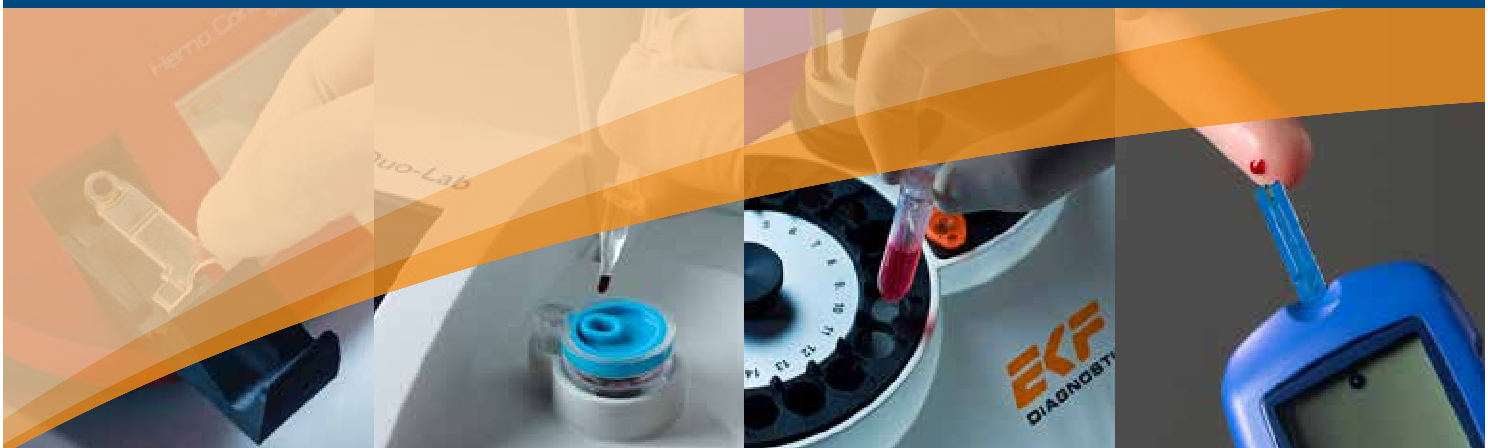
DIAGNOSTICS

It's in our blood



EKF Diagnostics Holdings plc

Annual Report 2013

EKF Diagnostics Holdings plc is a global, integrated medical diagnostics business.

Our expertise extends across three core divisions: The design and manufacture of point-of-care diagnostic equipment including analysers and rapid tests; the manufacture of enzymes and liquid reagents used in central laboratories; and molecular diagnostic test kits which are focused on applications within oncological research.

This combination of quality products, intellectual property and new technology makes EKF Diagnostics unique in the spectrum of Medtech businesses.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Delivering growth

2013 saw EKF build on the progress it achieved in the previous twelve months.

EKF Diagnostics achieved considerable growth across its product portfolio in 2013. The contribution from core products, through the strategic decision to grow the installed base of point-of-care analysers, has provided the business with a strong foundation on which to build for the future.

Of equal importance has been the company's ability to sustain the sales of core clinical chemistry products such as Beta-Hydroxybutyrate liquid reagent which experienced an explosion in sales in 2012. Sustaining this uplift has been key to delivering both revenue growth and profit and marks a considerable achievement in a market where the alternative testing methodology has been commoditised.

Significant financial and operational highlights from 2013 include:

- Revenues of £31.80m (up 22%)
- 14% increase in revenues in the second half of 2013 (£16.9m v £14.9m)
- Quo-Lab and Quo-Test A1c unit sales increased by 75%
- Revenues from Hemo Control and HemoPoint H2 up 42%
- Sales of Biosen glucose and lactate analysers increased by 20%
- Sales of Beta-Hydroxybutyrate (ß-HB) liquid reagent increased by 8% to £3.1m
- Formation of EKF Molecular Diagnostics Limited

EKF Molecular Diagnostics Limited was established in March to focus on molecular and companion diagnostics. It was created following the acquisition of 360 Genomics Limited, a business that develops diagnostic technologies for cancer gene detection. Since its formation EKF Molecular has launched seven PointMan™ test kits each aimed at the oncology research sector.

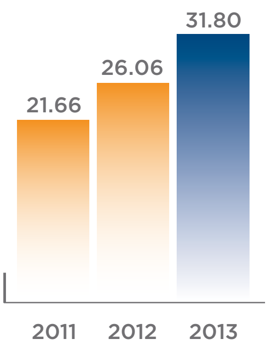
Recent independent studies have verified the effectiveness of the PointMan technology and EKF Molecular is expected to be an important contributor to Group revenues in 2014.

Turnover (£m)
£31.80
+22%

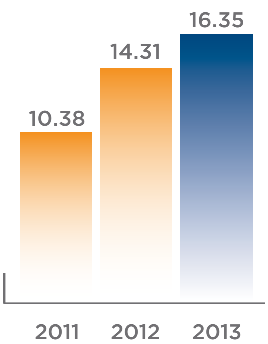
Gross profit (£m)
£16.35
+14%

Adjusted EBITDA (£m)
£4.82
+51%

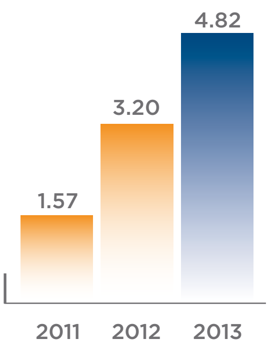
Turnover (£m)



Gross profit (£m)



Adjusted EBITDA (£m)



AT A GLANCE

Diagnostics
it's in our blood

Company history

Since its inception in 1991, EKF-diagnostic GmbH has developed a reputation within Germany for manufacturing quality diagnostic products for use in diabetes management.

At the turn of the 21st Century EKF broadened its product portfolio through acquisitions and innovations to include analysers for use in blood banks and sports science.

In 2010 EKF-diagnostic was acquired by UK AIM-listed company International Brand Licensing plc. Later that year Quotient Diagnostics Ltd in Walton-on-Thames and Dublin based Argutus Medical were bought. These acquisitions expanded EKF's portfolio to include HbA1c and kidney and liver biomarkers for use in pharmaceutical research.

The following year EKF bought Stanbio Laboratory, a clinical chemistry manufacturer and distributor of IVD analysers near San Antonio, Texas.

Stanbio provided EKF with access to both the US domestic market and also into the emerging Latin American diagnostic markets.

EKF Molecular Diagnostics was added to the company roster in March 2013 following the acquisition of 360 Genomics Limited. EKF Molecular provides EKF with a foothold within the field of companion diagnostics, an area of medicine that is of particular interest to pharmaceutical manufacturers looking for assays that complement their therapeutic products.

A global IVD business

EKF Diagnostics Holdings plc headquarters are in Cardiff. Group finance, sales and marketing departments are based here along with the Chief Executive Officer.

In Germany, Barleben remains the manufacturing hub for Hemo Control and Biosen, whilst Lactate Scout is developed and manufactured in Leipzig. Our Polish operation was established to supplement the production of microcuvettes for Hemo Control and now has three automated production lines in place. EKF Russia, a Moscow-based distributor, is 60% owned by the Group.

Walton-on-Thames is the R&D centre for Quo-Test and Quo-Lab. The facilities include a state-of-the-art clean air room, dedicated Quality Assurance area, warehousing and storage.

EKF's US business, Stanbio Laboratory, is based in Boerne, Texas. Stanbio is home to the clinical chemistry manufacturing facility and sales team. A second production facility, known as Stanbio Life Sciences, is based in Elkhart, Indiana. This facility primarily manufactures enzymes for use in liquid reagents.

Finally, Dublin is home to EKF Diagnostics Limited (EKF Ireland). Here the focus is on biomarkers for use in testing for kidney and liver damage although the research team are also actively involved in Group R&D programmes including those for EKF Molecular.

Business model

EKF Diagnostics' business strategy combines leveraging an established customer base, supplemented by acquisitions that broaden the company's appeal.

Acquisition

The purchase of 360 Genomics in March 2013 was the fifth acquisition made since IBL plc bought EKF-diagnostic GmbH in 2010.

The EKF Group of companies includes nine sites in six countries, seven of which are manufacturing locations. As at 31 December 2013 EKF Diagnostics employed 330 people.

Organic growth

In 2013 EKF established a sales strategy based on maximising the number of analysers placed through distributors into primary care settings and laboratories.

The success of this strategy resulted in a 130% increase in Quo-Lab and Quo-Test HbA1c analysers sold, and a 31% increase in Biosen analysers sold, particularly in emerging markets such as Russia and China.

New product development

EKF Diagnostics has a healthy new product pipeline.

The R&D team are actively developing and evaluating new analyser platforms and assays, as well as managing a programme of product enhancements for existing technologies.

In addition Molecular Diagnostics launched seven new test kits in 2013 and anticipate several more in 2014.

The investment case

Four reasons to invest in EKF Diagnostics Holdings plc

1. A track record of growth

EKF Diagnostics grew revenues by 22% between 2012 and 2013, and by 20% between 2011 and 2012. Gross profit and EBITDA also grew appreciably during this period. This success stems from the company's aggressive growth strategy in relatively immature markets and a belief in the quality of the products it manufactures.

2. A large installed base of products

EKF estimate that there are more than 50,000 analysers in regular use throughout its active markets. In 2013 alone EKF sold more analysers than ever before and manufactured 50m tests. This base of installed analysers provides a solid foundation for the future.

3. Strong commercial relationships

EKF partners with some of the most established names in healthcare to distribute its products. These relationships have been developed in the largest diagnostics market in the world, the USA, as well as the fastest growing markets in developing world countries so that EKF can leverage partners' networks for mutual benefit.

4. A unique proposition

There is no other business quite like EKF Diagnostics. EKF is one of the few diagnostic businesses that remain independent from multi-national conglomerates. Despite being a relatively small business it has interests in unique and developing areas of diagnostics and access to products that are changing the future of healthcare.

OUR MARKETS AND PRODUCTS

EKF Diagnostics' expertise extends across three distinct branches of the in-vitro diagnostics sector. Each of these plays an important role in shaping the direction of the company, today and in the future.

Point-of-care

Science made simple

An established customer base provides confidence for future growth

Central Laboratory

The world's source of clinical chemistry

Sustained growth in a mature international market

Molecular Diagnostics

Mutation detection without limits

New division provides access to developing niche markets

Point-of-care testing (POCT) can be defined as the provision of medical tests that are convenient and immediate to the patient. The alternative to POCT is testing undertaken in laboratories, where blood samples are taken, stored and then transported to a central facility to be screened for the required biomarkers.

In order for POCT devices to play a role within modern healthcare systems they must deliver accurate results within minutes time after time. The device should be easy to operate, thereby reducing the amount of time required to undertake a test and, equally, minimise the product training required for staff to operate the device appropriately. By delivering lab-accurate results within minutes or even seconds EKF is at the forefront of making POCT a better experience for everyone.

We estimate that more than 50,000 EKF analysers are in use today on a regular basis in doctors offices, blood banks, laboratories and clinics. This installed base of devices provides the bedrock for the Group's future revenue projections.

With the POCT testing market for HbA1c (glycated haemoglobin) growing at 13% between 2007 and 2012, and by 5% for haemoglobin testing* EKF anticipates continued growth from its core product portfolio for the foreseeable future.

*source: Kalorama. Worldwide market for IVD Tests

Clinical chemistry (also known as chemical pathology, clinical biochemistry or medical biochemistry) is the area of clinical pathology concerned with analysis of bodily fluids. The discipline originated in the late 19th century with the use of simple chemical tests for various components of blood and urine. Subsequent to this, other techniques were applied including the use and measurement of enzyme activities, spectrophotometry, electrophoresis and immunoassay.

EKF, through its wholly-owned subsidiary Stanbio Laboratory, began selling clinical chemistry in the 1960s and over time has developed a comprehensive range of reagents, controls and calibrators. Unlike POCT, central laboratory testing is a mature market (CAGR 2007-2012 was 2%) with established suppliers competing for business throughout the world.

Despite this competitive marketplace the manufacture of central laboratory testing products provides EKF with significant cash flow from its chemistry portfolio. Uniquely EKF also benefits from high margins from a small but significant range of niche products such as Beta-Hydroxybutyrate liquid reagent (ßHB) which is used to test for the presence of ketones in the body.

The importance of ßHB stems from the vertical integration of the manufacturing procedure and distribution within the business. The enzyme used to develop the reagent is manufactured in our Elkhart base before Stanbio Laboratory process the liquid reagent. Stanbio's field sales team then oversee the sales strategy either directly into small hospitals or through a central distribution network.

In 2012 sales of ßHB increased by more than 300%, primarily as a result of a focused campaign by US distributors to switch hospitals away from nitroprusside tests. In 2013 this level of sales was sustained despite the return of a competitive test to the market. In 2014 EKF has set a strategy in place to identify opportunities to grow the market for ßHB, both in the USA and within European markets.

EKF Molecular Diagnostics was established in March 2013 following the acquisition of 360 Genomics Limited. During the course of the year EKF Molecular launched seven PointMan™ test kits aimed at the RUO (research use only) and companion diagnostics markets.

PointMan is a highly specific and sensitive technology that enhances genetic detection processes. This capability is vital for companion diagnostics particularly in oncology where the availability of the tumour biopsy can be limited because of the difficulty and invasive nature of obtaining a sample.

Furthermore, biopsy material may contain low level and variable quantities of mutated DNA sequences that are difficult to resolve from 'normal' DNA sequences.

However, because of its sensitivity (0.001%) PointMan can significantly enrich low-level mutations for further analysis. This reduces the need for repeat biopsies, minimises patient discomfort and reduces healthcare costs. Vitally, it also allows pharmaceutical manufacturers to predict which patients will respond to their drug regimes, and which will not. With cancer drugs having a notoriously high failure rate (approximately 75%) the benefits of identifying patients with the best chance of responding is clearly evident.

CHAIRMAN'S STATEMENT

Dear Fellow Shareholder

It is a pleasure to be able to report on a very strong result for EKF Diagnostics Holdings plc for 2013. I would like to thank shareholders for their continued support of the Group.

Diagnostics it's in our blood

Strategy

EKF's strategy remains as it was when Julian Baines and I bought into the old Admiral sportswear business in 2010, and that is to create a world class in-vitro diagnostics (IVD) business through acquisition and organic growth, a so-called "buy and build" strategy. IVD has a wide spectrum, and within this spectrum we have chosen to concentrate on three distinct areas: Point-of-care, central laboratory, and molecular diagnostics.

We have succeeded in identifying and acquiring businesses in these areas with strong product lines and distribution networks which can benefit from better, more professional management, greater resources, and from the synergistic benefits of being part of a larger group. After making four major acquisitions in less than a year in the period up to June 2011, we paused our acquisition activities to ensure the full integration of those businesses and their continued development as part of a larger group. We are now seeing the fruits of this, with strong organic revenue growth and improved earnings.

Molecular diagnostics

The major step we have taken in this last year is to create a new molecular diagnostics division, EKF Molecular, based initially upon the acquisition of the PointMan enrichment technology owned by 360 Genomics Limited. Molecular diagnostics is expected by market research firm Frost and Sullivan to become the fastest growing segment of the global IVD market which is itself predicted to become the largest sector of the medical technology market in the next few years.

Molecular diagnostics involves testing for specific gene sequences such as single base pair changes, deletions, insertions or rearrangements in DNA or RNA which may be associated with a particular disease. The tests target specific diseases within a clinical area, in the case of the PointMan technology this is oncology in the first instance. PointMan offers sensitivity levels of many times those offered by current competing technologies.

EKF Molecular is led by its divisional Chief Executive Officer, Andrew Webb, who worked with me at the personalised healthcare company DxS, where he was commercial lead from the company's inception until its sale in 2009. Andrew has subscribed for £200,000 of convertible loan notes in EKF Molecular. If these loan notes are converted EKF would hold 80% of EKF Molecular and Andrew would own 20%. Andrew has the option to convert the loan note up until 30 November 2017. Andrew and his small team have made very significant progress during the year, launching kits for the enrichment of seven different genes associated with colorectal cancer, melanoma, and non-small cell lung cancer. While these are currently research use only, our aim is to obtain diagnostic registration in Europe in 2014, with the ultimate aim being the production of companion diagnostic products. Companion diagnostics are used to distinguish which patients are most likely to benefit from a particular therapy.

The most important recent development has been the announcement that in collaboration with the Institute of Life Sciences at Swansea University, EKF Molecular has preliminary evidence of the ability to detect gene mutations in whole blood using PointMan, outperforming current DNA sequencing technologies. This opens the exciting possibility in future of minimally invasive testing for the mutation status of cancer patients, to allow physicians to target treatment more accurately without the need for invasive surgical removal of a tissue sample. We are working with other partners to further validate these results.

Results overview

Revenue has increased by 22% to £31.8m (2012: £26.1m), with all of this coming from organic growth. This growth has come from across the globe, with almost every territory we operate in showing an increase over 2012, and it has come from a number of product lines, including our Biosen Glucose and Lactate analyser range as well as our Quo-Test and Quo-Lab HbA1c analysers.

Driven largely by the increase in revenue, we have seen gross profit rise by 14% to £16.3m (2012: £14.3m). Earnings before interest, tax, depreciation and amortisation has increased to £6.7m (2012: £3.3m), whilst adjusted earnings before interest, tax, depreciation and amortisation, which we consider to be the most meaningful measurement, and which excludes share-based payments and exceptional items, has increased by almost 51% to £4.8m (2012: £3.2m), giving a compound annual growth rate over the last two years of 75%.

