



12 September 2016

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

**Half-year Report**

EKF Diagnostics Holdings plc (AIM: EKF), the AIM listed point-of-care business, announces its unaudited interim results for the six months ended 30 June 2016, ahead of market expectations.

EKF has an installed base of over 90,000 analysers globally and manufactures over 56 million tests annually.

**Financial Highlights**

- Revenue up 18% to £17.51m (H1 2015 restated: £14.86m)
- Gross profit up 10% to £8.42m (H1 2015 restated: £7.67m)
  - Gross margins expected to improve in H2 2016
- Adjusted EBITDA\* up 57% to £2.02m (H1 2015 restated: £1.29m)
- Cash generated from operations of £1.4m (H1 2015 restated: £2.1m cash used).
- Cash at 30 June 2016 of £3.24m (30 June 2015: £2.08m), Net debt of £4.3m (31 December 2015: net debt £8.8m) – with placing completed in June to repay debt and free up banking facilities

\* Before exceptional items and share based payments

**Operational Highlights**

- Organic growth delivered across all 3 Point-of-Care business units and Central Laboratory
- Cost savings identified and implemented with benefits now beginning to pull through
- Transfer of STI manufacturing to Stanbio now complete
- Board restructuring to focus on profitability and organic sales growth
- Senior management to be incentivised with performance related packages
- 7,000 analysers and 35.3m tests sold worldwide during the first half of 2016

**Commenting on outlook, Christopher Mills, Non-executive Chairman of EKF, said:** *“By simplifying the business and providing a clear focus for the management team to deliver a return to profitable and cash generative growth, I believe we have established a solid platform to support high quality sustainable growth. Whilst we still have much to do and many of the benefits of our restructuring programme are still to be fully felt by the Group, the early indications from these first half results provides us with confidence in hitting the higher end of our performance targets for 2016 and delivering further growth of the business in 2017.”*

*This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014*

**EKF Diagnostics Holdings plc**

Christopher Mills, Non-Executive Chairman  
Julian Baines, CEO  
Richard Evans, FD & COO

[www.ekfdiagnostics.com](http://www.ekfdiagnostics.com)

**Tel: 029 2071 0570**

**Panmure Gordon (UK) Limited**

Freddy Crossley (Corporate Finance)  
Peter Steel (Corporate Finance)

**Tel: 020 7886 2500**

**Walbrook PR Limited**

Paul McManus  
Lianne Cawthorne

**Tel: +44 (0) 20 7933 8780 or [ekf@walbrookpr.com](mailto:ekf@walbrookpr.com)**

Mob: +44 (0) 7980 541 893

Mob: +44 (0) 7584 391 303

## CHAIRMAN'S STATEMENT

I am delighted to report that we have made excellent progress in the first half of the year, delivering sales and adjusted EBITDA ahead of our budgets and ahead of market expectations.

At the end of last year we simplified the business, concentrating our efforts on our core capabilities and focussing on delivering growth from our Point-of-Care and Central Laboratory offerings. We re-established the Company on a more sustainable level by significantly reducing our cost base through centralised manufacturing and a reduced headcount and our focussed sales team have worked to deliver organic sales growth across all of our business units.

By simplifying the business and providing a clear focus for the management team to deliver a return to profitable and cash generative growth, I believe we have established a solid platform to support high quality sustainable growth. Whilst we still have much to do, and many of the benefits of our restructuring programme are still to be fully felt by the Group, the early indications shown in these first half results provides us with confidence in hitting the higher end of our performance targets for 2016 and further growth of the business in 2017.

### Operational review

The Group's main Point-of-Care business performed well during the first half. This business is divided into three business units, reflecting the markets that our various products address, namely: (1) Hematology, (2) Diabetes, (3) Maternal & Women's Health. All three units delivered organic growth during the period and across the Group we sold 7,000 analyser and 35.3m tests worldwide.

#### *Hematology*

Sales from our Hematology business unit increased 21% to £5.18m (H1 2015: £4.28m) with sales of our Hemo Control / HemoPoint H2 up 35% year-on-year and sales of DiaSpect Tm up 31%. Our local distributor in Turkey has been awarded a tender to supply haematology instruments to the local Red Crescent, and we are also benefiting from improved business in Peru and Myanmar, amongst others.

#### *Diabetes*

Diabetes product sales also rose by 21% to £4.82m (H1 2015: £3.98m) and in particular benefited from the shipping of 450 Quo-Test instruments and 581,000 cartridges to the Saudi Ministry of Health under the tender awarded in 2015. We are confident of a further award covering the period 2016 – 2017, although this will be at a lower volume. As a result Quo-Test and Quo-Lab sales increased by 72%. Whilst sales of our STAT-Site M B-HB increased by 68% sales of our Biosen range fell by 11%, although we do hope to see a revival of Biosen sales in China following re-registration.

#### *Maternal & Women's Health*

Revenues from our products that address aspects of maternal and women's health increased by 14% to £1.39m (H1 2015: £1.22m) driven by a ten-fold increase in Creamatocrit sales and a 19% uplift in sales from our Lactate Scout+ product. Pregnancy tests also saw an increase in sales of 7%. We continue to invest in clinical trials in Bristol to obtain CE marking for our SensPoint product.

#### *Central Laboratory*

Our final business unit, Central Laboratory, sells a range of clinical chemistry, centrifuges and enzymes, and had a very good six months, especially through the continued success of our B-HB Liquicolor reagent, with sales improving by 24% to £5.67m (H1 2015: £4.61m). Sales of our B-HB rose sharply, up 72%, with a small increase in sales of clinical chemistry and a similar level of sales as last year for centrifuges and related consumables.

