14 September 2020

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

Half-year Report

EKF Diagnostics Holdings plc (AIM: EKF), the AIM listed point-of-care business, announces its unaudited interim results for the six months ended 30 June 2020. During the year the Company has issued a number of positive trading upgrades as a result of improved performance from the core business than previously expected and higher demand for the PrimeStore MTM collection device for COVID-19 testing. Overall, the full year performance remains likely to exceed previously revised management expectations.

Financial Highlights

- Revenue up 23% to £26.33m (H1 2019: £21.44m)
- Adjusted EBITDA* up 60% to £8.93m (H1 2019: £5.58m)
- Net profit up 189% to £4.14m (H1 2019: £1.43m)
- Net cash generated from operations of £6.94m (H1 2019: £4.34m)
- Net cash of £16.28m (30 June 2019: £11.78m) (31 December 2019: £11.42m)
- Maiden dividend of 1p per ordinary share to be paid on 1 December 2020 (record date: 5 November 2020)

** Earnings before interest, tax, depreciation and amortisation adjusted for exceptional items and share-based payments*

Operational Highlights

- Core business revenues delivered a more robust performance in the face of COVID-19 headwinds than management expected, with 8% year-on-year decrease in core business sales (i.e. excluding PrimeStore MTM sales), with signs that H2 recovery is underway
- Diabetes sales down 2% to £9.42m (H1 2019: £9.61m) – with β-HB sales up 5.7% to £5.07m, and Quo-Test sales down £0.42m due to reduced demand in the Philippines following substantial orders fulfilled last year
- Hematology sales down 12% to £5.86m (H1 2019: £6.66m) – Hemo Control / HemoPoint H2 sales were impacted by COVID-19 particularly in Peru, but strong Diaspect Tm sales (+8%) following strong contributions from McKesson and Fresenius OEM agreements offset these reductions
- Central Lab & Life Sciences sales (excluding contract manufacturing for PrimeStore MTM) were down 5.5% to £2.64m, despite growth in Clinical Chemistry revenues.
    - Including PrimeStore MTM sales, Central Lab & Lifesciences sales totalled £9.10m (up from £2.96m in H1 2019)
- Main growth driver derived from £6.46m of PrimeStore MTM contract manufacturing revenues (up from £164k in H1 2019)
    - *Contract manufacturing agreement with Longhorn Vaccines and Diagnostics, signed in March 2020*
    - *EKF appointed as distributor for non-US territories with UK contracts secured*
    - *Rapid increase in production capacity across US sites (Texas, and now Indiana), establishment of manufacturing lines in the UK (Cardiff) and Europe (Barleben and Leipzig*).

Christopher Mills, Non-Executive Chairman of EKF, commented:
"We have delivered tremendous growth in the first half due to strong sales of the PrimeStore MTM sample collection device and a far more robust performance in the core business than we'd originally anticipated given the likely impact of COVID-19. We are seeing signs of improved performance in both Diabetes and Hematology and the continued demand for PrimeStore MTM means that we remain confident that, for the full year, we will exceed previously revised management expectations."

A copy of the investor presentation is available here: https://www.ekfdiagnostics.com/documents-reports.html

The Company will also host a live online presentation today at 4.30pm through the digital platform *Investor Meet Company* (register here: https://www.investormeetcompany.com/ekf-diagnostics-holdings-plc/register-investor).

A recording of the presentation and responses to the Q&A sessions will also be available here afterwards.

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BUSINESS REVIEW

Despite the challenges that have been presented by the COVID-19 pandemic, we are delighted that our core business has held up so well and that we have delivered strong double-digit growth across the Group during the first half of the year.

Overall sales grew by 23% to £26.33m, adjusted EBITDA was up 60% to £8.93m and we generated £6.94m of net cash from operations, taking our net cash position to £16.82m.

As investors will have seen from our recent trading updates and the series of upgraded market expectations, our over-performance has been largely due to the high demand for the PrimeStore MTM device. This is used for safe COVID-19 sample collection and is manufactured under contract by us in the United States, here in the UK and by our sites in Germany. Of course, underpinning this growth has been the robust performance of our core businesses and the continued demand for our diabetes and haemoglobin tests during the pandemic. Whilst overall sales within our core business (excluding PrimeStore MTM sales) declined by 8%, the Board believes this was a strong performance given current circumstances and also came in above our own expectations. A number of areas within our core business continued to see growth in sales and we are beginning to see positive signs for a return to growth overall.

OPERATIONS

Diabetes

Sales in the diabetes segment were only marginally lower at £9.4m, down 2% on H1 2019. Sales of β-HB (Beta-Hydroxybutyrate) were up 5.7% year-on-year to £5.07m, and sales of Quo-Lab and Biosen (our HbA1C point-of-care analyzer and glucose analyzer respectively) were broadly flat against the same period last year. The biggest impact was seen on our Quo-Test revenues, with a drop in sales primarily associated with reduced demand in the Philippines during national lockdown, combined with the fact that H1 2019 sales were buoyed by large initial orders placed in the region last year.

Hematology

Sales from our Hematology range of products held up well, recording a total of £5.85m in revenues. However the 12% year-on-year decline was mainly due to a short-term slowdown in Hemo Control and HemoPoint H2 sales. Due to the impact of the pandemic in the US Women, Infants and Children centres were closed nationwide to reduce COVID-19 transmission to vulnerable people and health workers. In addition, sales related to hemoglobin screening in Peru were severely impacted by COVID-19.

