

Interim Report Q2 2014

Highlights:

- On 25 February DiaGenic's Extraordinary General Meeting resolved to carry out a rights issue of NOK 50 million, by way of a rights issue with preferential rights for shareholders of Diagenic.
- On 14 March the subscription rights for the rights issue were listed. The subscription rights were tradable until 31. March.
- On 20 March Lars Christian Stugaard was appointed as the new Chief Executive Officer (CEO) of DiaGenic ASA effective from 1st April 2014.

The final result of the rights offering were announced on 4 April. After the close of the subscription period a total of 100,000,000 offered shares at NOK 0.50 per share was allocated. It was subscribed for a total of 238,556,562 shares. The new share capital of NOK 21,631,947.60 and a total of 108,159,873 shares were registered on 11 April and the new shares issued were listed the same day.

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	2014 Q2	2013 Q2	2014 1H Q2	2013 1H Q2
NOK million (unaudited)				
Comprehensive income	0	0.03	0	0.1
Total operating cost	-0.9	-11.1	-5.3	-21.0
Pre-tax loss	-0.6	-11.0	-5.0	-20.7
Net cash flow from operating activities	-1.7	-11.5	-7.9	-20.4
Cash balance end of period	51.5	27.8	51.5	27.8

Operational Update

During first quarter all the staff and management left the company, and all inventory was sold.

During the second quarter, our work has been focused on optimizing the company's organizational structure and cost base.

Financial Review

Cash balance of NOK 51,5 million at the end of Q2. Pre-tax loss of NOK -0.6 in Q2 2014 compared with NOK -11.0 million in Q2 2013.

Comparative figures from the corresponding period last year are shown in parentheses.

The cash balance at the end of June 2014 was NOK 51,5 (NOK 27,8) and pre-tax loss was NOK -0,6 (NOK -11,0) for the period.

The average number of shares in Q2 2014 was 91,676,357. As per the end of the period, the outstanding number of shares was 108,159,873.

The Company's unaudited financial statements for the first half of 2014 are enclosed.

Outlook

Diagenic's goals for the next 6 months are to continue the restructuring process of the company to enable the Company to pursue growth and development in its existing business, through new opportunities within biotech/pharmaceuticals or other areas. The company's assets are currently not associated with significant risk for the next 6 months as these currently consist of cash and cash equivalents.

Statement Regarding Forward-Looking Statements

Matters discussed in this report may constitute forward looking statements.

The forward looking statements in this report are based on various assumptions, many of which are based upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult to predict and beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.


Oslo, 21st of August 2014
The Board of Directors

Responsibility Statement

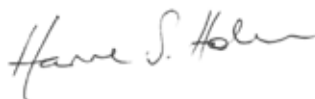
We confirm to the best of our belief that the financial statements for the first half of 2014, that have been prepared in accordance with IAS 34 – Interim Reporting, gives a true and fair view of the Company’s assets, liabilities, financial position and results of operation. We also declare, to the best of our belief, that the half-year report provides a fair view of the information required under § 5-6 (4) of the Norwegian Securities Act.

Oslo, 21st of August 2014

The Board of Directors



Øystein Stray Spetalen
Board Member



Hanne Skaarberg Holen
Chairman



Martin Nes
Board Member



Lars Christian Stugaard
CEO

Statement of comprehensive income

	Note	2014	2013	2014	2013	2013
		Q2	Q2	1 Jan-30 June	1 Jan-30 June	1 Jan-31 Dec
<i>(figures NOK thousands)</i>						
Operating Income						
Other operating income		0	27	0	96	157
Total operating revenue		0	27	0	96	157
Operating expenses						
Cost of goods sold		0	41	0	435	554
Total cost of goods sold		0	41	0	435	554
Operating costs						
Wages and social costs		159	4 662	1 455	10 409	20 843
Depreciation		0	222	100	446	731
Devaluation goodwill						1 195
Other operating costs		749	6 221	3 790	9 682	14 019
Total other operating costs		908	11 106	5 345	20 537	36 788
Total operating costs		908	11 147	5 345	20 972	37 342
Operating profit (loss)		-908	-11 121	-5 345	-20 876	-37 185
Financial income		277	226	335	335	743
Financial expenses		4	56	5	111	190
Net financial income/expense		273	170	329	224	553
Pre-tax profit (loss)		-635	-10 951	-5 016	-20 652	-36 633
Income tax costs (benefits)		0	0	0	0	0
Net profit (loss)		-635	-10 951	-5 016	-20 652	-36 633
Other comprehensive income		0	0	0	0	1 030
Comprehensive income		-635	-10 951	-5 016	-20 652	-37 662
<i>Net profit per share (figures in NOK)</i>	4	-0	-1	-0	-4	-6
<i>Net profit per share after delution</i>	4	-0	-1	-0	-4	-6

