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If you have sold or otherwise transferred all of your ordinary shares of 1 pence each (“**Ordinary Shares**”) in EKF Diagnostics Holdings plc (the “**Company**”) please send this document, together with the accompanying Form of Proxy (but not the personalised Application Form), to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, these documents should not be forwarded or sent in, into or from the United States, Australia, Canada, the Republic of South Africa or Japan or any other state or jurisdiction in which release, publication or distribution would be unlawful, and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any applicable requirements. Any failure to comply with this restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and contact the stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for, Fundraising Shares or an invitation to buy, acquire or subscribe for the Fundraising Shares. This document has not been examined or approved by the Financial Conduct Authority or the London Stock Exchange or any other regulatory authority.

EKF Diagnostics Holdings plc



(Incorporated in England and Wales with company number 4347937)

Proposed Acquisitions of Selah Genomics, Inc. and DiaSpect Medical AB.

Proposed Placing to raise £22.0 million

Offer to Qualifying Participants to raise up to £4.0 million

and

Notice of General Meeting

Nominated Adviser and Broker

CANACCORD Genuity

This document should be read in conjunction with the accompanying Form of Proxy and the definitions set out in this document. The whole of this document should be read and, in particular, your attention is drawn to the risk factors and the letter from the Chairman of the Company which contains the unanimous recommendation of the Directors to Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting.

A General Meeting to consider the proposals described in this document, other than the issue of the Firm Placing Shares, will be held at 10.30 a.m. on 11 April 2014 at Canaccord Genuity Limited, 41 Lothbury, London EC2R 7AE, United Kingdom. The notice convening the General Meeting is set out at the end of this document and a Form of Proxy for use at the General Meeting is enclosed. The action to be taken in respect of the General Meeting is set out in the letter from the Chairman of the Company contained in this document. **Shareholders are requested to complete, sign and return the Form of Proxy whether or not they intend to be present at the General Meeting. To be valid, Forms of Proxy should be completed, signed and returned, in accordance with the instructions printed thereon, as soon as possible but, in any event, so as to be received by Capita Asset Services, PXS 1, 34 Beckenham Road, Kent BR3 4TU by not later than 10.30 a.m. on 9 April 2014.** Completion and return of a Form of Proxy or the electronic appointment of a proxy will not preclude a Shareholder from attending and voting at the meeting should they so wish.

Application will be made for the Fundraising Shares and the Consideration Shares to be admitted to trading on AIM. Subject to such admission becoming effective, it is expected that dealings in the Firm Placing Shares will commence on AIM on 26 March 2014 and dealings in the Conditional Placing Shares, the Offer Shares and the Consideration Shares will commence on AIM on 17 April 2014. The Fundraising Shares and the Consideration Shares will rank equally in all respects with the Existing Ordinary Shares and all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after admission of the Fundraising Shares and the Consideration Shares.

Canaccord Genuity Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting as nominated adviser to the Company. Canaccord Genuity Limited is not acting for any other person in connection with the matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Canaccord Genuity Limited or for giving advice in relation to the matters referred to in this document.

In accordance with the AIM Rules, this document is available to Shareholders on the Company’s website: www.ekfdiagnostics.com

IMPORTANT NOTICE

Notice in relation to Overseas Persons

The distribution of this document and the accompanying Form of Proxy in or into jurisdictions other than the UK may be restricted by law and therefore any person into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

Subject to certain exceptions, this document is not for release, publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, Japan or the Republic of South Africa or any jurisdiction where to do so might constitute a violation of local securities laws or regulations. This document does not constitute an offer to buy or subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares or any Fundraising Shares in any jurisdiction in which such offer or solicitation is unlawful.

The Fundraising Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state or other jurisdiction of the United States. In addition, the Fundraising Shares do not qualify for distribution nor have they been registered under any of the relevant securities laws of Australia, Canada, Japan, or the Republic of South Africa.

The Fundraising Shares are being offered only outside of the United States pursuant to Regulation S of the Securities Act and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Fundraising Shares in the United States. The Fundraising Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Fundraising Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. In addition, offers, sales or transfers of the Fundraising Shares in or into the United States for a period of time following completion of the Fundraising by a person (whether or not participating in the Fundraising) may violate the registration requirements of the Securities Act.

Not all Shareholders will be Qualifying Shareholders. Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any of the Excluded Territories will not qualify to participate in the Placing and Offer and will not be sent an Application Form or otherwise be permitted to participate in the Placing and Offer. The attention of Overseas Shareholders is drawn to Part II and Paragraph 5 of this document.

THE CONTENTS OF THIS DOCUMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN LEGAL, FINANCIAL OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.

Cautionary note regarding forward-looking statements

This document contains a number of forward looking statements relating to the Company including with respect to the trading prospects of the Enlarged Group. The Company considers any statements that are not historical facts as “forward looking statements”. They relate to events and trends that are subject to risks, uncertainties and assumptions that could cause the actual results and financial position of the Enlarged Group to differ materially from the information presented in the relevant forward looking statement. When used in this document the words “estimate”, “project”, “intend”, “aim”, “anticipate”, “believe”, “expect”, “should”, and similar expressions, as they relate to the Enlarged Group or management of it, are intended to identify such forward looking statements. Shareholders are cautioned not to place undue reliance on these forward looking statements which speak only as at the date of this document. Neither the Company nor any member of the Board of Directors undertakes any obligation to update publicly or revise any of the forward looking statements whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the AIM Rules and other regulations.

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DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Acquisitions”	the Selah Acquisition and the DiaSpect Acquisition
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time) governing admission to and the operation of AIM
“Application Form”	the application form accompanying this document on which Qualifying Participants may apply for Offer Shares under the Offer
“Applied Genetics” or “AG”	Applied Genetics LLC
“Business Day”	any day (excluding Saturdays and Sundays) on which banks are open in the City of London for the conduct of normal banking business
“Canaccord Genuity”	Canaccord Genuity Limited of 88 Wood Street, London, EC2V 7QR
“CAGR”	compound annual growth rate
“Capita Asset Services”	Capita Registrars Limited, trading as Capita Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, registrars and receiving agents to the Company
“Circular”	this circular to shareholders dated 20 March 2014
“Companies Act” or the “Act”	the Companies Act 2006
the “Company” or “EKF”	EKF Diagnostics Holdings plc, a company incorporated in England and Wales with a registered number 4347937
“Completion”	completion of the Acquisitions which is expected to be on or around 11 April 2014
“Conditional Admission”	admission of the Conditional Placing Shares, Offer Shares and Consideration Shares to trading on AIM becoming effective in accordance with the AIM Rules
“Conditional Placing”	the proposed placing by Canaccord Genuity of the Conditional Placing Shares on behalf of the Company pursuant to the Placing Agreement
“Conditional Placing Shares”	the 48,571,428 new Ordinary Shares to be issued by the Company at the Issue Price pursuant to the Placing Agreement, the allotment of which is conditional upon the passing of the resolutions at the General Meeting
“Consideration Shares”	together the Selah Consideration Shares and DiaSpect Consideration Shares
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland is the operator (as defined in the Regulations)
“DiaSpect”	DiaSpect Medical AB.

“DiaSpect Acquisition”	the acquisition by the Company of the entire issued share capital of DiaSpect
“DiaSpect Acquisition Agreement”	the agreement entered into between the Company and the DiaSpect Sellers documenting the terms of the DiaSpect Acquisition
“DiaSpect Cash Consideration”	the aggregate amount of £10,248,000 to be paid in cash to the DiaSpect Sellers as part of the initial consideration for the DiaSpect Acquisition
“DiaSpect Consideration Shares”	the 15,872,840 Ordinary Shares to be issued and allotted to the DiaSpect Sellers as part of the initial consideration for the DiaSpect Acquisition representing £5,752,000
“DiaSpect Deferred Consideration”	up to £4,750,000 which, in accordance with the terms of the DiaSpect Acquisition Agreement, may become payable to the DiaSpect Sellers as additional consideration for the DiaSpect Acquisition and which shall be settled by the payment of additional cash
“DiaSpect Sellers”	being all the shareholders of DiaSpect
“Directors” or “Board”	the directors of the Company whose names are set out on page 13 of this document
“Enlarged Group”	the Company and its subsidiaries following completion of the Acquisitions
“Enlarged Share Capital”	the issued share capital of the Company following Admission, as enlarged by the Fundraising Shares and the Consideration Shares but ignoring any Selah Deferred Shares
“EU”	the European Union
“Excluded Territories”	United States, Australia, Canada, Japan or the Republic of South Africa
“Existing Ordinary Shares”	272,942,369 Ordinary Shares in issue at the date of this document
“FCA”	the Financial Conduct Authority
“Ferrer inCode”	division of Grupo Ferrer Internacional, S.A
“Firm Admission”	admission of the Firm Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“Firm Placing”	the proposed placing by Canaccord Genuity on behalf of the Company of the Firm Placing Shares pursuant to the terms of the Placing Agreement.
“Firm Placing Shares”	the 14,285,714 new Ordinary Shares to be issued by the Company at the Issue Price pursuant to the Placing Agreement, which may be allotted pursuant to the Company’s existing authorities
“Form of Proxy”	the form of proxy for use by shareholders at the General Meeting, enclosed with this document
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Fundraising”	together the Placing and the Offer
“Fundraising Shares”	the Placing Shares and the Offer Shares

“General Meeting” or “GM”	the general meeting of the Company to be held at Canaccord Genuity Limited, 41 Lothbury, London EC2R 7AE, United Kingdom at 10.30 a.m. on 11 April 2014, notice of which is set out at the end of this document
“Group”	the Company and its subsidiaries before Completion of the Acquisition
“HMRC”	HM Revenue & Customs
“Issue Price”	the price at which the Fundraising Shares are to be issued and allotted pursuant to the Fundraising, being 35 pence per Fundraising Share
“London Stock Exchange”	London Stock Exchange plc
“Notice of General Meeting”	the notice convening the General Meeting set out at the end of this document
“Offer”	the offer of the Offer Shares on the terms and conditions set out in Part III of this document and the Application Form accompanying this document
“Offer Record Date”	the record date in relation to the Offer, being 5.30 p.m. on 19 March 2014
“Offer Shares”	up to 11,428,571 new Ordinary Shares to be issued to Qualifying Participants in connection with the Offer and whose allotment and issue is conditional, amongst other things, on the approval of Resolutions 1 and 2 by Shareholders at the General Meeting
“Offer Threshold”	the aggregate maximum subscription under the Offer (before expenses) of up to £4 million
“Ordinary Shares”	the ordinary shares of £0.01 each in the capital of the Company
“Organ-i”	Organ-i, Inc.
“Overseas Shareholders”	Qualifying Shareholders who have registered addresses outside the United Kingdom
“Participating Directors”	The Directors participating in the Placing being: Julian Baines; David Evans; Richard Evans and Paul Foulger
“Placing”	the proposed placing by Canaccord Genuity of the Firm Placing Shares and the Conditional Placing Shares on behalf of the Company pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 20 March 2014 between the Company and Canaccord Genuity relating to the Placing, further details of which are set out in this document
“Placing Shares”	together the Firm Placing Shares and Conditional Placing Shares
“Qualifying Employees”	persons employed by any member of the Company on the Offer Record Date who are in any jurisdiction in which the offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or the Offer Shares to be approved by, or registered with, any regulatory body

“Qualifying Participants”	Qualifying Employees and Qualifying Shareholders
“Qualifying Shareholders”	Shareholders on the register of members of the Company on the Offer Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or the Offer Shares to be approved by, or registered with, any regulatory body
“Regulation D”	Regulation D under the Securities Act
“Regulation S”	Regulation S under the Securities Act
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Resolutions”	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
“Securities Act”	United States Securities Act of 1933
“Selah”	Selah Genomics, Inc.
“Selah Acquisition”	the acquisition by the Company of the entire issued share capital of Selah
“Selah Acquisition Agreement”	the agreement entered into between the Company and Selah documenting the terms of the Selah Acquisition
“Selah Consideration Shares”	the 58,356,152 Ordinary Shares to be issued and allotted to the Selah Sellers as initial consideration for the Selah Acquisition representing US\$35,555,000 (£21,311,667)
“Selah Deferred Consideration”	up to US\$35,000,000 (£20,979,000) which, in accordance with the terms of the Selah Acquisition Agreement, may become payable to the Selah Sellers as additional consideration for the Selah Acquisition and which will be settled through the issue of the Selah Deferred Shares
“Selah Deferred Shares”	up to 57,445,235 Ordinary Shares which, in accordance with the terms of the Selah Acquisition Agreement, may be issued to the Selah Sellers as the Selah Deferred Consideration
“Selah Sellers”	being all the shareholders of Selah
“Shareholders”	holders of Ordinary Shares
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia

RISK FACTORS

The Company considers the principle risk factors relating to the Company and the proposals include the following:

A. Risks relating to EKF and the Enlarged Group

Competition

The Enlarged Group's business faces competition from other diagnostics companies

The Enlarged Group's competitors in the diagnostics industry may have superior research and development capabilities, products, manufacturing capability or sales and marketing reach and expertise. In addition, the Enlarged Group may face increased competition in the future as new companies enter the Enlarged Group's markets and alternative products and technologies become available.

The Enlarged Group's competitors are developing products that could compete with the products that the Enlarged Group is selling and developing. The Enlarged Group and its collaborators will need to persuade customers to adopt its products over those of its competitors.

Regulatory and Litigation environment

There is general pressure to reduce health care costs, particularly in Europe and the US. In addition, there is new health care legislation currently being debated in the US. Changes in laws and legislation in relation to health care may affect the diagnostics market which could have a negative impact on the Enlarged Group's business and may have a detrimental effect upon its future trading performance.

There is a risk that the FDA may seek to authorise laboratory developed tests ("LDTs") (currently authorised under Clinical Laboratory Improvement Amendments ("CLIA")).

