30 August 2017

BATM Advanced Communications Limited
("BATM" or the "Group")

Interim results for six months ended 30 June 2017

BATM Advanced Communications Limited (LSE: BVC), a leading provider of real-time technologies for networking solutions and medical laboratory systems, announces its interim results for the six months ended 30 June 2017.

Financial Summary

- Group revenue increased by 10% to $49.8m (H1 2016: $45.1m)
- Gross profit improved to $15.0m (H1 2016: $14.8m)
- Gross margin was 30.1% (H1 2016: 32.8%)
- Adjusted operating loss* of $1.4m (H1 2016: $0.6m loss)
- EBITDA of $0.3m negative (H1 2016: $0.3m positive)
- Loss per share of 0.66¢ (H1 2016: 0.23¢ loss per share)
- As at 30 June 2017, the Group had cash and financial assets of $22.4m (31 December 2016: $27.6m)

* Adjusted to exclude amortisation of intangible assets (See note 3)

Operational Summary

Bio-Medical Division (58% of total revenues)

- Diagnostics Unit
    - Broadening of customer base as 268 diagnostic machines were sold to multiple new and existing customers
    - Production of reagents increased 8% compared with H1 2016
    - Progress made by Ador, joint venture company, in preparing for the production and marketing of new unique rapid-results sample-to-answer molecular diagnostics system and reagents, which has already been granted several patents in the US
    - Post period, appointed Dr. David Perry MD as Chief Executive Officer of Adaltis S.R.L ("Adaltis"), whose previous experience includes VP Global Clinical and Medical Affairs at Baxter Bioscience
- Eco-Med Unit (formerly Pathogenic Waste Treatment and Sterilisation Unit)
    - Launched the world's first mobile agri-waste treatment solution and was awarded a contract with a total value of $3.6m
    - First large installation of the Group's new solution for treating agricultural waste, that was installed at a poultry slaughterhouse, continued to perform well and is running very successfully
    - Commenced sales of the new ISS 500 with automated reloading system for medical waste in hospitals, with the first systems scheduled to arrive in the US this year
    - Highest ever backlog of $4.4m, most of which is expected to be recognised by the end of 2017 and the remainder during 2018
- Distribution Unit
    - Acquired Zer Laboratories Ltd, the largest private diagnostic laboratory in Israel for clinical tests, for NIS2.75m (c. £580,000) payable in cash, to accelerate the Group's development and offer of Molecular Diagnostics (genetics-based) diagnostics solutions
    - Commencement of operation of the two new diagnostics laboratories that were opened in Romania last year

Networking and Cyber Division (42% of total revenues)

- Networking Unit
    - Awarded a contract by Internet Solutions Kenya, a telecoms service provider to public and private organisations, worth $2.8m over a two-year period, to upgrade its network infrastructure to increase bandwidth capacity and enable an expansion in its service offering
    - Increasing interest in the Group's SDN/NFV solutions with successful proof-of-concept trials ("POCs") conducted worldwide. The Group believes some of these POCs will translate to orders during H2 2017
    - A Tier 1 cyber security customer launched new security systems basing its networking capability on the Group's next generation ATCA product, the state-of-the-art 100 Gigabit Ethernet (100GE) card
- Cyber Unit
    - Received expansion of significant contract awarded last year as the leading supplier for an ICT solution combined with several cyber elements to a government defence department, which is now worth $5.2m. A large portion is planned to be supplied during H2 2017
    - Engaged in several POCs in multiple countries

Commenting on the results, Dr Zvi Marom, Chief Executive Officer of BATM, said: "After a period of meaningful investment in new products, capability and bolt-on acquisitions, we are pleased to report year-on-year and sequential growth in revenue resulting from solid progress made in the Bio-Medical division as well as the Networking and Cyber division during H1 2017.

"Looking ahead, we are making further inroads in the Bio-Medical division, gaining new customers and increasing sales to current ones. Our Cyber business continues to experience increased interest from government agencies across the globe. As a result of this, the Group has increased its backlog substantially compared with this time last year and, consequently, expects to report growth for full year 2017, in line with market expectations."

