Consolidated income statement as at 30 June 2018

Amounts in '000 €	Notes	(Unaudited) Six month ended 30 June 2018	(Unaudited) Six month ended 30 June 2017	(Audited) Year ended 31 December 2017
Revenue	4, 5	7,044	7,029	14,954
Cost of sales		-2,552	-2,771	-6,030
Gross profit		**4,492**	**4,258**	**8,923**
Sales, marketing and distribution expenses		-1,756	-1,615	-3,249
Research and development expenses		-287	-397	-819
General and administrative expenses		-3,751	-3,389	-7,114
Governmental subsidies		85	144	368
Operating loss before exceptional items		**-1,217**	**-998**	**-1,890**
Costs related to acquisitions		-	-	-
Other operating income	6	177	7	16
Other operating expenses	6	-469	-144	-2,197
Operating loss after exceptional items		**-1,510**	**-1,135**	**-4,071**
Financial income	7	32	301	466
Financial expense	7	-367	-878	-1,839
Loss before tax		**-1,844**	**-1,712**	**-5,444**
Tax (expense) / income		-	-	3
Loss after tax attributable to owners of the company		**-1,844**	**-1,712**	**-5,442**
Loss per share (€)	8	-0.08	-0.09	-0.24
Diluted loss per share (€)	8	-0.08	-0.09	-0.24

All results derive from continuing operations.

Consolidated statement of comprehensive income as at 30 June 2018

Amounts in '000 €	Notes	(Unaudited) Six month ended 30 June 2018	(Unaudited) Six month ended 30 June 2017	(Audited) Year ended 31 December 2017
Loss after tax		**-1,844**	**-1,712**	**-5,442**
Items that will not be reclassified subsequently to profit or loss:				
Actuarial differences IAS19R		-	-	2
Items that may be reclassified subsequently to profit or loss:				
Translation reserves		-3	-7	8
Total comprehensive loss		**-1,847**	**-1,719**	**-5,432**
Comprehensive loss attributable to:				
Owners of the company (*)		**-1,847**	**-1,719**	**-5,432**

(*) There are no non-controlling interests.

Statement of financial position as at 30 June 2018

Amounts in '000 €	Notes	(Unaudited) Six month ended 30 June 2018	(Audited) Year ended 31 December 2017
Goodwill	9	18,212	16,466
Other intangible assets		4,656	4,840
Property, plant and equipment		1,561	1,573
Non-current financial assets		247	238
Other long-term assets		-	-
Non-current assets		**24,676**	**23,116**
Inventories and work in progress	10	3,113	1,942
Trade and other receivables		4,018	3,804
Tax receivables		337	271
Prepayments		449	537
Short-term investments		22	10
Cash & cash equivalents		2,134	4,345
Current assets		**10,072**	**10,908**
Total assets		**34,748**	**34,024**
Bank overdrafts and current portion of long-term borrowings	11	3,099	2,778
Contingent consideration (current portion)	12	1,552	1,126
Short-term provisions		78	50
Trade and other liabilities		3,390	3,692
Tax liabilities		-	-
Other current liabilities		79	137
Total current liabilities		**8,199**	**7,783**
Net current (liabilities) / assets		**1,874**	**3,125**
Borrowings and convertible bond notes	11	3,199	1,115
Contingent consideration (non-current portion)	12	-	-
Retirement benefit obligations		14	14
Long-term provisions		146	158
Deferred tax liabilities		41	41
Other long term liabilities	13	132	-
Total non-current liabilities		**3,531**	**1,327**
Total liabilities		**11,730**	**9,111**
Net assets		**23,018**	**24,914**

Statement of financial position as at 30 June 2018

Amounts in '000 €	Notes	(Unaudited) Six month ended 30 June 2018	(Audited) Year ended 31 December 2017
Share capital		2,511	2,511
Share premium account		58,228	58,281
Own shares		-171	-176
Other reserves		-2,818	-2,815
Equity reserve		422	422
Retained losses		-35,153	-33,309
Total equity - owners of the company		**23,018**	**24,914**
Total equity		**23,018**	**24,914**

