Premaitha Health PLC
("Premaitha", the "Company" or the "Group")

Half year results

Manchester, UK – 29 December 2017: Premaitha Health PLC (AIM: NIPT), a leading molecular diagnostics group with a primary focus on the commercialisation of its non-invasive prenatal testing ("NIPT") technology, announces half year results for the six months ended 30 September 2017.

Financial highlights

- Revenues increased by 87% to £2.7m (H1 2016/17: £1.5m)
- Test volumes doubled to over 22,000 (H1 2016/17: 11,000)
- Gross profit up 120% to £1.3m, 48% of revenues (H1 2016/17: £0.6m, 41%)
- Operating loss increased to £4.7m (H1 2016/17: £3.5m) due to £1.3m charge to increase litigation provision
- Recovery efforts continuing for debts owed by Swiss customer, Genoma SA ("Genoma"), including successful application to place Genoma in bankruptcy in May 2017
- Further $5.0m investment by Thermo Fisher in July 2017 in form of loan facility extension and associated warrants
- Cash and cash equivalents at 30 September 2017 of £1.6m (not including R&D tax credits of £0.6m) (30 September 2016: £2.7m)
- Continued focus on achieving positive pre-litigation cashflows by year-end March 2018
- Litigation funding scenarios under review in light of adverse judgment in November 2017 and potential developments in Q1 2018

Operational highlights

- Integration of Yourgene Bioscience ("Yourgene") acquisition completed successfully and synergies already being realised
- Significant commercial progress:
    - Expansion of customer base and increased market penetration in existing territories including: India; South East Asia; Middle East and Europe
    - Entry into new markets with customers secured in East Asia and South Africa
    - IONA® test approved for Brazilian Good Manufacturing Practice
- Product development roadmap delivering enhancements and range expansion:
    - IONA® test validated on Thermo Fisher's Ion S5 range of instruments
    - Launched Sage™ remote analysis prenatal screening solution
- Patent litigation continues to create significant headwinds:
    - Further UK patent infringement claim filed by Illumina in September 2017, counter-application by Premaitha for abuse of legal process to be heard in March 2018
    - Post period-end received adverse UK first instance judgment in relation to ongoing dispute with Illumina, appeal in preparation
    - Active engagement continues with EU Competition Commission for anti-trust defence

Dr Stephen Little, CEO of Premaitha, said: "We continue to make excellent commercial progress, with revenues up 87% and test volumes doubling. In the last 6 months, the Group has made significant strides in expanding the business and de-risking its intellectual property position through international expansion. Today, less than 20% of the Group's revenues are impacted by the UK judgment. Recent laboratory installations and public policy implementations will drive further growth in 2018 and will further reduce the percentage of our revenues from the UK as our share of the very substantial global NIPT market continues to grow – a market which is forecast to exceed $1 billion by 2021.

"We were very disappointed by the first instance judgment in the UK in relation to the Illumina NIPT patent claims, for which we are preparing a robust appeal ahead of the next hearing in late January 2018. The potential scenarios remain complex and we are reviewing how best to achieve a de-risked IP landscape for investors and customers, with appropriate working capital in place to realise the significant global potential for the Group in 2018 and beyond.

"The Group remains focused on product development and international expansion. We have built a very strong network of distributors and customers in the NIPT space from which we expect to see substantial growth as awareness of the benefits of NIPT continues to grow. In addition, we are accelerating efforts to leverage Premaitha's scientific expertise into other applications of our molecular diagnostics technology and look forward to announcing exciting developments in due course."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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About Premaitha

Premaitha is an international molecular diagnostics group which uses the latest advances in DNA analysis technology to develop safer, faster and regulatory approved genetic screening tests. The Group's primary focus is on non-invasive prenatal tests (NIPT) for pregnant women – an emerging, multi-billion dollar global market.

Premaitha's IONA® test was launched in 2015 as the first CE-IVD NIPT test in Europe. It enables laboratories and healthcare practitioners to offer a complete CE-marked NIPT system in-house. The IONA® test is performed on a maternal blood sample – which contains traces of fetal DNA – and estimates the risk of a fetus being affected with Down's syndrome or other genetic conditions.

Unlike existing prenatal screening methods, due to its high level of accuracy, the IONA® test can significantly reduce the number of women subjected to unnecessary invasive follow up diagnostic procedures, such as amniocentesis, which are costly, resource intensive and carry a risk of miscarriage.