Cash generated from operations was £3.1m (2012: £2.5m). This number is lower than would normally be expected given our earnings because our revenue figures include several large sales to Mexico totalling £1.7m which were completed and billed in December. Collection of the receivables due on these sales is expected to be completed in March 2014.

Management and staff

Apart from the addition of Andrew Webb, we have made a number of changes to the senior management team.

Richard Evans, formerly Finance Director, has been promoted to the new role of Chief Operating Officer. He has direct responsibility for our global sales, marketing, and operations teams.

Paul Foulger has re-joined the Board as Interim Finance Director as well as continuing with his duties as Company Secretary. Paul previously held the role of Finance Director for EKF until September 2011. Paul has very wide experience as an entrepreneurial finance director in a number of industries. We currently anticipate that Paul will become Finance Director on a permanent basis in the near future.

Dr David Corr, Head of Research and Development at EKF, has been appointed as Chief Technology Officer. David is in charge of our research and development programmes.

Bill Pippin, formerly president of Stanbio Laboratory has retired from the business. We wish Bill a long and happy retirement. We have promoted Gilbert Mejia, previously Stanbio's Vice President of Sales and Marketing, to lead the Stanbio team.

The EKF team is now 330 strong, and each of them has had an important part to play in the Group's success during 2013. I would like to thank them on behalf of the Board for their hard work and the contribution they have made.

Outlook

Being a stakeholder in EKF whether it is as a Director, a Shareholder, or as an Employee is part of a journey as we continue to build an IVD Company dedicated to improving patient care through the provision of solutions to meet unmet patient and clinical need and by implication provide superior returns. The first stage of that journey for us was to take the disparate, owner-managed businesses we had acquired and instil the professional ethos required in a public company. This has been completed. The second stage of the journey was to drive performance in these businesses and the results we present today are proof that great strides have been made. The time is now right to move to the next stage of our journey.

We believe we can expand our presence significantly in the markets in which we operate. This will require us to think smartly and act differently as we seek to differentiate ourselves in what we believe to be the fastest growing areas in IVD.

Also as we move forward we recognise the growing importance of both health economics and health education as being pivotal to the acceptance of new products and we are looking to collaborate strategically in this area so that we address the total requirements for introducing new products and services.

The journey in 2014 promises to be exciting as we underpin the advancements we have made in prior years and seek to capture the opportunities that are in front of us. I truly believe that we are in a golden age for diagnostics and with ever increasing health demands from a growing and ageing population, diagnostics can provide a key role in helping contain costs and at the same time improve overall patient care through disease prevention, early intervention, patient monitoring and ensuring the right patients get the right medicine at the right time.

We continue to look at opportunities to grow our business.

2013 has shown that we have come an extremely long way and now have a well-integrated business. I am confident 2014 will show that we can do even better.

David Evans
Executive Chairman

26 February 2014

"Revenue has increased by 22% to £31.8m (2012: £26.1m), with all of this coming from organic growth."

OUR STRATEGY IN ACTION

Diagnostics
it's in our blood

In 2013 EKF Diagnostics achieved growth in both revenues and units sold.

Increase in sales from both new and established point-of-care products.

Sustained sales of ß-Hydroxybutyrate liquid reagent through direct and distributor channels.

Significant contribution from enzyme production and contract manufacturing.

PRODUCT CASE STUDY:

ENZYMES AND CHEMISTRY

WHERE: USA

EKF's enzyme production and contract fermentation facility in Elkhart, Indiana, continues to grow and deliver significant value to the Group.

Revenues from Contract Fermentation and Bioprocessing doubled in 2013 and sales of enzymes rose 8%.

The demand for ß-Hydroxybutyrate liquid reagent – which tripled in 2012 - was sustained throughout 2013. EKF's integrated supply chain for ßHB (enzyme production, reagent manufacture and distribution are all executed in-house) ensured that the central laboratory division continued to deliver strong revenues and margins throughout the year.

PRODUCT CASE STUDY:

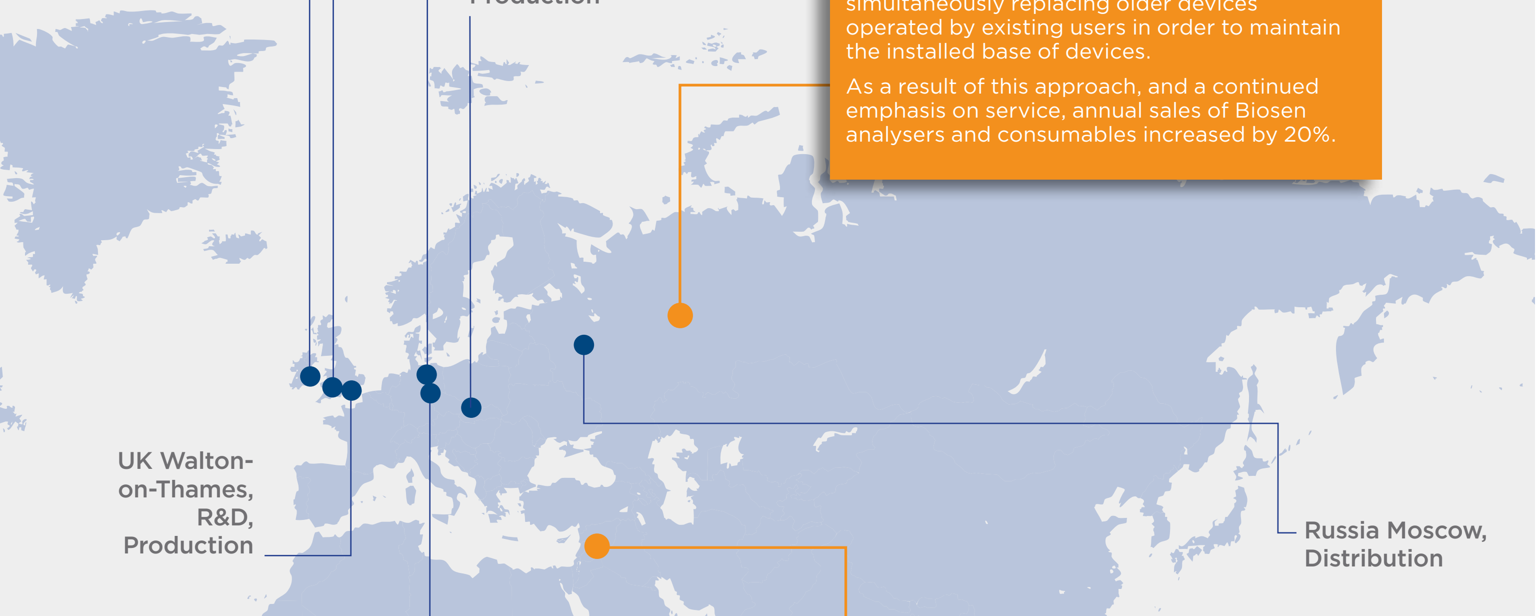
HEMOPOINT H2

WHERE: MEXICO

In 2013 EKF Diagnostics implemented a selective distribution strategy working with an expanded network. The regional sales team identified distributors with proven experience in target point-of-care market segments in order to allow EKF to tap into existing regional and federal anaemia monitoring programs.

Working in conjunction with distributors, EKF built brand awareness of HemoPoint H2 among the key health institutions. As a consequence of this EKF was invited to participate in several major tenders, mainly issued by government health institutions, and has secured a substantial presence within the market.

For the third successive year EKF continues to maintain a strong relationship with the main health service system in Mexico, the Instituto Mexicano del Seguro Social (IMSS).



PRODUCT CASE STUDY:

BIOSEN

WHERE: RUSSIA

EKF Diagnostics' Russia sales office has built a reputation based on sales of Biosen into diabetic and sports clinics over the last ten years. In 2013 the sales team implemented a dual strategy of winning new customers whilst simultaneously replacing older devices operated by existing users in order to maintain the installed base of devices.

As a result of this approach, and a continued emphasis on service, annual sales of Biosen analysers and consumables increased by 20%.

PRODUCT CASE STUDY:

QUO-LAB

WHERE: LEBANON

Middle Eastern countries have recognised the need to take early, positive action to manage those most at risk from complications associated with diabetes. As a result, EKF has established a strong and growing foothold in the region.

EKF's Lebanese distributor has achieved considerable success in the country, with an estimated 80% share of the market through an aggressive strategy of analyser placement. In 2014 EKF expects to see further growth as the distributor expands into neighbouring territories.

CHIEF EXECUTIVE'S REVIEW

With organic revenue growth of 22%, and significant improvements to operating profit and adjusted earnings before interest, tax, depreciation, and amortisation, 2013 has seen EKF Diagnostics make excellent progress. This has been driven by a professional approach to sales and marketing and improved support and service to our distributors and end-user customers. Additionally we have continued to integrate the businesses and focus on driving down costs and improving efficiencies.

Diagnostics it's in our blood

Operations

Point-of-care

The year started and ended well with significant sales to Mexico. In January we supplied the remainder of the 2012 order for Hemo Control (sold in the USA as HemoPoint H2) cuvettes to the Instituto Mexicano del Seguro Social ("IMSS"), through our local distributor. Then in December we supplied a further 250 instruments and 52,000 boxes of cuvettes to Mexico through a number of targeted distributors. A further tender for IMSS is now expected to fall into 2014. Alere has continued to drive their HemoPoint H2 sales in the US and we are growing our market share as we see higher levels of pull-though of cuvette sales on an ever increasing installed device base. As a result overall Hemo Control revenues increased by 42%. Strategically during 2014 we will continue to look to grow our market share.

Quo-Test and Quo-Lab performed extremely well in 2013 growing turnover by 75%. During the year we sold 537 Quo-Test analysers and 1,426 Quo-Lab analysers. These products are now becoming fully established in the diabetes market. Quo-Lab has successfully achieved International Federation of Clinical Chemistry and Laboratory Medicine (IFCC) certification, adding to the NGSP certification already held. The IFCC reference measurement procedure is accepted worldwide as the analytical control for traceability of HbA1c measurement. Additionally Quo-Lab recently received registration approval in Mexico opening up another new market for the product.

With the exceptional performance of Quo-Lab and Quo-Test we have invested in an automated manufacturing line in Barleben for the manufacture of Quo-Lab cartridges which we expect to result in significantly reduced costs per test. This automated line will give us the opportunity to compete in emerging markets where NycoCard is the current market leader. We will now be entering new markets during 2014. Additionally an automated manufacturing line for Quo-Test cartridges should be completed by the end of Q3 enabling us to increase our margins on this platform too.

We have seen remarkably strong sales for our Biosen range of Glucose and Lactate analysers. These are used in clinical settings as well as by professional sports teams. Overall sales for Biosen products has increased by 20% year-on-year, with demand particularly strong in Russia and China. We are currently undertaking market research to evaluate new territories and markets for Biosen.

Strategically throughout 2014 we will be looking to build our diabetes brand. We have reached the stage where we can offer our customers a broad range of diabetes products with Quo-Lab, Quo-Test, Beta-Hydroxybutyrate (ßHB) and Biosen. In 2014 we will be aiming to offer a comprehensive diabetes portfolio targeted at Point-of-care and small laboratories.

Central laboratory

In 2012 we saw sales of our ßHB liquid reagent grow significantly. Despite the main competitor product returning to the market in 2013, sales of our ßHB reagent have held up well, increasing 8%. Our other central laboratory products include fermentation-produced enzyme products, which are sold to a number of high profile customers. Overall sales from our central laboratory products excluding ßHB rose 26%. Whilst it is generally accepted that this is the smallest growth opportunity in our portfolio we will still be investing time and effort in launching a clinical chemistry analyser during 2014. This will enable our sales force to not only sell the reagents but the analysers as well, therefore offering a better overall service to our established customer base.

Molecular diagnostics

EKF Molecular Diagnostics was established at the beginning of 2013, and gained traction with the acquisition in March of the PointMan technology contained within 360 Genomics Limited. Since then EKF Molecular has launched seven kits for Research use only. We will aim to have the kits registered for diagnostic use in Q3 when we expect to see sales increase in volume. Additionally we are speaking with a number of parties who have expressed an interest in licensing the products.

Our Xtract product is still undergoing external validation and the Company is working closely with both Arcis and third parties to bring a novel molecular product to market.

Strategically during 2014 the Board will continue to seek to increase our presence in molecular diagnostics. This is the fastest growing area of diagnostics and EKF will strive to be at the forefront of the molecular diagnostics revolution.

New products

In July we launched the Group's new strip based tests using the STAT-Site M platform developed in the USA by Stanbio Laboratory. The new tests are for ßHB, a ketone test which provides a quick and easy assessment of diabetic ketoacidosis; and Hgb (haemoglobin), for the rapid Point-of-care analysis of haemoglobin for anaemia determination.

Earlier in the year, we introduced a novel test to identify diabetic patients at high risk of progression to end-stage renal disease up to 10 years in advance, which is well above the capabilities of currently available tests. Our new sTNFr1 test is an ELISA assay that has the potential to significantly improve diabetic patient management and outcomes. This test is the first output from the licence agreement with the Joslin Diabetes Center. This unique product will be a valuable addition to our diabetes portfolio. The relationship with Joslin is extremely important to EKF. It will give us a unique insight into further developments within diabetes and we are looking forward to developing a new and exciting portfolio of diabetes products through this relationship.

In November we launched the new version of our Lactate Scout+ analyser. Additional features and functionality such as haematocrit compensation, now mean the device can be used in new medical applications, such as obstetrics. As a world-leader in lactate, EKF has been closely involved in research projects investigating applications of lactate in obstetric medicine such as cord blood lactate analysis and foetal scalp lactate which can be used to confirm the need for immediate intervention in complicated births where there may be risk of insufficient foetal oxygen supply. The Board feels that obstetrics alongside anaemia testing can be a major growth area for EKF. By combining our Hemo Control device with the new lactate monitor we aim to offer a significant service to every maternity ward globally.

We have a number of programmes building on our specialism in acute kidney injury (AKI). We recently announced that we will start testing on clinical samples in collaboration with a subsidiary of Carclo plc to produce a novel Point-of-Care device for detecting AKI, based on EKF's AKI marker and Carclo's micropoc-pro device. We are also continuing to develop our RenaStat AKI test, which has entered clinical trials at a hospital in Dublin.

Our development pipeline remains strong with a combination of projects to support our existing products in the marketplace together with new projects primarily in Point-of-Care which will offer improved patient care in new disease areas.

Acquisition

On 8 March 2013 the Group acquired 360 Genomics Limited ("360"), whose main technology is PointMan. The initial consideration of £1.6m was satisfied through the issue of 5,649,717 new ordinary shares in EKF at an issue price of 28.32 pence per share. In addition, deferred contingent consideration of up to £8.0m is payable, depending mainly on the sales performance of the technologies acquired in the period up to 31 December 2019. 360 forms part of the Group's Molecular Diagnostics division.

Results

Revenue

Revenue for the year was £31.8m (2012: £26.1m), an increase of 22%, all of which comes from organic growth. 360 Genomics, which was acquired during the year, does not contribute directly to revenue.

Gross profit

Gross profit has increased to £16.3m (2012: £14.3m), which is an increase over the prior year of 14%. Gross profit as a percentage of revenue has reduced to 51.4% from 54.9% in 2012. This is largely as a result of a change in product mix.

Administration costs and research and development costs

Despite the 22% rise in revenue, administration costs have fallen by 1.4%. This is also despite the investment made this year in our molecular diagnostics division of £0.8m. It also reflects the inclusion of a number of exceptional items, discussed below. Included within administration expenses are research and development costs charged to the consolidated income statement of £1.2m (2012: £0.1m). The increase is partly as a result of a change in reporting this year. In 2012 only third party costs were included, in 2013 this has been expanded to include internal costs. In addition, the Group capitalised expenditure on development of £1.1m (2012: £0.9m). The Group capitalises development expenditure only when a successful product launch is probable, and otherwise charges expenditure to the income statement immediately.

The charge for depreciation and the amortisation of intangibles was £3.6m (2012: £3.1m).

Operating profit and adjusted earnings before interest tax and depreciation

The group has made an operating profit of £2.4m (2012: £0.2m). Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was £6.7m (2012: £3.3m). A more meaningful measure is considered to be Adjusted EBITDA which for 2013 was £4.8m (2012: £3.2m) which excludes the effects of share-based payments (£0.7m (2012: £ 0.5m)) and exceptional profits of £1.8m (2012: £0.6m). Exceptional items include the estimated benefit from the tax-related warranty claim against the former owner of EKF-diagnostic GmbH and some related provision releases, releases of deferred consideration provisions associated with the acquisitions of Quotient Diagnostics and Stanbio, an impairment charge relating to our Irish unit, and transaction costs associated with the acquisition of 360 Genomics Limited.

Finance costs

Finance costs have increased to £1.8m (2012: £0.4m). The increase is mainly as a result of a fair value adjustment to the outstanding deferred consideration payable in respect of the acquisition of EKF-diagnostic GmbH of £0.7m, and an increased charge for unwinding the fair value discount applied to deferred consideration of £0.7m (2012: £0.3m).

