IFRS Financial Statements 2014

BIOCARTIS

Biocartis NV
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1 INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED 31 DECEMBER 2014, 2013 AND 2012

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Biocartis Group NV

Auditor's report on the consolidated financial statements as of and for the years ended 31 December 2014, 2013 and 2012

To the Board of Directors

We report on the financial information set out in the Prospectus of Biocartis Group NV (the "Company" and, together with its subsidiaries, the "Group") (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 2 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Report on the consolidated financial statements—Unqualified opinion

We have audited the consolidated financial statements of the Company and the Group as of and for the years ended 31 December 2014, 2013 and 2012 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The consolidated balance sheet shows total assets of 53,012 (000) EUR as of 31 December 2014, 60,145(000) as of 31 December 2013 and 66,188 (000) EUR as of 31 December 2012 and the consolidated income statement shows a consolidated loss (Group share) of 9,118 (000) EUR for the year ended 31 December 2014, 35,620 (000) for the year ended 31 December 2013 and 44,431 (000) EUR for the year ended 31 December 2012.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and, for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit for the purposes of the Prospectus. We conducted our audit in accordance with International Standards on Auditing ("ISA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the Group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the Group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has been carried out in accordance with ISA and not with other auditing standards and practices generally accepted in jurisdictions outside Belgium, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Unqualified opinion

In our opinion, the consolidated financial statements of Biocartis Group NV give a true and fair view, for the purposes of the Prospectus, of the Group's net equity and financial position as of 31 December 2014, 2013 and 2012, and of its results and its cash flows for the years then ended, in accordance with IFRS as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw your attention to section 3.3.1 'Critical judgments—Going concern' of the consolidated financial statements, in which the board mentions the importance of attracting additional funding in order to be able to continue as a going concern. This indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Declaration

For the purposes of art. 61 of the Law of 16 June 2006, we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex III item 1.2 of the Prospectus Directive Regulation.

Diegem, 14 April 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren /Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gert Vanhees

2 CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED 31 DECEMBER 2014, 2013 AND 2012

Biocartis Group NV—consolidated financial statements for the years ended 31 December 2014, 2013 and 2012

2.1 CONSOLIDATED BALANCE SHEET

In €000	Notes	2014	2013	2012
		As of 31 December,		
Assets				
Non-current assets				
Intangible assets	3.14	9,652	9,985	10,278
Property plant and equipment	3.15	9,154	11,199	10,994
Participating interests		0	245	0
Other long term receivables		117	107	106
Deferred tax assets	3.27	947	0	0
		19,870	21,536	21,378
Current assets				
Inventory	3.16	3,583	1,116	183
Trade receivables	3.17	15,793	3,082	1,442
Other receivables	3.17	148	993	793
Other current assets	3.18	2,700	4,371	1,898
Cash and cash equivalents	3.19	10,919	29,047	40,494
		33,142	38,609	44,810
Total assets		**53,012**	**60,145**	**66,188**
Equity and liabilities				
Capital and reserves				
Legal share capital	3.20	222,268	926	795
Historical share capital adjustment	3.20	-221,232	0	0
Share premium	3.20	166,592	175,946	146,394
Gains and losses on defined benefit plans	3.23	0	-309	-379
Share based payment reserve	3.21	1,166	1,023	0
Accumulated deficit	3.20	-148,513	-145,631	-110,010
Total equity attributable to owners of the Company		20,280	31,955	36,800
Non-current liabilities				
Financial debt	3.22	8,528	12,822	10,089
Deferred income	3.25	4,534	1,711	5,002
Retirement benefit obligation	3.23	0	267	490
Accrued charges	3.26	1,955	1,741	2,026
		15,017	16,541	17,607
Current liabilities				
Financial debt	3.22	5,057	3,373	1,250
Trade payables	3.24	4,265	5,847	8,454
Deferred income	3.25	5,100	772	1,320
Other current liabilities	3.24	3,293	1,657	757
		17,714	11,649	11,781
Total equity and liabilities		**53,012**	**60,145**	**66,188**