Statement of changes in equity as at 30 June 2018

Amounts in '000 €

	Notes	Share capital	Share premium	Own shares	Equity reserves	Other group reserves: Acquisition of the shares of Primer design	Other group reserves: Translation reserve	Other group reserves: Other comprehensive income on retirement benefits	Other group reserves: Total	Retained loss	Total equity
Balance at 1 January 2017		**1 161**	**47 120**	**- 165**	**345**	**- 2 948**	**135**	**- 13**	**- 2 826**	**- 27 867**	**17 768**
Actuarial gains on retirement benefits		-	-	-	-	-	-	2	2	-	2
Translation differences		-	-	-	-	-	8	-	8	-	8
Loss for the period		-	-	-	-	-	-	-	-	- 5 442	- 5 442
Total comprehensive income / (loss) for the period		**-**	**-**	**-**	**-**	**-**	**8**	**2**	**10**	**- 5 442**	**- 5 432**
Issue of share capital		1 218	9 685	-	-	-	-	-	-	-	10 903
Own shares acquired/sold in the period		-	-	- 11	-	-	-	-	-	-	- 11
Other changes		132	1 476	-	77	-	-	-	-	-	1 685
Balance at 31 December 2017		**2 511**	**58 281**	**- 176**	**422**	**- 2 948**	**143**	**- 11**	**- 2 816**	**- 33 310**	**24 914**
Actuarial gains on retirement benefits		-	-	-	-	-	-	-	-	-	-
Translation differences		-	-	-	-	-	- 3	-	- 3	-	- 3
Loss for the period		-	-	-	-	-	-	-	-	- 1 844	- 1 844
Total comprehensive income / (loss) for the period		-	-	-	-	-	**- 3**	-	**- 3**	**- 1 844**	**- 1 847**
Issue of share capital		-	- 53	-	-	-	-	-	-	-	- 53
Own shares acquired/sold in the period		-	-	5	-	-	-	-	-	-	5
Other changes		-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2018		**2 511**	**58 228**	**- 171**	**422**	**- 2 948**	**140**	**- 11**	**- 2 819**	**- 35 154**	**23 018**

Statement of cash flows as at 30 June 2018

Amounts in '000 €	Notes	(Unaudited) Six month ended 30 June 2018	(Unaudited) Six month ended 30 June 2017	(Audited) Year ended 31 December 2017
Net cash used in operating activities	15	**-1,882**	**-2,122**	**-4,646**
Investing activities				
Proceeds on disposal of property, plant and equipment		-	1	-
Purchases of intangible assets		-201	-60	-64
Purchases of property, plant and equipment		-171	-226	-914
Purchases of trading investments		-9	-	-101
Acquisition of subsidiary / activity net of cash acquired		-2,032	-68	-1,747
Other investing activities		-12	-99	-
Net cash generated from investing activities		-2,426	-453	-2,826
Repayments of borrowings		-1,540	-1,000	-3,296
Proceeds on issue of borrowings and bond notes		3,958	1,370	2,722
Proceeds on issue of shares		-53	2,822	11,080
Disposal (purchase) of own shares – Net		5	-15	-11
Paid interest expenses		-281	-863	-1,506
Net cash generated from financing activities		2,089	2,314	8,989
Net increase/(decrease) in cash and cash equivalents		-2,219	-261	1,517
Cash and cash equivalents at beginning of year / period		4,345	2,856	2,856
Effect of foreign exchange rate changes		8	-18	-27
Cash and cash equivalents at end of year / period		**2,134**	**2,577**	**4,345**

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Novacyt S.A is incorporated in France and its principal activities are specialising in cancer and infectious disease diagnostics and services. Its registered office is located at 13 Avenue Morane Saulnier, 78140 Vélizy Villacoublay.

The financial information contained in this report comprises the consolidated financial statements of the Company and its subsidiaries (hereinafter referred to collectively as **"the Group"**). They are prepared and presented in '000s of euros.

The financial information includes all companies under exclusive control. The Company does not exercise joint control or have significant influence over other companies. Subsidiaries are consolidated from the date on which the Group obtains effective control. 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 31st December 2017 and which form the basis of the 2018 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.

This condensed consolidated interim financial information does not constitute full statutory accounts. Statutory accounts for the year ended 31st December 2017 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified. The financial information for the half years 30 June 2018 and 30 June 2017 is unaudited and the twelve months to 31 December 2017 is audited.

2. SUMMARY OF ACCOUNTING POLICIES APPLIED BY THE GROUP

The financial information has been prepared on the historical cost basis except in respect of those financial instruments that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The areas where assumptions and estimates are material in relation to the financial information are the measurement of goodwill resulting from the Company's acquisition of the Infectious Diseases business from Omega Diagnostics Ltd on the 28th June 2018 and Primerdesign (see note 18 of the 2017 Statutory Accounts for further details), the carrying amounts and useful lives of intangible assets (see note 19 of the 2017 Statutory Accounts for further details), deferred taxes (see note 22 of the 2017 Statutory Accounts for further details), trade receivables (see note 24 of the 2017 Statutory Accounts for further details) and provisions for risks and other provisions related to the operating activities (see note 29 of the 2017 Statutory Accounts for further details).

