



3 February 2016

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

Trading update

EKF Diagnostics Holdings plc (AIM: EKF), the Point-of-Care diagnostics business, announces a trading update for the year ended 31 December 2015.

Key Highlights:

- EKF now singularly focussed on Point-of-Care
- Management focussed on returning to core profitability and positive cash flow
- Cost savings of £6.7 million expected to be achieved from 2016 onwards
- Foundations in place to deliver future growth

EKF Chairman, Ron Zwanziger, provides the following statement to shareholders:

Since my appointment I have brought a singular focus to the Company based on the fundamental objective of stabilising it and then returning it to core profitability and positive cash flow. The work to achieve that objective continues and I will look to update Shareholders on a quarterly basis as we continue to progress.

As previously stated this focus will necessitate a number of asset write-downs of previously capitalised intangible assets and goodwill in addition to making due provisions against Mexican debtors. The overall quantum of these write-downs will be in a range of £55 million to £60 million for the year end 2015, subject to audit review. Trading for 2015 will be in line with the guidance previously given in our 26 November 2015 trading update, with the overall loss impacted by the asset write-downs.

This singular and direct approach has started to yield significant benefits in terms of cost reduction:

- *We have eliminated our loss-making molecular business. Selah has been divested and the employees of EKF Molecular have been made redundant;*
- *The remaining Quotient employees have been made redundant, focusing future development effort on Barleben, where this will be performed as short-term product support;*
- *Headcount reductions have been made at both our Stanbio facility and our EKF Barleben facility*

Due to these measures headcount has reduced by 85 to 315 and we expect to achieve cost savings of £6.7 million on an annualised basis. A considerable amount has been achieved and will continue to be achieved as we look to play to our strengths in Point-of-Care.

2016 – The year ahead

As we rebase the Company, it is key that the expectations are set at a level that reflects the core business without the inclusion of tender business, which has been an Achilles heel in the past. On that basis the Board anticipates core 2016 revenues, without tender wins, being just over £30 million with an adjusted EBITDA between £3 million and £4 million.

The Board believe that we can and should achieve more, but we have decided that we are unable to accurately forecast the tender business due to the vagaries of public funding leading to delays and postponements.

In terms of our cash; our facility was reduced and I have supported the Company by making funds available to enable executive management to perform the task that I had set them. In the first quarter cash remains

tight due to the impact of the costs associated with restructuring but thereafter the benefits of the cost reductions flow through and we expect to be cash positive by April 2016.

I have leveraged my expertise and network to look to expand our distribution in areas where we are currently weak and it is my ambition to make this Company a major player in Point-of-Care. With both the distractions and under-performance of 2015 behind EKF, I believe we now have all the foundations in place to be able to build and deliver on this and have considerable prospects for future growth.

EKF Diagnostics Holdings plc

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