Tax

As outlined in the Admission Document published on 15 June 2010, part of the outstanding deferred consideration for the acquisition of EKF-diagnostic GmbH would be reduced to the extent that there have been any claims under the warranties in the acquisition agreement. The Company has been advised by its German tax advisers that there is a potential tax and associated interest liability associated with the EKF-diagnostic GmbH business prior to acquisition, estimated at €1.44m (£1.24m). Under the warranties of the acquisition agreement EKF has already withheld payment of part of the deferred consideration to cover this liability. The warranty claim effect of this £1.24m is included as a deduction from administration costs and has also been disclosed as an exceptional item. The tax liability effect is shown in corporation tax.

Balance sheet

Property, plant and equipment

We have invested £1.2m (2012: £1.0m) in property plant and equipment. The major projects have been the part completion of a new building for manufacturing and distribution at our factory in Barleben and the completion of the cuvette capacity upgrade there.

Intangible assets

The increase in intangible assets is due to the acquisition of 360 Genomics Limited, and the capitalisation of development costs. The development process for our Renastat AKI test has been longer and more complex than anticipated at the time EKF Diagnostics Limited (formerly Argutus Medical Limited) was purchased in 2010. Many of the issues have now been resolved and the product has now entered clinical trials in Dublin. However as a result of these delays the associated anticipated income stream has been pushed back resulting in the goodwill associated with this unit being impaired by £0.75m. The charge to the consolidated income statement has been included in exceptional items.

CHIEF EXECUTIVE'S REVIEW CONTINUED

Diagnostics it's in our blood

Deferred consideration
Payments in cash of deferred consideration have been made in respect of the acquisitions of Quotient Diagnostics Limited (£0.6m) and Stanbio Laboratory (£0.8m), in accordance with agreements made at the time of purchase.

The maximum deferred consideration payable in respect of the acquisition of Quotient Diagnostics Limited has been re-assessed, and as a result the provision has been reduced by £0.85m. Following the payment of deferred consideration in respect of certain tax indemnities relating to the acquisition of Stanbio, the balance of the provision which is no longer required of £0.26m has been credited to income. The credits to the consolidated income statement have been shown as exceptional profits.

Cash and working capital
The Group has generated £3.1m (2012: £2.5m) of cash from operations during the year. Cash has reduced as a result of the investment in property, plant and machinery (£1.2m), in capitalised development costs (£1.1m), and in the payment of deferred consideration (£1.4m). In addition, working capital at the end of the year is significantly higher than normal as a result of the high sales level achieved in December.

Outlook

2014 is set to be a very exciting and rewarding year as we seek to expand our presence in diagnostics worldwide. With an installed base of c. 50,000 analysers globally and the Company manufacturing nearly 50 million tests we have a very strong infrastructure on which we can build a leading global diagnostic business. Our trading in the period to date is in line with our expectations and due to timing of tenders we anticipate the weighting to be skewed further to the second-half of the year than previously.

We will be making every effort to increase our market share in haemoglobin testing, diabetes and molecular. To that end we have a number of specific objectives in the current year including:

- Establishing a business in China to spearhead our expansion in the Asia Pacific Region;
- Increasing the distribution footprint of our Stanbio products in Europe, the Middle East, and Africa; and
- Building upon our excellent existing OEM relationships and looking to expand upon these and secure new OEM contracts.

Our cost base remains under tight control but as we continue to expand we need to ensure that we attract the right calibre of people and that management is not overstretched. I anticipate adding to our management team as we continue to expand. We are also reviewing areas whereby we can increase margin by streamlining production and I will update you further on this shortly.

We anticipate a number of product launches throughout the year and our pipeline remains robust as we look to bolster our existing product offerings and introduce new ones which we believe can meet unmet clinical need.

We continue to review acquisition opportunities that we believe can add strategic value in our key areas of haemoglobin, diabetes and molecular. We also continue to review joint-venture opportunities in the areas of new product development, health economics and health education which we see as important drivers going forward.

With our goal to be one of the emerging leaders in diagnostic testing in a multi-disciplinary way we will aim to strengthen our presence in the US market.

I look forward to 2014 as EKF continues to build its name and reputation in the diagnostics arena and thank you for your continued support.

Julian Baines
Chief Executive Officer

26 February 2014

"2014 is set to be a very exciting and rewarding year as we seek to expand our presence in diagnostics worldwide."

BOARD OF DIRECTORS

Executive Board

David Evans

Executive Chairman (aged 53)

David has significant experience and contacts worldwide within the IVD industry and is currently Chairman of the following listed companies: Omega Diagnostics Group plc, Collagen Solutions plc, Epistem Holdings plc, Scancell Holdings plc and Venn Life Sciences Holdings plc. In addition he was formerly Chairman of Immunodiagnostics Systems Holdings plc and BBI Holdings Limited ("BBI") and Joint-Managing Director of Axis-Shield plc. He also sits on the Board of a number of private companies.

Julian Baines

Chief Executive Officer (aged 49)

Julian was Group CEO of BBI where he undertook a management buyout in 2000, a flotation on AIM in 2004 and was responsible for selling the business to Alere Inc (formerly IMI Inc) in 2008 for circa £85 million. In December 2009 Julian became CEO of the group and successfully completed fund raisings in June 2010 and June 2011 to acquire EKF-diagnostic GmbH Germany Group and Stanbio.

Richard Evans

Chief Operating Officer (aged 56)

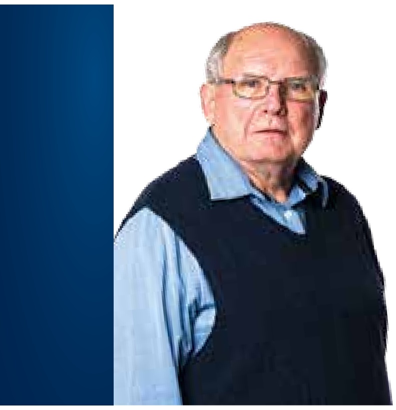
Richard qualified as a Chartered Management Accountant in 1983 and holds a Batchelor of Commerce in Business Studies and Law from Edinburgh University and an MBA from INSEAD. Before joining EKF Richard was Finance Director, General Manager and finally Global Account Director at Hitachi Data Systems GmbH. He has also held positions at Fisher Scientific, TRW Seat Belt Systems, Maxtor Corporation, United Technologies Carrier and Abbot Diagnostics GmbH in Germany.

Paul Foulger

Finance Director and Company Secretary (aged 44)

Paul is a qualified certified accountant with extensive public and private company experience having been Finance Director at First Africa Oil plc, Cielo Holdings plc, Elsevier Science, Orogen Gold plc and Porta Communications plc, amongst others, as well as having jointly led the management buy-out of financial communications group, Hansard Group plc, in 2004. Paul was Finance Director for EKF until September 2011 and was then reappointed in July 2013 when Richard Evans was promoted to Chief Operating Officer; he currently holds several other directorships, including Venn Life Sciences Holdings plc, Autoclenz Limited, and Arcis Biotechnology Limited. Paul holds an MBA from Warwick Business School.

Non-Executive Board



Gordon Hall

Non-Executive Director (aged 71)

Gordon has spent many years in the Worldwide IVD arena. Much of his experience was gained with Abbott, before becoming Managing Director of Shield Diagnostics. He subsequently held a number of high profile positions in both private and public companies and is currently a Non-Executive Director of Nanoco Group plc and Quoram plc.

Adam Reynolds

Non-Executive Director (aged 51)

Adam is a former stockbroker specialising in corporate finance. He has built, rescued and re-financed a number of public companies. He is currently Chairman of Autoclenz Limited, Orogen Gold plc, Ducat Ventures plc, and Vialogy plc and a Director of Hubco Investments PLC.

Kevin Wilson

Non-Executive Director (aged 63)

Kevin has been on the board of a number of public and private businesses and was Senior Independent Director of BBI from its AIM flotation to its sale in 2008. He has been active in Investment Banking and Stockbroking for 30 years as a corporate finance adviser and is FSA registered. He carries a PhD in Finance and an MBA in Business and is a Visiting Fellow at Manchester Business School and Visiting Senior Lecturer in Finance and Accounting at the University of Lancaster Management School.

STRATEGIC REPORT

for the year ended 31 December 2013

Review of the business

A review of the business is contained in the Chairman's Statement on pages 6 and 7, and in the Chief Executive's Review on pages 10 to 13.

Principal risks and uncertainties

The Directors continually identify, monitor and manage the risks and uncertainties of the Group. Risk is inherent in all businesses. Set out below are certain risk factors which could have an impact on the Group's long-term performance and mitigating factors adopted to alleviate these risks. This list does not purport to be an exhaustive summary of the risks affecting the Group.

Management and employees

The Group's future success will be dependent on key employees and their on-going relationships with customers and suppliers. It is believed that the Group is of a size that no one individual represents a significant risk to the Group. The Group also encourages customer or supplier contacts to be maintained by more than one individual. Key staff are incentivised through a mixture of sales commission, profit related bonuses and participation in the Group LTIP and share option schemes. Main Board Directors are incentivised as detailed in the Directors' Remuneration Report.

Political risk

A significant proportion of the Group's revenues are accounted for by agreements in developing countries. Any instability in these countries could affect operations and the revenue of the Group.

Regulatory risk

There can be no guarantee that any of the Group's products will be able to obtain or maintain the necessary regulatory approvals in any or all of the territories in respect of which applications for such approvals are made. Where regulatory approvals are obtained, there can be no guarantee that the conditions attached to such approvals will not be considered too onerous by the Group or its distribution partners in order to be able to market its products effectively. The Group seeks to reduce this risk by developing products using safe, well-characterised active compounds with known risk profiles, by seeking advice from regulatory advisers, consultations with regulatory approval bodies and by working with experienced distribution partners.

Competition risk

The Group's current and future potential competitors include, amongst others, major multinational pharmaceutical and healthcare companies with substantially greater resources than those of the Group. There can be no assurance that competitors will not succeed in developing systems and products that are more effective or economic than any of those developed by the Group, with its distribution partners, or which would render the Group's products obsolete or otherwise non-competitive. The Group seeks to reduce this risk by securing patent registration protection for its products, maintaining confidentiality agreements regarding the Group's know-how and technology, monitoring technological developments and by selecting leading businesses in their respective fields as distribution partners capable of addressing significant competition, should it arise.

Intellectual property risk

The commercial success of the Group and its ability to compete effectively with other companies depend, amongst other things, on its ability to obtain and maintain patents sufficiently broad in scope to provide protection for the Group's intellectual property rights against third parties and to exploit its products. The absence of any such patents may have a material adverse effect on the Group's ability to develop its business. The Group seeks to reduce this risk by developing products where legal advice indicates patent protection would be available, seeking patent protection for the Group's products, maintaining confidentiality agreements regarding Group know-how and technology and monitoring technological developments and the registration of patents by other parties. The commercial success of the Group also depends upon not infringing patents granted, now or in the future, to third parties who may have filed applications or who have obtained, or may obtain, patents relating to business processes which might inhibit the Group's ability to develop and exploit its own products.

Effect of foreign currency

The Group in general does not hedge the foreign currency risk arising from sales by an operation denominated in a currency other than its functional currency. In most cases substantial deposits on such sales are received at the time of the order and the remaining balances are, to a large extent, matched by overseas costs. In respect of the translation of foreign currency assets, the Group endeavours to match a significant amount of foreign currency assets by funding overseas operations through borrowings or loans denominated in the local currency.

Financial risk management

The Group has instigated certain financial risk management policies and procedures which are set out in note 3 to the financial statements.

Review of strategy and business model

The Board of Directors judge the Company's financial performance by reference to the internal budget which it establishes at the beginning of each financial year.

EKF's strategy is to create a world class IVD business through acquisition and organic growth, a so-called "buy and build" strategy. IVD has a wide spectrum, and within this spectrum we have chosen to concentrate on three distinct areas: Point-of-care, central laboratory, and molecular diagnostics.

We have succeeded in identifying and acquiring businesses in these areas with strong product lines and distribution networks which can benefit from better, more professional management, greater resources, and from the synergistic benefits of being part of a larger group.

We sell worldwide. In many territories we sell through local distributors, however where appropriate we sell direct to end users which include hospitals, laboratories, and government agencies. Our distributors are supported by a network of regional sales managers and by product managers who are specialists in our product range. We manufacture the majority of the products we sell ourselves, but also distribute a number of carefully chosen products on behalf of others. We have research and development centres in Ireland and Germany, and also perform research and development in the UK and in the USA.

The Group works mainly on the principle of selling value priced instrumentation which generates long-term revenue streams from the subsequent sale of consumables. The molecular diagnostics division sells kits which are used for the enrichment of samples for DNA testing. The Group has an existing portfolio of technologies which produce these revenues and will add technologies which are strategically appropriate to this portfolio should they become available providing the additions make economic sense.

Future outlook

The Chairman's Statement on pages 6 and 7 and the Chief Executive's Review on pages 10 to 13 give information on the future outlook of the Group, including the main trends and factors likely to affect its future development.

Key Performance Indicators (KPIs)

The key performance indicators currently used by the Group are revenue, adjusted EBITDA and cash resources. The Group intends to establish other key performance indicators in due course once the Group has matured sufficiently. The Group does not use and does not at present intend to use non-financial key performance indicators. KPIs are discussed in more detail in the Chief Executive's review on pages 10 to 13.

Environment

The Directors consider that the nature of the Group's activities is not inherently detrimental to the environment. The Group is committed to minimising any effect on the environment caused by its operations.

Employees

The Group places value on the involvement of its employees and they are regularly briefed on the Group's activities. The Group closely monitors staff attrition rates which it seeks to maintain at current low levels and aims to structure staff compensation levels at competitive rates in order to attract and retain high calibre personnel.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the specific aptitudes of the applicant involved. It is the policy of the Group that the training, career development and promotion of disabled persons, as far as possible, be identical with that of other employees.

Social, community, and human rights

The Board recognises that the Group has a duty to be a good corporate citizen and to respect the laws, and where appropriate the customs and culture of the territories in which it operates. The Group has donated product to selected appropriate charities which operate within its area. It contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

The Strategic Report was approved by the Board on 26 February 2014 and signed on its behalf by:

Paul Foulger
Finance Director and Company Secretary

REPORT OF THE DIRECTORS
for the year ended 31 December 2013

The Directors have pleasure in submitting this report together with the audited consolidated financial statements of EKF Diagnostics Holdings plc for the year ended 31 December 2013.

Corporate details
EKF Diagnostics Holdings public limited company is incorporated and in registered in England and Wales number 4347937. The registered office is Avon House, 19 Stanwell Road, Penarth, Cardiff CF64 2EZ.

Directors
The Directors who held office during the year and as at the date of signing the financial statements were as follows:

David Evans
Julian Baines
Paul Foulger (appointed 23 July 2013)
Richard Evans
Kevin Wilson
Adam Reynolds
Gordon Hall

Principal activities
During the year the principal activity of the Group and Company continued to be the development, manufacture and supply of products into the IVD market place. In 2013 the Group launched a molecular diagnostics division.

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

Going concern
The Directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance, that the Group should be able to operate within the level of its current funding arrangements.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of preparation for its consolidated financial statements.

Creditors payment policy
It is the policy of the Group and Company to agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individual negotiated contracts) and for payment to be made in accordance with these terms provided the supplier has complied with its obligations. The average number of days credit taken by the Group as at 31 December 2013 was 23 days (2012: 38 days).

Directors' interests
The interests of those Directors serving at 31 December 2013 and as at the date of signing of these financial statements, all of which are beneficial, in the share capital of the Company were as follows:

	On 31 December 2013 Ordinary Shares of 1p each	On 1 January 2013* Ordinary Shares of 1p each
David Evans	**1,534,325**	1,534,325
Julian Baines	**1,550,527**	1,550,527
Paul Foulger	**3,410,018**	3,410,018
Richard Evans	**96,700**	96,700
Kevin Wilson	**897,846**	1,137,846
Adam Reynolds	**3,176,153**	3,276,153
Gordon Hall	**839,282**	839,282

* or at the date of appointment where later.

On 17 June 2013 Adam Reynolds gifted 100,000 shares to a family member. Kevin Wilson's holding at 1 January 2013 included shares held by connected persons who now do not meet the criteria for being connected.

Substantial shareholdings

As at 22 February 2014, the following interests in 3% or more of the issued Ordinary Share capital had been notified to the Company:

Shareholder	Number of shares	Percentage of issued share capital
Chase Nominees Limited	33,880,622	12.41%
HSBC Global Custody Nominee (UK) Limited	17,467,345	6.40%
State Street Nominees Limited	12,116,516	4.44%
HSBC Client Holdings Nominee (UK) Limited	10,793,117	3.95%
Pershing Nominees Limited	10,356,892	3.79%
Vidacos Nominees Limited	10,287,849	3.77%

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' liability insurance

The Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities to which they may become liable in their capacity as Director of the Company and of any Company in the Group. Those indemnities are qualifying third party indemnity provisions for the purposes of Section 234 of the Companies Act 2006 and have been in force during the whole of the financial year and up to the date of approval of the financial statements.

Independent auditors

PricewaterhouseCoopers LLP has expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Disclosure of information to the Auditors

The Directors who hold office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make him aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Corporate governance

The Company's statement of corporate governance can be found in the Corporate Governance Statement on pages 19 and 20 of these financial statements. The Corporate Governance Statement forms part of this Report of the Directors and is incorporated into it by cross-reference.

Annual General Meeting

The resolutions to be proposed at the forthcoming Annual General Meeting are set out in the formal notice of the meeting, as set out on page 62.

Recommendation

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and it is unanimously recommended that shareholders support these proposals as the Board intends to do in respect of their own holdings.