Due to the acquisition of the Infectious Diseases business from Omega Diagnostics Ltd occurring at the end of June 2018, the required purchase price allocation ("PPA") adjustments and pro-forma P&L will be booked and shown in the year end financials due to the lack of time to complete the exercise between the acquisition date and publication of the half year results. As a result the Goodwill balance is a provisional number and as part of the PPA process we expect to create a number of intangible assets (such as customer relationships) reducing the Goodwill balance.

The accounting policies set out below have been applied consistently to all periods presented in the financial information.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the financial statements.

In making this assessment the Directors have considered the following elements:

- a positive cash balance at 30 June 2018 of €2,134,000;
- the repayment of the current bond borrowings according to the agreed repayment schedules;
- the working capital requirements of the business based on the latest cash flow forecasts;
- In the event that the Group doesn't meet its cash flow forecasts for any reason, the Board believes that the Group has a number of options available to it to maintain sufficient headroom in the business."

Business combinations and measurement of goodwill

- **Business combinations**

Business combinations are accounted for using the purchase method (see IFRS 3R).

Each time it takes over a company or group of companies constituting a business, the Group identifies and measures the assets acquired and liabilities assumed, most of which are carried at fair value. The difference between the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree and the net amount recognised in respect of the identifiable assets acquired and liabilities assumed measured at fair value, is recognised as goodwill.

Pursuant to IFRS 3R, the Group applies the following principles:

- transaction costs are recognised immediately as operating expenses when incurred;
- any purchase price adjustment of an asset or a liability assumed is estimated at fair value at the acquisition date, and the initial assessment may only subsequently be adjusted against goodwill in the event of new information related to facts and circumstances existing at the acquisition date if this assessment occurs within the 12-month allocation period after the acquisition date. Any adjustment of the financial liability recognised in respect of an additional price subsequent to the intervening period or not meeting these criteria is recognised in the Group's comprehensive income;
- any negative goodwill arising on acquisition is immediately recognised as income; and
- for step acquisitions, the achievement of control triggers the re-measurement at fair value of the interest previously held by the Group in profit or loss; loss of control results in the re-measurement of the possible residual interest at fair value in the same way.

For companies acquired during the year, only the results for the period following the acquisition date are included in the consolidated income statement.

- **Measurement of goodwill**

Goodwill is broken down by cash-generating unit (CGU) or group of CGUs, depending on the level at which goodwill is monitored for management purposes. In accordance with IAS 36, none of the CGUs or groups of CGUs defined by the Group are greater in size than an operating segment.

- **Impairment testing**

Goodwill is not amortised, but is subject to impairment testing when there is an indication of loss of value, and at least once a year at the reporting date.

Such testing consists of comparing the carrying amount of an asset to its recoverable amount. The recoverable amount of an asset, a CGU or a group of CGUs is the greater of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset, a CGU or a group of CGUs in an arm's length transaction between well-informed, willing parties, less the costs of disposal. Value in use is the present value of future cash flows expected to arise from an asset, a CGU or a group of CGUs.

It is not always necessary to determine both the fair value of an asset less costs to sell and its value in use. If either of these amounts exceeds the carrying amount of the asset, the asset is not impaired and it is not necessary to estimate the other amount.

Intangible fixed assets

- **Patents**

Patents on the balance sheet were acquired or created internally.

These patents have been recognised in accordance with the following rules:

- Research phase: recognition of expenses in operating expenses; and
- Development phase: recognition in assets insofar as the patents are identifiable assets controlled by the Company and from which future economic benefits will arise.

Each patent has been recognised in accordance with its value, corresponding to the costs incurred during the development phase or the acquisition price.

The event generating amortisation is the start of use, i.e. the filing date of the patent. Patents are amortised on a straight-line basis over 20 years.

- **Customer relationships**

In accordance with IFRS 3, the Company's acquisition of Primerdesign resulted in the recognition of the value of the acquired customer base on the balance sheet. The value of this asset was determined by discounting the additional margin generated by customers after remuneration of the contributing assets.

Customer relationships will be amortised on a straight-line basis over nine years.

- **Trademark**

The acquisition price of Primerdesign by the Company was also "allocated" in part to the Primerdesign trademark. The value of this asset was determined by discounting the cash flows that could be generated by licensing the trademark, estimated as a percentage of revenue derived from information available on comparable assets.

The trademark will also be amortised on a straight-line basis over nine years.

- **Other intangible assets**

Intangible assets include licences recognised at cost and amortised over useful lives of between 7 and 20 years.