Enquiries:

BATM Advanced Communications	
Dr Zvi Marom, Chief Executive Officer	+972 9866 2525
Moti Nagar, Chief Financial Officer	
Shore Capital	
Mark Percy, Anita Ghanekar	+44 20 7408 4050
Luther Pendragon	
Harry Chathli, Claire Norbury	+44 20 7618 9100

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

Operational Review

In the first half of 2017, both divisions made significant operational progress as new products and technologies continued to replace legacy products. The foundations that the Group laid during 2016 have begun to translate to sales, with the revenues of both divisions increasing year-on-year as well as sequentially.

Total Group revenues in H1 2017 were $49.8m (H1 2016: $45.1m), of which the Bio-Medical division accounted for 58% with the contribution from the Networking and Cyber division being 42%.

Bio-Medical Division

	H1 2017	H1 2016	H2 2016	FY 2016
Revenues	$28.6m	$25.8m	$25.8m	$51.6m
Blended gross margin	25%	26%	23%	25%
Adjusted operating profit (loss)	$(0.3m)	$0.0m	$(0.3m)	$(0.3m)

Distribution

Sales increased by 17.2% and contributed approximately 69% of the Bio-Medical division revenues, including organic growth of 10%. The revenue contribution to the first half from the newly-acquired Zer Laboratories Ltd ("Zer") was $1.1m. Gross margin in H1 2017 improved to 26.4% compared with 25.8% in H1 2016 as a result of operational improvements in the distribution business in Hungary.

The two new diagnostics laboratories in Romania, an analytics lab in Timisoara and a genetic lab in Bucharest, which were opened in 2016, commenced operation during the period. The Group uses these labs to provide customers' products and diagnostic tests to end customers thereby establishing a footprint in the end-customer market.

In the first half of the year, the Group acquired the entire issued share capital of Zer, which is the largest private diagnostic laboratory in Israel for clinical tests, mainly providing prenatal screening tests for Down's Syndrome, genetic tests and additional tests performed during IVF and fertility treatments, for a total consideration of NIS2.75m (c. £580,000) payable in cash. BATM expects the acquisition to enable it to capture a share of the growing market in non-invasive prenatal tests (NIPT) in Israel and Europe, enhancing the activities of the Group's new genetic lab in Bucharest.

Eco-Med (formerly Pathogenic Waste Treatment and Sterilisation)

The Eco-Med unit accounted for 13% of the Bio-Medical division's revenues in H1 2017 compared with 9% of revenues in H1 2016, reflecting an increase of 57.5% in sales. This increase is primarily due to successful implementation of the strategic decision to transition from sales of control systems and products for treating medical waste to new, larger solutions developed for the biopharma and agri-business sectors. The unit continues to focus on the treatment of biological waste, based on its unique patented Integrated Shredder and Steriliser ("ISS") technology, which it is leveraging to apply to industries where the solutions have a higher value and greater market potential.

The unit achieved a significant improvement in gross margin to 18.6% (H1 2016: 13.1%) as a result of sales of higher margin agri-waste solution projects. In addition, it received the highest ever number of orders with a backlog as of period end of $4.4m, most of which is expected to be recognised by the end of 2017 and the remainder during 2018.

During the period the Group launched the world's first mobile agri-waste treatment solution and was awarded a contract of $2.5m for the delivery of a mobile unit, which was subsequently extended by $1.1m, with 25% upfront payment, increasing the total value of the contract to $3.6m.

The first large installation of the Group's new solution for treating agricultural waste, that was installed last year at a slaughterhouse of major poultry farming company, continued to perform very successfully.

The Group also commenced sales of the new ISS 500, which has been adapted for the disposal of medical waste in hospitals. The product is receiving a lot of interest from hospitals because of its automated reloading system, which reduces human exposure to medical waste.

Diagnostics

The Diagnostics unit continued to make steady progress and sales in H1 2017 represented 18% of Bio-Medical division revenues.

During the period, the production of reagents increased 8% over H1 2016. The Group sold 268 instruments to multiple new and existing customers compared with 325 in H1 2016 and 180 in H2 2016.

Good progress was made by the Group's joint venture company, Ador, established in December 2015 with Gamida for Life, an international group of companies focused on healthcare and life sciences, as it remains on track in its preparations for the production and marketing of a unique rapid-results sample-to-answer molecular diagnostics system – that has already been granted several patents in the US – and a selection of reagent kits. The new instrument and reagents are expected to reach the market during H2 2017.

