Company Registration No. 06475379 (England and Wales)

Abingdon Health Limited

Annual Report and Financial Statements

For the Period Ended 30 June 2018

Abingdon Health Limited

Contents

Abingdon Health Limited

Company Information

Directors	Mr M Duckworth Dr C Hand Mr R Marlow Mr C Yates
Company number	06475379
Registered Office	National Agri Food Innovation Campus Sand Hutton York YO41 1LZ
Auditors	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Directors' Report for the Period Ended 30 June 2018

The directors present their annual report and financial statements for the 18 months ended 30 June 2018.

Principal activities
The group's principal activity continued to be to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

The group has taken advantage of the exceptions set out in Section 414(b) of the Companies Act 2006 which permit it to not prepare a Strategic Report, on the grounds that it qualifies as a small group.

Directors
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr M Duckworth
Dr C Hand
Mr R Marlow
Mr C Yates
Mr S Cartmell (resigned 23 March 2018)
Dr J Wilkie (resigned 11 May 2018)
IP2IPO Services Limited (appointed 23 March 2018, resigned 11 May 2018)

Results and dividends
The results for the period are set out on pages 5 to 8. The directors do not recommend payment of a dividend (2016: £Nil)

Going concern

Existing facilities will provide sufficient funds for operations to continue at their current level until September 2020. The directors have therefore prepared the accounts on a going concern basis.

Principal risks

Market & liquidity risk
This is covered in the going concern section above and in note 20. The critical challenge facing the Company is growing revenue profitably, and securing appropriate funding from shareholders and other sources. This risk is regularly monitored by the Board and operational management.

Capital risk
On 11 May 2018, the Company completed a refinancing and all £7,110,000 of outstanding loan notes were converted into 2,853,204 ordinary shares. Under the terms of the refinancing, all accrued interest was waived by the loan note holders.

This has assisted the Group in being able to raise additional capital as detailed in note 28. Under such circumstances, a detailed investment case must be prepared and the Board and major shareholders and lenders will be required to approve any capital raising, taking into account potential issues of shareholder dilution.

Credit risk
The Group typically has cash resources which are held at bank/banks with high credit ratings. Customer credit is closely monitored. This risk is considered in note 20.

Technology risk
The Group's business faces intense competition from fellow diagnostic companies. Technological changes could overtake the products being developed by the Group, or the Group may incur substantial costs as a result of disputes with a third party relating to the infringement of IP. This is managed by an experienced senior management team with support from external consultants and advisors where appropriate.

Operational risk
The quality of developments and manufactured products are critical to the success of the business. This risk is managed through the application of a stringent Quality Management System, investing in new equipment, servicing existing equipment and employing a skilled and well-trained work force.

Events after the reporting date
On 26 July 2018 the Company entered into a new Enterprise Management Incentives Scheme in favour of some of its management team.
Fundraising activity has provided the Company with £1.5m of additional funds which was received on 18 January 2019.
Details can be found in note 28.

Auditor
In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

.....
Mr R Marlow
Director

29 January 2019

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with IFRS's as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to members of Abingdon Health Limited

Opinion
We have audited the financial statements of Abingdon Health Limited ("the Parent Company") and its subsidiaries ("the Group") for the period ended 30 June 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2018 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

M Langford

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

31 JANUARY 2019

Abingdon Health Limited

Consolidated Statement of Comprehensive Income
For the Period Ended 30 June 2018

	Notes	18 months ended 30 June 2018 £	12 months ended 31 December 2016 £
Revenue	3	2,268,446	1,390,642
Cost of sales		(583,090)	(333,402)
Gross profit		1,685,356	1,057,240
Administrative expenses		(6,359,100)	(3,459,606)
Operating loss	4	(4,673,744)	(2,402,366)
Share of operating profit of joint venture		302	87,816
Share of interest payable of joint venture		-	(17,675)
Other income		61,879	-
Other gains and losses	5	12,013,941	-
Interest receivable	7	8,677	25,014
Interest payable	8	(4,347,644)	(1,336,507)
Profit / (loss) before taxation		3,063,411	(3,643,718)
Taxation	9	462,168	483,511
OCI deferred tax charge		-	-
Share of taxation of joint venture		-	6,299
Profit / (loss) of the financial period		3,525,579	(3,153,908)
Other comprehensive income for the period net of tax		-	-
Total comprehensive income for the period		3,525,579	(3,153,908)
Equity holders of the parent		3,525,579	(3,183,055)
Non-controlling interests		-	29,147
		3,525,579	(3,153,908)

Abingdon Health Limited

Consolidated Statement of Financial Position
As at 30 June 2018

	Notes	30 June 2018 £	31 December 2016 £
Non-current assets			
Goodwill	**11**	3,742,411	3,742,411
Other intangible assets	**11**	861,321	922,880
Property, plant and equipment	**12**	115,026	227,006
Investments	**13**	-	166,739
		4,718,758	5,059,036
Current assets			
Inventories	**14**	389,166	256,071
Trade and other receivables	**15**	834,352	1,064,577
Loans to investments and joint ventures		-	176,197
Deferred tax		-	12,544
Cash and cash equivalents		476,909	2,034,293
		1,700,427	3,543,682
Total assets		6,419,185	8,602,718
Current liabilities			
Obligations under finance leases	**19**	3,701	3,344
Current tax liabilities			
Trade and other payables	**16**	538,587	1,103,885
		542,288	1,107,229
Non-current liabilities			
Borrowings	**18**	-	7,553,537
Other payables	**17**	-	42,223
Obligations under finance leases	**19**	9,926	15,388
		9,926	7,611,148
Total liabilities		552,214	8,718,377
Net assets		5,866,971	(115,659)

Consolidated Statement of Financial Position
As at 30 June 2018

	Notes	30 June 2018 £	31 December 2016 £
Equity			
Attributable to the owners of the parent:			
Share capital	**24**	11,407	7,005
Share premium account		11,699,106	10,171,934
Share based payment reserve		-	99,974
Retained earnings		(5,843,542)	(10,394,572)
Total attributable to the equity holders of the parent		5,866,971	(115,659)
Minority interest		-	-
Total equity		5,866,971	(115,659)

The financial statements were approved by the board of directors and authorised for issue on 29 January 2019 and are signed on its behalf by:

.....
Mr R Marlow
Director

Company Registration No. 06475379

Company Statement of Financial Position
As at 30 June 2018

	Notes		30 June 2018 £		31 December 2016 £
Non-current assets					
Other intangible assets			20,617		47,738
Property, plant and equipment			20,517		40,408
Investment in subsidiaries	**13**		418,638		4,088,755
Investment in associates	**13**		-		167,043
			459,772		4,343,944
Current assets					
Deferred taxation		-		16,677	
Trade and other receivables falling due within one year	**15**	1,496,001		2,411,520	
Cash at bank and in hand		261,021		1,816,226	
		1,757,022		4,244,423	
Current liabilities					
Trade and other payables	**16**	213,920		447,484	
Net current assets/(liabilities)			1,543,102		3,796,939
Total assets less current liabilities			2,002,874		8,140,883
Non-current liabilities					
Borrowing	**18**		-		7,553,537
Provisions for liabilities			-		-
Net assets			2,002,874		587,345
Equity					
Share capital	**24**		11,407		7,005
Share premium account			11,699,106		10,171,934
Share based payment reserve			-		99,974
Retained earnings			(9,707,639)		(9,691,568)
Total equity			2,002,874		587,345

The Company's loss after taxation for the period was £1,041,520 (2016 loss: £3,235,660).