Intangible assets under construction

Pursuant to IAS 38, the Group capitalises development costs (external costs and personnel expenses), provided that they meet the following criteria:

- the Group has the intention, as well as the financial and technical capacity, to complete the development project;
- the asset will generate future economic benefits; and
- the cost of the intangible asset can be measured reliably.

Assets under construction are not amortised until the development programme has been completed and the asset brought into use. Other research and development expenses not meeting the criteria set out above are expensed directly.

Property, plant and equipment

Items of property, plant and equipment are recognised at their acquisition cost (purchase price plus incidental expenses and acquisition costs).

Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised on a straight-line basis, with major components identified separately where appropriate, based on the following estimated useful lives:

- Patents:	Straight-line basis – 20 years
- Leasehold improvements:	Straight-line basis – 2 to 15 years
- Trademark:	Straight-line basis – 9 years
- Customers:	Straight-line basis – 9 years
- Industrial machinery and equipment:	Straight-line basis – 3 to 6 years
- General fittings, improvements:	Straight-line basis – 3 to 5 years
- Transport equipment:	Straight-line basis – 5 years
- Office equipment:	Straight-line basis – 3 years
- Computer equipment:	Straight-line basis – 2 to 3 years

The depreciation or amortisation of fixed assets begins when they are ready for use and ceases at their disposal, scrapping or reclassification as assets held for sale in accordance with IFRS 5.

Given the nature of its assets, the Group does not recognise residual value on the items of property, plant and equipment it uses.

Depreciation and amortisation methods and useful lives are reviewed at each reporting date and revised prospectively if necessary.

Asset impairment

Depreciable and non-depreciable assets are subject to impairment testing when indications of loss of value are identified. In assessing whether there is any indication that an asset may be impaired, the Company considers the following external and internal indicators:

External indicators:

- drop in the market value of the asset (to a greater extent than would be expected solely from the passage of time or the normal use of the asset);
- significant changes with an adverse effect on the entity, either having taken place during the period or expected to occur in the near future, in the technical, economic or legal environment in which the Company operates or in which the asset is used; and
- increases in market interest rates or other market rates of return during the year when it is likely that such increases will significantly reduce the market value and/or value in use of the asset.

Internal indicators:

- existence of indication of obsolescence or physical damage of an asset unforeseen in the depreciation or amortisation schedule;
- significant changes in the way the asset is used;
- weaker-than-expected performance by the asset; and
- significant reduction in the level of cash flow generated by the asset.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. The recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of future cash flows expected to flow from an asset over its estimated useful life.

The recoverable amount of assets that do not generate independent cash flows is determined by that of the cash-generating unit (CGU) to which it belongs, a CGU being the smallest homogeneous group of identifiable assets generating cash flows that are largely independent of other assets or groups of assets.

The carrying amount of an asset is its gross value less, for depreciable fixed assets, accumulated depreciation and impairment losses.

In the event of loss of value, an impairment charge is recognised in profit or loss. Impairment is reversed in the event of a change in the estimate of the recoverable value or if indications of loss of value disappear. Impairment is recognised under “Depreciation, amortisation and provisions for impairment of property, plant and equipment and intangible assets” in the income statement.

Intangible assets not subject to amortisation are tested for impairment at least once a year.

Inventories

Inventories are carried at the lesser of their acquisition cost and their recoverable amount. The acquisition cost of inventories includes materials and supplies, and, where applicable, personnel expenses incurred in transforming inventories into their current state. It is calculated using the weighted average cost method. The recoverable amount represents the estimated selling price less any marketing, sales and distribution expenses.

The gross value of goods and supplies includes the purchase price and incidental expenses.

A provision for impairment, equal to the difference between the gross value determined in accordance with the above terms and the current market price or the realisable value less any proportional selling costs, is recognised when the gross value is greater than the other stated item.

Trade receivables

Trade receivables are recognised upon transfer of ownership, which generally corresponds to delivery for sales of goods and the rendering of the service for services.

Receivables are recorded at their fair value, which corresponds most often to their nominal value. Receivables may be impaired by means of a provision, to take into account any difficulties in recovering the outstanding amounts. Provisions for impairment are determined by comparing the acquisition cost and the likely realisable value, which is defined as the present value of the estimated recoverable amounts.

Trade receivables have not been discounted, because the effect of doing so would be immaterial.

Cash and cash equivalents

Cash equivalents are held in order to meet short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible into a known amount of cash and be subject to an insignificant risk of change in value. Cash and cash equivalents comprise cash funds, current bank accounts and marketable securities (cash Undertakings for Collective Investment in Transferable Securities "UCITS", negotiable debt securities, etc.) that can be liquidated or sold within a very short time (generally less three months at the acquisition date) and which have a negligible risk of change in value. All such items are measured at fair value, with any adjustments are recognised in profit or loss.