#### *New product development*

At the end of 2015 many of the R&D projects being run were closed down or mothballed to conserve cash. With the Group's cash position now easing, the Board are reconsidering these programmes to provide short to medium term benefits to shareholders. We will provide an update on these programmes including sTNFR, and SensPoint in due course.

## Restructuring update

The refocusing of the Group has involved a significant reduction in costs, achieved mainly through reductions in headcount and through the permanent closure or divestment of sites. In addition to the restructuring work completed in 2015, the Group's facilities in Walton-on-Thames and Dublin have shut completely, the STI site in Sanford, Florida is being closed and the operations integrated into the Group's facility in Boerne, Texas. The mothballing of the EKF Molecular business has been completed and all of the former employees have now left the Group. In addition, it has been announced to staff that the DiaSpect site in Sailauf, Germany will close and be integrated into the main German site in Barleben later in 2016. As a result of these initiatives, headcount has continued to fall, reaching 304 Effective Full Time employees by the end of the period, and we are on course to achieve the £6.7m of identified annualised savings.

## Financial Review

*Comparative figures for H1 2015 have been restated to treat the business of Selah Genomics Inc as discontinued. Selah was sold by the Group to its management in December 2015.*

Revenue for the period was £17.5m (H1 2015 restated: £14.9m), an increase of 17.8%, and entirely attributable to organic growth across all business units. This revenue also includes £946,000 attributable to the contribution of the Saudi Arabia tender won in 2015.

	<b>Unaudited</b> <b>6 months ended 30</b> <b>June 2016</b> <b>£'000</b>	Restated unaudited 6 months ended 30 June 2015 £'000	<b>+/- %</b>
Hematology	<b>5,182</b>	4,283	<b>+21%</b>
Diabetes	<b>4,816</b>	3,979	<b>+21%</b>
Maternal & Women's Health	<b>1,390</b>	1,218	<b>+14%</b>
Central Laboratory	<b>5,699</b>	4,609	<b>+24%</b>
Other	<b>420</b>	775	
Total revenue	<b>17,507</b>	<b>14,864</b>	

Gross profit increased by 10% to £8.4m (H1 2015 restated: £7.7m). Whilst as a percentage of revenue Gross Profit is slightly lower year-on-year at 48% (H1 2015 restated: 52%), this decrease is largely due to additional inventory provisions associated with the continuing high levels of inventory being carried. Excluding these provisions, margins would have been broadly maintained as revenue grew.

A more meaningful measure of underlying performance is adjusted EBITDA which increased by 57% in the first half to £2.02m (H1 2015 restated: £1.29m). This excludes the effects of share-based payments of £0.06m (H1 2015: £0.11m) and exceptional losses of £0.4m (H1 2015: exceptional profit of £9.7m). On a reported basis, the Group made an operating loss of £0.9m (H1 2015 restated: profit of £7.9m).

The unaudited cash position at 30 June 2016 was £3.2m (31 Dec 2015: £2.0m), and the Group had net debt of £4.3m (31 Dec 2015: £8.8m). The net debt has reduced following a placing in June 2016, which raised £4.5m net of expenses. £3.0m of the proceeds were utilised in the repayment of a loan from the North Atlantic Smaller Companies Investment Trust PLC (a company associated with Christopher Mills).

Cash generated from operations in H1 2016 was £1.4m (H1 2015: cash used £2.1m).

## Management changes

During 2016, I was appointed as a director and as Non-Executive Chairman. On 11 July, Carl Contadini, an Operational Adviser to Harwood Capital LLP, was appointed as a Non-Executive Director. Carl has already begun to bring his cost management expertise to the Group. Ron Zwanziger, Lurene Joseph and David Evans left the Board during the period.

We also plan to put in place performance related incentive packages for nine of our key senior management team to focus the team on returning the business to profitable organic growth, details of which will be outlined in a separate RNS announcement.

## **Outlook**

At our full year results I made it clear that it was key for us to set expectations at a level that reflects the core business without the inclusion of less predictable tender business. In light of this, the first half has shown the good progress that we have made and we remain confidently on track to deliver revenues for 2016 (excluding tender wins) of over £30 million and we will achieve the higher end of our targeted range of adjusted EBITDA of between £3.5m and £4.0m.

Nevertheless, we still maintain a sensible level of caution over declaring our achievement of 2016 targets and will update shareholders as we progress towards the year end. We have entered one major tender this year through a local distributor, and the results of this have yet to be finalised. It is also possible that the Group will be engaged in other expected tenders over the balance of the year, however the delivery of the targets above will not be dependent on them.

We continue to make good progress on our restructuring programme, and as we've stated before, the majority of these benefits will be seen in 2017, when we are targeting to move the Company into a debt free position. In addition, following the recent financing, the Group is now able to review and expedite its capital expenditure programme, which will generate further cost savings over the medium term.

I would again like to thank shareholders on behalf of the Board for their continued patience and support, as we rebuild the Company and focus on rebuilding value for shareholders over the medium term, through delivering strong and profitable organic growth.

