

# **Ovoca Bio Public Limited Company**

**Interim Consolidated Financial Statements**

**For the six months ended 30 June 2019**

**Ovoca Bio plc**  
**Interim results for the six months ended 30 June 2019**

**CONSOLIDATED INCOME STATEMENT**

	Unaudited 6 Months ended 30.06.2019 €'000	Unaudited 6 Months ended 30.06.2018 €'000	Unaudited 6 Months ended 30.06.2019 \$'000	Unaudited 6 Months ended 30.06.2018 \$'000
<b>Continuing operations</b>				
Administration expenses	(1 184)	(576)	(1 345)	(697)
Other gains / (losses)	463	(56)	526	(68)
<b>Operating loss</b>	<b>(721)</b>	<b>(632)</b>	<b>(819)</b>	<b>(765)</b>
Finance costs	(4)	(4)	(5)	(4)
Finance income	286	272	325	329
<b>Loss for the period before tax</b>	<b>(439)</b>	<b>(364)</b>	<b>(499)</b>	<b>(440)</b>
Income tax	-	-	-	-
<b>Loss for the period from continuing operations</b>	<b>(439)</b>	<b>(364)</b>	<b>(499)</b>	<b>(440)</b>
<b>Discontinued operations</b>				
<b>Profit from discontinued operations net of tax</b>	<b>41</b>	<b>(111)</b>	<b>47</b>	<b>(135)</b>
<b>Loss for the period</b>	<b>(398)</b>	<b>(475)</b>	<b>(452)</b>	<b>(575)</b>
Loss for the period attributable to:				
Owners of the parent	(151)	(475)	(172)	(575)
Non-controlling interest	(248)	-	(280)	-
	<b>(398)</b>	<b>(475)</b>	<b>(452)</b>	<b>(575)</b>
<b>Loss per share</b>				
Basic loss per share from continuing operations (cents)	(0.49)	(0.44)	(0.55)	(0.54)
Basic earnings / (loss) per share from discontinued operations (cents)	0.05	(0.14)	0.06	(0.16)
Fully diluted loss per share from continuing operations (cents)	(0.49)	(0.44)	(0.55)	(0.54)
Fully diluted earnings / (loss) per share from discontinued operations (cents)	0.05	(0.14)	0.06	(0.16)

**Ovoca Bio plc**  
**Interim results for the six months ended 30 June 2019**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME**

	Unaudited 6 Months ended 30.06.2019 €'000	Unaudited 6 Months ended 30.06.2018 €'000	Unaudited 6 Months ended 30.06.2019 \$/000	Unaudited 6 Months ended 30.06.2018 \$/000
<b>Loss for the period</b>	(398)	(475)	(452)	(575)
<b>Other comprehensive income/(expense):</b>				
<i>Items that may not be reclassified subsequently to profit or loss</i>				
Fair value movement on equity securities at FVOCI	3 015	(4 249)	3 427	(5 144)
Foreign exchange movement on equity securities at FVOCI	(659)	-	(749)	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign exchange gain/(loss) arising from translation of financial statements of foreign operations	260	383	121	(10)
<b>Total comprehensive (loss)/income for the period</b>	<b>2 218</b>	<b>(4 341)</b>	<b>2 347</b>	<b>(5 729)</b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>				
Owners of the parent	2 394	(4 341)	2 547	(5 729)
Non-controlling interest	(177)	-	(200)	-
	<b>2 218</b>	<b>(4 341)</b>	<b>2 347</b>	<b>(5 729)</b>

There is no income tax impact in respect of components recognised within the consolidated statement of comprehensive income.

**Ovoca Bio plc**  
Interim results for the six months ended 30 June 2019

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital €'000	Treasury share reserve €'000	Share based payment reserve €'000	Other reserves €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total (attributable to owners of the parent) €'000	Non- controlling interest €'000	Total Equity €'000
<b>Unaudited</b>									
<b>At 1 January 2019</b>	11 057	(547)	-	3 968	4 512	(524)	18 466	2 160	20 626
<b>Comprehensive (loss) / income</b>									
Loss for the period	-	-	-	-	-	(151)	(151)	(248)	(398)
<b>Other comprehensive income / (loss)</b>									
Movement on equity securities at FVOCI	-	-	-	2 356	-	-	2 356	-	2 356
Foreign exchange gain arising from translation of financial statements of foreign operations	-	-	-	-	189	-	189	71	260
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	2 356	189	(151)	2 394	(177)	2 218
<b>Transactions with owners of the Company</b>									
Share based payments	-		1	-	-	-	1	-	1
Changes in non-controlling interest	-	-		-	-	-	-	(429)	(429)
<b>Total transactions with owners of the Company</b>	-	-	1	-	-	-	1	(429)	(429)
<b>Balance at 30 June 2019</b>	11 057	(547)	1	6 324	4 701	(675)	20 861	1 554	22 416