The international diagnostics industries are highly regulated by governmental authorities in Europe, the UK, and the US and by regulatory agencies in other countries where the Enlarged Group intends to market products or where its customers operate. No assurance can be given that the Enlarged Group's products will successfully obtain any necessary regulatory approvals to market these products.

In carrying out its activities the Enlarged Group may potentially face contractual and statutory claims, or other types of claim from customers, suppliers and/or investors. In addition, the Enlarged Group is exposed to potential product liability risks that are inherent in the research, development, production and supply of its products.

The Enlarged Group may not be able to sell its products or services profitably if reimbursement from third party payers, including government and private health insurers, is unavailable or limited

The Group may be adversely affected by third party reimbursement and health care cost containment initiatives. A significant portion of the Enlarged Group's future revenue is likely to depend on payments by third party payers, including government health administration authorities and private health insurers. The Group may not be able to sell its products profitably if reimbursement from these sources is unavailable or limited. Third party payers are increasingly attempting to contain health care costs through measures that could impact the products the Enlarged Group is developing, including challenging the prices charged for health care products and services, limiting both coverage and the amount of reimbursement for new diagnostics products and services, and denying or limiting coverage for products that are approved by the regulatory agencies but are considered experimental by third party payers.

Foreign exchange rate fluctuations may adversely affect the Enlarged Group's result of operations and financial condition

The Enlarged Group records its transactions and prepares its financial statements in pounds sterling, but following the Acquisitions, a greater proportion of the Enlarged Group's income will be received in US dollars or Euros. Furthermore, the Enlarged Group incurs a proportion of its expenditure in US dollars and other currencies, relating primarily to the clinical trials that it conducts in the US and other countries outside

the UK. The Enlarged Group's cash balances are predominantly held in pounds sterling. To the extent that the Enlarged Group's foreign currency assets and liabilities are not matched, fluctuations in exchange rates between pounds sterling, the Euro and the US dollar may result in realised or unrealised exchange rates gains and losses on translation of the underlying currency into pounds sterling that may increase or decrease the Enlarged Group's results of operation and may adversely affect the Enlarged Group's financial condition, each as stated in pounds sterling. In addition, if the currencies in which the Enlarged Group earns its revenues and/or holds its cash balances weaken against the currencies in which it incurs its expenses, this could adversely affect the Enlarged Group's profitability and liquidity.

Protection of Intellectual Property

The Enlarged Group's success and ability to compete effectively are in large part dependent upon exploitation of proprietary technologies and products that the Enlarged Group has developed internally or has in-licensed, the Enlarged Group's ability to protect and enforce its intellectual property rights so as to preserve its exclusive rights in respect of its technologies and products, and its ability to preserve the confidentiality of its know-how.

Failure/loss of major customer or supplier

The Enlarged Group has a number of large customers and, were a number of these to fail or to direct their business elsewhere, there could be an impact on the financial performance of the Enlarged Group.

DiaSpect's Fresenius Kabi agreement

The Company has entered into a distribution agreement with Fresenius Kabi in respect of DiaSpect's T analyser. The success of the Enlarged Group will partly be dependent on the ability of Fresenius Kabi to sell DiaSpect's T analyser product and enable the Enlarged Group to significantly grow market share in the global blood bank haemoglobin testing market.

Selah's Applied Genetics agreement

The Company has entered into an agreement with Applied Genetics ("AG") whereby AG provides a contract sales force for Selah's drug metabolising enzyme ("DME") panel testing services. The success of the Enlarged Group will partly be dependent on the ability of AG to sell the DME panel product and enable the Enlarged Group to significantly grow market share in the US molecular diagnostics test-as-a-service market.

Condition of the proposals

The proposals are subject to certain conditions including the need for Shareholder approval in connection with the Acquisitions, the Conditional Placing and the Offer, the nonfulfillment of which would mean that certain aspects of the proposals (including the Conditional Placing, the Offer and the Acquisition) could not be implemented and that the Company would have to bear the abortive costs of making the proposals.

Selah Acquisition Agreement

To be effective, the Selah Acquisition Agreement requires the approval of those shareholders in Selah that hold more than 50 per cent. of its stock. The Company has obtained the written approval of the holders of a majority of the Selah stock. The Selah Acquisition Agreement, when so approved, binds all shareholders to transfer their stock. A dissenting shareholder in Selah who does not vote in favour of the Selah Acquisition Agreement could seek to pursue appraisal rights through the US courts. This would not prevent the acquisition taking place but a court could determine that a different form of consideration is to be paid to the dissenting shareholder.

Litigating appraisal proceedings is a protracted and expensive process which any dissenting shareholder of Selah would need to progress and fund individually. There is no assurance that a court would exercise its appraisal rights to substitute a different form of consideration. However, the Company could find itself involved in a court procedure with dissenting shareholders. The Company has the option not to complete the Selah Acquisition Agreement if more than 10 per cent. of the Selah shareholders do not vote in favour of it but the Company would have to bear the abortive costs of making the proposals if it decided to exercise that option.

B. Additional risks relating to the Acquisitions

Integration risk

Whilst EKF has successful past experience in integrating acquisitions, the Enlarged Group's success may in part be dependent upon EKF's ability to integrate DiaSpect and Selah and any other businesses that it may acquire in the future, without disruption to the existing business.

C. Additional risks relating to the Fundraising

Possible volatility of the price, and trading volume, of the Ordinary Shares

The market price of the Ordinary Shares may be affected by a variety of factors outside of the control of the Enlarged Group, including, but not limited to, changes in sentiment regarding the Ordinary Shares, variations in the Enlarged Group's operating results compared with the expectations of market analysts and investors, its business development or those of its competitors, the operating performance of its competitors or speculation about the Enlarged Group's business. The market value of the Ordinary Shares can fluctuate and may not always reflect the underlying value or prospects of the Enlarged Group. Shareholders should therefore be aware that the value of the Ordinary Shares can go down as well as up and that they may not be able to realise their investment.

Furthermore, the trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about the Enlarged Group or its business. If analysts who cover the Enlarged Group downgrade the Ordinary Shares in their report, the market price of the Ordinary Shares may decline. If one or more of these analysts were to stop covering the Company or fail to publish reports regularly on the Company, the Company could lose visibility in the financial markets. This could cause a decline in the market price of the Ordinary Shares or trading volume.

Dilution of ownership of Ordinary Shares

Following the issue of the Offer Shares, a Shareholder who does not participate in the Offer pro rata to its, his or her holding of Existing Ordinary Shares will suffer a reduction in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by its, his or her holding of Ordinary Shares immediately following Conditional Admission as a result of the Offer.

Future Funding

Whilst the Directors have no current plans for raising additional capital immediately after Admission and are of the opinion that the working capital available to the Enlarged Group will be sufficient for its present requirements, it is possible that the Enlarged Group will need to raise extra capital in the future to fully develop the Enlarged Group's business or to take advantage of acquisition opportunities. No assurance can be given that any such additional financing will be available or that, if available, financing will be available on terms favourable to the Enlarged Group or to its Shareholders.

If further financing is obtained by issuing equity securities or convertible debt securities, the existing shareholders' holdings of Ordinary Shares may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary Shares. The Directors may seek debt finance to fund all or part of any future acquisitions. There can be no assurance that the Enlarged Group will be able to raise those debt funds, whether on acceptable terms or at all. If debt financing is obtained, the Enlarged Group's ability to raise further finance and its ability to operate its business may be subject to restrictions.

A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Enlarged Group's control) may make it difficult for the Enlarged Group to obtain new financing on attractive terms or even at all. If the Enlarged Group's borrowings become more expensive, then the Enlarged Group's profits will be adversely affected.

GLOSSARY OF SCIENTIFIC TERMS

“ACA”	Affordable Care Act
“Biomarker”	indicator of a biological state or condition
“BRAF”	the human gene that makes the proto-oncogene B-Raf, the cell signalling protein
“CLIA”	Clinical Laboratory Improvement Amendments, the US federal standards for clinical laboratory testing on humans
“CMS”	The Center for Medicare & Medicaid Services, a federal agency within the US Department of Health and Human Services, which administers the Medicare program and works in partnership with state governments to administer Medicaid
“CPTs”	CMS reimbursement codes
“Cuvette”	small tube designed to hold samples for spectroscopic experiments
“CYP”	Cytochrome P450, a family of liver enzymes that catalyse the oxidation of organic substances
“DME”	Drug metabolism enzymes, proteins responsible for metabolising an array of compounds including drugs, environmental pollutants, and endogenous compounds
“Erythrocytes”	red blood cells
“FDA”	US Food and Drug Administration
“FDA 510(K) notification”	submission made to the FDA to demonstrate that the device to be marketed is at least as safe and effective as a legally marketed equivalent device
“GHS”	Greenville Health System. GHS is the 11th largest public health system in the United States
“Haematocrit”	the ratio of the volume of red blood cells to the total volume of blood
“Haemoglobin”	the iron-containing oxygen-transport metalloprotein found in the red blood cells of all vertebrates
“HbA1c”	glycated haemoglobin
“ITOR”	located within GHS, Institute for Translational Oncology Research, based in Greenville, South Carolina, United States
“IVD”	in vitro diagnostics, are the reagents, consumables, and analysers that are used to perform testing outside the body on obtained specimens to measure analytes of interest for patient evaluation
“LDT”	Laboratory developed tests, in vitro diagnostics tests that qualify as medical devices but can enter the market without FDA approval
“MACs”	Medicare Administrative Contractors, the Companies hired by CMS to manage Medicare reimbursement

“NGS”	Next generation sequencing, the high-throughput sequencing techniques that can generate multiple sequences in parallel
“PCR”	Polymerase chain reaction, a technique for amplifying DNA through the use of thermo-cycling and polymerase enzymes
“Pharmacogenomics”	analysis of the genetic differences in metabolic pathways which can affect an individual’s response to a specific drug
“PMA”	Premarket Approval, the FDA process of scientific and regulatory review to evaluate the safety and effectiveness of medical devices
“R&D”	Research and development

DIRECTORS, COMPANY SECRETARY, OFFICES AND ADVISERS

Directors	David Eric Evans (<i>Executive Chairman</i>) Julian Huw Baines (<i>Chief Executive Officer</i>) Richard Anthony Evans (<i>Chief Operating Officer</i>) Paul Andrew Peter Foulger (<i>Finance Director</i>) Gordon James Hall (<i>Non-Executive Director</i>) Adam Reynolds (<i>Non-Executive Director</i>) Dr Kevin William Wilson (<i>Non-Executive Director</i>)
Company Secretary	Paul Andrew Peter Foulger
Registered and Head Office	Avon House 19 Stanwell Road Penarth Cardiff CF64 2EZ
Nominated Adviser & Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Solicitors to the Company	Berry Smith LLP Haywood House Dumfries Place Cardiff CF10 3GA
Solicitors to the Nominated Adviser and the Broker	Covington & Burling LLP 265 Strand London WC2R 1BH
Registrars	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

KEY STATISTICS

Existing Share Capital

Number of Existing Ordinary Shares 272,942,369

Placing and Offer

Issue Price 35 pence

Number of Firm Placing Shares to be issued pursuant to the Placing 14,285,714

Number of Conditional Placing Shares to be issued pursuant to the Placing 48,571,428

Gross proceeds receivable by the Company from the Placing £22.0 million

Maximum number of Offer Shares being offered pursuant to the Offer 11,428,571

Maximum number of new Ordinary Shares to be issued pursuant to the Fundraising 74,285,713

Gross proceeds receivable by the Company from the Offer¹ £4.0 million

Estimated proceeds receivable by the Company pursuant to the Fundraising, net of expenses¹ £20.1 million

Acquisition – Selah

Total consideration payable up to US\$70,555,000

Value of Selah Consideration Shares to be issued to the Selah Sellers US\$35,555,000

Number of Selah Consideration Shares to be issued to the Selah Sellers 58,356,152

Value of Selah Deferred Consideration up to US\$35,000,000

Number of Selah Deferred Shares up to 57,445,235

Acquisition – DiaSpect

Total consideration payable up to £20,750,000

DiaSpect Cash Consideration to be paid to the DiaSpect Sellers £10,248,000

Value of DiaSpect Consideration Shares to be issued to the DiaSpect Sellers £5,752,000

Number of DiaSpect Consideration Shares to be issued to the DiaSpect Sellers 15,872,840

Value of DiaSpect Deferred Consideration up to £4,750,000

Upon Admission

Number of Ordinary Shares in issue following Admission of the Fundraising Shares and Consideration Shares¹ 422,057,074

Placing Shares as a percentage of the Enlarged Share Capital 14.9 per cent.

Fundraising Shares as a percentage of the Enlarged Share Capital¹ 17.6 per cent.

Consideration Shares as a percentage of the Enlarged Share Capital¹ 17.6 per cent.

Notes:

(1) Assuming full take up under the Offer.

The number of Selah Consideration Shares to be issued on the date on which the closing of the Selah Acquisition occurs shall be determined based on the average closing price per share of Ordinary Shares of one pence in the Group on the London Stock Exchange over the twenty (20) consecutive Business Days ending on the Business Day that is one day prior to the date of this Agreement.

The number of DiaSpect Consideration Shares to be issued on the date on which the closing of the DiaSpect Acquisition occurs shall be determined based on the average closing price per share of Ordinary Shares of one pence in the Group on the London Stock Exchange over the ten (10) consecutive Business Days ending on the Business Day that is one day prior to the date of this Agreement.