CORPORATE GOVERNANCE STATEMENT

for the year ended 31 December 2013

Compliance

The Directors recognise the value of the principles of the UK Corporate Governance Code (the Code). Although, as an AIM Company, compliance with the Code is not required, the Group seeks to apply the Code where practicable and appropriate for a business of its size.

The following statement describes how the Group as at 31 December 2013 sought to address the principles underlying the Code.

Board composition and responsibility

The Board currently comprises four Executive Directors and three Non-Executive Directors. The Board notes that the Combined Code guidance recommends that at least half the Board should comprise independent Non-Executive Directors. The Board has determined that Kevin Wilson, Adam Reynolds and Gordon Hall are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement. The Board is satisfied with the balance between Executive and Non-Executive Directors which allows it to exercise objectivity in decision making and proper control of the Company's business. The Board considers its composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between executives and non-executives. Due to the structure of the Company it is considered that it is not appropriate to change the successful Board composition at present.

There is a division of responsibilities between the Executive Chairman, who is responsible for the overall strategy of the Group, and the CEO, who is responsible for implementing the strategy and day to day running of the Group. He is assisted by the Finance Director and Chief Operating Officer.

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and are subject to re-election at least every three years. Non-Executive Directors are appointed for a specific term of office which provides for their removal in certain circumstances, including under section 168 of the Companies Act 2006. The Board does not automatically re-nominate Non-Executive Directors for election by shareholders. The terms of appointment of the Non-Executive Directors can be obtained by request to the Company Secretary.

The Board's primary objective is to focus on adding value to the assets of the Group by identifying and assessing business opportunities and ensuring that potential risks are identified, monitored and controlled. Matters reserved for Board decisions include strategic long-term objectives and capital structure of major transactions. The implementation of Board decisions and day to day operations of the Group are delegated to Management.

Board meetings

11 Board meetings were held during the year. The Director's attendance record during the year is as follows:

David Evans (Executive Chairman)	10
Julian Baines (Chief Executive Officer)	11
Paul Foulger (Finance Director and Company Secretary)	11
Richard Evans (Chief Operating Officer)	11
Kevin Wilson (Non-Executive Director)	11
Adam Reynolds (Non-Executive Director)	11
Gordon Hall (Non-Executive Director)	9

Paul Foulger attended Board meetings in his capacity as Company Secretary before his re-appointment to the Board on 23 July 2013.

Audit Committee

This comprises two Non-Executive Directors, Kevin Wilson (Chairman); and Adam Reynolds. Kevin Wilson is the Senior Independent Director and has recent and relevant finance experience. The principal duties of the committee are to review the half-yearly and annual financial statements before their submission to the Board and to consider any matters raised by the auditors. The Committee also reviews the independence and objectivity of the auditors. The terms of reference of the Committee reflect current best practice, including authority to:

- Recommend the appointment, re-appointment and removal of the external auditors;
- Ensure the objectivity and independence of the auditors including occasions when non-audit services are provided; and
- Ensure appropriate 'whistle-blowing' arrangements are in place.

The Non-Executive Directors may seek information from any employee of the Group and obtain external professional advice at the expense of the Company if considered necessary. Due to the relatively low number of personnel employed within the Group, the nature of the business and the current control and review systems in place, the Board has decided not to establish a separate internal audit department.

Remuneration Committee

The Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director is involved in deciding his own remuneration.

The remuneration committee is made up of Gordon Hall (Chairman) and Kevin Wilson. The committee considers the employment and performance of individual Executive Directors and determines their terms of service and remuneration. It also has authority to grant options under the Company's Executive Share Option Scheme.

The Committee meets at least twice a year.

Board appointments

There is no formal Nominations Committee, the appointment of new Directors being considered by the full Board.

Internal control

The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, but not absolute, assurance with respect to the preparation of financial reporting and the safeguarding of assets.

The Group, in administering its business, has put in place strict authorisation, approval and control levels within which senior management operates. These controls reflect the Group's organisational structure and business objectives. The control system includes clear lines of accountability and covers all areas of the organisation. The Board operates procedures which include an appropriate control environment through the definition of the above organisation structure and authority levels and the identification of the major business risks.

Internal financial reporting

The Directors are responsible for establishing and maintaining the Group's system of internal reporting and as such have put in place a framework of controls to ensure that on-going financial performance is measured in a timely and correct manner and that risks are identified as early as is practicably possible. There is a comprehensive budgeting system and monthly management accounts are prepared which compare actual results against both the budget and the previous year. They are reviewed and approved by the Board, and revised forecasts are prepared on a regular basis.

Relations with shareholders

The Company reports to shareholders twice a year. The Company dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 clear days before the meeting. Each substantially separate issue is the subject of a separate resolution and all shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The Chairman of the Audit and Remuneration Committees normally attend the Annual General Meeting and will answer questions which may be relevant to their work. The Chairman advises the meeting of the details of proxy votes cast on each of the individual resolutions after they have been voted on in the meeting.

The Chairman and the Non-Executive Directors intend to maintain a good and continuing understanding of the objectives and views of the shareholders.

Corporate social responsibility

The Board recognises that the Group has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment, that it contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

The Report of the Directors was approved by the Board on 26 February 2014 and signed on its behalf by:

Paul Foulger
Finance Director and Company Secretary

REPORT OF THE REMUNERATION COMMITTEE

for the year ended 31 December 2013

Statement of compliance

This report does not constitute a Directors' Remuneration Report in accordance with the Directors' Remuneration Regulations 2007 which do not apply to the Company as it is not fully listed. This report sets out the Group policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director.

Policy on Executive Directors' remuneration

Remuneration packages are designed to motivate and retain Executive Directors to ensure the continued development of the Group and to reward them for enhancing value to shareholders. The main elements of the remuneration package for Executive Directors are basic salary or fees, performance-related bonuses, benefits and share option incentives.

Directors' remuneration

The remuneration of the Directors for the year ended 31 December 2013 is shown below:

	Salary and fees £'000	Pension £'000	Benefits in kind £'000	Bonus £'000	**2013 £'000**	2012 £'000
Executive Directors						
David Evans*	45	–	–	–	**45**	44
Julian Baines	240	7	2	57	**306**	230
Paul Foulger**	19	1	1	–	**21**	–
Richard Evans	180	–	15	34	**229**	204
	484	8	18	91	**601**	478
Non-Executive Directors						
Kevin Wilson	25	–	–	–	**25**	25
Adam Reynolds	25	–	4	–	**29**	25
Gordon Hall	25	–	–	–	**25**	25
	75	–	4	–	**79**	75
Total fees and emoluments	559	8	22	91	**680**	553

* David Evans' remuneration is paid through his personal consultancy, MBA Consultancy.
** Paul Foulger's remuneration is disclosed from the day of his appointment on 23 July 2013.

Directors' share options and Long-Term Incentive Plan

As at 31 December 2013 the following options to Directors of the Company existed under the Company's unapproved share-option scheme and Long-Term Incentive Plan:

Option Holder	Option price per Ordinary Share	Number of Ordinary Shares under option	Exercise period
David Evans	15p	8,545,638	1 January 2014 – 31 December 2020
Julian Baines	15p	8,545,638	1 January 2014 – 31 December 2020
Richard Evans	20p	4,260,000	1 January 2014 – 31 December 2020

Half of the options granted to David Evans and Julian Baines and all the options of Richard Evans are subject to the achievement of 15% compound annual Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) growth for the three years commencing on 1 January 2011. The base EBITDA was equal to twice the audited EBITDA achieved by the Group for the six months ending 31 December 2010. This condition has now been met. The key terms for the remaining awards were revised on 11 June 2013. The key terms of these are as follows. For each test, the shares will vest if the Company's mid-market closing share price attains the required price or higher for a period of 20 (60p options: 30) consecutive days at any time during the period commencing on 1 January 2011 and ending on 31 December 2016 .

a) 1,709,128 notional shares will vest if the share price attains 30 pence. This condition has now been met.
b) 1,709,128 notional shares will vest if the share price attains 37.5 pence.
c) 1,709,128 notional shares will vest if the share price attains 45 pence.
d) 1,709,128 notional shares will vest if the share price attains 52.5 pence.
e) 1,709,126 notional shares will vest if the share price attains 60 pence.

The maximum entitlements under the bonus and share incentive scheme to Directors to whom awards have been made are set out as follows:

Director	Maximum share entitlement
Gordon Hall	600,000

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EKF DIAGNOSTICS HOLDINGS PLC

Report on the financial statements

Our opinion
In our opinion:

- the financial statements, defined below, give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the Group's loss and the Group's and the Parent Company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited
The Group financial statements and Parent Company financial statements (the "financial statements"), which are prepared by EKF Diagnostics Holdings plc, comprise:

- the Group and Parent Company statement of financial position as at 31 December 2013;
- the Group income statement and statement of comprehensive income for the year then ended;
- the Group and Parent Company statement of cash flows for the year then ended;
- the Group and Parent Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EKF DIAGNOSTICS HOLDINGS PLC CONTINUED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 19, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Mark C Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
26 February 2014

a) The maintenance and integrity of the EKF Diagnostics Holdings plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

	Notes	2013 £'000	2012 £'000
Continuing operations			
Revenue	5	**31,804**	26,060
Cost of sales	6	**(15,459)**	(11,747)
Gross profit		**16,345**	14,313
Administrative expenses	6, 7	**(14,439)**	(14,651)
Other income		**495**	542
Operating profit		**2,401**	204
Depreciation and amortisation	5	**(3,554)**	(3,079)
Share-based payment		**(709)**	(537)
Exceptional items	7	**1,840**	618
EBITDA before exceptional items and share-based payment	5	**4,824**	3,202
Finance income	12	**5**	4
Finance costs	12	**(1,799)**	(404)
Profit/(loss) before income tax		**607**	(196)
Income tax (expense)/credit	13	**(1,500)**	606
(Loss)/profit for the year from continuing operations		**(893)**	410
Discontinued operations			
Profit for the year from discontinued operations	37	**–**	1,594
(Loss)/profit for the year		**(893)**	2,004
(Loss)/profit attributable to:			
Owners of the parent		**(1,126)**	1,830
Non-controlling interest		**233**	174
		(893)	2,004

		Pence	Pence
(Loss)/earnings per Ordinary Share from continuing and discontinued operations attributable to the owners of the parent during the year			
Basic			
From continuing operations	14	**(0.41)**	0.09
From discontinued operations	14	**–**	0.62
Continuing and discontinued operations	14	**(0.41)**	0.71
Diluted			
From continuing operations	14	**(0.41)**	0.09
From discontinued operations	14	**–**	0.59
Continuing and discontinued operations	14	**(0.41)**	0.68

The notes on pages 31 to 61 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement.

The loss for the Parent Company for the year was £1,490,000 (2012: £1,536,000).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2013 £'000	2012 £'000
(Loss)/profit for the year		**(893)**	2,004
Other comprehensive income:			
Actuarial gain/(loss) on pension scheme	33	**9**	(18)
Recycling of reserves in respect of available-for-sale financial assets		**–**	67
Recycling of currency translations in respect of previously held interest in IBL AG	32	**–**	(1,587)
Currency translation differences		**199**	(947)
Other comprehensive gain/(loss) for the year		**208**	(2,485)
Total comprehensive loss for the year		**(685)**	(481)
Attributable to:			
Owners of the parent		**(881)**	(659)
Non-controlling interests		**196**	178
Total comprehensive loss for the year		**(685)**	(481)

Items stated above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 13.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement.

The notes on pages 31 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED AND COMPANY'S STATEMENTS OF FINANCIAL POSITION

	Notes	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Assets					
Non-current assets					
Property, plant and equipment	16	9,785	10,014	1,616	1,641
Intangible assets	17	34,725	31,250	–	–
Investments in subsidiaries	18	–	–	16,630	15,613
Investments	20	250	250	250	250
Trade and other receivables	22	–	–	17,799	17,877
Deferred tax assets	28	903	973	96	82
Total non-current assets		45,663	42,487	36,391	35,463
Current assets					
Inventories	23	5,308	4,971	–	–
Trade and other receivables	22	7,155	3,884	7,275	6,794
Deferred tax assets	28	46	44	–	–
Cash and cash equivalents	24	2,551	4,331	159	736
Total current assets		15,060	13,230	7,434	7,530
Total assets		60,723	55,717	43,825	42,993
Equity attributable to owners of the parent					
Share capital	29	2,727	2,671	2,727	2,671
Share premium account	29	41,783	40,240	41,783	40,240
Other reserve	32	41	–	–	–
Foreign currency reserves	32	(725)	(961)	–	–
Retained earnings	31	(3,412)	(3,004)	(6,680)	(5,899)
		40,414	38,946	37,830	37,012
Non-controlling interest		508	481	–	–
Total equity		40,922	39,427	37,830	37,012
Liabilities					
Non-current liabilities					
Borrowings	26	2,108	2,031	–	–
Deferred consideration	27	5,471	3,114	–	845
Deferred tax liabilities	28	3,442	3,793	–	–
Retirement benefit obligation	33	103	112	–	–
Total non-current liabilities		11,124	9,050	–	845
Current liabilities					
Trade and other payables	25	4,189	3,743	4,217	3,542
Deferred consideration	27	1,778	2,600	1,778	1,594
Current income tax liabilities		1,998	200	–	–
Deferred tax liabilities	28	380	417	–	–
Borrowings	26	332	280	–	–
Total current liabilities		8,677	7,240	5,995	5,136
Total liabilities		19,801	16,290	5,995	5,981
Total equity and liabilities		60,723	55,717	43,825	42,993

The notes on pages 31 to 61 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 26 February 2014.

Julian Baines
Chief Executive Officer

Paul Foulger
Finance Director

EKF Diagnostics Holdings plc
Registered no: 04347937

CONSOLIDATED AND COMPANY'S STATEMENTS OF CASH FLOWS

	Notes	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Cash flow from operating activities					
Cash generated by/(used in) operations	35	**3,172**	2,520	**65**	(3,436)
Interest paid		**(152)**	(144)	**–**	–
Income tax paid		**(1,013)**	(777)	**–**	–
Net cash generated by/(used in) operating activities		**2,007**	1,599	**65**	(3,436)
Cash flow from investing activities					
Purchase of investments		**–**	(250)	**–**	(250)
Purchase of property, plant and equipment (PPE)		**(1,185)**	(961)	**(26)**	(12)
Purchase of intangibles		**(1,097)**	(977)	**–**	–
Proceeds from sale of PPE	35	**61**	120	**–**	–
Proceeds from sale of available-for-sale financial assets		**–**	462	**–**	462
Interest received		**5**	4	**–**	1,112
Net cash (used in)/generated by investing activities		**(2,216)**	(1,602)	**(26)**	1,312
Cash flow from financing activities					
Proceeds from issuance of Ordinary Shares	29	**–**	127	**–**	127
New bank loans		**477**	–	**–**	–
Repayments on borrowings		**(439)**	(312)	**–**	–
Dividend payment to non-controlling interest		**(169)**	(83)	**–**	–
Payment of deferred consideration		**(1,429)**	(617)	**(616)**	–
Net cash (used in)/generated by financing activities		**(1,560)**	(885)	**(616)**	127
Net decrease in cash and cash equivalents		**(1,769)**	(888)	**(577)**	(1,997)
Cash and cash equivalents at beginning of year		**4,331**	5,219	**736**	2,733
Exchange losses on cash and cash equivalents		**(11)**	–	**–**	–
Cash and cash equivalents at end of year	24	**2,551**	4,331	**159**	736

CONSOLIDATED AND COMPANY'S STATEMENTS OF CHANGES IN EQUITY

Consolidated	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 2012	**2,512**	**38,372**	**244**	**1,577**	**(5,664)**	**37,041**	**386**	**37,427**
Comprehensive income								
Profit for the year	–	–	–	–	1,830	1,830	174	2,004
Other comprehensive income								
Actuarial loss on pension	–	–	–	–	(18)	(18)	–	(18)
Recycling of reserves in respect of previously held interest in IBL AG	–	–	(244)	(1,587)	244	(1,587)	–	(1,587)
Recycling of reserves in respect of available-for-sale financial assets	–	–	–	–	67	67	–	67
Currency translation differences	–	–	–	(951)	–	(951)	4	(947)
Total comprehensive income	**–**	**–**	**(244)**	**(2,538)**	**2,123**	**(659)**	**178**	**(481)**
Transactions with owners								
Proceeds from shares issued	159	1,868	–	–	–	2,027	–	2,027
Dividends to non-controlling interest	–	–	–	–	–	–	(83)	(83)
Share-based payments	–	–	–	–	537	537	–	537
Total contributions by and distributions to owners	**159**	**1,868**	**–**	**–**	**537**	**2,564**	**(83)**	**2,481**
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 31 December 2013	**2,727**	**41,783**	**41**	**(725)**	**(3,412)**	**40,414**	**508**	**40,922**

CONSOLIDATED AND COMPANY'S STATEMENTS OF CHANGES IN EQUITY CONTINUED

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 January 2012	**2,512**	**38,372**	**(4,967)**	**35,917**
Comprehensive income				
Loss for the year	–	–	(1,536)	(1,536)
Other comprehensive income				
Fair value adjustment in respect of available-for- sale financial assets	–	–	67	67
Total comprehensive income	**–**	**–**	**(1,469)**	**(1,469)**
Transactions with owners				
Proceeds from shares issued	159	1,868	–	2,027
Share-based payments	–	–	537	537
Total contributions by and distributions to owners	**159**	**1,868**	**537**	**2,564**
At 1 January 2013	**2,671**	**40,240**	**(5,899)**	**37,012**
Comprehensive income				
Loss for the year	–	–	(1,490)	(1,490)
Total comprehensive income	**–**	**–**	**(1,490)**	**(1,490)**
Transactions with owners				
Proceeds from shares issued	56	1,543	–	1,599
Share-based payments	–	–	709	709
Total contributions by and distributions to owners	**56**	**1,543**	**709**	**2,308**
At 31 December 2013	**2,727**	**41,783**	**(6,680)**	**37,830**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. General information

EKF Diagnostics Holdings Plc is a company incorporated and domiciled in the United Kingdom. The Company is a public limited company, which is listed on the AIM market of the London Stock Exchange. The address of the registered office is Avon House, 19 Stanwell Road, Penarth, Cardiff CF64 2EZ.