The financial statements were approved by the board of directors and authorised for issue on 29 January 2019 and are signed on its behalf by:

.....
Mr R Marlow
Director

Company Registration No. 06475379

Abingdon Health Limited

Consolidated Statement of Changes in Equity for the Period Ended 30 June 2018

	Notes	Share Capital	Share premium account	Compound financial instrument reserve	Share based payment reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		£	£	£	£	£	£	£	£
Balance at 1 January 2016		7,005	10,171,934	79,570	-	(7,211,518)	3,046,991	(25,007)	3,021,984
Year ended 31 December 2016:									
Profit and loss		-	-	-	-	(3,183,055)	(3,183,055)	29,147	(3,153,908)
Total comprehensive income for the year		-	-	-	-	(3,183,055)	(3,183,055)	29,147	(3,153,908)
Acquisition of non-controlling interests		-	-	-	-	-	-	(4,140)	(4,140)
Impact of fundraising on convertible loan notes		-	-	(79,570)	-	-	(79,570)	-	(79,570)
Issue of convertible loan notes		-	-	-	99,974	-	99,974	-	99,974
Transactions with owners in their capacity as owners		-	-	(79,570)	99,974	-	20,404	(4,140)	16,264
Balance at 31 December 2016		7,005	10,171,934	-	99,974	(10,394,572)	(115,659)	-	(115,659)
Period ended 30 June 2018:									
Profit and loss		-	-	-	-	3,525,579	3,525,579	-	3,525,579
Total comprehensive income for the year		-	-	-	-	3,525,579	3,525,579	-	3,525,579
Issue of share capital		1,549	537,395	-	-	-	538,944	-	538,944
Share option expenses		-	-	-	925,475	-	925,475	-	925,475
Debt-to-equity conversion – share issue		2,853	989,777	-	-	-	992,630		992,630
Debt-to-equity conversion – transfer from share based payment reserve				-	(1,025,449)	1,025,449	-	-	-
Balance at 30 June 2018		11,407	11,699,106	-	-	(5,843,542)	5,866,971	-	5,866,971

Company Statement of Changes in Equity
For the Period Ended 30 June 2018

	Notes	Share capital	Share premium account	Compound financial instrument	Share based payment reserve	Retained earnings	Total
		£	£	£	£	£	£
Balance at 1 January 2016		7,005	10,171,934	79,570	-	(6,455,907)	3,802,602
Year ended 31 December 2016:							
Profit and loss		-	-	-	-	(3,235,661)	(3,235,661)
Total comprehensive income for the year		-	-	-	-	(3,235,661)	(3,235,661)
Impact of fundraising on convertible loan notes		-	-	(79,570)	-	-	(79,570)
Share based payment expense		-	-	-	99,974	-	99,974
Transactions with owners in their capacity as owners		-	-	(79,570)	99,974	-	20,404
Balance at 31 December 2016		7,005	10,171,934	-	99,974	(9,691,568)	587,345
Period ended 30 June 2018:							
Profit and loss		-	-	-	-	(1,041,520)	(1,041,520)
Total comprehensive income for the year		-	-	-	-	(1,041,520)	(1,041,520)
Issue of share capital		1,549	537,395	-	-		538,944
Share option expenses		-	-	-	925,475		925,475
Debt-to-equity conversion – share issue		2,853	989,777	-	-	-	992,630
Debt-to-equity conversion – transfer from share based payment reserve		-	-	-	(1,025,449)	1,025,449	-
Balance at 30 June 2018		11,407	11,699,106	-	-	(9,707,639)	2,002,874

Abingdon Health Limited

Consolidated Statement of Cash Flows
For the Period Ended 30 June 2018

	Notes	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Cash flows from operating activities:			
Profit/(Loss) for the period/year		3,525,579	(3,153,908)
Adjustments for:			
Finance costs		4,338,967	1,311,493
Loan notes extinguished	**5**	(12,013,941)	-
Tax credit		(536,591)	(483,512)
Depreciation of property, plant and equipment	**12**	188,714	84,799
Loss on disposal of property, plant and equipment	**12**	963	3,528
Impairment of fixed asset investments	**13**	167,043	-
Amortisation and impairment of intangible assets	**11**	341,526	65,217
Share of result of joint venture		-	(105,587)
Share based payment		925,477	99,974
Financial instrument reserve movement		-	(79,570)
Minority interest movement		-	29,147
Changes in working capital:			
Increase in inventories	**14**	(133,095)	(121,500)
Decrease in trade and other receivables	**15**	476,128	11,166
(Decrease)/increase in trade and other payables	**16**	(388,082)	314,941
Cash used by operations		(3,107,312)	(2,023,811)
Interest paid	**8**	(1,503)	(334)
Income taxes received		466,885	365,291
Net cash outflow from operating activities		(2,641,930)	(1,658,854)
Purchase of intangible assets	**11**	(280,331)	(556,531)
Purchase of property, plant and equipment	**12**	(78,354)	(112,365)
Proceeds on disposal of property, plant and equipment		1,021	-
Investment in associate	**13**	(304)	(167,043)
Acquisition of minority interest		-	(4,140)
Interest received	**8**	8,677	5,869
Net cash used in investing activities		(349,291)	(834,210)

Consolidated Statement of Cash Flows
For the Period Ended 30 June 2018

	Notes	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Financing activities			
Proceeds from issue of own shares		538,944	-
Shares bought back and cancelled		-	-
Repayment of bank loans and borrowings	**18**	(210,000)	(180,000)
Payment of finance leases obligations	**19**	(5,107)	(19,186)
Proceeds from issue of loan notes and new finance lease		1,110,000	3,000,000
Net cash generated from financing		1,433,837	2,800,814
Net increase / (decrease) in cash and cash equivalents		(1,557,384)	307,750
Cash and cash equivalents at beginning of the period		2,034,293	1,726,543
Cash and cash equivalents at end of the period		476,909	2,034,293

Major non-cash transactions

During the period the Group entered into a number of non-cash transactions as follows:

On 11 May 2018, the Company completed a refinancing and all £7,110,000 of outstanding loan notes were converted into 2,853,204 ordinary shares. Under the terms of the refinancing, all accrued interest was waived by the loan note holders.

