

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

**Half Yearly Report**

EKF Diagnostics Holdings plc (AIM: EKF), the point-of-care, central laboratory, and molecular diagnostics business, announces its unaudited interim results for the six months ended 30 June 2015.

**Financial Highlights**

- Revenue up marginally to £16.78m (H1 2014: £16.77m)
- Adjusted EBITDA\* is £0.73m (H1 2014: £2.22m)
- Gross margin on Point-of-Care business up to 52% (H1 2014: 49%)
- Cash at 30 June 2015 was £2.08m (31 Dec 2014: £8.35m), net debt of £5.18m (31 Dec 2014: net cash £2.10m) after deferred consideration payments of £1.43m

\* Before exceptional items and share based payments

**Operational Highlights**

- Strongest tender pipeline to date with a number to be decided in H2, including significant Middle East win
- Underlying growth across most Point-of-Care product lines
- Year-on-year revenue growth from diabetes products expected to be substantial
- SensPoint analyser due for full launch in early 2016
- Significant progress in sTNFR development
- PointMan expected to complete CE Marking process in H2
- PKU on course to launch in Q1 2016

**Commenting on outlook, David Evans, Executive Chairman of EKF, said:**

*"The Company expects to see the benefits of revenues from tender orders in H2, including those which were delayed from H1. We will look to update the market with details of our Middle East tender win once we are able to do so."*

**Enquiries:**

**EKF Diagnostics Holdings plc**  
David Evans, Executive Chairman  
Julian Baines, CEO  
Paul Foulger, Finance Director

[www.ekfdiagnostics.com](http://www.ekfdiagnostics.com)  
**Tel: +44 (0) 29 2071 0570**  
Mob: +44 (0) 7740 084 452  
Mob: +44 (0) 7788 420 859  
Mob: +44 (0) 7710 989 255

**Panmure Gordon (UK) Limited**  
Robert Naylor (Corporate Finance)  
Paul Fincham (Corporate Finance)  
Maisie Atkinson (Corporate Broking)

**Tel: 020 7886 2500**

**Walbrook PR Limited**

Paul McManus  
Lianne Cawthorne

**Tel: +44 (0) 20 7933 8780 or**  
[ekf@walbrookpr.com](mailto:ekf@walbrookpr.com)  
Mob: +44 (0) 7980 541 893  
Mob: +44 (0) 7584 391 303

## **CHAIRMAN'S STATEMENT**

Dear Fellow Shareholder,

In my statement in the Annual Report and Accounts for the year to 31 December 2014 I outlined our key goals for this year in some detail. This is our first opportunity to report against these goals and I am pleased to report good progress, although as expected immediate translation into improved business performance has been limited as the additional resources brought into the business need to be bedded in before we see positive results from them.

### **Strategic Review**

On 2 April 2015 EKF announced that the Board of Directors had initiated a strategic review headed by a Committee of the Non-Executive Directors of EKF.

The Committee is conscious of the desire by a number of key shareholders that the value that has been created by the Board of EKF should be realised in part or in full, and have concluded that this should be the Directors' primary aim.

It was announced on 24 August 2015 that the Company has received a highly preliminary approach from Jinjing (Group) Co., Ltd ("Jinjing") regarding a possible offer for the entire issued and to be issued share capital of the Company, and two non-binding preliminary proposals (one of which has subsequently been withdrawn) from third parties of \$110 million to \$125 million, on a cash free debt free basis, for our Point-of-Care business, which excludes the Clinical Chemistry and Molecular Diagnostics businesses.

In the event that the interest shown does not lead to a realisation event in the short-term, then it is the Board's intention to firstly invite Mr Ron Zwanziger onto the Board as Chairman, at which point I would become Deputy Chairman, and then secondly to spin-off the Molecular Diagnostics business (including biomarkers) into a separate vehicle focussed on personalised medicine, a process which will be led by myself.

In the absence of a realisation event in the short-term the Directors believe that this route represents the best way forward as it will enable Shareholders to benefit from:

a) *the Point-of-Care business* (being both the Point-of-Care division and the

Central Laboratory division), having a clear focus, with its earnings profile undiluted by the current investment (and related losses) associated with the Molecular Diagnostics division. The Directors believe that a number of growth opportunities, which the Company currently cannot realise, will become achievable with Mr Zwanziger as Chairman. This will ensure that EKF's growth trajectory can be accelerated.

b) *the Molecular Diagnostics division* (including biomarkers) having a singular focus not impacted by the other activities in the Group and which, with the necessary investment, will increase the value currently attributable to this business.

## **Strategy and operations**

The core strategy of the business continues to be the development of a global IVD business in Point-of-Care and Molecular Diagnostics. To achieve expected growth, the Directors recognise that EKF needs to invest significantly in these new products and platforms, namely sTNFR, PrecisionPath, PointMan™ and a Phenylalanine monitoring system.

### *Tender wins*

EKF relies heavily on tender wins for revenue generation, the timing of which can be very uncertain and outside of our control. In 2014, tender wins represented over 20% of our full year revenues, which was broadly split 40%/60% across H1 and H2 respectively. During H1 2015, tender wins only accounted for around £0.5m, mainly due to the delay of certain tenders into H2. EKF has developed the strongest tender pipeline it has ever had and a number of these tenders will be decided in H2. To that end we have secured a significant tender in the Middle East to deliver a number of our diabetes products in 2015 and 2016. Exact quantities are still to be confirmed.

### *Molecular business impact*

The two core molecular platforms that EKF continues to concentrate its resources on are PrecisionPath and PointMan. At an adjusted EBITDA level, the Group has funded losses of £1m in the Molecular business in H1 2015 (H1 2014: £0.1m).

### *Point-of-Care*

Our Point-of-Care business has four business units: Hemoglobin; Diabetes; Maternal and Women's Health; and Central Laboratory. The Point-of-Care business continues to perform well, with underlying growth being seen across most product lines. The integration of the Quotient products into our Barleben facility has been very successful and by the end of 2015 we expect that year-on-year revenue growth for our diabetes product range will be substantial. Particularly pleasing is the positive effect this has made at a gross margin level; whilst the overall gross margin (which incorporates the lower margin molecular business) is 45% for the first half of the year (H1 2014: 47%), the Point-of-Care business shows a gross margin of around 52% for H1 2015 (H1 2014: 49%); this is likely to improve slightly going forward as we continue to

seek operational efficiencies throughout the Group.