The number of Selah Deferred Shares to be issued on the date(s) on which they become payable to Selah shall be determined based on the average clearing price per share of Ordinary shares of one pence each in the Group on the London Stock Exchange over the twenty (20) consecutive Business Days ending on the Business Day that is one day prior to that issue date provided that the minimum issue price for each Selah Deferred Share shall be the Issue Price for each of the Selah Consideration Shares.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Offer record date	5.30 p.m. on 19 March 2014
Announcement of the Acquisitions, the Placing, the Offer and the posting of this Circular, Application Forms and Forms of Proxy	20 March 2014
Expected date for Firm Admission and commencement in dealings in the Firm Placing Shares on AIM	8:00 a.m. on 26 March 2014
Expected date for CREST accounts to be credited in respect of the Firm Placing Shares to be held in uncertificated form	26 March 2014
Expected date for the despatch of definitive certificates in respect of the Firm Placing Shares to be held in certificated form	week commencing 31 March 2014
Latest time and date for receipt of completed Forms of Proxy	10.30 a.m. on 9 April 2014
Latest time and date for receipt of completed Application Forms and payment in full by participating Qualifying Participants under the Offer	11.00 a.m. on 9 April 2014
Results of the conditional uptake of the Offer announced through a Regulatory Information Service	11 April 2014
General Meeting	10.30 a.m. on 11 April 2014
Results of the General Meeting announced through a Regulatory Information Service	11 April 2014
Expected date for completion of the Acquisitions, Conditional Admission and commencement of dealings in the Consideration Shares and the Conditional Placing Shares on AIM	17 April 2014
Expected date for CREST accounts to be credited in respect of the Conditional Placing Shares, Offer Shares and the Consideration Shares to be held in uncertificated form	17 April 2014
Expected date for the despatch of definitive certificates in respect of the Offer Shares and Conditional Placing Shares and the Consideration Shares to be held in certificated form	week commencing 21 April 2014

Notes:

All times referred to in this document are, unless otherwise stated, references to London time.

Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a Regulatory Information Service.

If you have any questions relating to the action you should take in relation to the General Meeting, please telephone Capita Asset Services on the following number: +44 (0) 871 664 3100. Please note that for legal reasons this helpline will only be able to provide practical information and will not provide advice on the merits of the business of the General Meeting or give any financial or taxation advice. For financial and taxation advice you will need to consult an independent adviser.

PART I

LETTER FROM THE CHAIRMAN OF EKF DIAGNOSTICS HOLDINGS PLC

EKF Diagnostics Holdings plc

(Incorporated in England and Wales with company number 4347937)

Directors:

David Eric Evans (*Executive Chairman*)
Julian Huw Baines (*Chief Executive Officer*)
Richard Anthony Evans (*Chief Operating Officer*)
Paul Andrew Peter Foulger (*Finance Director*)
Gordon James Hall (*Non-Executive Director*)
Adam Reynolds (*Non-Executive Director*)
Dr Kevin William Wilson (*Non-Executive Director*)

Registered Office:

Avon House
19 Stanwell Road
Penarth
Cardiff
CF64 2EZ

20 March 2014

Dear Shareholder,

**Proposed Acquisitions of Selah Genomics, Inc. and DiaSpect Medical AB.
Proposed Placing to raise £22.0 million
Proposed Offer to Qualifying Participants to raise up to £4.0 million
and
Notice of General Meeting**

1. Introduction

Your Board announced today that it has entered into a conditional agreement to acquire Selah Genomics, Inc. (“Selah”), a conditional agreement to acquire DiaSpect Medical AB. (“DiaSpect”), and that it proposes to raise £22.0 million (before expenses) by way of a firm placing of 14,285,714 new Ordinary Shares (“Firm Placing Shares”) a conditional placing of 48,571,428 new Ordinary Shares (“Conditional Placing Shares”) (together “the Placing Shares”) and up to £4.0 million by way of an offer to Qualifying Participants (“the Offer Shares”).

Selah Acquisition

Selah is a clinical diagnostic company focused on enabling personalised medicine. Selah specialises in the detection of molecular biomarkers to diagnose and monitor disease, detect risk of developing certain diseases, and identify which therapies will work best for individual patients.

The consideration for the Selah Acquisition comprises the following:

- initial consideration of US\$35.6 million (£21.3 million) to be satisfied by the issue of 58,356,152 new Ordinary Shares in the Company, representing approximately 13.8 per cent. of the Enlarged Share Capital assuming full take up by Qualifying Shareholders under the Offer (“Selah Consideration Shares”); and
- additional deferred consideration, on a quarterly basis respectively, subject to certain agreed revenue targets for the two year period following the acquisition up until 31 March 2016, of up to US\$35.0 million (£21.0 million) which will be satisfied through the issue of a maximum of 57,445,235 further new Ordinary Shares in the Company (“Selah Deferred Shares”),

together valuing Selah, net of the aggregate borrowings and existing commitments of Selah, being the sum of US\$4.4 million, at approximately US\$70.6 million (£42.3 million) based on the Company’s average closing price per share over the twenty (20) consecutive Business Days ending on 19 March 2014.

DiaSpect Acquisition

DiaSpect is an in vitro diagnostics (“IVD”) company developing, producing and distributing point of care haemoglobin systems. DiaSpect’s focus is on developing systems for haemoglobin measurements, which are for use with unaltered whole blood and without the use of reagents.

The consideration for the DiaSpect Acquisition will be satisfied by:

- initial consideration of a payment in cash of £10,248,000 (“DiaSpect Cash Consideration”) and a payment of £5,752,000 to be satisfied through the issue of up to 15,872,840 new Ordinary Shares in the capital of the Company, representing approximately 3.8 per cent. of the Enlarged Share Capital assuming full take up by Qualifying Shareholders under the Offer (“DiaSpect Consideration Shares”); and
- additional, deferred consideration, based on certain milestone targets being achieved, over eight milestone payments across a four year period, of up to £4,750,000 in aggregate, which will be satisfied by the payment of additional cash (“DiaSpect Deferred Consideration”),

together valuing DiaSpect at approximately £20,750,000 based on the Company’s average closing price per share over the ten (10) consecutive Business Days ending on 19 March 2014.

The Company has today also announced the proposed Firm Placing and the Conditional Placing of 62,857,142 new Ordinary Shares in the Company, through Canaccord Genuity, nominated adviser and broker to the Company, at 35 pence per Placing Share to raise approximately £22.0 million (approximately £20.1 million net of expenses). Of the 62,857,142 Placing Shares, the Company agreed with Canaccord Genuity to place 14,285,714 new Ordinary Shares (“Firm Placing Shares”) within the existing authorities granted to the Directors, to raise £5.0 million (before expenses) to fund certain internal projects and external investment opportunities not connected with the Acquisitions, with the remainder of 48,571,428 new Ordinary Shares to be placed conditional on Shareholder approval at the General Meeting. In conjunction with the Placing, the Board also announced today details of a conditional Offer to Qualifying Participants to raise up to a further £4.0 million (before expenses) through the issue of up to 11,428,571 new Ordinary Shares at a price of 35 pence per Offer Share. The Issue Price of the Placing Shares and the Offer Shares represents a discount of 2.8 per cent. to the closing middle market price of 36 pence per existing Ordinary Share on 19 March 2014 (being the last practicable date prior to the date of the announcement).

The Conditional Placing, the Offer and the Acquisitions are each conditional upon, amongst other things, the Directors obtaining appropriate Shareholder approvals at the General Meeting to grant authority to allot the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares and to disapply statutory pre-emption rights which would otherwise apply to the allotment of the Conditional Placing and Offer Shares, the Consideration Shares and the Selah Deferred Shares. If the Resolutions are not passed by the requisite majority, being 50% in respect of Resolution 1 and 75% in respect of Resolution 2, the allotment of shares will not proceed. Shareholders should also note that whilst the Acquisitions are not of a sufficient size to require the Company to seek shareholder approval; if the allotment of shares does not proceed then the Acquisitions will not take place.

The Firm Placing Shares have been placed with certain institutional investors plus Participating Directors and employees of the Company. Dealings in the Firm Placing Shares are expected to commence on AIM at 8.00 a.m. on 26 March 2014. The Conditional Placing Shares have been conditionally placed with certain institutional investors plus participating Directors and employees of the Company. Dealings in the Conditional Placing Shares, the Offer Shares and the Consideration Shares are expected to commence on AIM at 8.00 a.m. on 17 April 2014. Assuming no take up under the Offer, the Fundraising Shares represent approximately 23.0 per cent. of the Company’s existing issued share capital and will, when issued, represent approximately 15.3 per cent. of the Company’s Enlarged Share Capital. Assuming full take up under the Offer, the Fundraising Shares together represent approximately 27.2 per cent. of the Company’s existing issued share capital and will, when issued, represent approximately 17.6 per cent. of the Company’s Enlarged Share Capital.

Approval of the necessary Resolutions required for the issue and allotment of the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares, will be sought at the General Meeting convened for 10.30 a.m. on 11 April 2014.

Accordingly, you will find set out at the end of this document a notice convening a general meeting of the Company to be held at Canaccord Genuity Limited, 41 Lothbury, London, EC2R 7AE, United Kingdom at 10.30 a.m. on 11 April 2014.

The purpose of this document is to provide Shareholders with further information on the Acquisitions, and to explain why the Board considers the Acquisitions and the associated Fundraising to be in the best interests of the Company and its Shareholders as a whole, and recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document, and to seek your approval for the issue of the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares.

The Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own beneficial holdings of Ordinary Shares amounting to, in aggregate, 10,665,569 Ordinary Shares, representing approximately 3.9 per cent. of the Existing Ordinary Shares.

2. Background on the Group

EKF was formed in July 2010 following the acquisition of EKF-diagnostic GmbH, and at that time refocused its strategy in order to build a substantial point of care diagnostics business. As part of this strategy, the Group subsequently made and then integrated three further acquisitions: Quotient Diagnostics Limited (acquired in September 2010), Argutus Medical Limited (acquired in December 2010) and Stanbio Laboratory L.P. (acquired in June 2011).

The Group, with its head office in Cardiff and operations in London as well as, Germany, Ireland, Poland, Russia, and the US, is a diagnostics business, focused on the development, production and distribution of chemical reagents and analysers for the testing of glucose, lactate, haemoglobin (for anaemia), red blood cell content (haematocrit) and glycated haemoglobin (“HbA1c”) (for diabetes management).

In March 2011, EKF entered into a distribution agreement with Alere Inc. (“Alere”), a global diagnostics company, under which Alere was appointed the exclusive distributor of EKF’s CLIA waived Hemo Control device and cuvettes in Canada, the United Kingdom and the US. The device is distributed in the US under the name HemoPoint H2 and in Europe under the name Hemo Control.

In March 2013, the Group announced that it had established a new subsidiary, EKF Molecular Diagnostics Limited (“EKF Molecular”), to focus on molecular and companion diagnostics. EKF Molecular was established to offer innovative products with the potential to change current DNA extraction and detection practices allowing EKF to address the fast growing companion diagnostics market. Companion diagnostics are used to distinguish between which patients are most likely to benefit from a particular therapy and those where the therapy will prove ineffective or harmful.

3. Information in relation to Selah and its markets

Selah is a clinical diagnostic company focused on enabling personalised medicine. Selah specialises in the detection of molecular biomarkers to diagnose and monitor disease, detect risk, and identify which therapies will work best for individual patients.

Selah was co-founded in 2012 by Michael Bolick (Chief Executive Officer), Ken Morgan (Senior Vice President, Operations) and Jeremy Stuart (Vice President, Genomic Services) following a management buy-out of UK company Lab21 Limited’s (“Lab21”) US-based operations. Prior to Selah, Michael Bolick served as President of Lab21. Going forward, Michael Bolick and Ken Morgan will continue in their current roles. In addition to the main laboratory site, Selah has a Clinical Genomics Center located at the Institute for Translational Oncology Research (“ITOR”) of the Greenville Health System (“GHS”), and a second Clinical Genomics Center at the University of South Carolina in Columbia, South Carolina.

1. The Science of Personalized Medicine: Translating the Promise into Practice, PricewaterhouseCoopers, 2009.

The diagnostic and therapeutic segment of the personalised market (which is comprised primarily of pharmaceutical, medical device and diagnostics companies) was estimated at US\$24 billion in 2009 and is expected to grow by 10 per cent. per annum, reaching US\$42 billion by 2015¹.

At its CLIA-certified laboratory in Greenville, South Carolina, US, Selah uses technologies such as next generation sequencing (“NGS”) platforms to develop laboratory developed tests (“LDTs”) and companion diagnostics.

These capabilities position Selah in the growing personalised medicine market. Personalised medicine involves customising medical decisions and treatments to the individual patient. Within this market, there is recognition that NGS is revolutionising the way gene-based testing is performed as NGS is able to identify multiple biomarker genes from the same patient sample, enabling faster and lower cost gene-based testing. NGS is an emerging but proven technology with the first commercial platform introduced in 2005. The first US Food and Drug Administration (“FDA”) premarket clearance of a NGS platform for clinical use occurred in November 2013.

Biomarker discovery is the first step in developing personalised medicine diagnostic tests (for example, genetic biomarkers that determine how an individual responds to a certain medication). In the US, the steps to commercialise these tests can proceed along two different paths. The first path, requires an expensive and lengthy FDA 510(K) notification (claiming equivalence to an already existing product) or Premarket Approval (“PMA”) (no already existing product) for such a test to be commercialised as an IVD product. The second is to work within the CLIA requirements using a LDT test-as-a-service model. CLIA are a set of regulations originally set out in US government legislation by the CLIA Act 1988 which apply to clinical laboratory testing performed on humans in the US. CMS has the primary responsibility for the operation of the CLIA Program, and CLIA approved laboratories can receive Medicare and Medicaid payments, as well as payments from private insurers.

In partnership with GHS, Selah has developed PrecisionPath™, a panel of known oncology biomarker genes for which there is evidence of clinical utility. In November 2013, GHS ITOR started using Selah’s PrecisionPath™ test to molecularly profile tissue from each GHS cancer surgery patient under a Universal Consent at no additional cost to the patient. As a result, GHS and Selah are now building a biorepository of molecularly profiled tissue that is expected to be critical to Selah and ITOR in informing future generations of the PrecisionPath™ assays and to enable creation of additional intellectual property (IP). In short, Selah and ITOR are working together to demonstrate the clinical utility of additional genetic biomarkers to enable a better understanding of the pathological genetic aetiology of certain cancers.