Notes to the Financial Statements
For the Period Ended 30 June 2018

1. Accounting policies

Company information
Abingdon Health Ltd ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is National Agri Food Innovation Campus, Sand Hutton, York, YO41 1LZ. The consolidated financial information (or "financial statements") incorporate the financial information of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the "Group").

The principal activity of the Group is to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

1.1 Accounting convention
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the requirements of the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:
- (a) the requirements of IFRS 7 Financial Instruments: Disclosure, on the grounds that equivalent disclosures for financial instruments are presented in the group accounts of Abingdon Health Ltd;
- (b) the requirements of IAS 7 Statement of Cash Flows to present a statement of cash flows;
- (c) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions and balances between two or more members of a group;
- (d) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(q)(ii), B66 and B67 of IFRS Business Combinations, for which equivalent disclosures are included in the group accounts of Abingdon Health Ltd;
- (e) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
- (i) paragraph 79(a)(iv) of IAS 1;
- (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
- (iii) paragraph 118(e) of IAS 38 Intangible Assets.
- (f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements; and
- (g) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The financial statements are prepared in pounds sterling, which is the functional currency of the parent Company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's loss for the period was £1,041,520 (2016 loss: £3,235,660).

1.2 Reporting period
These financial statements cover a period of 18 months, whilst the comparative financial information covers a period of 12 months. This is due to the amended period end providing improved management capacity for managing the financial reporting process.

Notes to the Financial Statements
For the Period Ended 30 June 2018

1. Accounting policies (continued)

1.3 Basis of consolidation

The Group financial information consolidates those of the Company and the subsidiaries that the Company has control of. Control is established when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Where a subsidiary undertaking is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal.

All inter-company balances and transactions between group companies have been eliminated on consolidation.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on their respective ownership interests.

The Group applies the acquisition method of accounting for business combinations enacted after the date of creation of the Group following incorporation of Abingdon Health Ltd, as detailed further below. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial information prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the Group's share of the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Entities other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the consolidated financial statements, associates are accounted for using the equity method.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

Notes to the Financial Statements
For the Period Ended 30 June 2018

1. Accounting policies (continued)

1.4 Going concern
The directors have considered the principal risks and uncertainties facing the business, along with the company's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the directors have prepared cash flows for the foreseeable future, being a period of at least 12 months from the expected date of approval of the financial statements. The Company has raised additional funds from Enterprise Ventures (General Partner NPIF YHTV Equity) Limited on 18 January 2019 and these funds were taken into account in this assessment.

The directors' assessment demonstrated that the funds available will provide sufficient funds for operations to continue at their current level until September 2020 (Based on a sensitised version of the financial model).

Based on the above factors, the directors have prepared these financial statements on a going concern basis.

1.5 Revenue
Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Turnover is recognised on despatch of goods or over the period a service is provided.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Revenue is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or assets. Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure if incurred. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

1.6 Inventory
Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Intangible fixed assets - goodwill
Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. See note 11 for information on how goodwill is initially determined. After initial recognition, goodwill is measured at cost less accumulated impairment losses. See note 11 for a description of impairment testing procedures.

1.8 Intangible fixed assets other than goodwill
Intangible assets are initially measured at cost. Where intangible assets are acquired as part of a business combination, cost is determined by reference to a fair value estimation technique as disclosed further in note 2. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

1. Accounting policies (continued)

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed each financial period-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. Useful lives are typically amortised on the following basis:

Patents and Trademarks	10% straight line
Website Costs	20%-25% straight line
Development Costs	10% straight line

Amortisation is charged to administrative expenses in the Consolidated Statement of Comprehensive Income.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.9 Property, plant and equipment

Property, plant and equipment are recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Plant and machinery	20%-33% straight line
Office equipment	33% straight line
Leasehold improvements	Life of the lease

The residual value and the useful life of an asset are reviewed at least at each financial period-end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

1.10 Non-current investments

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Notes to the Financial Statements
For the Period Ended 30 June 2018

1. Accounting policies (continued)

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.11 Impairment of non-current assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

The impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment

loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

1.12 Financial instruments

Loans and receivables

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

All financial assets excluding investments are classified as loans and receivables; these comprise trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

1. Accounting policies (continued)

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between

the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities include borrowings and trade and other payables.

Financial liabilities are obligations to pay cash or other financial assets and are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with the effective interest recognised as an expense in finance costs.

Derecognition of financial liabilities
Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments
Share capital represents the nominal value of shares that have been issued.

Share premium represents the excess consideration received over share capital upon the sale of shares, less any incidental costs of issue.

Retained earnings include all current and prior period retained profits.

The non-controlling interest represents the portion of equity ownership in subsidiaries which is not attributable to the owners of the Company.

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate

Notes to the Financial Statements
For the Period Ended 30 June 2018

1. Accounting policies (continued)

of shares or options that will eventually vest. Full disclosure of the calculation models is given in note 26.

1.14 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

1.15 Provisions
Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.16 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Notes to the Financial Statements
For the Period Ended 30 June 2018

1. Accounting policies (continued)

1.18 Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

This liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.19 Standards, amendments and interpretations in issue and adopted for the first time

The current standards, amendments and interpretations have been adopted in the period and have not had a material impact on the Group and Company's financial statements:

- IAS 7 'Statement of Cash Flows': amendments in respect of the disclosure initiative.
- IAS 12 'Income Taxes': amendment in relation to the recognition of deferred tax assets for unrealised losses.
- Annual improvements to IFRS's (2014-2016).

Disclosures have been extended in the current reporting period to reflect the updated requirements of IAS 7 'Statement of Cash Flows'.