The 2015 goals identified for this business and the progress since December are as follows:

#### Goal

- 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 phenylalanine monitoring system for patients with Phenylketonuria (PKU).

#### Progress

Improved connectivity is being introduced in the first instance for our HemoControl analyser range (see below), followed by the DiaSpect range.

EKF's SensPoint analyser is designed to measure lactate at or close to birth. Clinical studies are under way as part of the CE marking process.

EKF's registrations team is concentrating in the first instance on progressing registration for Biosen in China before moving on to other primary target markets.

We have very quickly developed a better connected version of our Hemo Control product. Hardware design for the Quo systems and for the DiaSpect Tm is also complete.

Contracts have been signed for the next stage of development, being the validation and verification process of the consumable, and work on this has commenced.

An experienced team has been put together for each business unit through a mixture of external recruitment and internal transfer, each Business Unit Director being supported by global sales and product specialists who are supporting our existing regional sales teams.

### *Molecular*

The Molecular business has two units, Diagnostics, which is product based and primarily PointMan, and Genomics, which is service based and includes PrecisionPath.

### **sTNFR**

During the period we have made significant progress in establishing sTNFR as the most efficacious biomarker for predicting the progression of diabetic patients to end stage kidney disease. We have been genuinely excited by not only our own data generated in conjunction with our partner, the Joslin Diabetes Center, but also by the quality of the engagement with several top-tier pharmaceutical companies who are promoting and/or developing novel therapies in this area, such as SGLT-2 inhibitors. Our aim is to position sTNFR as a routine test for risk stratification and as a complementary diagnostic for new therapies. The establishment and acceptance of such a biomarker takes time as further data will need to be independently generated to support clinical utility and completion of pivotal trials for these new therapies. We believe that we will ultimately be capable of generating long term value by aligning

ourselves with those therapeutic companies who see the commercial benefit that our diagnostic can bring to their revenue line. Our discussions to date provide us with significant confidence and the challenge remains in terms of the time factor both with our putative partners and consequently in setting expectations externally with our shareholder base and other stakeholders.

### **PrecisionPath**

Whilst we have encountered issues with Selah, we have continued to invest in PrecisionPath, a Next-Generation Sequencing ("NGS") test for patients with metastatic cancer. We have announced a partnership with Greenville Health System ("GHS") and the launch of our PrecisionPath Colon cancer test at a cost of \$975 and a turnaround time of less than seven days per reportable test. This has, in turn, led to discussions with private insurers to establish a reimbursement level. The relationship with GHS, and consequent verification of the patient benefit from a quick turnaround at a very competitive price per test has resulted in the reimbursement review progressing well; we expect to hear some positive news in this regard in the not too distant future.

### **PointMan**

Following some technical issues earlier in the year, we are now finalising the verification and validation process for the PointMan amplification technology with the intention of completing the CE Marking process in H2. In addition the partnerships with ANGLE, Gilupi and MGH continue to progress. The exquisite sensitivity of the PointMan technology enables us to detect three copies of a mutant gene in a standard blood draw, which will lead to a reduction in repeat tissue biopsies for cancer patients globally.

### **PKU**

We are on course to launch our Point-of-Care Phenylalanine ("Phe") monitoring system for Phenylketonuria (PKU) in Q1 2016. PKU is an inherited genetic condition which requires treatment and monitoring from birth with either a special diet or pharmaceutical drugs. EKF has developed a monitoring system which will enable patients to easily test their Phe levels which will lead to increased compliance, thereby helping them to manage their condition more effectively. We are in late stage discussions with a major food manufacturer with a view to licence the PKU system for use by patients alongside their dietary therapies. We believe this to be a more effective way of creating value than aligning ourselves with a pharmaceutical company as our diagnostic may result in less therapeutic intervention and we perceive that it is unlikely that any regulatory authority will make our test mandatory despite the patient benefits.

The estimated size of the global PKU market is in excess of €400 million, and we believe that monitoring alone would account for around €5m of this annually. Easy and accessible monitoring of the condition will enhance the management of PKU and is thus viewed as a real benefit to healthcare professionals, dieticians and patients alike.

The 2015 goals identified for this business and the progress since December are as follows:

Goals	Progress
<ul style="list-style-type: none"><li>· CE Marking for PointMan™ T790M assay</li></ul>	The project has been progressing satisfactorily, and completion is anticipated in Q4 2015
<ul style="list-style-type: none"><li>· Reimbursement for PrecisionPath</li></ul>	The preparatory work for submission has been completed and submission made. Early indications have been very promising and a final decision is expected imminently
<ul style="list-style-type: none"><li>· Complete the development of PrecisionPath Discovery</li></ul>	Progress has been on target with completion expected in H2
<ul style="list-style-type: none"><li>· Launching the initial tests for the Oncomine programme through Precision Path Discovery</li></ul>	The launch has been completed and the first product sold
<ul style="list-style-type: none"><li>· Launch the Ferrer Incode products into Private Payer and Corporate Wellness markets</li></ul>	Preparatory work has been completed and discussions on launch are at an advanced stage
<ul style="list-style-type: none"><li>· Transfer the manufacture of PointMan™ into Selah</li></ul>	This activity must follow the completion of CE marking and is now scheduled for 2016
<ul style="list-style-type: none"><li>· Achieve ISO 13485 in the Selah facility</li></ul>	Planning for the project has been carried out with completion now expected to be in 2016
<ul style="list-style-type: none"><li>· Progress the Colon cancer programme with Becton Dickinson, DecisionQ and Greenville Health System</li></ul>	Partnership announced
<ul style="list-style-type: none"><li>· Deliver more Pharma partnerships</li></ul>	By their nature these tend to progress slowly. The Diagnostic and Genomic teams are both working hard to progress opportunities

## **Management changes**

In addition to the appointment of new Directors for each of the business units in the Point-of-Care business, EKF has brought in additional experienced management to handle our R & D project management, and our Quality and Regulatory functions.

## **Financial review**

### ***Revenue***

Revenue for the period was £16.78m (H1 2014: £16.77m), a marginal increase. Excluding the effect of certain tender business in Mexico that occurred in 2014, but has not repeated in 2015, revenue has increased by 22.7%. Further adjusting for the effect of revenue achieved by DiaSpect Medical, Separation Technology Inc., and Selah Genomics in the period before their acquisition by EKF, organic revenue has increased by 10.4%.