The principal activity of the Group continued to be the development, manufacture and supply of products into the in-vitro diagnostic (IVD) market place. In 2013 the Group launched a molecular diagnostics division. The Group has presence in the UK, USA, Germany, Poland, Russia and Ireland and sells throughout the world including the Americas, Asia, and Africa.

The financial statements are presented in British Pounds Sterling, the currency of the primary economic environment in which the Company's headquarters is operated. The Group comprises EKF Diagnostics Holdings plc and its subsidiary Companies as set out in note 18.

The registered number of the Company is 04347937.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied throughout the year, unless otherwise stated.

Basis of preparation

The consolidated financial statements of EKF Diagnostics Holdings plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS's), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. Practice is continuing to evolve on the application and interpretations of IFRS.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(a) Standards, amendments and interpretations effective in 2013

The following new IFRS pronouncements relevant to the Group have been adopted in these financial statements:

- Improvements to IFRSs (Issued May 2012). These amendments include minor adjustments to IFRS standards as part of the annual improvements process. Most amendments clarify existing practice. The application of this pronouncement has not had any impact on amounts recognised in these financial statements.
- IFRS 13 Fair value measurement. The amendment sets out a single IFRS framework for the measurement of fair value and the related disclosure requirements. The application of this pronouncement has not had any material impact on amounts recognised in these financial statements.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

- IFRS 9, 'Financial instruments', issued in December 2009 and October 2010. This addresses the classification, measurement and recognition of financial assets and financial liabilities and may affect the Group's accounting for its financial assets and liabilities. IFRS 9 requires financial assets to be classified into two measurement categories (fair value and amortised cost) with the determination to be made at initial recognition by reference to the business model for managing financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities the main change relates to the treatment of changes in fair value relating to an entity's own credit risk under the fair value option which will now be recorded in other comprehensive income rather than the income statement. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is yet to assess IFRS 9's full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern

The Group meets its day-to-day working capital requirements through the use of cash reserves and existing bank facilities. The Group has maintained its liquidity profile through the year.

The Directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance, that the Group should be able to operate within the level of its current funding arrangements.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. For this reason they have adopted the going concern basis in the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

2. Summary of significant accounting policies continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. Subsidiaries are all entities over which the Group has the power to govern their financial and operating policies generally accompanying a shareholding of more than fifty per cent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Investments in subsidiaries are accounted for at cost less impairment.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in British Pounds Sterling, which is the Company's functional and presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within 'administrative expenses'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions.

Government grants

Government grants receivable in connection with expenditure on property, plant and equipment are accounted for as deferred income, which is credited to the income statement over the expected useful economic life of the related assets, on a basis consistent with the depreciation policy. Revenue grants for the reimbursement of costs charged to the income statement are credited to the Income Statement in the year in which the costs are incurred.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Any borrowing costs associated with qualifying property plant and equipment are capitalised and depreciated at the rate applicable to that asset category.

2. Summary of significant accounting policies *continued*

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method or reducing balances method to allocate their cost to its residual values over their estimated useful lives, as follows:

Buildings	2%–2.5%
Fixtures and fittings	20%–25%
Plant and machinery	20%–33.3%
Motor vehicles	25%

The assets' residual values and useful economic lives are reviewed regularly, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on the disposal of assets are determined by comparing the proceeds with the carrying amount and are recognised in administration expenses in the income statement.

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 12 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

2. Summary of significant accounting policies continued

Impairment of non-financial assets

Assets that have an indefinite life such as goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in the prior period. A reversal of an impairment loss is recognised in the income statement immediately. If goodwill is impaired however, no reversal of the impairment is recognised in the financial statements.

Financial assets

Classification

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

(b) Available-for-sale financial assets

Available-for-sale assets are non-derivatives that are either designated in this category or not classified as loans and receivables. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase the asset. Assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the risk and rewards of ownership have been transferred.

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income until the asset is disposed at which time the cumulative gain or loss previously recognised in equity is included in the consolidated income statement for the period. If an available-for-sale investment is determined to be impaired, the cumulative loss previously recognised in equity is included in the income statement for the period.

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.

Trade and other receivables

Trade receivables are initially recognised at fair value, being the original invoice amount, and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Trade receivables that are less than three months past due are not considered impaired unless there are specific financial or commercial reasons that lead management to conclude that the customer will default. Older debts are considered to be impaired unless there is sufficient evidence to the contrary that they will be settled. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

2. Summary of significant accounting policies *continued*

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months, reduced by overdrafts to the extent that there is a right of offset against other cash balances.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above net of outstanding bank overdrafts.

Share capital
Ordinary Shares are classified as equity. Proceeds in excess of the nominal value of shares issued are allocated to the share premium account and are also classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares or options are deducted from the share premium account.

Financial liabilities
Debt is measured at fair value, being net proceeds after deduction of directly attributable issue costs, with subsequent measurement at amortised cost with the exception of deferred equity consideration which is categorised as a financial liability at fair value through profit and loss. Debt issue costs are recognised in the income statement over the expected term of such instruments at a constant rate on the carrying amount.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed in the consolidated Group income statement under the heading 'finance costs'. Arrangement and facility fees together with bank charges are charged to the income statement under the heading 'administrative expenses'.

Current and deferred income tax
The tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income where the associated tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in respect of all temporary differences except where the deferred tax liability arises from the initial recognition of goodwill in business combinations.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and tax losses, to the extent that they are regarded as recoverable. They are regarded as recoverable where, on the basis of available evidence, there will be sufficient taxable profits against which the future reversal of the underlying temporary differences can be deducted.

The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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.

Leases
Leases which transfer substantially all the risks and rewards of ownership of an asset are treated as a finance lease. Assets held under finance leases are capitalised at their fair value at the inception of the lease and depreciated over the estimated useful economic life of the asset or lease term if shorter. The finance charges are allocated to the income statement in proportion to the capital amount outstanding.

All other leases are classified as operating leases. Operating lease rentals are charged to the income statement in equal annual amounts over the lease term.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2013

2. Summary of significant accounting policies *continued*

Employee benefits

(a) Pension obligations

Group companies operate various pension schemes and have both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity with the pension cost charged to the income statement as incurred. The Group has no further obligations once the contributions have been paid.

Under a defined benefit scheme, the amount of retirement benefit that will be received by an employee is defined with respect to periods of service and final salary. The amount recognised in the balance sheet is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the scheme assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

The service cost of providing retirement benefits to employees during the year is charged to operating profit. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the average vesting period.

(b) 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 have 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) 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.

(c) Royalty and licence income

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

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Exceptional items

These are items of an unusual or non-recurring nature incurred by the Group and include transactional costs and one off items relating to business combinations, such as acquisition expenses.

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk and cash flow interest rate risk), credit risk, liquidity risk, capital risk and fair value risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge risk exposures.

Risk management is carried out by the head office finance team. It evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management whilst the head office finance team provides specific policy guidance for the operating units in terms of managing foreign exchange risk, credit risk and cash and liquidity management.

3. Financial risk management *continued*

(a) Market risk

(i) Foreign exchange – cash flow risk

The Group's presentational currency is sterling although it operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily between GBP, USD, the Euro, Rouble, and Zloty such that the Group's cash flows are affected by fluctuations in the rate of exchange between GBP and the aforementioned foreign currencies.

This exposure is managed by a natural currency hedge as the Group's operating subsidiaries cost base is also denominated in USDs, Euros, Roubles, and Zloty as the Group has subsidiary businesses located in the USA, Germany, Ireland, Russia, and Poland.

Management do not use derivative financial instruments to mitigate the impact of any residual foreign currency exposure not mitigated by the natural hedge within the business model. The Group does not speculate in foreign currencies and no operating Company is permitted to take unmatched positions in any foreign currency.

(ii) Foreign exchange – Fair value risk

Translation exposures that arise on converting the results of overseas subsidiaries are not hedged. Net assets held in foreign currencies are hedged wherever practical by matching borrowings in the same currency. The principal exchange rates used by the Group in translating overseas profits and net assets into GBP are set out in the table below.

Rate compared to GBP	**Average rate 2013**	Average rate 2012	**Year end rate 2013**	Year end rate 2012
Euro	**1.183**	1.232	**1.203**	1.233
Russian Rouble	**50.155**	49.442	**54.500**	49.636
Polish Zloty	**4.959**	5.163	**4.983**	5.032
US Dollar	**1.572**	1.590	**1.657**	1.626

As a guide to the sensitivity of the Group's results to movements in foreign currency exchange rates, a one cent movement in the Euro and US Dollars to Sterling rate would impact annual earnings by approximately £19,000 and £44,000 respectively.

(iii) Cash flow and fair value interest rate risk

The Group has interest-bearing assets in the form of cash and cash equivalents and limited interest-bearing liabilities which relate to long-term borrowing and finance lease obligations in the Group's US and German subsidiaries. Interest rates on cash and cash equivalents are floating whilst interest rates on borrowings have been fixed and therefore expose the Group to fair value interest rate risk. The Group does not speculate on future changes in interest rates.

Where overseas acquisitions are made, it is the Group's policy to arrange any borrowings required in local currency.

It is the Group's policy not to trade in financial instruments. The Group does not use interest rate swaps.

(b) Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local subsidiary and operating business unit is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. It is the Group policy to obtain deposits from customers where possible, particularly overseas customers. In addition the Group will seek confirmed letters of credit for the balances due. Credit risk is managed at the operating business unit level and monitored at the Group level to ensure adherence to Group policies. If there is no independent rating, local management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers.

(c) Liquidity risk

Cash flow forecasting is performed in the individual operating entities of the Group and is aggregated by Group finance. Group finance monitors cash and cash flow forecasts and it is the Group's liquidity risk management policy to maintain sufficient cash and available funding through an adequate amount of cash and cash equivalents and committed credit facilities from its bankers. Due to the dynamic nature of the underlying businesses, the head office finance team aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents available to fund the requirements of the Group.

The Group's policy in relation to the finance of its overseas operations requires that sufficient liquid funds be maintained in each of its territory subsidiaries to support short and medium-term operational plans. Where necessary, short-term funding is provided by the holding Company. In the UK, the working capital bank facility and the management of liquid funds in excess of operational needs are controlled centrally. Typically excess funds are placed as short-term deposits, to provide a balance between interest earnings and flexibility.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. In the case of deferred consideration the amount shown as payable between 2 and 5 years for 31 December 2013 is the total gross contractual liability should all performance criteria be met, not the estimated liability based on current and forecast performance.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

3. Financial risk management continued

	Less than one year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000	Total £'000
At 31 December 2013:					
Borrowings (inc. finance leases)	348	268	797	1,220	2,633
Deferred consideration	430	–	7,216	3,198	10,844
Trade and other payables	4,023	–	–	–	4,023
At 31 December 2012:					
Borrowings (inc. finance leases)	293	271	425	1,489	2,478
Deferred consideration	2,030	1,000	2,460	–	5,490
Trade and other payables	3,537	–	–	–	3,537

(d) Capital risk management
The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is the sum of net debt plus equity.

The Group is currently largely un-geared, having net cash at 31 December 2013. It is the stated strategy of the Group to grow both organically and through acquisition with acquisitions to be funded through a mixture of debt and equity funding.

(e) Fair value estimation
The Group has no Level 1, 2 or 3 classified financial assets as at 31 December 2013 (2012: none).

4. Critical accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made accounting judgements in the determination of the carrying value of certain assets and liabilities. Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes will differ from those assumptions and estimates. The following judgements have the most significant effect on the amounts recognised in the financial statements.

(a) Business combinations
The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill.

(i) Goodwill
The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

(ii) Finite lived intangible assets
Finite lived intangible assets include trade secrets and non-compete agreements acquired as part of business combinations. The fair value of these separately identifiable assets is determined by discounting estimated future net cash flows generated by the asset. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets. The relative size of the Group's intangible assets, excluding goodwill, makes the judgements surrounding the estimated useful lives critical to the Group's financial position and performance.

(iii) Deferred consideration
In some business combinations the purchase price includes deferred consideration which is contingent on future events. The fair value of the deferred consideration is determined by discounting estimated future outflows which are based on management's judgement of the likelihood and timing of future events.

(b) Impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set out in note 17.

(c) Share-based payments
A number of accounting estimates and judgements are incorporated within the calculation of the charge to the income statement in respect of share-based payments. These are described in more detail in note 30.

4. Critical accounting estimates and judgements *continued*

(d) Impairment of receivables

Trade and other receivables are carried at the contractual amount due less any estimated provision for non-recovery. Provision is made based on a number of factors including the age of the receivable, previous collection experience and the financial circumstances of the counterparty.

(e) Inventory provisions

Inventories are carried at the lower of cost and net realisable value. Provision is made based on a number of factors including the age of inventories, the risk of obsolescence and the expected future usage.

(f) Deferred tax assets

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. A deferred tax asset in respect of tax losses relating to the Company has not been recognised as insufficient future taxable profit in the Company is currently forecast. A deferred tax asset has not been recognised in respect of the historic losses within the Group's Irish business as the RenaStat product remains in development and future taxable profit is not forecast in the short-term. The carrying amount of deferred tax assets at the balance sheet date was £949,000 (2012: £1,017,000). In addition there were £872,000 (2012: £1,054,000) of deferred tax assets not recognised.

(g) Tax warranties

The Group has been advised by its German tax advisers that there is a potential tax and associated interest liability associated with the EKF-diagnostic GmbH business prior to acquisition, of up to €1.44m (£1.24m). Under the warranties of the acquisition agreement EKF has already withheld payment of part of the deferred consideration to cover such liability. The warranty claim effect of this of £1.24m is included as a deduction from administration costs and has also been disclosed as an exceptional item. The determination of both the total tax and interest potentially payable, and the related warranty claim, are based on management judgement.

5. 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

5. Segmental reporting continued

The segment information provided to the Board for the reportable segments for the year ended 31 December 2013 is as follows:

2013	Germany £'000	UK £'000	USA £'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.

5. Segmental reporting *continued*

2012	Germany £'000	UK £'000	US £'000	Ireland £'000	Poland £'000	Russia £'000	Switzerland (Discontinued) £'000	Other £'000	Total £'000
Income statement									
Revenue	11,108	1,691	13,989	469	1,210	3,318	–	–	31,785
Inter-segment	(5,386)	(332)	–	–	(7)	–	–	–	(5,725)
External revenue	**5,722**	**1,359**	**13,989**	**469**	**1,203**	**3,318**	**–**	**–**	**26,060**
Adjusted EBITDA*	3,426	(248)	2,791	(421)	303	558	–	(3,207)	3,202
Exceptional costs	503	–	–	–	–	–	–	115	618
Share-based payment	–	–	–	–	–	–	–	(537)	(537)
EBITDA	3,929	(248)	2,791	(421)	303	558	–	(3,629)	3,283
Depreciation	(575)	(181)	(268)	(39)	(30)	(12)	–	(60)	(1,165)
Amortisation	(583)	(218)	(742)	(210)	(117)	(44)	–	–	(1,914)
Operating profit/(loss)	2,771	(647)	1,781	(670)	156	502	–	(3,689)	204
Net finance costs	(47)	–	(282)	–	(2)	–	–	(69)	(400)
Income tax	(44)	1,088	(301)	(13)	(17)	(95)	–	(12)	606
Profit/(loss)from continuing operations	2,680	441	1,198	(683)	137	407	–	(3,770)	410
Discontinued operations	–	–	–	–	–	–	1,594	–	1,594
Profit/(loss) for the year	**2,680**	**441**	**1,198**	**(683)**	**137**	**407**	**1,594**	**(3,770)**	**2,004**
Segment assets									
Operating assets	16,851	9,355	22,370	3,023	1,410	1,122	–	22,233	76,364
Inter-segment assets	(97)	(51)	–	–	–	–	–	(24,830)	(24,978)
External operating assets	16,754	9,304	22,370	3,023	1,410	1,122	–	(2,597)	51,386
Cash and cash equivalents	2,069	413	266	37	143	667	–	736	4,331
Total assets	**18,823**	**9,717**	**22,636**	**3,060**	**1,553**	**1,789**	**–**	**(1,861)**	**55,717**
Segment liabilities									
Operating liabilities	9,460	5,606	18,085	1,872	160	183	–	3,373	38,739
Inter-segment liabilities	(6,610)	(4,702)	(12,090)	(1,354)	(4)	–	–	–	(24,760)
External operating liabilities	2,850	904	5,995	518	156	183	–	3,373	13,979
Borrowings	455	–	1,846	–	10	–	–	–	2,311
Total liabilities	**3,305**	**904**	**7,841**	**518**	**166**	**183**	**–**	**3,373**	**16,290**
Other segmental information									
Non-current assets – PPE	3,181	807	4,045	58	222	36	–	1,665	10,014
Non-current assets – Intangibles	9,312	5,786	12,725	2,267	753	407	–	–	31,250
Non-current assets – additions	686	588	255	335	36	16	–	22	1,938

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

'Other' primarily relates to the holding company and head office costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2013

5. Segmental reporting *continued*

Disclosure of Group revenues by geographic location is as follows:

	2013 £'000	2012 £'000
Americas		
United States of America	**9,873**	8,322
Rest of Americas	**5,189**	3,406
Europe, Middle East and Africa (EMEA)		
Germany	**4,002**	2,992
United Kingdom	**251**	514
Rest of Europe	**2,702**	2,548
Russia	**3,905**	3,339
Middle East	**763**	622
Africa	**1,114**	1,043
Rest of World		
China	**2,050**	1,511
Asia	**1,913**	1,731
New Zealand/Australia	**42**	32
Total revenue	**31,804**	26,060

Revenues of approximately £2.5m (2012: £1.9m) are derived from a single external customer. These revenues are attributable to the Rest of Americas segment.