In March 2017, Premaitha acquired Yourgene Bioscience, a specialist next generation sequencing and bioinformatics company based in Taiwan, with its own NIPT screening test that operates on the same Thermo Fisher next-generation sequencing platform as Premaitha's IONA® test. Yourgene brings significant benefits to the Group through expanded market access in Asia – the world's fastest growing NIPT market – as well as opportunities for cross-selling and the ability to jointly develop expanded test content both within NIPT and beyond.

Premaitha is headquartered in Manchester, England, with Yourgene offices in Taipei and Singapore. Its shares trade on the AIM market of the London Stock Exchange (AIM: NIPT). For further information, please visit www.premaitha.com. Follow us on twitter @PremaithaHealth.

CHAIRMAN'S STATEMENT

I am pleased to present Premaitha's interim results for the six months to 30 September 2017. During the period the Group has made significant progress against our goal of becoming a leading player in the global NIPT market, following the succesful integration of the Yourgene business and significant international commercial expansion. Product development is an important feature of this emerging and competitive sector, and it is encouraging to see Premaitha continuing to launch product enhancements and extending our range of solutions. The UK patent litigation continues to create significant headwinds for the business but we remain on course to achieve positive pre-litigation cashflows by the end of the current financial year.

Strategic progress

Strategically, we have made significant strides in realising the global NIPT opportunity whilst also de-risking the intellectual property exposure of the business by expanding both our existing customer bases in Europe, India, South East Asia and the Middle East as well as entering new international markets in East Asia and South Africa. The groundwork is also being laid for further expansion into the Americas through product registration initiatives, as demonstrated by the Brazilian GMP approval. This geographic diversification demonstrates the increasing global demand for and uptake of NIPT and should prove advantageous in the context of the UK legal situation.

Litigation

In September 2017 Premaitha received a further UK patent infringement claim from Illumina. We believe this to be an abuse of legal process and have applied for the claim to be struck out. In November 2017, post period end, we received the first instance judgment in relation to the ongoing UK patent dispute with Illumina. This judgment was very disappointing but we continue to focus on expanding into more territories where we are able to serve pregnant women and their clinicians by competing on our technical and commercial merits. Active engagement with the EU's Competition Commission is ongoing and we remain hopeful that they will intervene to stop the competitive abuses we see against ourselves and others.

Outlook

Premaitha's NIPT solutions are gaining increasing traction in a rapidly developing global market. Our geographic diversification has dramatically reduced the Group's dependence on any single market, with 80% of revenues now outside the UK. Awareness and recognition of NIPT continues to grow, with increasing governmental support in a number of countries for this safer method of testing. Premaitha is succesfully building a global NIPT business, despite the legal headwinds, and we are making excellent progress on revenues, margins and costs to achieve positive pre-litigation cashflows by the end of this financial year in March 2018.

The board is disappointed by the ruling handed down by the judge in relation to the ongoing UK patent dispute with Illumina, and is working with the Company's lawyers to prepare an appeal. Our ultimate aim remains to develop the business successfully with the minimum IP risk possible and we continue to work closely with our advisers to develop a robust roadmap to achieve this. Whilst the litigation remains a complex situation with multiple potential outcomes, we are currently developing plans for a range of legal scenarios and will keep investors informed as more clarity emerges.

Whilst the global prospects for the Group remain very exciting for NIPT, we are also accelerating plans to leverage the Group's significant scientific and technological expertise to further strengthen our investment proposition.

Adam Reynolds
Chairman
29 December 2017

CHIEF EXECUTIVE OFFICER'S STATEMENT

Commercial progress

In the first half of the year, the Group has made significant progress in expanding its international customer base and penetrating new markets. We completed the acquisition of Yourgene in March 2017, and are pleased to have now successfully completed its integration, having identified a number of synergies, leveraging both Premaitha's and Yourgene's respective customer bases and expertise.

In June 2017, the Group announced further commercial progress in India. With over 26 million births per annum, India has the highest birth rate in the world. Despite NIPT in India being at an early stage of development, Premaitha's solutions are gaining traction and the Group believes there is a significant market opportunity. In July 2017, Premaitha announced that Yourgene had signed contracts with two significant laboratories in South East Asia, which will be established as regional hubs for NIPT. The laboratories were secured by two partners who are already established providers of NIPT in their domestic markets with ambitions to further expand across the territory. One partner is amongst the largest listed genomic testing companies in Asia and will market under its own brand.