On a more positive note, sales of the DiaSpect Tm hand-held hematology analyser remained reasonably robust, with strong performances from our OEM partners McKesson and Fresenius, contributing to an 8% increase in DiaSpect Tm sales. Before the onset of the COVID-19 pandemic, over 1,000 sites had started using the McKesson Consult ® Hb analyser version of the DiaSpect Tm. This was growing at around 100 sites per month during the first quarter.

Sales of Hemo Control and HemoPoint H2 have improved in July and August and we are hopeful that this is an early indication of recovery and will continue in the remainder of the second half.

Central Laboratory & Life Sciences (inc. PrimeStore MTM contract manufacturing)

Our Central laboratory and Life Sciences sector combines revenues derived from Clinical Chemistry, lab analysers, contract fermentation and enzymes, but also includes sales from contract manufacturing, namely PrimeStore MTM tubes and bulk liquid reagents. As a result of the additional £6.46m PrimeStore MTM sales in the half, this business segment more than tripled its revenues from £2.96m in H1 2019 to £9.10m in H1 2020.

In March 2020, we signed a contract manufacturing agreement with Longhorn Vaccines and Diagnostics LLC in the US for their FDA-approved PrimeStore MTM sample collection device, which deactivates viruses, bacteria, fungi and mycobacterium tuberculosis allowing for safe sample handling and transport, greatly reducing risk of infection. The PrimeStore® MTM product is the only FDA-cleared microbial nucleic acid storage and stabilisation device available and was designed specifically for use during viral pandemics. In the case of COVID-19, PrimeStore MTM deactivates the sample, rendering it non-infectious and allowing safe transportation and testing in laboratories with a lower biosafety containment classification, thereby increasing the number of laboratories which can undertake testing for COVID-19.

As reflected in our announcements during the year, we have been rapidly scaling up our production capacity to meet the significant increase in demand for these sample collection kits from Longhorn in the US, but also from outside the US where EKF has been appointed a distributor for non-US territories. We quickly doubled our production capacity at our manufacturing site in Boerne, Texas, and have subsequently created a second US production line at our facility in South Bend, Indiana. Three production lines are now up and running from our head office site in Penarth, South Wales, and we have now established manufacturing at both our Barleben and Leipzig sites in Germany.

In the first half of 2020, sales of PrimeStore MTM sample collection kits totalled £6.46m. Further US orders worth $14.1m have been received for delivery in H2 2020 and in August 2020 we received an order worth £3m from a partner from the private sector to supply PrimeStore MTM sample collection kits be used in a COVID-19 testing programme for their UK staff. The kits include a PrimeStore MTM filled tube packaged with a swab and a collection device.

Beyond Longhorn related opportunities, we have seen the successful completion of early stage development batches of a bulk dietary ingredient for Ixcela, Inc. which is used in food supplements to improve gut microbiome and general health, and the commencement of manufacture of an evaluation batch prior to the planned commencement of full scale production. Significant progress has been made to introduce Lucica Glycated Albumin to national and regional lab chains in the US, although both sales negotiations and roll-out have been delayed by COVID-19 lockdown measures.

We are about to start contract manufacturing for a number of new products in our US facilities including molecular and RNA kits for five potential new customers, in addition to the continuing work with Oragenics on enzymes for use in research, and iGenomX for a molecular enzyme. Finally, sales of the Altair analyser and related chemistry reagents were up 36%.

Other

This category includes sales of a number of products including our Lactate Scout sports medicine product and other diagnostic tests, the most important of which is for pregnancy. The shutdown of professional sports in Europe has led to a reduction in Lactate Scout sales, however these are expected to resume when organised sport gets onto a more regular footing.

PARTNERSHIP WITH MOUNT SINAI – RENALYTIX AI PLC / TRELLUS HEALTH LTD

In 2019, we announced our Preferred Partnership Agreement (PPA) with Mount Sinai Innovation Partners (MSIP). This provides EKF with advanced access to innovative commercial opportunities arising from Mount Sinai Health System owned technologies managed by MSIP in the field of healthcare technologies. It builds on the collaborative relationship with MSIP which led to our successful spin-out of Renalytix AI plc (LSE: RENX; NASDAQ: RNLX) ("RenalytixAI"). Our residual holding in RenalytixAI is valued at £14.2m (as at 30 June), against our original purchase price of £3.2m. The in-specie distribution shares in RenalytixAI which were transferred to EKF shareholders in November 2018 are, as at 30 June 2020, worth £111.1m, or equivalent to 24.4p per EKF share.

In addition to this, Verici Dx Limited ("Verici Dx") has been spun out from RenalytixAI, having been set up as a separate entity to enable the accelerated development of and the achievement of commercial milestones for the portfolio of transplant diagnostic and prognostic products originally licensed by RenalytixAI from Mount Sinai. An IPO of Verici Dx is being evaluated which, if successful, will provide additional benefits to those EKF shareholders who retained their distributed RenalytixAI shares and received Verici 'A' shares in July this year.

Last month we announced our first collaboration under our PPA with MSIP, being a $5m investment in Trellus Health Limited ("Trellus Health"), a company developing a resilience-driven digital health solution for complex chronic conditions with an initial focus on Inflammatory Bowel Disease (IBD), including Crohn's disease and ulcerative colitis. Trellus Health has agreed a multi-year licence with Mount Sinai Health System to commercialise their GRITT-IBD resilience assessment and personalised treatment methodology. 90% of the US's $3.3 trillion annual health care expenditure is for chronic diseases, with patients suffering from both chronic medical and mental health conditions costing twice as much according to the Centers for Disease Control & Prevention (CDC).

