EKF DIAGNOSTICS HOLDINGS PLC

(FORMERLY KNOWN AS 'INTERNATIONAL BRAND LICENSING PLC')

Report and Accounts

For year ending 31 December 2010

SCIENCE MADE SIMPLE

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Company information

Directors:	David Evans (Executive Chairman) Julian Baines (Chief Executive Officer) Paul Foulger (Finance Director) Kevin Wilson (Non-Executive Director) Adam Reynolds (Non-Executive Director) Gordon Hall (Non-Executive Director)
Company Secretary:	Paul Foulger
Registered Office:	14 Kinnerton Place South London SW1X 8EH
Place of Incorporation:	England & Wales (Company number – 4347937)
Auditors:	PricewaterhouseCoopers LLP One Kingsway Cardiff CF10 3PW
Nominated Advisor & Joint Broker:	Zeus Capital Ltd 3 Ralli Courts West Riverside Manchester M3 5FT
Joint Broker:	Matrix Corporate Capital LLP One Vine Street London W1J 0AH
Solicitors to the Company:	Berry Smith LLP Haywood House Dumfries Place Cardiff CF10 3GA
Registrars:	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Bankers:	Coutts & Co 440 Strand London WC2R 0QS
Public relations:	Walbrook PR Limited 4 Lombard Street London EC3V 9HD

Chairman's Statement

I am delighted to present to you the inaugural results of EKF Diagnostics Holdings plc in its new form. Since the change in strategy of the former International Brand Licensing Plc was agreed by shareholders on 4 January 2010, we have completed some important steps towards our goals. Further significant progress has been made with the announcement to acquire Stanbio Laboratory LP ("Stanbio"), which adds distribution capabilities in the critical US market, and of a distribution contract with Alere, Inc., one of the world's largest point of care businesses.

Strategy

The agreed new strategy is to build a group focused on the in vitro diagnostics industry, through acquisition and subsequent organic growth. In vitro diagnostic ("IVD") medical devices are used for the examination of specimen samples taken from the human body in order to diagnose patients. In particular, IVD tests are used in point of care testing and self-testing. The initial aim is to focus on applications which will benefit most from the migration of routine diagnostic testing from the clinical laboratory to the point of care, targeting businesses with a proven product record, significant intellectual property and manufacturing expertise.

The Board has a wealth of experience in the IVD market and a strong track record of delivering significant returns to the shareholders of companies in which they have been directors.

Overview of developments

Disposal of legacy business

During the year we announced the completion of the disposal of the legacy Admiral Sportswear business for a total consideration of £1.86m of which £1.22m was received subsequent to the year end. The proceeds are being used to fund the continuing operations of the Group.

Progress with IVD strategy
EKF Diagnostic Gmbh

On 15 June 2010 we announced the acquisition of EKF-Diagnostic Gmbh ("EKF") for a total consideration of €14.32m (£11.91m). Alongside this we announced the change of the name of the holding company. EKF, based in Barleben, Germany, was founded in 1990 and focuses on the development, manufacture and selling of diagnostic instruments and reagents to clinical and research laboratories, doctors' offices and sports medicine testing sites worldwide. EKF focuses on diabetes and anaemia testing, two of the main segments of the point of care market. It is an established, profitable and cash generative business within the diagnostic devices industry and has sales and distribution channels into over 65 countries (including the key markets of the US, Europe and Russia). It has its head office, sales service and manufacturing operations and a research & development centre in Germany; sales, service and manufacturing operations in Poland; and owns 60% of its sales and service operation in Russia. EKF offers a strong base for the future growth of the business and good distribution in the EU.

Quotient

The completion of the acquisition of Quotient Diagnostics Limited ("Quotient") for a total consideration of £5.41m was announced on 4 October 2010. Quotient, formed in 2003 and based in Walton-on Thames, Surrey, has the worldwide rights to a patented fluorescent quenching technique for the measurement of glycated haemoglobin that allows for a simple and cheap diagnostic test for monitoring the treatment of diabetes. Quotient has developed Quo-Test, a low cost solid-state optoelectronic instrument which utilises a low cost disposable cartridge containing reagent, which it sells through a number of distributors. Quo-Test is a platform which can be used for other point of care tests. Quotient has also developed Quo-Lab, a similar product but one which uses simpler cartridges that can be assembled by the end-user, meaning that this machine and cartridges are cheaper and thus more appealing to the developing world.

Chairman's Statement (continued)

Argutus

On 2 December 2010 we announced the acquisition of Argutus Medical Limited ("Argutus") for a total consideration of £2.18m. Argutus is a world leader in the discovery and development of novel biomarkers of organ injury and, in particular, urinary biomarkers for the early detection of acute kidney damage. Based in Dublin, Argutus was originally a division of Biotrin Holdings Limited and was acquired in July 2008 by its management team and Enterprise Ireland. Prior to acquisition, the business has generated revenue through the sale of its products to clinical trial and research companies. Its focus going forward is on developing point of care tests for both kidney damage and as an indicator of kidney failure by diabetic patients, which is a far larger market.

Argutus, along with Quotient, offers the Group access to next generation, high value point of care technologies.

Post Balance Sheet events

On 23 May 2011 we have announced the acquisition of Stanbio for a maximum consideration of $25.5m (£15.7m). Founded in 1960, Stanbio is an established, profitable US diagnostics business with a strong brand and robust sales growth. The business is based in Boerne, Texas, and supplies clinical diagnostic reagents, blood analysers, haemoglobin analysers, and various other diagnostic products, including a number of rapid point of care tests. Following completion, the acquisition of Stanbio is expected to double the Group's existing revenues.

In addition, and contingent on the completion of the acquisition of Stanbio, we have also announced a major contract for the distribution of our Hemo_Control haemoglobin instrument with Alere, Inc., a major US diagnostics business.

Results highlights

Revenue since the acquisition of EKF has totalled £6.48m and we have achieved a gross profit of £3.71m (57% margin). Adjusted EBITDA, which comprises EBITDA loss of £1.12m adjusted to exclude share based payments (£0.15m) and exceptional items (£1.92m) was £0.95m. As a result of these largely one-off costs, a pre-tax loss of £2.09m was incurred.

Our balance sheet is strong and we have very little debt. Cash at bank was £3.19m and we had net assets of £23.53m at year end.

Outlook

We have had a successful first period in charge. With these announcements, coupled with the acquisitions we have already completed and integrated within the Group, it is clear that we have made very significant progress towards our goal of building a successful, profitable, international IVD business. During the remainder of 2011 we shall be concentrating on the successful integration of the Stanbio business and on continuing to drive the performance of the existing businesses. I am pleased that progress to date in 2011 has been very strong with revenues up 28% in the first quarter when compared to the equivalent period of 2010. We will also continue to seek acquisition targets which we believe will complement our existing businesses and bring long term value to shareholders.

This has been a period of great change for our new employees who have had to cope with the challenge of moving from private ownership to the greater rigour required by a plc. They have shown excellent commitment and flexibility in achieving the progress made to date. Our shareholders have shown great faith in the new management of the Group and have provided strong support. I would like to record my thanks to both of these stakeholders.

David Evans

Executive Chairman

8 June 2011

Chief Executive's Review

2010 was a turning point in the history of the EKF Group. Following the final disposal of the remaining Admiral business, we have successfully completed the acquisition of three businesses, made excellent headway with integration, and made important progress with our sales and marketing strategy.

Operations review

The acquisition of EKF gave us a strong base consisting of sales, distribution, manufacturing and development operations which support three main product lines for the measurement of haemoglobin (Hemo_Control), glucose (BioSens), and lactate (BioSens and Lactate SCOUT). The Quotient acquisition gave us complementary products for the testing of glycated haemoglobin (Quo-Test and Quo-Lab). Argutus added the development and marketing of biomarkers for the early detection of kidney injury and failure. The Stanbio acquisition will bring with it increased revenues, a high quality customer base, excellent distribution capabilities in the US and South American markets where EKF has not been strong historically, and a range of clinical chemistry and point of care test products.

Since the acquisitions we have put considerable resources into the upgrading of the businesses and their integration. In particular, we have introduced a new sales management team, integrated the EKF and Quotient sales teams and refocused the EKF sales effort. While much work still needs to be done, the new team has already made an impact on revenue which has seen organic growth in EKF of 10% over the equivalent pre-acquisition period. They have been tasked with improving the geographical range of EKF's sales especially targeting key European territories such as Italy, France, Spain and the UK. We are also working to improve the marketing of products in the markets where EKF is already strong.

In addition, we have invested in increased financial management, appointing a new multi-lingual finance director in EKF and a Group financial controller in the UK. These appointees have concentrated on upgrading systems to meet the needs of an international listed plc.

Also following completion of the acquisition of Argutus, their Chief Executive Officer, Cormac Kilty, became Chief Technical Officer, further strengthening the Group's management team.

We are also in the process of expanding and upgrading our manufacturing facilities in Germany, Poland and the UK. The Group will incur approximately £600,000 capital expenditure during 2011 for these upgrades and expansion.

The performance of the acquired businesses has been strong. As already noted, revenues have improved strongly and this improvement has continued and accelerated in the first quarter of 2011. Highlights have included a major order for over 3,000 Hemo_Control instruments and associated consumables to MINSA (the Health Ministry of Peru). As part of a new distribution agreement Diagnostica Peruana will deliver, install and maintain the Hemo_Control devices as well as providing instrument training to new users. While the consumables supply contract is subject to tender, we are confident that this instrument order will lead to on-going supplies of consumables to MINSA over an extended period because of the special design of the cuvettes required. We have also recently signed up to supply 800 instruments to Tanzania. We have announced a distribution agreement, contingent on the acquisition of Stanbio, with Alere, Inc. which is expected to lead to the supply of over 6,000 Hemo_Control instruments and associated consumables over the next three years.

In addition, Quotient has been successful in gaining approval from China's Safety for Food and Drugs Administration for its Quo-Test A1C test. With this approval, Quotient has started the promotion, distribution and sale of the Quo-Test A1C Reagent kit on its proprietary Quo-Test platform into the highly important Chinese market.

Chief Executive's Review (continued)

Research and development

EKF has an established product development facility in Leipzig, Germany where 30 research and development employees are divided between hardware and chemistry development. Core technological expertise includes semi-automated clinical analysers that handle liquids, biosensors and cuvettes. Other expertise resides largely in the design of hardware and software that exploits readily available biomarker reagents. Efforts are mainly concentrated on extending the range of tests available on existing platforms. Quotient has a dedicated team who are working on readying the Quo-Lab test for market in 2011. This team is being integrated into the EKF R&D organisation.

To date the Argutus business has generated revenue through the sale of its products to clinical trial and research companies. Its focus, going forward, is on providing point of care platform products for both kidney damage and as an indicator of kidney failure by diabetic patients. A third party has been contracted to develop the point of care device with the aim of a product launch in 2012.

The acquisition of Stanbio will bring additional new product launches including a number of hand-held devices. In addition we anticipate that their experience in gaining US FDA regulatory approvals will assist in the introduction of Group products into the important US market.

The future

We are well positioned for the future with an excellent base from which to build a good and expanding product line, improved sales capabilities and experienced management. There will undoubtedly be challenges ahead but we have a highly capable team which will meet these challenges with enthusiasm.

Julian Baines

Chief Executive Officer

8 June 2011

Report of the Directors

For the year ended 31 December 2010

The Directors have pleasure in submitting this report together with the financial statements of EKF Diagnostics Holdings Plc (formerly known as "International Brand Licensing plc") for the year ended 31 December 2010.

The Company changed its name from International Brand Licensing plc to EKF Diagnostics Holdings plc on 2 July 2010.

Directors

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

David Evans, Executive Chairman (aged 51)

David has significant experience and contacts worldwide within the IVD industry and is currently Chairman of the following listed companies; Immunodiagnostic Systems Holdings plc, Omega Diagnostics Group plc, Epistem Holdings plc and Scancell Holdings plc. In addition he was formerly Chairman of BBI Holdings plc and Joint-Managing Director of Axis-Shield plc.

Julian Baines, Chief Executive Officer (aged 46)

Julian was until recently Group CEO of BBI where he undertook a management buyout in 2000, a flotation on AIM in 2004 and was responsible for selling the business to Alere Inc (formerly IMI Inc) in 2007 for circa £85m. Julian remains on the board as a non-executive director of BBI. In December 2009 Julian became CEO of International Brand Licencing Plc (now EKF Diagnostics Holdings Plc) and successfully completed a fund raising in June 2010 to acquire EKF Diagnostics GmbH and subsidiaries. He has subsequently led the acquisiton of two further businesses Quotient Diagnostics Limited and Argutus Medical Limited.