Post period, the Group appointed Dr. David Perry MD as Chief Executive Officer of Adaltis, whose previous experience includes VP Global Clinical and Medical Affairs at Baxter Bioscience. The new role was created within Adaltis as it begins to gear up to take advantage of the advances within its molecular biology business unit, as well as the growing in-vitro diagnostics field.

Networking and Cyber Division

	H1 2017	H1 2016	H2 2016	FY 2016
Revenues	$21.0m	$19.1m	$19.4m	$38.5m
Blended gross margin	37%	42%	39%	40%
Adjusted operating profit (loss)	$(0.4m)	$0.0m	$(2.2m)	$(2.2m)

The Networking and Cyber division produced mixed results for the first half of 2017. There was an increase of 10% in revenues to $21.0m. However, gross profit margin decreased to 37% (H1 2016: 42%) due to the contribution to revenues from a large government contract, which carries a lower gross margin, which resulted in an adjusted operating loss for H1 2017 of $0.4m (H1 2016: $0.0m).

During the period, the Group was awarded a contract by Internet Solutions Kenya, a telecoms service provider to public and private organisations, to upgrade its network infrastructure to increase bandwidth capacity (10G) and enable an expansion of its service offering. The contract, which has a value of $2.8m, is to be delivered over a two-year period with approximately 50% of the revenues to be recognised in 2017 based on the installation plan.

The Group started delivering on the cyber contract, which had been delayed from H2 2016, as good progress was made by the partners. Other key developments included a significant contract, awarded last year by a government defence department, for an ICT solution combined with several cyber elements, being increased during the first half of 2017 to $5.2m. A significant portion is planned to be supplied during H2 2017.

The Group also engaged in several POCs in multiple countries.

The Group received increased demand for its SDN/NFV solutions and it conducted several successful POCs worldwide. The Group believes that some of these will translate to orders during H2 2017.

A Tier 1 cyber security customer launched its new security systems that contain the Group's latest ATCA product 100GE card. The new ATCA 100GE is gaining increasing momentum and interest from various customers. In addition, the 100GE card is playing a key role in the new aggregation platform, T-Metro 8100 - a next-generation, high-density, standalone 100GE services aggregation platform that is planned to be released in H2 2017.

Financial Review

Revenues in the first half of 2017 increased by 10% to $49.8m (H1 2016: $45.1m), mainly due to an increase in sales in the Eco-Med and Distribution units of the Bio-medical division.

The blended gross profit margin for the first half was 30.1% (H1 2016: 32.8%). This decrease is mostly due to a reduction in the gross margin of the Networking and Cyber division as a result of the contribution to revenues from a large government contract, which carries a lower gross margin..

Sales and marketing expenses for the first half were $7.2m (H1 2016: $7.3m), representing 14.5% of revenues compared with 16.2% in H1 2016.

General and administrative expenses were $5.2m (H1 2016: $4.7m). The increase is mainly due to the effect of the consolidation of the newly-acquired Zer Laboratories.

Research and development investment in the first half of 2017 increased to $4.0m (H1 2016: $3.4m), primarily as a result of the increase in investments in new technologies in the Eco-Med unit and investments in new software applications.

Net finance expense was $0.2m (H1 2016: $0.4m). The decrease is mainly due to the positive effect of foreign exchange rate fluctuations.

Net loss after tax attributable to equity holders of the parent amounted to $2.6m (H1 2016: $0.9m loss), resulting in a basic loss per share of 0.66¢ (H1 2016: 0.23¢ loss).

Adjusted operating loss amounted to $1.4m (H1 2016: $0.6m loss).

The Group's balance sheet remains strong with effective liquidity of $22.4m at 30 June 2017 compared with $27.6m at 31 December 2016 and $18.6m at 30 June 2016. Period-end cash is comprised as follows: cash and deposits up to three months duration of $13.2m and short-term cash deposits up to one year and held for trading bonds of $9.2m. The decrease in cash balances is a result of the investment in the subsidiary Zer Laboratories and investment in the joint venture Ador as well as purchase of fixed assets.

As at 30 June 2017, inventory was $20.8m (31 December 2016: $20.5m; 30 June 2016: $20.9m). Trade and other receivables was $33.6m (31 December 2016: $28.1m; 30 June 2016: $28.1m), with the increase mainly due to the growth in revenues in H1 2017.