Premaitha announced the launch of Sage™ in the period, a NIPT solution incorporating additional prenatal screeing analysis tools. Sage™ is available through Yourgene, and offers customers a cost-effective, high-quality and flexible prenatal screening test. The launch of Sage™ significantly expands Premaitha's market opportunity, giving access not only to new customers, but also offering additional analysis tools for existing customers.

In August, the Group's IONA® test was approved for Brazilian Good Manufacturing Practice by Brazil's regulatory authority. The approval enables Premaitha to proceed with the official application to register the test with Brazil's National Health Surveillance Agency.

Premaitha announced its entry into the South African market in September 2017, where Premaitha believes its customer is among the first laboratories to offer a CE-IVD accredited NIPT system and will act as a hub, extending services to its national network of clinics and hospitals across the country.

The Group has also made significant progress in the Middle East in the first half of the year and post period-end, signing a number of contracts via the Group's regional distribution network. Premaitha now has an excellent network of customer laboratories across the region, with two further laboratories to become operational in Q1 2018.

Post period-end, Premaitha entered its first East Asian territory, signing an agreement with a new laboratory partner in November 2017, which will provide a NIPT screening solution to its network of hospitals and clinics in the region, with the installation expected to complete in H1 2018. The territory has an already established NIPT market with attractive market dynamics and growth prospects. The Group also demonstrated further geographic progress across Europe, with four new laboratories added in December 2017. The laboratories, situated across three European countries, are all private reference laboratories seeking to offer the IONA® test in their respective regions. The laboratories will be fully installed by early 2018 and the Group anticipates that they will perform an aggregate volume of over 9,000 NIPT tests per year once they are fully active, generating in excess of £1.0m in annual revenues for Premaitha.

Thermo Fisher Scientific

The strengthening of Premaitha's relationship with Thermo Fisher Scientific continued in the first half of the year, with the validation of Premaitha's NIPT solutions completed on Thermo Fisher's latest range of Ion S5 range of instruments in the period. The Ion S5 instrument is being widely adopted by laboratories carrying out next generation sequencing, and is able to be used for wider applications, including oncology. In addition, Thermo Fisher provided an additional $5.0m in loan facilities to Premaitha in July 2017, in return for $5.0m of warrants, of which $1.0m remain unissued as the relevant loan drawdown milestone has not yet been triggered.

Genoma SA

In May 2017, Premaitha was successful in its application for its Swiss customer, Genoma to be placed into bankruptcy for non-payment of debts. Premaitha continues to pursue all options to recover the outstanding debt owed to Premaitha by Genoma of approximately £0.8m, and has supported the Swiss Bankruptcy Office in prosecuting a thorough recovery process. Premaitha has applied – with other creditors – for assignment of the bankruptcy process to remain in control of recovery activities. These processes are not quick but we remain optimistic that a partial recovery can be achieved.

UK Litigation

In September 2017 Premaitha received a further UK patent infringement claim from Illumina. We believe this to be an abuse of legal process and have applied for the claim to be struck out. This application will be heard in March 2018 and whilst we expect to be successful we have provisioned the full defence costs. Any defence cycle will likely be impacted by the main patent appeal but the exact way in which these parallel claims will interact will only emerge during Q1 2018.

In the UK patent infringement proceedings, the trial was heard in July 2017 and the first instance judgment was released, post period end, in November 2017. The Court ruled against the Company on several matters of patent vailidity and infringement and rejected applications to declare two alternative methods as non-infringing. Premaitha is currently seeking leave to appeal at the Form of Order Hearing, scheduled for late January 2018. The hearing will determine the nature of any appeals by both parties and any interim penalties that might be imposed against us.

As part of our multi-faceted defence strategy we continue to engage with the EU's Competition Commission to make our case that the motivation for these legal actions is anti-competitive.

Financial position

The Group's results for the six months to 30 September 2017 are presented in the financial statements and show trading revenues of £2.7m (H1 2016/17: £1.5m). Gross profit increased 120% to £1.3m (H1 2016/17: £0.6m), with further margin improving product enhancements implemented in September 2017. General administrative expenses increased to £4.5m (H1 2016/17: £3.9m) due to the inclusion of Yourgene Bioscience's cost base with like-for-like costs remaining tightly controlled. The total comprehensive loss was £5.0m (H1 2016/17: £3.6m loss) due to a charge of £1.3m for an increase in the litigation provision as described above. Loss per share was £0.02 (H1 2016/17: £0.02).