6. Expenses – analysis by nature

	2013 £'000	2012 £'000
Inventories consumed in cost of sales	**7,515**	6,550
Employee benefit expense (note 10)	**13,389**	11,263
Depreciation and amortisation	**3,554**	3,079
Transaction costs relating to business combinations (note 7)	**93**	–
Research and development expenses	**1,241**	143
Foreign exchange	**10**	83
Operating lease payments	**258**	172
Other expenses	**3,838**	5,108
Total cost of sales and administrative expenses	**29,898**	26,398

Included within the above expenses are exceptional items as set out in note 7.

7. Exceptional items

Included within Administrative expenses are exceptional items as shown below:

	Note	2013 £'000	2012 £'000
– Warranty claim	a	**1,241**	–
– Exceptional release of provision	a	**334**	–
– Transaction costs relating to business combinations		**(93)**	–
– Impairment charges	b	**(750)**	–
– Release of deferred consideration provisions	c	**1,108**	–
– Profit on disposal of available-for-sale assets		**–**	115
– Release of provision associated with patent litigation		**–**	503
Exceptional items – continuing		**1,840**	618

(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 associated with EKF Diagnostics Limited, Ireland.
(c) Release of deferred consideration provisions associated with Stanbio Laboratory LP and Quotient Diagnostics Limited.

8. Auditor remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2013 £'000	2012 £'000
Fees payable to Company's auditor and its associates for the audit of the parent Company and consolidated financial statements	**39**	31
Fees payable to the Company's auditor and its associates for other services:		
– The audit of Company's subsidiaries	**69**	77
– Other services	**29**	5
– Tax compliance services	**16**	11
	153	124

9. Directors' emoluments

	2013 £'000	2012 £'000
Aggregate emoluments	**672**	549
Contribution to defined contribution pension scheme	**8**	4
	680	553

Retirement benefits are accruing to 2 (2012: 1) directors under a defined contribution scheme.

See further disclosures within the Remuneration Report on page 22.

Highest paid Director	2013 £'000	2012 £'000
Aggregate emoluments	**299**	226
Contribution to defined contribution pension scheme	**7**	4

10. Employee benefit expense

	2013 £'000	2012 £'000
Wages and salaries	**11,091**	9,298
Social security costs	**1,672**	1,490
Share options granted to Directors and senior management	**709**	537
Pension costs – defined contribution plans (note 33)	**208**	127
Pension costs – defined benefit plans (note 33)	**–**	9
	13,680	11,461

Employee costs of £0.3m (2012: £0.2m) have been capitalised as part of development costs.

11. Monthly average number of people employed

	2013 Number	2012 Number
Monthly average number of people (including Executive Directors) employed was:		
Administration	**59**	55
Research and development	**29**	36
Sales and marketing	**72**	70
Manufacturing, production and after sales	**160**	139
	320	300

The total number of employees at 31 December 2013 was 330 (2012: 302).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

12. Finance income and costs

	2013 £'000	2012 £'000
Finance costs:		
– Bank borrowings	**135**	130
– Finance lease liabilities	**6**	1
– IAS 19 interest expense (note 33)	**4**	6
– Other interest	**212**	7
– Financial liabilities at fair value through profit or loss – losses	**750**	–
– Deferred consideration-unwinding of discount (note 27)	**685**	260
– Convertible debt	**7**	–
Finance costs	**1,799**	404
Finance income		
– Interest income on cash and short-term deposits	**2**	4
– Other interest	**3**	–
Finance income	**5**	4
Net finance costs	**1,794**	400

13. Income tax

Group	2013 £'000	2012 £'000
Current tax:		
Current tax on loss for the year	**1,602**	659
Adjustments for prior periods	**1,022**	–
Total current tax	**2,624**	659
Deferred tax (note 28):		
Origination and reversal of temporary differences	**(701)**	(104)
Adjustment arising in previous period	**–**	(775)
Impact of deferred tax rate change	**(423)**	(386)
Total deferred tax	**(1,124)**	(1,265)
Income tax charge/(credit)	**1,500**	(606)

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 change in the main rate from 23% to 20% in the UK has resulted in a deferred tax credit of £423,000.

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:

	2013 £'000	2012 £'000
Profit/(loss) before tax	**607**	(196)
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 23.25% (2012: 24.5%)	**141**	(48)
Tax effects of:		
– Expenses not deductible for tax purposes	**398**	(518)
– Losses carried forward	**531**	865
– Adjustment in respect of prior years	**1,022**	–
– Impact of different tax rates in other jurisdictions	**467**	243
– Utilisation of previously unrecognised tax losses	**(173)**	(891)
– Effect of reduction in tax rate	**(423)**	(386)
– Other movements	**(463)**	129
Tax charge/(credit)	**1,500**	(606)

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

14. (Loss)/Earnings per share

(a) Basic

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

	2013 £'000	2012 £'000
(Loss)/profit attributable to owners of the parent	**(1,126)**	1,830
(Loss)/profit from continuing operations attributable to owners of the parent	**(1,126)**	236
Profit from discontinued operations attributable owners of the parent	**–**	1,594
Weighted average number of Ordinary Shares in issue	**271,695,776**	255,156,200
Basic (loss)/earnings per share	**(0.41) pence**	0.71 pence
Basic (loss)/earnings per share from continuing operations	**(0.41) pence**	0.09 pence
Basic earnings per share from discontinued operations	**–**	0.62 pence

(b) Diluted

Diluted earnings/(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 three categories of dilutive potential ordinary share: equity-based long-term incentive plans, equity-based bonus incentive plans and share options. The potential shares are not dilutive in 2013 as the Group has made a loss per share.

	2013 £'000	2012 £'000
(Loss)/profit attributable to owners of the parent	**(1,126)**	1,830
(Loss)/profit from continuing operations attributable to owners of the parent	**(1,126)**	236
Profit from discontinued operations attributable owners of the parent	**–**	1,594
Weighted average diluted number of Ordinary Shares	**286,302,764**	269,011,446
Diluted (loss)/earnings per share	**(0.41) pence**	0.68 pence
Diluted (loss)/earnings per share from continuing operations	**(0.41) pence**	0.09 pence
Diluted earnings per share from discontinued operations	**–**	0.59 pence

	2013 £'000	2012 £'000
Weighted average number of Ordinary Shares in issue	**271,695,776**	255,156,200
Adjustment for:		
– Assumed conversion of share awards	**10,563,048**	9,811,306
– Assumed payment of equity deferred consideration	**4,043,940**	4,043,940
Weighted average number of Ordinary Shares for diluted earnings per share	**286,302,764**	269,011,446

15. Dividends

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

16. Property, plant and equipment

Group	Land and buildings £'000	Fixtures & fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2012 – restated	6,088	490	6,325	116	13,019
Additions	15	74	859	13	961
Exchange differences	(188)	(11)	(127)	(2)	(328)
Disposals	–	(41)	(118)	(62)	(221)
At 31 December 2012	**5,915**	**512**	**6,939**	**65**	**13,431**
Accumulated depreciation					
At 1 January 2012 – restated	111	170	2,088	21	2,390
Charge for the year	176	127	836	26	1,165
Exchange differences	(3)	(3)	(30)	(1)	(37)
Disposals	–	(40)	(18)	(43)	(101)
At 31 December 2012	**284**	**254**	**2,876**	**3**	**3,417**
Net book value					
At 31 December 2012	**5,631**	**258**	**4,063**	**62**	**10,014**
Cost					
At 1 January 2013 – restated	5,689	746	6,931	65	13,431
Additions	344	101	669	71	1,185
Transfers	–	–	(114)	–	(114)
Exchange differences	(48)	3	120	(3)	72
Disposals	–	(17)	(87)	(28)	(132)
At 31 December 2013	**5,985**	**833**	**7,519**	**105**	**14,442**
Accumulated depreciation					
At 1 January 2013 – restated	260	281	2,873	3	3,417
Charge for the year	155	170	956	23	1,304
Exchange differences	3	4	10	(2)	15
Disposals	–	(17)	(45)	(17)	(79)
At 31 December 2013	**418**	**438**	**3,794**	**7**	**4,657**
Net book value					
At 31 December 2013	**5,567**	**395**	**3,725**	**98**	**9,785**

In 2012 opening cost and accumulated depreciation have been restated to include fully written down assets that continue to be used within the business. In 2013 opening cost and accumulated depreciation were restated to account for transfers between classifications. The restatement has had no impact in either year on the net book value of property, plant and equipment or the current or prior year income statements.

Property plant and equipment includes assets under construction which are not depreciated until they are brought into use. In 2013 an asset previously classified as plant and machinery under construction was reclassified as capitalised development expenditure. The effect of this is shown as a transfer.

Depreciation expense of £716,000 (2012: £592,000) has been charged to cost of sales and £588,000 (2012: £533,000) has been charged to administrative expenses.

16. Property, plant and equipment *continued*

Company	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2012	1,670	4	1,674
Additions	–	12	12
Disposal	–	–	–
At 31 December 2012	**1,670**	**16**	**1,686**
Accumulated depreciation			
At 1 January 2012	–	–	–
Charge for the year	40	5	45
Disposals	–	–	–
At 31 December 2012	**40**	**5**	**45**
Net book value			
At 31 December 2012	**1,630**	**11**	**1,641**
Cost			
At 1 January 2013	1,670	16	1,686
Additions	3	23	26
Disposal	–	–	–
At 31 December 2013	**1,673**	**39**	**1,712**
Accumulated depreciation			
At 1 January 2013	40	5	45
Charge for the year	40	11	51
Disposals			
At 31 December 2013	**80**	**16**	**96**
Net book value			
At 31 December 2013	**1,593**	**23**	**1,616**

The Company's freehold property is in Germany and occupied by its subsidiary undertaking, EKF-diagnostic GmbH Germany. EKF-diagnostic GmbH is paying rental income of €13,900 (£12,000) per month to the parent Company. €167,000 (£139,000) (2012: €167,000 (£139,000)) was paid to the parent Company for the year.

Plant and Machinery includes the following amounts where the Group is a lessee under a finance lease arrangement:

Group	**2013 £'000**	2012 £'000
Cost – capitalised finance leases	**262**	256
Accumulated depreciation	**(74)**	(72)
Net book value	**188**	184

The Group leases various assets under non-cancellable finance lease agreements. The lease terms are between 2 and 6 years.

The Company has no finance lease agreements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

17. Intangible assets

Group	Non-compete agreements £'000	Goodwill £'000	Trademarks, trade name and licences £'000	Customer relationships £'000	Trade secrets £'000	Development costs £'000	Total £'000
Cost							
At 1 January 2012	–	13,787	1,596	8,933	9,756	876	34,948
Additions	–	–	42	–	–	935	977
Exchange differences	–	(345)	(63)	(321)	(208)	(23)	(960)
At 31 December 2012	**–**	**13,442**	**1,575**	**8,612**	**9,548**	**1,788**	**34,965**
Accumulated amortisation							
At 1 January 2012	–	–	115	527	1,153	37	1,832
Exchange differences	–	–	(3)	(3)	(24)	(1)	(31)
Charge for the year	–	–	149	799	871	95	1,914
At 31 December 2012	**–**	**–**	**261**	**1,323**	**2,000**	**131**	**3,715**
Net book value							
At 31 December 2012	**–**	**13,442**	**1,314**	**7,289**	**7,548**	**1,657**	**31,250**
Cost							
At 1 January 2013	–	13,442	1,575	8,612	9,548	1,788	34,965
Transfer from PPE	–	–	–	–	–	114	114
Additions	70	1,178	36	–	3,950	1,061	6,295
Exchange differences	–	21	(15)	(133)	154	13	40
At 31 December 2013	**70**	**14,641**	**1,596**	**8,479**	**13,652**	**2,976**	**41,414**
Accumulated amortisation							
At 1 January 2013	–	–	261	1,323	2,000	131	3,715
Exchange differences	–	–	24	(18)	(32)	–	(26)
Impairment charge	–	750	–	–	–	–	750
Charge for the year	18	–	127	789	1,152	164	2,250
At 31 December 2013	**18**	**750**	**412**	**2,094**	**3,120**	**295**	**6,689**
Net book value							
At 31 December 2013	**52**	**13,891**	**1,184**	**6,385**	**10,532**	**2,681**	**34,725**

The amortisation charge of £2,250,000 (2012: £1,914,000) has been charged to administrative expenses in the income statement.

Goodwill is allocated to the Group's cash-generating units (CGU's) identified according to geographic operating segment. An operating segment-level summary of the goodwill allocation is presented below.

	2013 £'000	2012 £'000
UK	**4,568**	3,390
Germany	**3,959**	3,863
Poland	**335**	332
Russia	**142**	157
Ireland	**272**	997
US	**4,615**	4,703
Total	**13,891**	13,442

Goodwill is tested for impairment at the balance sheet date. The recoverable amount of goodwill at 31 December 2013 was assessed on the basis of value in use. With the exception of the Irish unit, the assessed value exceeded the carrying value and showed significant head room over it and no impairment loss was recognised. The carrying value the Irish unit has been impaired by £750,000 to reflect a reduction in the assessed recoverable amount.

The key assumptions in the calculation to assess value in use are the future revenues and the ability to generate future cash flows. The most recent financial results and initial budgets approved by management for the next year were used and forecasts for a further four years, followed by an extrapolation of expected cash flows at a constant growth rate for each unit and the calculation of a terminal value based upon the longer term growth rates set out below. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating units.

17. Intangible assets continued

The key assumptions used for value in use calculations in 2013 are as follows:

	Germany %	UK %	US %	Ireland %	Poland %	Russia %
Longer-term growth rate	3	3-10	3	5	3	3
Discount rate	13	20	12	18	26	13

The Irish cash-generating unit is at a stage of significant product development and early-stage revenues and is consequently loss-making. The Directors have made some significant estimates on future revenues and EBITDA growth over the next four years based on the uniqueness of the product pipeline in its segment. While the Directors remain confident of the pipeline's long-term prospects, it has taken longer than expected for significant revenues to commence.

The Directors have performed a sensitivity analysis to assess the impact of downside risk of the key assumptions underpinning the projected results of the Irish cash-generating unit. The projections and associated headroom used for the Irish cash generating unit are sensitive to the EBITDA growth assumptions that have been applied. The key assumptions that have been made relate to the timing of new products being launched, the growth rate of revenue once launched, and the costs associated with the manufacture and sale of the new products. The key sensitivity is the restriction of revenue growth. As a result of the increased risk associated with the unit, the carrying value of the goodwill associated with it has been impaired by £750,000.

The UK cash generating unit Includes both Quotient Diagnostics Limited and EKF Molecular Diagnostics Limited. The Directors estimate that long-term growth from these businesses will be high because of the characteristics of these markets. EKF Molecular is a start-up business operating in a high growth segment of the diagnostics market. Because of the low starting base and the potential for this business a high long-term growth rate has been used.

The remaining average useful lives of the intangibles are as follows:

Trade name	5–10 years
Customer relations	3–10 years
Trade secrets	3–14 years
Development costs	13 years
Non-compete agreements	3 years

The Company has no intangible assets.

18. Investments in subsidiaries

Company Shares in Group undertakings	**2013 £'000**	2012 £'000
1 January	**15,613**	15,613
Additions	**1,600**	–
Impairment	**(583)**	–
31 December	**16,630**	15,613

The additions relate to the acquisition of 360 Genomics Limited (see note 21) which was acquired by the subsidiary company EKF Molecular Diagnostics Limited. The impairment relates to the investment in EKF Diagnostics Limited (Ireland).

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid, less any impairment.