Intangible assets and goodwill was $22.8m (31 December 2016 $20.6m; 30 June 2016: $20.2m). This increase compared with the prior year was mostly due to the investment in Zer Laboratories.

Property, plant and equipment and investment property increased to $20.3m (31 December 2016: $17.7m; 30 June 2016: $23.2m). The increase is due to leasehold improvement in two new buildings.

The balance of trade and other payables was $31.9m (31 December 2016: $27.1m; 30 June 2016: $23.4m). The increase is due to an increase in the out-sourcing services in the Networking and Cyber division and in the Eco-Med unit.

Cash outflow from operations was $0.4m for H1 2017, compared with an inflow of $0.1m for the prior period, due to the operating loss incurred in the period.

Outlook

The Group continues to make further inroads in the Bio-Medical division, gaining new customers and increasing sales to current ones. Specifically, the Eco-Med unit is receiving a lot of interest in its innovative agri-waste solutions. In the second half of the year it is on track to deliver the mobile unit for agri-waste treatment as well as the delivery of the contract for the bovine slaughterhouse facility. In the second half, the Diagnostics unit will also experience increased sales of reagents and machines compared with H1 2017.

In the Networking and Cyber division, the Cyber unit continues to experience increased interest from government agencies across the globe. In H2 2017, the unit expects to deliver a significant portion of the Cyber contract that was first won in 2016 and expanded to incorporate other elements in H1 2017. The Group also expects to report on the success of POC trials currently taking place. In the Networking unit, the Group continues to progress with the SDN/NFV solutions POC trials and expects to announce follow-on orders during H2 2017.

As a result of this, the Group has an increased backlog compared with this time last year and, consequently, expects to report growth for full year 2017, in line with market expectations.

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED INCOME STATEMENTS

	Six months ended 30 June 2017	Six months ended 30 June 2016
	US$ in thousands	
	Unaudited	Unaudited
Revenues	49,825	45,122
Cost of revenues	34,846	30,340
Gross profit	14,979	14,782
Operating expenses		
Sales and marketing expenses	7,210	7,305
General and administrative expenses	5,240	4,710
Research and development expenses	3,966	3,394
Other operating expenses	622	545
Total operating expenses	17,038	15,954
Operating loss	(2,059)	(1,172)
Finance income	293	125
Finance expenses	(494)	(513)
Loss before tax	(2,260)	(1,560)
Income tax (expenses)	(75)	27
Loss for the period before share of a loss of a joint venture and associated companies	**(2,335)**	**(1,533)**
Share of a loss of joint venture and associated companies	(597)	-
Loss for the period	**(2,932)**	**(1,533)**
Attributable to:		
Owners of the Company	**(2,645)**	**(935)**
Non-controlling interests	**(287)**	**(598)**
Loss for the period	**(2,932)**	**(1,533)**

Profit (loss) per share (In cents):

From continuing and discontinued operations Basic and Diluted	(0.66)	(0.23)
From continuing operations Basic and Diluted	(0.66)	(0.23)

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Six months ended 30 June	
	2 0 1 7	2 0 16
	US$ in thousands	
	Unaudited	Unaudited
Loss for the period	(2,932)	(1,533)
Items that may be reclassified subsequently to profit or loss :		
Exchange differences on translating foreign operations	3,193	595
Total Comprehensive income (loss) of the Period	**261**	**(938)**
Attributable to:		
Owners of the Company	1,133	(184)
Non-controlling interests	(872)	(754)
	261	**(938)**