In July 2017, the Group announced a further extension of its investment agreement with Thermo Fisher, whereby Thermo Fisher made available to Premaitha an additional secured loan facility of $5.0m, of which $4.0m was drawn down immediately for the purposes of working capital to support commercial growth strategies. The remaining loan will be released as milestones are triggered and will give rise to a further $1m issue of warrants on the same terms as previous tranches.

In the reporting period the Group used £4.3m cash in operating activities (H1 2016/17: £3.5m) and a further £0.1m (H1 2016/17: £0.3m) was invested in new property, plant and equipment. Proceeds from financing activities were £4.7m of loan drawdowns (H1 2016/17: £1.1m). Cash at the end of the period was £1.6m (31 March 2017: £1.3m), with £0.6m R&D tax credits anticipated in H2. The Group remains focused on driving revenues, improving margins, reducing costs and effectively managing working capital in order to achieve positive pre-litigation cashflows by the end of the financial year.

If revenues fail to grow at the anticipated pace, or if further litigation-related costs are required, then there could be lower cash headroom or even a cash shortfall. In this situation, the Group will need to seek additional funding through its existing funders, the London capital markets or potentially through Asian investors now that the Group is more balanced to that region. The directors have not yet sought to raise additional funding therefore the availability of this in the future is inherently uncertain.

Overall working capital requirements are under review in light of the potential litigation scenarios and ongoing business needs to ensure the Group remains a going concern and can realise the opportunity it has created since launching the IONA® test in 2015 and acquiring Yourgene in 2017.

Dr Stephen Little

Chief Executive Officer
29 December 2017

Consolidated statement of comprehensive income

	Notes	Unaudited 6 months to 30 September 2017 £	Unaudited 6 months to 30 September 2016 £	Audited 12 months to 31 March 2017 £
Revenue		2,713,409	1,453,005	3,078,744
Cost of sales		(1,405,220)	(857,066)	(1,796,334)
Gross profit		1,308,189	595,939	1,282,410
Other operating income		16,548	-	263
Administrative expenses				
General administrative expenses		(4,548,899)	(3,886,268)	(7,079,130)
Increase in litigation provision and other litigation expenses		(1,299,609)	-	(387,983)
Share-based payments and warrant expenses		(170,843)	(176,961)	(332,261)
Costs associated with the acquisition of subsidiary		-	-	(301,216)
Provision for doubtful trade receivables		-	-	(785,317)
		(6,019,351)	(4,063,229)	(8,885,907)
Operating loss		(4,694,614)	(3,467,290)	(7,603,234)
Financing income		18,177	91	45,374
Financing expenses		(253,405)	(94,882)	(292,243)
Loss on ordinary activities before taxation		(4,929,842)	(3,562,081)	(7,850,103)
Tax on loss on ordinary activities		16,746	-	(8,943)
Loss for the period		(4,913,096)	(3,562,081)	(7,859,046)
Other comprehensive expense				
Exchange translation differences		(107,537)	(30,009)	(24,323)
Loss and total comprehensive loss for the period		(5,020,633)	(3,592,090)	(7,883,369)
Loss per share (£)				
Basic	**4**	0.02	0.02	0.03
Diluted	**4**	0.02	0.02	0.03

Consolidated statement of financial position

	Unaudited 30 September 2017 £	Unaudited 30 September 2016 £	Audited 31 March 2017 £
Assets			
Non-current assets			
Goodwill	7,014,447	-	7,014,447
Intangible assets	1,461,776	-	1,539,392
Property, plant and equipment	2,414,815	1,867,932	2,890,446
Total non-current assets	10,891,038	1,867,932	11,444,285
Current assets			
Inventories	323,937	437,769	427,925
Trade and other receivables	3,321,574	2,968,853	3,289,012
Tax asset	919,550	826,941	1,101,345
Cash and cash equivalents	1,594,519	2,736,617	1,300,667
Total current assets	6,159,580	6,970,180	6,118,949
Total assets	17,050,618	8,838,112	17,563,234
Equity and liabilities attributable to equity holders of the company			
Equity			
Called up share capital	32,266,188	32,173,133	32,266,188
Share premium account	28,482,061	27,023,661	28,482,061
Merger relief reserve	10,012,644	954,545	10,012,644
Reverse acquisition reserve	(39,947,033)	(39,947,033)	(39,947,033)
Foreign exchange translation reserve	(165,901)	(64,050)	(58,364)
Warrants reserve	4,123,559	2,329,693	3,069,382
Retained losses	(32,722,331)	(23,808,961)	(27,980,078)
Total equity	2,049,187	(1,339,012)	5,844,800
Current liabilities			
Trade and other payables	4,802,207	2,592,701	3,497,907
Borrowings	38,665	-	119,087
Derivative financial instruments	-	535,448	-
Provisions	1,769,794	4,282,171	3,321,995
Total current liabilities	6,610,666	7,410,320	6,938,989