The principal subsidiaries of EKF Diagnostics Holdings plc are as follows:

Name of Company	Note	Proportion Held	Class of Shareholding	Nature of Business
EKF Diagnostics Limited	1	100%	Ordinary	Head Office
Quotient Diagnostics Limited	1	100%	Ordinary	Sale of diagnostic equipment
EKF-diagnostic GmbH Germany	2	100%	Ordinary	Manufacture and sale of diagnostic equipment
Senslab GmbH	2	100% (indirect)	Ordinary	Diagnostic testing
EKF Diagnostyka Sp.z.o.o.	3	100% (indirect)	Ordinary	Manufacture and sale of diagnostic equipment
000 EKF Diagnostika	4	60% (indirect)	Ordinary	Sale of diagnostic equipment
EKF Diagnostics Inc	5	100%	Ordinary	Intermediate holding company
Stanbio Laboratory LP	5	100% (indirect)	Partnership	Manufacture and sale of diagnostic equipment
Stanbio Life Sciences LP	5	100% (indirect)	Partnership	Manufacture and sale of diagnostic equipment
EKF Diagnostics Limited	6	100%	Ordinary	Manufacture and sale of diagnostic equipment
360 Genomics Limited	1	100% (indirect)	Ordinary	Manufacture and sale of diagnostic equipment
EKF Molecular Diagnostics Limited	1	100%	Ordinary	Manufacture and sale of diagnostic equipment

Notes
1. Incorporated and registered in the United Kingdom.
2. Incorporated and registered in Germany.
3. Incorporated and registered in Poland.
4. Incorporated and registered in Russia.
5. Incorporated and registered in the United States of America.
6. Incorporated and registered in Ireland. In January 2013 the company changed its name from Argutus Medical Limited.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

18. Investments in subsidiaries continued

All subsidiaries are included in the consolidation. The proportions of voting shares held by the parent Company do not differ from the proportion of Ordinary Shares held.

All UK subsidiaries are exempt from the requirement to file audited accounts by virtue of section 479A of the Companies Act 2006. As part of this process, the Company has provided statutory guarantees to these subsidiaries.

19. Financial instruments by category

(a) Assets

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
31 December				
Assets as per balance sheet				
Trade and other receivables excluding prepayments and corporation tax	**6,405**	3,619	**24,996**	24,644
Cash and cash equivalents	**2,551**	4,331	**159**	736
Total	**8,956**	7,950	**25,155**	25,380

Receivables in the analysis above are all categorised as 'loans and receivables' for the Group and Company.

(b) Liabilities

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
31 December				
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	**2,071**	1,892	**–**	–
Finance lease liabilities	**369**	419	**–**	–
Trade and other payables	**4,023**	3,537	**4,166**	3,504
Deferred consideration	**7,249**	5,714	**1,778**	2,439
Total	**13,712**	11,562	**5,944**	5,943

Liabilities in the analysis above are all categorised as 'other financial liabilities at amortised cost' for the Group and Company, with the exception of deferred equity consideration totalling £1,355,000 (2012: £605,000) that is categorised as a financial liability at fair value through profit and loss.

(c) Credit quality of financial assets

The Group is exposed to credit risk from its operating activities (primarily for trade receivables and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's maximum exposure to credit risk, due to the failure of counterparties to perform their obligations as at 31 December 2013 and 31 December 2012, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets.

Trade receivables

The credit quality of trade receivables that are neither past due nor impaired have been assessed based on historical information about the counterparty default rate. The Group does not hold any other receivable balances with customers, whose past default has resulted in the recovery of the receivables balances.

Cash at bank

The credit quality of cash has been assessed by reference to external credit ratings, based on reputable credit agencies' long-term issuer ratings:

	2013 £'000	2012 £'000
AA	**42**	266
Other	**2,509**	4,065
Total	**2,551**	4,331

20. Investments

Group and Company	2013 £'000	2012 £'000
1 January	**250**	–
Additions	**–**	250
31 December	**250**	250

The investment consists of a 2.63% (2012: 2.93%) shareholding in Arcis Biotechnology Holdings Limited, a privately held company operating in the biotechnology industry.

21. Business combinations

Acquisition of 360 Genomics Limited

On 8 March 2013 the Group acquired, through its subsidiary company EKF Molecular Diagnostics Limited, 100% of the share capital of 360 Genomic Limited, a company which owns technology in the field of molecular diagnostics.

The goodwill of £1,178,000 arising from the acquisition is attributable to the expected future synergies arising from integrating the acquired business into the Group.

The following table summarises the fair values of the consideration paid for 360 Genomics Limited and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date. Acquisition related costs of £93,000 have been written off against income and disclosed as an exceptional item.

	Book and fair values £000
Consideration	
Equity instruments (5,649,717 Ordinary Shares)	1,600
Deferred contingent consideration	2,639
	4,239
Recognised amounts of identifiable assets acquired and liabilities assumed	
Trade secrets – included in intangibles	3,950
Non-compete agreement – included in intangibles	70
Trade and other payables	(155)
Deferred tax	(804)
Total identifiable net assets	3,061
Goodwill	1,178

The fair value of the 5,649,717 Ordinary Shares issued as part of the consideration paid for 360 Genomics Limited was based on the average closing price per share over the ten consecutive trading days ending a day before the agreement day.

The contingent consideration arrangement requires the Group to pay the former owners of 360 Genomics Limited additional consideration agreed at a maximum of £8,000,000. The consideration is linked to the achievement of revenue targets or a sale of the business during the period to 31 December 2019. The Directors believe that there is a near 100% probability that these payments will be made in full. However, the value has been discounted to its net present value of £2,639,000 using a rate of 22%. Unwind of the discount in the post-acquisition period totals £480,000 and has been included in finance expense in the income statement (note 12).

Revenue and retained profit included in the consolidated statement of comprehensive income since 8 March 2013 contributed by 360 Genomics Limited was £nil. Had 360 Genomics Limited been consolidated from 1 January 2013, the consolidated statement of comprehensive income would show revenue relating to the business of £nil and a loss of £8,000.

22. Trade and other receivables

	Group 2013	Group 2012	**Company 2013**	Company 2012
Non-current				
Amounts owed by subsidiary undertakings	**–**	–	**17,799**	17,877
Current				
Trade receivables	**4,896**	3,128	**–**	15
Less: provision for impairment of trade receivables	**(91)**	(334)	**–**	–
Trade receivables – net	**4,805**	2,794	**–**	15
Prepayments	**270**	265	**78**	27
Amounts owed by subsidiary undertakings	**–**	–	**7,142**	6,731
Corporation tax receivable	**479**	292	**–**	–
Other receivables	**1,601**	533	**55**	21
	7,155	3,884	**7,275**	6,794

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

As of 31 December 2013, trade receivables of £62,000 (2012: £15,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Up to 3 months	**62**	15	**–**	15

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

22. Trade and other receivables *continued*

As of 31 December 2013, trade receivables of £57,000 (2012: £334,000) were impaired and provided for. The ageing of these impaired receivables is as follows:

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Up to 3 months	–	–	–	–
3 to 6 months	–	–	–	–
6 months to one year	91	334	–	–

Movements on the provision for impairment of trade receivables are as follows:

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
At 1 January	334	380	–	–
Provision for receivables impairment	41	4	–	–
Receivables written off during the year as uncollectible	(284)	–	–	–
Unused amounts reversed	–	(50)	–	–
At 31 December	91	334	–	–

The other classes within trade and other receivables do not contain impaired assets.

The carrying amounts of the Group's trade and other receivables denominated in foreign currencies were as follows:

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
UK Sterling	682	560	6,482	4,765
Euros	2,452	1,316	7,146	7,913
US dollar	3,716	1,545	11,445	11,993
Russian rouble	104	235	–	–
Polish zloty	201	228	–	–
	7,155	3,884	25,073	24,671

23. Inventories

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Raw materials	3,615	3,301	–	–
Work in progress	501	492	–	–
Finished goods	1,192	1,178	–	–
	5,308	4,971	–	–

The Directors are of the opinion that the replacement values of inventories are not materially different to the carrying values stated above. The carrying values above are stated net of impairment provisions of £445,000 (2012: £592,000).

The cost of inventories recognised as expense and included in 'cost of sales' amounted to £7,515,000 (2012: £6,550,000).

The Company held no inventories.

24. Cash and cash equivalents

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Cash at bank and in hand	2,275	4,331	159	736
Short-term bank deposits	276	–	–	–
Cash and cash equivalents (excluding bank overdrafts)	2,551	4,331	159	736

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

25. Trade and other payables

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Trade payables	**959**	1,508	**145**	54
Amounts due to subsidiary undertakings	**–**	–	**2,837**	2,661
Social security and other taxes	**166**	206	**51**	38
Other payables	**412**	515	**–**	–
Accrued expenses and deferred income	**2,652**	1,514	**1,184**	789
	4,189	3,743	**4,217**	3,542

26. Borrowings

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Non-current				
Bank borrowings	**1,614**	1,658	**–**	–
Convertible loan	**166**	–	**–**	–
Finance lease liabilities	**328**	373	**–**	–
	2,108	2,031	**–**	–
Current				
Bank borrowings	**291**	234	**–**	–
Finance lease liabilities	**41**	46	**–**	–
	332	280	**–**	–

The Company has no borrowings.

The maturity profile of borrowings was as follows:

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Amounts falling due				
Within 1 year	**332**	280	**–**	–
Between 1 and 2 years	**246**	248	**–**	–
Between 2 and 5 years	**512**	361	**–**	–
More than 5 years	**1,350**	1,422	**–**	–
Total borrowings	**2,440**	2,311	**–**	–

(a) Bank borrowings

Bank borrowings have maturity profiles from 2014 through to 2020 and bear an average fixed coupon of 4.79% annually (2012: 4.70%).

Bank borrowings are secured against certain assets of the Group. The Parent Company has also provided guarantees against these bank borrowings which are denominated in foreign currencies.

The US Dollar and Euro denominated borrowings have covenants attached to them. The Group has been compliant with these covenants throughout the year.

The bank borrowings are repayable by either monthly or quarterly instalments.

The Group is not exposed to interest rate changes or contractual re-pricing dates at the end of the reporting period, as the borrowings are fixed in nature.

The fair value of both current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5% (2012: 5%).

The carrying amounts of the Group's bank borrowings are denominated in the following foreign currencies:

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Euros	**413**	362	**–**	–
US Dollar	**1,488**	1,520	**–**	–
Polish Zloty	**4**	10	**–**	–
Total	**1,905**	1,892	**–**	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 31 December 2013

26. Borrowings continued

(b) Convertible loan
Andrew Webb has loaned £200,000 to EKF Molecular in return for a convertible loan note. The note is redeemable on 31 December 2017 or convertible under certain circumstances on or before 30 November 2017 into shares representing 20% of the share capital of EKF Molecular. Interest only becomes payable in the event of a default. The principal has been split into a debt element and an equity element. The equity element is disclosed in Other Reserves. The note is denominated in sterling.

(c) Finance lease liabilities
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2013 £'000	2012 £'000
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**45**	51
Later than 1 year and no later than 5 years	**68**	160
Later than 5 years	**263**	220
	376	431
Future finance charges on finance leases	**(7)**	(12)
Present value of finance lease liabilities	**369**	419

The present value of finance lease liabilities is as follows:

	2013 £'000	2012 £'000
No later than 1 year	**44**	47
Later than 1 year and no later than 5 years	**66**	152
Later than 5 years	**259**	220
	369	419

27. Deferred consideration

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
At 1 January	**5,714**	8,154	**2,439**	4,252
On acquisition of subsidiaries	**2,639**	–	**–**	–
Unwinding of discount (note 12)	**685**	260	**55**	87
Fair value adjustment	**750**	–	**750**	
Reduction of provisions	**(1,108)**	–	**(850)**	–
Payments made	**(1,429)**	(2,517)	**(616)**	(1,900)
Exchange differences	**(2)**	(183)	**–**	–
At 31 December	**7,249**	5,714	**1,778**	2,439
Current portion	**1,778**	2,600	**1,778**	1,594
Non-current portion	**5,471**	3,114	**–**	845

The deferred consideration is made up as follows:

- 4,043,940 Ordinary Shares originally valued at £605,000 to be issued as part of the consideration paid for acquisition of EKF-diagnostic GmbH Germany. The value of the shares has been adjusted to its fair value at 31 December 2013 of £1,355,000.
- £430,000 contingent consideration payable as part of the consideration for acquisition of Quotient Diagnostics Limited. The discounted value at the year-end amounted to £423,000 (2012: £1,834,000). The contingent consideration is dependent on numbers of instruments sold by April 2014. Management's expectation is that the maximum consideration of £1,280,000 will not become payable and have reduced the provision by £850,000.
- $4,000,000 contingent consideration payable as part of the consideration for acquisition of Stanbio Laboratory LP. The discounted value at the year-end amounted to £2,352,000 (2012: £3,275,000). The contingent consideration is largely based on achieving targets. The provision has been reduced by £258,000 following agreement of the amount payable to the former owner under the tax indemnity.
- £8,000,000 contingent consideration payable as part of the consideration for acquisition of 360 Genomics Limited. The discounted value at the year end amounted to £3,119,000 (2012: £nil). The contingent consideration is based on achieving revenue targets or a sale of the business.

28. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The amounts concerned are as follows:

Group	2013 £'000	2012 £'000
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	**(46)**	(44)
Deferred tax asset to be recovered after more than 12 months	**(903)**	(973)
	(949)	(1,017)
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	**3,442**	3,793
Deferred tax liability to be recovered within 12 months	**380**	417
	3,822	4,210
Deferred tax liabilities – net	**2,873**	3,193

The gross movement on the deferred income tax account is as follows:

	2013 £'000	2012 £'000
At 1 January	**3,193**	4,591
Exchange differences	**–**	(133)
On acquisition of subsidiaries	**804**	–
Effect of reduction in tax rate	**(423)**	(386)
Income statement movement (note 13)	**(701)**	(879)
At 31 December	**2,873**	3,193

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Accelerated tax depreciation £'000	Total £'000
At 1 January 2012	**4,826**	**4,826**
Credited to the income statement	(94)	(94)
Impact of deferred tax rate change	(386)	(386)
Exchange differences	(136)	(136)
At 31 December 2012	**4,210**	**4,210**
At 1 January 2013	**4,210**	**4,210**
Credited to the income statement	**(652)**	**(763)**
On acquisition of subsidiaries	**804**	**804**
Impact of deferred tax rate change	**(539)**	**(539)**
Exchange differences	**(1)**	**(1)**
At 31 December 2013	**3,822**	**3,711**

Deferred tax assets	Tax losses £'000	Other £'000	Total £'000
At 1 January 2012	(141)	(94)	(235)
Charged to the income statement	(797)	12	(785)
Exchange differences	3	–	3
At 31 December 2012	**(935)**	**(82)**	**(1,017)**
At 1 January 2013	(935)	(82)	(1,017)
Charged to the income statement	(35)	(14)	(49)
Impact of deferred tax rate change	116		116
Exchange differences	1	–	1
At 31 December 2013	**(853)**	**(96)**	**(949)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

28. Deferred income tax *continued*

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £872,000 (2012: £1,054,000) mainly in respect of tax losses amounting to £4,154,000 (2012: £4,391,000) that can be carried forward against future taxable income.

Company	2013 £'000	2012 £'000
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	**96**	82
Deferred tax	**96**	82

29. Share capital and premium

Group and Company	Number of Shares	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2013	**267,067,652**	**2,671**	**40,240**	**42,911**
Issue of shares	5,649,717	56	1,543	1,599
At 31 December 2013	**272,717,369**	**2,727**	**41,783**	**44,510**

On 8 March 2013 5,649,717 shares were issued in connection with the acquisition of 360 Genomics Limited at a price of 28.32p per share.

30. Share options and share-based payments

The share options and share incentive schemes in existence were as follows:

(a) Long-term Incentive Plans ('LTIP')

	2013 Number of notional shares	2012 Number of notional shares
At 1 January and 31 December	**17,091,276**	17,091,276

Long-term incentive plan share awards over notional shares totalling 17,091,276 have been granted to two Executive Directors. The key terms of the awards were revised on 11 June 2013. The key terms of the awards relating to the grants noted above are as follows.

a) 1,709,128 notional shares, with an exercise price of 15p will vest if the Company's mid-market closing share price attains 30 pence or higher per share for a period of 20 consecutive days (on which The London Stock Exchange is open for business) at any time during the period commencing on 1 January 2011 and ending on 31 December 2016. This condition was met during the year.
b) 1,709,128 notional shares, with an exercise price of 15p will vest if the Company's mid-market closing share price attains 37.5 pence or higher per share for a period of 20 consecutive days (on which The London Stock Exchange is open for business) at any time during the period commencing on 1 January 2011 and ending on 31 December 2016.
c) 1,709,128 notional shares, with an exercise price of 15p will vest if the Company's mid-market closing share price attains 45 pence or higher per share for a period of 20 consecutive days (on which The London Stock Exchange is open for business) at any time during the period commencing on 1 January 2011 and ending on 31 December 2016.
d) 1,709,128 notional shares, with an exercise price of 15p will vest if the Company's mid-market closing share price attains 52.5 pence or higher per share for a period of 20 consecutive days (on which The London Stock Exchange is open for business) at any time during the period commencing on 1 January 2011 and ending on 31 December 2016.
e) 1,709,126 notional shares, with an exercise price of 15p will vest if the Company's mid-market closing share price attains 60 pence or higher per share for a period of 30 consecutive days (on which The London Stock Exchange is open for business) at any time during the period commencing on 1 January 2011 and ending on 31 December 2016.
f) 8,545,638 notional shares, with an exercise price of 15p will vest if the Company's EBITDA for the year to 31 December 2013 is at least 52.0875% (being growth at 15% per annum compounded) higher than twice the EBITDA for the six months to 31 December 2010. For these purposes EBITDA shall mean EBITDA (earnings before interest, taxes, depreciation and amortisation) as shown in the audited financial statements for the period in question, as adjusted to remove any adjustment, accrual or expense in respect of the grant of or exercise of the Award granted to the Award holder. This condition has now been met.