### ***Gross profit***

Gross profit is £7.55m (H1 2014: £7.91m). Gross profit as a percentage of revenue is 45% (H1 2014: 47%), largely as a result of the structurally lower margins on the Selah business; margins on the Point-of-Care business were 52%, a marked improvement on last year (H1 2014: 49%), mainly due to the Quo products having been transferred to the more efficient German facility.

### ***Administrative expenses***

Administrative expenses have decreased by 86%; the main cause of the decrease is an exceptional profit made on the write-back of the Selah deferred consideration. The Exceptional items also includes an exceptional bad debt provision in Selah of £0.9m which is associated with the previously reported DME reimbursement issues. Net underlying administrative costs have actually increased, predominantly as a result of the acquisitions in the later part of H1 2014, but also due to added investment in sales resources, the benefit of which should be seen in H2 2015 and beyond. In addition to the research and development costs included in Administrative expenses of £0.13m, a further £2.6m of development expenditure has been capitalised (H1 2014: £1.1m).

The charge for depreciation of fixed assets and for the amortisation of intangibles is £3.13m (H1 2014: £2.33m).

### ***Operating profit and adjusted earnings before interest tax and depreciation***

The Group has made an operating profit of £6.33m (H1 2014: loss of £1.87m) for the reasons outlined above. We consider a more meaningful measure of underlying performance to be adjusted EBITDA which for H1 2015 was £0.73m (H1 2014: £2.22m). This excludes the effects of share-based payments of £0.11m (H1 2014: £0.27m) and exceptional gains of £8.84m (H1 2014: exceptional loss of £1.49m).

### ***Finance costs***

Finance costs have increased to £1.24m (H1 2014: £0.60m). The increase is largely a result of the unwinding of discounts on deferred consideration.

### ***Tax***

There is a tax credit of £0.15m (H1 2014: charge of £0.16m). The credit is largely the result of the reduction of the deferred tax liabilities associated with intangible asset amortisation. The effect of the tax warranty claim has been fully defined following negotiations between the Group's German subsidiary, its tax advisers, and the German tax authorities, with no further adjustment being required, and the first payment of the tax assessed has been paid.

### ***Balance sheet***

#### ***Property, plant and equipment***

We have invested £1.18m (H1 2014: £0.90m) in property plant and equipment. The major project is an additional building at the Barleben site in order to increase the capacity and efficiency of instrumentation assembly.

#### ***Intangible assets***

The value of intangible fixed assets is £90.68m (31 December 2014: £93.52m). The reduction is mainly as a result of exchange rate movements. An amount of £2.6m has been capitalised, being largely development expenditure for major projects such as PKU, sTNFR, and PointMan.

### ***Deferred consideration***

The initial Selah purchase agreement was drafted to accommodate a reduction in deferred consideration payments if certain performance targets were not met; the lower than anticipated sales from Selah are now expected to result in the year two earn-out payment of \$17.5m not being payable to the vendors of Selah Genomics. As a result, the remaining provision for deferred consideration relating to Selah has been written back and this benefit is reflected in the H1 figures.

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***

The unaudited cash position at 30 June 2015 was £2.1m (31 Dec 2014: £8.3m), and the net debt position was £5.0m (31 Dec 2014: net cash £2.1m). Cash flow has been impacted by slow payments from our Mexican distributors who have themselves suffered from slow payments by the Mexican government during their election process. The net debt position is expected to improve in the second half of the year following tender wins and with continuing payments being made by our Mexican debtors. As announced previously, a one off £1.4m cash payment was made in January 2015 as a settlement for the total deferred cash consideration due in relation to the acquisition of DiaSpect Medical AB. No further deferred cash consideration payments are expected to be paid by EKF in H2 2015.

Cash used in operations in H1 2015 is £2.09m (H1 2014: £3.32m). Trade debtors at period end remain high mainly as a result of sales to Mexico made during 2014. While certain amounts have been collected during the period, payment of some of these outstanding amounts has continued to be delayed because of slow payments to the relevant distributors by the Mexican Government.

### **Outlook**

The immediate outlook is dominated by the process of evaluating the number of options in front of the Board:

- An offer for the Point-of-Care business excluding Clinical Chemistry and the Molecular businesses;
- An offer for the Company as a whole; and
- Splitting the Point-of-Care and the Clinical Chemistry businesses from the Molecular business under the Chairmanship of Ron Zwanziger and myself respectively.

Without doubt the whole process that we have undertaken in recognising the



broad wishes of Shareholders for change has impacted our business in terms of management focus, overall cohesiveness and additional costs.

We are currently undergoing a process of due diligence from external parties and once we are in a position to communicate with Shareholders we will do so as soon as possible.

In the meantime we have a number of key operational goals for the final quarter and beyond:

- Growing the core underlying Point-of-Care business. The Company expects to see the benefits of revenues from tender orders in H2, including those which were delayed from H1. We will look to update the market with details of our Middle East tender win once we are able to do so. Mexico remains a key market for us and we are confident that if we can resolve the payment issues then we will secure substantially more business significantly beyond our 2014 revenues. A Kenyan tender for haemoglobin devices remains there to be executed but we need to secure satisfactory payment visibility.
- Progressing sTNFR in a manner which will deliver further evidence of clinical utility, executing our strategy for regulatory submission and progressing further our discussions and collaborations with major pharmaceutical partners.
- Promoting PrecisionPath and the relationship we have with GHS to demonstrate clinical utility and value. Our biggest single goal remains reimbursement and one in which we continue to strive to achieve and one we remain confident of achieving.
- The delivery of a CE Marked PointMan product(s) and to secure key strategic partnerships beyond our existing relationships.
- Deliver real value in the management of PKU with a partnership with a major food manufacturer.

I look forward to updating you on progress in the weeks and months ahead.