	Notes	Unaudited 6 months to 30 September 2017 £	Unaudited 6 months to 30 September 2016 £	Audited 12 months to 31 March 2017 £
Non-current liabilities				
Borrowings		8,113,028	2,597,037	4,310,543
Long term provisions		-	169,767	173,960
Deferred tax liability		277,737	-	294,942
Total non-current liabilities		8,390,765	2,766,804	4,779,445
Total equity and liabilities		17,050,618	8,838,112	17,563,234

nges in equity

	Share capital	Share premium account	Merger relief reserve	Warrants reseve	Reverse acquisition reserve	Currency translation reserve	Retai los
	£	£	£	£	£	£	
30 September 2016 (unaudited)							
2016	32,173,133	27,023,661	954,545	1,770,363	(39,947,033)	(34,041)	(20,453,
	-	-	-	-	-	-	(3,562,
ive loss	-	-	-	-	-	(30,009)	
ve loss for the period	-	-	-	-	-	(30,009)	(3,562,
owners							
ients	-	-	-	-	-	-	206,
	-	-	-	559,330	-	-	
with owners	-	-	-	559,330	-	-	206,
tember 2016	32,173,133	27,023,661	954,545	2,329,693	(39,947,033)	(64,050)	(23,808,

	Share capital	Share premium account	Merger relief reserve	Warrants reserve	Reverse acquisition reserve	Currency translation reserve	Retai los
	£	£	£	£	£	£	
31 March 2017 (audited)							
2016	32,173,133	27,023,661	954,545	1,770,363	(39,947,033)	(34,041)	(20,453,
	-	-	-	-	-	-	(7,859,
ive loss	-	-	-	-	-	(24,323)	
ve loss for the year	-	-	-	-	-	(24,323)	(7,859,

owners							
ital - other	17,000	1,470,500	-	-	-	-	
ses	-	(12,100)	-	-	-	-	
ital on acquisition	76,055	-	9,058,099	-	-	-	
ients	-	-	-	-	-	-	332,
	-	-	-	1,299,019	-	-	
with owners	93,055	1,458,400	9,058,099	1,299,019	-	-	332,
rch 2017	32,266,188	28,482,061	10,012,644	3,069,382	(39,947,033)	(58,364)	(27,980,

	Share capital	Share premium account	Merger relief reserve	Warrants reserve	Reverse acquisition reserve	Currency translation reserve	Retai los
	£	£	£	£	£	£	
d 30 September 2017 (unaudited)							
l 2017	32,266,188	28,482,061	10,012,644	3,069,382	(39,947,033)	(58,364)	(27,980,
	-	-	-	-	-	-	(4,913,
ive loss	-	-	-	-	-	(107,537)	
ve loss for the period	-	-	-	-	-	(107,537)	(4,913,
ı owners							
ıents	-	-	-	-	-	-	170,
	-	-	-	1,054,177	-	-	
with owners	-	-	-	1,054,177	-	-	170,
ɔtember 2017	32,266,188	28,482,061	10,012,644	4,123,559	(39,947,033)	(165,901)	(32,722,

