	3,040	6,246
Total liabilities	**4,940**	**4,102**	**8,451**	**655**	**209**	**119**	**29,927**	**48,403**
Other segmental information								
Non-current assets - PPE	3,685	135	4,753	14	167	59	1,755	10,568
Non-current assets - Intangibles	13,130	11,141	55,502	759	478	173	12,339	93,522

Non-current assets - additions	927	718	418	480	13	23	957	3,536

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

2. Segmental reporting continued

2013	Germany £'000	UK £'000	US £'000	Ireland £'000	Poland £'000	Russia £'000	Other £'000	Total £'000
Income statement								
Revenue	13,091	3,143	17,338	389	1,241	3,900	-	39,102
Inter-segment	(6,191)	(1,099)	-	-	(8)	-	-	(7,298)
External revenue	**6,900**	**2,044**	**17,338**	**389**	**1,233**	**3,900**	**-**	**31,804**
Adjusted EBITDA*	**3,492**	**(1,341)**	**4,576**	**237**	**418**	**746**	**(3,304)**	**4,824**
Exceptional costs	1,575	757	258	-	-	-	-	2,590
Share-based payment	-	-	-	-	-	-	(709)	(709)
EBITDA	**5,067**	**(584)**	**4,834**	**237**	**418**	**746**	**(4,013)**	**6,705**
Depreciation	(662)	(180)	(299)	(45)	(38)	(15)	(65)	(1,304)
Exceptional impairment	-	-	-	(750)	-	-	-	(750)
Amortisation	(650)	(495)	(728)	(218)	(118)	(41)	-	(2,250)
Operating profit/(loss)	**3,755**	**(1,259)**	**3,807**	**(776)**	**262**	**690**	**(4,078)**	**2,401**
Net finance costs	(247)	(488)	(256)	-	(1)	-	(802)	(1,794)
Income tax	(1,115)	179	(540)	131	(36)	(131)	12	(1,500)
Profit/(loss) for the year	**2,393**	**(1,568)**	**3,011**	**(645)**	**225**	**559**	**(4,868)**	**(893)**
Segment assets								
Operating assets	16,858	14,147	21,101	2,347	1,136	1,052	26,325	82,966
Inter-segment assets	(314)	(43)	-	-	-	-	(24,437)	(24,794)
External operating assets	16,544	14,104	21,101	2,347	1,136	1,052	1,888	58,172
Cash and cash equivalents	1,123	244	42	-	256	727	159	2,551
Total assets	**17,667**	**14,348**	**21,143**	**2,347**	**1,392**	**1,779**	**2,047**	**60,723**
Segment liabilities								
Operating liabilities	7,335	9,891	13,525	402	(126)	179	6,962	38,168
Inter-segment liabilities	(4,663)	(6,350)	(9,981)	-	187	-	-	(20,807)
External operating liabilities	2,672	3,541	3,544	402	61	179	6,962	17,361
Borrowings	481	166	1,789	-	4	-	-	2,440
Total liabilities	**3,153**	**3,707**	**5,333**	**402**	**65**	**179**	**6,962**	**19,801**
Other segmental information								
Non-current assets - PPE	3,386	688	3,769	23	206	87	1,626	9,785
Non-current assets - Intangibles	9,188	11,068	11,758	1,738	642	331	-	34,725
Non-current assets - additions	1,034	5,851	78	394	19	77	27	7,480

* Adjusted EBITDA excludes exceptional items and share-based payments.
'Other' primarily relates to the holding company and head office costs, and to the operations of DiaSpect which is headquartered in Sweden.

2. Segmental reporting continued

Disclosure of Group revenues by geographic location is as follows:

	2014 £'000	2013 £'000

Americas		
United States of America	12,711	9,873
Mexico	7,560	3,434
Rest of Americas	2,440	1,755
Europe, Middle East and Africa (EMEA)		
Germany	4,848	4,002
United Kingdom	287	251
Rest of Europe	2,791	2,702
Russia	3,174	3,905
Middle East	687	763
Africa	1,315	1,114
Rest of World		
China	2,304	2,050
Asia	1,892	1,913
New Zealand/Australia	53	42
Total revenue	40,062	31,804

Revenues of approximately £6.0m (2013: £2.5m) are derived from a single external customer located in Mexico.