In July 2013, Selah entered into an agreement with Applied Genetics (“AG”) whereby AG provides a contract sales force for Selah’s drug metabolising enzyme (“DME”) panel testing services. Selah developed a pharmacogenomics DME panel of biomarkers that characterise the genetic variations involved in the Cytochrome P450 (“CYP”) system. The CYP system comprises a large and diverse group of enzymes involved in drug metabolism, amongst other activities. Selah’s report provides physicians with the key prescribing implications that can be derived from a particular patient’s DME panel results. This allows the physician to tailor drug therapy to the patient, with regards to drug selection, dosing, efficacy, side-effects and potential interactions with other drugs, thereby giving bespoke treatment to that patient. The DME panel includes the key CYP genetic biomarkers that are reimbursed by CMS and private insurers in the US.

In February 2014, Selah entered into a partnership with Foundation Medicine and GHS to launch a Rare Tumor Center, in order to provide patients with molecular profiling of their rare cancer tumours through the FoundationOne test. The test uses NGS to detect genomic alterations in more than 230 genes that are thought to be most relevant to the growth and spread of cancer. GHS expects the Rare Tumor Center will take in more than 100 patients in its first year, for whom, as part of the partnership, Selah provides the molecular testing.

Selah is also developing LDTs for:

1. Organ-i’s SORT technology: SORT is a gene expression biomarker panel that predicts kidney transplant rejection.

2. Ferrer inCode's suite of assays which identify genetic risk of cardiac disease, thrombosis, and sudden death and obesity.
3. Companion diagnostics in support of pharmaceutical company drug development programs (including Amgen and Gilead, among others).

Companion diagnostics is a growing field within the personalised medicine market, and is expected to grow to US\$42 billion by 2015 according to industry analysts TriMarkPublications.com. Companion diagnostics use an individual's genetic variation to chart different patient responses to specific drugs in order to create effective and efficient treatments tailored to a patient's genetic profile. Regulatory agencies like the FDA and the European Medicines Agency ("EMA") are encouraging the use of companion diagnostics, with fast-track approval for test/drug combination data in areas where there is significant unmet clinical need. As a result, pharmaceutical companies increasingly support the use of companion diagnostics to stratify patients for clinical trials (i.e. select those patients in whom the drug under investigation would be most effective). This allows pharmaceutical companies to conduct clinical trials faster and with smaller patient cohorts. In addition, regulatory authorities are starting to require pharmaceutical companies to identify the actionable biomarkers associated with the safety and efficacy of the treatment. In some cases this may lead to the approval of a drug requiring a companion diagnostic.

Financial information of Selah

Selah's historical trading results are summarised below and have been extracted from the management accounts for the three years ended 31 December 2013. The accounts have been prepared under historical cost convention and in accordance with US GAAP, but have not been subject to a separate audit.

<i>(US\$'000)</i>	<i>31 December 2011</i>	<i>31 December 2012</i>	<i>31 December 2013</i>
Sales	110	503	1,313
Cost of sales	(18)	(228)	(1,001)
Gross profit	92	275	312
Overheads	(1,463)	(1,943)	(2,219)
EBITDA	(1,290)	286	(1,767)
PBT	(1,370)	(22)	(1,940)
Net assets	<u>1,634</u>	<u>2,655</u>	<u>1,927</u>

Strategic rationale for the Selah Acquisition

EKF's entry into the molecular diagnostic field began with its acquisition of 360 Genomics in March 2013, which became part of EKF Molecular. Since this time, EKF has announced the release of DNA enrichment products and preliminary data regarding the use of its Pointman technology to detect mutations in the gene BRAF from blood rather than tissue samples. With the acquisition of Selah, EKF is acquiring the capabilities to participate in the US personalised medicine diagnostics market with a test-as-a-service business model.

Recent industry announcements such as diagnostic product launches, diagnostic company Initial Public Offerings and fund raisings, and company acquisitions have reinforced the commercial opportunity offered by molecular diagnostics. This opportunity is being driven by the application of new technologies, such as NGS, to multi-focal diseases such as cancer. US companies such as Foundation Medicine, Genomic Health, LabCorp, Myriad Genetics and Response Genetics are engaged in the development of molecular tests, testing equipment, and the provision of testing services. In Europe, companies such as Qiagen and Roche are engaged in molecular diagnostic activities.

Selah provides EKF with the opportunity to acquire a strategically and commercially valuable platform that offers:

- Entry into the US market for personalised diagnostic testing;

- An established CLIA-certified laboratory with the scientific know-how, equipment and resources to utilise leading diagnostic technologies such as NGS, PCR platforms, and related supporting instrumentation systems, in:
 - the development of LDTs and companion diagnostics;
 - the provision of laboratory testing services to clinicians, pharmaceutical companies, and healthcare providers; and
 - the identification of novel biomarkers.
- Existing contractual relationships with:
 - AG, whereby AG provides a contract sales force for Selah’s DME panel testing services;
 - Organ-i, which gives Selah exclusive commercialisation rights to the eastern half of the United States for Organ-i’s SORT assay for the prediction of kidney transplant rejection;
 - Ferrer inCode, which gives Selah exclusive access to the entire US market for Ferrer inCode’s suite of genetic risk assays for cardiac disease, thrombosis, sudden death and obesity;
 - major multinational pharmaceutical firms (including Amgen and Gilead), providing companion diagnostic development services for supporting clinical trial patient selection along with ad-hoc individual research and discovery projects; and
 - Greenville Health System – the 11th largest public health system in the US – and ITOR – which operates the largest Phase 1 oncology clinical trial program in South Carolina.
- Existing relationships with commercially relevant organisations including:
 - CLIA approval and certification authorities;
 - Palmetto GBA, the Medicare Administrative Contractor in South Carolina;
 - Selah’s billing agent Premier Source; and
 - testing technology providers such as Life Technologies, Qiagen, Roche and Illumina.
- A US molecular diagnostics management team with a strong track record in the molecular diagnostics industry;
- The ability to develop LDTs and testing services from EKF Molecular’s current and future assay development activities;
- The platform to potentially commercialise EKF Molecular’s PointMan technology in the US market;
- US operations that are east coast based and can be readily assimilated into the EKF organisation.

Reimbursement

One key factor in the adoption of NGS in the US market is reimbursement. Reimbursement is divided into two main categories: (i) those covered by the US Federal programs Medicare and Medicaid, and (ii) those covered by private insurance. Medicare reimbursement is managed by 53 Medicare Administrative Contractors hired by the CMS. In January 2013, CMS introduced a new system of determining reimbursement for diagnostic tests. Current Procedural Terminology (“CPT”) codes were re-defined and this had a significant impact on the market. In March 2012, a further change in processing was announced involving the introduction of new Z codes, which, along with the delay in Medicare payments caused by the US government shut-down, created issues in the market place which have since been resolved. At the current time, Z codes for the key biomarkers in the DME panel have been recently confirmed.

In addition to the reimbursement environment, the regulatory environment is constantly evolving with the FDA becoming increasingly active in the diagnostic market. As the reimbursement, regulatory and

competitive environment in the US rapidly develops, management believe that it is important for EKF to have a significant presence in this marketplace which currently accounts for 31 per cent. of the global IVD market².

US federal government sponsored health care insurance is provided through two tax payer funded programmes; Medicare and Medicaid. Medicare was launched in 1966 as a federal insurance program attached to Social Security, administered by the U.S. federal government, and guaranteeing access to health insurance for American citizens aged over 65 who have worked and paid into the system, and younger people with certain disabilities. In 2010, Medicare provided health insurance to 48 million Americans; 40 million people age 65 and older and 8 million young people with disabilities. At US\$572.5 billion, total Medicare spending represented 20 per cent. of the US national health spending in 2012, with Medicaid spending contributing a further US\$421.2 billion. Medicare paid out US\$8.2 billion for laboratory based tests in 2010, accounting for 3 per cent. of annual Medicare Supplementary Medical insurance spending (US\$268.4 billion). Medicaid is a joint federal and state program primarily for families and individuals, of all ages, with low income and resources. The program is means tested and jointly funded by the state and federal governments, but managed by the individual states. In 2014, Affordable Care Act (“ACA”) (aka Obamacare) was introduced to expand the number of people on government sponsored insurance.

The CMS is a federal agency within the United States Department of Health and Human Services, which administers the Medicare program and works in partnership with state governments to administer Medicaid. Medicare reimbursement is managed by MAC hired by CMS. Reimbursement is linked to the location at which the testing is carried out rather than where the patient is located. Selah’s MAC is Palmetto GBA, which covers Jurisdiction 11 Part A (North Carolina, South Carolina, West Virginia and Virginia). Private payer reimbursement is determined by where the individual patient is located.

4. Information in relation to DiaSpect and its markets

DiaSpect is an IVD company developing, producing and distributing point of care haemoglobin systems. The company’s focus is on developing systems for instant haemoglobin and haemoglobin related measurements, which are for use with unaltered whole blood without the use of reagents. Management believes such reagent-less systems offer a significant cost benefit versus standard reagent-based systems.

DiaSpect was founded in 2007, and is based in Uppsala, Sweden, with subsidiary operations in Germany and the US. The DiaSpect product was developed by researchers and engineers based in Uppsala. DiaSpect’s facility, in Sailauf, Germany, is the production and logistic centre for the business.

Haemoglobin is one of the world’s most frequently performed diagnostic tests (the level of an individual’s haemoglobin determines whether they are anaemic or not). The ability to accurately measure haemoglobin status in a patient is crucial across three major medical markets; in the doctors’ office (both primary care and maternity care); in hospital clinics; and in blood banks where potential donors with anaemia are excluded from donating blood. The point of care market for haemoglobin testing is growing and it is seeing a continued shift from reagent to non-reagent based testing in certain markets, including the blood bank market, primarily due to the lower cost of the cuvettes. Additionally, lower cost and longer shelf life non-reagent based testing is being increasingly used in emerging markets where traditional copper sulphate testing for anaemia is being phased out. Copper sulphate testing is banned in the EU and is currently being phased out in the US.

The three addressable market segments are serviced by a range of instruments which vary across a range of factors including price, speed of result and accuracy. In doctors’ offices (both primary care and maternity care) and hospital clinics, there is significant focus on the accuracy of the measurement. By contrast, in blood banks, where the measurement is used for binary assessment (whether or not a patient may give blood), less significance is given to accuracy and more to speed of result and cost efficiency. In the emerging markets, cost is the determining factor across the three addressable markets.

The global revenue generated from the sales of portable and handheld point of care devices for haemoglobin and haematocrit testing is estimated to be around US\$300 million per annum. The significant growth in

2. Source: Frost & Sullivan, April 2013

demand for point of care haemoglobin testing in primary and maternity care is driven in part by growth in Africa, Asia and South America, where climate conditions favour reagent free systems.

DiaSpect launched its first analyser, the T model, in 2010, and followed this with a smaller version, the Tm model in 2012. The instruments produced by DiaSpect are considered to be amongst the world's fastest and easiest to use haemoglobin testing systems, whilst offering laboratory quality performance. Both models are CE marked, and the T model is FDA CLIA approved in the US. The DiaSpect products are protected by issued patents in Europe (registered in Switzerland, Germany, France, United Kingdom, Hungary, Italy and Turkey), China, Sweden and the US and a registered European trademark.

The Tm model produces a result in circa one to two seconds, which compares to a minimum of circa 10 seconds to the HemoCue Hb 301. The cuvette is simply pushed into the instrument and the result is delivered. Consequently, training requirements are minimal. With no reagent, shelf life is long and humidity issues are minimised.

To date, DiaSpect has sold into all three segments of the point of care market. During fiscal year 2013, DiaSpect entered into an agreement with Fresenius Kabi for exclusive global distribution rights into the blood bank market.

Financial Information for DiaSpect

DiaSpect's historical trading results are summarised below and have been extracted from the management accounts for the three years ended 31 December 2013. The accounts have been prepared in accordance with Swedish GAAP, but have not been subject to a separate audit.

	<i>31 December 2011</i>	<i>31 December 2012 (€'000)</i>	<i>31 December 2013</i>
Sales	1,018	1,602	3,705
Cost of sales	(506)	(682)	(1,863)
Gross profit	511	920	1,842
Overheads	(386)	(593)	(939)
EBITDA	125	327	903
PBT	11	229	781
Net assets	<u>1,087</u>	<u>1,333</u>	<u>1,527</u>

Note:

Accounts presented in Swedish Krona and translated to EUR at a rate of 9SEK/1EUR for the purpose of the above.

Strategic rationale for the DiaSpect Acquisition

The expansion of EKF's product offering in haemoglobin testing through the acquisition of DiaSpect, will provide EKF the opportunity to address segments of the market, particularly blood banking and transfusion medicine, that are difficult to penetrate with EKF's current product range. EKF's recent acquisition of Separation Technology Inc. complements this strategy and will provide EKF with a comprehensive product offering that will provide incremental revenues.

EKF's competitors sell both reagent-based cuvettes, similar to EKF's Hemo Control, and reagent-less cuvettes. The latter are cheaper to produce due to the lack of reagent and the reduced quality-control processes involved in the manufacture. Management believe the reason for measuring the haemoglobin status of a patient dictates the level of accuracy demanded of the testing instrument, and a higher level of accuracy is required where a test is used for the purpose of guiding clinical diagnosis and therapeutic intervention, compared to when a test is used for the purpose of determining a patient's suitability to give blood.

In emerging markets, including Brazil, India and Indonesia, significant levels of testing in blood banks still rely on the copper sulphate test. This method of testing has been banned in the EU and is being phased out in the US. Management believes that the trend of moving away from this method towards instrument-based

testing is a significant market opportunity. Management believe that the DiaSpect offering is well-placed for emerging markets where the primary determination of test selection is cost.

EKF's current product range offers superior precision to the reagent-less cuvettes and will, therefore, continue to be marketed to doctor offices (both primary and maternity care).