As we did with RenalytixAI, our aim is to distribute EKF's shareholding in Trellus Health to our shareholders by way of a distribution *in specie* later this year, with a potential admission to trading on AIM for Trellus Health in 2021.

Financial review

Revenue

Revenue for the period was £26.33m (H1 2019: £21.44m), an increase of 22.8%.

	Unaudited 6 months ended 30 June 2020 £'000	Unaudited 6 months ended 30 June 2019 £'000	**+/- %**
Hematology	**5,853**	6,664	**(12.2%)**
Diabetes (including βHB)	**9,419**	9,612	**(2.0%)**
Central Laboratory	**9,098**	2,956	**207.8%**
Other	**1,959**	2,204	**(11.1%)**
Total revenue	**26,329**	21,436	**22.8%**

Within the Central Laboratory segment, sales relating to contract manufacturing, including those of products stemming from our relationship with Longhorn, amounted to £6.46m (H1 2019: £0.16m).

Gross profit

Gross profit is £14.91m (H1 2019: £11.53m). The gross profit margin is 57% (H1 2019: 54%). The gross margin percentage has improved largely as a result of increased sales volumes and a better mix.

Administrative expenses

In H1 2020, administrative expenses have reduced to £8.25m (H1 2019: £9.12m), representing 31.3% of revenue for the period (H1 2019: 42.5%). The reduction is largely caused by lower share-based payments. Administrative expenses include research and development (R & D) costs of £0.63m (H1 2019: £0.78m). In addition, further R & D costs of £0.31m (H1 2019: £0.18m) have been capitalised. Non-exceptional administrative costs are slightly higher than in H1 2019 mainly due to increased sales volumes and additional expenditure on quality assurance and regulatory costs as result of the increased regulatory burden in Europe and other regions. Included within administrative expenses is a performance related payment to two executive directors totalling £0.45m, which reduces the amount payable under the cash-settled share-based payment incentive scheme.

To aid understanding, administrative expenses in each period are made up as follows:

	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
Non-exceptional administration expenditure before R & D capitalisation	8,668	8,394	17,027
Effect of share-based payments	300	1,135	2,118
Less capitalised R & D	(308)	(183)	(527)
Effect of exceptional items	(408)	(229)	(338)
Total administrative expenses	**8,252**	**9,117**	**18,280**

The charge for depreciation of fixed assets and for the amortisation of intangibles is £2.32m (H1 2019: £2.24m).

Operating profit and adjusted earnings before interest tax and depreciation

The Group generated an operating profit of £6.72m (H1 2019: £2.44m). We consider a more meaningful measure of underlying performance is obtained by examining adjusted EBITDA, which for H1 2020 was £8.92m (H1 2019: £5.58m). This excludes the effects of share-based payments of £0.3m (H1 2019: £1.14m) and exceptional profits of £0.41m (H1 2019: £0.23m). The increase in operating profit and adjusted EBITDA is caused by the substantial increase in volumes associated with sales of Longhorn products.

Finance costs

Finance costs are £0.47m (H1 2019: £0.25m). The main charge, and the increase, result from an increase in the fair value of deferred consideration, the size of which is determined by the increase in EKF's share price.

Tax

There is a tax charge of £2.11m (H1 2019: £0.79m). The increase partly reflects the increase in profit, but also an increased deferred tax charge as a result in the change in the UK's substantively enacted tax rate for 2020/21 to 19%, and unutilised tax losses in the UK.

Balance sheet

Fixed assets

We have capitalised £1.19m (H1 2019: £0.71m) of property plant and equipment. The expenditure includes continuing work on improvements to the facility in Elkhart in the US, as well as expenditure relating to the set-up of manufacturing in Penarth. Further expenditure in Elkhart is planned for the second half of the year.

Intangible assets

The value of intangible fixed assets is £39.35m (31 December 2019: £37.77m). The increase is mainly the result of exchange rate movements which have been partly offset by amortisation. An amount of £0.39m has been capitalised.

Investments

This largely consists of our investment in Renalytix AI plc. The investment is held at fair value which has been calculated based on the market value of the shares which at 30 June 2020 was £5.30 per share. The resulting unrealised gain during H1 2020 of £4.44m is shown in Other comprehensive income.

Deferred consideration

The remaining deferred consideration relates to the share-based payment to the former owner of EKF-Diagnostic GmbH. Finalisation of the position is expected to conclude shortly.

Cash and working capital

The gross cash position at 30 June 2020 was £16.90m (31 Dec 2019: £12.07m), and the Group had cash net of bank borrowings of £16.28m (31 Dec 2019: £11.42m).

Cash generated from operations in H1 2020 is £6.94m (H1 2019: £4.34m). Inventory levels have increased partially because of the increase in order volume but also to ensure security of supply during the global pandemic. Trade debtors and payables have both increased as a result of increased trading activity. We have seen very little evidence to date of collection difficulties as a result of COVID-19.

Capital structure

We have not made any share buy backs during the period. Our authorisation to make further share buy backs remains in place and we will make further purchases if considered appropriate.

Following exercise of a share option, 500,000 new shares have been issued at an exercise price of 20p per share.