Paul Foulger, Finance Director (aged 41)

Paul has considerable public and private company experience, having been a director of a number of successful businesses as well as being involved in a large variety of corporate transactions over the years. Paul previously worked in the publishing industry with Harper Collins Publishers and subsequently became Finance Director at Elsevier Science, a subsidiary of Reed Elsevier plc. He led a management buy-out of previously quoted financial communications Group Hansard in 2004, of which he remains a Director. He holds several other Directorships including Porta Communications Plc and Diablo Consulting Ltd. Paul is a qualified certified accountant and holds an MBA from Warwick Business School.

Dr Kevin Wilson, Non-Executive Director (aged 60)

Kevin has been on the board of a number of public and private businesses and was Senior Independent Director of BBI from its AIM flotation to its sale in 2007. He has been active in Investment Banking and Stockbroking for 25 years as a corporate finance adviser and is FSA registered. He carries a PhD in Finance and an MBA in Business and is a Visiting Fellow at Manchester Business School and Visiting Senior Lecturer in Finance and Accounting at the University of Lancaster Management School.

Adam Reynolds, Non-Executive Director (aged 48)

Adam has founded and has also been involved in the turnaround of a number of public companies. He is currently a Director of Porta Communications Plc, Orogen Gold Plc and Wilton International Marketing Limited.

Report of the Directors (continued)

For the year ended 31 December 2010

Gordon Hall, Non-Executive Director (aged 68)

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

Principal Activities

During the year the principal activity of the Group changed from exploitation of a portfolio of sports and lifestyle brands, trademarks, trade names and logos to a business focused within the In-Vitro Diagnostic devices ("IVD") market place.

Business and financial review

The Board of Directors judge the Company's financial performance by reference to the internal budget which it establishes at the beginning of each financial year. A comprehensive review of the year is given in the Chairman's Statement and Chief Executive's review on pages 3 to 6.

Revenue

Revenue for the period was £6.48m. This represented organic growth of 10% for EKF over the equivalent period in the previous year.

Gross Margin

Gross profit of £3.71m was achieved. This represents a margin on turnover of 57%.

Administrative costs and profit

Administrative costs have been affected by the increased investment in sales and finance personnel to aid integration. Research and development expenditure was £0.14m. The Group capitalises research and development expenditure only when a successful product launch is probable and otherwise charges expenditure to the Income Statement account immediately. The charge for depreciation and the amortisation of intangibles was £1.17m including £0.35m in discontinued operations. Operating loss for the period was £1.93m.

Adjusted Earnings before interest, tax and depreciation

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was a loss of £1.12m (as set out in Note 5). A more meaningful measure is considered to be Adjusted EBITDA of £0.95m which excludes the effects of share based payments (£0.15m) and exceptional items (£1.92m).

Exceptional items and share based payments

Following a revision to International Financial Reporting Standard 3 "Business combinations", acquisition costs are now expensed immediately. Acquisition related costs expensed during the period were £1.58m. IFRS 3 also requires that inventory within acquired business is uplifted to fair value, resulting in a £0.34m reduction in post-acquisition gross margin. These have both been treated as exceptional costs. Charges for share based payments were £0.15m.

Net finance costs

Net finance costs for the period were £0.16m. This mainly represents the cost of servicing the small amount of debt acquired within EKF, offset by interest on deposits and the interest element on deferred consideration on acquisition.

Report of the Directors (continued)
For the year ended 31 December 2010

Non-controlling interest
This represents the non-controlling interest of 40% in the profits of EKF Russia.

Loss before tax
The loss before tax was £2.09m. The loss is in line with management expectations and was incurred because of the high level of exceptional items associated with acquisition costs, plus the investments required in the development of the Group.

Taxation
Taxation was a credit of £49,000 and represented a percentage rate of 2%. The low rate is as a result of losses that have not been recognised as a deferred tax asset, and the range of corporation tax rates in the countries in which the Group operates.

Loss per share and dividend
The basic and diluted loss per share was 2.08p from continuing operations only.

The directors do not recommend the payment of a dividend as they believe the Company needs to retain its cash resources at present to fund the future development of the Group. Once it is commercially prudent and legal to declare a dividend, it is the intention of the Board to implement a progressive dividend policy.

Balance sheet
The Group had non-current assets at 31 December 2010 of £26.08m. These consist of plant, property and equipment of £5.47m, intangible assets of £20.26m, available for sale assets of £0.14m and deferred tax assets of £0.22m. The intangible assets mainly relate to the trade names, customer relationships, trade secrets and goodwill on acquisitions.

The Group had cash in hand at 31 December 2010 of £3.19m.

The Group's main current assets are inventories totalling £2.98m, and debtors of £3.63m. Current liabilities are £4.97m. Non-current liabilities, which consist principally of deferred consideration on acquisitions of £4.17m and deferred tax liabilities of £2.92m relating to acquisitions, amount to £7.48m.

Comparatives
During the year the Group has been transformed from a shell company with a residual sportswear business into an international diagnostics group. Comparative numbers in the report would be meaningless. However the adjusted EBITDA for the 2009 year was a loss of £0.3m and the Group had cash in hand at 31 December 2009 of £3.04m.

Future Outlook
The Chairman's Statement on pages 3 to 4 and the Chief Executive Officer's Review on pages 5 to 6 gives information on the future outlook of the Group.

Key Performance Indicators ("KPIs")
The Group intends to establish other key performance indicators in due course once the Group has matured sufficiently. The Group does not use and does not at present intend to use non-financial key performance indicators. The Group uses two key finance performance indicators which are revenue and adjusted EBITDA.

Report of the Directors (continued)

For the year ended 31 December 2010

Principal risks and uncertainties

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

Management and Employees

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

Political risk

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

Regulatory risk

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

Competition risk

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

Intellectual property risk

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

Report of the Directors (continued)

For the year ended 31 December 2010

Effect of foreign currency

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

Going Concern

As a result of the recent funding activities undertaken in the year, the Company has acquired several subsidiaries. An increased focus on working capital has meant that the Company has maintained its liquidity profile subsequent to these acquisitions.

Subsequent to the year end the Company has announced a placing to raise £13m to acquire Stanbio. The directors have undertaken a review of the Group's liquidity excluding this potential transaction and believe that the Company's going concern assumption remains applicable.

The Group's forecasts and projections, taking account of reasonably probable changes in trading performance, show that the Group should be able to operate within the level of its current financing arrangements.

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

Creditors Payment Policy

It is the policy of the Group to agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individual negotiated contracts) and for payment to be made in accordance with these terms provided the supplier has complied with its obligations. The average number of day's credit taken by the Group as at 31 December 2010 was 35 days (2009: 45 days).

Environment

The Directors consider that the nature of the Group's activities is not inherently detrimental to the environment.

Employees

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

Disabled employees

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

Report of the Directors (continued)
For the year ended 31 December 2010

Directors' Interests

The interests of those Directors serving at 31 December 2010, all of which are beneficial, in the share capital of the Company were as follows:

	On 31 December 2010 Ordinary Shares of 1p each	*On 31 December 2009 Ordinary Shares of 1p each*
David Evans	1,367,660	1,017,846
Julian Baines	1,357,127	1,357,127
Paul Foulger	1,000,942	884,276
Kevin Wilson	1,017,846	1,017,846
Adam Reynolds	1,021,776	1,001,776
Gordon Hall	339,282	339,282

Substantial Shareholdings

As at 6 June 2011, the following interests in 3% or more of the issued ordinary share capital had been notified to the Company:

Shareholder	*Number of shares*	*Percentage of issued share capital*
HSBC Global Custody Nominee 667656	12,000,000	7.11%
HSBC Global Custody Nominee 883031	10,303,349	6.10%
Vidacos Nominee Britut	9,433,333	5.59%
Hargreaves Hale Nominees	8,064,485	4.78%
Nortrust Nominees TDS	6,000,000	3.55%
Octopus Investments Nominees Octaim	5,538,000	3.28%

Statement of Directors' Responsibilities

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

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

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

Report of the Directors (continued)

For the year ended 31 December 2010

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

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

Auditors

During the year, Gerald Edelman resigned as auditors, and in accordance with Section 485 of the Companies Act 2006, the directors have appointed PricewaterhouseCoopers LLP to fill the casual vacancy. A resolution proposing them to be appointed as auditors of the Company will be put to the Annual General Meeting.

Disclosure of information to the Auditors

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

Corporate Governance

The Company's statement of corporate governance can be found in the Corporate Governance Report on pages 14 to 16 of these financial statements. The corporate governance report forms part of this Directors' Report and is incorporated into it by cross-reference.

Annual General Meeting

The resolutions to be proposed at the forthcoming Annual General Meeting are set out in the formal notice of the meeting, as set out on page 75.

Recommendation

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

The Directors' report was approved by the Board on 8 June 2011 and signed on its behalf by:

Paul Foulger

Finance Director

Corporate Governance Statement
For the year ended 31 December 2010

Compliance
The Directors recognise the value of the principles of the Combined Code (2008) on Corporate Governance ("the Combined Code"). Although, as an AIM Company, compliance with the Combined Code is not required, the Group seeks to apply the Combined Code where practicable and appropriate for a Company of its size.

The following statement describes how the Group as at 31 December 2010 sought to address the principles underlying the Combined Code.

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

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

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

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

David Evans (Executive Chairman)	10
Julian Baines (Chief Executive Officer)	10
Paul Foulger (Finance Director)	10
Kevin Wilson (Non-Executive Director)	10
Adam Reynolds (Non-Executive Director)	7
Gordon Hall (Non-Executive Director)	8

Corporate Governance Statement (continued)

For the year ended 31 December 2010

Audit Committee

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

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

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

Remuneration Committee

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

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

The Committee meets at least twice a year. The Board of Directors has considered the appointment of a separate Nominations Committee, as recommended by the combined code. However due to the size and nature of the Company, this function is carried out by the Remuneration Committee. There is a division of responsibilities between the Executive Chairman, who is responsible for the overall strategy of the Group, and the CEO, who is responsible for implementing the strategy and day to day running of the Group. He is assisted by the Finance Director.

Board appointments

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

Internal Control

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

The Group, in administering its business has put in place strict authorisation, approval and control levels within which senior management operates. These controls reflect the Group's organisational structure and

Corporate Governance Statement (continued)

For the year ended 31 December 2010

business objectives. The control system includes clear lines of accountability and covers all areas of the organisation. The Board operates procedures which include an appropriate control environment through the definition of the above organisation structure and authority levels and the identification of the major business risks.

Internal financial reporting

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

Relations with shareholders

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

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

Corporate Social Responsibility

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

Report of the Remuneration Committee

For the year ended 31 December 2010

Statement of Compliance

This report does not constitute a Directors Remuneration Report in accordance with the Directors Remuneration Regulations 2007 which do not apply to the Company as it is not fully listed.

Policy on Executive Directors' remuneration

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

Directors' remuneration

The remuneration of the Directors for the year ended 31 December 2010 is shown below:

	Salary and fees	*Benefits in kind*	*Bonus*	*2010 £'000*	*2009 £'000*
Executive Directors					
D Evans	21	–	–	**21**	–
J Baines	169	5	–	**174**	–
P Foulger*	115	–	–	**115**	42
A Hutchinson (ex-director)**	–	–	–	**–**	222
	305	5	–	**310**	264
Non-Executive Directors					
K Wilson	13	–	–	**13**	–
A Reynolds	50	–	–	**50**	50
G Hall	15	–	–	**15**	15
	78	–	–	**78**	65
Total fees and emoluments	383	5	–	**388**	329

* Includes £65,000 invoiced through Wilton International Marketing Limited, a Company in which Paul Foulger is a director.

** Includes compensation for loss of office of £104,000.

Directors' Share Options

As at 31 December 2010 the following options to Directors of the Company existed:

Option Holder	*Option price per Ordinary Share*	*Number of Ordinary Shares under option*	*Exercise period*
Paul Foulger	20p	625,000	11 December 2009 – 28 June 2011
Adam Reynolds	20p	625,000	29 June 2006 – 28 June 2011
Gordon Hall	20p	500,000	29 June 2006 – 28 June 2011

Report of the Remuneration Committee

For the year ended 31 December 2010

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

Director	*Maximum Share Entitlement*
Paul Foulger	883,659
Adam Reynolds	883,659
Gordon Hall	400,000

In addition there are options over 8,545,638 ordinary shares divided equally between David Evans and Julian Baines. These options are exercisable at 15p per share, the price at which the placing to raise £15.06m took place in July 2010. These options are subject to the achievement of 15% compound annual Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) growth for the three years commencing on 1 January 2011. The base EBITDA will be equal to twice the audited EBITDA achieved by EKF Holdings plc for the 6 months ending 31 December 2010.