Statement of financial position

	Note	2014	2013	2013
<i>(figures NOK thousands)</i>		30 June	30 June	31 Dec
Assets				
Fixed assets				
Software		0	385	0
Fixed assets		0	1 438	335
Total non-current assets		0	1 823	335
Current assets				
Inventory		0	181	0
Trade receivables		0	36	56
Other receivables		2 114	4 699	3 340
Cash and cash equivalents		51 523	27 785	11 492
Total current assets		53 636	32 702	14 888
Total assets		53 636	34 525	15 223
Equity and liabilities				
Equity				
Share capital	2	21 632	40 799	1 632
Paid in equity	2	35 018	6 144	44 705
Retained earnings		-5 016	-20 652	-37 662
Total equity		51 635	26 291	8 675
Provisions				
Pension liabilities		0	983	0
Total provisions		0	983	0
Liabilities				
Accounts payable		108	2 948	277
Social security, VAT etc. payable		568	1 768	1 673
Other current liabilities		1 326	2 535	4 600
Total current liabilities		2 002	7 251	6 549
Total current equity and liabilities		53 636	34 525	15 223

Cash flow statement

	Note	2014	2013	2014	2013	2013
<i>(figures NOK thousands)</i>		Q2	Q2	1 Jan-30 June	1 Jan-30 June	1 Jan-30 Dec
Cash flow from operating activities						
Pre-tax profit (loss)		-635	-10 951	-5 016	-20 652	-37 662
Income taxes paid		0	0	0	0	0
Ordinary depreciation		0	222	235	446	731
Impairment of fixed assets		0	0	100	0	1 195
Fair value granted option rights		0	113	0	296	-310
Loss on sale of fixed assets		0	0	0	0	0
Change in pension scheme liabilities		0	-156	0	-311	-1 294
Change in inventories, accounts receivable and accounts payable		-695	1 477	-113	1 879	924
Change in other short-term receivables and other short-term liabilities		-417	-2 214	-3 151	-2 098	923
<i>Net cash flow from operating activities</i>		<i>-1 747</i>	<i>-11 509</i>	<i>-7 945</i>	<i>-20 441</i>	<i>-35 493</i>
Cash flow from investment activities						
Proceeds from sale of fixed assets		0	0	0	0	8
<i>Net cash flow from investing activities</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>8</i>
Cash flow from financing activities						
Contribution of share capital		48 082	30 198	47 975	30 198	30 198
Payment of short and long term liabilities		0	-417	0	-417	-1 667
<i>Net cash flow from financing activities</i>		<i>48 082</i>	<i>29 781</i>	<i>47 975</i>	<i>29 781</i>	<i>28 531</i>
<i>Net change in cash and cash equivalents</i>		<i>46 335</i>	<i>18 272</i>	<i>40 030</i>	<i>9 340</i>	<i>-6 953</i>
						0
Cash and cash equivalents		51 523	27 785	51 523	27 785	11 492

Statement of changes in Equity and Number of Shares:

<i>(figures in NOK/numbers)</i>	Note	Share capital	Share premium	Other reserves	Other equity	Total equity	Number of shares
As at 1st January 2012		13 512	75 979	237	-34 753	54 975	27 023 652
Allocation of comprehensive loss			-34 516	-237	34 753	0	
Fair value granted option rights			-959	0	0	-959	
Transaction cost			0	367	0	367	
Principle change pension liabilities			-2 007	0	0	-2 007	
Comprehensive income 1.1.-31.12.2012			0	0	-35 927	-35 927	
As at 31st December 2012		13 512	38 497	368	-35 927	16 450	27 023 652
Allocation of comprehensive loss			-35 559	-368	35 927	0	
Fair value granted option rights			0	-310	0	-310	
Transaction cost			-2 547	0	0	-2 547	
Increase of capital 8.4.13		25 000	5 000	0	0	30 000	50 000 000
Increase of capital 8.5.13		2 288	458	0	0	2 745	4 575 078
Reduction of share capital 16.8.13 (10:1)		-39 167	39 167	0	0	0	-73 438 857
Comprehensive income 1.1.-31.12.2013			0	0	-37 662	-37 662	
As at 1st January 2014		1 632	45 016	-310	-37 662	8 675	8 159 873
Allocation of comprehensive loss			-37 972	310	37 662	0	
Transaction cost			-2 025		0	-2 025	
Increase of capital 15.4.14		20 000	30 000			50 000	100 000 000
Comprehensive income 1.1.-30.6.2014					-5 016	-5 016	
As at 30th June 2014		21 632	35 018	0	-5 015	51 635	108 159 873

Note 1: Presentation

The financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). This financial information should be read together with the financial statements for the year ended 31st of December 2013 prepared in accordance with International Financial Reporting Standards ("IFRS").

The accounting policies used and the presentation of the Interim Financial Statements are consistent with those used in the latest Annual Financial Statements.