David Evans  
**Executive Chairman**

**CONSOLIDATED INCOME STATEMENT  
FOR THE 6 MONTHS ENDED 30 JUNE 2015**

	Notes	Unaudited 6 months ended 30 June 2015 £'000	Unaudited 6 months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
<b>Continuing operations</b>				
Revenue	3	16,781	16,766	40,062
Cost of sales		(9,229)	(8,854)	(20,113)
<b>Gross profit</b>		<b>7,552</b>	7,912	19,949
Administrative expenses		(1,350)	(9,952)	(22,793)

Other income		<b>129</b>	168	371
<b>Operating profit/(loss)</b>		<b>6,331</b>	(1,872)	(2,473)
Depreciation and amortisation		<b>(3,131)</b>	(2,326)	(4,950)
Share based payments		<b>(109)</b>	(273)	(512)
Exceptional items	<b>4</b>	<b>8,843</b>	(1,489)	(3,268)
<b>EBITDA before exceptional items and share based payments</b>		<b>728</b>	2,216	6,257
Finance income		<b>1</b>	4	18
Finance costs		<b>(1,242)</b>	(600)	(1,573)
<b>Profit/(loss) before income tax</b>		<b>5,090</b>	(2,468)	(4,028)
Income tax credit/(charge)	<b>5</b>	<b>147</b>	(159)	(1,440)
<b>Profit/(loss) for the period</b>		<b>5,237</b>	(2,627)	(5,468)
<b>Profit/(loss) attributable to:</b>				
Owners of the parent		<b>5,165</b>	(2,718)	(5,689)
Non-controlling interest		<b>72</b>	91	221
		<b>5,237</b>	(2,627)	(5,468)
<b>Profit/(loss) per ordinary share attributable to the owners of the parent during the period</b>	<b>6</b>			
		<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
<b>Basic</b>				
<i>From continuing operations</i>		<b>1.22</b>	(0.81)	(1.50)
<b>Diluted</b>				
<i>From continuing operations</i>		<b>1.20</b>	(0.81)	(1.50)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS ENDED 30 JUNE 2015**

	<b>Unaudited 6 months ended 30 June 2015 £'000</b>	<b>Unaudited 6 months ended 30 June 2014 £'000</b>	<b>Audited Year ended 31 December 2014 £'000</b>
Profit/(loss) for the period	<b>5,237</b>	(2,627)	(5,468)
<b>Other comprehensive income:</b>			
Movement on pension scheme	-	-	48
Currency translation differences	<b>(2,908)</b>	(2,658)	546
<b>Other comprehensive income for the period</b>	<b>(2,908)</b>	(2,658)	594
<b>Total comprehensive profit/(loss) for the period</b>	<b>2,329</b>	(5,285)	(4,874)
<b>Attributable to:</b>			
Owners of the parent	<b>2,238</b>	(5,344)	(4,890)
Non-controlling interests	<b>91</b>	59	16
	<b>2,329</b>	(5,285)	(4,874)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	Notes	Unaudited as at 30 June 2015 £'000	Unaudited as at 30 June 2014 £'000	Audited as at 31 December 2014 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		10,515	10,137	10,568
Intangibles	7	90,679	96,258	93,522
Investments		1,152	1,152	1,152
Deferred tax assets		340	862	238
<b>Total non-current assets</b>		<b>102,686</b>	108,409	105,480
<b>Current Assets</b>				
Inventories		7,444	6,414	5,793
Trade and other receivables		13,412	9,915	16,115
Deferred tax assets		45	44	45
Cash and cash equivalents		2,083	11,122	8,346
<b>Total current assets</b>		<b>22,984</b>	27,495	30,299
<b>Total assets</b>		<b>125,670</b>	135,904	135,779
<b>Equity attributable to owners</b>				
Ordinary shares		4,221	4,221	4,221
Share premium account		91,276	91,276	91,276
Other reserve		41	41	41
Foreign currency reserves		(3,020)	(3,240)	26
Retained earnings		(3,148)	(5,968)	(8,541)
		<b>89,370</b>	86,330	87,023
<b>Non-controlling interest</b>		<b>319</b>	397	353
<b>Total equity</b>		<b>89,689</b>	86,727	87,376
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings		2,483	2,235	2,492
Deferred consideration		4,224	16,803	9,536
Deferred tax liability		12,347	15,849	13,258
Retirement benefit obligation		-	115	-
<b>Total non-current liabilities</b>		<b>19,054</b>	35,002	25,286
<b>Current liabilities</b>				
Trade and other payables		6,868	6,057	7,943
Deferred consideration		3,374	2,829	8,493
Current income tax liabilities		1,423	1,535	2,171
Deferred tax liabilities		478	66	756
Borrowings		4,784	3,688	3,754
<b>Total current liabilities</b>		<b>16,927</b>	14,175	23,117
<b>Total liabilities</b>		<b>35,981</b>	49,177	48,403
<b>Total equity and liabilities</b>		<b>125,670</b>	135,904	135,779

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 6 MONTHS ENDED 30 JUNE 2015**

	Unaudited 6 months ended 30 June 2015 £'000	Unaudited 6 months ended 30 June 2014 £'000	Audited Year to 31 December 2014 £'000
<b>Cash flow from operating activities</b>			
Profit/(loss) before income tax	5,090	(2,468)	(4,028)
Adjustments for			
- Restructuring of UK operations	-	680	-
- Warranty claim in relation to EKF-diagnostic	(56)	-	281
- Depreciation	784	624	1,368
- Amortisation and impairment charges	2,347	1,702	4,811
- Release of deferred consideration	(9,997)	-	(79)
- Exceptional debtor provision	897	-	-
- Fair value adjustment	31	-	(476)
- Loss/(profit) on disposal of assets	2	-	(6)
- Share-based payments	109	273	512
- Net finance costs	1,210	596	2,031
Changes in working capital			
- Inventories	(1,797)	119	728
- Trade and other receivables	1,543	(1,424)	(8,467)
- Trade and other payables	(940)	(2,028)	63
Cash used in operations	(777)	(1,926)	(3,262)
Interest paid	(183)	(136)	(241)