The acquisition of DiaSpect brings EKF:

- A haemoglobin testing product range with:
 - significant speed to result; advantage one to two seconds speed to results versus HemoCue Hb 301 (approximately 10 seconds) and Masimo Pronto 7 (more than 1 minute)
 - ease of use advantages
- A competitive product offering for the global blood bank market and for emerging markets;
- Future product expansion possibilities (potential new markets for EKF) such as:
 - entry into the oximetry and co-oximetry markets
 - entry into the field of flow-through cell counts which are used in dialysis provision (under co-development with Norma Diagnostica of Budapest)
 - blood group identification, thrombocyte activity and red blood cell sedimentation rate technologies
- Germany based operations that will be straight forward to integrate into EKF's current German operations, offering a base in the western part of the Country within 30 minutes of Frankfurt airport, which makes it easier to attract new employees into the German operations;
- Management with a significant expertise in haemoglobin measurement technologies that complements those of the existing EKF team;
- EKF management believe that its existing distribution and sales channels provide a platform which can be leveraged to expand the global market potential of the DiaSpect product offering.

5. The terms of the Acquisitions

Selah Acquisition

Under the terms of the Selah Acquisition Agreement, the Company, inter alia, upon Completion and Admission, has agreed to acquire the entire share capital of Selah for a total consideration of up to US\$70.6 million (£42.3 million), net of the aggregate borrowing of Selah, being the sum of US\$4.4 million.

The Selah Acquisition is being structured by a merger of Greenville Merger Sub Inc, a newly formed wholly owned subsidiary of EKF, with Selah. The effect of the merger structure is that Selah will become a wholly owned subsidiary of EKF.

The consideration will be satisfied by an initial payment of US\$35.6 million (£21.3 million) by the issue of 58,356,152 new Ordinary Shares, representing approximately 13.8 per cent. of the Enlarged Share Capital, assuming full take up of the Open Offer Shares by Qualifying Shareholders, and additional Selah Deferred Consideration, payable on a quarterly basis upon Selah meeting certain revenue targets for the two year period following the acquisition, of up to US\$35.0 million (£21.0 million) which will be satisfied through the issue of Selah Deferred Shares.

In the event that during the two year period following the acquisition, up until 31 March 2016, a sale of more than 90 per cent. of the issued share capital of the Company takes place, all revenue targets in respect of the Selah Deferred Consideration determinable for quarters commencing after completion of that sale shall be deemed automatically satisfied and the Selah Deferred Consideration payable in respect of those quarters shall become payable.

Under the terms of the Selah Acquisition Agreement the Selah Sellers have to put 10 per cent. of the Selah Consideration Shares received by them in to escrow to satisfy indemnity claims. The Selah Sellers acknowledge that they are responsible for \$750,000 of existing liabilities of Selah. The Selah Sellers will satisfy this obligation by disposing of sufficient of the Selah Consideration Shares held in escrow over the

one year term of the escrow arrangement. Such shares will be released from the lock in provisions set out in the Selah Acquisition Agreement and sold through Canaccord Genuity. The effect of the Selah Sellers accepting responsibility for this amount is to increase the net asset position of Selah.

In connection with the Selah Acquisition, each of the Selah Sellers, has entered into a letter of transmittal for the purpose of transferring their entire holding of shares in Selah to the Company. Pursuant to the terms of such letter, each Selah Seller covenants that (save for the exception detailed above) they will not sell, transfer or otherwise dispose of any of the Selah Consideration Shares or Selah Deferred Shares (as applicable) for a period of 6 (six) months commencing on the day such shares are issued to Selah Seller; and that they will not sell, transfer or otherwise dispose of any such shares for a further period of 18 (eighteen) months commencing at the end of the 6 (six) month period referred to above and expiring 24 (twenty four) months after such shares were issued to Selah Seller, except with the express prior written consent of the nominated advisor of the Company and if such consent is given then any such sale should only be through the approved broker specified in writing by the Company to the Selah Seller.

Warranties as would be usual in a transaction of this nature were provided. The Selah Acquisition Agreement is subject to the law of Delaware.

The completion of the Selah Acquisition is conditional on, amongst other things, approval by Shareholders of the Resolutions to be proposed at the General Meeting, and successful Admission of the Selah Consideration Shares and the Placing Shares to trading on AIM.

DiaSpect Acquisition

Under the terms of the DiaSpect Acquisition Agreement, EKF, has conditionally, inter alia, upon Completion and Admission, agreed to acquire the entire share capital of DiaSpect for a total consideration of up to £20,750,000.

The consideration will be satisfied by an initial cash payment of £10,248,00 and a payment of £5,752,000 to be satisfied by the issue of 15,872,840 new Ordinary Shares, representing approximately 3.8 per cent. of the Enlarged Share Capital, assuming full take up of the Open Offer Shares by Qualifying Shareholders. In addition, DiaSpect Deferred Consideration will become payable on certain milestone targets being achieved spread over 8 milestone payments over a four year period of up to £4,750,000 which will be satisfied through the payment of additional cash on each milestone being achieved.

In connection with the DiaSpect Acquisition, each of the DiaSpect Sellers, has entered into the DiaSpect Acquisition Agreement for the purpose of transferring their entire holding of shares in DiaSpect to the Company. Pursuant to the terms of the DiaSpect Acquisition Agreement each DiaSpect Seller warrants and represents to the Company that they will not sell, transfer or otherwise dispose of any of the DiaSpect Consideration Shares for a period of 6 (six) months commencing on the day such shares are issued to the DiaSpect Seller; and that they will not sell, transfer or otherwise dispose of any such shares for a further period of 18 (eighteen) months commencing at the end of the 6 (six) month period referred to above and expiring 24 (twenty four) months after such shares were issued to Seller except with the express prior written consent of the nominated advisor of the Company and if such consent is given then any such sale should only be through the approved broker specified in writing by the Company to the Selah Seller.

Warranties as would be usual in a transaction of this nature were provided. The DiaSpect Acquisition Agreement is subject to Swedish law.

The completion of the DiaSpect Acquisition is conditional on, amongst other things, approval by Shareholders of the Resolutions to be proposed at the General Meeting, and successful Admission of the DiaSpect Consideration Shares and the Placing Shares to trading on AIM.

6. Current trading and prospects

On 26 February 2014, the Company announced its preliminary results for the year ended 31 December 2013, a year of strong organic growth and improved earnings. EKF has an installed base of c. 50,000 analysers globally and manufacturers nearly 50 million tests annually.

With organic revenue growth of 22 per cent., and significant improvements to operating profit and adjusted earnings before interest, tax, depreciation, and amortisation, 2013 has seen EKF make excellent progress. This has been driven by a professional approach to sales and marketing and improved support and service to distributors and end user customers.

	<i>31 December</i> 2012	<i>31 December</i> 2013
	(£m)	(£m)
Revenues	26.1	31.8
Reported EBITDA	3.3	6.7
Adjusted EBITDA	3.2	4.8
Cash generated from operations	2.5	3.1

Note:

Adjusted EBITDA excludes exceptional items and share based payments.

A copy of the announcement is contained on the Company's website: www.ekfdiagnostics.com and the Board expects to post the report and accounts to Shareholders shortly.

The Directors can confirm that trading from 1 January 2014 until 18 March 2014 is in line with expectations.

7. Board Changes

Mr Paul Foulger, who re-joined the Board as Interim Finance Director in July 2013 has agreed to join the Company on a permanent basis, with effect from 11 April 2014. Mr Foulger has a wider range of experience as a finance director in a number of industries and will be a welcome addition to the Executive team.

The Company also announces that Mr Gordon James Hall has agreed to step down as Non-Executive Director with effect from 31 March 2014. The Board wish to thank Mr Hall for his excellent contribution. The Board are currently in the process of finding a senior Non-Executive Director to replace Mr Hall.

8. Use of the Proceeds from the Placing and Offer

The Company intends to raise gross proceeds of £22.0 million pursuant to the Placing and up to £4.0 million pursuant to the Offer. It is expected that the net amount of cash available to the Company pursuant to the Placing and Offer, assuming no take up under the Offer, and including the funds available under the new debt facility will be approximately £25.0 million, which will be used as follows:

- £15.0 million to satisfy the cash consideration of the DiaSpect Acquisition;
- £3.2 million to pay down debt within Selah and DiaSpect;
- £3.0 million to finance the following internal projects, including;
 - PointMan
 - Xtract
 - Other internal R&D projects
- £2.0 million to fund external investment opportunities; and
- £1.8 million balance to be used by the Enlarged Group for general working capital purposes.

Additionally, the funds raised in the Offer, of up to £4.0 million, will be used by the Company for general working capital purposes.

9. Details of the Placing, the Placing Agreement and the Offer

The Placing

The Issue Price represents a discount of approximately 2.8 per cent. to the mid-market closing price of 36 pence per Ordinary Share on 19 March 2014, being the last practicable dealing day prior to the

publication of this document. Assuming no take up under the Offer, the Placing Shares will represent approximately 15.3 per cent. of the Enlarged Share Capital following both Firm Admission and Conditional Admission. Assuming full take up under the Offer, the Placing Shares will represent approximately 14.9 per cent. of the Enlarged Share Capital following both Firm Admission and Conditional Admission.

It is expected that the Firm Placing Shares to be held in uncertificated form will be delivered in CREST on 26 March 2014 and that share certificates for the Firm Placing Shares to be held in certificated form will be dispatched by first class post in the week commencing 31 March 2014. It is expected that, subject to the Resolutions to be proposed at the General Meeting being passed, the Conditional Placing Shares to be held in uncertificated form will be delivered in CREST on 17 April 2014 and that share certificates for the Conditional Placing Shares to be held in certificated form will be dispatched by first class post in the week commencing 21 April 2014.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM and it is anticipated that trading in the Firm Placing Shares will commence on AIM at 8.00 a.m. on 26 March 2014 (or such later time as the Company and Canaccord Genuity may agree, not being later than 8.00 a.m. on 30 April 2014) and, subject, inter alia, to the Resolutions to be proposed at the General Meeting being passed, trading in the Conditional Placing Shares will commence on AIM at 8.00 a.m. on 17 April 2014.

The Firm Placing Shares and the Conditional Placing Shares will, when issued and fully paid, rank equally in all respects with the existing Ordinary Shares, including the right to receive any dividend or other distribution declared, made or paid after Firm Admission and Conditional Admission, respectively.

The Firm Placing is conditional, amongst other things, upon:

- (i) compliance by the Company in all material respects of its obligations under the Placing Agreement; and
- (ii) admission of the Firm Placing Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 26 March 2014 (or such later time and date as the Company and Canaccord Genuity may agree, not being later than 8.00 a.m. on 30 April 2014).

The Conditional Placing is conditional, amongst other things, upon:

- (i) the Resolutions to be proposed at the General Meeting being passed without amendment;
- (ii) the DiaSpect Acquisition Agreement and the Selah Acquisition Agreement becoming unconditional in accordance with their terms;
- (iii) compliance by the Company in all material respects of its obligations under the Placing Agreement; and
- (iv) admission of the Conditional Placing Shares, Offer Shares and Consideration Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 17 April 2014 (or such later time and date as the Company and Canaccord Genuity may agree, not being later than 8.00 a.m. on 30 April 2014).

The Placing Agreement

Pursuant to the terms of the Placing Agreement, Canaccord Genuity, as agent for the Company, has agreed conditionally to use its reasonable endeavours to procure Places for the Placing Shares at the Issue Price. The Placing is not underwritten.

The Placing Agreement contains warranties from the Company in favour of Canaccord Genuity in relation to, inter alia, the accuracy of the information contained in this document and certain other matters relating to the Group, its business and the Acquisitions. In addition, the Company has agreed to indemnify Canaccord Genuity in relation to certain liabilities that it may incur in respect of the Placing, Offer and the Acquisitions.

The obligations of Canaccord Genuity under the Placing Agreement in respect of the Firm Placing are conditional upon, inter alia, (i) the performance by the company of its obligations under the Placing

Agreement in all material respects prior to Firm Admission; (ii) the delivery of the documents referred to in the Placing Agreement to Canaccord Genuity by the specified time; and (iii) Firm Admission becoming effective on or before 8.00 a.m. on 26 March 2014 (or such later date as the Company and Canaccord Genuity may agree, but not later than 8.00 a.m. on 30 April 2014). The obligations of Canaccord Genuity under the Placing Agreement in respect of the Conditional Placing are conditional upon, inter alia, (i) Shareholders passing the Resolutions at the General Meeting; (ii) the DiaSpect Acquisition Agreement and the Selah Acquisition Agreement becoming unconditional in accordance with their terms; (iii) so far as the same fall to be performed prior to Conditional Admission, compliance by the Company in all material respects of its obligations under the Placing Agreement; and (iv) Conditional Admission becoming effective on or before 8.00 a.m. on 17 April 2014 (or such later date as the Company and Canaccord Genuity may agree, but not later than 8.00 a.m. on 30 April 2014).

Canaccord Genuity may terminate the Placing Agreement in specified circumstances (including for breach of warranty at any time prior to Firm Admission and Conditional Admission (as applicable), if such breach is reasonably considered by Canaccord Genuity to be material in the context of the Placing) and in the event of a force majeure event occurring at any time prior to Firm Admission and Conditional Admission (as applicable). If the conditions of the Placing Agreement which apply to the Placing as a whole are not fulfilled on or before the relevant date in the Placing Agreement, subscription monies will be returned to Placees without interest as soon as possible thereafter, provided that if Firm Admission has taken place no monies will be refunded to those Placees in respect of the Firm Placing.

In consideration for the services to be provided to the Company by Canaccord Genuity in connection with Firm Admission and Conditional Admission and the Placing, the Company has agreed to pay Canaccord Genuity certain fees and commissions and certain other costs and expenses incidental to Firm Admission and Conditional Admission and/or the Placing.