1.20 Standards, amendments and interpretations in issue but not yet effective

At the authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not effective yet and in some cases have not been adopted by the EU:

	EU effective date – period beginning on or after
Amendments to IAS 40 'Investment Property' for transfers of investment property	1 January 2018 *
Clarification to IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to IAS 28 'Long-term Interests in Associates and Joint Ventures' around the application of the equity method	1 January 2019 *
IFRS 9 'Financial Instruments'	1 January 2018
Amendments to IFRS 9 'Financial Instruments' for termination rights	1 January 2019 *
IFRS 16 'Leases'	1 January 2019
Annual improvements to IFRS's (2015-2017)	1 January 2019 *

IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	1 January 2018 *
Amendments to IFRS 4 'Insurance Contracts' around interaction with IFRS 9	1 January 2018
IFRIC 23 'Uncertainty over Income Tax Treatments'	1 January 2019 *
Amendments to IFRS 2 'Share-based Payment' for classification and measurement of share-based payment transactions	1 January 2018 *
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts'	1 January 2021 *

* These standards, amendments and interpretations have not yet been endorsed by the EU and the dates shown are the expected dates.

In respect of IFRS 16, the Group expects to have a right of use asset arising on the Statement of Financial Position, and an associated liability to record. The right of use asset will be depreciated over the shorter of the lease term and useful life of the asset, and the liability will be measured at amortised cost. This will lead to a depreciation charge and finance charge in the Income Statement which will be higher in earlier years than the current accounting treatment, which is to record the lease cost on a straight line basis over the lease term. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Going concern
The accounts are prepared on the going concern basis, despite significant level of retained losses. Further explanation of this judgement is provided in note 1.4.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Weighted Average Cost of Capital
Where discounting is required by accounting standards, it is necessary to make estimates in respect of matters including the Company's cost of equity and debt. The estimates are updated when the inputs are deemed to have changed.

2 Judgements and key sources of estimation uncertainty (continued)

Valuation of intangible assets (Group 2018: £861,321; 2016: £922,880)
Management judgement is required to estimate the useful lives of intangible assets, having reference to future economic benefits expected to be derived from use of the asset. Economic benefits are based on the fair values of estimated future cash flows. See Note 11

Impairment of goodwill (Group 2018: £3,742,411; 2016: £3,742,411)
Goodwill is tested annually for impairment. The test considers future cash flow projections of cash-generating units that give rise to the goodwill. Where the discounted cash flows are less than the carrying value of goodwill, an impairment charge is recognised for the difference. Further analysis of the estimates and judgements is disclosed in Note 11.

Deferred tax assets (Group 2018: £nil; 2016: £12,544)
Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies and having regard to their strategic planning processes when making these judgements. Further details are contained in Note 22.

Share based payments
The determination of the fair values of EMI options has been made by reference to the Black-Scholes model with the inputs set out in Note 25.

3. Revenue

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker of the Group is considered to be the Board of Directors.

The Group has operating segments:

- Clinical Sales: this comprises of the sale of Seralite products for monitoring multiple myeloma.
- Contract Services: this comprises contract development and manufacturing activities.
- Product Sales: this comprises the sale of Pocket Diagnostic products, PCRD tests and antibodies for research use.
- Other Income: being revenue for ad hoc services including revenues from EU grants.

Due to the specific nature of the Group's market, each component of revenue naturally falls within one of these segments. The operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results. All assets, liabilities and revenues are located in, or derived in, the United Kingdom.

Margins, overheads and balance sheet items are not broken down into the operating segments but are reviewed on a consolidated basis.

During the period the Group had 2 customers with turnover comprising between 10% and 20% of Group revenue. In each case a contract is in place for the services provided. Whilst all the key customers have been important in enabling the Company to generate revenue growth in key areas and future expected growth, none of them have been considered as critical factors in the directors' assessment of going concern.

Notes to the Financial Statements
For the Period Ended 30 June 2018

Segmental analysis of revenue

	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Clinical sales	234,007	207,691
Contract services	1,654,696	908,553
Product sales	344,766	199,791
Other income	34,977	74,607
Total	2,268,446	1,390,642

Revenue analysed by geographical market

	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
United Kingdom	1,232,245	890,658
Europe	857,754	474,980
Rest of World	178,447	25,004
	2,268,446	1,390,642

4. Operating costs

	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Operating loss for the period is stated after charging/(crediting):		
Grant income	(14,099)	(15,150)
Depreciation of owned property, plant and equipment	173,525	71,070
Depreciation of property, plant and equipment held under finance leases	15,200	13,729
Cost of inventories recognised as an expense	541,605	302,692
Impairment of inventories	6,617	8,488
Research costs expensed	285,043	69,105
Amortisation and impairment of intangible assets	341,526	65,217
Operating lease charges (rent)	499,524	273,676

5. Other Gains and Losses

	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Loan notes extinguished	12,013,941	-

5. Other Gains and Losses (continued)

The gains reported in the Statement of Comprehensive Income have been calculated in accordance with IFRIC 19, which permits the difference between the fair value of the equity issued and the fair value of liabilities extinguished to be recognised as a gain within the Income Statement. The liabilities extinguished represented loan notes with interest on the face value of the loan, and a 75% redemption premium, previously accounted for using the amortised cost method, which were exchanged for a new issue of share capital with associated premium, with the premium determined through a fair value calculation of the company determined after adjustment for elimination of the loan. The reclassification consists of a change in measurement basis from amortised cost accounting to fair value as at transfer date. The company has not retained any liability to the loan note holders following the conversion of the loan notes.

The present value of the loan notes as at 31 December 2016 was £7,553,537 and new loan notes were issued in October 2017 amounting to £1,110,000. Interest on these balances have been unwound at a rate of 37.75% , being the internal rate of return taking into account the 75% redemption premium attached to the notes. Interest has therefore been calculated up until the point in which the notes were converted, being 11 May 2018, amounting to £4,343,034, with this interest being recognised as a finance expense in note 8. The difference between the present value of the loan notes as at this date and the fair value of equity converted, being £13,006,571 and £992,630 respectively, results in a gain realised of £12,013,941 which is presented within the Consolidated Statement of Comprehensive Income.

6. Auditor's remuneration

	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Fees payable to the Company's auditor and its associates:		
For audit services		
Audit of the financial statements of the Group and Company	20,500	16,500
For non-audit services		
Tax advice for the Group	29,750	-

6. Employees

The average monthly number of persons (including Directors) employed by the Group during the period was:

	18 months ended 30 June 2018 Number	Year ended 31 December 2016 Number
Production	15	14
Research	16	17
Management and administration	16	17
	47	48

Their aggregate remuneration comprised:

	18 months ended 30 June 2018 £	Year Ended 31 December 2016 £
Wages and salaries	3,461,063	2,335,744
Social security costs	359,261	252,801
Pension costs	145,145	82,873
Share based payment expense	925,475	99,974
	4,890,944	2,771,392

Details of Directors' remuneration are provided in note 29.