Consolidation statement of cash flows

	Unaudited 6 months to 30 September 2017 £	Unaudited 6 months to 30 September 2016 £	Audited 12 months to 31 March 2017 £
Cash flows from operating activities			
Loss for the year after tax	(4,913,096)	(3,562,081)	(7,859,046)
Adjustments for:			
Taxation (credited)/charged	(16,746)	-	8,143
Finance costs	253,405	94,882	292,243
Investment income	(18,177)	(91)	(45,374)
Loss on disposal of subsidiaries	-	-	7,596
Loss on disposal of property, plant and equipment	15,486	-	-
Depreciation and impairment of property, plant and equipment	535,434	345,057	724,028
Amortisation of intangible non-current assets	77,616	-	12,936
Foreign exchange movements	19,045	(30,009)	(24,323)
Share based payment and warrant expense	170,843	206,413	332,261
Decrease in provisions	(1,726,161)	(1,096,071)	(2,052,054)
Movements in working capital:			
Decrease in inventories	103,988	23,638	118,271
(Increase)/decrease in trade and other receivables	(290,948)	(212,800)	182,063
Increase in trade and other payables	1,304,301	500,736	447,132
Decrease/(increase) in tax asset	181,795	267,702	(6,702)
Cash used by operations	(4,303,215)	(3,462,624)	(7,862,826)
Tax paid	(459)	-	(7,018)
Net cash outflow from operating activities	(4,303,674)	(3,462,624)	(7,869,844)
Investing activities			
Purchase of subsidiary undertaking	-	-	400,294
Net outflow on disposal of subsidiary undertaking	-	-	(2,557)
Purchase of property, plant and equipment	(135,868)	(277,098)	(406,236)
Interest received	1,701	91	10,824
Net cash (used in)/generated from investing activities	(134,167)	(277,007)	2,325
Financing activities			
Net proceeds from issue of shares	-	-	1,475,400
Proceeds from borrowings	4,852,184	1,139,392	2,356,986
Repayment of borrowings	(111,520)	-	-
Interest paid	(8,971)	(3)	(1,059)
Net cash generated from financing activities	4,731,693	1,139,389	3,831,327

	Unaudited 6 months to 30 September 2017 £	Unaudited 6 months to 30 September 2016 £	Audited 12 months to 31 March 2017 £
Net increase/(decrease) in cash and cash equivalents	293,852	(2,600,242)	(4,036,192)
Cash and cash equivalents at beginning of period	1,300,667	5,336,859	5,336,859
Cash and cash equivalents at end of period	1,594,519	2,736,617	1,300,667

1 Notes to the interim financial statemnets

General information

The principal activity of Premaitha Health PLC (the "Company") and its subsidiaries (together, the "Group") is that of that of a molecular diagnostics business for research into, and the development and commercialisation of gene analysis techniques for pre-natal screening and other clinical applications in the early detection, monitoring and treatment of disease. The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is St James' House, St James' Square, Cheltenham, Gloucestershire, GL50 3PR. The registered number is 03971582.

As permitted, this Interim Report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 "Interim Financial Reporting".

The consolidated financial statements are prepared under the historical cost convention.

This Consolidated Interim Report and the financial information for the six months ended 30 September 2017 does not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 and are unaudited. This unaudited Interim Report was approved by the Board of Directors on 28 December 2017.

The Group's financial statements for the period ended 31 March 2017 have been filed with the Registrar of Companies. The Group's auditor's report on these financial statements was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Electronic communications
The Company is not proposing to bulk print and distribute hard copies of this Interim Report for the six months ended 30 September 2017 unless specifically requested by individual shareholders.

The Board believes that by utilising electronic communication it delivers savings to the Company in terms of administration, printing and postage, and environmental benefits through reduced consumption of paper and inks, as well as speeding up the provision of information to shareholders.

News updates, Regulatory News and Financial statements can be viewed and downloaded from the Group's website, www.premaitha.com. Copies can also be requested from; The Company Secretary, Premaitha Health PLC, Rutherford House, Manchester Science Park, Manchester M15 6SZ or by email: investors@premaitha.com.

2 Accounting policies

Basis of preparation

This financial information has been prepared in accordance with International Financial Reporting Standards (IFRS), including IFRIC interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union and in accordance with the accounting policies which will be adopted in presenting the Group's Annual Report and Financial Statements for the year ending 31 March 2018. These are consistent with the accounting policies used in the Financial Statements for the year ended 31 March 2017.

Going concern

The Group is making substantial financial progress in its trading activities and is diversifying its business geographically to mitigate IP risks in specific territories but it remains loss-making and faces significant headwinds with its UK legal defences against Illumina.

In reviewing the Group's financial plans, the Directors have focused on the rate of growth of revenue, decisions available to them for improvement in gross margins and in management of the Group's cost base, the potential implications of the litigation outcome and on the potential for the Group to realise capital through commercial exploitation of the Group's unvalued intangible capabilities such as its intellectual property, development capabilities and customer relationships. In the short term, existing funding routes may be required to support any working capital shortfalls.