Income tax paid	(1,130)	(1,255)	(1,241)
<b>Net cash used in by operating activities</b>	<b>(2,090)</b>	<b>(3,317)</b>	<b>(4,744)</b>
<b>Cash flow from investing activities</b>			
Acquisition of investments	-	(902)	(902)
Purchase of property, plant and equipment (PPE)	(1,181)	(898)	(1,038)
Purchase of intangibles	(2,628)	(702)	(1,595)
Proceeds from sale of PPE	44	290	22
Acquisition of subsidiaries (net of cash acquired)	-	(12,379)	(12,379)
Interest received	1	4	18
<b>Net cash used in investing activities</b>	<b>(3,764)</b>	<b>(14,587)</b>	<b>(15,874)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of ordinary shares	-	25,007	25,007
New borrowings	1,829	1,895	3,764
Repayment of borrowings	(730)	-	(1,855)
Dividends paid to non-controlling interests	(125)	(170)	(171)
Repayment of deferred consideration	(1,425)	(355)	(355)
<b>Net cash (used in)/generated by financing activities</b>	<b>(451)</b>	<b>26,377</b>	<b>26,390</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,305)</b>	<b>8,473</b>	<b>5,772</b>
Cash and cash equivalents at beginning of period	8,346	2,551	2,551
Exchange gains on cash and cash equivalents	42	98	23
<b>Cash and cash equivalents at end of period</b>	<b>2,083</b>	<b>11,122</b>	<b>8,346</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS ENDED 30 JUNE 2015**

	Share Capital	Share Premium	Other Reserve	Foreign Currency Reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2014</b>	<b>2,727</b>	<b>41,783</b>	<b>41</b>	<b>(725)</b>	<b>(3,412)</b>	<b>40,414</b>	<b>508</b>	<b>40,922</b>
<b>Comprehensive income</b>								
(Loss)/profit for the period	-	-	-	-	(2,718)	(2,718)	91	(2,627)
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	(2,515)	(111)	(2,626)	(32)	(2,658)
<b>Total comprehensive income</b>	-	-	-	(2,515)	(2,829)	(5,344)	59	(5,285)
<b>Transactions with owners</b>								
Proceeds from shares issued	1,494	49,493	-	-	-	50,987	-	50,987
Dividends to non-controlling interest	-	-	-	-	-	-	(170)	(170)
Share based payment	-	-	-	-	273	273	-	273
<b>Total contributions by and distributions to owners</b>	<b>1,494</b>	<b>49,493</b>	<b>-</b>	<b>-</b>	<b>273</b>	<b>51,260</b>	<b>(170)</b>	<b>51,090</b>
<b>At 30 June 2014</b>	<b>4,221</b>	<b>91,276</b>	<b>41</b>	<b>(3,240)</b>	<b>(5,968)</b>	<b>86,330</b>	<b>397</b>	<b>86,727</b>
<b>Comprehensive income</b>								
(Loss)/profit for the period	-	-	-	-	(2,971)	(2,971)	130	(2,841)
<b>Other comprehensive income</b>								
Actuarial gain on pension	-	-	-	-	48	48	-	48
Currency translation differences	-	-	-	3,266	111	3,377	(173)	3,204
<b>Total comprehensive income</b>	-	-	-	3,266	(2,812)	454	(43)	411
<b>Transactions with owners</b>								
Dividends to non-controlling interest	-	-	-	-	-	-	(1)	(1)
Share based payment	-	-	-	-	239	239	-	239
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>239</b>	<b>239</b>	<b>(1)</b>	<b>238</b>
<b>At 31 December 2014</b>	<b>4,221</b>	<b>91,276</b>	<b>41</b>	<b>26</b>	<b>(8,541)</b>	<b>87,023</b>	<b>353</b>	<b>87,376</b>
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	5,165	5,165	72	5,237
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	(3,046)	119	(2,927)	19	(2,908)
<b>Total comprehensive income</b>	-	-	-	(3,046)	5,284	2,238	91	2,329
<b>Transactions with owners</b>								
Dividends to non-controlling interest	-	-	-	-	-	-	(125)	(125)
Share based payment	-	-	-	-	109	109	-	109
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>109</b>	<b>(125)</b>	<b>(16)</b>

## NOTES FORMING PART OF THE INTERIM FINANCIAL STATEMENTS

### 1. General information and basis of presentation

EKF Diagnostics Holdings plc is a public limited company incorporated in the United Kingdom (Registration Number 04347937). The address of the registered office is Avon House, 19 Stanwell Road, Penarth, CF64 2EZ.

The Group's principal activity continues to be that of a business focused within the In-Vitro Diagnostics devices ("IVD") market place.

The financial information in these interim results is that of the holding company and all of its subsidiaries. It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2014 and which will form the basis of the 2015 financial statements except for a number of new and amended standards which have become effective since the beginning of the previous financial year. These new and amended standards are not expected to materially affect the Group.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 December 2014 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half years ended 30 June 2015 and 30 June 2014 is unaudited and the twelve months to 31 December 2014 is audited.

These interim accounts have not been prepared in accordance with IAS 34.

### 2. Significant accounting policies

#### Intangible Assets

##### *(a) Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at

the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill has an infinite useful life and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

*(b) Trademarks, trade names and licences*

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of between 8 and 12 years and is charged to administrative expenses in the income statement.

*(c) Customer relationships*

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of between 6 and 15 years and is charged to administrative expenses in the income statement.

*(d) Trade secrets*

Trade secrets, including technical know-how, operating procedures, methods and processes, acquired in a business combination are recognised at fair value at the acquisition date. Trade secrets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trade secrets over their estimated useful lives of between 6 and 15 years and is charged to administrative expenses in the income statement.

*(e) Development costs*

Development costs acquired in a business combination are recognised at fair value at the acquisition date. Development costs have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over their estimated useful lives of 15 years and is charged to administrative expenses in the income statement.

Expenditure incurred on the development of new or substantially improved products or processes is capitalised, provided that the related project satisfies the criteria for capitalisation, including the project's technical feasibility and likely commercial benefit. All other research and development costs are expensed as incurred.

Development costs are amortised over the estimated useful life of the products with which they are associated. Amortisation commences when a new product is in commercial production. The amortisation is charged to administrative expenses in the income statement. The estimated remaining useful lives of development costs are reviewed at least on an annual basis.

The carrying value of capitalised development costs is reviewed for potential impairment at least annually and if a product becomes unviable and an impairment is identified the deferred development costs are immediately charged to the income statement.

*(f) Non-compete agreements*

Non-compete agreements arising from a business combination are recognised at fair value at the acquisition date. Non-compete agreements have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of non-compete agreements over their estimated useful lives of three years and is charged to administrative expenses in the income statement.

**Inventories**

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost is calculated on a first in and first out basis and includes raw materials, direct labour, other direct costs and attributable production overheads, where appropriate. Net realisable value represents the estimated selling price less all estimated costs of completion and applicable selling costs. Where necessary, provision is made for slow-moving and obsolete inventory. Inventory on consignment and their related obligations are recognised in current assets and payables respectively.