Dividend

At the Annual General Meeting in June 2020 shareholders approved the payment of a dividend of 1p per ordinary share, to be paid on 1 December 2020 to shareholders on the register at close of business on 5 November 2020. As this declaration is irrevocable, the value of £4.55m is shown as a liability with the debit shown in the statement of changes in equity.

Outlook

It has been both a difficult and an exhilarating start to 2020. Whilst it is difficult to forecast what the future levels of revenue from the Longhorn products might be, the Board expects continued and strong overall growth from the business throughout 2020, particularly in the US. So far, Q3 2020 trading performance is in line with management expectations, and remains significantly above our internal budget. We are seeing continued benefit due to the demand for PrimeStore MTM tubes and bulk liquid, including the recently awarded contract with a large UK customer and we are investigating and commencing supply of additional products. Meanwhile we look forward to McKesson returning to pre-pandemic sales expectations, as well as business generally improving in the second half of 2020. As a result of these signs of improved performance in both Diabetes and Hematology, and the continued demand for PrimeStore MTM, we remain confident that, for the full year, we will exceed previously revised management expectations.

From a regulatory viewpoint, we expect to see the completion of Quo-Test cartridge registration in China which is expected before the end of Q1 2021, and negotiations are under way with potential distributors to sell both analysers and tests in 2021.

Christopher Mills
Non-Executive Chairman

14 September 2020

CONSOLIDATED INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2020

	Notes	Unaudited 6 months ended 30 June 2020 £'000	Unaudited 6 months ended 30 June 2019 £'000	Audited Year ended 31 December 2019 £'000
Continuing operations				
Revenue	3	**26,329**	21,436	44,917
Cost of sales		**(11,417)**	(9,904)	(21,190)
Gross profit		**14,912**	11,532	23,727
Administrative expenses		**(8,252)**	(9,117)	(18,280)
Other income		**57**	24	337
Operating profit		**6,717**	2,439	5,784
Depreciation and amortisation		**(2,316)**	(2,239)	(4,441)
Share-based payments		**(300)**	(1,135)	(2,118)
Exceptional items	4	**408**	229	338
EBITDA before exceptional items and share-based payments		**8,925**	5,584	12,005
Finance income		**29**	34	73
Finance costs		**(497)**	(247)	(339)
Profit before income tax		**6,249**	2,226	5,518
Income tax charge	5	**(2,108)**	(792)	(1,586)
Profit for the period		**4,141**	1,434	3,932
Profit attributable to:				
Owners of the parent		**4,011**	1,326	3,678
Non-controlling interest		**130**	108	254
		4,141	1,434	3,932
Earnings per ordinary share attributable to the owners of the parent during the period	6			
		Pence	**Pence**	**Pence**
Basic		**0.88**	0.29	0.81
Diluted		**0.87**	0.29	0.80

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2020

	Unaudited 6 months ended 30 June 2020 £'000	Unaudited 6 months ended 30 June 2019 £'000	Audited Year ended 31 December 2019 £'000
Profit for the period	**4,141**	1,434	3,932
Other comprehensive income/(expense):			
Changes in fair value of equity instruments at fair value through other comprehensive income	**4,445**	1,369	6,505
Currency translation differences	**3,951**	251	(3,097)
Other comprehensive gain for the period	**8,396**	1,620	3,408
Total comprehensive profit for the period	**12,537**	3,054	7,340
Attributable to:			
Owners of the parent	**12,456**	2,906	7,056
Non-controlling interests	**81**	148	284
Total comprehensive profit for the period	**12,537**	3,054	7,340

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	Unaudited as at 30 June 2020 £'000	Unaudited as at 30 June 2019 £'000	Audited as at 31 December 2019 £'000
Assets				
Non-current assets				
Property, plant and equipment		**13,331**	12,376	12,179
Right-of-use assets		**941**	817	1,002
Intangible assets	**7**	**39,347**	40,759	37,767
Investments		**14,345**	4,764	9,900
Deferred tax assets		**21**	33	34
Total non-current assets		**67,985**	58,749	60,882
Current Assets				
Inventories		**8,144**	7,220	6,073
Trade and other receivables		**10,545**	7,775	8,097
Cash and cash equivalents		**16,895**	12,749	12,074
Total current assets		**35,584**	27,744	26,244
Total assets		**103,569**	86,493	87,126
Equity attributable to owners of the parent				
Share capital		**4,546**	4,541	4,541
Share premium		**95**	-	-
Other reserve		**11,093**	143	6,648
Foreign currency reserves		**7,210**	6,517	3,183
Retained earnings		**55,637**	55,218	56,199
		78,581	66,419	70,571
Non-controlling interest		**472**	463	601
Total equity		**79,053**	66,882	71,172
Liabilities				
Non-current liabilities				
Borrowings		**422**	832	480
Lease liabilities		**721**	540	-
Deferred tax liability		**2,940**	2,913	2,619
Total non-current liabilities		**4,083**	4,285	3,099
Current liabilities				
Trade and other payables		**14,211**	11,052	7,470
Lease liabilities		**248**	277	1,002
Deferred consideration		**1,840**	1,341	1,385
Current income tax liabilities		**3,946**	2,513	2,823
Borrowings		**188**	139	175
Total current liabilities		**20,433**	15,326	12,855
Total liabilities		**24,516**	19,611	15,954
Total equity and liabilities		**103,569**	86,493	87,126

