Ovoca Bio plc (formerly Ovoca Gold plc)
Interim results for the six months ended 30 June 2018

CONSOLIDATED INCOME STATEMENT	Unaudited	Unaudited	Unaudited	Unaudited
	6 Months ended	6 Months ended	6 Months ended	6 Months ended
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	€'000	€'000	$'000	$'000
Administration expenses	(627)	(626)	(759)	(677)
Other (losses)/gains	(116)	876	(141)	946
Operating (loss)/gain	**(743)**	**250**	**(900)**	**269**
Finance costs	(4)	(5)	(4)	(5)
Finance income	272	333	329	361
(Loss)/profit for the period before tax	**(475)**	**578**	**(575)**	**625**
Income tax	-	-	-	-
(Loss)/profit for the period	**(475)**	**578**	**(575)**	**625**
Attributable to:				
Owners of the parent	(475)	578	(575)	625
	(475)	**578**	**(575)**	**625**

All amounts relate to continuing operations.

(Loss)/earnings per share				
Basic (loss)/earnings per share from continuing operations	(0.58) cents	0.71 cents	(0.70) cents	0.77 cents
Fully diluted (loss)/earnings per share from continuing operations	(0.58) cents	0.71 cents	(0.70) cents	0.77 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME	Unaudited	Unaudited	Unaudited	Unaudited
	6 Months ended	6 Months ended	6 Months ended	6 Months ended
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	€'000	€'000	$'000	$'000
(Loss)/profit for the period	(475)	578	(575)	625
Other comprehensive income/(expense):				
Items that may not be reclassified subsequently to profit or loss				
Movement on equity investments at fair value through other comprehensive income	(4,249)	(324)	(5,144)	998
Items that may be reclassified subsequently to profit or loss				
Foreign exchange gain/(loss) arising from translation of financial statements of a foreign operation	383	(1,482)	(10)	(1,084)
Total comprehensive (loss)/income for the period	**(4,341)**	**(1,228)**	**(5,729)**	**539**

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

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited	Share capital €'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
At 1 January 2018	**11,057**	**438**	**5,878**	**3,745**	**1,285**	**22,403**
Comprehensive income:						
Loss for the period	-	-	-	-	(475)	(475)
Other comprehensive income/(expense):						
Movement on equity investments at fair value through other comprehensive income	-	-	(4,249)	-	-	(4,249)
Foreign exchange gain arising from translation of financial statements of a foreign operation	-	-	-	383	-	383
Total comprehensive income/(loss)	**-**	**-**	**(4,249)**	**383**	**(475)**	**(4,341)**
At 30 June 2018	**11,057**	**438**	**1,629**	**4,128**	**810**	**18,062**

Unaudited	Share capital €'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
At 1 January 2017	**11,057**	**1,294**	**2,507**	**6,947**	**1,666**	**23,471**
Comprehensive income:						
Loss for the period	-	-	-	-	578	578
Other comprehensive income/(expense):						
Movement on equity investments at fair value through other comprehensive income	-	-	(324)	-	-	(324)
Foreign exchange loss arising from translation of financial statements of a foreign operation	-	-	-	(1,482)	-	(1,482)
Total comprehensive income/(loss)	**-**	**-**	**(324)**	**(1,482)**	**578**	**(1,228)**
At 30 June 2017	**11,057**	**1,294**	**2,183**	**5,465**	**2,244**	**22,243**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30/06/2018 €'000	Audited 31/12/2017 €'000	Unaudited 30/06/2018 $'000	Audited 31/12/2017 $'000
Assets				
Non current assets				
Property, plant and equipment	975	988	1,475	1,454
Equity investments at fair value through other comprehensive income	11,902	15,868	13,863	19,008
	12,877	**16,856**	**15,338**	**20,462**
Current assets				
Inventories	3	4	4	5
Trade and other receivables	73	40	86	48
Cash and cash equivalents	5,139	5,549	5,985	6,647
	5,215	**5,593**	**6,075**	**6,700**
Total assets	**18,092**	**22,449**	**21,413**	**27,162**
Equity and liabilities				
Equity				
Ordinary shares	11,057	11,057	15,586	15,586
Treasury shares	(547)	(547)	(607)	(607)
Retained earnings	1,357	1,832	2,682	3,257
Other reserves	1,629	5,878	1,441	6,585
Foreign currency translation reserve	4,128	3,745	1,484	1,494
Share based payment reserve	438	438	792	792
	18,062	**22,403**	**21,378**	**27,107**
Current liabilities				
Trade and other payables	30	46	35	55
	30	**46**	**35**	**55**
Total equity and liabilities	**18,092**	**22,449**	**21,413**	**27,162**