  

	Share capital €'000	Treasury share reserve €'000	Share based payment reserve €'000	Other reserves €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total (attributable to owners of the parent) €'000	Non- controlling interest €'000	Total Equity €'000
<b>Unaudited</b>									
<b>At 1 January 2018</b>	11 057	(547)	438	5 878	3 745	1 832	22 403	-	22 403
<b>Comprehensive (loss)/income</b>									
Loss for the period	-	-	-	-	-	(475)	(475)	-	(475)
<b>Other comprehensive (loss)/ income</b>									
Movement on equity securities at FVOCI	-	-	-	(4 249)	-	-	(4 249)	-	(4 249)
Foreign exchange gain arising from translation of financial statements of foreign operations	-	-	-	-	383	-	383	-	383
<b>Total comprehensive income/(loss)</b>	-	-	-	(4 249)	383	(475)	(4 341)	-	(4 341)
<b>At 30 June 2018</b>	11 057	(547)	438	1 629	4 128	1 357	18 062	-	18 062

**Ovoca Bio plc**  
**Interim results for the six months ended 30 June 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited 30.06.2019 €'000	Audited 31.12.2018 €'000	Unaudited 30.06.2019 \$'000	Audited 31.12.2018 \$'000
<b>Assets</b>				
<b>Non current assets</b>				
Goodwill	3 994	3 994	4 575	4 575
Other intangible assets	1 266	958	1 422	1 097
Property, plant and equipment	42	3	46	4
Equity securities at FVOCI	13 750	14 172	15 632	16 233
<b>Total noncurrent assets</b>	<b>19 052</b>	<b>19 127</b>	<b>21 675</b>	<b>21 909</b>
<b>Current assets</b>				
Inventories	209	179	238	205
Trade and other receivables	157	191	179	219
Cash and cash equivalents	2 712	1 823	3 083	2 088
<b>Total current assets</b>	<b>3 078</b>	<b>2 193</b>	<b>3 500</b>	<b>2 512</b>
Assets included in disposal group classified as held for sale	408	481	464	551
<b>Total assets</b>	<b>22 538</b>	<b>21 801</b>	<b>25 639</b>	<b>24 972</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Ordinary shares	11 057	11 057	15 586	15 586
Treasury share reserves	(547)	(547)	(607)	(607)
Other reserves	6 324	3 968	7 283	4 605
Foreign currency translation reserve	4 701	4 512	1 175	1 082
Share based payment reserve	1	-	1	-
(Deficit) / retained earnings	(674)	(524)	303	474
<b>Equity attributable to owners of the parent</b>	<b>20 862</b>	<b>18 466</b>	<b>23 740</b>	<b>21 140</b>
Non controlling interest	1 554	2 160	1 760	2 488
	<b>22 416</b>	<b>20 626</b>	<b>25 500</b>	<b>23 628</b>
<b>Current liabilities</b>				
Trade and other payables	114	178	130	202
Borrowings	-	989	-	1 133
	<b>114</b>	<b>1 167</b>	<b>130</b>	<b>1 335</b>
Liabilities included in the disposal group classified as held for sale	8	8	9	9
<b>Total equity and liabilities</b>	<b>22 538</b>	<b>21 801</b>	<b>25 639</b>	<b>24 972</b>