2.2 CONSOLIDATED INCOME STATEMENT

In €000	Notes	For the years ended 31 December, 2014	2013[1]	2012[1]
Revenue				
Collaboration revenue	3.4	3,218	6,247	2,102
Product sales revenue	3.4	5,260	2,086	1,449
		8,478	**8,333**	**3,551**
Other operating income				
Grants and other income	3.5	1,889	3,504	2,632
Operating expenses				
Cost of goods sold	3.6	-4,251	-1,962	-1,168
Research and development expenses	3.7	-25,014	-27,838	-33,991
Marketing and distribution expenses	3.8	-3,095	-1,155	-691
General and administrative expenses	3.9	-7,180	-7,255	-6,131
		-39,540	**-38,210**	**-41,981**
Operating loss for the period		**-29,173**	**-26,373**	**-35,798**
Financial income	3.11	60	126	104
Financial expense	3.11	-933	-981	-836
Foreign exchange gains/(losses), net	3.11	-88	-212	16
Financial result, net		**-961**	**-1,067**	**-716**
Loss for the year before taxes from continuing operations		**-30,134**	**-27,440**	**-36,515**
Income taxes	3.27	947	-2	-4
Loss for the year after taxes from continuing operations		**-29,187**	**-27,442**	**-36,519**
Gain (loss) for the year after taxes from discontinued operations	3.12	19,472	-8,178	-7,912
Loss for the year		**-9,715**	**-35,620**	**-44,431**
attributable to owners of the Company		-9,118	-35,620	-44,431
attributable to non-controlling interest		-598	0	0
Earnings per share				
basic and diluted loss per share from continuing and discontinued operations	3.13	-0.36	-1.62	-2.62
basic and diluted loss per share from continuing operations	3.13	-1.14	-1.25	-2.15

[1] The figures for the years ended 31 December 2013 and 31 December 2012 were restated as a result of the discontinuation of the Evalution™ business in 2014. Reference is made to note 3.12 for further detail.

2.3 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

In €000	Notes	For the years ended 31 December, 2014	2013	2012
Loss for the year		**-9,715**	**-35,620**	**-44,431**
Other comprehensive income (loss), not to be reclassified to profit or loss				
Actuarial gain (losses) on defined benefit plan	3.23	0	70	-210
Other comprehensive gain (loss) for the year, net of tax from discontinued operations		0	70	-210
Total comprehensive loss for the year		**-9,715**	**-35,550**	**-44,641**
Attributable to owners of the Company		-9,117	-35,550	-44,641
Attributable to non-controlling interest		-598	0	0

2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company								
in €000	Notes	Legal share capital	Historical share capital adjustment	Share premium	Share based payment reserve	Gains and losses on defined benefit plans	Accumulated deficit	Total equity attributable to the owners of the Company	Non-controlling interest	Total equity
Balance as at 01 January 2012		**543**		**93,530**		**-170**	**-65,580**	**28,323**		**28,323**
Loss for the period							-44,430	-44,430		-44,430
Other comprehensive loss for the period	3.23					-209		-209		-209
Total comprehensive loss for the period						-209	-44,430	-44,639		-44,639
Issue of ordinary shares	3.20	253		53,445				53,698		53,698
Cost related to capital increase	3.20			-581				-581		-581
Balance as at 31 December 2012		**795**		**146,394**		**-379**	**-110,010**	**36,800**		**36,800**
Loss for the period							-35,621	-35,621		-35,621
Other comprehensive loss for the period	3.23					70		70		70
Total comprehensive loss for the period						70	-35,621	-35,551		-35,551
Share-based payment expense	3.21				1,023			1,023		1,023
Issue of ordinary shares	3.20	130		29,870				30,000		30.000
Cost related to capital increase	3.20			-318				-318		-318
Balance as at 31 December 2013		**926**		**175,946**	**1,023**	**-309**	**-145,631**	**31,955**		**31,955**
Loss for the period							-9,118	-9,118	-598	-9,716
Non-controlling interest of 20% in Mycartis NV	3.12						6,057	6,057	1.443	7,500
Capital increase by incorporation of share premium	3.20	30,488		-30,488				0		0
Disposal of interest in Mycartis NV through capital decrease	3.12	-30,488				309	178	-30,000	-845	-30,845
Issue of preference shares	3.20	110		21,403				21,513		21,513
Cost related to capital increase	3.20			-269				-269		-269
Share-based payment expense	3.21				143			143		143
Change in reporting entity	3.20	221,232	-221.232					0		0
Balance as at 31 December 2014		**222,268**	**-221,232**	**166,592**	**1,166**	**0**	**-148,513**	**20,281**	**0**	**20,281**