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 JUNE 2020

	Unaudited 6 months ended 30 June 2020 £'000	Unaudited 6 months ended 30 June 2019 £'000	Audited Year to 31 December 2019 £'000
Cash flow from operating activities			
Profit before income tax	**6,249**	2,788	5,518
Adjustments for			
- Warranty claim	**(455)**	(234)	(367)
- Depreciation	**872**	794	1,512
- Amortisation and impairment charges	**1,444**	1,445	2,929
- Deferred consideration (FV adjust)	**455**	237	281
- Foreign Exchange	**-**	(70)	86
- Profit/(loss) on disposal of assets	**14**	-	14
- Share-based payments	**300**	573	2,118
- Net finance costs	**13**	(3)	(15)
Changes in working capital			
- Inventories	**(2,056)**	(1,052)	37
- Trade and other receivables	**(1,974)**	(54)	(327)
- Trade and other payables	**2,075**	(86)	(5,479)
Cash generated by operations	**6,937**	4,338	6,519
Interest paid	**(29)**	(7)	(21)
Income tax paid	**(849)**	(757)	(1,398)
Net cash generated by operating activities	**6,059**	3,574	5,100
Cash flow from investing activities			
Purchase of available-for-sale financial assets		-	-
Purchase of investments	**-**	(124)	(124)
Purchase of property, plant and equipment (PPE)	**(1,187)**	(710)	(1,418)
Purchase of intangibles	**(393)**	(380)	(957)
Proceeds from sale of PPE	**27**	1	30
Interest received	**29**	10	73
Net cash used in investing activities	**(1,524)**	(1,203)	(2,396)
Cash flow from financing activities			
Proceeds from issue of ordinary shares	**100**	-	-
Share option buy back	**-**	(16)	(15)
Repayment of borrowings	**(126)**	94	(180)
Principal lease payments	**(166)**	-	(381)
Dividends paid to non-controlling interests	**(210)**	(60)	(58)
Net cash used in financing activities	**(402)**	18	(634)
Net increase in cash and cash equivalents	**4,133**	2,389	2,070
Cash and cash equivalents at beginning of period	**12,074**	10,282	10,282
Exchange gains on cash and cash equivalents	**688**	78	(278)
Cash and cash equivalents at end of period	**16,895**	12,749	12,074

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE 2020

	Share Capital	Share Premium	Other Reserve	Foreign Currency Reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	**4,541**	**-**	**143**	**6,309**	**52,536**	**63,529**	**375**	**63,904**
Comprehensive income								
Profit for the period	-	-	-	-	1,326	**1,326**	108	**1,434**
Other comprehensive income								
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	1,369	**1,369**	-	**1,369**
Currency translation differences	-	-	-	208	3	**211**	40	**251**
Total comprehensive income	-	-	-	208	2,698	**2,906**	148	**3,054**
Transactions with owners								
Dividends to non-controlling interest	-	-	-	-	-	**-**	(60)	**(60)**
Share option cancellation	-	-	-	-	(16)	**(16)**	-	**(16)**
Total contributions by and distributions to owners	-	-	-	-	(16)	**(16)**	(60)	**(76)**
At 30 June 2019	**4,541**	**-**	**143**	**6,517**	**55,218**	**66,419**	**463**	**66,882**
Comprehensive income								
Profit for the period	-	-	-	-	2,352	**2,352**	146	**2,498**
Other comprehensive income								
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	6,505	-	(1,369)	**5,136**	-	**5,136**
Currency translation differences	-	-	-	(3,334)	(3)	**(3,337)**	(10)	**(3,347)**
Total comprehensive income	-	-	**6.505**	(3,334)	2,349	**4,151**	136	**4,287**
Transactions with owners								
Share Cancellation	-	-	-	-	1	**1**	-	**1**
Dividends to non-controlling interest	-	-	-	-	-	**-**	2	**2**
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**1**	**1**	**2**	**3**
At 31 December 2019	**4,541**	**-**	**6,648**	**3,183**	**56,199**	**70,571**	**601**	**71,172**
Comprehensive income								
Profit for the period	-	-	-	-	4,011	**4,011**	130	**4,141**
Other comprehensive income								
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	4,445	-	-	**4,445**	-	**4,445**
Currency translation differences	-	-	-	4,027	(27)	**4,000**	(49)	**3,951**
Total comprehensive income	-	-	4,445	4,027	3,984	**12,456**	81	**12,537**
Transactions with owners								
Dividends to non-controlling interest	-	-	-	-	-	**-**	(210)	**(210)**
Dividend declared but not paid	-	-	-	-	(4,546)	**(4,546)**	-	**(4,456)**
Issue of ordinary shares	5	95	-	-	-	**100**	-	**100**
Total contributions by and distributions to owners	5	95	-	-	(4,546)	**(4,446)**	(210)	**(4,656)**
At 30 June 2020	**4,546**	**95**	**11,093**	**7,210**	**55,637**	**78,581**	**472**	**79,053**

NOTES FORMING PART OF THE INTERIM FINANCIAL STATEMENTS

1. General information and basis of presentation

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

The Group's principal activity is the development, manufacture, and supply of products into the in-vitro diagnostics (IVD) market place. Within this area, the Group has a growing business in contract manufacturing.

The financial information in these interim results is that of the holding company and all of its subsidiaries. It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs), IFRS IC interpretations, and the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2019 and which will form the basis of the 2020 financial statements except for a number of new and amended standards which have become effective since the beginning of the previous financial year. These new and amended standards are not expected to materially affect the Group.