As described in the Chairman and Chief Executive statements, the Group has made significant progress towards achieving positive cashflows through growth in gross profitability. The Group has reported an increased operating loss due to additional litigation provisions. Without this separately disclosed item the Group's operating losses in the reporting period were stable with increased gross profits absorbed by the inclusion of Yourgene's cost base. Future growth in gross profitability should therefore contribute to the drive towards financial self-sufficiency. To achieve this objective the Group's forecasts include assumptions of further growth in revenue arising from new customers already secured since the reporting date, and anticipated to arise from the Group's sales pipeline. Product improvements designed to improve margins have been implemented from September 2017 and these are already contributing to improved gross profitability post the reporting date. There is also an ongoing commitment to constrain costs and working capital requirements to achieve positive cashflows in the near future. The Group has also recently launched a diversification programme intended to derive value from its development capabilities and by offering additional products to its existing sales channels.

The funding requirements of the Group are reducing but the Group is still dependent on its funders, until it can achieve the self-sufficiency described above. The Company has a proven track record of securing funding through debt and equity routes and the Directors believe it is reasonable to assume that such funds will remain available until self-sufficiency can be achieved. However, the ongoing patent litigation presents significant headwinds and if events transpire differently to these forecasts, for example if revenues fail to grow at the anticipated pace, or if further litigation-related costs are required, then there could be lower cash headroom or even a cash shortfall. In this situation, the Group will need to seek additional funding through its existing funders, the London capital markets or potentially through Asian investors now that the Group is more balanced to that region. The directors have not yet sought to raise additional funding therefore the availability of this in the future is inherently uncertain.

The directors have concluded that the combination of these circumstances represent a material uncertainty that, if they were to transpire adversely, may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, after making enquiries, and considering the uncertainties described above and mitigation strategies in place, the directors have a reasonable expectation that the Group has, or can obtain, adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the interim financial information.

The interim financial information does not include the adjustments that would result if the Group was unable to continue as a going concern.

Taxation

Taxes on income in the interim periods are accrued using the rate of tax that would be applicable to expected total annual earnings.

3 Income tax (credit)/charge

	Unaudited 6 months to 30 September 2017 £	Unaudited 6 months to 30 2016 £	Audited 12 months to 31 March 2017 £
Current tax			
UK corporation tax on profits for the current period	-	-	-

Foreign corporation tax on profits for the current period	459	-	8,943
	459	-	-
Deferred tax			
Origination and reversal of temporary differences	(17,205)	-	-
Total tax (credit)/charge	(16,746)	-	8,943

The Research and development tax credit of £405,687 (Mar-17: £806,301) is shown as a deduction against general administrative expenses.

Deferred tax of £277,737 (Mar-17: £294,942) is recognised in respect of the intangible fixed assets acquired in a business combination in March 2017.

4 Loss per share

Basic

Basic loss per share is calculated by dividing the total comprehensive loss for the period of £5,020,633 (Mar-17: loss £7,883,369) by the weighted average number of ordinary shares in issue during the period 321,218,709 (Mar-17: 236,277,783).

Diluted

Diluted earnings per share dilute the basic earnings per share to take into account share options and warrants. The calculation includes the weighted average number of ordinary shares that would have been issued on the conversion of all the dilutive share operations and warrants into ordinary shares. 122,316,022 options and warrants (Mar-17: 76,463,906) have been excluded from this calculation as the effect would be anti-dilutive.

5 Trade and other receivables

On 11 December 2015, the Group entered into a loan agreement with Life Technologies Corporation (“LTC”), part of the Thermo Fisher Scientific Group ("Thermo Fisher"), under the terms of which Thermo Fisher provided a loan facility of £5m to the Group, which was subsequently extended on 22 September 2016 by a further £4m under an additional agreement.

On 11 July 2017, the Group has further extended this loan agreement to provide an additional secured loan facility of $5m, of which $4m was immediately available for drawdown in the period and $1m will be drawn down against future performance milestones.

Included in trade and other receivables is an amount of £860,559 (Mar-17: £1,069,417) in respect of commitment fees for the undrawn increased facility arising on issue of the 2016, 2017 and New 2017 Warrants.

An amount of £833,879 (Mar-17: £785,317) has been provided for doubtful receivables. The Group’s Swiss customer, Genoma, and its parent company Esperite NV are experiencing financial difficulties despite completing a significant fundraising at 8 March 2017, with Genoma placed in bankruptcy in May 2017. Another customer, Medgenetix, based in Poland also has significant long-term balances owed to the Group of £46k and legal proceedings are ongoing to recover the outstanding monies from both of these customers.