**Ovoca Bio plc**  
**Interim results for the six months ended 30 June 2019**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Unaudited 30.06.2019 €'000	Unaudited 30.06.2018 €'000	Unaudited 30.06.2019 \$'000	Unaudited 30.06.2018 \$'000
<b>Cash flows from operating activities</b>				
Net loss for the period before tax	(398)	(475)	(452)	(575)
Foreign currency movements	52	100	59	(9)
Depreciation and amortisation	36	21	42	25
Share options expense	1	-	1	
Net finance income	(282)	(268)	(320)	(325)
Increase in inventories	(30)	1	(33)	1
Decrease/(increase) in trade and other receivables	34	(33)	40	(38)
(Decrease)/increase in trade and other payables	(63)	(16)	(72)	(20)
Net decrease in net assets in the disposal group classified as held for sale	73	-	87	-
<b>Net cash used in operating activities</b>	<b>(578)</b>	<b>(670)</b>	<b>(648)</b>	<b>(941)</b>
<b>Cash flows from financing activities</b>				
Loan repayment	(989)	-	(1 133)	-
Finance cost	(4)	-	(5)	-
Dividends received	286	268	325	325
<b>Net cash (used in)/generated from financing activities</b>	<b>(707)</b>	<b>268</b>	<b>(813)</b>	<b>325</b>
<b>Cash flows from investing activities</b>				
Decrease/(increase) in Intangible assets	(342)	-	(364)	-
Change in non controlling interest	(429)	-	(528)	-
Net proceeds from sale of equity securities at FVOCI	2 986	-	3 393	-
Acquisition of property, plant and equipment	(41)	(8)	(45)	(46)
<b>Net cash generated from/(used in) investing activities</b>	<b>2 174</b>	<b>(8)</b>	<b>2 456</b>	<b>(46)</b>
Net increase/(decrease) in cash and cash equivalents	889	(410)	995	(662)
Cash and cash equivalents at the beginning of period	1 823	5 549	2 088	6 647
<b>Cash and cash equivalents at the end of the period</b>	<b>2 712</b>	<b>5 139</b>	<b>3 083</b>	<b>5 985</b>
Cash and Cash equivalents included in the disposal group	10	-	11	-
<b>Cash and cash equivalents for Continuing operation</b>	<b>2 702</b>	<b>5 139</b>	<b>3 072</b>	<b>5 985</b>

**Ovoca Bio plc**  
**Interim results for the six months ended 30 June 2019**  
**Notes to the Interim Consolidated Financial Statements**

**1 Basis of preparation**

The interim consolidated financial statements for the six months ended 30 June 2019 and are presented in Euro Thousand (€ '000), which is also the Company's functional currency. The US\$ thousand (\$ '000) is shown for information purposes. They have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the financial year ended 31 December 2018.

**2 Significant accounting policies**

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the financial year ended 31 December 2018.

New standards adapted as at 1 January 2019

IFRS 16 'Leases'

IFRS 16 replaces IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019 and early adoption is permitted. The effect of this standard is not expected to materially impact the Group on the grounds that the Group has no material leases.

Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2019 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

**3 Going concern**

The directors have reviewed the current state of the group's finances, taking into account resources currently available. The directors are satisfied that sufficient funding will be available to the group to enable it to trade for the foreseeable future. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis. The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. The financial statements do not include any adjustments that would result if the director's plans were not successful.

**4 Estimates**

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2018.

**5 Segmental reporting**

**(a) Primary reporting format - business segments**

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker and used to allocate resources to the segments and to assess their performance.

At 30 June 2019, the Group had two business segments, Bio-pharmaceutical and Investment segments. Bio-pharmaceutical activities are exclusively carried out by IVIX LLC (or "IVIX") (see Note 6). Investing activities are carried out by another subsidiary, Silver Star Ltd., company located in Bermuda. Administrative costs represent group administration costs, incurred in Ireland and the Russian Federation.

The Exploration segment is presented as being discontinued as reported in the 31 December 2018 annual report.

**Ovoca Bio plc**  
**Interim results for the six months ended 30 June 2019**  
**Notes to the Interim Consolidated Financial Statements**

