

RNS Number : 8764Z
EKF Diagnostics Holdings PLC
20 March 2017

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR).

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

Update

EKF Diagnostics Holdings plc (AIM: EKF), the AIM listed point-of-care business, announces the following update for shareholders.

The Directors are currently evaluating plans under which they would split the Company into two separate companies based on the business divisions, namely Point of Care and Lab Diagnostics. Whilst both these business divisions are valuable in their own right, the Directors consider that separating the companies out represents a better route for shareholders and one under which they are more likely to achieve a fair reflection of the value of each separate business.

However, based on tax advice received by the Company, it is the Directors' understanding that US federal income tax chargeable on any gain associated with the divestiture of the business could be significant. In order to mitigate these potentially adverse tax effects, the distribution needs to qualify as a 'tax-free spinoff'. There are numerous requirements in order to achieve this treatment, including that no acquisition of 50% or more of the shares in either the Company (i.e. the business that remains following the divestiture) or the newly separated company may take place within two years of the separation. Accordingly, the articles of association of the two separate companies would be amended so as to include a prohibition of the sale of 50% or more of the shares in the companies without the consent of their directors.

The implementation of the above proposal is envisaged to include a cancellation of the Company's shares from trading on AIM following which it is the Directors current intention to seek a listing of the shares of both companies on a market to be determined.

The Directors are sympathetic to individual investors' requirements and therefore in order to provide those shareholders that do not wish to wait for the completion of the restructuring and subsequent potential sale of the two businesses with an exit, the Company is evaluating the possibility of a share buyback offer to shareholders. This share buyback offer would, if completed, be prior to the commencement of the separation and would be at a price of 21.5p per share.

There can of course be no guarantee that the above proposals, including any share buyback, will be capable of being completed in the manner currently

anticipated. Further announcements will be made at the appropriate time

EKF Diagnostics Holdings plc

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