**Provisions**

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured.

**Employee benefits**

*Share-based compensation*

The Group operates a number of equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments of the Group. Equity-settled share-based payments are measured at fair value at the date of grant and are expensed over the vesting period based on the number of instruments that are expected to vest. For plans where vesting conditions are based on share price targets, the fair value at the date of grant reflects these conditions. Where applicable the Group recognises the impact of revisions to original estimates in the income statement, with a corresponding adjustment to equity for equity-settled schemes. Fair values are measured using appropriate valuation models, taking into account the terms and conditions of the awards.

When the share-based payment awards are exercised, the Company issues

new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

#### *National insurance on share options*

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted under unapproved share-based payment compensation schemes, provision for any National Insurance Contributions has been based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

### **Revenue recognition**

#### *(a) Sale of goods*

Revenue for the sale of medical diagnostic instruments and reagents is measured at the fair value of the consideration received or receivable and represents the invoiced value for the sale of the goods and services net of sales taxes, rebates and discounts. Revenue from the sale of goods is recognised when a Group Company has delivered products to the customer, the customer has accepted delivery of the products and collectability of the related receivables is reasonably assured.

#### *(b) Sale of services*

Revenue for the sale of molecular diagnostic testing services is recognised when the test has been completed and the results returned to the patient. Billing is carried out by the Group directly or through third party billing agencies. Sales commissions to third parties are recognised at the same time as revenue is recognised and accrued until due for payment.

#### *(c) Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### *(d) Royalty and licence income*

Royalty and licence income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

### **Exceptional items**

These are items of an unusual or non-recurring nature incurred by the Group and include one off items relating to business combinations including adjustments to deferred consideration, restructuring costs, and exceptional bad debt provisions.

## **3. 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 and the provision of molecular diagnostic products and services. This activity takes place across various countries, US, Germany, Poland, Russia, United Kingdom and Ireland, and as such the Board considers the business primarily from a geographic perspective. Although not all the segments meet the quantitative thresholds required by IFRS 8, management has concluded that given the recent acquisitions, all segments should be maintained and reported, given potential future growth of the segments.

The reportable segments derive their revenue primarily from the manufacture and sale of medical diagnostic equipment. Other services include the servicing and distribution of other Company products under separate distribution agreements and the supply of molecular tests.

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

The CODM now receives revenue data by business segment. Adjusted EBITDA, assets, liabilities and cash flows are not provided.

The segment information provided to the Board for the reportable geographic segments is as follows:

#### Period ended 30 June 2015 unaudited

	<b>Germany</b>	<b>UK</b>	<b>USA</b>	<b>Ireland</b>	<b>Poland</b>	<b>Russia</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income statement</b>								
Revenue	7,245	5	9,979	51	491	1,008	1,073	19,852
Inter segment	(2,844)	(2)	(8)	-	(11)	-	(206)	(3,071)
<b>External revenue</b>	<b>4,401</b>	<b>3</b>	<b>9,971</b>	<b>51</b>	<b>480</b>	<b>1,008</b>	<b>867</b>	<b>16,781</b>
<b>Adjusted EBITDA</b>	<b>1,557</b>	<b>(878)</b>	<b>417</b>	<b>(250)</b>	<b>227</b>	<b>234</b>	<b>(579)</b>	<b>728</b>
Share based payment	-	-	-	-	-	-	(109)	(109)
Exceptional items	(18)	-	(897)	(105)	-	-	9,863	8,843
<b>EBITDA</b>	<b>1,539</b>	<b>(878)</b>	<b>(480)</b>	<b>(355)</b>	<b>227</b>	<b>234</b>	<b>9,175</b>	<b>9,462</b>
Depreciation	(264)	(38)	(294)	(1)	(16)	(10)	(161)	(784)
Amortisation	(503)	(321)	(1,110)	(14)	(49)	(13)	(337)	(2,347)
<b>Operating profit/(loss)</b>	<b>772</b>	<b>(1,237)</b>	<b>(1,884)</b>	<b>(370)</b>	<b>162</b>	<b>211</b>	<b>8,677</b>	<b>6,331</b>
Net finance costs	(49)	(423)	(78)	-	-	-	(691)	(1,241)
Income tax	(269)	46	216	1	(15)	(43)	211	147
<b>Profit/(loss) for the period</b>	<b>454</b>	<b>(1,614)</b>	<b>(1,746)</b>	<b>(369)</b>	<b>147</b>	<b>168</b>	<b>8,197</b>	<b>5,237</b>
<b>Segment assets</b>								
Operating assets	25,149	20,218	90,577	1,908	878	594	19,522	158,846
Inter segment assets	(2,416)	(4,701)	-	-	-	-	(28,142)	(35,259)
External operating assets	22,733	15,517	90,577	1,908	878	594	(8,620)	123,587

Cash and cash equivalents	433	66	505	6	101	495	477	2,083
<b>Total assets</b>	<b>23,166</b>	<b>15,583</b>	<b>91,082</b>	<b>1,914</b>	<b>979</b>	<b>1,089</b>	<b>(8,143)</b>	<b>125,670</b>
<b>Segment liabilities</b>								
Operating liabilities	11,897	11,874	27,054	4,163	(105)	125	15,069	70,077
Inter segment liabilities	(9,395)	(7,246)	(21,052)	(3,809)	139	-	-	(41,363)
External operating liabilities	2,502	4,628	6,002	354	34	125	15,069	28,714
Borrowings	559	178	2,066	-	-	-	4,464	7,267
<b>Total liabilities</b>	<b>3,061</b>	<b>4,806</b>	<b>8,068</b>	<b>354</b>	<b>34</b>	<b>125</b>	<b>19,533</b>	<b>35,981</b>
<b>Other segmental information</b>								
Non-current assets - PPE	3,941	115	4,546	9	140	70	1,694	10,515
Non-current assets - Intangibles	11,492	11,039	54,038	1,276	392	169	12,273	90,679