The Offer

The Company considers it important that Qualifying Participants have an opportunity to participate in the Fundraising. The Company is therefore proposing to invite Qualifying Participants to subscribe for up to 11,428,571 Offer Shares at the Issue Price pursuant to a conditional Offer to raise, in aggregate, up to an additional £4.0 million (before expenses) (the "Offer Threshold"). In the event that Qualifying Participants apply for, in aggregate, an amount that is greater than the Offer Threshold, the Directors will use their discretion to scale back such applications such that this threshold is not exceeded. Assuming that if the Resolutions are passed, it is expected that Conditional Admission will become effective and that dealings in the Offer Shares pursuant to the Offer will commence at 8.00 a.m. on 17 April 2014. For further information on the Offer, please see Part III of this document and for details of the terms and conditions of the Offer please see Part II of this document.

In order to apply for Offer Shares, Qualifying Participants should complete the enclosed Application Form in accordance with the instructions set out in Part III of this document and on the Application Form and return it and the appropriate remittance, by post, to Capita Asset Services or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU at that address together, in each case, with payment in full, so as to be received no later than 11.00 a.m. on 9 April 2014.

10. General Meeting

The Notice convening the General Meeting of the Company, to be held at Canaccord Genuity Limited, 41 Lothbury, London EC2R 7AE, United Kingdom at 10.30 a.m. on 11 April 2014 is set out at the end of this document. The business to be considered at the General Meeting is set out in the notice together with the explanatory notes to each resolution below.

The Company has a pre-existing authority to allot up to 40,906,606 Ordinary Shares for cash free of pre-emption rights. The Company intend to use this pre-existing authority to allot and issue the Firm Placing Shares conditional, inter alia, on Firm Admission.

The placing of the Conditional Placing Shares and Offer Shares and the allotment and issue of the Consideration Shares and the Selah Deferred Shares, together with other relevant prior allotments, including the allotment of the Firm Placing Shares, renders the pre-existing authorities insufficient to allow the placing of the Conditional Placing Shares, the allotment of the Offer Shares and the allotment and issue of the Consideration Shares and Selah Deferred Shares to proceed without further shareholder approval. Accordingly, at the General Meeting, the following Resolutions will be proposed:

Resolution 1 – Authority to allot Ordinary Shares

The Directors require the authority of Shareholders in order to allot the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares. Resolution 1 in the Notice provides such authority by granting the Directors authority to allot Ordinary Shares.

For the purposes of the Conditional Placing and the Offer, paragraph (a) of Resolution 1 grants the Directors authority to allot Ordinary Shares up to a maximum nominal amount of £600,000 (representing, as at 19 March 2014 (being the latest practicable date before the publication of this document), 22.0 per cent. of the Existing Ordinary Shares) being 59,999,999 Ordinary Shares in number.

For the purposes of the DiaSpect Acquisition, paragraph (b) of Resolution 1 grants the Directors authority to allot Ordinary Shares up to a maximum nominal amount of £158,728 (representing, as at 19 March 2014 (being the latest practicable date before the publication of this document), 5.8 per cent. of the Existing Ordinary Shares) being 15,872,840 Ordinary Shares in number.

For the purposes of the Selah Acquisition, paragraph (c) of Resolution 1 grants the Directors authority to allot Ordinary Shares up to a maximum nominal amount of £1,158,014 (representing, as at 19 March 2014 (being the latest practicable date before the publication of this document), 42.4 per cent. of the Existing Ordinary Shares) being 115,801,387 Ordinary Shares in number.

Resolution 1 is being proposed as an ordinary resolution and will therefore require more than 50 per cent. of the votes cast, whether in person or by proxy, to be in favour of the resolution. This authority, if granted, will be in addition to any existing authorities to allot Ordinary Shares granted to the Directors prior to the date of this document, and will enable the Directors to effect the Placing and the Offer, and to issue and allot the Consideration Shares and the Selah Deferred Shares. This authority will expire on the date of the next Annual General Meeting of the Company.

Resolution 2 – Disapplication of pre-emption rights

Section 561 of the Companies Act requires that, on an allotment of “equity securities” for cash, such equity securities must first be offered to existing Shareholders in proportion to the number of Ordinary Shares they each hold at that time. This is known as a shareholder’s pre-emption right. The Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares are “equity securities” for these purposes. Accordingly, neither the Conditional Placing Shares, the Offer Shares, the Consideration Shares nor the Selah Deferred Shares can be allotted for cash on a non pre-emptive basis unless Shareholders have first waived their pre-emption rights. Resolution 2, if passed, provides such a waiver. If Resolution 2 is passed, the Directors will be able to allot the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares, on a non pre-emptive basis, to the extent of the authority granted by Resolution 1. The authority to allot the Conditional Placing Shares, the Offer Shares, the Consideration Shares and the Selah Deferred Shares for cash on a non pre-emptive basis in respect of the Fundraising will, if granted, expire on the date of the next Annual General Meeting of the Company.

Resolution 2 is being proposed as a special resolution and will therefore require not less than 75 per cent. of the votes cast, whether in person or by proxy, to be in favour of the resolution. This authority, if granted, will be in addition to any existing authorities to allot Ordinary Shares free of pre-emption rights granted to the Directors prior to the date of this document which will continue in full force and effect whether or not the Conditional Placing, the Offer and the Acquisitions are effected.

If Resolutions 1 and 2 are passed by Shareholders at the General Meeting but the Conditional Placing and the Acquisitions does not complete, the Company undertakes not to use the authorities granted by

Resolutions 1 and 2, and to rely only on the general authorities granted pursuant to existing authorities to allot Ordinary Shares free of pre-emption rights granted to the Directors prior to the date of this document.

General Meeting queries

Shareholders who have queries about the General Meeting or about completion of a Form of Proxy should call Capita Asset Services on +44 (0) 871 664 3100.

Action to be taken

A Form of Proxy for use at the General Meeting is enclosed.

Whether or not you intend to attend the General Meeting, it is important that you complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to be received by no later than 10.30 a.m. on 9 April 2014 (being 48 hours before the time of the General Meeting). Alternatively, a proxy may be appointed electronically by following the instructions in Note 8 to the Notice of General Meeting. Completion and return of the Form of Proxy or the electronic appointment of a proxy will not preclude you from attending and voting at the meeting, should you wish to do so.

11. Taxation

Information about United Kingdom taxation is set out in paragraph 7 of Part IV of this document. This information is a general guide only. Shareholders who are in any doubt as to their tax position should consult their independent professional adviser without delay.

12. Recommendation

The Directors believe that completion of the Fundraising and the Acquisitions, and the approval of the Resolutions are in the best interests of the Company and the Shareholders as a whole. **Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions at the General Meeting, as they intend to do in respect of their own beneficial holdings of Ordinary Shares amounting to, in aggregate, 10,665,569 Ordinary Shares, representing approximately 3.9 per cent. of the Existing Ordinary Shares.**

Yours sincerely

David Evans

Chairman of EKF

PART II

DETAILS OF THE FUNDRAISING

1. The Placing

Pursuant to the terms of the Placing Agreement, Canaccord Genuity has conditionally placed the Placing Shares at the Issue Price with the Placees. The obligations of Canaccord Genuity in respect of the Firm Placing Shares under the Placing Agreement are conditional upon, amongst other things, the satisfaction of the following condition in respect of the Firm Placing: (a) the performance by the Company of its obligation under the Placing Agreement or in all material respects prior to Firm Admission; (b) the delivery of the documents referred to in the Placing Agreement to Canaccord Genuity by the specified 'times'; and (c) Firm Admission taking place no later than 8.00 a.m. on 26 March 2014. The obligations of Canaccord Genuity in respect of the Conditional Placing Shares under the Placing Agreement are conditional upon, amongst other things, the satisfaction of the following conditions in respect of the Conditional Placing: (a) the Resolutions having been duly passed at the General Meeting; and (b) the DiaSpect Acquisition Agreement and the Selah Acquisition Agreement becoming unconditional: (c) Conditional Admission taking place not later than 8.00 a.m. on 17 April 2014; (d) none of the warranties given by the Company in the Placing Agreement being untrue, inaccurate or misleading prior to Admission; and (e) the performance by the Company of its obligations under the Placing Agreement in all material respects prior to Conditional Admission.

Canaccord Genuity is entitled to terminate its obligations under the Placing Agreement if, amongst other things: (a) prior to Firm Admission or Conditional Admission (as applicable), there is: (a) a material adverse change in the financial or trading position, business or prospects of the Group (in the opinion of Canaccord Genuity); (b) Canaccord Genuity becomes aware that there has been a breach of any of the warranties given by the Company in the Placing Agreement; (c) the Company has failed to comply with any of its obligations under the Placing Agreement and such failure is material to the Fundraising; or (d) certain force majeure events occur which would make it inadvisable or impracticable to proceed with the Placing in the opinion of Canaccord Genuity.

Subject to the terms of the Placing Agreement, Canaccord Genuity has agreed to pay the proceeds from the Placing, in respect of the Firm Placing Shares and the Conditional Placing Shares, to the Company within three working days of Firm Admission and Conditional Admission, respectively. Canaccord Genuity has confirmed that, as at the date of the Placing Agreement, it has conditionally placed all of the Placing Shares with institutional and other investors.

2. The Offer

The Offer comprises an offer of up to 11,428,571 Offer Shares with the aggregate consideration to be received by the Company limited to the Offer Threshold. The Directors reserve the right to exercise their discretion in the allocation of successful applications, including, without limitation, to ensure that Offer Shares are limited in number so as not to exceed the Offer Threshold.

The Offer is only open to Qualifying Participants. No Qualifying Participant may subscribe for Offer Shares in excess of the Offer Threshold. Qualifying Shareholders who are joint Shareholders may only apply for Offer Shares as joint applicants.

The Offer is conditional on the Resolutions being duly passed at the General Meeting, the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with their respective terms and conditions and Admission having occurred.

The Offer will close at 11.00 a.m. on 9 April 2014 unless previously closed or extended.

Applications must be made on the terms and conditions set out in Part III of this document and in the Application Form and by duly completing and returning the Application Form and appropriate remittance.

3. Dealings and Settlement

The Fundraising Shares to be allotted and issued pursuant to the Fundraising will be allotted and issued fully paid and will, on issue, rank pari passu with the existing Ordinary Shares, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue together with all rights attaching to them and free from all liens, charges and encumbrances of any kind. Application will be made to the London Stock Exchange for the Fundraising Shares to be admitted to trading on AIM.

It is expected that, subject to the conditions in the Placing Agreement to the Firm Placing and Conditional Placing (as applicable) becoming unconditional in all respects, the Placing Shares to be issued pursuant to the Placing Agreement will be registered in the names of the Placees pursuant to the Placing, and issued either: (a) in certificated form, with the relevant share certificate expected to be despatched by post, at the applicant's risk in respect of the Firm Placing Shares by the week commencing 31 March 2014 and in respect of the Conditional Placing Shares by the week commencing 21 April 2014; or (b) in CREST, where an applicant who is a "system member" (as defined in the CREST Regulations) in relation to CREST has so elected, in which case delivery (to the designated CREST account) of the Firm Placing Shares is expected to take place by 26 March 2014, and of the Conditional Placing Shares by 17 April 2014, unless the Company exercises its right to issue such Placing Shares in certificated form.

No temporary documents of title will be issued. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

4. Prospectus Rules and Financial Promotion Order

Since the Offer is limited to the Offer Threshold, the Offer falls within an exemption in Schedule 11A of Financial Services and Markets Act 2000 (as amended). Since the Placing is directed at qualified investors only, the Placing falls within an exemption in section 86 of Financial Services and Markets Act 2000 (as amended). As such this document does not constitute a prospectus. Furthermore, this document is exempt from the general restriction contained in section 21 of the Financial Services and Markets Act 2000 (as amended) relating to the communication of invitations or inducements to engage in investment activity on the grounds that it is being made available by the Company only to Qualifying Participants. Accordingly, the Offer is only capable of being accepted by Qualifying Participants. As this document relies on the exemption set out in paragraph 43 of the Financial Promotion Order (non-real time communications by or on behalf of a body corporate to members of that body corporate) and paragraph 60 of the Financial Promotion Order (participation in employee share schemes), it has not been drawn up in accordance with the FCA's Handbook or its Conduct of Business Sourcebook.

5. Overseas Shareholders

General

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers.

The posting of an Application Form in to any territory other than the United Kingdom may constitute an invitation or offer to the recipient and the recipient should not, in any event, use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this document and/or an Application Form does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances this document and/or any Application Forms are sent for information only. It is the responsibility of any person receiving a copy of this document and/or an Application Form outside the United Kingdom and wishing to make an application for any new Ordinary Shares to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory.

Persons (including, without limitation, stockbrokers, banks and other agents) receiving an Application Form should not, in connection with the Open Offer, distribute or send the Application Form into any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an Application Form is received by any person in any such jurisdiction or by the stockbrokers, banks and other agents or nominees of such person, he or she must not seek to take up the new Ordinary Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph. The Company and Canaccord Genuity reserve the right to reject an Application Form from or in favour of Shareholders in any such jurisdiction or persons who are acquiring new Ordinary Shares for resale in any such jurisdiction.

The Company and Canaccord Genuity reserve the right in their absolute discretion to treat as invalid any application for new Ordinary Shares under the Offer if it appears to the Company and Canaccord Genuity and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company and Canaccord Genuity have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, as appropriate. All payments under the Offer must be made in pounds sterling.

Excluded Territories

Due to the restrictions under the securities laws of the Excluded Territories, Shareholders who have registered addresses in or who are resident or ordinarily resident in, or citizens of, any Excluded Territories will not qualify to participate in the Open Offer and will not be sent an Application Form.

The Fundraising Shares have not been and will not be registered under the relevant laws of any of the Excluded Territories or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly in or into any of the Excluded Territories or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territories except pursuant to an applicable exemption.

Taxation

Shareholders who are in any doubt as to their tax position should consult their independent professional adviser without delay.