The total cost of employee remuneration includes £272,388 (2016 - £129,640) of costs which have been on development projects, and which have accordingly been capitalised as an intangible asset, shown further in note 11.

7. Finance income

	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Interest income		
Bank interest receivable	8,677	5,869
Interest receivable on loan notes	-	19,145
Total income	8,677	25,014

8. Finance costs

	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loan notes	4,346,141	1,325,455
Interest on finance leases	1,503	334
	4,347,644	1,325,789
Other finance costs:		
Unwinding of discount on loans and borrowings	-	10,718
Total finance costs	4,347,644	1,336,507

Notes to the Financial Statements
For the Period Ended 30 June 2018

9. Taxation

	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Current tax		
UK Corporation tax on profits for the current period	474,712	466,885
Adjustments in respect of prior periods	-	-
Total current tax	474,712	466,885
Deferred tax		
Origination and reversal of temporary differences	(12,544)	16,626
Total deferred tax	(12,544)	16,626
Total tax credit	462,168	483,511

The charge for the period can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	18 months ended 30 June 2018 £	Year ended 31 December 2016 £
Profit / (Loss) before taxation	3,063,411	(3,643,718)
Expected tax charge based on a corporation tax rate of 19.16% (2016 - 20%)	587,098	(728,744)
Tax effect of expenses that are not deductible in determining taxable profit	(599,642)	42,202
Tax effect of utilisation of tax losses not previously recognised	-	703,168
Research and development tax credits	474,712	466,885
Total tax charge	462,168	483,511

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted in October 2015. Further reduction to 17% (effective from 1 April 2020) was substantively enacted in September 2016. These rates have therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 18% (2016: 18%), except for on share options which are expected to be exercised before 1 April 2020 and as such are measured at 19%.

10 Dividends

No dividends were paid in the current or prior period.

Notes to the Financial Statements
For the Period Ended 30 June 2018

11. Goodwill and other intangible assets

Group	Goodwill £	Patents and trademarks £	Website £	Development costs £	Total £
Cost					
At 1 January 2017	3,742,411	27,701	83,191	1,084,365	4,937,668
Additions	-	4,440	-	275,891	280,331
Disposals	-	-	-	(367)	(367)
As 30 June 2018	3,742,411	32,141	83,191	1,359,889	5,217,632
Amortisation and impairment					
At 1 January 2017	-	18,287	40,182	213,907	272,376
Amortisation charged for the period	-	2,816	29,596	309,114	341,526
Disposals	-	-	-	-	-
At 30 June 2018	-	21,103	69,778	523,021	613,902
Carrying amount					
At 30 June 2018	3,742,411	11,038	13,413	836,868	4,603,730
At 31 December 2016	3,742,411	9,414	43,009	870,458	4,665,292

The Group tests goodwill annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is assessed for impairment by comparing the carrying values with the value-in-use calculation, which is determined by calculating the net present value (NPV) of future cash flows arising from the original acquired business.

The carrying amount of goodwill is indicated in the table above. The net book value of goodwill above for Forsite Diagnostics Limited amounts to £763,143 (2016: £763,143), for Serascience Limited amounts to £2,979,268 (2016: £2,979,268) and Molecular Vision Limited £nil (2016: £nil). Due to the nature of the operations the recoverable amount of Forsite Diagnostics and Serascience has been considered to make up one cash generating unit, this recoverable amount has been determined based on a value in use calculation using cash flow projections based on the actual results for the period ended 30 June 2018 and the financial forecasts prepared by the Board covering the period to 31 December 2021, with projected cash flows thereafter through to June 2022 based on the growth rates forecast by management based on the maturity of the respective divisions. A growth rate of 3% has been used. A pre-tax discount rate of 11.0% has been used.

A 16.5% reduction in revenue growth rates over the next 4 years combined with a 20% reduction in terminal growth rate and a 1.5% increase in pre-tax discount rate would reduce the £10.0m headroom in the base case impairment model to zero. A failure to achieve the expected revenue growth could therefore make an impairment to goodwill reasonably possible.

Notes to the Financial Statements
For the Period Ended 30 June 2018

11. Goodwill and other intangible assets (continued)

As a result of this review, there has been no impairment to the carrying value of goodwill or intangibles.

The carrying amounts of goodwill have been assigned to the following cash-generating units:

	Group	
	30 June 2018	31 December 2016
Clinical and contract services	3,742,411	3,742,411
Biosensor development	-	-
	3,742,411	3,742,411

Company

Group	Website £	Lease costs £	Total £
Cost			
At 1 January 2017	78,923	4,729	83,652
Additions – separately acquired	-	4,440	4,440
Disposals	-	-	-
As 30 June 2018	78,923	9,169	88,092
Amortisation and impairment			
At 1 January 2017	35,914	-	35,914
Amortisation charged for the period	29,596	1,965	31,561
Disposals	-	-	-
At 30 June 2018	65,510	1,965	67,475
Carrying amount			
At 30 June 2018	13,413	7,204	20,617
At 31 December 2016	43,009	4,729	47,738

Notes to the Financial Statements
For the Period Ended 30 June 2018

12. Property, plant and equipment

Group	Improvements to leasehold property £	Plant and machinery £	Office equipment £	Total £
Cost				
At 1 January 2017	30,331	1,041,918	110,016	1,182,265
Additions	-	74,198	4,156	78,354
Disposals	-	-	(3,198)	(3,198)
At 30 June 2018	30,331	1,116,116	110,974	1,257,421
Depreciation and impairment				
At 1 January 2017	14,164	863,903	77,191	955,258
Depreciation charged in the period	7,211	159,133	22,381	188,725
Eliminated in respect of disposals	-	-	(1,581)	(1,581)
At 30 June 2018	21,375	1,023,036	97,991	1,142,402
Carrying amount				
At 30 June 2018	8,956	93,080	12,983	115,019
At 31 December 2016	16,167	178,015	32,825	227,006

The net carrying value of property, plant and equipment includes the following in respect of assets held under finance leases or hire purchase contracts, which are secured by the lessors' title to the assets. The depreciation charge in respect of such assets amounted to £19,000 (2016 - £nil) for the period.