**Christopher Mills**  
*Non-Executive Officer Chairman*

**12 September 2016**

**CONSOLIDATED INCOME STATEMENT  
FOR THE 6 MONTHS ENDED 30 JUNE 2016**

	Notes	Unaudited 6 months ended 30 June 2016 £'000	Restated Unaudited 6 months ended 30 June 2015 £'000	Audited Year ended 31 December 2015 £'000
<b>Continuing operations</b>				
Revenue	3	17,507	14,864	30,045
Cost of sales		(9,091)	(7,190)	(15,376)
<b>Gross profit</b>		<b>8,416</b>	7,674	14,669
Administrative expenses		(9,358)	99	(29,156)
Other income		32	129	139
<b>Operating (loss)/profit</b>		<b>(910)</b>	7,902	(14,348)
Depreciation and amortisation		(2,487)	(3,018)	(8,052)
Share based payments		(55)	(109)	(226)
Exceptional items	4	(387)	9,740	(5,722)
<b>EBITDA before exceptional items and share based payments</b>		<b>2,019</b>	1,289	(348)
Finance income		22	1	35
Finance costs		(304)	(1,218)	(1,457)
<b>(Loss)/profit before income tax</b>		<b>(1,192)</b>	6,685	(15,770)
Income tax (charge)/credit	5	(230)	147	2,206
<b>(Loss)/profit from continuing operations</b>		<b>(1,422)</b>	6,832	(13,564)
Loss for the period from discontinued operations		-	(1,595)	(23,369)
<b>(Loss)/profit for the period</b>		<b>(1,422)</b>	5,237	(36,933)
<b>(Loss)/profit attributable to:</b>				
Owners of the parent		(1,508)	5,165	(37,123)
Non-controlling interest		86	72	190
		<b>(1,422)</b>	5,237	(36,933)
<b>(Loss)/profit per ordinary share attributable to the owners of the parent during the period</b>				
	6	Pence	Pence	Pence
<b>Basic</b>				
<i>From continuing operations</i>		(0.35)	1.60	(3.26)
<i>From discontinued operations</i>		-	(0.38)	(5.54)
		<b>(0.35)</b>	1.22	(8.80)
<b>Diluted</b>				
<i>From continuing operations</i>		(0.35)	1.57	(3.26)
<i>From discontinued operations</i>		-	(0.37)	(5.54)
		<b>(0.35)</b>	1.20	(8.80)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS ENDED 30 JUNE 2016**

	<b>Unaudited</b>	<b>Restated Unaudited</b>	<b>Audited</b>
	<b>6 months ended 30 June 2016</b>	<b>6 months ended 30 June 2015</b>	<b>Year ended 31 December 2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for the period - continuing	<b>(1,422)</b>	6,832	(13,564)
(Loss)/profit for the period - discontinued	-	(1,595)	(23,369)
	<b>(1,422)</b>	5,237	(36,933)
<b>Other comprehensive income:</b>			
Currency translation differences	<b>6,740</b>	(2,908)	792
Recycling of currency translations in respect of previously held interest in Selah Genomics	-	-	(4,479)
<b>Other comprehensive loss/gain for the period</b>	<b>6,740</b>	(2,908)	(3,687)
<b>Total comprehensive (loss)/profit for the period</b>	<b>5,318</b>	2,329	(40,620)
<b>Attributable to:</b>			
Owners of the parent	<b>5,232</b>	2,238	(40,756)
Non-controlling interests	<b>86</b>	91	136
<b>Total comprehensive (loss)/profit for the period</b>	<b>5,318</b>	2,329	(40,620)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	Notes	Unaudited as at 30 June 2016 £'000	Restated Unaudited as at 30 June 2015 £'000	Audited as at 31 December 2015 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		11,978	10,515	10,680
Intangible assets	7	46,778	90,679	42,927
Investments		402	1,152	402
Deferred tax assets		366	340	340
<b>Total non-current assets</b>		<b>59,524</b>	<b>102,686</b>	<b>54,349</b>
<b>Current Assets</b>				
Inventories		7,915	7,444	8,234
Trade and other receivables		8,137	13,412	7,242
Deferred tax assets		53	45	47
Cash and cash equivalents		3,242	2,083	2,017
<b>Total current assets</b>		<b>19,347</b>	<b>22,984</b>	<b>17,540</b>
<b>Total assets</b>		<b>78,871</b>	<b>125,670</b>	<b>71,889</b>
<b>Equity attributable to owners of the parent</b>				
Share capital		4,643	4,221	4,221
Share premium account		95,393	91,276	91,276
Other reserve		41	41	41
Foreign currency reserves		3,033	(3,020)	(3,607)
Retained earnings		(46,863)	(3,148)	(45,438)
		56,247	89,370	46,493
<b>Non-controlling interest</b>		<b>365</b>	<b>319</b>	<b>261</b>
<b>Total equity</b>		<b>56,612</b>	<b>89,689</b>	<b>46,754</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings		2,122	2,483	1,167
Deferred consideration		-	4,224	-
Deferred tax liability		3,795	12,347	3,559
<b>Total non-current liabilities</b>		<b>5,917</b>	<b>19,054</b>	<b>4,726</b>
<b>Current liabilities</b>				
Trade and other payables		7,914	6,868	8,331
Deferred consideration		505	3,374	485
Current income tax liabilities		1,886	1,423	1,087
Deferred tax liabilities		642	478	831
Borrowings		5,395	4,784	9,675
<b>Total current liabilities</b>		<b>16,342</b>	<b>16,927</b>	<b>20,409</b>
<b>Total liabilities</b>		<b>22,259</b>	<b>35,981</b>	<b>25,135</b>
<b>Total equity and liabilities</b>		<b>78,871</b>	<b>125,670</b>	<b>71,889</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE 6 MONTHS ENDED 30 JUNE 2016**