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30/06/2018 €'000	Unaudited 30/06/2017 €'000	Unaudited 30/06/2018 $'000	Unaudited 30/06/2017 $'000
Cash flows from operating activities				
Net (loss)/profit for the period before tax	(475)	578	(575)	625
Foreign currency movements	100	(1,512)	(9)	(1,091)
Depreciation	21	19	25	23
Net finance income	(268)	(328)	(325)	(356)
Decrease in inventories	1	35	1	35
Increase in trade and other receivables	(33)	(11)	(38)	(13)
(Decrease)/increase in trade and other payables	(16)	52	(20)	77
Net cash used in operating activities	**(670)**	**(1,167)**	**(941)**	**(700)**
Cash flow from financing activities				
Net interest received	268	328	325	356
Net cash generated from financing activities	**268**	**328**	**325**	**356**
Cash flows from investing activities				
(Expenditure)/Proceeds on disposal of property, plant & equipment	(8)	483	(46)	526
Net cash (used in)/generated from investing activities	**(8)**	**483**	**(46)**	**526**
Net decrease in cash and cash equivalents	(410)	(356)	(662)	182
Cash and cash equivalents at the beginning of period	5,549	6,741	6,647	7,102
Cash and cash equivalents at the end of the period	**5,139**	**6,385**	**5,985**	**7,284**

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1 Basis of Preparation

The interim consolidated financial statements for the six months ended 30 June 2018 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 2017.

2 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 2017, except for the effects of IFRS 9.

Financial Instruments

<u>Recognition and derecognition</u>

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

<u>Classification and initial measurement of financial assets</u>

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

• amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

The classification is determined by both:
• the entity's business model for managing the financial asset
• the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

<u>Subsequent measurement of financial assets</u>

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:
• they are held under a business model whose objective it is hold to collect the associated cash flows and sell and
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category also contains an equity investment. Investments in equity instruments fail the solely payments of principal and interest test, meaning that they need to be measured at FVTPL. The Group accounts for the investment at FVTPL and make the irrevocable election to account for the investments in equity instruments at FVOCI. This instruments are not subject to any impairment accounting.

<u>Impairment of financial assets</u>

IFRS 9's new impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss' (ECL) model. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables,and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Group's financial assets fall into this category.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables
The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

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 Segmental reporting

Segment information is presented in accordance with IFRS 8 – Operating Segments with effect from 1 January 2010. Comparative information is presented on a consistent basis.

At 30 June 2018, the Group had two business segments, Exploration activities and Investment. Exploration activities are primarily carried out by a number of subsidiary companies based in Russia. Investing activities are carried out by another subsidiary company located in Bermuda. Administrative costs represent group administration costs, primarily incurred in Ireland.

Period ended 30 June 2018	**Exploration Activities**	**Investment**	**Administrative**	**Total**	**Exploration Activities**	**Investment**	**Administrative**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Administration expenses	(51)	(251)	(325)	(627)	(62)	(304)	(393)	(759)
Other (losses)/gains	(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

Period ended 30 June 2017	**Exploration Activities**	**Investment**	**Administrative**	**Total**	**Exploration Activities**	**Investment**	**Administrative**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Administration expenses	(73)	(293)	(260)	(626)	(79)	(317)	(281)	(677)
Other gains/(losses)	16	433	427	876	17	469	460	946
Operating (loss)/gain	(57)	140	167	250	(62)	152	179	269
Finance costs	(1)	(2)	(2)	(5)	(1)	(2)	(2)	(5)
Finance income	-	333	-	333	-	361	-	361
(Loss)/profit before tax	(58)	471	165	578	(63)	511	177	625
Segment assets	1,554	20,828	130	22,512	2,099	23,763	141	26,003
Segment liabilities	(89)	-	(180)	(269)	(102)	-	(204)	(306)
Net assets	1,465	20,828	(50)	22,243	1,997	23,763	(63)	25,697

4 Segmental reporting (continued)

(b) Secondary reporting format - geographical segments

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

5 Loans and receivables

On 25 April 2018, the Company entered in to a loan agreement, as the lender with Bio Peptid LLC, an unrelated company registered in Russia, as the Borrower. On 27 April 2018, the Company has provided Bio Peptid LLC a loan in the amount of 3,000,000 rubles. The loan interest rate is 7.25% per annum. The loan was refunded by Bio Peptid LLC on 20 August 2018.

6 Events after the reporting period

On 2 July 2018 the Group provided Bio Peptid LLC with a loan in the amount of 11,500,000 rubles. The loan interest rate is 7.25% per annum. The loan was refunded partially on 7th of September 2018 in the amount of 9,500,000 rubles. Outstanding capital and interest is espected to be paid before the end of September 2018.

On 31 July 2018 the Group entered into a participation agreement of IVIX LLC and on 7th of August 2018 acquired a participation interest of 22.57% for a consideration of $1.86 million (€1.60 million) in cash.

On 13 September 2018 the Group entered into a sale and purchase agreement of the participation in IVIX LLC with Bio Peptid LLC and has acquired additional 27.45% of IVIX LLC for cash consideration of $2.26 million (€1.94 million).

As a result, the Company has finished the first step of acquisition and acquired approximately 50.02% participation interest in IVIX LLC using its existing cash resources.

Costs in relation to the acquisition are included under administrative expenses amounted to €145k for the period ended 30 June 2018. No issue costs are recorded as part of the business combination for the period ended 30 June 2018.

With effect from 27 July 2018, the name of the Company was changed from Ovoca Gold plc to Ovoca Bio plc.

7 Approval of the financial statements

The interim report was approved by the Board of Directors on 27 September 2018 and is included on the Company's website, www.ovocabio.com.