2.5 CONSOLIDATED CASH FLOW STATEMENT

in €000	Notes	2014	2013	2012
		For the years ended 31 December,		
operating activities				
Loss for the period		-9,715	-35,620	-44,431
Adjustments for				
Depreciation and amortization	3.14-3.15	4,437	3,557	2,622
Depreciation and amortization included in discontinued operations	3.14-3.15	81	181	156
Impairments	3.15	37	0	0
Tax income in profit and loss	3.27	-947	0	0
Financial result, net		897	1,065	600
Net movement in retirement benefit obligation	3.23	108	-153	25
Gain on disposal Mycartis NV	3.12	-26,624	0	0
Share based payment expense	3.21	143	1,023	0
Changes in working capital				
Net movement in inventories	3.16	-2,524	-933	-10
Net movement in trade and other receivables and other current assets	3.17-3.18	-2,736	-4,313	818
Net movement in trade payables & other current liabilities	3.24	1,860	-1,992	244
Net movement in deferred income	3.25	-746	-3,839	-1,286
Interests paid	3.11	-155	-155	0
Cash flow from operating activities		**-35,884**	**-41,179**	**-41,262**
Investing activities				
Interest received	3.11	60	100	102
Purchases of property, plant & equipment	3.15	-1,927	-3,138	-7,313
Purchases of intangible assets	3.14	-840	-512	-350
Acquisition shares in other companies		0	-245	0
Disposal shares in other companies		245	0	0
Acquisition of a subsidiary		7,514	0	0
Proceeds from sale and rent back of property, plant and equipment	3.15	0	0	1,904
Cash flow from investing activities		**5,052**	**-3,795**	**-5,657**
Financing activities				
Proceeds from issue of common equity shares	3.20	0	29,682	53,117
Proceeds from issue preference shares F	3.20	21,244	0	0
Proceeds from sale and lease back of property, plant and equipment	3.15	0	5,000	0
Disposal of Mycartis NV to capital owners of the parent	3.12	-5,138	0	0
Repayment of borrowings	3.22	-3,378	-894	0
Bank charges	3.11	-1	-18	0
Cash flow from financing activities		**12,727**	**33,770**	**53,117**
Net increase in cash and cash equivalents		**-18,105**	**-11,204**	**6,198**
Cash and cash equivalents at the beginning of the period	3.19	29,047	40,494	34,357
Effects of exchange rate changes on the balance of cash held in foreign currencies	3.11	-23	-243	-61
Cash and cash equivalents at the end of the period		**10,919**	**29,047**	**40,494**

3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 GENERAL INFORMATION

Biocartis Group NV (the "Company"), a company incorporated in Belgium with corporate address Generaal De Wittelaan 11 B 2800 Mechelen in Belgium and its subsidiaries (together, the "Group") have developed an innovative and proprietary molecular diagnostics ("MDx") platform that offers accurate, highly-reliable molecular information from any biological sample, enabling fast and effective diagnostics treatment selection and treatment progress monitoring. Biocartis is using its CE-IVD marked Idylla™ platform to develop and market a broad set of high value clinical assays in the oncology and infectious diseases segments.

The Group's mission is to become a global, fully-integrated provider of novel molecular diagnostics solutions with industry-leading, high clinical value tests.

The Group has established subsidiaries in Mechelen (Belgium), Eindhoven (The Netherlands) and Lausanne (Switzerland).

The Group has so far been funded by a combination of private equity, upfront licensing fees and contract R&D income from collaborations, mainly from related parties. Several grants have been awarded to the Group to support its R&D activities.

The consolidated financial statements have been authorized for issue on 13/04/2015 by the board of directors of the Company (the "Board of Directors").

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies for preparing these consolidated financial statements are explained below.

3.2.1 Statement of compliance

The consolidated financial statements of the Group for the year ended 31 December 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union.

3.2.2 Change in reporting entity

Biocartis Group NV was created in November 2014 by the shareholders of Biocartis S.A., by means of a contribution in kind (in two consecutive stages, on 24 November 2014 and 25 November 2014, respectively) of all shares in Biocartis S.A. on a share-for-share basis for a total amount of €222 million. This contribution in kind is considered in the IFRS consolidated financial statements of Biocartis Group NV to be a transaction between entities under common control and consequently does not fall within the scope of IFRS 3 'Business combinations'. The Group has applied the guidance as referred to in the US Accounting Standard Codification 805-50 with regard to the "Pooling-of-Interest method". In this context, the continuity of the book values method is applied.