	Unaudited 6 months ended 30 June 2016 £'000	Restated Unaudited 6 months ended 30 June 2015 £'000	Audited Year to 31 December 2015 £'000
<b>Cash flow from operating activities</b>			
(Loss)/profit before income tax	(1,192)	6,685	(15,770)
Adjustments for			
- Restructuring of operations	-	(1,595)	(2,055)
- Warranty claim	(20)	(56)	349
- Depreciation	566	784	1,173
- Amortisation and impairment charges	1,921	2,347	12,827
- Impairment of investment	-	-	750
- Release of deferred consideration	-	(9,100)	(7,353)
- Bad debt write down	-	-	5,123
- Fair value adjustment	-	-	(395)
- Loss/(profit) on disposal of assets	30	2	5
- Share-based payments	55	109	226
- Net finance costs	282	1,217	1,817
Changes in working capital			
- Inventories	530	(1,797)	(2,607)
- Trade and other receivables	(408)	1,543	2,025
- Trade and other payables	(206)	(940)	971
Cash generated by/(used in) operations	1,558	(801)	(2,914)
Interest paid	(284)	(159)	(370)
Income tax received/(paid)	80	(1,130)	(1,001)
<b>Net cash generated by/(used in) operating activities</b>	<b>1,354</b>	<b>(2,090)</b>	<b>(4,285)</b>
<b>Of which discontinued</b>	<b>-</b>	<b>(1,363)</b>	<b>(2,412)</b>
<b>Cash flow from investing activities</b>			
Purchase of investments		-	-
Purchase of property, plant and equipment (PPE)	(796)	(1,181)	(2,296)
Purchase of intangibles	(399)	(2,628)	(3,096)
Proceeds from sale of PPE	44	44	-
Acquisition of subsidiaries (net of cash acquired)	-	-	42
Interest received	22	1	35
<b>Net cash used in investing activities</b>	<b>(1,129)</b>	<b>(3,764)</b>	<b>(5,315)</b>
<b>Of which discontinued</b>	<b>-</b>	<b>-</b>	<b>(136)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of ordinary shares (net of costs)	4,539	-	-
New borrowings	-	1,829	7,922
Repayment of borrowings	(3,749)	(730)	(3,000)
Dividends paid to non-controlling interests	(54)	(125)	(228)
Payment of deferred consideration	-	(1,425)	(1,425)
<b>Net cash generated by/(used in) financing activities</b>	<b>736</b>	<b>(451)</b>	<b>3,269</b>
<b>Of which discontinued</b>	<b>-</b>	<b>1,320</b>	<b>2,426</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>961</b>	<b>(6,305)</b>	<b>(6,331)</b>
Cash and cash equivalents at beginning of period	2,017	8,346	8,346
Exchange gains on cash and cash equivalents	264	42	2
<b>Cash and cash equivalents at end of period</b>	<b>3,242</b>	<b>2,083</b>	<b>2,017</b>



**STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS ENDED 30 JUNE 2016**

	Share Capital	Share Premium	Other Reserve	Foreign Currency Reserve	Retained earnings	Total	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2015</b>	<b>4,221</b>	<b>91,276</b>	<b>41</b>	<b>26</b>	<b>(8,541)</b>	<b>87,023</b>	<b>353</b>	<b>87,376</b>
<b>Comprehensive income</b>								
Profit for the period - continued	-	-	-	-	6,760	6,760	72	6,832
Loss for the period - discontinued	-	-	-	-	(1,595)	(1,595)	-	(1,595)
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	(3,046)	119	(2,927)	19	(2,908)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,046)</b>	<b>5,284</b>	<b>2,238</b>	<b>91</b>	<b>2,329</b>
<b>Transactions with owners</b>								
Dividends to non-controlling interest	-	-	-	-	-	-	(125)	(125)
Share based payments	-	-	-	-	109	109	-	109
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>109</b>	<b>(125)</b>	<b>(16)</b>
<b>At 30 June 2015</b>	<b>4,221</b>	<b>91,276</b>	<b>41</b>	<b>(3,020)</b>	<b>(3,148)</b>	<b>89,370</b>	<b>319</b>	<b>89,689</b>
<b>Comprehensive income</b>								
(Loss)/profit for the period - continued	-	-	-	-	(18,919)	(18,919)	118	(18,801)
(Loss)/profit for the period - discontinued	-	-	-	-	(23,369)	(23,369)	-	(23,369)
<b>Other comprehensive income</b>								
Recycling of currency translations in respect of previously held interest in Selah Genomics Inc	-	-	-	(4,479)	-	(4,479)	-	(4,479)
Currency translation differences	-	-	-	3,892	(119)	3,773	(73)	3,700
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(587)</b>	<b>(42,407)</b>	<b>(42,994)</b>	<b>45</b>	<b>(42,949)</b>
<b>Transactions with owners</b>								
Dividends to non-controlling interest	-	-	-	-	-	-	(103)	(103)
Share based payments	-	-	-	-	117	117	-	117
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>117</b>	<b>(103)</b>	<b>14</b>
<b>At 31 December 2015</b>	<b>4,221</b>	<b>91,276</b>	<b>41</b>	<b>(3,607)</b>	<b>(45,438)</b>	<b>46,493</b>	<b>261</b>	<b>46,754</b>
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	(1,508)	(1,508)	86	(1,422)
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	6,640	28	6,668	72	6,740
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,640</b>	<b>(1,480)</b>	<b>5,160</b>	<b>158</b>	<b>5,318</b>
<b>Transactions with owners</b>								
Proceeds from shares issued	422	4,117	-	-	-	4,539	-	4,539
Dividends to non-controlling interest	-	-	-	-	-	-	(54)	(54)
Share based payments	-	-	-	-	55	55	-	55
<b>Total contributions by and distributions to owners</b>	<b>422</b>	<b>4,117</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>4,594</b>	<b>(54)</b>	<b>4,540</b>
<b>At 30 June 2016</b>	<b>4,643</b>	<b>95,393</b>	<b>41</b>	<b>3,033</b>	<b>(46,863)</b>	<b>56,247</b>	<b>365</b>	<b>56,612</b>

## NOTES FORMING PART OF THE INTERIM FINANCIAL STATEMENTS

### 1. General information and basis of presentation

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

The Group's principal activity continues to be that of a business focused within the In-Vitro Diagnostics devices ("IVD") market place.