Long Term Incentive Plan

Novacyt granted certain employees 'phantom' shares under a long term management incentive plan adopted on 1 November 2017. The exercise price is set at the share price on the grant date and the options will be settled in cash. The options will fully vest on the third anniversary of the grant date. The payment expenses are calculated under IFRS 2 "Share-based payments". The accounting charge is spread across the vesting period to reflect the services received and a liability recognized on the balance sheet.

Loss per share

The Group reports basic and diluted losses per common share. Basic losses per share is calculated by dividing the profit attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted losses per share is determined by adjusting the profit attributable to common shareholders by the weighted average number of common shares outstanding, taking into account the effects of all potential dilutive common shares, including options.

Exceptional items

Exceptional items are those costs or incomes that in the view of the Board of Directors, require separate disclosure by virtue of their size or incidence, and are charged/credited in arriving at operating profit in the historical financial information.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATE UNCERTAINTY

The preparation of the financial information in accordance with IFRS requires management to exercise judgement on the application of accounting policies, and to make estimates and assumptions that affect the amounts of assets and liabilities, and income and expenses. The underlying estimates and assumptions, made in accordance with the going concern principle, are based on past experience and other factors deemed reasonable in the circumstances. They serve as the basis for the exercise of judgement required in determining the carrying amounts of assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from these estimates. The underlying estimates and assumptions are reviewed continuously. The impact of changes in accounting estimates is recognised in the period of the change if it affects only that period, or in the period of the change and subsequent periods if such periods are also affected.

Key sources of estimation uncertainty

The Group has a number of key sources of estimation uncertainty as listed below. Of these items only the measurement of goodwill, the measurement of useful lives of intangible assets, measurement of fair value of assets and liabilities in business combinations, recognition of deferred taxes and the value trade and other receivables are considered likely to give material adjustment. Others are areas of estimates not material.

- **Measurement of goodwill**

Goodwill is tested for impairment on an annual basis. The recoverable amount of goodwill is determined mainly on the basis of forecasts of future cash flows.
The total amount of anticipated cash flows reflects management’s best estimate of the future benefits and liabilities expected for the relevant cash-generating unit (CGU).
The assumptions used and the resulting estimates sometimes cover very long periods, taking into account the technological, commercial and contractual constraints associated with each CGU.
These estimates are mainly subject to assumptions in terms of volumes, selling prices and related production costs, and the exchange rates of the currencies in which sales and purchases are denominated. They are also subject to the discount rate used for each CGU.

The value of the goodwill is tested whenever there are indications of impairment and reviewed at each annual closing date or more frequently should this be justified by internal or external events.

The carrying amount of goodwill at the balance sheet and related impairment loss over the periods are shown below:

Amounts in '000 €	**(Unaudited) Six months ended 30 June 2018**	**(Audited) Year ended 31 December 2017**
Goodwill Lab21	19,042	19,042
Impairment of goodwill	-9,786	-9,786
Net value	9,256	9,256
Goodwill Primerdesign	7,210	7,210
Impairment of goodwill	-	-
Net value	7,210	7,210
Goodwill Omega Infectious Diseases Business	1,747	-
Impairment of goodwill	-	-
Net value	1,747	7,210
Total Goodwill	**18,212**	**16,466**

On the 28th June 2018 Lab21 Healthcare Ltd part of the Diagnostics Segment – acquired via an asset purchase agreement the Infectious Disease business from Omega Diagnostics Ltd, for an initial consideration of €2,032,000 (£1,800,000), up to €2,456,000 (£2,175,000) in total, subject to the achievement of certain milestones. Due to the acquisition completing at the end of June no purchase price allocation adjustments have been made and thus the amount of the goodwill indicated above is therefore a provisional amount and will be adjusted for in the consolidated accounts at December 2018.

4. REVENUE

The table below shows revenue from ordinary operations:

Amounts in '000 €	(Unaudited) Six months ended 30 June 2018	(Unaudited) Six months ended 30 June 2017	(Audited) Year ended 31 December 2017
Manufactured goods	6,155	5,862	12,520
Services	549	502	1,021
Traded goods	146	510	1,045
Other	193	155	368
Total Revenue	**7,044**	**7,029**	**14,954**

A portion of the Group's revenue is generated in foreign currencies (particularly in sterling). The group has not hedged against the associated currency risk.