Furthermore there are options over a further 8,545,638 ordinary shares, again divided equally between David Evans and Julian Baines. These options are exercisable at 15p per share, conditional upon the share price reaching 45p per share, a trebling of the 15p per share price at which the July 2010 placing was undertaken, within the three years commencing 1 January 2011.

Directors Liability Insurance

The Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities to which they may become liable in their capacity as Director of the Company and of any Company in the Group. Those indemnities are qualifying third party indemnity provisions for the purposes of Section 234 of the Companies Act 2006.

Independent Auditor's Report

to the Members of EKF Diagnostics Holdings Plc

We have audited the Group and Parent Company financial statements (the "financial statements") of EKF Diagnostics Holdings plc for the year ended 31 December 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 12 and 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2010 and of the Group's loss and Group's and parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's Statement, the Chief Executive's Review and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report

to the Members of EKF Diagnostics Holdings Plc (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark C Ellis
(Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

8 June 2011

Consolidated Income Statement
For the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Continuing operations			
Revenue	5	**6,483**	–
Cost of sales		**(2,775)**	–
Gross profit		**3,708**	–
Administrative expenses	6, 7	**(6,068)**	(596)
Other income		**430**	–
Operating loss		**(1,930)**	(596)
Depreciation and amortisation		**(815)**	(3)
Exceptional items	7	**(1,919)**	(207)
EBITDA before exceptional items		**804**	(386)
Finance income	12	**28**	29
Finance costs	12	**(187)**	(1)
Loss before income tax		**(2,089)**	(568)
Income tax credit	13	**49**	75
Loss for the year from continuing operations		**(2,040)**	(493)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	35	**(1,372)**	290
Loss for the year	5	**(3,412)**	(203)
Loss attributable to:			
Owners of the parent		**(3,435)**	(203)
Non-controlling interest		**23**	–
		(3,412)	(203)
Loss per ordinary share from continuing and discontinued operations attributable to the equity holders of the Company during the year		*Pence*	*Pence*
From continuing operations			
Basic and diluted	14	(2.08)	(1.44)
From discontinued operations			
Basic and diluted	14	(1.40)	0.84
Continuing and Discontinued operations			
Basic loss per share	14	(3.51)	(0.59)

The notes on pages 27 to 74 are an integral part of these consolidated financial statements.

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

The loss for the parent Company for the year was £2,112,000 (2009: £524,000).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

Group	*Notes*	*2010* *£'000*	*2009* *£'000*
Loss for the year		**(3,412)**	(203)
Other comprehensive income:			
Actuarial loss on pension scheme	31	**(11)**	–
Fair value adjustment in respect of available for sale financial assets	20	**(6)**	(130)
Currency translation differences		**705**	(218)
Other comprehensive income/(loss) for the year		**688**	(348)
Total comprehensive loss for the year		**(2,724)**	(551)
Attributable to:			
Owners of the parent		**(2,747)**	(551)
Non-controlling interests		**23**	–
Total comprehensive loss for the year		**(2,724)**	(551)

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

The notes on pages 27 to 74 are an integral part of these consolidated financial statements.

Consolidated and Company's Statement of Financial Position

As at 31 December 2010

	Notes	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Assets					
Non-current assets					
Property, plant and equipment	16	**5,467**	–	**1,670**	–
Intangible assets	17	**20,260**	1,949	**–**	–
Investments in subsidiaries	18	**–**	–	**15,613**	213
Deferred tax assets	26	**217**	94	**94**	94
Available-for-sale financial assets	20	**135**	141	**135**	141
Total non-current assets		**26,079**	2,184	**17,512**	448
Current assets					
Inventories	22	**2,983**	–	**–**	–
Trade and other receivables	21	**3,625**	703	**7,210**	185
Available-for-sale financial assets	20	**100**	473	**–**	–
Cash and cash equivalents	23	**3,192**	3,037	**1,766**	2,940
Total current assets		**9,900**	4,213	**8,976**	3,125
Total assets		**35,979**	6,397	**26,488**	3,573
Equity attributable to owners					
Ordinary shares	27	**1,681**	420	**1,681**	420
Share premium account	27	**23,013**	4,077	**23,013**	4,077
Other reserve	30	**244**	244	**–**	–
Foreign currency reserves	30	**1,972**	1,265	**–**	–
Retained earnings	29	**(3,686)**	(386)	**(4,593)**	(2,627)
		23,224	5,620	**20,101**	1,870
Non-controlling interest		**305**	–	**–**	–
Total equity		**23,529**	5,620	**20,101**	1,870
Liabilities					
Non-current liabilities					
Borrowings	25	**309**	–	**–**	–
Deferred consideration	36	**4,168**	–	**4,168**	–
Deferred tax liability	26	**2,916**	–	**–**	–
Retirement benefit obligation	31	**88**	–	**–**	–
Total non-current liabilities		**7,481**	–	**4,168**	–
Current liabilities					
Trade and other payables	24	**3,969**	622	**2,219**	1,703
Current income tax liability		**210**	155	**–**	–
Borrowings	25	**229**	–	**–**	–
Provisions for other liabilities & charges	32	**561**	–	**–**	–
Total current liabilities		**4,969**	777	**2,219**	1,703
Total liabilities		**12,450**	777	**6,387**	1,703
Total equity and liabilities		**35,979**	6,397	**26,488**	3,573

The notes on pages 27 to 74 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 8 June 2011

Julian Baines
Chief Executive Officer

Paul Foulger
Finance Director

EKF Diagnostics Holdings Plc
Registered No: 04347937

Consolidated and Company's Statement of Cash Flows

For the year ended 31 December 2010

	Notes	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Cash Flow from operating activities					
Cash used in operations	34	**(1,010)**	(663)	**(8,558)**	(294)
Interest paid		**(167)**	(1)	**–**	(1)
Income tax paid		**(232)**	(12)	**–**	–
Net cash used in operating activities		**(1,409)**	(676)	**(8,558)**	(295)
Cash flow from investing activities					
Acquisition of subsidiaries, net of cash acquired	36	**(8,463)**	–	**(5,553)**	–
Purchase of property, plant and equipment (PPE)	16	**(2,474)**	–	**(1,670)**	–
Purchase of intangibles		**(4)**	–	**–**	–
Proceeds from sale of PPE	34	**3**	–	**–**	–
Proceeds from sale of intangible assets		**562**	362	**–**	–
Purchase of available-for-sale financial assets		**–**	(250)	**–**	(250)
Interest received		**28**	29	**109**	29
Net cash (used in)/generated by investing activities		**(10,348)**	141	**(7,114)**	(221)
Cash flow from financing activities					
Proceeds from issuance of ordinary shares	27	**14,498**	1,071	**14,498**	1,071
Repayments on borrowings		**(2,616)**	–	**–**	–
Net cash generated by financing activities		**11,882**	1,071	**14,498**	1,071
Net increase/(decrease) in cash and cash equivalents		**125**	536	**(1,174)**	555
Cash and cash equivalents at beginning of year		**3,037**	2,501	**2,940**	2,385
Exchange gains on cash and cash equivalents		**30**	–	**–**	–
Cash and cash equivalents at end of year	23	**3,192**	3,037	**1,766**	2,940

Consolidated and Company's Statement of Changes in Shareholders' Equity

As at 31 December 2010

Consolidated

	Share capital £'000	Share premium £'000	Other reserve £'000	Foreign currency reserve £'000	Retained earnings £'000	Total £'000	Non controlling interest £'000	Total equity £'000
As at 1 January 2009	**336**	**3,090**	**244**	**1,483**	**(83)**	**5,070**	**–**	**5,070**
Comprehensive income								
Loss for the year	–	–	–	–	(203)	(203)	–	(203)
Other comprehensive income								
Fair value adjustment in respect of available-for-sale financial assets	–	–	–	–	(130)	(130)	–	(130)
Currency translation differences	–	–	–	(218)	–	(218)	–	(218)
Total comprehensive income	**–**	**–**	**–**	**(218)**	**(333)**	**(551)**	**–**	**(551)**
Transactions with owners								
Proceeds from shares issued	84	987	–	–	–	1,071	–	1,071
Share based payments	–	–	–	–	30	30	–	30
At 1 January 2010	**420**	**4,077**	**244**	**1,265**	**(386)**	**5,620**	**–**	**5,620**
Comprehensive income								
Loss for the year	–	–	–	–	(3,435)	(3,435)	23	(3,412)
Other comprehensive income								
Actuarial loss on pension	–	–	–	–	(11)	(11)	–	(11)
Fair value adjustment in respect of available-for-sale financial assets	–	–	–	–	(6)	(6)	–	(6)
Currency translation differences	–	–	–	707	–	707	(2)	705
Total comprehensive income	**–**	**–**	**–**	**707**	**(3,452)**	**(2,745)**	**21**	**(2,724)**
Transactions with owners								
Proceeds from shares issued	1,261	18,936	–	–	–	20,197	–	20,197
Share based payments	–	–	–	–	152	152	–	152
Total contributions by and distributions to owners	1,261	18,936	–	–	152	20,349	–	20,349
Non controlling interest arising on business combinations	–	–	–	–	–	–	284	284
At 31 December 2010	**1,681**	**23,013**	**244**	**1,972**	**(3,686)**	**23,224**	**305**	**23,529**

Consolidated and Company's Statement of Changes in Shareholders' Equity (continued)

As at 31 December 2010

Company

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Total £'000*
As at 1 January 2009	**336**	**3,090**	**(2,003)**	**1,423**
Comprehensive income				
Loss for the year	–	–	(524)	(524)
Other comprehensive income				
Fair value adjustment in respect of available-for- sale financial assets	–	–	(130)	(130)
Total comprehensive income	**–**	**–**	**(654)**	**(654)**
Transactions with owners				
Proceeds from shares issued	84	987	–	1,071
Share based payments	–	–	30	30
At 1 January 2010	**420**	**4,077**	**(2,627)**	**1,870**
Comprehensive income				
Loss for the year	–	–	(2,112)	(2,112)
Other comprehensive income				
Fair value adjustment in respect of available-for-sale financial assets	–	–	(6)	(6)
Total comprehensive income	**–**	**–**	**(2,118)**	**(2,118)**
Transactions with owners				
Proceeds from shares issued	1,261	18,936	–	20,197
Share based payments	–	–	152	152
At 31 December 2010	**1,681**	**23,013**	**(4,593)**	**20,101**

Notes to the financial statements

For the year ended 31 December 2010

1. General Information

EKF Diagnostics Holdings Plc (formerly known as International Brand Licensing plc) is a company incorporated in the United Kingdom. The Company is a public limited company, which is listed on the AIM market of the London Stock Exchange. The address of the registered office is 14 Kinnerton Place South, London, SW1X 8EH.

The Group's principal activity changed from exploitation of a portfolio of sports and lifestyle brands, trademarks, trade names and logos to a business focused within the In-Vitro Diagnostic devices ("IVD") market place following the acquisition of EKF Diagnostic Gmbh, Quotient Diagnostics Limited and Argutus Medical Limited during the current financial year.

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

The registered number of the Company is 04347937.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied since acquisition of subsidiaries in the year, given the changes in principal activity, to all the years presented, unless otherwise stated.

Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale assets at fair value through the income statement, share based payment and pensions.

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

(a) Standards, amendments and interpretations effective in 2010

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2010 and have been applied to and impacted the financial information presented:

- IFRS 3 (amended), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The new standard has therefore been applied to the measurement and disclosure of the acquisitions of EKF Diagnostic Gmbh, Quotient Diagnostics Limited and Argutus Medical Limited (note 36). The only impact on the measurement of the acquisition is that acquisition-related costs of £1,582,000 associated with the three acquisitions have been recognised in the consolidated income statement, which previously would have been included in the consideration for the business.

Notes to the financial statements (continued)

For the year ended 31 December 2010

- IFRS 5 (amendment) "Non-current assets held for sale and discontinued operations". The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets classified as held for sale or discontinued operations.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are not currently considered to be relevant to the Group (although they may affect the accounting for future transactions and events).

- IFRIC 16 'Hedges of a net investment in a foreign operation', effective for annual periods beginning on or after 1 July 2009.
- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009.
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009.
- IAS 1 (amendment), 'Presentation of financial statement'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.
- IAS 36 (amendment) "Impairment of assets" effective 1 January 2010 clarifies that the largest cash generating unit (or Group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, "Operating segments".
- IFRS 2 (amendments), 'Group cash-settled share based payment transactions' was effective from 1 January 2010 and expands the guidance contained in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation.

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

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- IFRS 9, 'Financial instruments', issued in December 2009. This addresses the classification and measurement of financial assets and may affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess IFRS 9's full impact.
- Revised IAS 24, 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011 and clarifies and simplifies the definition of a related party. The Group will apply the revised standard from 1 January 2011 and when applied the Group and the parent will need to disclose any transactions between its subsidiaries.
- 'Classification of rights issues' (Amendment to IAS 32), issued in October 2009. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer and should be applied for annual periods beginning on or after 1 February 2010. The Group will apply the amended standard from 1 January 2011.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. The Group will apply the interpretation from 1 January 2011.