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2017	30 June 2016	31 December 2016
		US$ in thousands	
	Unaudited	Unaudited	Audited
Current assets			
Cash and cash equivalents	13,168	16,112	22,015
Trade and other receivables	33,627	28,067	28,124
Financial assets	9,237	2,537	5,593
Inventories	20,804	20,894	20,479
	76,836	67,610	76,211
Non-current assets			
Property, plant and equipment	16,447	19,445	14,078
Investment property	3,846	3,729	3,669
Goodwill	16,928	15,339	15,011
Other intangible assets	5,862	4,841	5,604
Investment in Joint venture and associate	1,082	-	854
Available for sale Investments carried at fair value	576	614	614
Deferred tax asset	3,683	3,582	3,570
	48,424	47,550	43,400
Total assets	**125,260**	**115,160**	**119,611**
Current liabilities			
Short-term bank credit	3,126	4,667	4,407
Trade and other payables	31,948	23,424	27,100
	35,074	28,091	31,507
Non-current liabilities			
Long-term bank credit	3,047	1,281	1,104
Long-term liabilities	4,455	4,448	4,722
Deferred tax liabilities	880	997	912
Retirement benefit obligation	599	738	476
	8,981	7,464	7,214
Total liabilities	**44,055**	**35,555**	**38,721**
Equity			
Share capital	1,216	1,216	1,216
Share premium account	407,598	407,487	407,544
Foreign currency translation reserve and other reserves	(17,292)	(19,637)	(21,070)
Accumulated deficit	(306,455)	(307,249)	(303,810)
Equity attributable to equity holders of the:			
Owners of the Company	85,067	81,817	83,880
Non-controlling interest	(3,862)	(2,212)	(2,990)
Total equity	**81,205**	**79,605**	**80,890**
Total equity and liabilities	**125,260**	**115,160**	**119,611**

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Six months ended 30 June 2017

	Share Capital	Share Premium Account	Translation reserve	Other Reserve	Accumulated Deficit	Attributable to owners of the Parent	Non-Controlling Interests	Total equity
				US$ in thousands				
As at 1 January 2017	1,216	407,544	(20,558)	(512)	(303,810)	83,880	(2,990)	80,890
Recognition of share-based payments		54				54		54
Loss for the period					(2,645)	(2,645)	(287)	(2,932)
Comprehensive income (loss) for the period			3,778		-	3,778	(585)	3,193
Total comprehensive income (loss) for the period			**3,778**		**(2,645)**	**1,133**	**(872)**	**261**
As at 30 June 2017 (unaudited)	**1,216**	**407,598**	**(16,780)**	**(512)**	**(306,455)**	**85,067**	**(3,862)**	**81,205**

Six months ended 30 June 2016

	Share Capital	Share Premium Account	Translation reserve	Other Reserve	Accumulated Deficit	Attributable to owners of the Parent	Non-Controlling Interests	Total equity
				US$ in thousands				
As at 1 January 2016	1,216	407,436	(20,053)	(335)	(306,314)	81,950	(1,458)	80,492
Recognition of share-based payments		51				51		51
Loss for the period					(935)	(935)	(598)	(1,533)
Comprehensive income (loss) for the period			751		-	751	(156)	595
Total comprehensive income (loss) for the period			**751**		**(935)**	**(184)**	**(754)**	**(938)**
As at 30 June 2016 (unaudited)	**1,216**	**407,487**	**(19,302)**	**(335)**	**(307,249)**	**81,817**	**(2,212)**	**79,605**

BATM ADVANCED COMMUNICATIONS LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2017	2016
	US$ in thousands	
	Unaudited	Unaudited
Net cash used in operating activities (Appendix A)	(919)	(158)
Investing activities		
Interest received	88	91
Proceeds on disposal of property, plant and equipment	45	52
Proceeds on disposal of deposits	1,152	1,651
Proceeds on disposal of financial assets carried at fair value through profit and loss	3,000	525
Proceeds on disposal of held to maturity investment	-	3,229
Purchases of property, plant and equipment	(2,174)	(1,731)
Increase of other intangible assets	(663)	(1,192)
Purchases of financial assets carried at fair value through profit and loss	(2,452)	-
Purchases of deposits	(5,351)	(1,151)
Investment in joint venture	(834)	-
Acquisition of subsidiaries (Appendix B)	(1,361)	(1,862)
Net cash used in investing activities	(8,550)	(388)
Financing activities		
Decrease in short-term bank credit	-	(2)
Bank loan repayment	(4,816)	(3,928)
Bank loan received	5,138	3,599
Net cash from (used in) financing activities	322	(331)
Decrease in cash and cash equivalents	(9,147)	(877)
Cash and cash equivalents at the beginning of the period	22,015	17,042
Effects of exchange rate changes on the balance of cash held in foreign currencies	300	(53)
Cash and cash equivalents at the end of the period	13,168	16,112