The breakdown of revenue by operating segment and geographic area is presented in note 5.

5. OPERATING SEGMENTS

Segment reporting

Pursuant to IFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the Group's chief executive and the managers of the various entities to make decisions regarding the allocation of resources to the segment and to assess its performance;
- for which discrete financial information is available.

The Group has identified three operating segments, whose performances and resources are monitored separately:

◦ **Cytology**

This segment corresponds to the sale of machines (automated equipment, accessories and spare parts to distributors and partners, or directly to laboratories or hospitals) and consumables (mainly bottles and storage systems) in the field of cytology.

◦ **Diagnostics**

This segment corresponds to diagnostic activities in laboratories, and the manufacturing and distribution of reagents and kits for bacterial and blood tests. This is the activity conducted by Lab21 and its subsidiaries. This segment now includes the financial results of the Omega Infectious Diseases businesses following its acquisition in late June.

Molecular testing

This segment represents the activities of recently acquired Primerdesign, which designs, manufactures and distributes test kits for certain diseases in humans, animals and food products. These kits are intended for laboratory use and rely on "polymerase chain reaction" technology.

The Chief Operating Decision Maker is the Chief Executive Officer.

Breakdown of revenue by operating segment and geographic area

◦ At 30 June 2018

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Geographical area				
Africa	-	198	121	319
Europe	431	1,568	1,536	3,536
Asia-Pacific	158	706	444	1,307
America	1	529	825	1,356
Middle East	27	402	98	526
Revenue	**617**	**3,403**	**3,024**	**7,044**

- At 30 June 2017

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Geographical area				
Africa	-	138	172	310
Europe	711	1,688	1,345	3,744
Asia-Pacific	346	754	383	1,483
America	-	364	657	1,021
Middle East	44	357	70	471
Revenue	**1,101**	**3,300**	**2,628**	**7,029**

- At 31 December 2017

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Geographical area				
Africa	-	299	363	662
Europe	1,205	3,347	2,531	7,083
Asia-Pacific	761	1,608	1,656	4,025
America	-	661	1,192	1,854
Middle East	239	739	352	1,330
Revenue	**2,204**	**6,655**	**6,095**	**14,954**

6. OTHER OPERATING INCOME AND EXPENSES

Amounts in '000 €	(Unaudited) Six months ended 30 June 2018	(Unaudited) Six months ended 30 June 2017	(Audited) Year ended 31 December 2017
Reversal of accrual for litigation with employees	177	-	-
Other operating income	-	7	16
Other operating income	**177**	**7**	**16**
Litigation with employees	-211	-	-171
Litigation with a supplier	-28	-	-
Restructuring expenses	-123	-	-78
Due diligence potential new acquisition	-68	-	-
IPO preparation	-22	-65	-1,631
Relocation expenses	-	-	-176
Other expenses	-17	-79	-141
Other operating expenses	**-469**	**-144**	**-2,197**

The restructuring expenses of €123,000 in the 6 months period ended 30 June 2018 and €78,000 in the year ended 31 December 2017 relate to indemnities to employees in relation to restructuring taken place during this period.

The IPO preparation expenses of €22,000 in the period ended 30 June 2018 and €1,631,000 in the period ended 31 December 2017 relate to the fees incurred in preparation for the company's AIM listing in 2017.

7. FINANCIAL INCOME AND EXPENSE

Amounts in '000 €	**(Unaudited) Six months ended 30 June 2018**	**(Unaudited) Six months ended 30 June 2017**	**(Audited) Year ended 31 December 2017**
Exchange gains	-	109	287
Change in fair value of options	-	182	140
Reversals of financial provisions	-	-	-
Other financial income	32	9	39
Financial income	**32**	**301**	**466**
Interest on loans	- 294	- 534	- 1,202
Exchange losses	- 40	- 157	- 251
Contingent consideration	-	- 140	- 386
Other financial expense	- 32	- 48	-
Financial expense	**- 367**	**- 878**	**- 1,839**

Financial Income:

Exchange gains in the period ended 30 June 2017 and 31 December 2017 resulted from recurring operations and, mostly, from variations in euros on the contingent consideration liability denominated in sterling between the Primerdesign acquisition date and the reporting date.

Primerdesign warrants were first accounted for in June 2016 and therefore posted at the original €445,000 valuation. The June 2017 balance relates to the revaluation of Primerdesign warrants from €266,000 to €84,000. The December 2017 balance relates to the revaluation of Primerdesign warrants from €266,000 to €126,000. Because the share value has not materially varied between 1 January and 30 June 2018, no revaluation was completed at June 2018.