3. Exceptional items

Included within Administrative expenses are exceptional items as shown below:

	Note	**2014 £'000**	2013 £'000
- Warranty claim	a	**(281)**	1,241
- Exceptional release of provision	a	-	334
- Transaction costs relating to business combinations		**(809)**	(93)
- Impairment charges - goodwill	b	**(254)**	(750)
- Impairment charges - other	b	**(908)**	-
- Release of deferred consideration provisions	c	**79**	1,108
- Cost of closure and transfer of Quotient manufacturing to Germany	d	**(925)**	-
- Cost of closure and transfer of EKF Ireland to UK	e	**(170)**	-
Exceptional items - continuing		**(3,268)**	1,840

(a) Estimated warranty claim in relation to the acquisition of EKF-diagnostic GmbH and the release of a previously held provision associated with the tax claim.
(b) Impairment of goodwill and other intangible assets associated with EKF Diagnostics Limited, Ireland.
(c) Release of deferred consideration provisions associated with Quotient Diagnostics Limited.
(d) Costs associated with the move of Quo-Test and Quo-Lab production from the UK to Germany and the closure of the manufacturing operation in the UK. Costs include severance pay of £303,000, and asset write off of £155,000.
(e) Costs associated with the move of Irish biomarker products to the UK and the closure of the majority of the operations in Ireland.

4. Finance income and costs

	2014 £'000	2013 £'000
Finance costs:		
- Bank borrowings	290	135
- Finance lease liabilities	-	6

- IAS 19 interest expense	-	4
- Other interest	-	212
- Financial liabilities at fair value through profit or loss - (gains)/losses	(476)	750
- Deferred consideration-unwinding of discount	1,751	685
- Convertible debt	8	7
Finance costs	1,573	1,799

Finance income		
- Interest income on cash and short-term deposits	18	2
- Other interest	-	3
Finance income	18	5
Net finance costs	1,555	1,794

5. Income tax

Group	**2014 £'000**	2013 £'000
Current tax:		
Current tax on loss for the year	1,677	1,602
Adjustments for prior periods	(263)	1,022
Total current tax	1,414	2,624

Deferred tax:		
Origination and reversal of temporary differences	26	(701)
Adjustment arising in previous period	-	-
Impact of deferred tax rate change	-	(423)
Total deferred tax	26	(1,124)
Income tax charge	1,440	1,500

On 21 March 2013 the UK Government announced a reduction in the rate of corporation tax to 21% with effect from 1 April 2014, and to 20% with effect from 1 April 2015.

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

	2014 £'000	2013 £'000
(Loss)/profit before tax	**(4,028)**	607
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 21.5% (2013: 23.25%)	**(866)**	141
Tax effects of:		
- Expenses not deductible for tax purposes	**748**	398
- Losses carried forward	**696**	531
- Adjustment in respect of prior years	**(263)**	1,022
- Impact of different tax rates in other jurisdictions	**163**	467
- Utilisation of previously unrecognised tax losses	**-**	(173)
- Effect of reduction in tax rate	**-**	(423)
- Impact of utilisation of deferred tax asset	**1,079**	-
- Other movements	**(117)**	(463)
Tax charge	**1,440**	1,500

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

6. Loss per share

(a) Basic

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

	2014 £'000	2013 £'000
Loss attributable to owners of the parent	(5,689)	(1,126)
Weighted average number of Ordinary Shares in issue	379,633,724	271,695,776
Basic loss per share	(1.50) pence	(0.41) pence

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding assuming conversion of all dilutive potential Ordinary Shares. The Company has two categories of dilutive potential ordinary share: equity-based long-term incentive plans and share options. The potential shares are not dilutive in either 2014 or 2013 as the Group has made a loss per share.

	2014 £'000	2013 £'000
Loss attributable to owners of the parent	(5,689)	(1,126)
Weighted average diluted number of Ordinary Shares	393,511,556	286,302,764
Diluted loss per share	(1.50) pence	(0.41) pence

	2014 £'000	2013 £'000
Weighted average number of Ordinary Shares in issue	379,633,724	271,695,776
Adjustment for:		
- Assumed conversion of share awards	9,833,892	10,563,048
- Assumed payment of equity deferred consideration	4,043,940	4,043,940
Weighted average number of Ordinary Shares for diluted loss per share	393,511,556	286,302,764

7. Dividends

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

8. Business combinations

Acquisition of Separation Technology Inc.

On 11 March 2014 the Group acquired, through its subsidiary company EKF Diagnostics Inc., 100% of the share capital of Separation Technology Inc. (STI), a US based company which manufactures and sells devices for the haematology testing market.

The goodwill of £833,000 arising from the acquisition is attributable to the expected future benefits arising from the acquired business.

The following table summarises the provisional fair values of the consideration paid for

STI and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date. Acquisition related costs of £50,000 have been written off against income and disclosed as an exceptional item.

	Provisional fair values £'000
Consideration	
Cash	2,400
	2,400
Recognised amounts of identifiable assets acquired and liabilities assumed	
Trade name - included within intangibles	228
Customer relationships -included in intangibles	1,074
Trade secrets - included in intangibles	210
Plant, property and equipment	177
Cash	72
Inventories	353
Trade and other debtors	310
Trade and other payables	(267)
Deferred tax	(590)
Total identifiable net assets	1,567
Goodwill	833

The revenue included in the consolidated statement of comprehensive income since 11 March 2014 contributed by STI was £2.1m. STI also contributed a loss of £0.2m after tax and management charges over the same period.