The consolidated financial statements for the years ended 31 December 2014, 2013 and 2012 include Biocartis Group NV and its subsidiaries and constitute the Group. Prior to the incorporation of Biocartis Group NV the consolidation was performed at the level of Biocartis S.A. The consolidated financial statements of Biocartis Group NV have therefore been presented as if Biocartis Group NV has been in existence and control of the Group since 1 January 2012.

The aforementioned transaction between entities under common control did not have a significant impact at the consolidated group level (applying the continuity of the book values method, the increase in share capital for € 222 million was offset by an identical, opposite entry in the capital distributed for €-222 million). Therefore, the activities of the consolidated group are given for 12 months for 2014, with comparative information for 2013 and 2012, respectively.

3.2.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for available for sale financial assets and non-cash distribution that are measured at fair value at the end of each reporting period as further explained in the accounting policies. The acquired assets and assumed liabilities in a business combination are also measured initially at fair value at the date of acquisition.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The consolidated financial statements are presented in Euro (€) and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

The Group has adopted the following new and revised standards and interpretations issued by the IASB and IFRIC that are relevant to its operations and effective for accounting periods beginning on 1 January 2014.

- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 Financial Instruments: Presentation—Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36—Impairment of Assets—Recoverable Amount Disclosures for Non-Financial Asset (applicable for annual periods beginning on or after 1 January 2014)

The above application of new standards did not have a significant impact on the financial position and the results of the Group.

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2014, are listed in note 3.34.

Consolidation principles

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2014. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Company has 100% of the shares in its subsidiaries at the end of the reporting date.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

All transactions between Group companies have been eliminated upon consolidation.

3.2.4 Foreign currency translation

The items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ("Functional Currency"). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognised in the consolidated income statement.

3.2.5 Intangible assets

3.2.5.1 Research and development costs

Research and development costs are currently expensed as incurred. Developments costs incurred are recognised as intangible assets if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Due to uncertainties inherent to the development and registration with health care authorities of the Group's Idylla™ solution and other clinical diagnostics platforms such as Idylla™-Enrich, and its assays, the Group considers that the conditions for capitalisation are not met until the regulatory procedures required by health care authorities have been finalised. Development costs incurred after the recognition criteria are met have not been material. As such, development expenditure not satisfying the above criteria and expenditure in the research phase of internal projects are recognized in the consolidated income statement as incurred.

3.2.5.2 Purchased intangible assets

Purchased intangible assets include patents and licenses, and purchased IT and software licences. Purchased intangible assets are capitalised based on the costs incurred to acquire and bring to use the specific asset.

Intangible assets are amortised in accordance with the expected pattern of consumption of future economic benefits derived from each asset. Practically, intangible assets are amortised on a straight line basis over their estimated useful lives as per the table below:

	Estimated useful life
Patents	Patent life
Licenses	3 to 20 years
IT, software	3 to 5 years

Intangible assets are carried in the consolidated balance sheet at their initial cost less accumulated amortisation and impairment, if applicable.

3.2.6 Property, plant and equipment

Property, plant and equipment are initially recorded in the consolidated balance sheet at their acquisition cost, including the costs directly attributable to the acquisition and the installation of the asset.

Each item of property, plant and equipment is recorded at historical cost less accumulated depreciation and impairment, if applicable. A pro rata straight-line depreciation method is used to reflect the pattern in which the asset's future economic benefits are expected to be consumed. Practically the term over which property, plant and equipment is depreciated depends on the estimated useful life of each asset category, as per the table below.

	Estimated useful life
IT, laboratory and manufacturing equipment	3 to 7 years
Fittings and leasehold improvements	The shorter of rent duration and 10 years
Other	10 years

The Company records as manufacturing and other equipment under construction all the physical equipment, including custom-designed equipment and generic pieces of equipment, and related costs, such as certain specific engineering expenses, incurred for their design, build-up and installation and validation costs, until it is ready for its intended use. Manufacturing and other equipment under construction is carried at cost and is not depreciated until it is ready for its intended use.