Financial Expense:

Exchange Losses
At December 2017, an exchange loss of €196,000 is recorded following the revaluation of the debt in favour of Novacyt in the books of Lab21.

Contingent consideration:
The contingent consideration in 2017 relates to the discounting of the contingent consideration liability in favour of Primerdesign shareholders.

8. LOSS PER SHARE

Loss per share is calculated based on the weighted average number of shares outstanding during the period. Diluted loss per share is calculated based on the weighted average number of shares outstanding and the number of shares issuable as a result of the conversion of dilutive financial instruments.

Amounts in 000' €	**(Unaudited) Six month ended 30 June 2018**	**(Unaudited) Six months ended 30 June 2017**	**(Audited) Year ended 31 December 2017**
Net loss attributable to owners of the company	- 1,844	- 1,712	- 5,442
Impact of dilutive instruments	-	-	-
Net loss attributable to owners of the company	- 1,844	- 1,712	- 5,442
Weighted average number of shares	23,075,634	18,249,175	23,075,634
Impact of dilutive instruments	-	-	-
Weighted average number of diluted shares	23,075,634	18,249,175	23,075,634
Earnings per share (in euros)	**- 0.08**	**- 0.09**	**- 0.24**
Diluted earnings per share (in euros)	**- 0.08**	**- 0.09**	**- 0.24**

Pursuant to IAS 33, options whose exercise price is higher than the value of the Company's security were not taken into account in determining the effect of dilutive instruments.

9. GOODWILL

Goodwill is the difference recognised, upon consolidation of a company, between the fair value of the purchase price of its shares and the net assets acquired and liabilities assumed, measured in accordance with IFRS 3.

	€
Cost	
At 1 January 2017	26,252
Recognised on acquisition of a subsidiary	-
At 31 December 2017	26,252
Recognised on acquisition of the Omega Infectious Diseases business	1,747
At 30 June 2018	27,999
Accumulated impairment losses	
At 31 December 2016	9,786
Exchange differences	-
Impairment losses for the period	-
Eliminated on disposal of a subsidiary	-
At 31 December 2017	9,786
Exchange differences	-
Impairment losses for the period	-
Eliminated on disposal of a subsidiary	-
At 30 June 2018	9,786
Carrying value at 31 December 2017	**16,466**
Carrying value at 30 June 2018	**18,212**

Because the acquisition of the Omega Infectious Diseases business was completed shortly before the closing of the June accounts, it was not possible to complete the analysis required for allocating the purchase price between the assets (tangible and intangible) acquired through the transaction.
The amount of the Goodwill indicated above is therefore a provisional amount and will be adjusted for in the consolidated accounts at December 2018.

10.INVENTORIES AND WORK IN PROGRESS

Amounts in '000 €	(Unaudited) Six months ended 30 June 2018	(Unaudited) Six months ended 30 June 2017	(Audited) Year ended 31 December 2017
Raw materials	1,255	1,030	931
Work in progress	312	159	135
Finished goods	1,187	432	562
Traded goods	362	189	316
Stock provisions	-2	-	-2
Total	**3,113**	**1,810**	**1,942**

The cost of inventories recognised as an expense includes €2,000 (Dec. 2017: €2,000) in respect of write-downs of inventory to net realisable value.

As part of the Omega Infectious Diseases business acquisition approximately €662,000 of stock was acquired, based on the value in Omega's balance sheet, and is included in the June 2018 balance. Both the Primerdesign and the NOVAprep business have increased their product stock levels since the end of the year to meet the expected demand in the second half of the year.

11.BORROWINGS

The following tables show borrowings and financial liabilities carried at amortised cost.

- Maturities as of 30 June 2018

Amounts in '000 €	Amount due for settlement within 12 months	Amount due for settlement after 12 months	Total
Bond notes	3,009	3,145	6,155
Bank borrowings	67	53	120
Accrued interest on borrowings	23	-	23
Total financial liabilities	**3,099**	**3,199**	**6,298**

- Maturities as of 31 December 2017

Amounts in '000 €	Amount due for settlement within 12 months	Amount due for settlement after 12 months	Total
Bond notes	2,664	1,028	3,692
Bank borrowings	66	87	153
Accrued interest on borrowings	49	-	49
Total financial liabilities	**2,778**	**1,115**	**3,894**

As of 30 June 2018, the Group's financing primarily comprised:

- A bond subscribed by Kreos Capital IV Ltd in the amount of €3,500,000 on 15 July 2015, with an interest rate of 12.5 % for a term of 3 years;
- A bond subscribed by Kreos Capital V Ltd in the amount of €3,000,000 issued on 12 May 2016, with an interest rate of 12.5 % for a term of 3 years;
- A convertible bond subscribed by Vatel in the amount of €1,500,000 issued on 31 March 2017, with an interest rate of 7.9 % for a term of 3 years;
- A convertible bond subscribed by Vatel in the amount of €4,000,000 issued on 30 June 2018, with an interest rate of 7.4 % for a term of 3 years

12.CONTINGENT CONSIDERATION

The contingent consideration relates to the acquisition of the Primerdesign shares in May 2016 and the acquisition of the Infectious Diseases business from Omega Diagnostics Ltd Company in June 2018.