30. Share options and share-based payments *continued*

(b) Unapproved share option scheme

	2013		2012	
	Av. Exercise price per share (£)	Options (Number)	Av. Exercise price per share (£)	Options (Number)
At 1 January	**0.221**	**7,085,000**	0.218	7,185,000
Granted	**0.273**	**1,150,000**	0.252	400,000
Exercised	**–**	**–**	0.200	(500,000)
Forfeited	**0.252**	**(500,000)**	–	–
At 31 December	**0.224**	**7,735,000**	0.221	7,085,000

The unapproved share options include the following:

- The 225,000 options granted to a former employee on 29 January 2004 are conditional on the employee completing two years' service (the vesting period) and are exercisable from the 2nd anniversary of the date of grant. The options have a contractual option term of ten years and the Company has no legal or constructive obligation to repurchase or settle the options in cash. The exercise price of the granted options is equal to the market price of the shares on the date of grant. These options were exercised in January 2014.
- 4,260,000 options were in issue at an exercise price of 20p per share. The shares will vest if the Company's EBITDA for the year to 31 December 2013 is at least 52.0875% (being growth at 15% per annum compounded) higher than the target adjusted EBITDA of £777,408. All EBITDA contribution from current and future acquisitions of the Company will be used in assessing if the annual compound growth rate is achieved. For these purposes EBITDA shall mean EBITDA (earnings before interest, taxes, depreciation and amortisation) as shown in the audited financial statements for the period in question. This condition has now been met.
- 1,700,000 options were in issue to senior employees of the Group at the beginning of the year at an exercise price of 25.25p per share. The shares will vest if the Company's EBITDA for the year to 31 December 2013 is at least 52.0875% (being growth at 15% per annum compounded) higher than the target adjusted EBITDA of £777,408. All EBITDA contribution from future acquisitions of the Company will be excluded in assessing if the annual compound growth rate is achieved. For these purposes EBITDA shall mean EBITDA (earnings before interest, taxes, depreciation and amortisation) as shown in the audited financial statements for the period in question. This condition has now been met.
- 400,000 options were issued on 19 April 2012 to a senior employee of the Group at an exercise price of 25.25p per share. The shares will vest if the Company's EBITDA for the year to 31 December 2013 shows growth at 15% per annum compounded on a per share basis. All EBITDA contribution from future acquisitions of the Company will be excluded in assessing if the annual compound growth rate is achieved. For these purposes EBITDA shall mean EBITDA (earnings before interest, taxes, depreciation and amortisation) as shown in the audited financial statements for the period in question.
- 1,150,000 options were issued on 7 July 2013 to senior employees at an exercise price of 27.25p per share. These options are exercisable from the third anniversary of grant with a maximum term of 10 years.

All share option awards are equity settled. Out of the 7,735,000 (2012: 7,085,000) outstanding options 4,485,000 (2012: 225,000) were exercisable.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	2013		2012	
Expiry Date	Exercise price per share (£)	Options (Number)	Exercise price per share (£)	Options (Number)
29.01.2014	**0.180**	**225,000**	0.180	225,000
16.06.2021	**0.200**	**4,260,000**	0.200	4,260,000
28.09.2021	**0.252**	**1,700,000**	0.252	2,200,000
19.04.2022	**0.252**	**400,000**	0.252	400,000
07.07.2023	**0.2725**	**1,150,000**	–	–
		7,735,000		7,085,000

The weighted average fair value of options granted during 2013 determined using the Black-Scholes valuation model was £0.113 (2012: £0.536). The significant inputs into the model are detailed below:

	2013	2012
Weighted average share price	**27.25p**	25.25p
Weighted average option exercise price	**27.25p**	25.25p
Expected volatility	**44.6%**	16%
Risk-free interest rate	**0.70**	1.25
Expected option life	**6.5 years**	3 years
Dividend yield	**–**	–

Expected volatility was determined by calculating the volatility in the historic share price over a period consistent with the expected exercise period of the option. This level of volatility has then been benchmarked by comparing the level of share price volatility for other quoted medical diagnostic businesses over a three to ten year period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

30. Share options and share-based payments *continued*

(c) Bonus and share incentive scheme ('BAPSI')

	2013 Number of notional shares	2012 Number of notional shares
At 1 January	**600,000**	2,167,318
Additional entitlement of 50%	**–**	1,083,658
Exercised	**–**	(2,650,976)
At 31 December	**600,000**	600,000

Bonus and share incentive scheme awards totalling notional shares of 600,000 (2012: 600,000) were outstanding at the end of the year. The remaining outstanding BAPSI awards are exercisable up to 3 January 2020 at 1p per share.

31. Retained earnings

	Group £'000	Company £'000
At 1 January 2012	(5,664)	(4,967)
Profit/(loss) for the year	1,830	(1,536)
Share-based payment	537	537
Recycling of reserves in respect of previously held interest in IBL AG	244	–
Actuarial loss on pension scheme	(18)	–
Recycling of adjustment in respect of available-for-sale financial assets	67	67
At 31 December 2012	**(3,004)**	**(5,899)**
At 1 January 2013	**(3,004)**	**(5,899)**
Loss for the year	**(1,126)**	**(1,490)**
Share-based payment	**709**	**709**
Actuarial gain on pension scheme	**9**	**–**
At 31 December 2013	**(3,412)**	**(6,680)**

32. Other reserves

Group	Foreign currency £'000	Other £'000	Total £'000
At 1 January 2012	1,577	244	1,821
Currency translation differences	(951)	–	(951)
Recycling of reserves in respect of previously held interest in IBL AG	(1,587)	(244)	(1,831)
At 31 December 2012	**(961)**	**–**	**(961)**
At 1 January 2013	**(961)**	**–**	**(961)**
Currency translation differences	**236**	**–**	**236**
Issue of convertible loan notes in subsidiary	**–**	**41**	**41**
At 31 December 2013	**(725)**	**41**	**(684)**

In return for a payment of £200,000, Andrew Webb has been granted a loan note convertible into equity in EKF Molecular Diagnostics Limited. The equity element has been included in other reserves. The debt element is included in borrowings.

33. Retirement benefit obligations

Group	**2013 £'000**	2012 £'000
Liability in the balance sheet for pension benefits	**103**	112
Income statement charge for:		
Pension benefits	**4**	15
Actuarial (gains)/losses recognised in the statement of other comprehensive income in the year	**(9)**	18
Cumulative actuarial losses recognised in the statement of other comprehensive income	**21**	31

Pension benefits

The Group operates a defined contribution pension scheme the assets of which are held separately from those of the Company in an independently administered fund. The pension cost for the year represents contributions made by the Company to the fund and amounted to £208,000 (2012: £127,000).

The Group operates a funded defined benefit plan for Berthold Walter, the former owner of EKF-diagnostic GmbH Germany.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2013 by SLPM Schweizer Leben Pensions Management GmbH.

33. Retirement benefit obligations continued

The principal actuarial assumptions were as follows:

Group	2013 %	2012 %
Discount rate	**3.20**	3.85
Inflation rate	**2.00**	2.00
Expected return on plan assets	**3.20**	3.85
Future salary increases	**Nil**	Nil
Future pension increases	**1.00**	2.00

Assumptions regarding future mortality experience are set based on the German Pension table “Richttafeln 2005G”, and an expected retirement age of 65. This gives an underlying life expectancy of 21.148 years.

The amounts recognised in the balance sheet are determined as follows:

	2013 £'000	2012 £'000
Present value of funded obligation	**(234)**	(229)
Fair value of plan assets	**131**	117
Deficit of funded plans	**(103)**	(112)

The movement in the defined benefit obligation over the year is as follows:

	2013 £'000	2012 £'000
At 1 January	**229**	204
Exchange differences	**5**	(11)
Current service cost	**–**	9
Interest cost	**9**	10
Actuarial (gains)/losses	**(9)**	17
At 31 December	**234**	229

The movement in the fair value of plan assets over the year is as follows:

	2013 £'000	2012 £'000
At 1 January	**117**	107
Exchange differences	**2**	(2)
Expected return on plan assets	**5**	4
Actuarial losses	**–**	1
Employer contributions	**7**	7
At 31 December	**131**	117

The amounts recognised in the income statement are as follows:

	2013 £'000	2012 £'000
Current service cost	**–**	(9)
Interest cost	**(9)**	(10)
Expected return on plan assets	**5**	4
Total	**(4)**	(15)

£Nil (2012: £9,000) was charged through operating expenses and £9,000 (2012: £6,000) was charged through Finance costs.

The expected contribution rate for 2014 is 8% (2013: 8%).

34. Commitments

a) Capital commitments
The Group has contracted approximately £0.1m (2012 – £0.1m) capital expenditure at the end of the reporting period but not yet incurred.

b) Operating lease commitments
The Group leases various offices and manufacturing buildings under non-cancellable operating lease agreements. The lease terms are between one and five years.

The Group also leases various assets under non-cancellable operating lease agreements. The lease terms are between one and ten years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2013

34. Commitments continued

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
Group	**2013 £'000**	2012 £'000	**2013 £'000**	2012 £'000
No later than 1 year	**29**	32	**–**	6
Later than 1 year and no later than 5 years	**175**	488	**89**	61
Later than 5 years	**665**	369	**–**	–
Total	**869**	889	**89**	67

35. Cash used in operations

	Group		Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Profit/(loss) before tax	**607**	(196)	**(1,458)**	(1,524)
Adjustments for:				
– Depreciation	**1,304**	1,165	**51**	45
– Amortisation	**2,250**	1,914	**–**	–
– Impairment	**750**	–	**583**	–
– Warranty claim	**(1,241)**	–	**–**	–
– Profit on disposal of fixed assets	**(8)**	–	**–**	–
– Profit on disposal of available-for-sale assets	**–**	(115)	**–**	(115)
– Share-based payments	**709**	537	**709**	537
– Release of deferred consideration	**(1,108)**	–	**(850)**	–
– Fair value adjustment	**750**	–	**750**	–
– Release of provision	**(334)**	(503)	**–**	–
– Defined benefit pension scheme	**–**	(3)	**–**	–
– Net finance costs/(income)	**1,044**	400	**55**	(1,025)
Changes in working capital				
– Inventories	**(298)**	(314)	**–**	–
– Trade and other receivables	**(1,930)**	319	**(404)**	(1,317)
– Trade and other payables	**677**	(684)	**629**	(37)
Net cash generated by/(used in) operations	**3,172**	2,520	**65**	(3,436)

In the statement of cash flows, proceeds from the sale of property, plant and equipment comprise:

Group	**2013 £'000**	2012 £'000
Net book value	**53**	120
Profit on disposal of property, plant and equipment	**8**	–
Proceeds from disposal of property, plant and equipment	**61**	120

Non-cash transactions

The principal non-cash transactions are the issue of Ordinary shares in relation to the acquisition of 360 Genomics Limited; the release of the deferred consideration provision; the fair value adjustment relating to the deferred equity consideration in respect of EKF Germany, the warranty claim, and the impairment charge in relation to Ireland.

36. Related Party Disclosures

Directors

Julian Baines was a director of BBI Holdings Limited until 2 May 2013. In the period up until this date the Group was invoiced £70,000 (2012 – £89,900) by BBI Holdings Limited and its subsidiary undertaking for development costs.

The Group was invoiced £18,000 (2012: £15,300) by J & K (Cardiff) Limited for property rent. Julian Baines is a Director of J & K (Cardiff) Limited.

Directors' emoluments are set out in the Remuneration Committee report and in note 9.

Key management compensation

Key management compensation for the year was as follows:

	2013 £'000	2012 £'000
Salaries and other short-term employee benefits	**627**	603
Share-based payments	**663**	487
Employer contribution to pension scheme	**8**	4
	1,298	1,094

Key management includes all the Directors only.

36. Related Party Disclosures *continued*

The Company

During the year the Company invoiced management charges of £1,485,000 (2012 – £465,000) and interest of £1,180,000 (2012 – £1,112,000) to its subsidiary companies. It purchased goods and services from subsidiaries totalling £303,000 (2012 – £143,000). At 31 December 2013 the Company was owed £24,941,000 (2012 – £24,608,000) by its subsidiaries and owed £2,837,000 (2012 – £2,661,000) to other subsidiaries.

37. Discontinued operations

Analysis of profit/(loss) and cash flows for the year from discontinued operations

The results of the discontinued operations included in the consolidated income statement and consolidated cash flow statement for 2013 and 2012 are set out below.

	2013 £'000	2012 £'000
Profit from discontinued operations		
Revenue	–	–
Operating expenses	–	7
Recycling of reserves following disposal	–	1,587
Profit for the year from discontinued operations	–	1,594

There were no cash flow effects from discontinued operations in either year.

NOTICE OF ANNUAL GENERAL MEETING

EKF Diagnostics Holdings PLC (Company)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (Meeting) of EKF Diagnostics Holdings plc (Company) will be held at the offices of Canaccord Genuity Limited, 41 Lothbury, London, UK, EC2R 7AE on 20 May 2014 at 2pm. for the following purposes:

Ordinary Resolutions

1. To receive and adopt the statement of accounts for the year ended 31 December 2013 together with the reports of the Directors and the auditors thereon.

2. To re-elect Julian Baines, who retires by rotation, as a Director.

3. To re-elect David Evans, who retires by rotation, as a Director.

4. To re-elect Paul Foulger, who retires by rotation, as a Director.

5. To re-elect Gordon Hall, who retires by rotation, as a Director.

6. To re-elect Kevin Wilson, who retires by rotation, as a Director.

7. To re-appoint Messrs PricewaterhouseCoopers LLP as auditors to act as such until the conclusion of the next General Meeting of the Company at which the requirements of section 437 of the Companies Act 2006 are complied with and to authorise the Directors of the Company to fix their remuneration.

8. That in substitution for any existing such authority, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “2006 Act”) to allot Relevant Securities of the Company:

   (i) up to a maximum nominal amount of £272,942.37 (in pursuance of the exercise of outstanding share options granted by the Company but for no other purpose);
   (ii) up to an aggregate nominal amount of £272,942.37 (in addition to the authorities conferred in sub-paragraphs (i) above) representing approximately 10% of the Company’s Issued Share Capital;

   such authorities (unless previously renewed, revoked or varied) to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2015, save that the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the directors may allot Relevant Securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

9. To approve the Directors Remuneration report for the financial year ending 31 December 2013. Shareholders should note that this vote is advisory only and does not affect the actual remuneration paid to any individual Director. The Directors’ remuneration report is set out in full in the Annual Report.

10. Special Resolution
   That, subject to the passing of the above Resolution, the Directors be given the general power to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by the Resolution above as if section 561(1) of the 2006 Act did not apply to any such allotments provided that this power shall be limited to:

   (i) the allotment of equity securities on the exercise of the share options granted by the Company;
   (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i) above) for cash in connection with any rights issue or pre-emptive offer in favour of holders of equity securities generally; and
   (iii) the allotment (otherwise than pursuant to sub-paragraphs (i) and (ii) above) of equity securities for cash up to an aggregate nominal amount of £272,942.37 representing approximately 10% of the Company’s Issued Share Capital;

   provided that such power (unless previously renewed, revoked or varied) shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015, save that the Company may, before such power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such power expires and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Registered Office
Avon House
19 Stanwell Road
Penarth
CF64 2EZ
26 February 2014

By order of the board
Paul Foulger
Director and Company Secretary

Notes:

(1) The Company specifies that only those members registered on the Company's register of members at 6.00pm on 18 May 2014 or if this general meeting is adjourned, at 6.00pm on the day two days prior to the adjourned meeting shall be entitled to attend and vote at the General Meeting.

(2) If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a Proxy Form with this notice. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form.

(3) A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the chairman of the General Meeting or another person as your proxy using the Proxy Form are set out in the notes to the Proxy Form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

(4) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars at the address set out in Note 5.

(5) The notes to the Proxy Form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the Proxy Form, the Proxy Form must be:

(a) completed and signed;
(b) sent or delivered to Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU; and
(c) received by Capita Registrars, at the address provided in paragraph 5(b) above no later than 2.00pm on 18 May 2014

In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.

(6) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

(7) To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars at the address noted in Note 5 above.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

(8) In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars at PXS, 34 Beckenham Road, Kent, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars no later than 2.00pm on 18 May 2014.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the general meeting and voting in person. If you have appointed a proxy and attend the general meeting in person, your proxy appointment will automatically be terminated.

(9) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises power over the same share.

(10) Voting on all resolutions will be conducted by way of a poll rather than on a show of hands.

(11) As at 5.00pm on the day immediately prior to the date of posting of this notice, the Company's issued share capital comprised 272,942,369 Ordinary Shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00pm on the day immediately prior to the date of posting of this notice is 272,942,369.

COMPANY INFORMATION

Directors:
David Evans (Executive Chairman)
Julian Baines (Chief Executive Officer)
Richard Evans (Chief Operating Officer)
Paul Foulger (Finance Director and Company Secretary)
Kevin Wilson (Non-Executive Director)
Adam Reynolds (Non-Executive Director)
Gordon Hall (Non-Executive Director)

Registered office and Head office:
Avon House
19 Stanwell Road
Penarth
Cardiff
CF64 2EZ

Place of incorporation:
England and Wales (Company number – 4347937)

Independent Auditors:
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

Nominated Advisor and Broker:
Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

Solicitors to the Company:
Berry Smith LLP
Haywood House
Dumfries Place
Cardiff
CF10 3GA

Registrars:
Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

If you have a query regarding your shareholding please call 0871 664 0300 (calls cost 10p per minute plus network extras) or e-mail ssd@capitaregistrars.com

Public relations:
Walbrook PR Limited
4 Lombard Street
London
EC3V 9HD

Investor relations email:
investors@ekfdiagnostics.com

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