Normal maintenance and repair costs of property, plant and equipment are expensed as incurred. Other subsequent expenses are capitalised, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably, such as the replacement of an identified component of an asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.2.7 Impairment of tangible and intangible assets, other than goodwill

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement.

3.2.8 Inventory

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined on a first in, first out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.2.9 Financial instruments

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.2.9.1 Financial assets

The Company has financial assets classified in the following categories: "available for sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and the purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include trade receivables, loans, cash and cash equivalents, and other receivables which are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Available for sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans or receivable, held to maturity or financial assets at fair value through profit or loss. The Company accounts for its participating equity interest in Immunexpress as an AFS financial asset as at 31 December 2013.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs.

Interest earned whilst holding AFS financial assets is reported as interest income using the effective interest rate method.

The Company has sold its participating interest in Immunexpress at carrying value during 2014 with no gain or loss recognized in the consolidated income statement.

Regular Way trades

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the settlement date, i.e., the date that an asset is delivered by or to an entity.

Derecognition

A financial asset is primarily derecognised when the contractual rights to receive cash flows from the asset have expired or when it transferred its rights to receive cash flows and substantially all the risk and rewards of ownership of the financial asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has a negative impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss.

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss—is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss;

3.2.9.2 Financial liabilities

The Group only has financial liabilities classified as "other financial liabilities" measured at amortized cost. The Group does not have financial liabilities at fair value through profit or loss or derivatives. The Group's financial liabilities include trade and other payables and loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the consolidated income statement.

Derecognition

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.2.9.3 Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received, net of transactions costs.

3.2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term bank deposits with a maturity of or less than 3 months, and which are subject to an insignificant risk of changes in value.

3.2.11 Income taxes

Income taxes include all taxes based upon the taxable profits of the Group including withholding taxes payable on transfer of income from group companies and tax adjustments from prior years and deferred income taxes.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

R&D Investment Tax Credits

Current IFRSs have no specific accounting principles with respect to the treatment of investment tax credits as these are scoped out of IAS 20 Government Grants and IAS 12 Income Taxes. As a result, the Company developed an accounting policy in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, whereby it opted to follow the analogy to IAS 12 Income Taxes. In following that analogy, there will be immediate recognition of an income tax credit and deferred tax asset when the entity satisfies the criteria to receive the credits. The recognition of the income tax credit is accounted for in the income statement under the line “Income taxes”.

3.2.12 Employee benefits

3.2.12.1 Short-term employee benefits

Short-term employee benefits include salaries and social security taxes, paid vacation and bonuses. They are recognised as expenses for the period in which employees perform the corresponding services. Outstanding payments at the end of the period are shown as other current liabilities.

3.2.12.2 Post-employment benefits

Post-employment benefits include pensions and retirement benefits for employees working in Switzerland, Belgium and the Netherlands. They are covered by either defined contribution plans or defined benefit plans.

Defined contribution plans

Under defined contribution plans, the Group pays contributions based on salaries to organisations responsible for paying out pensions and social security benefits, in accordance with the laws and agreements applicable in each country.

The Belgian defined contribution pension plans are by law subject to minimum guaranteed rates of return, currently 3.25% on employer contributions and 3.75% on employee contributions. These rates, which apply as an average over the entire career, may be modified by a Royal Decree in which case the new rates apply to both the accumulated past contributions and the future contributions as from the date of modification. Taking into account the historical discussions on how to account for these specific type of plans where the contributions paid are subject to a minimum guaranteed return at the level of IFRIC, the application of the projected unit credit method to these plans is troublesome and will not provide a faithful representation of the liability with respect to these promises.

Therefore, the Group accounts for those plans as defined contribution plans, and at each reporting date, compares the "walk away liability" or the vested rights at reporting date with the fair value of the plan assets. If the vested rights are higher as compared to the fair value of the plan asset, a provision is recognised for the shortage.

Contributions are recognised as expenses for the period in which employees perform the corresponding services. Outstanding payments at the end of the period are shown as other current liabilities.

Defined benefit plans

Under defined benefit plans, which include regular or supplementary pension plans, contributions to these plans are normally paid into funds which are managed independently of the Group.