Notes to the financial statements (continued)
For the year ended 31 December 2010

- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009. The amendments are effective for annual periods beginning 1 January 2011.

Going concern

As a result of the recent funding activities undertaken in the year, the Company has acquired several subsidiaries. An increased focus on working capital has meant that the Company has maintained its liquidity profile subsequent to these acquisitions.

Subsequent to the year end the Company has announced a placing to raise £13m to acquire Stanbio. The directors have undertaken a review of the Group's liquidity excluding this potential transaction and believe that the Company's going concern assumption remains applicable.

The Group's forecasts and projections, taking account of reasonably probable changes in trading performance, show that the Group should be able to operate within the level of its current financing arrangements.

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

Basis of consolidation

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

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

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

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

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

Notes to the financial statements (continued)
For the year ended 31 December 2010

Segmental reporting

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

Foreign currency translation

(a) Functional and presentational currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within 'administrative expenses', except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group companies

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

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

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

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

Property, plant and equipment

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

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

Notes to the financial statements (continued)
For the year ended 31 December 2010

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

Land and buildings	2%
Fixtures and fittings	25%
Plant and machinery	33.3%

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

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

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

Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill has an infinite useful life and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of between 8 to 11 years and is charged to administrative expenses in the income statement.

(c) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of between 6 to 10 years and is charged to administrative expenses in the income statement.

(d) Trade secrets

Trade secrets, includes technical know how, operating procedures, methods and processes, acquired in a business combination are recognised at fair value at the acquisition date. Trade secrets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trade secrets over their estimated useful lives of between 7 to 16 years and is charged to administrative expenses in the income statement.

Notes to the financial statements (continued)

For the year ended 31 December 2010

(e) Research and Development costs

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

Development costs are amortised over the estimated useful life of the products with which they are associated. Amortisation commences when a new product is in commercial production. The amortisation is charged to administrative expenses in the income statement. The estimated remaining useful lives of development costs are reviewed at least on an annual basis.

The carrying value of capitalised development costs is reviewed for potential impairment at least annually and if a product becomes unviable and an impairment is identified the deferred development costs are immediately charged to the income statement.

Impairment of non financial assets

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

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

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

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

Financial assets

Classification

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

(a) Loans and Receivables

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

Notes to the financial statements (continued)

For the year ended 31 December 2010

(b) Available for sale financial assets

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

Recognition and measurement

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

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

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

Financial liabilities

Debt is measured at fair value, being net proceed after deduction of directly attributable issue costs, with subsequent measurement at amortised cost. Debt issue costs are recognised in the income statement over the expected term of such instruments at a constant rate on the carrying amount.

Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost is calculated on a first in and first out basis and includes raw materials, direct labour, other direct costs and attributable production overheads, where appropriate. Net realisable value represents the estimated selling price less all estimated costs of completion and applicable selling costs. Where necessary, provision is made for slow moving and obsolete inventory. Inventory on consignment and their related obligations are recognised in current assets and payables respectively.

Trade and other receivables

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

Cash and cash equivalents

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

Notes to the financial statements (continued)

For the year ended 31 December 2010

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

Share Capital

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

Trade payables

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

Government grant

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

Borrowings

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

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

Current and deferred income tax

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

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

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

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

Notes to the financial statements (continued)
For the year ended 31 December 2010

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

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

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

Provisions

Provision for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. Restructuring provisions are recognised where the restructuring has been announced prior to the end of the reporting period. Restructuring costs include the costs of redundancy, outplacement fees and relocation where appropriate.

Provision is made for product warranty claims to the extent that the Group has a current obligation under warranties given. Warranty accruals are based on historic warranty claims experience. Provisions are discounted to their present value where the impact is significant.

Leases

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

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

Employee benefits

(a) Pension obligations

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

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

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

The service cost of providing retirement benefits to employees during the year is charged to operating profit. Past service costs are recognised immediately in income, unless the changes to the pension plan are

Notes to the financial statements (continued)
For the year ended 31 December 2010

conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the average vesting period.

(b) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments of the Group. Equity-settled share-based payments are measured at fair value at the date of grant and are expensed over the vesting period based on the number of instruments that are expected to vest. For plans where vesting conditions are based on share price targets, the fair value at the date of grant reflects these conditions. Where applicable the Group recognises the impact of revisions to original estimates in the income statement, with a corresponding adjustment to equity for equity-settled schemes. Fair values are measured using appropriate valuation models, taking into account the terms and conditions of the awards.

When the share based payment awards are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

National insurance on share options

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

Revenue recognition

(a) Sale of goods and services

Revenue for the sale of medical diagnostic instruments and reagents is measured at the fair value of the consideration received or receivable and represents the invoiced value for the sale of the goods and services net of sales taxes, rebates and discounts. Revenue from the sale of goods is recognised when a Group Company has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Interest income

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

(c) Royalty and license income

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

Dividend distribution

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

Interim dividends are recognised when paid.

Exceptional items

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

Notes to the financial statements (continued)

For the year ended 31 December 2010

3. Financial risk management

Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange – cash flow risk

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

This exposure is managed by a natural currency hedge as the Group's operating subsidiaries cost base is also denominated in Euro's, Rouble's, Zloty and Swiss Franc's as the Group has subsidiary businesses located in Germany, Ireland, Poland, Russia and Switzerland. Management do not use derivative financial instruments to mitigate the impact of any residual foreign currency exposure not mitigated by the natural hedge within the business model. The Group does not speculate in foreign currencies and no operating Company is permitted to take unmatched positions in any foreign currency.

(ii) Foreign exchange – Fair value risk

Translation exposures that arise on converting the results of overseas subsidiaries are not hedged. Net assets held in foreign currencies are hedged wherever practical by matching borrowings in the same currency.

The principal exchange rates used by the Group in translating overseas profits and net assets into GBP are set out in the table below.

Rate compared to GBP	*Average rate 2010*	*Average rate 2009*	*Year end rate 2010*	*Year end rate 2009*
Euro	**1.18**	–	**1.16**	–
Russian Rouble	**48.02**	–	**47.55**	–
Polish Zloty	**4.77**	–	**4.61**	–
Swiss Franc	**1.48**	1.60	**1.47**	1.65

As a guide to the sensitivity of the Group's results to movements in foreign currency exchange rates, a one cent movement in the Euro to Sterling rate would impact annual earnings by approximately £7,000.

Notes to the financial statements (continued)

For the year ended 31 December 2010

(iii) Cash flow and fair value interest rate risk

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

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

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

(b) Credit risk

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

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

(c) Liquidity risk

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

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

The table below analyses the Group's non-derivative financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. In the case of deferred consideration the amount shown as payable between years 2 and 5 for 31 December 2010 is the total gross contractual liability should all performance criteria be met, not the estimated liability based on current and forecast performance.

Notes to the financial statements (continued)
For the year ended 31 December 2010

	Less than one year £'000	*Between 1 and 2 years £'000*	*Between 2 and 5 years £'000*	*Total £'000*
At 31 December 2010:				
Borrowings (inc. finance leases)	–	229	309	538
Deferred consideration (note 36)	–	–	2,000	2,000
Trade and other payables	3,906	–	–	3,906
At 31 December 2009:				
Borrowings	–	–	–	–
Deferred consideration	–	–	–	–
Trade and other payables	618	–	–	618

(d) Capital risk management

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

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

The Group is currently un-geared, having net cash at 31 December 2010. It is the stated strategy of the Group to grow both organically and through acquisition with acquisitions to be funded mainly through equity funding.

(e) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. Level 1 has been defined as quoted prices (unadjusted) in active markets.

	2010 Level 1 £'000	*2009 Level 1 £'000*
Assets		
Available-for-sale financial assets – equity securities	**135**	141

The Group has no Level 2 or 3 classified financial assets as at 31 December 2010 (2009: none).

4. Critical accounting estimates and judgements

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

(a) Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The

Notes to the financial statements (continued)

For the year ended 31 December 2010

Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill.

(i) Goodwill

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

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

(ii) Finite lived intangible assets

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

(b) Share based payments

A number of accounting estimates and judgements are incorporated within the calculation of the charge to the income statement in respect of share based payments. These are described in more detail in note 28.

(c) Impairment of receivables

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

(d) Inventory provisions

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

(e) Deferred tax assets

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets at the balance sheet date was £217,000 (note 26). In addition there were £1,855,000 of deferred tax assets not recognised.

5. Segmental Reporting

Management has determined the Group's operating segments based on the monthly management reports presented to the Chief Operating Decision Maker ('CODM'). The CODM is the Executive Directors and the monthly management reports are used by the Group to make strategic decisions and allocate resources.

During 2010, the Group discontinued its licensing business and disposed of its portfolio of sports and lifestyle brands in order to focus on building a business within the "in vitro" diagnostic devices market place.

Notes to the financial statements (continued)

For the year ended 31 December 2010

The principal activity of the Group, following the disposal of the licensing business, is the design, development, manufacture and selling of diagnostic instruments, reagents and certain ancillary products. This activity takes place across various countries, Germany, Poland, Russia, United Kingdom and Ireland, and as such the Board considers the business primarily from a geographic perspective. Although not all the segments meet the quantitative thresholds required by IFRS 8, management has concluded that given the recent acquisitions, all segments should be maintained and reported, given potential future growth of the segments.

The reportable segments derive their revenue primarily from the manufacture and sale of medical diagnostic equipment. Other services include the servicing and distribution of other Company products under separate distribution agreements.

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

The segment information provided to the Board for the reportable segments for the year ended 31 December 2010 is as follows:

	Germany	*UK*	*Ireland*	*Poland*	*Russia*	*Switzerland (Discon-tinued)*	*Other*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Income statement								
Revenue	10,092	185	50	486	1,478	–	–	12,291
Inter segment	(5,808)	–	–	–	–	–	–	(5,808)
External revenue	4,284	185	50	486	1,478	–	–	6,483
EBITDA	**1,044**	**(91)**	**(37)**	**151**	**18**	**–**	**(2,200)**	**(1,115)**
Depreciation	(342)	(11)	(3)	(6)	(3)	–	–	(365)
Amortisation	(304)	(44)	(15)	(64)	(23)	–	–	(450)
Operating profit/(loss)	**398**	**(146)**	**(55)**	**81**	**(8)**	**–**	**(2,200)**	**(1,930)**
Net finance costs	(247)	–	–	–	–	–	88	(159)
Income tax	(17)	12	77	(11)	(12)	–	–	49
Discontinued operations	–	–	–	–	–	(1,372)	–	(1,372)
Retained profit/(loss)	**134**	**(134)**	**22**	**70**	**(20)**	**(1,372)**	**(2,112)**	**(3,412)**
Segment assets								
Operating assets	21,551	6,075	2,183	1,284	688	1,534	9,100	42,415
Inter segment assets	(1,090)	–	–	–	–	(1,344)	(7,194)	(9,628)
External operating assets	20,461	6,075	2,183	1,284	688	190	1,906	32,787
Cash	811	76	202	13	203	112	1,775	3,192
Total assets	**21,272**	**6,151**	**2,385**	**1,297**	**891**	**302**	**3,681**	**35,979**
Segment liabilities								
Operating liabilities	12,702	1,438	517	304	178	14	6,387	21,540
Inter segment liabilities	(7,473)	(775)	–	(35)	–	464	(1,809)	(9,628)
External operating liabilities	5,229	663	517	269	178	478	4,578	11,912
Borrowings	538	–	–	–	–	–	–	538
Total liabilities	**5,767**	**663**	**517**	**269**	**178**	**478**	**4,578**	**12,450**
Other segmental information								
Non current assets – PPE	3,378	243	112	56	8	–	1,670	5,467
Non current assets – Intangibles	11,006	5,573	2,111	1,022	548	–	–	20,260

Other primarily relates to the Holding company.