The financial information in these interim results is that of the holding company and all of its subsidiaries. It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2015 and which will form the basis of the 2016 financial statements except for a number of new and amended standards which have become effective since the beginning of the previous financial year. These new and amended standards are not expected to materially affect the Group.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 December 2015 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half years ended 30 June 2016 and 30 June 2015 is unaudited and the twelve months to 31 December 2015 is audited.

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

### 2. Significant accounting policies

#### Going concern

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

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

#### Foreign currency translation

##### *(a) Functional and presentational currency*

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

##### *(b) Transactions and balances*

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

##### *(c) Group companies*

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

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

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

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

### **Government grants**

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

### **Property, plant and equipment**

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

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

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

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

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

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

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

### **Intangible assets**

#### *(a) Goodwill*

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

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

*(b) Trademarks, trade names and licences*

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of between 8 and 12 years and is charged to administrative expenses in the income statement.

*(c) Customer relationships*

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of between 6 and 15 years and is charged to administrative expenses in the income statement.

*(d) Trade secrets*

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

*(e) Development costs*

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

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

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

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

*(f) Non-compete agreements*

Non-compete agreements arising from a business combination are recognised at fair value at the acquisition date. Non-compete agreements have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of non-compete agreements over their estimated useful lives of three years and is charged to administrative expenses in the income statement.

### **Impairment of non-financial assets**

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

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

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

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

### **Investments**

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

### **Financial assets**

#### *Classification*

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

#### *(a) Loans and receivables*

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

#### *(b) Available-for-sale financial assets*

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

#### *Recognition and measurement*

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

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

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

### **Inventories**

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

### **Trade and other receivables**

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

### **Cash and cash equivalents**

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

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

### **Share capital**

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

### **Financial liabilities**

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

### **Trade and other payables**

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

### **Borrowings**

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

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

### **Current and deferred income tax**

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

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

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

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

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

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

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

### **Provisions**

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured.

### **Leases**

Leases 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.

## **Deferred consideration**

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

## **Employee benefits**

### *(a) Pension obligations*

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

The Group no longer has any defined benefit schemes.

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

### *(b) Share-based compensation*

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

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

### *National insurance on share options*

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

## **Revenue recognition**

### *(a) Sale of goods*

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

### *(b) Sale of services*

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

### *(c) Interest income*



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

*(d) Royalty and licence income*

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

**Dividend distribution**

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

**Other income**

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

**Exceptional items**

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

**3. Segmental reporting**

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

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

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

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

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

**Period ended 30 June 2016 unaudited**

	Germany £'000	UK £'000	USA £'000	Ireland £'000	Poland £'000	Russia £'000	Other £'000	Total £'000
<b>Income statement</b>								
Revenue	7,327		9,385	22	695	1,174	1,069	19,672
Inter segment	(1,920)		3	(22)	(14)	-	(212)	(2,165)
<b>External revenue</b>	<b>5,407</b>		<b>9,388</b>	<b>-</b>	<b>681</b>	<b>1,174</b>	<b>857</b>	<b>17,507</b>
<b>Adjusted EBITDA</b>	<b>389</b>	<b>28</b>	<b>2,413</b>	<b>(162)</b>	<b>391</b>	<b>274</b>	<b>(1,314)</b>	<b>2,019</b>
Share based payment	-		-	-	-	-	(55)	(55)
Exceptional items	20	(331)	(69)	(7)	-	-	-	(387)
<b>EBITDA</b>	<b>409</b>	<b>(303)</b>	<b>2,344</b>	<b>(169)</b>	<b>391</b>	<b>274</b>	<b>(1,369)</b>	<b>1,577</b>
Depreciation	(261)		(208)	-	(16)	(12)	(68)	(565)
Amortisation	(587)	(94)	(526)	-	(56)	(13)	(646)	(1,922)
<b>Operating (loss)/profit</b>	<b>(439)</b>	<b>(397)</b>	<b>1,610</b>	<b>(169)</b>	<b>319</b>	<b>249</b>	<b>(2,083)</b>	<b>(910)</b>
Net finance costs	(25)	(15)	(53)	-	-	12	(201)	(282)
Income tax	104	22	(159)	-	(64)	(56)	(77)	(230)
<b>(Loss)/profit for the period</b>	<b>(360)</b>	<b>(390)</b>	<b>1,398</b>	<b>(169)</b>	<b>255</b>	<b>205</b>	<b>(2,361)</b>	<b>(1,422)</b>
<b>Segment assets</b>								
Operating assets	28,129	11,093	47,901	1,069	1,263	633	55,998	146,086
Inter segment assets	(635)	(5,614)	(27)	(51)	(180)	-	(63,950)	(70,457)
External operating assets	27,494	5,479	47,874	1,018	1,083	633	(7,952)	75,629
Cash and cash equivalents	210	1	1,304	5	38	563	1,121	3,242
<b>Total assets</b>	<b>27,704</b>	<b>5,480</b>	<b>49,178</b>	<b>1,023</b>	<b>1,121</b>	<b>1,196</b>	<b>(6,831)</b>	<b>78,871</b>
<b>Segment liabilities</b>								
Operating liabilities	13,881	9,750	23,835	5,503	106	137	9,839	63,051
Inter segment liabilities	(10,656)	(9,300)	(20,636)	(5,213)	-	-	(2,504)	(48,309)
External operating liabilities	3,225	450	3,199	290	106	137	7,335	14,742
Borrowings	1,371	187	2,023	-	-	-	3,936	7,517
<b>Total liabilities</b>	<b>4,596</b>	<b>637</b>	<b>5,222</b>	<b>290</b>	<b>106</b>	<b>137</b>	<b>11,271</b>	<b>22,259</b>
<b>Other segmental information</b>								
Non-current assets – PPE	5,778	-	4,373	-	118	72	1,637	11,978
Non-current assets – Intangibles	12,266	5,467	15,044	713	322	148	12,818	46,778
Intangible assets - additions	-	-	-	-	-	-	399	399
PPE - additions	708	-	67	-	-	1	21	797