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

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 December 2019 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half years ended 30 June 2020 and 30 June 2019 is unaudited and the twelve months to 31 December 2019 is audited.

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

2. Significant accounting policies

Going concern

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

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. We have seen some disruption to our core business as a result of the COVID-19 pandemic however current trading suggests that our forecasts are still applicable. It remains difficult to assess reliably whether there will be any material disruption in the future. We have modelled a number of scenarios covering reductions in revenue of 10% and 50%, without taking into account the potential benefits of any mitigation strategies such as potential cost savings or insurance claims. We have also modelled out 100% reductions in revenue with cost savings within our control. While the eventual severity and length of the economic disruption stemming from the pandemic is impossible to forecast these models give the Directors reasonable confidence that the business can survive even catastrophic reductions in revenue for at least the next 12 months.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason the Group continues to adopt the going concern basis in the preparation of the financial statements.

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.

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.

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 5 and 15 years and is charged to administrative expenses in the income statement.

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

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

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

Development costs are amortised over the estimated useful life of the products with which they are associated, currently 4 to 10 years. 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.

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.

Investments
Investments where the Group does not have a controlling interest are initially recognised at cost. The carrying value is tested annually for impairment and an impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

Investments and other financial assets

Classification

The group classifies its financial assets in the following measurement categories:

• those to be measured at amortised cost; and
• those to be measured subsequently at fair value (either through OCI or through profit or loss);

(a) Financial assets at amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

(b) Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or fair value through Other Comprehensive Income
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through Other Comprehensive Income.

(c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity securities that are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. The Group considers this category to be more relevant for assets of this type.

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 amounts due from customers for goods sold or services performed in the ordinary course of business. Other than in the case of certain intercompany receivables, they are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are initially recognised at fair value, being the original invoice amount, and subsequently measured at amortised cost less provision for impairment. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. 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.

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 where there is a right of offset.

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.

Where Ordinary Shares are acquired for cash and then cancelled, the nominal value of shares is deducted from the value of equity and credited to the Capital Redemption reserve. The amount paid is debited to reserves.

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 and other 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 are recognised as a right-of-use asset and a corresponding lease liability at the date on which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit within the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

Where the Group is exposed to potential future increases in variable lease payments based on an index or rate, amounts are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Deferred consideration
Deferred consideration is recognised at fair value. Where the value of deferred consideration is based on a future event, management estimate the likelihood of the consideration becoming payable. Deferred consideration is discounted to take account of the time value of money at rates based on those used for the valuation of related intangible assets.

Employee benefits
(a) Pension obligations
Group companies operate various pension schemes all of which are 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.

The Group no longer has any defined benefit schemes.

(b) Share-based compensation
The Group operates a number of equity-settled, share-based compensation plans, under which the Group receives services from employees and others 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.

The Group operates a cash-settled compensation plan for certain senior employees. Cash-settled share-based payments are measured at fair value at the date of grant and are expensed over the expected vesting period. The fair value amount is recognised in liabilities.

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

Revenue recognition
Revenue is accounted for in accordance with the principles of IFRS 15, which have been applied as follows:

(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 net of sales taxes, rebates and discounts. Revenue from the sale of goods is recognised when a Group Company has delivered products to the customer, the customer has accepted delivery of the products and collectability of the related receivables is reasonably assured.

(b) Sale of services
Revenue for the sale of services is measured at the fair value of the consideration received or receivable and represents the invoiced value for the sale of the services net of sales taxes, rebates and discounts. Revenue from the sale of services is recognised when a Group Company has completed the services and collectability of the related receivables is reasonably assured.

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

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

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.

Other income
Other income includes grant income and R & D tax credits passed through income where this is permitted by the relevant jurisdiction.

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. 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 items. This activity takes place across various countries, such as the USA, Germany, Russia, and the United Kingdom, 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.

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 (earnings before interest, tax, depreciation and amortisation, adjusted for exceptional items and share-based payments).

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

Period ended 30 June 2020 unaudited

	Germany £'000	USA £'000	Russia £'000	Other £'000	Total £'000
Income statement					
Revenue	10,713	17,160	1,360	100	29,333
Inter segment	(2,981)	(23)	-	-	(3,004)
External revenue	7,732	17,137	**1,360**	100	26,329
Adjusted EBITDA	**2,827**	**7,575**	**395**	**(1,872)**	**8,925**
Share-based payment	-	-	-	(300)	(300)
Exceptional items	451	-	-	(43)	408
EBITDA	**3,278**	**7,575**	**395**	**(2,215)**	**9,033**
Depreciation	(452)	(201)	(10)	(209)	(872)
Amortisation	(403)	(52)	-	(989)	(1,444)
Operating profit/(loss)	**2,423**	**7,322**	**385**	**(3,413)**	**6,717**
Net finance costs	(7)	7	21	(488)	(467)
Income tax	(376)	(1,563)	(80)	(90)	(2,109)
Profit/(loss) for the period	**2,040**	**5,766**	326	**(3,991)**	**4,141**
Segment assets					
Operating assets	40,718	28,894	608	26,138	96,358
Inter segment assets	(288)	-	-	(9,396)	(9,684)
External operating assets	40,430	28,894	608	16,742	86,674
Cash and cash equivalents	3,375	5,337	798	7,385	16,895
Total assets	**43,805**	**34,231**	**1,406**	**24,127**	**103,569**
Segment liabilities					
Operating liabilities	8,062	14,026	137	11,366	33,591
Inter segment liabilities	(2,222)	(7,463)	-	-	(9,685)
External operating liabilities	5,840	6,563	137	11,366	23,906
Borrowings	610	-	-	-	610
Total liabilities	**6,450**	**6,563**	**137**	**11,366**	**24,516**
Other segmental information					
Non-current assets – PPE	6,370	5,425	111	1,425	13,331
Non-current assets – Right-of-use assets	93	634	-	214	941
Non-current assets – Intangibles	26,700	12,431	88	128	39,347
Intangible assets -additions	343	50	-	-	393
PPE - additions	333	609	51	115	1,108
Right-of-use assets - additions	58	4	-	17	79