BATM ADVANCED COMMUNICATIONS LTD.
APPENDICES TO CONSOLIDATED STATEMENT OF CASH FLOWS

APPENDIX A

RECONCILIATION OF OPERATING LOSS FOR THE PERIOD TO NET CASH USED IN OPERATING ACTIVITIES

	Six months ended 30 June	
	2017	2016
	US$ in thousands	
	Unaudited	Unaudited
Operating loss from continuing operations	**(2,059)**	**(1,172)**
Adjustments for:		
Amortization of intangible assets	644	579
Depreciation of property, plant and equipment and investment property	1,112	901
Capital gain of property, plant and equipment	(32)	-
Stock options granted to employees	54	51
Increase in retirement benefit obligation	123	30
Increase (decrease) in provisions	2	(2)
Operating cash flow before movements in working capital	**(156)**	**387**
Decrease (increase) in inventory	(258)	1,821
Decrease (increase) in receivables	(5,143)	3,763
Increase (decrease) in payables	3,442	(5,864)
Effects of exchange rate changes on the balance sheet	1,720	(49)
Cash from (used in) operations	**(395)**	**58**
Income taxes paid	(268)	(12)
Income taxes received	1	-
Interest paid	(257)	(204)
Net cash used in operating activities	**(919)**	**(158)**

APPENDIX B

ACQUISITION OF SUBSIDIARY - Zer Laboratories

	2017
	US$ in thousands
	Unaudited
Net assets acquired	
Property, plant and equipment	78
Trade payables and other liabilities	(85)
	(7)
Goodwill	1,207
Total consideration	**1,200**
Satisfied by:	
Cash	787
Consideration recorded as a contingent liability	420
	1,207
Net cash outflow arising on acquisition	
Cash consideration	787
Cash and cash equivalents acquired	-
	787

BATM ADVANCED COMMUNICATIONS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of preparation

The interim consolidated financial statements of the Company have been prepared in conformity with International Accounting Standard No. 34 "interim financial reporting" (hereafter "IAS 34").

In preparing these interim consolidated financial statements, the Company implemented accounting policies, presentation principles and calculation methods identical to those implemented in preparation of its consolidated financial statements as of 31 December 2016 and for the period ended on that date. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRSs.

Note 2 – Profit/(loss) per share

Profit/(loss) per share is based on the weighted average number of shares in issue for the period of 403,150,820 (H1 2016: 403,150,820). The number used for the calculation of the diluted profit per share for the period (which includes the effect of dilutive stock option plans) is 403,150,820 shares (H1 2016 403,150,820).

Note 3 – Other alternative performance measures

	Six months ended 30 June	
	2017	**2016**
	Unaudited	**Unaudited**
Operating loss	(2,059)	(1,172)
Amortisation of Intangible assets	644	579
Other alternative Operating profit	**(1,415)**	**(593)**

Note 4 – Segments

Business Segment

Six months ended 30 June 2017

	Networking and Cyber	Bio-Medical	Unallocated	Total
		US$ in thousands		
Revenues	20,987	28,643	195	**49,825**
Segment profit/(loss)	(369)	(296)	(772)	**(1,437)**
Reconciliation- Other operating expenses				**(622)**
Net Finance cost				**(201)**
Loss before tax				**(2,260)**

Note 4 – Segments (cont.)

Six months ended 30 June 2016

	Networking and Cyber	Bio-Medical	Unallocated	Total
		US$ in thousands		
Revenues	19,137	25,800	185	**45,122**
Segment profit/(loss)	43	4	(674)	**(627)**
Reconciliation- Other operating expenses				**(545)**
Net Finance cost				**(388)**
Loss before tax				**(1,560)**

Note 5 – Financial instruments

The amortised cost of the financial instruments of the Group is not considered to be materially different from the fair value.

The following provides information of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 3 based on the degree to which their fair value is observable:

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the liabilities that are not based on observable market data (unobservable inputs).

Financial liabilities-Government grants total amount: $3.4m.

Note 6 – Investment in subsidiaries

In January 2017, the Group acquired the entire issued share capital of Zer Laboratories Ltd, which is the largest private diagnostic laboratory in Israel for clinical tests, mainly providing prenatal screening tests for Down's Syndrome, genetic tests and additional tests performed during IVF and fertility treatments, for a total consideration of $1.2m payable: $0.8m in cash and $0.4m as a contingent liability, which will be paid over a period of four years.

Zer Laboratories is part of the Bio-Medical division.

The Company has not yet completed the purchase price allocation to the assets, liabilities and contingent liabilities of Zer Laboratories and has temporarily classified the access cost as goodwill.