**5 Segmental reporting (cont'd)**

Period ended 30 June 2019	Exploration Activities €'000	Bio- pharmaceutic al €'000	Investment €'000	Administrativ e €'000	Total €'000	Exploration Activities US\$'000	Bio- pharmaceutic al US\$'000	Investment US\$'000	Administrativ e US\$'000	Total US\$'000
Administration expenses	(33)	(552)	(255)	(377)	(1 217)	(38)	(627)	(290)	(428)	(1 383)
Other gains	74	360	96	7	537	84	409	110	8	611
Operating (loss)/gain	41	(192)	(159)	(370)	(680)	46	(218)	(180)	(420)	(772)
Finance costs	-	-	(3)	(1)	(4)	-	-	(3)	(1)	(4)
Finance income	-	3	283	-	286	-	3	322	-	325
Profit/(loss) before tax	41	(189)	121	(371)	(398)	46	(215)	139	(421)	(451)
Segment assets	471	6 885	15 912	(730)	22 538	535	7 828	18 052	(829)	25 586
Segment liabilities	(8)	(99)	-	(15)	(122)	(9)	(112)	-	(17)	(138)
Net assets	463	6 786	15 912	(745)	22 416	526	7 716	18 052	(846)	25 448
<b>Period ended 30 June 2018</b>										
Administration expenses	(51)	-	(251)	(325)	(627)	(62)	-	(304)	(393)	(759)
Other gains/(losses)	(60)	-	23	(79)	(116)	(73)	-	28	(96)	(141)
Operating (loss)/gain	(111)	-	(228)	(404)	(743)	(135)	-	(276)	(489)	(900)
Finance costs	-	-	(2)	(2)	(4)	-	-	(2)	(2)	(4)
Finance income	-	-	272	-	272	-	-	329	-	329
(Loss)/profit before tax	(111)	-	42	(406)	(475)	(135)	-	51	(491)	(575)
Segment assets	986	-	15 528	1 578	18 092	1 488	-	18 087	1 838	21 413
Segment liabilities	(14)	-	-	(16)	(30)	(16)	-	-	(19)	(35)
Net assets	972	-	15 528	1 562	18 062	1 472	-	18 087	1 819	21 378



**Ovoca Bio plc**  
**Interim results for the six months ended 30 June 2019**  
**Notes to the Interim Consolidated Financial Statements**

**5 Segmental reporting (cont'd)**

**(b) Secondary reporting format - geographical segments**

The Group's business segments and its assets are located in Russia, Bermuda and Ireland. The table in the preceeding page shows income and expenditure and assets and liabilities by primary geographical segments on the basis that bio-pharmaceutical activities are carried out in Russia, investment activity is carried out in Bermuda and administrative amounts relate to costs incurred in Ireland and the Russian Federation.

**6 Acquisition of subsidiary**

On 30 September 2018, the Group acquired 50.02% of the equity instruments of IVIX LLC, a Russian based business, thereby obtaining control. The acquisition was made to diversify the Group's position. The details of the business combination were presented in the annual financial statement for the year ended 31 December 2018.

As disclosed at the time of its initial investment in IVIX, Ovoca also had the right to acquire a further participation interest (shareholding) to be issued by IVIX for US\$2.04 million which would increase its overall participation interest in the charter capital of IVIX by 9.90%. In February 2019, the Board of Ovoca approved the acquisition of this further participation interest in IVIX. Following the exercise of the option, Ovoca now holds 59.94% per cent interest in the charter capital of IVIX. The carrying amount of the parent's equity and NCI's share of equity is adjusted to reflect changes in their relative ownership interest.

**7 Employee share options plan**

On 27 March 2019, 7,100,000 share options were granted to senior executives under the 2009 Share Option Scheme. The exercise price of the options is €0.125, vesting period is 3 years and the options are subject to performance conditions. The fair value at grant date is estimated using a binomial pricing model, taking into account the terms and conditions upon which the share options were granted. The contractual life of each share option granted is seven years. There is no cash settlement of the options.

**8 Intangible assets**

Licenses, patent and patent applications acquired with the new subsidiary IVIX that qualify for separate recognition are recognised as Intangible assets at their fair values. Based on the successful completion of the clinical trials in Russia and the stage of preparation of the files for the registration of the drug, Ovoca Bio plc has begun to capitalise development expenses as Intangible assets. The research and development costs not meeting the criteria for capitalisation are expensed as incurred. The total capitalised amount at the interim period amounted to €'000 188 (US'000 214).