## Year ended December 2015 audited

	Germany	UK	USA	Ireland	Poland	Russia	Discont.	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income statement</b>									
Revenue	12,931	5	16,399	88	1,228	2,243	-	2,175	35,069
Inter segment	(4,075)	(2)	(40)	(58)	(20)	-	-	(829)	(5,024)
<b>External revenue</b>	<b>8,856</b>	<b>3</b>	<b>16,359</b>	<b>30</b>	<b>1,208</b>	<b>2,243</b>	<b>-</b>	<b>1,346</b>	<b>30,045</b>
<b>Adjusted EBITDA*</b>	<b>1,870</b>	<b>(1,968)</b>	<b>2,879</b>	<b>(904)</b>	<b>544</b>	<b>598</b>	<b>-</b>	<b>(3,367)</b>	<b>(348)</b>
Share based payment	-	-	-	-	-	-	-	(226)	(226)
Exceptional items	(351)	(449)	(2,413)	(16)	-	-	-	(2,493)	(5,722)
<b>EBITDA</b>	<b>1,519</b>	<b>(2,417)</b>	<b>466</b>	<b>(920)</b>	<b>544</b>	<b>598</b>	<b>-</b>	<b>(6,086)</b>	<b>(6,296)</b>
Depreciation	(523)	(99)	(367)	(5)	(32)	(20)	-	(127)	(1,173)
Amortisation	(1,855)	(681)	(2,378)	(37)	(102)	(20)	-	(1,806)	(6,879)
<b>Operating (loss)/profit</b>	<b>(859)</b>	<b>(3,197)</b>	<b>(2,279)</b>	<b>(962)</b>	<b>410</b>	<b>558</b>	<b>-</b>	<b>(8,019)</b>	<b>(14,348)</b>
Net finance costs	(101)	(1,054)	(124)	-	10	12	-	(165)	(1,422)
Income tax	75	739	1,672	18	(70)	(113)	-	(115)	2,206
Discontinued operations	-	-	-	-	-	-	(23,369)	-	(23,369)
<b>(Loss)/profit for the year</b>	<b>(885)</b>	<b>(3,512)</b>	<b>(731)</b>	<b>(944)</b>	<b>350</b>	<b>457</b>	<b>(23,369)</b>	<b>(8,299)</b>	<b>(36,933)</b>
<b>Segment assets</b>									
Operating assets	25,977	10,717	43,472	969	1,250	470	-	50,456	133,311
Inter-segment assets	(454)	(4,957)	(19)	(59)	(446)	(4)	-	(57,500)	(63,439)
External operating assets	25,523	5,760	43,453	910	804	466	-	(7,044)	69,872
Cash and cash equivalents	1,239	2	83	86	154	398	-	55	2,017
<b>Total assets</b>	<b>26,762</b>	<b>5,762</b>	<b>43,536</b>	<b>996</b>	<b>958</b>	<b>864</b>	<b>-</b>	<b>(6,989)</b>	<b>71,889</b>
<b>Segment liabilities</b>									
Operating liabilities	12,306	9,707	18,401	4,760	96	91	-	10,181	55,542
Inter-segment liabilities	(9,065)	(8,884)	(16,053)	(4,420)	-	(4)	-	(2,823)	(41,249)
External operating liabilities	3,241	823	2,348	340	96	87	-	7,358	14,293
Borrowings	2,408	182	2,070	-	-	1	-	6,181	10,842
<b>Total liabilities</b>	<b>5,649</b>	<b>1,005</b>	<b>4,418</b>	<b>340</b>	<b>96</b>	<b>88</b>	<b>-</b>	<b>13,539</b>	<b>25,135</b>
<b>Other segmental information</b>									
Non-current assets – PPE	4,724	53	4,066	-	127	68	-	1,642	10,680
Non-current assets – Intangibles	11,372	5,561	13,978	619	348	125	-	10,924	42,927
Intangible assets - additions	1,225	558	576	697	-	-	-	40	3,096
PPE - additions	1,768	18	427	-	2	41	-	40	2,296