Year ended December 2019 audited

	Germany	USA	Russia	Other	Total
	£'000	£'000	£'000	£'000	£'000
Income statement					
Revenue	23,087	25,434	3,065	-	51,586
Inter segment	(6,669)	-	-	-	(6,669)
External revenue	**16,418**	**25,434**	**3,065**	**-**	**44,917**
Adjusted EBITDA*	**7,435**	**8,016**	**782**	**(4,229)**	**12,004**
Share-based payment	-	-	-	(2,118)	(2,118)
Exceptional items	356	-	-	(18)	338
EBITDA	**7,791**	**8,016**	**782**	**(6,365)**	**10,224**
Depreciation	(739)	(387)	(19)	(366)	(1,511)
Amortisation	(2,077)	(1,161)	(2)	311	(2,929)
Operating profit	**4,975**	**6,468**	**761**	**(6,420)**	**5,784**
Net finance costs	(11)	7	37	(299)	(266)
Income tax	(677)	(449)	(164)	(296)	(1,586)
Profit for the year	**4,287**	**6,026**	**634**	**(7,015)**	**3,932**
Segment assets					
Operating assets	36,327	24,630	589	39,709	101,255
Inter-segment assets	(400)	-	-	(25,803)	(26,203)
External operating assets	33,927	24,630	589	13,906	75,052
Cash and cash equivalents	3,298	5,480	1,159	2,137	12,074
Total assets	**39,225**	**30,110**	**1,748**	**16,043**	**87,126**
Segment liabilities					
Operating liabilities	7,926	15,162	151	18,263	41,502
Inter-segment liabilities	(2,938)	(11,777)	-	(11,488)	(26,203)
External operating liabilities	4,988	3,385	151	6,775	15,299
Borrowings	655	-	-	-	655
Total liabilities	**5,643**	**3,385**	**151**	**6,775**	**15,954**
Other segmental information					
Non-current assets – PPE	6,006	4,679	75	2,421	13,181
Non-current assets – Intangibles	24,172	12,115	95	1,385	37,767
Intangible assets - additions	739	162	-	56	957
PPE – additions	872	455	17	74	1,418
Investments- additions	-	-	-	124	124

Period ended 30 June 2019 unaudited

	Germany	USA	Russia	Other	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Income statement					
Revenue	11,777	11,722	1,305	-	24,804
Inter segment	(3,368)	-	-	-	(3,368)
External revenue	**8,402**	**11,722**	**1,305**	**-**	**21,436**
Adjusted EBITDA*	**3,495**	**3,676**	**321**	**(1,908)**	**5,584**
Share-based payment	-	-	-	(573)	(573)
Exceptional items	231	-	-	(2)	229
EBITDA	3,726	3,676	321	(2,483)	5,240
Depreciation	(383)	(209)	(9)	(193)	(794)
Amortisation	(414)	-	-	(1,031)	(1,445)
Operating profit/(loss)	2,929	3,467	312	(3,707)	3,001
Net finance costs	(10)	-	14	(217)	(213)
Income tax	(299)	(265)	(66)	(162)	(792)
Profit/(loss) for the period	**2,620**	**3,202**	**260**	**(4,086)**	**1,996**
Segment assets					
Operating assets	40,258	25,941	583	22,448	89,230
Inter-segment assets	(108)	-	-	(16,747)	(16,855)
External operating assets	40,150	25,941	583	5,701	72,375
Cash and cash equivalents	4,193	3,798	872	3,886	12,749
Total assets	**44,343**	**29,739**	**1,455**	**9,587**	**85,124**
Segment liabilities					
Operating liabilities	10,545	16,396	198	7,794	34,933
Inter-segment liabilities	(4,701)	(12,154)	-	-	(16,855)
External operating liabilities	5,844	4,242	198	7,794	18,078
Borrowings	971	-	-	-	971
Total liabilities	**6,815**	**4,242**	**198**	**7,794**	**19,049**
Other segmental information					
Non-current assets – PPE	6,522	4,444	64	1,769	12,376
Non-current assets – Right-of-use assets	134	315	6	362	817
Non-current assets – Intangibles	27,184	13,212	99	264	40,759
Intangible assets - additions	355	25	-	-	380
PPE – additions	318	157	-	235	710
Right-of-use assets - additions	134	315	6	362	817

* Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation adjusted for exceptional items and share-based payments