### Year ended December 2014 audited

	Germany	UK	USA	Ireland	Poland	Russia	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income statement</b>								
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 items	(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)
<b>Operating profit/(loss)</b>	<b>2,767</b>	<b>3,342</b>	<b>2,656</b>	<b>(1,614)</b>	<b>936</b>	<b>670</b>	<b>(11,230)</b>	<b>(2,473)</b>
Net finance costs	(21)	(694)	(231)	-	5	-	(614)	(1,555)
Income tax	(58)	(714)	(687)	141	(189)	(131)	198	(1,440)
<b>Profit/(loss) for the year</b>	<b>2,688</b>	<b>1,934</b>	<b>1,738</b>	<b>(1,473)</b>	<b>752</b>	<b>539</b>	<b>(11,646)</b>	<b>(5,468)</b>
<b>Segment assets</b>								
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
<b>Total assets</b>	<b>26,538</b>	<b>16,056</b>	<b>92,818</b>	<b>1,753</b>	<b>1,993</b>	<b>1,176</b>	<b>(4,555)</b>	<b>135,779</b>
<b>Segment liabilities</b>								
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
<b>Total liabilities</b>	<b>4,940</b>	<b>4,102</b>	<b>8,451</b>	<b>655</b>	<b>209</b>	<b>119</b>	<b>29,927</b>	<b>48,403</b>

**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

**Period ended 30 June 2014 unaudited**

	Germany £'000	UK £'000	USA £'000	Ireland £'000	Poland £'000	Russia £'000	Other £'000	Total £'000
<b>Income statement</b>								
Revenue	6,541	2,538	9,813	189	712	1,493	(4,520)	16,766
Inter segment	(2,662)	(1,847)	(7)	-	(4)	-	4,520	-
<b>External revenue</b>	<b>3,879</b>	<b>691</b>	<b>9,806</b>	<b>189</b>	<b>708</b>	<b>1,493</b>	<b>-</b>	<b>16,766</b>
<b>Adjusted EBITDA</b>	<b>1,793</b>	<b>133</b>	<b>1,775</b>	<b>(385)</b>	<b>338</b>	<b>315</b>	<b>(1,753)</b>	<b>2,216</b>
Share based payment	-	-	-	-	-	-	(273)	(273)
Exceptional items	(81)	(677)	-	-	-	-	(731)	(1,489)
<b>EBITDA</b>	<b>1,712</b>	<b>(544)</b>	<b>1,775</b>	<b>(385)</b>	<b>338</b>	<b>315</b>	<b>(2,757)</b>	<b>454</b>
Depreciation	(313)	(68)	(172)	(9)	(18)	(11)	(33)	(624)
Amortisation	(508)	(288)	(721)	(109)	(57)	(19)	-	(1,702)
<b>Operating profit/(loss)</b>	<b>891</b>	<b>(900)</b>	<b>882</b>	<b>(503)</b>	<b>263</b>	<b>285</b>	<b>(2,790)</b>	<b>(1,872)</b>
Net finance costs	(26)	(288)	(134)	-	-	-	(148)	(596)
Income tax	(59)	183	272	118	(34)	(49)	(590)	(159)
<b>Profit/(loss) for the period</b>	<b>806</b>	<b>(1,005)</b>	<b>1,020</b>	<b>(385)</b>	<b>229</b>	<b>236</b>	<b>(3,528)</b>	<b>(2,627)</b>
<b>Segment assets</b>								
Operating assets	22,932	18,645	39,667	2,331	1,055	1,014	67,975	153,619
Inter segment assets	(559)	(2,049)	-	-	-	-	(26,229)	(28,837)
External operating assets	22,373	16,596	39,667	2,331	1,055	1,014	41,746	124,782
Cash and cash equivalents	687	105	1,895	78	407	455	7,495	11,122
<b>Total assets</b>	<b>23,060</b>	<b>16,701</b>	<b>41,562</b>	<b>2,409</b>	<b>1,462</b>	<b>1,469</b>	<b>49,241</b>	<b>135,904</b>
<b>Segment liabilities</b>								
Operating liabilities	9,325	11,298	19,964	461	62	185	30,535	71,830
Inter segment liabilities	(5,556)	(7,217)	(15,858)	-	55	-	-	(28,576)
External operating liabilities	3,769	4,081	4,106	461	117	185	30,535	43,254
Borrowings	650	-	2,140	-	-	-	3,133	5,923
<b>Total liabilities</b>	<b>4,419</b>	<b>4,081</b>	<b>6,246</b>	<b>461</b>	<b>117</b>	<b>185</b>	<b>33,668</b>	<b>49,177</b>
<b>Other segmental information</b>								
Non current assets - PPE	4,048	158	4,261	14	179	88	1,389	10,137
Non current assets - Intangibles	8,860	11,079	11,041	1,702	560	291	62,725	96,258

\*- 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.

#### Disclosure of Group revenues by segment

	Unaudited 6 months ended 30 June 2015	Unaudited 6 months ended 30 June 2014	Unaudited Year ended 31 December 2014
	£000	£000	£000
Point-of-Care	10,002	11,863	27,523
Central Laboratory	4,856	3,647	9,561
Molecular	1,923	1,256	2,978
	<b>16,781</b>	<b>16,766</b>	<b>40,062</b>

#### Disclosure of Group revenues by geographic location

	Unaudited 6 months ended 30 June 2015	Unaudited 6 months ended 30 June 2014	Audited Year ended 31 December 2014
	£000	£000	£000
<b>Americas</b>			
United States of America	7,397	5,403	12,711
Mexico	400	2,603	7,560
Rest of Americas	1,151	828	2,440
<b>Europe, Middles East and Africa (EMEA)</b>			
Germany	2,357	2,294	4,848
United Kingdom	113	140	287
Rest of Europe	1,394	1,518	2,791
Russia	1,014	1,504	3,174
Middle East	295	362	687
Africa	543	662	1,315
<b>Rest of World</b>			
China	900	615	2,304
Rest of Asia	1,176	814	1,892
New Zealand/Australia	41	23	53
	<b>16,781</b>	<b>16,766</b>	<b>40,062</b>

#### 4. Exceptional items

Included within administration expenses and cost of sales are exceptional items as shown below:

Note	Unaudited 6 months ended 30 June 2015	Unaudited 6 months ended 30 June 2014	Audited year ended 31 December 2014
	£000	£000	£000

Exceptional items includes:

- Transaction costs relating to business combinations	a	<b>(191)</b>	(809)	(809)
- Business reorganisation costs	b	<b>(122)</b>	(759)	(1,095)
- Warranty claim	c	<b>56</b>	-	(281)
- Exceptional bad debt provision	d	<b>(897)</b>	-	-
- Impairment charges	e	-	-	(1,162)
- Release of deferred consideration provisions	f	<b>9,997</b>	79	79
Exceptional items - continuing		<b>8,843</b>	(1,489)	(3,268)