PART III

TERMS AND CONDITIONS OF THE OFFER

1. The contract created by the acceptance by the Company (at the discretion of the Directors) of applications from Qualifying Participants under the Offer is conditional upon Shareholders' approval of Resolutions 1 and 2 at the General Meeting and the Placing Agreement becoming unconditional in all respects and not being terminated in accordance with their respective terms and conditions.
2. The right is reserved by the Company to present all cheques and banker's drafts for payment on receipt and on which no interest will be payable to the applicant and to retain surplus application monies pending clearance of successful applicants' cheques. The Company also reserves the right to reject, in whole or in part, any application. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof, will be returned by crossed cheque in favour of the applicant, through the post at the sole risk of the person entitled thereto (on which no interest will be payable), within seven days of the closing of the Offer.
3. By completing and delivering an Application Form each Qualifying Participant who applies for Offer Shares:
 - (i) offers to subscribe for the amount of Offer Shares specified in such applicant's Application Form (or such lesser amount for which such applicant's application is accepted) on the terms of, and subject to, this document, including (without limitation) these terms and conditions, the existing articles of association of the Company and the terms and conditions set out in the Application Form;
 - (ii) represents and agrees that, in consideration of the Company agreeing that it will not, prior to the closing date of the Offer, issue any Offer Shares to any person other than by means of the procedures referred to in this document, such applicant's application shall not be revoked and this paragraph shall constitute a collateral contract between such applicant and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, Capita Asset Services of such applicant's Application Form;
 - (iii) represents and warrants that such applicant's remittance will be honoured on first presentation and agrees that, if it is not so honoured, such applicant will not be entitled to receive a share certificate for the Offer Shares applied for unless and until such applicant makes payment in cleared funds for such Offer Shares and such payment is accepted by the Company in its absolute discretion (which acceptance may be on the basis that such applicant indemnifies the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of such applicant's remittance to be honoured on first presentation) and such applicant agrees that, at any time prior to the unconditional acceptances by the Company, the Company may (without prejudice to any other rights(s)) avoid the agreement to issue such Offer Shares and may issue such Offer Shares to some other person, in which case such applicant will not be entitled to any payment in respect of such Offer Shares;
 - (iv) agrees that, in respect of those Offer Shares for which such applicant's application has been received and is not rejected, acceptance of such applicant's application shall be constituted, at the election of the Company by notification of acceptance thereof to Capita Asset Services;
 - (v) agrees that any monies returnable to such applicant may be retained by Capita Registrars pending clearance of such applicant's remittance and the completion of any verification of identity required by the Money Laundering Regulations 2007 and/or any amendment, modification and/or re-enactment of the same (the "Regulations") and that such monies will not bear interest;
 - (vi) authorises Capita Asset Services to send a share certificate in respect of the number of Offer Shares for which such applicant's application is accepted and/or to send a crossed cheque for any monies returnable, by post, at the sole risk of the person entitled thereto, to the address of the person named as the applicant in the Application Form;

- (vii) represents and warrants that, if such applicant signs an Application Form on behalf of somebody else, such applicant has due authority to do so on behalf of that other person and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose such applicant's power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
 - (viii) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law, and that such applicant submits to the jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - (ix) confirms that in making such application such applicant is not relying on any information, representation and/or warranty in relation to the Company other than the information contained in this document and, accordingly, such applicant agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information, representation and/or warranty;
 - (x) agrees that, having had the opportunity to read this document, such applicant shall be deemed to have had notice of all information concerning the Company contained herein;
 - (xi) in the case of any Qualifying Shareholder who is a joint Shareholder, agrees that such joint Shareholder applicants may only apply for Offer Shares as joint applicants;
 - (xii) confirms, represents and warrants that such applicant has read and complied with paragraph (6) below;
 - (xiii) represents and warrants that such applicant is not a person who, by virtue of being resident in, or a citizen of, any country outside the United Kingdom, is prevented by the law of any relevant jurisdiction from lawfully applying for Offer Shares;
 - (xiv) represents and warrants that such applicant is a Qualifying Participant and that such applicant is not (and is not applying as a nominee or agent of) a person liable to pay higher rate stamp duty under section 93 or section 96 of the Finance Act 1986 and/or tax under the Stamp Duty Reserve Tax Regulations 1986;
 - (xv) confirms, represents and warrants that such applicant has read the restrictions contained in paragraph (7) below and represents and warrants as provided therein;
 - (xvi) represents and warrants that such applicant is not under the age of 18;
 - (xvii) represents and warrants that such applicant is a person of the kind described in Article 43 or Article 60 of the Financial Promotion Order, being a Shareholder or employee of the Group at the Record Date; and
 - (xviii) agrees that all documents and cheques sent by post, by or on behalf of the Company or Capita Asset Services, will be sent at the risk of the person(s) entitled thereto.
4. All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Capita Registrars Limited re: EKF Diagnostics Holdings plc – Offer for Subscription A/C" and crossed "A/C Payee Only". Cheques should be drawn on the personal account to which the applicant has sole or joint title to such funds. Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts

where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque or draft to such effect. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Asset Services to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before all of the conditions of the Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account. If the Offer does not become unconditional, no Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as reasonably practicable following the lapse of the Offer.

5. To ensure compliance with the Regulations, Capita Asset Services may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements").

If Capita Asset Services determines that the verification of identity requirements apply to any application, the relevant Offer Shares (notwithstanding any other term of the Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. Capita Asset Services is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any application and whether such requirements have been satisfied, and neither Capita Asset Services nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion. If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting of CREST accounts. If, within a reasonable time following a request for verification of identity, Capita Registrars has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Offer will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply:

- if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005) on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; and
- if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- if the aggregate subscription price for the Offer Shares is less than €15,000 (approximately £12,500).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Capita Registrars Limited re: EKF Diagnostics Holdings plc – Offer for Subscription A/C" in respect of an application by a Qualifying Participant and crossed "A/C Payee Only". Third party

cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. However, third party cheques will be subject to the Regulations which would delay applicants receiving their Offer Shares. The account name should be the same as that shown on the Application Form; or

- (b) if the Application Form(s) is/are in respect of Offer Shares with an aggregate subscription price of €15,000 (approximately £12,500) or more and is/are lodged by hand by the applicant in person, or if the Application Form(s) in respect of Offer Shares is/are lodged by hand by the applicant and the accompanying payment is a banker's draft or building society cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of identity of his or her address. If, within a reasonable period of time following a request for verification of identity, and in any case, Capita Asset Services has not received evidence satisfactory to it as aforesaid, Capita Asset Services may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).
6. No person receiving a copy of this document and/or any Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including (without limitation) obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
7. The Offer Shares have not been and will not be approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorised, passed upon or endorsed the merit of the Offer or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the US. The Offer Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction in the US nor do they qualify for distribution under any of the relevant securities laws of Canada, Australia, South Africa or Japan, nor has any prospectus in relation to the Offer Shares been lodged with or registered by the Australian Securities and Investments Commission. Persons subscribing for Offer Shares shall be deemed, and (unless the Company is satisfied that Offer Shares can be issued without breach of security laws, including (without limitation) those of the US, Canada, Australia, South Africa and/or Japan) shall be required to represent and warrant to the Company that they are not a person in the US, Canada, Australia, South Africa and/or Japan and that they are not subscribing for such Offer Shares for the account of any such person and will not offer, sell, renounce, take up, transfer or deliver, directly or indirectly, such Offer Shares in the US or to any such person or into Canada, Australia, South Africa and/or Japan.
8. Applicants are encouraged to submit their Application Forms early. In the event that applications are received for an amount in excess of the Offer Threshold, the Directors reserve the right to exercise their discretion in the allocation of successful applications. The right is also reserved to reject in whole or in part any application or any part thereof for any reason whatsoever, including (without limitation) a breach of any of the terms, conditions, representations and/or warranties set out in this document and/or the Application Form and to treat as valid any application not in all respects completed in accordance with the instructions relating to the Application Form.
9. Save where the context otherwise requires, words and expressions defined in this document have the same meaning when used in the Application Form and any explanatory notes in relation thereto.

PART IV

ADDITIONAL INFORMATION

1. Responsibility statement

The Directors whose names and positions appear in paragraph 2 below accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

Each of the Directors has entered into an agreement with the Company providing for them to act as a director. Their annual fees, excluding all reasonable expenses incurred in the course of their duties (which will be reimbursed by the Company), and the other principal terms of such agreements are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of Agreement</i>	<i>Annual remuneration (including benefits)</i>	<i>Compensation on early termination</i>	<i>Notice Period</i>	<i>Bonus potential as a percentage of salary</i>
David Eric Evans	Executive Chairman	26/11/2009	£45,000	n/a	3 months	Discretionary
Julian Huw Baines	CEO	26/11/2009	£257,000	n/a	6 months	25%
Richard Anthony Evans	COO	29/7/2010	£206,000	n/a	6 months	20%
Paul Andrew Peter Foulger	Company Sec/ Finance Director	28/06/2005	£36,000 Inc.additional work at £600 Per day	n/a	6 months	n/a
Adam Reynolds	Non Exec	21/11/2005	£25,000	n/a	3 months	n/a
Dr Kevin William Wilson	Non Exec	26/11/2009	£25,000	n/a	3 months	n/a
Gordon James Hall	Non Exec	21/11/2005	£25,000	n/a	3 months	n/a

3. Directors' interests in shares

The table below sets out the interests of the Directors and their families, as at 19 March 2014 (being the latest practicable date prior to the publication of this document), following the Firm Placing, and following the Fundraising and Completion of the Acquisition, assuming full take up of the Offer and no take up of the Offer, respectively. The figures assume there is no participation by the Directors in the Offer.

	<i>Current number of existing Ordinary Shares</i>	<i>% ISC</i>	<i>Following Firm Placing</i>		<i>Following Fundraising, Completion of the Acquisitions and assuming 100% take up of Offer</i>		<i>Following Fundraising, Completion of the Acquisitions and assuming no take up of Offer</i>	
			<i>Number of Ordinary Shares</i>	<i>% ISC</i>	<i>Number of Ordinary Shares</i>	<i>% ISC</i>	<i>Number of Ordinary Shares</i>	<i>% ISC</i>
David Evans	1,534,325	0.56%	1,534,325	0.53%	1,605,753	0.38%	1,605,753	0.39%
Julian Baines	1,550,527	0.57%	1,550,527	0.54%	1,621,955	0.38%	1,621,955	0.40%
Richard Evans	96,700	0.04%	96,700	0.03%	153,842	0.04%	153,842	0.04%
Paul Foulger	3,410,018	1.25%	3,410,018	1.19%	3,438,589	0.82%	3,438,589	0.84%
Adam Reynolds	3,176,153	1.16%	3,176,153	1.11%	3,204,724	0.76%	3,204,724	0.78%
Kevin Wilson	897,846	0.33%	897,846	0.31%	897,846	0.21%	897,846	0.22%
Gordon Hall	839,282	0.31%	— ⁽¹⁾	—	—	—	—	—

(1) As part of the Firm Placing, Gordon Hall has exercised his 600,000 options outstanding and subsequently sold all of his 1,439,282 Ordinary Shares of one pence at the Issue Price.

4. Substantial shareholdings in the Enlarged Group

Following the completion of the Acquisitions certain shareholders will become significant shareholders of the Enlarged Group. The table below summarises the movements in shareholdings in the Company in the event the shareholders vote in favour of the Resolutions:

	<i>Current number of existing Ordinary Shares</i>	<i>Following Firm Placing</i>		<i>Following Fundraising, Completion of the Acquisitions and assuming 100% take up of Offer</i>		<i>Following Fundraising, Completion of the Acquisitions and assuming no take up of Offer</i>		
		<i>% ISC</i>	<i>Number of Ordinary Shares</i>	<i>% ISC</i>	<i>Number of Ordinary Shares</i>	<i>% ISC</i>	<i>Number of Ordinary Shares</i>	
Cazenove Capital Management	31,490,280	11.54%	34,382,222	11.97%	43,247,866	10.26%	43,247,866	10.55%
Legal & General investment Management	29,032,580	10.64%	29,746,084	10.36%	31,933,427	7.58%	31,933,427	7.79%
Blackrock Investment Management	16,315,617	5.98%	16,315,617	5.68%	16,315,617	3.87%	16,315,617	3.98%
Octopus Investment Management	16,166,471	5.92%	16,307,022	5.68%	16,737,899	3.97%	16,737,899	4.08%
Hargreave Hale	13,512,810	4.95%	13,512,810	4.70%	13,512,810	3.21%	13,512,810	3.30%
Henderson Global Investors	9,379,416	3.44%	12,012,505	4.18%	20,084,603	4.77%	20,084,603	4.90%

Save as disclosed in this document, the Company is not aware of any person who will, immediately following the issue of the Fundraising Shares and Consideration Shares, hold (for the purposes of Rule 5 of the Disclosure and Transparency Rules (“DTR 5”)), directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached or could, directly or indirectly, jointly or severally, exercise control over the Company.

The persons, including the Directors, referred to above, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other Shareholder.

Save as described in this document, the Company and the Directors are not aware of any arrangements, the operation of which may, at a subsequent date, result in a change of control of the Company.

The Company

The Company was incorporated and registered in England and Wales on 7th January 2002 under the Companies Act 1985 with registered company number 4347937 as a private company limited by shares with the name Eaglecraft Limited. On 23 April 2002, the Company re-registered as a public limited company with the name International Brand Licensing Plc. The Company changed its name to EKF Diagnostics Holdings plc on 6th July 2010.

The Company’s registered office address is Avon House, 19 Stanwell Road, Penarth, Cardiff, CF64 2EZ.

The Company’s legal and commercial name is EKF Diagnostics Holdings plc. The principal legislation under which the Company operates is the Act.