	30 June 2018 £	31 December 2016 £
Plant and machinery	-	19,000

Notes to the Financial Statements
For the Period Ended 30 June 2018

12. Property, plant and equipment (continued)

Company

	Improvements to leasehold property £	Office £	Total £
Cost			
At 1 January 2017	14,330	61,554	75,884
Additions	-	4,156	4,156
Disposals	-	(3,198)	(3,198)
At 30 June 2018	14,330	62,512	76,842
Depreciation and impairment			
At 1 January 2017	-	35,476	35,476
Depreciation charged in the period	5,374	17,056	22,430
Disposals	-	(1,581)	(1,581)
At 30 June 2018	5,374	50,951	56,325
Carrying amount			
At 30 June 2018	8,956	11,561	20,517
At 31 December 2016	14,330	26,078	40,408

13. Investments

Group	Notes	30 June 2018 £	31 December 2016 £
Investments in associates		-	167,043
Investments in joint ventures		-	(304)
		-	166,739

Notes to the Financial Statements
For the Period Ended 30 June 2018

13. Investments (continued)

Company	Notes	30 June 2018	31 December 2016
		£	£
Investments in subsidiaries		418,638	4,088,755
Investments in associates		-	167,043
		418,638	4,255,798

Movements in investment - Group	Joint venture	Associates	Total
	£	£	£
Share of net assets/ Cost			
At 1 January 2017	(304)	167,043	166,739
Additions	-	-	-
Disposals	304	-	304
At 30 June 2018	-	167,043	167,043
Impairment			
At 1 January 2017	-	-	-
Impairment during the period	-	167,043	167,043
At 30 June 2018	-	167,043	167,043
Carrying amount			
At 30 June 2018	-	-	-
At 31 December 2016	(304)	167,043	166,739

The activities of Bioscience Ventures Limited, a joint venture between the company and University of Birmingham, were discontinued in 2016. Bioscience Ventures Limited was dissolved on 12 September 2017.

The company holds 35% of the shares of Linear Diagnostics Limited, its associate. Linear Diagnostics is an early stage diagnostic technology company. As a result of uncertainty about the commercial potential of Linear Diagnostics' technology, the company has written down the value of its investment £167,043 and loans £176,197 to Linear Diagnostics to nil in the period.

Details of subsidiaries are included in Note 31.

Notes to the Financial Statements
For the Period Ended 30 June 2018

13. Investments (continued)

Summarised Financial Information- Bioscience Ventures Limited

	30 June 2018	31 December 2016
	£	£
Non-current assets	-	-
Current assets	-	6,504
Current liabilities	-	(7,113)
Non-current liabilities	-	-
Share of net assets attributable to minority interests	-	-
Consolidated Net Liabilities	-	(604)
Consolidated Revenue	-	266,203
Consolidated Profit / (Loss) after tax	-	140,281

Summarised Financial Information – Linear Diagnostics Limited

	30 June 2018	31 December 2016
	£	£
Non-current assets	1,036	77
Current assets	102,450	7,030
Current liabilities	(23,193)	(194,168)
Non-current liabilities	(763,360)	(186,474)
Net Liabilities	(688,067)	(373,536)
Revenue	71,253	49,000
Profit / (Loss) after tax	(338,191)	(104,709)

Notes to the Financial Statements
For the Period Ended 30 June 2018

13. Investments (continued)

Movements in investments Company	Equity investments in subsidiaries £	Other investments in joint venture £	Investments in associates £	Total £
Cost or valuation				
At 1 January 2017	6,238,741	498,470	167,043	6,904,254
Additions	-	-	-	-
Disposals	-	(498,470)	-	(498,470)
At 30 June 2018	6,238,741	-	167,043	6,405,784
Impairment				
At 1 January 2017	(2,149,985)	(498,470)	-	(2,648,455)
Provision for impairment	(3,670,118)	-	(167,043)	(3,837,161)
Disposals	-	498,470	-	498,470
At 30 June 2018	(5,820,103)	-	(167,043)	(5,987,146)
Carrying amount				
At 30 June 2018	418,638	-	-	418,638
At 31 December 2016	4,088,755	-	167,043	4,255,798

14. Inventories

Group	**30 June 2018** **£**	**31 December 2016** **£**
Raw materials	248,518	235,368
Works in progress	53,782	7,717
Finished goods	86,866	12,987
	389,166	256,071

Company	**30 June 2018** **£**	**31 December 2016** **£**
Inventories	-	-

Notes to the Financial Statements
For the Period Ended 30 June 2018

15. Trade and other receivables

Group

	30 June 2018	31 December 2016
Amounts falling due within one year:	£	£
Trade receivables	96,006	362,180
Other receivables and prepayments	738,346	702,397
	834,352	1,064,577

Trade receivables at the reporting date are shown above net of provisions.

Trade receivables are stated net of impairment for estimated irrecoverable amounts of £26,238 (2016: £26,238). This impairment has been determined by reference to past default experience and known issues. Write offs are made when the irrecoverable amount becomes certain. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Movement on the allowance for irrecoverable amounts on trade receivables are as follows:

	30 June 2018 £	31 December 2016 £
Beginning of the period	26,238	-
Provision for bad receivables	28,010	26,238
Released during the period	(28,010)	-
End of the period	26,238	26,238

An analysis of the trade debtors past due but not impaired is:

	30 June 2018 £	31 December 2016 £
60 to 120 days	4,800	1,250
More than 120 days	51,605	51,450
Less provision	(26,238)	(26,238)
Total trade debtors past due but not impaired	30,167	26,462
Add:		
Less than 60 days	65,839	335,718
Net trade receivables	96,006	362,180

The Directors consider the credit quality of trade and other receivables that are neither past due nor impaired to be good.

Notes to the Financial Statements
For the Period Ended 30 June 2018

15. Trade and other receivables (Continued)

Company

	30 June 2018	31 December 2016
Amounts falling due within one year:	£	£
Trade receivables	-	8,028
Other receivables and prepayments	21,737	99,729
Amounts due from subsidiaries	1,474,264	2,127,565
Amounts due from investments	-	176,198
	1,496,001	2,411,520

16. Current trade and other payables

Group

	30 June 2018	31 December 2016
	£	£
Trade payables	215,652	238,346
Current tax liabilities	132,258	108,359
Other payables	190,677	757,180
	538,587	1,103,885

Other payables include £13,000 repayable to a former shareholder in instalments (2016: £160,117) Further information is provided in Note 18.

Company

	30 June 2018	31 December 2016
	£	£
Trade payables	63,306	89,661
Current tax liabilities	113,329	64,016
Other payables	37,285	293,807
	213,920	447,484

Notes to the Financial Statements
For the Period Ended 30 June 2018

17. Non-current trade and other payables

Group

	30 June 2018 £	31 December 2016 £
Other payables	-	42,223

All other liabilities relate to an amount repayable to a former shareholder in instalments. Further information is provided in Note 18.