Period ended 30 June 2015 unaudited

	Germany £'000	UK £'000	USA £'000	Ireland £'000	Poland £'000	Russia £'000	Discont.	Other £'000	Total £'000
<b>Income statement</b>									
Revenue	7,245	5	8,062	51	491	1,008	-	1,073	17,935
Inter segment	(2,844)	(2)	(8)	-	(11)	-	-	(206)	(3,071)
<b>External revenue</b>	<b>4,401</b>	<b>3</b>	<b>8,054</b>	<b>51</b>	<b>480</b>	<b>1,008</b>	<b>-</b>	<b>867</b>	<b>14,864</b>
<b>Adjusted EBITDA</b>	<b>1,557</b>	<b>(878)</b>	<b>978</b>	<b>(250)</b>	<b>227</b>	<b>234</b>	<b>-</b>	<b>(579)</b>	<b>1,289</b>
Share based payment	-	-	-	-	-	-	-	(109)	(109)
Exceptional items	(18)	-	-	(105)	-	-	-	9,863	9,740
<b>EBITDA</b>	<b>1,539</b>	<b>(878)</b>	<b>978</b>	<b>(355)</b>	<b>227</b>	<b>234</b>	<b>-</b>	<b>9,175</b>	<b>10,920</b>
Depreciation	(264)	(38)	(181)	(1)	(16)	(10)	-	(162)	(672)
Amortisation	(503)	(321)	(443)	(14)	(49)	(13)	-	(1,003)	(2,346)
<b>Operating profit/(loss)</b>	<b>772</b>	<b>(1,237)</b>	<b>354</b>	<b>(370)</b>	<b>162</b>	<b>211</b>	<b>-</b>	<b>8,016</b>	<b>7,902</b>
Net finance costs	(49)	(423)	(54)	-	-	-	-	(691)	(1,217)
Income tax	(269)	46	216	1	(15)	(43)	-	211	147
Discontinued ops	-	-	-	-	-	-	(1,595)	-	(1,595)
<b>Profit/(loss) for the period</b>	<b>454</b>	<b>(1,614)</b>	<b>516</b>	<b>(369)</b>	<b>147</b>	<b>168</b>	<b>(1,595)</b>	<b>7,530</b>	<b>5,237</b>
<b>Segment assets</b>									
Operating assets	25,149	20,218	90,577	1,908	878	594	-	19,522	158,846
Inter segment assets	(2,416)	(4,701)	-	-	-	-	-	(28,142)	(35,259)
External operating assets	22,733	15,517	90,577	1,908	878	594	-	(8,620)	123,587
Cash and cash equivalents	433	66	505	6	101	495	-	477	2,083
<b>Total assets</b>	<b>23,166</b>	<b>15,583</b>	<b>91,082</b>	<b>1,914</b>	<b>979</b>	<b>1,089</b>	<b>-</b>	<b>(8,143)</b>	<b>125,670</b>
<b>Segment liabilities</b>									
Operating liabilities	11,897	11,874	27,054	4,163	(105)	125	-	15,069	70,077
Inter segment liabilities	(9,395)	(7,246)	(21,052)	(3,809)	139	-	-	-	(41,363)
External operating liabilities	2,502	4,628	6,002	354	34	125	-	15,069	28,714
Borrowings	559	178	2,066	-	-	-	-	4,464	7,267
<b>Total liabilities</b>	<b>3,061</b>	<b>4,806</b>	<b>8,068</b>	<b>354</b>	<b>34</b>	<b>125</b>	<b>-</b>	<b>19,533</b>	<b>35,981</b>
<b>Other segmental information</b>									
Non current assets – PPE	3,941	115	4,546	9	140	70	-	1,694	10,515
Non current assets – Intangibles	11,492	11,039	54,038	1,276	392	169	-	12,273	90,679
Intangible assets - additions	28	219	-	599	-	-	-	1,782	2,628
PPE - additions	894	17	110	0	0	20	-	140	1,181

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

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

Disclosure of Group revenues by geographic location

	Unaudited 6 months ended 30 June 2016  £000	Restated Unaudited 6 months ended 30 June 2015  £000	Audited Year ended 31 December 2015  £000
<b>Americas</b>			
United States of America	6,642	5,490	10,857
Mexico	483	400	1,004
Rest of Americas	1,302	1,165	2,390
<b>Europe, Middles East and Africa (EMEA)</b>			
Germany	2,668	2,427	5,057
United Kingdom	126	116	238
Rest of Europe	1,357	1,297	2,637
Russia	1,184	1,014	2,259
Middle East	1,322	284	1,676
Africa	467	543	916
<b>Rest of World</b>			
China	486	900	677
Rest of Asia	1,422	1,187	2,242
New Zealand/Australia	48	41	92
<b>Total Revenue</b>	<b>17,507</b>	<b>14,864</b>	<b>30,045</b>

#### 4. Exceptional items

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

	Note	Unaudited 6 months ended 30 June 2016 £000	Unaudited 6 months ended 30 June 2015 £000	Audited year ended 31 December 2015 £000
<b>Exceptional items includes:</b>				
- Transaction costs relating to business combinations	a	-	(191)	(178)
- Business reorganisation costs	b	(407)	(122)	(727)
- Warranty claim	c	20	56	(349)
- Exceptional bad debt provision	d	-	-	(5,123)
- Impairment charges	e	-	-	(5,948)
- Release of deferred consideration provisions	f	-	9,997	7,353
- Impairment of investment	g	-	-	(750)
Exceptional items		<u>(387)</u>	<u>9,740</u>	<u>(5,722)</u>

(a) Transaction run-on costs in 2015 relating to acquisitions in previous years

(b) Costs associated with the closure of STI, the transfer of production of Quo-Test and Quo-Lab from the UK to Germany, the mothballing of EKF Molecular, and with the closure of the Group's Dublin facility

(c) Warranty claim in relation to the acquisition of EKF-diagnostic GmbH

(d) Write off of bad debts associated with certain customers in Mexico

(e) Impairment of EKF Molecular Diagnostics Limited, EKF Diagnostics Limited, Ireland, and capitalised R&D.

(f) Release of deferred consideration provision associated with EKF Molecular and Stanbio

(g) Impairment of investment in Dx Economix Inc.