Subsidiaries

The Company is the holding company of the Group and has the following principal subsidiaries:

<i>Name</i>	<i>Country of Registration</i>	<i>Principal Activity</i>	<i>Percentage of Issued Share Capital held by the Company</i>
EKF-diagnostics GmbH	Germany	Manufacture and sale of diagnostic equipment	100
Senslab GmbH	Germany	Diagnostic testing	100
EKF Diagnostyka Sp.z.o.o	Poland	Manufacture and sale of diagnostic equipment	100
OOO EKF Diagnostica	Russia	Sale of diagnostic equipment	60%
EKF Diagnostics Inc	USA	Intermediate holding company	100
Stanbio Laboratory LP	USA	Manufacture and sale of diagnostic equipment	100
Stanbio Life Sciences LP	USA	Manufacture and sale of diagnostic equipment	100
Quotient Diagnostics Limited	UK	Sale of diagnostic equipment	100
EKF Diagnostics Limited (Argutus)	Ireland	Manufacture and sale of diagnostic equipment	100
EKF Molecular Diagnostics Limited	UK	Manufacture and sale of molecular diagnostic products	100
360 Genomics Limited	UK	Manufacture and sale of molecular diagnostic products	100
EKF Diagnostics Limited	UK	Head office	100

All of the above companies are wholly-owned (directly or indirectly) by the Company.

Quotient Diagnostics Limited, EKF Molecular Diagnostics Limited, 360 Genomics Limited and EKF Diagnostics Limited have their registered office address at Avon House, 19 Stanwell Road, Penarth, Cardiff, CF64 2EZ and are registered in England Wales operating principally within the United Kingdom. EKF-diagnostics GmbH and Senslab GmbH are registered in Germany with their registered office address at Ebendorfer Chaussee 3, D-39179 Barleben / Magdeburg. EKF Diagnostyka Sp.z.o.o is registered in Poland and its registered office is ul. Kazimierza Wielkiego 58, 32-400 Myślenice. OOO EKF Diagnostica is registered in Russia and its registered office is Severnoje Chertanovo d. 2, korp. 207, 117 648 Moscow. EKF Diagnostics Inc is registered in the USA and its registered office is 1261 N Main St, Boerne, TX 78006, United States Stanbio Laboratory LP is registered in the USA and its registered office is 1261 N Main St, Boerne, TX 78006, United States. Stanbio Life Sciences LP is registered in the USA and its registered office is 25235 Leer Drive Elkhart, IN 46514. EKF Diagnostics Limited (formally Argutus) is registered in Ireland and its registered office is Unit 9, Trinity Enterprise Campus, Pearse Street, Dublin.

5. General

Canaccord Genuity has given and not withdrawn its written consent to the issue of this document with the inclusion of each of its name and references to it in the form and context in which it appears.

6. Documents on display

A copy of this document, the current articles of association are available for inspection at the offices of the Company's solicitors, Berry Smith LLP at Haywood House, Dumfries Place, Cardiff CF10 3GA during normal business hours on any weekday (excluding Saturdays, Sundays and any public or bank holidays) from the date of this document until conclusion of the General Meeting.

7. United Kingdom Taxation

The comments below are intended as a general guide only to the position under current UK taxation legislation and HMRC practice as at the date of this document, both of which are subject to change at any time. They are intended to apply only to Shareholders who are resident and, in the case of individuals, resident and domiciled, in the UK for UK tax purposes who hold Ordinary Shares as investments and who are the beneficial owners of Ordinary Shares and who have not acquired their Ordinary Shares by virtue of any employment. They do not constitute tax advice and are only a general guide. They do not apply to certain classes of Shareholders, for example but not limited to, dealers in securities, insurance companies and

collective investment schemes. Shareholders who are in any doubt as to their tax position should obtain the advice of an independent professional adviser.

8. Capital Gains

(i) *Shares acquired pursuant to the Offer and the Placing*

The issue of Offer Shares under the Offer is unlikely to constitute a reorganisation of share capital for the purposes of UK taxation of chargeable gains. The issue of Placing Shares under the Placing will not constitute a reorganisation of share capital for the purposes of UK taxation of chargeable gains. Accordingly, any Shares acquired under the Placing or the Offer are likely to be treated as acquired as part of a separate acquisition of shares.

(ii) *Disposal of the Offer Shares or the Placing Shares*

The disposal by a Qualifying Shareholder of all or part of the Offer Shares issued to him under the Offer or the disposal by a Shareholder of Placing Shares issued to him under the Placing may, depending on the Shareholder's circumstances, render him liable to UK tax on chargeable gains. The amount of capital gains tax, if any, payable by a Shareholder (on any disposal of Ordinary Shares) who is an individual will depend on his or her own personal tax position. No tax will be payable on any gain realised if the amount of the net chargeable gains realised by a Shareholder, when aggregated with other net gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (£10,900 for 2013/2014). Subject to any available exemption or relief, any gains in excess of this amount will broadly be taxed at a rate of 18 per cent. for a taxpayer paying tax at the basic rate and 28 per cent. for a taxpayer paying tax at a rate above the basic rate of income tax. Where the gains of a basic rate taxpayer subject to capital gains tax exceed the unused part of his or her basic rate band, that excess is subject to tax at the 28 per cent. rate.

Individuals who are temporarily non UK resident may, in certain circumstances, be subject to tax in respect of gains realised whilst they are not resident in the UK.

Subject to the availability of any exemptions, reliefs and/or available losses, a disposal of Offer Shares or Placing Shares by a corporate Shareholder subject to UK corporation tax will generally be subject to UK corporation tax on any chargeable gain arising.

9. Stamp duty and Stamp Duty Reserve Tax ("SDRT")

Where new Ordinary Shares are issued there is generally no charge to stamp duty or SDRT, subject to the special rules referred to below.

Any subsequent conveyance or transfer of Ordinary Shares outside of the CREST system will normally be liable to stamp duty in the hands of the purchaser or transferee at a rate of 0.5 per cent. of the consideration provided rounded up to the nearest multiple of five pounds. Subsequent paperless transfers of Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the consideration provided in money or money's worth. CREST is obliged to collect SDRT from the purchaser of the shares on relevant transactions settled within the system.

Special rules apply to depositary receipt arrangements and clearance services. The Company will not be responsible for payment of stamp duty or SDRT in any such case.

The Government has announced its intention to abolish (with effect from 28 April 2014) stamp duty and stamp duty reserve tax on shares quoted on growth markets, including the AIM market.

10. Dividends

Under current UK tax law, the Company will not be required to withhold tax at source from dividend payments it may make.

(i) ***Individuals***

An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company will be entitled to a tax credit which may be set off against his total income tax liability on the dividend. An individual Shareholder's liability to income tax is calculated on the aggregate of the dividend and the tax credit (the gross dividend) which will be regarded as the top slice of the individual's income. The tax credit will be equal to 10 per cent. of the gross dividend, i.e. the tax credit will be one ninth of the amount of the dividend.

Generally, a UK resident individual Shareholder who is not liable to income tax in respect of the gross dividend will not be entitled to any payment from HMRC in respect of any part of the tax credit. A UK resident Shareholder who is liable to income tax at the basic rate will be subject to income tax on the dividend at the rate of 10 per cent. of the gross dividend so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend. A UK resident individual Shareholder liable to income tax at the higher rate will be subject to income tax on the gross dividend at 32.5 per cent. but will be able to set the tax credit off against part of this liability. The effect of that set off of the tax credit is that such a Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to one quarter of the net cash dividend received).

A UK resident individual Shareholder liable to income tax at the additional rate will be subject to income tax on the gross dividend at the rate of 37.5 per cent., but will be able to set the tax credit against part of this liability. The effect of that set off of the tax credit is that such a Shareholder will have to account for additional tax equal to 27.5 per cent., of the gross dividend (which is equivalent to approximately 30.6 per cent. of the net cash dividend received).

(ii) ***Companies***

United Kingdom resident corporate Shareholders will generally not be subject to tax on dividends paid by Ellis. Those Shareholders will not be able to claim repayment of tax credits attaching to dividends.

(iii) ***Non-resident***

Shareholders resident outside the UK will not generally be entitled to any payment from HMRC in respect of the tax credit attaching to any dividend paid by the Company.

An entitlement to the payment of all or part of the tax credit may be available if there is any appropriate provision granting the entitlement under any applicable double tax treaty between the UK and the jurisdiction in which the Shareholder is resident. In most cases, however, the amount of tax credit that can be paid to non-resident Shareholders in respect of any dividend payment will be nil as a result of the terms of the relevant treaty. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under the law of the relevant foreign jurisdiction. A Shareholder who is not resident in the UK for tax purposes should consult his own tax adviser regarding his tax liabilities on dividends received from the Company.

(iv) ***Tax Exempt Shareholders***

United Kingdom resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by Ellis.

THE ABOVE DESCRIPTION OF TAXATION IS GENERAL IN CHARACTER. IF YOU ARE IN ANY DOUBT AS TO YOUR TAX POSITION OR YOU ARE SUBJECT TO TAX IN A JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATE INDEPENDENT PROFESSIONAL ADVISER WITHOUT DELAY.

NOTICE OF GENERAL MEETING

EKF Diagnostics Holdings plc

(Incorporated in England and Wales with company number 4347937)

NOTICE IS HEREBY GIVEN that a General Meeting of EKF Diagnostics Holdings plc (the “**Company**”) will be held at Canaccord Genuity Limited, 41 Lothbury, London EC2R 7AE, United Kingdom on 11 April 2014 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution.

Ordinary Resolution

1. THAT in addition to any other authority which may have been given to the directors pursuant to section 551 of the Companies Act 2006 (the “**Act**”) prior to the date of the passing of this resolution, the directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot shares in the Company:

- (a) conditional upon the Placing Agreement (as defined in the circular to shareholders of the Company dated 20 March 2014 (the “**Circular**”)) becoming unconditional in all respects (save only for any conditions dependent on the passing of the Resolutions and Conditional Admission (as defined in the Circular)) and not being terminated in accordance with its terms, up to an aggregate maximum nominal value of £600,000 pursuant to or in connection with the allotment of 59,999,999 new ordinary shares of one pence each in the capital of the Company to such persons as may be entitled in connection with the Conditional Placing and the Offer (as defined in the Circular);
- (b) up to an aggregate maximum nominal value of £158,728 pursuant to or in connection with the allotment of 15,872,840 new ordinary shares of one pence each in the capital of the Company to such persons as may be entitled in connection with the DiaSpect Acquisition (as defined in the Circular); and
- (c) up to a maximum nominal value of £1,158,014 pursuant to or in connection with the allotment of 115,801,387 new ordinary shares of one pence each in the capital of the Company to such persons as may be entitled in connection with the Selah Acquisition (as defined in the Circular),

such authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2014 (unless previously revoked or varied by the Company in a general meeting), save that the Company may, before such expiry, make an offer and enter into an agreement during the relevant period which would, or might, require equity securities to be allotted after the authority ends and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

2. THAT conditional upon the passing of Resolution 1 and in addition to any existing power given to the directors pursuant to section 571 of the Act prior to the date of the passing of this resolution, the directors be and they are hereby empowered pursuant to section 571 of the Act to allot the shares pursuant to the authority of the directors under section 551 of the Act conferred by Resolution 1, as if section 561(1) of the Act did not apply to such allotments, provided that this power shall be limited to:

- (a) the allotment of the shares in connection with the Conditional Placing and the Offer (as defined in the Circular); and
- (b) the allotment of the shares (otherwise than pursuant to paragraph 1(a) and (c) above) in connection with the DiaSpect Acquisition (as defined in the Circular); and

- (c) the allotment of the shares (otherwise than pursuant to paragraph 1(a) and (b) above) in connection with the Selah Acquisition (as defined in the Circular),

such authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2014 (unless previously revoked or varied by the Company in a general meeting), provided that the Board may, before such power expires, make an offer or enter into an agreement during the relevant period which would, or might, require equity securities to be allotted after such power expires and the Board may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

BY ORDER OF THE BOARD

Paul Foulger
Company Secretary

20 March 2014

Registered office:
EKF Diagnostics Holdings plc
Avon House
19 Stanwell Road
Penarth
Cardiff
CF64 2EZ

NOTES TO THE NOTICE OF GENERAL MEETING

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - at the time which is 48 hours prior to the General Meeting; or,
 - if this General Meeting is adjourned, at the time which is 48 hours prior to the adjourned meeting,shall be entitled to attend and vote at the General Meeting.

Appointment of proxies

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 of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.
4. 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.
5. 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, you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. Failure to specify the number of shares to which each proxy appointment relates or specifying more shares than the number of shares held by you at the time set out in note 1 above will result in the proxy appointments being invalid.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

Appointment of proxies using hard copy form

7. The notes to the proxy form explain how to direct your proxy as to your voting intentions with regard to each resolution (including how your proxy may withhold their vote, if applicable).

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Capita Asset Services, PXS 1, 34 Beckenham Road, Kent BR3 4ZF; and
- received by Capita Asset Services no later than 48 hours prior to the time set for the start of the General Meeting.

CREST members should use the CREST electronic proxy appointment service and refer to note 8 below in relation to the submission of a proxy appointment via CREST.

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.

In each case the proxy appointment must be received not less than 48 hours before the time for the holding of the General Meeting or adjourned meeting together (except in the case of appointments made electronically) with any authority (or notarially certified copy of such authority) under which it is signed.

Appointment of proxies through CREST

8. As an alternative to completing the hardcopy proxy form, CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s (“EUI”) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company’s agent (CREST ID RA10) by not later than 48 hours prior to the time appointed for the General Meeting or adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

9. 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).

Changing proxy instructions

10. 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 Asset Services, PXS 1, 34 Beckenham Road, Kent BR3 4TU.

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.

Termination of proxy appointments

11. 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 Asset Services, PXS 1, 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 Asset Services not less than 48 hours before the time for holding the General Meeting or adjourned meeting.

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.

Corporate representatives

12. 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 powers over the same share.

Issued shares and total voting rights

13. As at 5.30 p.m. on date before the date of this notice, the Company’s issued share capital comprised 272,942,369 ordinary shares of one pence 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 5.30 p.m. on the date before the date of this notice is 272,942,369.

Nominated persons

14. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (“**Nominated Person**”):

You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (“**Relevant Member**”) to be appointed or to have someone else appointed as a proxy for the General Meeting.

If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Communication

15. Except as provided above, members who have general queries about the General Meeting should call Capita Asset Services on +44 (0) 871 664 3100.