Had STI been consolidated from 1 January 2014 the consolidated statement of income would show pro forma revenue of £40.5m and loss of £5.2m.

Acquisition of DiaSpect Medical AB

On 17 April 2014 the Group acquired 100% of the share capital of Diaspect Medical AB (DiaSpect), a group based in Sweden and Germany which manufactures and sells point-of-care hemoglobin analysers and their associated consumables.

The goodwill of £9,239,000 arising from the acquisition is attributable to the expected future benefits arising from the acquired business.

The following table summarises the provisional fair values of the consideration paid for DiaSpect and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date. Acquisition related costs are disclosed below.

	Provisional fair values £'000
Consideration	
Cash	10,248
Equity instruments	5,555
Deferred contingent consideration	1,288
	17,091
Recognised amounts of identifiable assets acquired and liabilities assumed	
Trade name - included within intangibles	840
Customer relationships -included in intangibles	4,049
Trade secrets - included in intangibles	4,140
Development costs - included in intangibles	370
Plant, property and equipment	443
Cash	39
Inventories	841
Trade and other debtors	216
Trade and other payables	(633)
Borrowings	(186)
Deferred tax	(2,267)
Total identifiable net assets	7,852
Goodwill	9,239

A revision to the deferred consideration was agreed in December 2014. A single payment of £1,425,000 will be made in 2015. The amount has been discounted to take account of the time value of money.

The revenue included in the consolidated statement of comprehensive income since 17 April 2014 contributed by DiaSpect was £1.4m. DiaSpect also contributed £nil after tax and management charges over the same period.

Had Diaspect been consolidated from 1 January 2014 the consolidated statement of income would show pro forma revenue of £40.7m and loss of £5.4m.

Acquisition of Selah Genomics Inc.

On 17 April 2014 the Group acquired 100% of the share capital of Selah Genomics Inc. (Selah), a US company which develops molecular diagnostics for personalised medicine.

The goodwill of £20,827,000 arising from the acquisition is attributable to the expected future benefits arising from the acquired business.

The following table summarises the provisional fair values of the consideration paid for Selah and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date. Costs relating to the acquisitions of both DiaSpect and Selah of £759,000 have been written off against income and disclosed as an exceptional item. Because the acquisitions of DiaSpect and Selah were simultaneous it is not possible to split the costs.

	Provisional fair values £'000
Consideration	
Equity instruments	20,425
Deferred contingent consideration	8,497
	28,922
Recognised amounts of identifiable assets acquired and liabilities assumed	
Trade name - included within intangibles	1,199
Customer relationships -included in intangibles	4,549
Trade secrets - included in intangibles	12,635
PPE	578
Cash	158
Inventories	149
Trade and other debtors	628
Trade and other payables	(2,978)
Borrowings	(1,286)
Deferred tax	(7,537)
Total identifiable net assets	8,095
Goodwill	20,827

The deferred contingent consideration is payable over a period of up to two years, and is contingent upon the achievement of certain revenue milestones. The maximum contingent consideration payable is $35,000,000 however the Board's judgement based on revenue forecasts is that the deferred consideration relating to revenue in the first year after acquisition ($17,500,000) will not be paid and this has not been provided. The amount has been discounted at a rate of 13.2% to take account of the time value of money.

The revenue included in the consolidated statement of comprehensive income since 17 April 2014 contributed by Selah was £3.0m. Selah also contributed a loss of £0.6m after tax and management charges over the same period.

Had Selah been consolidated from 1 January 2014 the consolidated statement of income would show pro forma revenue of £41.4m and loss of £5.6m.

Had all three acquisitions been consolidated from 1 January 2014 the consolidated statement of income would show pro forma revenue of £42.4m and loss of £5.3m.

9. Cash used in operations

	Group		Company	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
(Loss)/profit before tax	(4,028)	607	(3,003)	(1,458)
Adjustments for:				
- Depreciation	1,368	1,304	57	51
- Amortisation	3,582	2,250	-	-
- Impairment	1,229	750	1,600	583
- Warranty claim	281	(1,241)	-	-
- Profit on disposal of fixed assets	(6)	(8)	-	-
- Profit on disposal of available-for-sale assets	-	-	-	-
- Share-based payments	512	709	512	709
- Release of deferred consideration	(79)	(1,108)	(79)	(850)
- Fair value adjustment	(476)	750	-	750
- Release of provision	-	(334)	-	-
- Exchange movements on operating activities	-	-	(678)	-
- Net finance costs/(income)	2,031	1,044	(132)	55
Changes in working capital				
- Inventories	728	(298)	-	-
- Trade and other receivables	(8,467)	(1,930)	(9,829)	(404)
- Trade and other payables	63	677	(459)	629
Net cash (used in)/generated by operations	(3,262)	3,172	(12,011)	65

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