Notes to the financial statements (continued)

For the year ended 31 December 2010

The segment information provided to the Board for the reportable segments for 2009 changed following the significant change in strategy of the business during 2010. During 2009, the Group's business was attributable to a single segment, being its licensing business, all these operations are considered discontinued. The segment information provided to the Board for the reportable segments for the year ended 31 December 2009 is as follows:

	Discontinued Operations	*Other*	*Consolidation Adjustments*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Income statement				
Revenue	–	–	–	–
EBITDA	**–**	**(593)**	**–**	**(593)**
Depreciation	–	(3)	–	(3)
Amortisation	–	–	–	–
Operating profit/(loss)	**–**	**(596)**	**–**	**(596)**
Net finance costs	–	28	–	28
Discontinued operations	290	–	–	290
Income tax	–	75	–	75
Retained profit/(loss)	290	(493)	–	(203)
Segment assets				
Operating assets	–	3,360	–	3,360
Cash	–	3,037	–	3,037
Total assets	–	6,397	–	6,397
Segment liabilities				
Operating liabilities	–	777	–	777
Total liabilities	–	777	–	777
Other segmental information				
Non current assets – Intangibles	–	1,949	–	1,949

Notes to the financial statements (continued)

For the year ended 31 December 2010

Disclosure of Group revenues by geographic location

	2010 £'000	2009 £'000
Americas		
United States of America	**888**	–
Rest of Americas	**1,028**	–
Europe, Middle East and Africa (EMEA)		
Germany	**975**	–
United Kingdom	**45**	–
Rest of Europe	**1,016**	–
Russia	**1,528**	–
Middle East	**208**	–
Africa	**189**	–
Rest of World		
China	**355**	–
Asia	**224**	–
New Zealand/Australia	**27**	–
Total revenue	**6,483**	–

6. Expenses – analysis by nature

	2010 £'000	2009 £'000
Inventories consumed in Cost of Sales	**2,071**	–
Employee benefit expense (note 10)	**3,177**	278
Depreciation, amortisation and impairment charges	**815**	3
Transaction costs relating to business combinations	**1,582**	–
Research and development expenses	**143**	–
Operating lease payments	**105**	11
Other expenses	**950**	304
Total cost of sales and operating expenses	**8,843**	596

Included within above expenses are exceptional items which are set out in Note 7.

Notes to the financial statements (continued)

For the year ended 31 December 2010

7. Exceptional items

Included within the Administration expenses and cost of sale are exceptional items as shown below:

	Note	2010 £'000	2009 £'000
Exceptional items includes:			
– Transaction costs relating to business combinations	a	**1,582**	–
– Loss on stock	b	**337**	–
– Other costs	c	**–**	207
Exceptional items – continuing		**1,919**	207
Exceptional items – discontinued	d	**354**	(362)

(a) Transaction costs relating to business combinations – included within administrative expenses

The Group incurred acquisition expenses of £1,582,000 associated with the acquisitions of EKF Diagnostic Gmbh, Quotient Diagnostics Limited and Argutus Medical Limited which are included within administrative expenses in the consolidated income statement (note 36).

(b) Loss on stock – included within cost of sales

Under the requirements of IFRS 3 'Business combinations' the value of inventory acquired with the acquisitions of EKF Diagnostic Gmbh, Quotient Diagnostics Limited and Argutus Medical Limited was uplifted to its sales value less cost to sell. The post acquisition impact of selling the acquired inventory at its uplifted sales value has been to reduce gross profit by £337,000 (note 36).

(c) Other costs – included within administrative expenses

Other costs related to bad debt write offs (£67,000), future change of strategy costs (£36,000) and termination payments to a director (£104,000).

(d) Discontinued exceptional items relate to an impairment charged in 2010 and a profit on sale of intangibles in 2009.

8. Auditor remuneration

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

	2010 £'000	2009 £'000
Fees payable to Company's auditor for the audit of the parent Company and consolidated financial statements	**29**	19
Fees payable to the Company's auditor and its associates for other services:		
– The audit of Company's subsidiaries pursuant to legislation	**42**	–
– Other services	**7**	–
– Tax services	**–**	3
	78	22

Notes to the financial statements (continued)
For the year ended 31 December 2010

9. Directors emoluments

	2010 £'000	2009 £'000
Aggregate emoluments	**383**	329
Defined contribution pension scheme	**5**	–
	388	329

See further disclosures within the Remuneration Report on page 17.

Highest paid director

	2010 £'000	2009 £'000
Total emoluments received	**169**	222
Defined contribution pension scheme	**5**	–

Included in emoluments the highest paid director in 2009 also received £104,000 compensation for loss of office.

10. Employee benefit expense

	2010 £'000	2009 £'000
Wages and salaries	**2,566**	204
Social security costs	**423**	13
Share options granted to directors	**152**	61
Pension costs – defined contribution plans (note 31)	**24**	–
Pension costs – defined benefit plans (note 31)	**12**	–
	3,177	278

11. Average number of people employed

	2010 £'000	2009 £'000
Average number of people (including executive directors) employed was:		
Administration	**40**	4
Research and development	**30**	–
Sales and marketing	**33**	–
Manufacturing, production and after sales	**56**	–
	159	4

The total number of employees at 31 December 2010 was 162 (2009:6).

Notes to the financial statements (continued)

For the year ended 31 December 2010

12. Finance income and costs

	2010 £'000	2009 £'000
Interest expense:		
– Bank borrowings	**47**	1
– Finance lease liabilities	**2**	–
– IAS 19 interest expense (note 31)	**5**	–
– Interest on other loans	**113**	–
– Deferred consideration-unwinding of discount	**20**	–
Finance costs	**187**	1
Finance income		
– Interest income on cash and short term deposits	**28**	29
Finance income	**28**	29
Net finance costs	**159**	28

13. Income tax expense

Group	2010 £'000	2009 £'000
Current tax:		
Current tax on loss for the year	**132**	–
Adjustments in respect of prior years	**–**	(43)
Total current tax	**132**	(43)
Deferred tax (note 26):		
Origination and reversal of temporary differences	**(181)**	(32)
Total deferred tax	**(181)**	(32)
Income tax credit	**(49)**	(75)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the standard tax rate applicable to the profits of the consolidated entities as follows:

	2010 £'000	2009 £'000
Loss before tax	**(2,089)**	(568)
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 28% (2009: 28%)	**(585)**	(159)
Tax effects of:		
– Expenses not deductible for tax purposes	**201**	127
– Losses carried forward	**331**	–
– Adjustment in respect of prior years	**–**	(43)
– Impact of different tax rates in other jurisdictions	**4**	–
Tax credit	**(49)**	(75)

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

Notes to the financial statements (continued)

For the year ended 31 December 2010

14. Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010 *£'000*	*2009* *£'000*
Loss attributable to equity holders of the Company	**(3,435)**	(203)
Loss from continuing operations attributable to equity holders of the Company	**(2,040)**	(493)
(Loss)/profit from discontinued operations attributable to equity holders of the Company	**(1,372)**	290
Weighted average number of ordinary shares in issue	**97,800,087**	34,293,228
Basic (loss) per share	**(3.51) pence**	(0.59) pence
Basic (loss) per share from continuing operations	**(2.08) pence**	(1.44) pence
Basic (loss)/earnings per share from discontinued operations	**(1.40) pence**	0.84 pence

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary share: equity based long term incentive plans, equity based bonus incentive plans and share options.

15. Dividends

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

Notes to the financial statements (continued)
For the year ended 31 December 2010

16. Property, plant and equipment
Group

	Land & buildings £'000	*Fixtures & fittings £'000*	*Plant and machinery £'000*	*Motor vehicles £'000*	*Total £'000*
2009					
Cost					
At 1 January 2009	–	12	–	–	12
At 31 December 2009	**–**	**12**	**–**	**–**	**12**
Depreciation					
At 1 January 2009	–	12	–	–	12
At 31 December 2009	**–**	**12**	**–**	**–**	**12**
Net book value					
At 31 December 2009	**–**	**–**	**–**	**–**	**–**
2010					
Cost					
At 1 January 2010	–	12	–	–	12
Additions	1,721	28	711	14	2,474
Acquired with subsidiaries (note 36)	493	223	2,429	94	3,239
Exchange differences	22	8	109	6	145
Disposals	–	(6)	–	–	(6)
At 31 December 2010	**2,236**	**265**	**3,249**	**114**	**5,864**
Depreciation					
At 1 January 2010	–	12	–	–	12
Charge for the year	17	33	292	23	365
Exchange differences	1	1	19	2	23
Disposals	–	(3)	–	–	(3)
At 31 December 2010	**18**	**43**	**311**	**25**	**397**
Net book value					
At 31 December 2010	**2,218**	**222**	**2,938**	**89**	**5,467**

Depreciation expense of £365,000 (2009: £Nil) has been charged in "Administrative expenses".

Leases rentals of £2,300 (2009: £Nil) relating to the lease of machinery are included in the income statement.

Notes to the financial statements (continued)

For the year ended 31 December 2010

Company

	Land & buildings £'000	*Fixtures & Fittings £'000*	*Total £'000*
2009			
Cost			
At 1 January 2009	–	12	12
At 31 December 2009	**–**	**12**	**12**
Depreciation			
At 1 January 2009	–	12	12
At 31 December 2009	–	**12**	**12**
Net book value			
At 31 December 2009	**–**	**–**	**–**
2010			
Cost			
At 1 January 2010	–	12	12
Additions	1,670	–	1,670
At 31 December 2010	**1,670**	**12**	**1,682**
Depreciation			
At 1 January 2010	–	12	12
At 31 December 2010	**–**	**12**	**12**
Net book value			
At 31 December 2010	**1,670**	**–**	**1,670**

The Company acquired the freehold title to a property in Germany that is occupied by its subsidiary undertaking, EKF Diagnostics GmbH. EKF Diagnostics GmbH is paying rental income of €13,900 (£12,000) per month to the parent Company. €88,330 (£76,150) was paid to the parent Company for the period from acquisition to the year end.

Plant and Machinery, include the following amounts where the Group is a lessee under a finance lease arrangements:

Group

	2010 £'000	*2009 £'000*
Cost – capitalised finance leases	**153**	–
Accumulated depreciation	**(43)**	–
Net book amount	**110**	–

The Group leases various assets under non-cancellable finance lease agreements. The lease terms are between 2 and 3 years.

Notes to the financial statements (continued)

For the year ended 31 December 2010

17. Intangible Fixed Assets

Group

	Goodwill £'000	Trademarks, trade names & licences £'000	Customer relationships £'000	Trade secrets £'000	Total £'000
Cost					
At 1 January 2009	–	2,621	–	–	2,621
Transfer to current assets	–	(473)	–	–	(473)
Exchange differences	–	(199)	–	–	(199)
At 31 December 2009	**–**	**1,949**	**–**	**–**	**1,949**
Amortisation					
At 1 January 2009	–	–	–	–	–
Charge for the year	–	–	–	–	–
At 31 December 2009	**–**	**–**	**–**	**–**	**–**
Net book value					
At 31 December 2009	**–**	**1,949**	**–**	**–**	**1,949**
Cost					
At 1 January 2010	–	1,949	–	–	1,949
Transfer to current assets	–	(100)	–	–	(100)
Acquisition of subsidiaries (note 36)	8,967	384	1,740	9,100	20,191
Acquired with subsidiaries (note 36)	–	13	–	–	13
Exchange differences	119	245	99	271	734
Disposals	–	(1,723)	–	–	(1,723)
Impairment	–	(354)	–	–	(354)
At 31 December 2010	**9,086**	**414**	**1,839**	**9,371**	**20,710**
Amortisation					
At 1 January 2010	–	–	–	–	–
Charge for the year	–	24	114	312	450
At 31 December 2010	**–**	**24**	**114**	**312**	**450**
Net book value					
At 31 December 2010	**9,086**	**390**	**1,725**	**9,059**	**20,260**

The amortisation charge of £450,000 (2009: £nil) has been charged to administrative expenses in the income statement. The Impairment charge of £354,000 relates to a one off charge booked with regard to discontinued operations.

Notes to the financial statements (continued)

For the year ended 31 December 2010

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

	2010 *£'000*	*2009* *£'000*
UK	**3,390**	–
Germany	**4,103**	–
Poland	**363**	–
Russia	**170**	–
Ireland	**1,060**	–
Total	**9,086**	–

Goodwill is tested for impairment at the balance sheet date. The recoverable amount of goodwill at 31 December 2010 was assessed on the basis of value in use. As this exceeded carrying value no impairment loss was recognised.

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

Germany, Russia and Poland	6%
UK	15%
Ireland	20%

A sensitivity analysis was also performed to assess the impact of downside risk on the key assumptions underpinning projected results, which confirmed that no impairment loss should be recognised. Management believes that any reasonably possible change in these key assumptions would not cause the carrying amount of goodwill to exceed its recoverable amount.

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

Trade name	10 years
Customer relations	8 years
Trade secrets	10 years

None of the intangibles are internally generated.

Other intangible assets in 2009 relate to trademarks, trade names and licenses associated with the discontinued sports and lifestyle brand exploitation business. All trademarks, trade names and licenses associated with the discontinued operation were disposed of during 2010 with the exception of one trademark that has been written down to its realisable value and transferred to available for sale financial assets within current assets as an asset held for sale.