Company

	30 June 2018 £	31 December 2016 £
Other payables	-	-

18. Borrowings

Group

	30 June 2018 £	31 December 2016 £
Other payables	13,000	202,340
Loan notes	-	7,553,537
	13,000	7,755,877
Payable within one year	13,000	160,117
Payable between one and two years	-	42,223
Payable between two and five years	-	7,553,537
	13,000	7,755,877

Other payables are an amount repayable to a former shareholder in instalments. No interest is charged on this balance. The outstanding balance at 30 June 2018 is £13,000.

On 22 September 2014 £1,163,745 of convertible loan notes were issued to certain existing shareholders. They accrued interest at 8% and were convertible into preferred ordinary shares subject to certain performance milestones being met.

In May 2015, loan notes of £1,054,802 together with accrued interest were converted into 507,561 preferred ordinary shares at £2.217 per share and the remaining £108,943 of loan notes outstanding at that date were redeemed for cash.

The Company completed a fundraising in June 2015 issuing £3,000,000 of convertible loan notes to existing shareholders. The repayments date for the loan notes was 31 December 2016 and the interest rate was 15% pa.

Notes to the Financial Statements
For the Period Ended 30 June 2018

18. Borrowings (Continued)

On 4 July 2016, the Company completed a fundraising of £3,000,000 by issuing loan notes to certain existing shareholders. The terms of the £3,000,000 loan notes issued in June 2015 were amended to align with the new loan notes. The repayment date for the loan notes was 31 December 2019 and the interest rate was 15% pa. The loan notes were not convertible.

On 22 January 2018, the Company completed a fundraising of £1,110,000 by issuing loan notes to certain existing shareholders. The terms of these loan notes were consistent with the loan notes issued in 2015 and 2016. The repayment date for the loan notes was 31 December 2019 and the interest rate was 15% pa. The loan notes were not convertible.

On 11 May 2018, the Company completed a refinancing and all £7,110,000 of outstanding loan notes were converted into 2,853,204 ordinary shares. Under the terms of the refinancing, all accrued interest was waived by the loan note holders. This scenario represents a situation where the terms of the financial liability have changed and the new instrument then meets the definition of an equity instrument. Accordingly, this constitutes a debt-for-equity swap and is accounted for in accordance with IFRIC 19.

Company	**30 June 2018 £**	**31 December 2016 £**
Loan notes	-	7,553,537
	-	7,553,537
Payable within one year	-	-
Payable between two and five years	-	7,553,537
	-	7,553,537

19. Obligations under finance leases

Future minimum lease payments due under finance leases:

Group	**30 June 2018 £**	**31 December 2016 £**
Within one year	4,405	4,405
In two to five years	10,645	17,254
	15,050	21,659
Less: future finance charges	(1,422)	(2,927)
	13,628	18,732

Finance lease and hire purchase borrowings are secured against the assets to which they relate.

A new finance lease was entered in respect of an asset acquired in 2016. This finance lease has a 5 year term.

Notes to the Financial Statements
For the Period Ended 30 June 2018

20. Financial instruments

Market and liquidity risks
Liquidity risk is the risk that the company fails to have sufficient funds to meet its debts as they become due. The Group holds funds in short-term bank deposits so that they are available when required. The liquidity risk of the Group is managed centrally. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which regularly monitors the Group's short-, medium and long-term funding, and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash and cash equivalents and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk
During the period, the Group's credit risk was primarily attributable to its cash balances other loans receivable, and its trade receivables. Credit risk, is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings. The risk to the Group of trade receivables going bad is deemed relatively low due to the size and stature of the customers the company now trades with. There were no allowances for debt recovery as at the current or previous period end.

Capital management
As described in Note 24 the Group considers its capital to comprise its ordinary share capital, share premium, compound financial instrument reserve, and accumulated deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to commercialise the development which has been undertaken to date, through major sales in a number of markets.

There have been no significant changes to the Group's capital management objectives, policies and processes in the period nor has there been any change in what the Group considers to be its capital.

Exchange rate and interest rate risk
All of the Group's borrowings are at fixed interest rates. The Group is therefore not exposed to the impact of changes in interest rates in the medium term. The level of debt is reviewed regularly by the Board.

The majority of purchases are denominated in Sterling. The Group is therefore not materially exposed to the impact of changes in exchange rates.

Notes to the Financial Statements
For the Period Ended 30 June 2018

21. Financial instruments

Group	30 June 2018	31 December 2016
	£	£
Carrying amount of financial assets		
Measured at fair value	1,128,284	2,577,776
Debt instruments measured at amortised cost	-	176,198
	1,128,284	2,753,974
Carrying amount of financial liabilities		
Measured at fair value	419,956	1,056,480
Measured at amortised cost	-	7,553,537
	419,956	8,610,017

The undiscounted contractual maturity analysis for Group financial instruments is shown below. The maturity analysis reflects the contractual undiscounted cashflows, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date.

Financial liabilities	Demand and less than 3 months	From 3 to 12 months	From 12 months to 2 years	From 2 to 5 years	Total
Trade and other payables	880,415	135,000	62,106	-	1,077,520
Loan notes	-	-	-	6,899,075	6,899,075
Finance leases	814	2,530	3,581	11,807	18,732
At 31 December 2016	881,229	137,530	65,687	6,910,882	7,995,327
Trade and other payables	406,329	-	-	-	406,329
Loan notes	-	-	-	-	-
Finance leases	903	2,798	3,939	5,989	13,628
At 30 June 2018	407,232	2,798	3,939	5,989	419,957

22. Deferred tax

The following is the analysis of the deferred tax balances for financial reporting purposes:

	Group 30 June 2018	31 December 2016	Company 30 June 2018	31 December 2016
	£	£	£	£
Share options	-	(33,487)	-	(33,487)
Loan notes	-	16,810	-	16,810
Convertible loan notes	-	-	-	-
Discounting external loans	-	4,133	-	-
Deferred tax liability/ (asset)	-	(12,544)	-	(16,677)

Notes to the Financial Statements
For the Period Ended 30 June 2018

22. Deferred tax (continued)

Movements by category of deferred tax are as follows:

	Liability/(asset) at 1 January 2016	Charge to profit or loss	Liability/(asset) at 31 December 2016
Convertible loan notes	(9,054)	25,864	16,810
Share options	-	(33,487)	(33,487)
Discounting external loans	13,136	(9,003)	4,133
Net deferred tax movement	4,082	(16,626)	(12,544)

	Liability/(asset) at 1 January 2017	Charge to profit or loss	Liability/(asset) at 30 June 2018
Convertible loan notes	16,810	(16,810)	-
Share options	(33,487)	33,487	-
Discounting external loans	4,133	(4,133)	-
Net deferred tax movement	(12,544)	12,544	-

Company
A deferred tax asset amounting to £628,487 (2016: £584,615), in respect of trading losses carried forward of £3,491,592 (2016: £3,247,861), has not been recognised due to uncertainty over future profits.