6 Provisions

Premaitha is defending two patent infringement litigation claims which claim that Premaitha's non-invasive pre-natal test infringes patents owned or licensed by the claimants. The first claim was filed in March 2015 by the claimants Illumina, Inc., Sequenom, Inc. and Stanford University. The second claim was filed in September 2015 by the claimants Illumina, Inc. and the Chinese University of Hong Kong. The cases were heard in the UK High Court in 2017, with the first instance judgment received in November 2017 as described in the Directors' Report and in note 10.

With respect to the litigation the Group recognised a provision in the financial statements to 31 March 2016 of £5,386,326 for expected litigation costs in respect of these claims. Following an assessment of the litigation costs expected to be incurred in defending both claims, the provision has not been increased further in the current period. Costs of £ 2,975,457 have been incurred against the provision in the period and with the additional £1,245,000 provision for the 321 claim (see below), the provision as at 30 September 2017 totals £1,591,538. The likely appeal arising from the adverse November 2017 judgment, where the IONA® test was deemed to have infringed some surviving claims on each of the patents in question, has not been provisioned as there was no requirement or commitment for this process at the reporting date. Similarly, no provision is made for potential cost awards or damages claims which will be determined at the Form of Order hearing scheduled for late January 2018. The potential working capital implications arising from the November judgment are discussed further in the going concern section of note 2.

In September 2017, Illumina filed a third patent infringement claim against the Company (the "321 claim"). In response the Company has filed an abuse of process claim which will be heard in March 2018 and which, if successful, would stop this claim. However, the success of this abuse of process claim cannot be guaranteed and therefore a provision of £1,245,000 has been made to cover the expected costs of a full defence. The 321 claim overlaps with the likely appeal on the first two patent claims and, if the 321 claim survives the abuse of process hearing, it is likely to be stayed pending the outcome of the appeal. Therefore, the timing of when these costs will arise and, indeed, if they ever will, remains uncertain at the time of these financial statements. The costs of the main appeal are expected to be lower than this 321 provision, possibly significantly lower.

7 Warrants and derivative financial instruments

On 11 July 2017, the Group issued 28,938,797 warrants with a fair value of £820,848 and this amount has been accounted for as a commitment fee for the provision of increased loan facilities (see note 5). These warrants formed part of a $5m funding agreement with LTC. As part of the same agreement warrants for $1m were committed on the same terms, subject to the Company accessing the final $1m of available loan finance. The number of these additional warrants has been estimated at 7,542,330 based on an assumed forward share price and exchange rate. An independent valuation attributes a fair value of £233,329 to these future warrants.

8 Interest bearing loans and borrowings

A secured loan facility was provided by LTC in December 2015 and this was subsequently extended by additional facilities in September 2016. As at 31 March 2017, there was £3,559,564 remaining to be drawn down from this facility. During the period an additional £1,867,124 was drawn down, with £1,692,440 remaining for drawdown against future milestones. On 11 July 2017, the Group entered into a loan facility extension agreement with LTC for a further facility of $4,000,000 which was drawn in full on 12 July 2017. There is also a potential additional facility of $1,000,000 which is dependent upon future performance. These loan facilities are secured by way of fixed and floating charges over intellectual property of the Group. The drawn-down portions of these loans are accruing interest at 6% per annum and are repayable in more than 5 years.

9 Share capital

On 11 July 2017, at the same time as entering into the LTC loan facility extension, the Group simultaneously entered into a further warrant agreement with Thermo Fisher. Under this agreement Premaitha issued Thermo Fisher warrants over 28,938,797 new ordinary shares in the Company exercisable at 10.725 pence ("New 2017 Warrants"), being a premium of 10% over the closing share price on 10 July 2017 (the last business day prior to issue of the New 2017 Warrants).

10 Events after the reporting period

After the balance sheet date the patent litigation first instance judgment was delivered on 21 November 2017. Despite being successful on certain claims, the findings overall were adverse for the Company as described in note 6 (Provisions), with the financial implications discussed in the going concern section of note 2.

Since the reporting date, and subsequent to the trial judgment, the Group has continued to make commercial progress announcing new customer laboratories in the Middle East, Europe, and a first customer in East Asia.