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

Disclosure of Group revenues by geographic location

	Unaudited 6 months ended 30 June 2020 £000	Unaudited 6 months ended 30 June 2019 £000	Audited Year ended 31 December 2019 £000
Americas			
United States of America	14,702	9,308	19,955
Rest of Americas	1,390	1,648	3,947
Europe, Middles East and Africa (EMEA)			
Germany	2,984	3,126	6,268
United Kingdom	242	231	435
Rest of Europe	1,623	1,810	3,484
Russia	1,360	1,305	3,066
Middle East	572	704	1,771
Africa	1,623	1,042	1,482
Rest of World			
China	338	361	822
Rest of Asia	1,448	1,847	3,578
New Zealand/Australia	46	54	109
Total Revenue	**26,328**	21,436	44,917

4. Exceptional items

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

	Note	Unaudited 6 months ended 30 June 2020 £000	Unaudited 6 months ended 30 June 2019 £000	Audited year ended 31 December 2019 £000
Exceptional items include:				
- Business reorganisation costs	a	**(15)**	(8)	(29)
- Warranty claim	b	**455**	237	367
- Trellus	c	**(32)**	-	-
Exceptional items		**408**	229	338

(a) Costs associated with the reorganisation of the business
(b) Warranty claim in relation to the acquisition of EKF-diagnostic GmbH
(c) Costs associated with the investment in Trellus Healthcare Limited

5. Income tax

	Unaudited 6 months ended 30 June 2020 £000	Unaudited 6 months ended 30 June 2019 £000	Audited Year ended 31 December 2019 £000
Current tax			
Current tax on profit/loss for the period	**(1,885)**	(782)	(1,997)
Adjustments for prior periods	**(87)**	(274)	(5)
Total current tax	**(1,972)**	(1,056)	(2,002)
Deferred tax			
Origination and reversal of temporary differences	**(136)**	264	416
Total deferred tax	**(136)**	264	416
Income tax (charge)/credit	**(2,108)**	(792)	(1,586)

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted profit 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 one category of dilutive potential ordinary share, being share options.

	Unaudited 6 months ended 30 June 2020 £'000	Unaudited 6 months ended 30 June 2019 £'000	Audited year ended 31 December 2019 £'000
Profit attributable to owners of the parent	**4,011**	956	3,678
Weighted average number of ordinary shares in issue	**454,247,073**	454,093,227	454,093,227
Effect of dilutive potential ordinary shares	**4,290,848**	4,339,557	4,321,046
Weighted average number of ordinary shares – diluted	**458,537,921**	458,432,784	458,414,273
	Pence	Pence	Pence
From continuing operations			
Basic	**0.88**	0.29	0.81
Diluted	**0.87**	0.29	0.80

7. Intangible Fixed Assets

Group

	Goodwill £'000	Trademarks trade names & licences £'000	Customer relationships £'000	Trade secrets £'000	Develop-ment costs £'000	Software £'000	Total £'000
Cost							
At 1 January 2019	27,543	3,257	16,294	19,159	9,362	-	75,615
Additions	-	197	-	-	183	-	380
Elimination	-	-	-	-	-	-	-
Exchange differences	21	(6)	82	(24)	(15)	-	58
At 30 June 2019	**27,564**	**3,448**	**16,376**	**19,135**	**9,530**	**-**	**76,053**
Additions	-	(26)	-	-	344	259	577
Transfer	-	(42)	-	-	-	42	-
Elimination	-	-	-	-	-	-	-
Disposals	-	-	-	-	(462)	-	(462)
Exchange differences	(1,193)	(580)	(796)	(699)	(352)	(3)	(3,623)
At 31 December 2019	**26,371**	**2,800**	**15,580**	**18,436**	**9,060**	**298**	**72,545**
Additions	-	62	-	-	308	23	393
Disposal		(19)			(1,419)		(1,438)
Exchange differences	1,570	654	1,081	894	505	(10)	4,694
At 30 June 2020	**27,941**	**3,497**	**16,661**	**19,330**	**8,454**	**311**	**76,194**
Amortisation							
At 1 January 2019	2,631	2,496	9,489	12,691	6,535	-	33,842
Exchange differences	-	(18)	58	(13)	(20)	-	7
Reclassification/transfer	-	-	-	-	-	-	-
Charge for the period	-	171	664	459	151	-	1,445
At 30 June 2019	**2,631**	**2,649**	**10,211**	**13,137**	**6,666**	**-**	**35,294**
Exchange differences	(81)	(357)	(463)	(412)	(225)	-	(1,538)
Charge for the period	-	96	610	417	361	-	1,484
Disposal	-	-	-	-	(462)	-	(462)
At 31 December 2019	**2,550**	**2,388**	**10,358**	**13,142**	**6,340**	**-**	**34,778**
Exchange differences	87	373	700	592	311	-	2,063
Disposal		(19)			(1,419)	-	(1,438)
Charge for the period	-	144	681	469	129	21	1,444
At 30 June 2020	**2,637**	**2,886**	**11,739**	**14,203**	**5,361**	**21**	**36,847**
Net book value							
30 June 2020	**25,304**	**611**	**4,922**	**5,127**	**3,093**	**290**	**39,347**
31 December 2019	**23,821**	**410**	**5,222**	**5,295**	**2,720**	**298**	**37,767**
30 June 2019	**24,933**	**799**	**6,165**	**5,998**	**2,864**	**-**	**40,759**

8. Dividends

A dividend to shareholders of the holding company of 1p per ordinary share has been provided during the period following shareholder approval at the Annual General Meeting of the Company in June 2020 (six months to 30 June 2019 and year to 31 December 2019: both £nil). It will be paid on 1 December 2020 to shareholders on the register of members at the close of business on 5 November 2020.

9. Availability of this announcement

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