During 2009 the Group's trademarks were tested for impairment in accordance with IAS 36 on the basis of the relevant cash generating units. The recoverable amount of a cash generating unit was determined by value-in-use calculations. These calculations used cash flow projections over the next 10 years. The key assumptions for the value-in-use calculations were those regarding revenue growth and discount rates. The directors determined budgeted revenue growth based on past performance and their expectations for market development. The discount rate of approximately 10% was determined using post-tax rates that reflected current market assessments of the time value of money and the risks attached to the specific trademarks.

The Company has no intangible assets.

Notes to the financial statements (continued)

For the year ended 31 December 2010

18. Investments in subsidiaries

Company

Shares in Group undertakings	*2010* *£'000*	*2009* *£'000*
Beginning of year	**213**	213
Additions in year (note 36)	**15,400**	–
End of year	**15,613**	213

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

Additional £3.85m of investments were acquired through its subsidiary undertaking, EKF Diagnostics GmbH.

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

Name of Company	*Note*	*Proportion Held*	*Class of Shareholding*	*Nature of Business*
International Brand Licensing AG	1	100%	Ordinary	Intellectual Property management
EKF Holdings Limited	2	100%	Ordinary	Intellectual Property management
Quotient Diagnostic Limited	2	100%	Ordinary	Sale of diagnostic equipment
EKF Diagnostics GmbH	3	100%	Ordinary	Manufacture and sale of diagnostic equipment
EKF Sales GmbH	3	100% (indirect)	Ordinary	Sale of diagnostic equipment
Senslab GmbH	3	100% (indirect)	Ordinary	Diagnostic testing
EKF Diagnostyka Sp.z.o.o.	4	100%	Ordinary	Manufacture and sale of diagnostic equipment
000 EKF Diagnostika	5	60%	Ordinary	Sale of diagnostic equipment
EKF Diagnostics Inc	6	100%	Ordinary	Dormant
Argutus Medical Limited	7	100%	Ordinary	Manufacture and sale of diagnostic equipment

Notes

1 Incorporated and registered in Switzerland
2. Incorporated and registered in the United Kingdom
3. Incorporated and registered in Germany
4. Incorporated and registered in Poland
5. Incorporated and registered in Russia
6. Incorporated and registered in the United States of America
7. Incorporated and registered in Ireland

Notes to the financial statements (continued)

For the year ended 31 December 2010

International Brand Licensing AG held a 49% stake in Admiral Asia (L) Limited, an associate Company incorporated and registered in Malaysia, until disposing of its holding on 29 December 2009. The effect of the results of Admiral Asia (L) Limited on the Group's profits for the prior year was not material and therefore was not consolidated into the prior year financial statements.

Other than the above, all subsidiaries are included in the consolidation. The proportions of voting shares held by the parent Company do not differ from the proportion of ordinary shares held.

19. Financial instruments by category

(a) Assets

Group	*2010 Loans & receivables £'000*	*2010 Available for sale £'000*	*2009 Loans & receivables £'000*	*£'000 Available for sale £'000*
31 December				
Assets as per balance sheet				
Available-for-sale financial assets	**–**	**235**	–	614
Trade and other receivables excluding prepayments	**3,519**	**–**	24	–
Cash and cash equivalents	**3,192**	**–**	3,037	–
Total	**6,711**	**235**	3,061	614

Company	*2010 Loans & receivables £'000*	*2010 Available for sale £'000*	*2009 Loans & receivables £'000*	*£'000 Available for sale £'000*
31 December				
Assets as per balance sheet				
Available-for-sale financial assets	**–**	**135**	–	141
Trade and other receivables	**7,203**	**–**	21	–
Cash and cash equivalents	**1,766**	**–**	2,940	–
Total	**8,969**	**135**	2,961	141

(b) Liabilities

	Group 2010 £'000	*Company 2010 £'000*	*Group 2009 £'000*	*Company 2009 £'000*
31 December				
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	**466**	**–**	–	–
Finance lease liabilities	**72**	**–**	–	–
Trade and other payables	**3,906**	**2,199**	618	1,699
Total	**4,444**	**2,199**	618	1,699

Liabilities in the analysis above are all categorised as 'other financial liabilities at amortised cost' for the Group and Company.

Notes to the financial statements (continued)
For the year ended 31 December 2010

(c) Credit quality of financial assets

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

The Group's maximum exposure to credit risk, due to the failure of counter parties to perform their obligations as at 31 December 2010 and 31 December 2009, in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the accompanying balance sheets.

20. Available for sale financial assets

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
At 1 January	**614**	21	**141**	21
Additions	**–**	250	**–**	250
Impairment charge	**(6)**	(130)	**(6)**	(130)
Transfer from intangible assets	**100**	473	**–**	–
Disposals	**(473)**	–	**–**	–
At 31 December	**235**	614	**135**	141
Current portion	**100**	473	**–**	–
Non-current portion	**135**	141	**135**	141

The available for sale financial assets include the following:

	2010 £'000	*2009 £'000*
Listed securities – UK equity securities (Group and Company)	**135**	141
Intangible assets – Trademarks (note 17) (Group only)	**100**	473
	235	614

The available for sale financial assets are denominated in UK sterling. Losses in the amount of £6,000 (2009: £130,000) were due to impairments. The fair value of all equity securities is based on their current bid prices in an active market.

The maximum exposure to credit risk at the reporting date in the carrying value of the above securities classified as available for sale.

Notes to the financial statements (continued)
For the year ended 31 December 2010

21. Trade and other receivables

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
Trade receivables	**2,234**	31	**–**	–
Less: provision for impairment of trade receivables	**(251)**	(28)	**–**	–
Trade receivables – net	**1,983**	3	**–**	–
Prepayments	**106**	679	**7**	164
Amounts owed by subsidiary undertakings	**–**	–	**7,194**	–
Other receivables	**1,536**	21	**9**	21
	3,625	703	**7,210**	185

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

As of 31 December 2010, trade receivables of £317,000 (2009: Nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
Up to 3 months	**317**	–	**–**	–

As of 31 December 2010, trade receivables of £251,000 (2009: £Nil) were impaired and provided for. The aging of these impaired receivables is as follows:

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
Up to 3 months	**–**	28	**–**	–
3 to 6 months	**26**	–	**–**	–
6 months to one year	**225**	–	**–**	–

Notes to the financial statements (continued)

For the year ended 31 December 2010

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

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
At 1 January	**28**	–	**–**	–
Acquired with subsidiaries	**212**	–	**–**	–
Provision for receivables impairment	**1**	28	**–**	–
Receivables written-off during the year as uncollectible	**39**	–	**–**	–
Unused amounts reversed	**(29)**	–	**–**	–
At 31 December	**251**	28	**–**	–

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

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

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
UK pound	**752**	185	**792**	185
Euros	**1,551**	–	**6,418**	–
US dollar	**734**	–	**–**	–
Russian rouble	**172**	–	**–**	–
Polish zloty	**159**	–	**–**	–
Other currencies	**257**	518	**–**	–
	3,625	703	**7,210**	185

22. Inventories

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
Raw materials	**1,458**	–	**–**	–
Work in progress	**540**	–	**–**	–
Finished goods	**985**	–	**–**	–
	2,983	–	**–**	–

The directors are of the opinion that the replacement values of inventories are not materially different to the carrying values stated above. The carrying values above are stated net of impairment provisions of £177,000 (2009: £nil).

The cost of inventories recognised as expense and included in 'cost of sales' amounted to £2,071,000 (2009: £Nil).

The Company held no inventories.

Notes to the financial statements (continued)

For the year ended 31 December 2010

23. Cash and cash equivalents

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
Cash at bank and on hand	**1,387**	487	**266**	390
Short term bank deposits	**1,805**	2,550	**1,500**	2,550
Cash and cash equivalents	**3,192**	3,037	**1,766**	2,940

All of the Group's cash and cash equivalents are at floating rate. The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

24. Trade and other payables

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
Trade payables	**2,051**	104	**83**	37
Amounts due to subsidiary undertakings	**–**	–	**1,810**	1,220
Social security and other taxes	**63**	4	**20**	4
Other payables	**766**	120	**125**	120
Accrued expenses and deferred income	**1,089**	394	**181**	322
	3,969	622	**2,219**	1,703

Notes to the financial statements (continued)

For the year ended 31 December 2010

25. Borrowings

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
Non current				
Bank borrowings	**267**	–	**–**	–
Finance lease liabilities	**42**	–	**–**	–
	309	–	**–**	–
Current				
Bank borrowings	**199**	–	**–**	–
Finance lease liabilities	**30**	–	**–**	–
	229	–	**–**	–

The Company has no borrowings.

The maturity profile of borrowings was as follows:

	Group 2010 £'000	*Group 2009 £'000*	*Company 2010 £'000*	*Company 2009 £'000*
Amounts falling due				
Within one year	**229**	–	**–**	–
Between one and two years	**156**	–	**–**	–
Between two and five years	**153**	–	**–**	–
Total borrowings	**538**	–	**–**	–

(a) Bank borrowings

Bank borrowings have maturity profiles from 2011 through to 2014 and bear fixed average coupons of 4.87% annually (2009: nil%).

Bank borrowings are secured by way of a charge over an insurance policy held by EKF Diagnostics GmbH. This is currently fair valued at £155,527 (Euro 186.663) as at the year end.

The bank borrowings are repayable by monthly instalments.

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

The fair value of both current and non current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.8% (2009: nil%).

Notes to the financial statements (continued)
For the year ended 31 December 2010

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

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Euros	**466**	–	**–**	–

(b) Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2010 £'000	2009 £'000
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**34**	–
Later than 1 year and no later than 5 years	**44**	–
Later than 5 years	**–**	–
	78	–
Future finance charges on finance leases	**(6)**	–
Present value of finance lease liabilities	**72**	–

The present value of finance lease liabilities is as follows:

	2010 £'000	2009 £'000
No later than 1 year	**42**	–
Later than 1 year and no later than 5 years	**30**	–
	72	–

Notes to the financial statements (continued)

For the year ended 31 December 2010

26. Deferred income tax

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

Group

	2010 *£'000*	*2009* *£'000*
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	**(217)**	(94)
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	**2,796**	–
Deferred tax liability to be recovered within 12 months	**120**	–
	2,916	–
Deferred tax liabilities/(assets) – (net)	**2,699**	(94)

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

	2010 *£'000*	*2009* *£'000*
At 1 January	**(94)**	(62)
On acquisition of subsidiaries (note 36)	**3,029**	–
Acquired with subsidiaries (note 36)	**(55)**	–
Income statement movement (note 13)	**(181)**	(32)
At 31 December	**2,699**	(94)

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

Deferred tax liabilities	*Accelerated tax depreciation* *£'000*	*Total* *£'000*
At 1 January 2009 and 31 December 2009	–	–
At 1 January 2010	–	–
(Credited) to the income statement	(113)	(113)
Acquisition of subsidiaries (note 36)	3,029	3,029
At 31 December 2010	**2,916**	**2,916**

Notes to the financial statements (continued)
For the year ended 31 December 2010

Deferred tax assets	*Tax losses £'000*	*Other £'000*	*Total £'000*
At 1 January 2009	**–**	**(62)**	**(62)**
(Credited) to the income statement (note 13)	–	(32)	(32)
At 31 December 2009	–	(94)	(94)
At 1 January 2010	**–**	**(94)**	**(94)**
(Credited) to the income statement	(68)	–	(68)
Acquisition of subsidiaries (Note 36)	(55)	–	(55)
At 31 December 2010	**(123)**	**(94)**	**(217)**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £1,855,000 (2009: £nil) in respect of losses amounting to £8,576,000 (2009: £nil) that can be carried forward against future taxable income.

Company	*2010 £'000*	*2009 £'000*
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	**94**	94

There was no movement during the year and related other tax differences.

27. Share capital and premium

Group and Company	*Number of Shares No.*	*1p Ordinary Shares £'000*	*Share Premium £'000*	*Total £'000*
At 1 January 2010	**41,991,653**	**420**	**4,077**	**4,497**
Issue of shares	126,146,806	1,261	18,936	20,197
At 31 December 2010	**168,138,459**	**1,681**	**23,013**	**24,694**

The Group issued 100,435,653 shares on 2 July 2010 to fund the acquisition of EKF-diagnostic Gmbh. The ordinary shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to £15,065,350 (15p per share). The related transaction costs of £565,755 have been netted off against the deemed proceeds. This gave rise to net funds of £14,499,595 following the share raise.

The Group issued 15,979,766 shares on 4 October 2010 to fund the acquisition of Quotient Diagnostics Limited. The ordinary shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to £3,515,549 (22p per share).

The Group issued 9,731,387 shares on 2 December 2010 to fund the acquisition of Argutus Medical Limited. The ordinary shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to £2,182,750 (22.43p per share).