The preparation of the Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Note 2: Going concern

The financial statement is presented on the going concern assumption under International Financial Reporting Standards.

As per the date of this report the Company has sufficient working capital for its planned business activities over the next twelve month period

DiaGenic's goal for the next 6 months is to continue the restructuring process of the company to enable the Company to pursue growth and development in its existing business, through new opportunities within biotech/ pharmaceuticals or other areas.

Note 3: Inventory – figures in thousand NOK

	Q2 2014	Q2 2013
Inventory	0	181

Inventory is valued at lower of cost and net selling price. Inventory is recorded at cost in the financial statements.

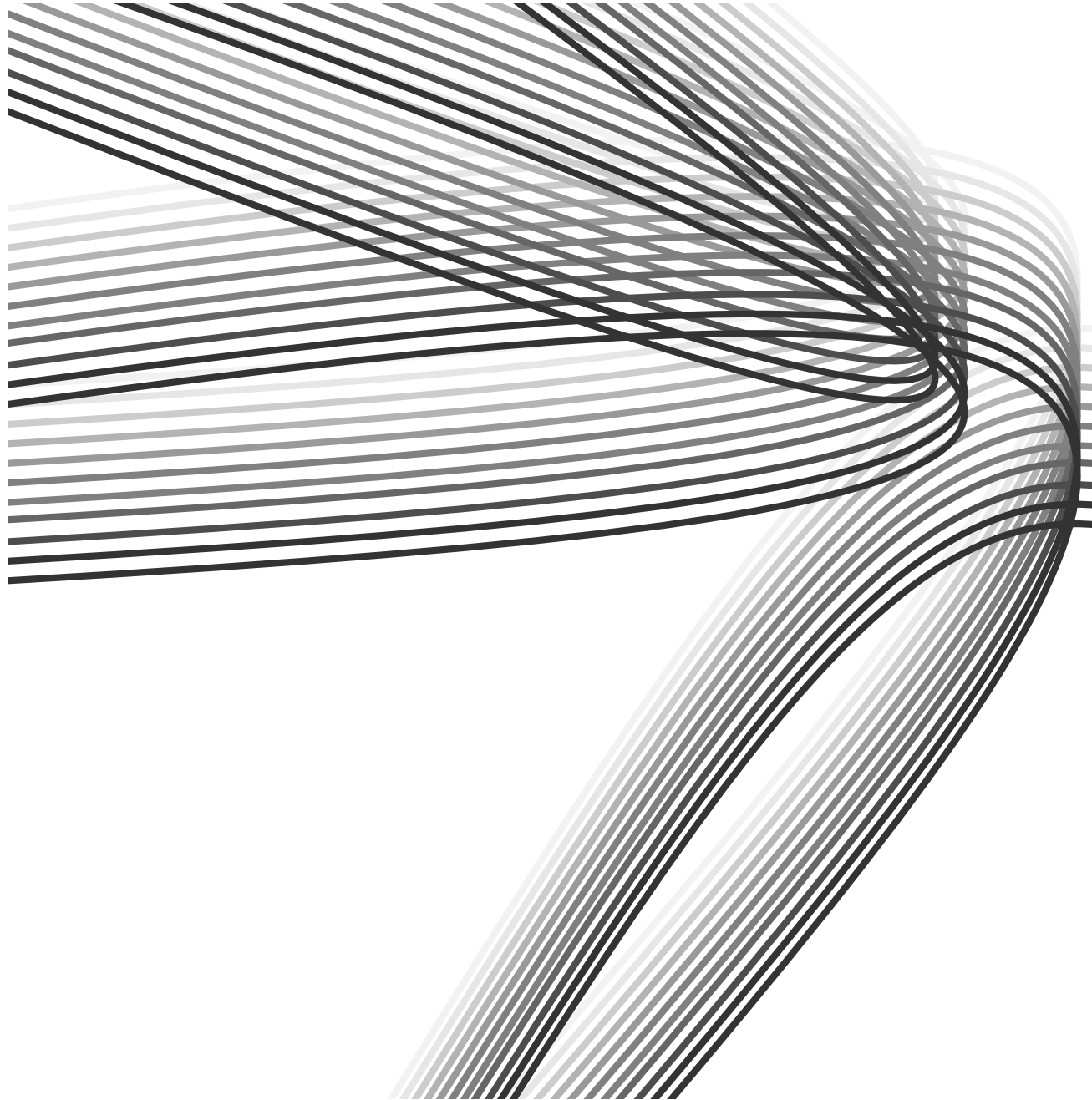
Note 4: Earnings per share - figures in NOK

The following table shows the changes in number of shares in 2014:

	Ordinary shares
Number of shares as of 1 st of January	8 159 873
Share issue 16 th of April	100 000 000
Number of shares as of 30 th of June	108 159 873
Average number of shares per 30 th of June	108 159 873

Note 5: Events after the balance sheet date

At the date of this report, there are no events.



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