

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

**Fundraising**

EKF Diagnostics Holdings plc (AIM: EKF) announces that it has reached agreement to borrow £3 million by way of convertible loan from Zwanziger Family Ventures LLC (the "Lender").

The entire amount of the convertible loan will be used for repayment of part of EKF's borrowing with HSBC. The principal terms of the convertible loan are: a term of two years from the date of this announcement; interest at a fixed rate of 5% above LIBOR payable every 6 months and security by a second fixed charge over the assets of EKF ranking behind HSBC. The convertible loan is immediately repayable on certain events of default including change of control and refinancing with third party.

The loan can be converted, at the option of the Lender, at either;

1. 14.25 pence per share being a 20 per cent. premium to the mid-market share price of 11.875 pence per share at the close of business on 21 December 2015. Assuming no accrued interest, on the basis of £3 million outstanding, this would result in issue of 21,052,632 shares to the Lender; or
2. 15 per cent. discount to the next substantial fundraising.

Ron Zwanziger as non-executive Chairman of the Company is a related party therefore the loan constitutes a related party transaction. EKF's Directors (with the exception of Ron Zwanziger) consider, having consulted with its nominated advisor that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

The Zwanziger Family 2012 Irrevocable Trust holds a controlling interest in the Lender. The trustees of The Zwanziger Family 2012 Irrevocable Trust are Orit Goldstein and Evan Heller, the settlor is Ron Zwanziger and the beneficiaries are the Zwanziger family. The Lender is currently interested in 33,661,694 ordinary shares, being 7.98 per cent., of the Company's issued share capital.

Julian Baines, Chief Executive Officer, commented:

*"This is excellent news for Company and shows significant support from the*

*non-executive Chairman, already a major shareholder, as well as enabling us to complete our rationalisation."*

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Announcement - General EKF