Notes to the financial statements (continued)

For the year ended 31 December 2010

28. Share options and share based payments

The Company has in-issue the following share options:

Director's options totalling 1,750,000 are conditional on the director completing one year's service (the vesting period) and are exercisable from the first anniversary of the date of grant. The options have a contractual option term ranging between two and ten years and the Company has no legal or constructive obligation to repurchase or settle the options in cash. The exercise price of the granted options is equal to the market price of the shares on the date of grant.

The 225,000 options granted to a former employee on 29 January 2004 are conditional on the employee completing two year's service (the vesting period) and are exercisable from the 2nd anniversary of the date of grant. The options have a contractual option term of ten years and the Company has no legal or constructive obligation to repurchase or settle the options in cash. The exercise price of the granted options is equal to the market price of the shares on the date of grant.

A further 650,000 options granted to @miral BV on 12 January 2006 were unconditional and exercisable immediately. The options have a contractual option term of five years and the Company has no legal or constructive obligation to repurchase or settle the options in cash. The exercise price of the granted options is equal to the market price of the shares on the date of grant.

	2010		*2009*	
	Av. Exercise price per share (£)	*Options (No.)*	*Av. exercise price per share (£)*	*Options (No.)*
At 1 January	**0.195**	**2,625,000**	0.195	2,625,000
Granted	**–**	**–**	0.20	625,000
Deed of release	**–**	**–**	0.20	(625,000)
Exercised	**–**	**–**	–	–
Expired	**–**	**–**	–	–
At 31 December	**0.195**	**2,625,000**	0.195	2,625,000

On 11 December 2009, Adam Reynolds, who had options over 1,250,000 Ordinary Shares (the "2005 Options"), entered into a deed of release in respect of 625,000 of those Ordinary Shares. At the same time the Board granted a 12 month extension to the original expiry date of 28 June 2010 on the remaining share options. The exercise price remained at 20p per share.

On 11 December 2009 the Board granted a 12 month extension to the original expiry date of 28 June 2010 in respect of the options over 500,000 Ordinary Shares held by Gordon Hall. The exercise price remains at 20p per share.

On 11 December 2009 the Board granted new options over 625,000 Ordinary Shares to Paul Foulger at an exercise price of 20p per share with an expiry date of 28 June 2011.

All share option awards are equity settled. Out of the 2,625,000 (2009: 2,625,000) outstanding options 2,625,000 (2009: 2,000,000) were exercisable.

Notes to the financial statements (continued)
For the year ended 31 December 2010

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

	2010		*2009*	
	Exercise price per share (£)	*Options (No.)*	*Exercise price per share (£)*	*Options (No.)*
11.01.2011	**0.185**	**650,000**	0.185	650,000
28.06.2011	**0.20**	**1,750,000**	0.20	1,750,000
29.01.2014	**0.18**	**225,000**	0.18	225,000
		2,625,000		2,625,000

The weighted average fair value of options granted during 2010 determined using the Black-Scholes valuation model was £nil (2009: £0.22). The significant inputs into the model are detailed below:

	2010	*2009*
Weighted average share price	–	22p
Weighted average option exercise price	–	20p
Expected volatility	–	40%
Risk free interest rate	–	2.05%
Expected option life	–	1.5 years
Dividend yield	–	–

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

Bonus and share incentive scheme ('BAPSI')

	2010 No. of notional shares	*2009 No. of notional shares*
At 1 January	**2,167,318**	2,167,318
Granted*	–	1,667,168
Lapsed*	–	(1,667,168)
At 31 December	**2,167,318**	2,167,318

* Following the resignation of Tony Hutchinson as a director of the Company on 26 November 2009, his previous entitlements over notional shares under the BAPSI scheme were reallocated on 11 December 2009 to Adam Reynolds (883,659), Paul Foulger (383,509) and Gordon Hall (400,000).

Bonus and share incentive scheme awards over notional shares totalling 2,167,318 (2009: 2,167,318) have been granted to three directors. The latest exercise date for these options is 30 November 2015. The key terms of the awards are as follows:

Notes to the financial statements (continued)
For the year ended 31 December 2010

(a) The maximum entitlements under these awards are achieved in full if the Company's market capitalisation reaches £20 million or greater, with entitlements vesting at the following targets: 70% at a market capitalisation of £18 million, 45% at £16 million, 30% at £13 million and 15% at £10 million.

(b) In the event that the Company is subject to a takeover and is valued at £15m or higher, further new ordinary shares equivalent to 50% of the number of notional shares will be issued to the option holder.

Out of the 2,167,318 (2009: 2,167,318) outstanding BAPSI awards 2,167,318 (2009: nil) were exercisable.

The weighted average fair value of the bonus and share incentive scheme awards determined using the Monte Carlo valuation model was £nil (2009: 13.6p – 20.9p). The significant inputs into the model are detailed below:

	2010	*2009*
Share price at date of grant	–	22p
Exercise price	–	–
Expected volatility	–	40%
Risk free interest rate	–	0.47% – 1.64%
Expected option life (years)	–	0.66 – 2.86
Dividend yield	–	–

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

Long Term Incentive Plans ('LTIP')

	2010 No. of notional shares	*2009 No. of notional shares*
At 1 January	–	–
Granted (a)	**8,545,638**	–
Granted (b)	**8,545,638**	–
At 31 December	**17,091,276**	–

Long term incentive plan share awards over notional shares totalling 17,091,276 (2009: nil) have been granted to two executive directors. The key terms of the awards relating to the grants noted above are as follows:

(a) The notional shares, with an exercise price of 15p will vest if the Company's mid-market closing share price attains 45 pence or higher per share for a period of five consecutive days (on which The London Stock Exchange is open for business) at any time during the period of three years commencing on 1 January 2011 and ending on 31 December 2013.

(b) The notional shares, with an exercise price of 15p will vest if the Company's EBITDA for the year to 31 December 2013 is at least 52.0875% (being growth at 15% per annum compounded) higher than

Notes to the financial statements (continued)

For the year ended 31 December 2010

twice the EBITDA for the six months to 31 December 2010. For these purposes EBITDA shall mean EBITDA (earnings before interest, taxes, depreciation and amortisation) as shown in the audited accounts for the period in question, as adjusted to remove any adjustment, accrual or expense in respect of the grant of or exercise of the Award granted to the Award holder.

The weighted average fair value of the long term incentive plan share awards linked to the share price target determined using the Monte Carlo valuation model was 7.40p (2009: £nil). The weighted average fair value of the long term incentive plan share awards linked to the EBITDA target determined using the Black Scholes valuation model was 9.20p (2009: £nil). The significant inputs into the model are detailed below:

	LTIP – Share price target		*LTIP – EBITDA target*	
	2010	*2009*	*2010*	*2009*
Share price at date of grant	**24.5 pence**	–	**24.5 pence**	–
Weighted average exercise price	**15.0 pence**	–	**15.0 pence**	–
Expected volatility	**40%**	–	**40%**	–
Risk free interest rate	**0.71%**	–	**1.25%**	–
Expected life (years)	**1.62**	–	**3.25**	–
Dividend yield	**–**	–	**–**	–

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

29. Retained earnings

	Group £'000	*Company £'000*
At 1 January 2009	(83)	(2,003)
Loss for the year	(203)	(524)
Share based payment	30	30
Fair value adjustment in respect of available-for-sale financial assets	(130)	(130)
At 31 December 2009	(386)	(2,627)
At 1 January 2010	**(386)**	**(2,627)**
Loss for the year	**(3,435)**	**(2,112)**
Share based payment	**152**	**152**
Actuarial loss on pension scheme	**(11)**	**–**
Fair value adjustment in respect of available-for-sale financial assets	**(6)**	**(6)**
At 31 December 2010	**(3,686)**	**(4,593)**

Notes to the financial statements (continued)
For the year ended 31 December 2010

30. Other reserves
Group

	Foreign Currency £'000	*Other £'000*	*Total £'000*
At 1 January 2009	1,483	244	1,727
Currency translation differences	(218)	–	(218)
At 31 December 2009	1,265	244	1,509
At 1 January 2010	**1,265**	**244**	**1,509**
Currency translation differences	**707**	**–**	**707**
At 31 December 2010	**1,972**	**244**	**2,216**

Other reserves were created at the inception of the Company on merger with its Swiss subsidiary, International Brand Licencing AG.

31. Retirement benefit obligations
Group

	2010 £'000
Liability in the balance sheet for pension benefits	**88**
Income statement charge for:	
Pension benefits	**12**
Actuarial losses recognised in the statement of other comprehensive income in the period	**11**
Cumulative actuarial losses recognised in the statement of other comprehensive income	**11**

Pension Benefits

The Group operates a defined contribution pension scheme the assets of which are held separately from those of the Company in an independently administered fund. The pension cost for the year represents contributions made by the Company to the fund and amounted to £24,000 (2009: £nil).

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2010 by SLPM Schweizer Leben PensionsManagement GmbH.

The principal actuarial assumptions were as follows:

	2010 %
Discount rate	**5.36**
Inflation rate	**1.7**
Expected return on plan assets	**3.8**
Future salary increases	**Nil**
Future pension increases	**2.0**

Notes to the financial statements (continued)
For the year ended 31 December 2010

Assumptions regarding future mortality experience are set based on the German Pension table "Richttafeln 20059", and an expected retirement age of 65. This gives an underlying life expectancy of 21.148 years.

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

	2010 *£'000*
Present value of funded obligation	**(183)**
Fair value of plan assets	**95**
Deficit of funded plans	**88**

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

	2010 *£'000*
At 1 January	**–**
Liabilities acquired in a business combination (note 36)	**156**
Current service cost	**7**
Interest cost	**8**
Actuarial losses	**12**
At 31 December	**183**

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

	2010 *£'000*
At 1 January	**–**
Assets acquired in a business combination	**85**
Expected return on plan asset	**3**
Actuarial (gains)	**(1)**
Employer contributions	**8**
At 31 December	**95**

The amounts recognised in the income statement are as follows:

	2010 *£'000*
Current service cost	**(7)**
Interest cost	**(8)**
Expected return on plan asset	**3**
Total	**(12)**

Notes to the financial statements (continued)
For the year ended 31 December 2010

£7,000 (2009:£Nil) was charged through operating expenses and £5,000 (2009:£Nil) was charged through Finance Income

The expected contribution rate for 2011 is 8%.

32. Provisions for other liabilities and charges

Group

	Litigation £'000
At 1 January 2009 and 31 December 2009	**–**
At 1 January 2010	–
Acquired with subsidiary (note 36)	606
Exchange differences	26
Utilised in the year	(71)
At 31 December 2010	**561**

Analysis of total provisions:	2010 £'000	2009 £'000
Current	**561**	–

Litigation

This represents a provision for certain ongoing legal claims where the Group is the defendant in patent related litigation in Germany and the United States. This provision formed part of the opening balance sheet of a subsidiary acquired during the year. The balance at 31 December 2010 is expected to be utilised during the litigation over a certain period. This period is uncertain at this time, and as such the directors have decided to disclose the entire provision as current. In the directors' opinion, after taking appropriate legal advice, the outcome of the patent related litigation will not give rise to any significant loss beyond the amounts provided at 31 December 2010.

The directors have not recognised any contingent gain that may arise with regard to a counter claim that is currently also taking place against the claimant, on the grounds that they consider the success of the claim to be possible rather than probable.

This provision has not been discounted.

33. Commitments

(a) Capital commitments

The Group has no capital expenditure contracted for at the end of the reporting period but not yet incurred.

(b) Operating lease commitments

The Group leases various offices and manufacturing buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years.

The Group also leases various assets under non-cancellable operating lease agreements. The lease terms between 1 and 3 years.

Notes to the financial statements (continued)

For the year ended 31 December 2010

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

	Land & buildings		*Other*	
Group	*2010*	*2009*	*2010*	*2009*
	£'000	*£'000*	*£'000*	*£'000*
No later than 1 year	**55**	–	**–**	–
Later than 1 year and no later than 5 years	**33**	–	**63**	–
Later than 5 years	**65**	–	**–**	–
Total	**153**	–	**63**	–

34. Cash used from operations

	Group	*Group*	*Company*	*Company*
	2010	*2009*	*2010*	*2009*
	£'000	*£'000*	*£'000*	*£'000*
Loss before income tax	**(2,089)**	(568)	**(2,112)**	(557)
Adjustments for:				
– Discontinued activities	**(1,372)**	290	**–**	–
– Depreciation	**365**	3	**–**	–
– Amortisation and impairment charges	**804**	–	**–**	–
– Share based payments	**152**	61	**152**	61
– Loss on disposal of intangibles	**414**	(361)	**–**	–
– Foreign exchange gains on operating activities	**(155)**	(22)	**–**	–
– Finance costs/(income)	**159**	(28)	**(89)**	(28)
Changes in working capital				
– Inventories	**80**	–	**–**	–
– Trade and other receivables	**5,775**	(173)	**(7,025)**	(160)
– Trade and other payables	**(5,143)**	135	**516**	390
Net cash used in from the operations	**(1,010)**	(663)	**(8,558)**	(294)

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

	2010	*2009*
Group	*£'000*	*£'000*
Net book amount	**3**	–
Profit/(loss) on disposal of property, plant and equipment	**–**	–
Proceeds from disposal of property, plant and equipment	**3**	–

Non cash transactions

The principal non-cash transactions relate to the issue of shares as consideration for the acquisition discussed in note 36.