Amounts in 000' €	**(Unaudited) Six months ended 30 June 2018**	**(Unaudited) Six months ended 30 June 2017**	**(Audited) Year ended 31 December 2017**
Contingent consideration (non-current portion)	-	1,664	-
Contingent consideration (current portion)	1,552	1,000	1,126
	1,552	**2,664**	**1,126**

The movement in the liability between the 31 December 2017 and 30 June 2018 is due to the acquisition of the Omega Infectious Diseases business acquisition. The payment of the contingent liability is expected to occur within twelve months.

13.OTHER LONG TERM LIABILITIES

The long-term management incentive plan launched in November 2017 was transferred from a long term provision account to a long-term liability account and now stands at €132,000. Its balance at 31 December 2017 was €18,000 which sat as a long term provision.

14.ACQUISITION OF SUBSIDIARIES

On 28 June 2018, the UK Company Lab21 Healthcare Ltd completed an asset purchase agreement for the Infection Diseases business of the company called Omega Diagnostics Ltd. The Infectious Diseases business specialises in the manufacture of a range of diagnostic kits, in particular for syphilis and febrile antigens, as well as a range of latex serology tests for rheumatoid factor, C-reactive protein, antistreptolysin and systemic lupus erythematosus.

Under IFRS rules, this acquisition is considered as an activity. It includes various assets, such as equipment, stock, trademarks and patents. It also includes 2 employees, whose employment contracts were transferred to Lab21 Healthcare Ltd via the TUPE process under which employees in the UK transfer with the activity on the same employment term.

The purchase price was €2,456,000 (£2,175,000) broken down as follows:

Cash disbursed	€2,032k
Deferred consideration for successfully supporting and handling over manufacturing	€198k
Deferred consideration for successfully achieving a Category 3 facility accreditation	€226k
Total purchase price	**€2,456k**

The assets acquired and the liabilities assumed are as follows:

Net property, plant and equipment and intangible assets	€47k
Inventories	€662k
Fair value of assets acquired and liabilities assumed	**€709k**
Goodwill	**€1,747k**

Goodwill is a residual component calculated as the difference between the purchase price for the acquisition of control and the fair value of the assets acquired and liabilities assumed. It includes unrecognised assets such as the value of the personnel and know-how of the acquiree.

As mentioned previously the amount of goodwill is a provisional amount and will be adjusted for in the consolidated accounts at December 2018.

15.NOTES TO THE CASH FLOW STATEMENT

Amounts in '000 €	**(Unaudited) Six month ended 30 June 2018**	**(Unaudited) Six month ended 30 June 2017**	**(Audited) Year ended 31 December 2017**
Loss for the year / period	-1,844	-1,712	-5,442
Adjustments for:			
Depreciation, amortisation and impairment loss	625	561	1,265
Unwinding of discount on contingent consideration	-	140	386
(Increase) / decrease of fair value	-	-182	-140
Gains / (losses) on disposal of fixed assets	-		11
Operating cash flows before movements of working capital	**-1,219**	**-1,193**	**-3,920**
(Increase) / decrease in inventories	-513	-236	-377
(Increase) / decrease in receivables	-121	-1,174	-1,805
Increase / (decrease) in payables	-259	127	425
Cash used in operations	**-2,112**	**-2,477**	**-5,678**
Changes in debt issues expenses	-	-14	-19
Income taxes paid	-65	-191	-148
Finance costs	295	560	1,199
Net cash used in operating activities	**-1,882**	**-2,122**	**-4,646**

16.IMPACT OF BREXIT ON THE GROUP'S ACTIVITY

Companies operating in the "Diagnostics" and "Molecular testing" sectors are established in the United Kingdom. It is difficult to anticipate the impact of Brexit on trade relations and regulatory constraints. The tax consequences depend on the outcome of negotiations between Europe and the United Kingdom, to date are undetermined. Management is seeking to identify market, operational and legal risks and to take the appropriate adaptation measures as required.

17.SUBSEQUENT EVENTS

No significant events have taken place since the reporting date.