- (a) Run-on costs in 2015 relating to acquisitions in previous years
- (b) Costs associated with the transfer of production of Quo-Test and Quo-Lab from the UK to Germany and with the closure of the Group's Dublin facility
- (c) Warranty claim in relation to the acquisition of EKF-diagnostic GmbH
- (d) Bad debt provisions associated with DME panel reimbursement in Selah Genomics
- (e) Impairment of goodwill associated with EKF Diagnostics Limited, Ireland.
- (f) Release of deferred consideration provision associated with Selah Genomics

## 5. Income tax (credit)/charge

	<b>Unaudited 6 months ended 30 June 2015</b>	<b>Unaudited 6 months ended 30 June 2014</b>	<b>Audited Year ended 31 December 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Current tax</b>			
Current tax on profit/loss for the period	<b>383</b>	651	1,677
Adjustments for prior periods	-	(194)	(263)
<b>Total current tax</b>	<b>383</b>	457	<b>1,414</b>
<b>Deferred tax</b>			
Origination and reversal of temporary differences	(530)	(308)	26
Adjustment arising in previous period	-	10	-
	<b>(530)</b>	(298)	26
Income tax charge	<b>(147)</b>	159	1,440

## 6. Profit/(loss) per share

Basic Profit/(loss) per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average

number of ordinary shares outstanding to assume 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, as well as deferred consideration payable in shares.

	<b>Unaudited 6 months ended 30 June 2015 £'000</b>	<b>Unaudited 6 months ended 30 June 2014 £'000</b>	<b>Audited year ended 31 December 2014 £'000</b>
Profit/(loss) attributable to owners of the parent	<b>5,165</b>	(2,718)	(5,689)
Weighted average number of ordinary shares in issue	<b>422,057,074</b>	336,507,224	379,633,724
Effect of dilutive potential ordinary shares	<b>9,869,346</b>	15,558,727	13,877,832
Weighted average number of ordinary shares - diluted	<b>431,926,420</b>	352,065,951	393,511,556
	Pence	Pence	Pence
<b>Basic</b>			
Profit/(loss) per share	<b>1.22</b>	(0.81)	(1.50)
	Pence	Pence	Pence
<b>Diluted</b>			
Profit/(loss) per share	<b>1.20</b>	(0.81)	(1.50)

The potential shares are not dilutive in 2014 as the Group has made a loss per share.

## 7. Intangible Fixed Assets

<b>Group</b>	<b>Goodwill £'000</b>	<b>Trademarks trade names &amp; licences £'000</b>	<b>Non-competes £'000</b>	<b>Customer relationships £'000</b>	<b>Trade secrets £'000</b>	<b>Develop-ment costs £'000</b>	<b>Total £'000</b>
<b>Cost</b>							
At 1 January 2014	14,641	1,596	70	8,479	13,652	2,976	41,414
Additions	29,822	2,330	-	20,456	11,932	1,059	65,559
Exchange differences	(1,110)	(111)	-	(793)	(572)	(30)	(2,616)
<b>At 30 June 2014</b>	<b>43,353</b>	<b>3,815</b>	<b>70</b>	<b>28,142</b>	<b>25,012</b>	<b>4,005</b>	<b>104,397</b>
Additions	1,077	5	-	-	5,053	838	6,973
Reassessment	-	-	-	(10,784)	-	-	(10,784)
Exchange differences	1,990	187	-	1,160	832	(14)	4,155
<b>At 31 December 2014</b>	<b>46,420</b>	<b>4,007</b>	<b>70</b>	<b>18,518</b>	<b>30,897</b>	<b>4,829</b>	<b>104,741</b>
Additions	-	28	-	-	-	2,600	2,628
Exchange differences	(1,382)	(131)	-	(523)	(1,445)	(230)	(3,711)
<b>At 30 June 2015</b>	<b>45,038</b>	<b>3,904</b>	<b>70</b>	<b>17,995</b>	<b>29,452</b>	<b>7,199</b>	<b>103,658</b>
<b>Amortisation</b>							
At 1 January 2014	750	412	18	2,094	3,120	295	6,689
Exchange differences	(29)	10	-	(73)	(155)	(5)	(252)
Charge for the period	-	96	12	690	795	109	1,702
<b>At 30 June 2014</b>	<b>721</b>	<b>518</b>	<b>30</b>	<b>2,711</b>	<b>3,760</b>	<b>399</b>	<b>8,139</b>
Exchange differences	(21)	(15)	-	55	19	-	38
Impairment charge	254	-	-	-	287	621	1,162
Charge for the period	-	199	11	578	911	181	1,880
<b>At 31 December 2014</b>	<b>954</b>	<b>702</b>	<b>41</b>	<b>3,344</b>	<b>4,977</b>	<b>1,201</b>	<b>11,219</b>
Exchange differences	(85)	(29)	-	(94)	(305)	(74)	(587)

Charge for the period	-	192	12	756	1,255	132	2,347
<b>At 30 June 2015</b>	<b>869</b>	<b>865</b>	<b>53</b>	<b>4,006</b>	<b>5,927</b>	<b>1,259</b>	<b>12,979</b>

<b>Net book value</b>							
<b>30 June 2015</b>	<b>44,169</b>	<b>3,039</b>	<b>17</b>	<b>13,989</b>	<b>23,525</b>	<b>5,940</b>	<b>90,679</b>
<b>31 December 2014</b>	45,466	3,305	29	15,174	25,920	3,628	93,522
<b>30 June 2014</b>	42,632	3,297	40	25,431	21,252	3,606	96,258

The intangible asset relating to customer relationships was reassessed in H2 2014 following a reassessment of the amount of deferred consideration payable to the vendors of Selah Genomics.

## **8. Dividends**

No dividends to shareholders of the holding company were provided or paid during the six months.

## **9. Press**

A copy of this announcement is available from the Company's website, being [www.ekfdiagnostics.com](http://www.ekfdiagnostics.com). If you would like to receive a hard copy of the interim report please contact the EKF Diagnostics Holdings plc offices on +44 (0) 29 2071 0570 to request a copy.

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

END

IR PGUBUBUPAGGQ admin Half Yearly Report 23358165 A Mon, 09/28/2015 - 07:00 Results and Trading Reports EKF