Notes to the financial statements (continued)

For the year ended 31 December 2010

35. Discontinued Operations

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

The results and cash flows of the discontinued operations included in the consolidated income statement and consolidated cash flow statement for 2010 are set out below.

	2010	*2009*
	£'000	*£'000*
(Loss)/profit from discontinued operations		
Revenue	**212**	256
Operating expenses	**(789)**	(327)
Exceptional impairment of intangibles (note 17)	**(354)**	–
Exceptional (loss)/gain on sale of intangible assets	**(414)**	362
Taxation	**(27)**	(1)
(Loss)/profit for the year from discontinued operations	**(1,372)**	290
Cash flow from discontinued operations		
Net cash flow from operating activities	**(604)**	(72)
Net cash flow from investing activities	**562**	362
Net cash flow	**(42)**	290

36. Business Combinations

(a) Acquisition of EKF-diagnostic Gmbh

On 2 July 2010, the Group acquired 100% of the share capital of EKF-diagnostic Gmbh, a Group focused on the design, development, manufacture and sale of diagnostic instruments, reagents and ancillary products.

The goodwill of £4,632,000 arising from the acquisition is attributable to the expected future profitability of the acquired business and synergies expected to arrive from the incorporation of the business within the Group.

Notes to the financial statements (continued)
For the year ended 31 December 2010

None of the goodwill recognised is expected to be deductible for income tax purposes. The following table summarises the consideration paid for EKF-diagnostic Gmbh and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	£'000
Consideration at 2 July 2010	
Cash	9,405
Equity instruments (16,732,482 ordinary shares – to be issued on second anniversary of acquisition)	2,505
Total consideration	**11,910**
Acquisition-related costs (included in operating expenses in the consolidated income statement for the ear ended 31 December 2010)	1,425
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	664
Property, plant and equipment (note 16)	3,011
Licences – included in intangibles (note 17)	13
Trade names – included in intangibles (note 17)	380
Customer relations – included in intangibles (note 17)	1,600
Trade secrets – included in intangibles (note 17)	5,820
Inventories	2,738
Trade and other receivables	7,056
Trade and other payables	(7,749)
Retirement benefit obligations – pensions (note 31)	(156)
Borrowings	(2,756)
Taxation	(306)
Provisions and contingent liability (note 32)	(606)
Deferred tax liabilities (note 26)	(2,106)
Deferred tax assets (note 26)	55
Non controlling interest - Russia	(284)
Total identifiable net assets	**7,374**
Goodwill	**4,536**

The fair value of the 16,732,482 ordinary shares to be issued on the second anniversary of the acquisition, as part of the consideration paid for EKF-diagnostic Gmbh was based on the published share price on 2 July 2010.

The fair value of trade and other receivables is £7,056,000. The gross contractual amount for trade and other receivables is £7,268,000 of which £212,000 is expected to be uncollectable.

The fair value of inventories is £2,738,000. Finished goods and work in progress inventories have been uplifted by £337,000 to sales value less cost to complete and cost to sell, after taking account of of a £177,000 fair value provision against old and obsolete inventory.

The revenue included in the consolidated statement of comprehensive income since 2 July 2010 contributed by EKF-diagnostic Gmbh was £6,248,000. EKF-diagnostic Gmbh also contributed profit of £584,000 over the same period.

Had EKF-diagnostic Gmbh been consolidated from 1 January 2010, the consolidated statement of comprehensive income would show revenue of £10,632,000 and profit of £797,000.

Notes to the financial statements (continued)

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(b) Acquisition of Quotient Diagnostics Limited

On 4 October 2010, the Group acquired 100% of the share capital of Quotient Diagnostics Limited, a Company focused on the design, development, manufacture and sale of diagnostic instruments and ancillary products.

The goodwill of £3,390,000 arising from the acquisition is attributable to the expected future profitability of the acquired business and synergies expected to arrive from being part of a larger medical diagnostic Group.

None of the goodwill recognised is expected to be deductible for income tax purposes. The following table summarises the consideration paid for Quotient Diagnostics Limited and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	£'000
Consideration at 4 October 2010	
Equity instruments (15,979,766 ordinary shares)	3,516
Contingent consideration	1,643
Total consideration	**5,159**
Acquisition-related costs (included in operating expenses in the consolidated income statement for the year ended 31 December 2010)	94
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	59
Property, plant and equipment (note 16)	115
Trade secrets – included in intangibles (note 17)	2,300
Inventories	263
Trade and other receivables	220
Trade and other payables	(169)
Borrowings	(398)
Deferred tax liabilities (note 26)	(621)
Total identifiable net assets	**1,769**
Goodwill	**3,390**

The fair value of the 15,979,766 ordinary shares issued as part of the consideration paid for Quotient Diagnostics Limited was based on the published share price on 4 October 2010.

The contingent consideration arrangement requires the Group to pay the former owners of Quotient Diagnostics Limited additional consideration agreed at a maximum of £1,900,000 that is directly linked to the number of quo test and quo lab systems sold over a 42 month period post acquisition.

The fair value of the contingent consideration has been estimated at £1,900,000 and has been discounted to £1,643,000 using a rate of 5% to reflect the time value of money. Unwind of the discount in the post acquisition period totals £20,000 and has been included in finance expense in the income statement (note 12).

The revenue included in the consolidated statement of comprehensive income since 4 October 2010 contributed by Quotient Diagnostics Limited was £185,000. Quotient Diagnostics Limited also contributed loss of £207,000 over the same period.

Notes to the financial statements (continued)
For the year ended 31 December 2010

Had Quotient Diagnostics Limited been consolidated from 1 January 2010, the consolidated statement of comprehensive income would show revenue of £442,000 and loss of £1,072,000.

(c) Acquisition of Argutus Medical Limited

On 2 December 2010, the Group acquired 100% of the share capital of Argutus Medical Limited, a Company focused on developing and commercialising laboratory test kits for identifying early signs of injury to the kidney, liver and pancreas.

The goodwill of £1,041,000 arising from the acquisition is attributable to synergies anticipated to be reduced from the incorporation of the business within an enlarged medical diagnostic Group.

None of the goodwill recognised is expected to be deductible for income tax purposes. The following table summarises the consideration paid for Argutus Medical Limited and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	£'000
Consideration at 2 December 2010	
Equity instruments (9,731,387 ordinary shares)	2,183
Total consideration	**2,183**
Acquisition-related costs (included in operating expenses in the consolidated income statement for the year ended 31 December 2010)	63
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	219
Property, plant and equipment (note 16)	113
Trade secrets – included in intangibles (note 17)	980
Customer relations – included in intangibles (note 17)	140
Inventories	62
Trade and other receivables	201
Trade and other payables	(422)
Deferred tax liabilities (note 26)	(302)
Taxation	151
Total identifiable net assets	**1,142**
Goodwill	**1,041**

The fair value of the 9,731,387 ordinary shares issued as part of the consideration paid for Argutus Medical Limited was based on the published share price on 2 December 2010.

The revenue included in the consolidated statement of comprehensive income since 2 December 2010 contributed by Argutus Medical Limited was £50,000. Argutus Medical Limited also contributed profit of £35,000 over the same period.

Had Argutus Medical Limited been consolidated from 1 January 2010, the consolidated statement of comprehensive income would show revenue of £723,000 and loss of £508,000.

Notes to the financial statements (continued)
For the year ended 31 December 2010

38. Related Party Disclosures

Directors

During the year the Company was invoiced £17,000 (2009: £22,500), by Hansard Communications Limited, a Company of which both Adam Reynolds and Paul Foulger are directors for financial public relations services.

The Company was invoiced £10,150 (2009: £57,000) by Diablo Consulting Ltd, a Company of which both Adam Reynolds and Paul Foulger are directors for office administration and other costs.

Director's emoluments are set out in the remuneration committee report.

Key Management Compensation

Key management compensation for the year was as follows:

	2010 *£'000*	*2009* *£'000*
Aggregate emoluments	**383**	329
Share based payments	**152**	61
Employer contribution to pension scheme	**5**	–
	540	390

Key management includes all the directors only.

39. Post balance sheet events

On 23 May 2011 the Company announced the acquisition of Stanbio for a maximum consideration of $25.5m (£15.7m). Founded in 1960, Stanbio is an established, profitable US diagnostics business with a strong brand and robust sales growth. The business is based in Boerne, Texas, and supplies clinical diagnostic reagents, blood analysers, haemoglobin analysers, and various other diagnostic products, including a number of rapid point of care tests. Following completion, the acquisition of Stanbio is expected to double the Group's existing revenues.

In addition, and contingent on the completion of the acquisition of Stanbio, the Company also announced a major contract for the distribution of our Hemo_Control haemoglobin instrument with Alere, Inc., a major US diagnostics business.

In addition the Company announced a placing to raise £13m at 20p per share.

EKF DIAGNOSTICS HOLDINGS PLC (Company)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (Meeting) of EKF Diagnostics Holdings plc (Company) will be held at the offices of One Vine Street, London W1J 0AH on 6 July 2011 at 3.00 p.m. for the following purposes:

1. To receive and adopt the statement of accounts for the year ended 31 December 2011 together with the reports of the directors and the auditors thereon.

2. To re-elect David Eric Evans, who retires by rotation, as a director.

3. To re-elect Julian Huw Baines, who retires by rotation, as a director.

4. To re-elect Kevin William Wilson, who retires by rotation, as a director.

5. To re-elect Paul Andrew Peter Foulger, who retires by rotation, as a director.

6. To re-elect Gordon James Hall, who retires by rotation, as a director.

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

Registered Office

14 Kinnerton Place South
London
SW1X 8EH

BY ORDER OF THE BOARD

Paul Foulger
Director and Company Secretary

8 June 2011

Notes:

(1) The Company specifies that only those members registered on the Company's register of members at 3.00 p.m. on 4 July 2011 or if this general meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting shall be entitled to attend and vote at the General Meeting.

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

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

EKF DIAGNOSTICS HOLDINGS PLC (Company) (continued)

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

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

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

(a) completed and signed;

(b) sent or delivered to Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU; and

(c) received by Capita Registrars, at the address provided in paragraph 5(b) above no later than 3.00 p.m. on 4 July 2011.

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

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

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

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

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

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

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

The revocation notice must be received by Capita Registrars no later than 3.00 p.m. on 4 July 2011.

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.

EKF DIAGNOSTICS HOLDINGS PLC (continued)

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

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

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

(11) As at 5.00 p.m. on the day immediately prior to the date of posting of this notice, the Company's issued share capital comprised 249,978,134 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. on the day immediately prior to the date of posting of this notice is 249,978,134.

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EKF DIAGNOSTICS HOLDINGS PLC (Company)

ANNUAL GENERAL MEETING

PROXY FORM

Before completing this form, please read the explanatory notes below

I /We being a member of the Company appoint the Chairman of the meeting or (see note 3) ....

....

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held on 6 July 2011 at 3.00 p.m. and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

ORDINARY RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD
1. To receive and adopt the statement of accounts for the year ended 31 December 2010 together with the reports of the directors and the auditors thereon.			
2. To re-elect David Eric Evans, who retires by rotation, as a director.			
3. To re-elect Julian Huw Baines, who retires by rotation, as a director.			
4. To re-elect Kevin William Wilson, who retires by rotation, as a director.			
5. To re-elect Paul Andrew Peter Foulger, who retires by rotation, as a director.			
6. To re-elect Gordon James Hall, who retires by rotation, as a director.			
7. To re-appoint PricewaterhouseCoopers LLP as auditors to act as such until the conclusion of the next General Meeting of the Company at which the requirements of section 437 of the Companies Act 2006 are complied with and to authorise the directors of the Company to fix their remuneration.			

Signature: .... Date: ....

Notes to the proxy form

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish you proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. 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 meeting.
5. To appoint a proxy using this form, the form must be:
   - completed and signed;
   - sent or delivered to Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU; and
   - received by Capita Registrars no later than 48 hours before the time fixed for the annual general meeting.
6. In the case of a member which is a company, this 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.
7. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
8. 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).
9. 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.
10. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
11. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

PLEASE USE THE REPLY PAID ENVELOPE PROVIDED

SCIENCE MADE SIMPLE

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Tel +44 (0)20 7823 1733
www.ekfdiagnostics.com

Registered number 04347937 (England & Wales)