	<b>License €'000</b>	<b>Patent €'000</b>	<b>Patent application €'000</b>	<b>Development costs €'000</b>	<b>Total €'000</b>
<b>Cost</b>					
31 December 2018	32	1 098	125	-	1 255
Additions	-	-	52	183	235
Reclassifications	-	19	(19)	-	-
Translation adjustments	3	117	15	5	140
30 June 2019	<b>35</b>	<b>1 234</b>	<b>173</b>	<b>188</b>	<b>1 630</b>
<b>Amortization</b>					
31 December 2018	(11)	(287)	-	-	(298)
Amortisation	(1)	(33)	-	-	(34)
Translation adjustments	(1)	(31)	-	-	(32)
30 June 2019	<b>(13)</b>	<b>(351)</b>	<b>-</b>	<b>-</b>	<b>(364)</b>
<b>Balance at 31 December 2018</b>	<b>21</b>	<b>811 -</b>	<b>-</b>		<b>957</b>
<b>Balance at 30 June 2019</b>	<b>22</b>	<b>883 -</b>	<b>-</b>		<b>1 266</b>

**Ovoca Bio plc**  
**Interim results for the six months ended 30 June 2019**  
**Notes to the Interim Consolidated Financial Statements**

**9 Equity securities at FVOCI**

The Group holds investments in equity securities at FVOCI which represent investments held for long term strategic purposes. During the interim period investments in certain equity securities were sold. The net proceeds from the sales amounted to €'000 2,986 (\$'000 3,393) and resulted in a gain amounting to €'000 114 (\$'000 129) presented as part of Other gains (losses) in the consolidated income statement. The Group also recognised net realised fair value gains and realised FX losses amounting to €'000 1,566 (\$'000 1,780) and €'000 394 (\$'000 448), respectively.

**10 Financial instruments**

The Group monitors relevant aspects of financial instrument risk on an ongoing basis. Financial instrument risks primarily relates to foreign exchange risk, credit risk, liquidity risk and market risk as reported in the 31 December 2018 annual report.

	Unaudited 30.06.2019	Audited 31.12.2018	Unaudited 30.06.2019	Audited 31.12.2018
	€'000	€'000	\$'000	\$'000
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	2 712	1 823	3 083	2 008
Other debtors	157	138	179	158
	2 869	1 961	3 262	2 166
<b>Financial assets measured at fair value</b>				
Equity securities designated at FVOCI	13 750	14 172	15 632	16 233
	13 750	14 172	15 632	16 233
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables	114	178	130	202
	114	178	130	202

**11 Fair value measurement**

Equity securities FVOCI are measured at Level 1. These are the only financial asset of the Group measured at fair value on a recurring basis. There were no transfers between Levels in the interim period 2019 and financial year 2018.

**12 Dividends**

The Group made no distributions during the period.

**Ovoca Bio plc**  
**Interim results for the six months ended 30 June 2019**  
**Notes to the Interim Consolidated Financial Statements**

**13 Non-controlling interest**

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

	<b>30.06.2019</b>	<b>30.06.2019</b>
	<b>€'000</b>	<b>US\$'000</b>
	<b>IVIX</b>	<b>IVIX</b>
<b>NCI at 31 December 2018</b>		
NCI percentage	49,98%	49,98%
<b>NCI</b>	<b>2 160</b>	<b>2 448</b>
<b>Comprehensive (loss)/income</b>		
Administration expenses	(552)	(624)
Other gains and losses	(71)	(79)
<b>Operating loss</b>	<b>(623)</b>	<b>(703)</b>
Finance costs	-	-
Finance income	3	3
<b>Loss for the financial period before tax</b>	<b>(620)</b>	<b>(700)</b>
Income tax	-	-
<b>Loss for the financial period</b>	<b>(620)</b>	<b>(700)</b>
Foreign exchange gain on translation of financial statements of foreign operations	177	201
<b>Total comprehensive loss for the financial period</b>	<b>(443)</b>	<b>(503)</b>
<b>NCI percentage</b>	<b>40,06%</b>	<b>40,06%</b>
Loss allocated to NCI	(248)	(280)
OCI allocated to NCI	71	80
<b>Changes in NCI for the period</b>	<b>(429)</b>	<b>(488)</b>
<b>NCI at 30 June 2019</b>	<b>1 554</b>	<b>1 760</b>

**14 Events after the reporting period**

Subsequent to the period end, Ovoca Bio Plc has sold a further 498,132 shares in Polymetal International plc.

**15 Approval of the financial statements**

The interim report was approved by the Board of Directors on 13th September 2019 and is included on the Company's website, [www.ovocabio.com](http://www.ovocabio.com).