#### 5. Income tax

	Unaudited 6 months ended 30 June 2016 £000	Unaudited 6 months ended 30 June 2015 £000	Audited Year ended 31 December 2015 £000
<b>Current tax</b>			
Current tax on profit/loss for the period	(681)	(383)	(220)
Adjustments for prior periods	-	-	76
<b>Total current tax</b>	<u>(681)</u>	<u>(383)</u>	<u>(144)</u>
<b>Deferred tax</b>			
Origination and reversal of temporary differences	451	530	2,350
Total deferred tax	<u>451</u>	<u>530</u>	<u>2,350</u>
Income tax charge	<u>(230)</u>	<u>147</u>	<u>2,206</u>

## 6. (Loss)/profit per share

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

Diluted (loss)/profit per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary share: equity based long term incentive plans, and share options. The potential shares are not dilutive in either H1 2016 or in FY 2015 as the Group made a loss per share.

	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited year</b>
	<b>6 months</b>	<b>6 months</b>	<b>ended 31</b>
	<b>ended 30</b>	<b>ended 30</b>	<b>December</b>
	<b>June 2016</b>	<b>June 2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>(Loss)/profit attributable to owners of the parent</b>	<b>(1,508)</b>	5,165	(37,123)
(Loss)/profit from continuing operations attributable to equity holders of the parent	(1,508)	6,760	(13,754)
(Loss)/profit from discontinued operations attributable to equity holders of the parent	-	(1,595)	(23,369)
Weighted average number of ordinary shares in issue	<b>428,782,159</b>	422,057,074	422,057,074
Effect of dilutive potential ordinary shares	<b>4,043,940</b>	9,869,346	8,316,759
Weighted average number of ordinary shares – diluted	<b>432,826,099</b>	431,926,420	430,373,833
	Pence	Pence	Pence
<b>Basic</b>			
From continuing operations	<b>(0.35)</b>	1.60	(3.26)
From discontinued operations	-	(0.38)	(5.54)
Profit/(loss) per share	<b>(0.35)</b>	1.22	(8.80)
	Pence	Pence	Pence
<b>Diluted</b>			
From continuing operations	<b>(0.35)</b>	1.57	(3.26)
From discontinued operations	-	(0.37)	(5.54)
Profit/(loss) per share	<b>(0.35)</b>	1.20	(8.80)

## 7. Intangible Fixed Assets

Group	Goodwill £'000	Trademarks trade names & licences £'000	Non- competes £'000	Customer relationships £'000	Trade secrets £'000	Develop- ment costs £'000	Total £'000
<b>Cost</b>							
At 1 January 2015	46,420	4,007	70	18,518	30,897	4,829	104,741
Additions	-	28	-	-	-	2,600	2,628
Exchange differences	(1,382)	(131)	-	(523)	(1,445)	(230)	(3,711)
<b>At 30 June 2015</b>	<b>45,038</b>	<b>3,904</b>	<b>70</b>	<b>17,995</b>	<b>29,452</b>	<b>7,199</b>	<b>103,658</b>
Additions	-	2	-	-	-	466	468
Disposal	(23,541)	(1,355)	-	(5,142)	(14,282)	-	(44,320)
Exchange differences	2,221	(58)	-	962	1,708	117	4,950
<b>At 31 December 2015</b>	<b>23,718</b>	<b>2,493</b>	<b>70</b>	<b>13,815</b>	<b>16,878</b>	<b>7,782</b>	<b>64,756</b>
Additions	-	36	-	-	-	363	399
Exchange differences	2,456	997	-	1,672	1,417	390	6,932
<b>At 30 June 2016</b>	<b>26,174</b>	<b>3,526</b>	<b>70</b>	<b>15,487</b>	<b>18,295</b>	<b>8,535</b>	<b>72,087</b>
<b>Amortisation</b>							
At 1 January 2015	954	702	41	3,344	4,977	1,201	11,219
Exchange differences	(85)	(29)	-	(94)	(305)	(74)	(587)
Charge for the period	-	192	12	756	1,255	132	2,347
<b>At 30 June 2015</b>	<b>869</b>	<b>865</b>	<b>53</b>	<b>4,006</b>	<b>5,927</b>	<b>1,259</b>	<b>12,979</b>
Exchange differences	35	27	-	144	173	43	422
Impairment charge	1,178	-	6	53	3,225	1,486	5,948
Disposal	-	(194)	-	(492)	(1,366)	-	(2,052)
Charge for the period	-	680	11	844	907	2,090	4,532
<b>At 31 December 2015</b>	<b>2,082</b>	<b>1,378</b>	<b>70</b>	<b>4,555</b>	<b>8,866</b>	<b>4,878</b>	<b>21,829</b>
Exchange differences	122	234	-	542	531	130	1,559
Charge for the period	-	437	-	695	469	320	1,921
<b>At 30 June 2016</b>	<b>2,204</b>	<b>2,049</b>	<b>70</b>	<b>5,792</b>	<b>9,866</b>	<b>5,328</b>	<b>25,309</b>
<b>Net book value</b>							
<b>30 June 2016</b>	<b>23,970</b>	<b>1,477</b>	<b>-</b>	<b>9,695</b>	<b>8,429</b>	<b>3,207</b>	<b>46,778</b>
<b>31 December 2015</b>	<b>21,636</b>	<b>1,115</b>	<b>-</b>	<b>9,260</b>	<b>8,012</b>	<b>2,904</b>	<b>42,927</b>
<b>30 June 2015</b>	<b>44,169</b>	<b>3,039</b>	<b>17</b>	<b>13,989</b>	<b>23,525</b>	<b>5,940</b>	<b>90,679</b>



## **8. Dividends**

No dividends to shareholders of the holding company were provided or paid during the six months to 30 June 2016 (to 30 June 2015 and 31 December 2015: £nil).

## **9. Press**

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