Group
A deferred tax asset amounting to £1,989,103 (2016: £1,836,439), in respect of trading losses carried forward of £11,050,573 (2016: £10,202,439), has not been recognised due to uncertainty over future profits.

23. Retirement benefit schemes

	30 June 2018 £	31 December 2016 £
Charge to profit and loss in respect of defined contribution schemes	145,145	82,873

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. At the period end there is a pension creditor of £16,501 (2016 - £10,655).

Notes to the Financial Statements
For the Period Ended 30 June 2018

24. Share capital

	30 June 2018	31 December 2016
Ordinary share capital		
Authorised, allotted and fully paid	**Number**	**Number**
Ordinary shares of 0.1p each	11,406,826	1,996,987
Preferred Ordinary shares of 0.1p each	-	5,007,500
	£	**£**
Ordinary shares of 0.1p each	11,407	1,997
Preferred Ordinary shares of 0.1p each	-	5,008
	11,407	7,005

On 11 May 2018, all preferred ordinary shares of 0.1p each were redesignated as ordinary shares of 0.1p each. On the same date, 1,549,135 new ordinary shares were issued to existing shareholders for consideration of £538,944 and all £7,110,000 of outstanding loan notes were converted into 2,853,204 ordinary shares.

The Company's sole class of equity shares carry one vote per share, and rank pari-passu in respect of dividend and capital distribution rights.

Reconciliation of movements during the period:

	Ordinary Number	Preferred Ordinary Number
At 1 January 2017	1,996,987	5,007,500
Redesignation of preferred ordinary shares	5,007,500	(5,007,500)
Issue of fully paid shares – in respect of loan notes	2,853,204	-
Issue of fully paid shares	1,549,135	-
At 30 June 2018	11,406,826	-

No share options became exercisable during the period (2016: nil).

Reserves of the company represent the following:

Share Capital – Shares in the company held by shareholders at a proportional level with equal voting rights per share.
Share Premium – Excess over share capital of any investments.
Retained earnings – This comprises the accumulated trading results of the group.
Share-based payment reserve - This reserve comprises the fair value of options share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital.

Notes to the Financial Statements
For the Period Ended 30 June 2018

25. Share options

Group	Number of share options		Weighted average exercise price	
	30 June 2018 Number	31 December 2016 Number	30 June 2018 £	31 December 2016 £
Outstanding at 1 January 2017	1,100,428	-	0.94	-
Granted	-	1,100,428	-	0.94
Exercised	-	-	-	-
Cancelled	(937,638)	-	(1.02)	-
Forfeited	(162,789)	-	(0.48)	-
Outstanding at 30 June 2018	-	1,100,428	-	0.94
Exercisable at 30 June 2018	-	-	-	-

On 15 May 2018 the company cancelled all share options. All future fair value expenses were taken to the Income Statement, and the Share Option Reserve of £1,025,449 was transferred back to Retained Earnings. See Consolidated Statement of Changes in Equity for the movement.

26. Guarantees and contingent liabilities

At 30 June 2018, the Group and Company had no contingent liabilities (2016 - none). The borrowings disclosed in Note 18 were secured over the assets of the Group including the Company. The amounts payable to a former shareholder (2018: £13,000; 2016: £202,340) disclosed in notes 16 and 18 are guaranteed by the Company.

27. Operating lease commitments

Lessee
Operating leases relating to land and buildings are on normal commercial terms with no rent-free periods or other incentives, and include requirements to restore sites at the end of the agreements for which amounts have been provided for. Other agreements relate to motor vehicles on terms of one to three years, with no lease incentives.

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 30 June 2018 £	31 December 2016 £
Land and buildings		
Within one year	255,378	73,074
Between two and five years	1,045,350	123,861
In over five years	139,217	-
	1,645,951	196,935

Notes to the Financial Statements
For the Period Ended 30 June 2018

28. Events after the reporting date

On 26 July 2018 the Company entered into a new Enterprise Management Incentives Scheme in favour of some of its management team, which falls under the scope of "IFRS 2 Share-based payment". This granted 344,929 share options to relevant employees, with exercise price of 0.1p, which can be exercised on a relevant exit event, and which have no performance conditions attached other than continuous employment.

The Directors have assessed the total fair value of the Scheme to be £119,664, calculated using a Black-Scholes methodology, with the expense being spread across the anticipated life of the Scheme of 2.75 years. However, since the grant of the options a number have lapsed, which reduces the fair value to be expensed in future accounting periods to £99,718.

On 18 January 2019, the Company issued 3,916,450 A Shares to Enterprise Ventures (General Partner NPIF YHTV Equity) Limited for consideration of £1,500,000. The A Shares receive a preference at an exit and 25% of any further proceeds once that premium has been paid. Each share has one vote and Enterprise Ventures (General Partner NPIF YHTV Equity) Limited therefore hold 25% of the voting rights of the Company.

29. Directors' remuneration and transactions

	18 months ended 30 £	Year ended 31 December 2016 £
Remuneration for qualifying services	738,637	548,131
Company pension contributions to defined contribution schemes	26,200	29,772
	767,820	577,903

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 3).

30. Related party transaction

Remuneration of key management personnel
The key management personnel are considered to be the Board of Directors and members. Refer to note 29 for details of key management personnel remuneration.

Notes to the Financial Statements
For the Period Ended 30 June 2018

31. Subsidiaries

Details of the Company's subsidiaries at 30 June 2018 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
Forsite Diagnostics Limited (UK)	Manufacturing of diagnostic devices	Ordinary shares	100%
Molecular Vision Limited (UK)	Consultancy and R&D into a diagnostics technology platform	A1 Preference shares	100%
Serascience Limited (UK)	Development and sales of medical diagnostic devices	Ordinary shares	100%
Associate			
Linear Diagnostics Limited (UK)	R&D into a diagnostics technology platform	Ordinary shares	35%

All investments are directly held by the company.

Forsite Diagnostics Limited and Molecular Vision Limited have the same registered address as noted on the company information page in these financial statements.

The registered office of Serascience Limited is Newstead House, Pelham Road, Nottingham, NG5 1AP.

The investments in subsidiaries are all stated at cost less impairment in the financial statements.

32. Ultimate controlling party

In the opinion of the directors, no one party has ultimate control due to shareholding.