The Group's obligation towards the defined benefit plans and the annual cost recognised in the consolidated income statement is determined by an independent actuary using the "projected unit credit method", taking into account actuarial assumptions such as discount rates, salary increases, employee turnover and mortality rates. The Group recognises actuarial gains and losses in full immediately during the year in which they arise as other comprehensive income.

Past service costs are recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the consolidated balance sheet represents the present value of the defined benefit obligation reduced by the fair value of the plan assets. Any asset resulting from calculation is limited to the present value of the available funds and reductions in future contributions to the plan.

The post-employment benefits of the employees of Biocartis S.A. in Switzerland are considered as a defined benefit plan and have been included within the discontinued operations. The defined benefit plan has been transferred to MyCartis NV, which was subsequently disposed of on 6 November 2014. See note 3.12 for additional information.

3.2.12.3 Share-based compensation

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of stock options is determined at the grant date using an appropriate valuation model (Black-Scholes Merton model).

The total amount to be expensed over the vesting period, with a corresponding increase in the "share-based payment reserve" within equity, is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market based vesting conditions are included in assumptions about the number of stock options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of stock options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium when the stock options are exercised.

3.2.13 Provisions

The Group recognises provisions when it has a present obligation, legal or constructive, as a result of past events, when it is probable, defined as more likely than not, that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

3.2.14 Revenue recognition

The Group recognizes revenue from the sale of the Idylla™ platform and related cartridges as well as from license fees, milestones and contingent payments earned on research and collaboration arrangements.

These transactions may involve multiple elements. The Group evaluates whether the elements under these arrangements have value to its collaboration partner or customer on a stand-alone basis.

If the Group determines that multiple deliverables exist, the consideration is allocated to one or more units of accounting based upon the best estimate of the selling price of each deliverable. Deliverables that do not meet these criteria are not evaluated separately for the purpose of revenue recognition.

3.2.14.1 Licensing, contracting and collaboration revenues

Upfront fees received by the Group in license and collaboration arrangements that include future obligations are recognized pro rata over the expected performance period under each respective arrangement. The Group makes it best estimate of the period over which it expects to fulfil its performance obligations, which may include technology transfer assistance, research activities, development activities, and manufacturing activities from development through the commercialization of the product.

Contingent consideration received upon the achievement of a substantive milestone is recognized in its entirety in the period in which the milestone is achieved, which is consistent with the substance of the Group's performance under the Group's various license and collaboration agreements. A milestone is defined as an event (i) that can only be achieved based in whole or in part either on the entity's performance or on the occurrence of a specific outcome resulting from the entity's performance, (ii) for which there is substantive uncertainty at the date the arrangement is entered into that the event will be achieved, and (iii) that would result in additional payments being due to the entity. A milestone is substantive if the consideration earned from the achievement of the milestone is consistent with the Group's performance required to achieve the milestone or the increase in value to the collaboration resulting from the Group's performance, relates solely to the Group's past performance, and is reasonable relative to all of the other deliverables and payments within the arrangement.

In certain situations, the Group may receive contingent payments after the end of its period of continued involvement. In such circumstances, the Group would recognize 100% of the contingent revenues when the contingency is achieved and collection is reasonably assured. Contingency and milestones payments, when recognized as revenue, are classified as contract revenues in the Group's Consolidated Income Statement.

Revenues and expenses from collaborations are recorded as contract revenues or research and development expenses in the period incurred.

3.2.14.2 Product sales

Revenues from the sale of goods are recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods (that is generally at the time the goods are shipped), when the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenues can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the Group and when the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net or returns and allowances, trade discounts and volume discounts.

3.2.15 Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Any outstanding receivables related to these grants are recorded as grants receivable.

R&D grants

On certain specific research and development projects, the costs incurred are partially reimbursed by IWT (Institute for the Promotion of Innovation by Science and Technology in Flanders), Hermes (a fund from the Agency for Entrepreneurship in Flanders), the European Commission or other institutional funds. These grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs which the grants are intended to compensate. They are presented as other operating income.

Investment grants

Grants from Hermes relating to investments in property, plant and equipment and intangible assets are deducted from the cost of the related asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense

3.2.16 Leases

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under financial leases are initially recognized as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Initial direct costs incurred in connection with the lease are added to the amount recognized as an asset. The corresponding liability to the lessor is included in the consolidated balance sheet as a financial obligation. Lease payments are apportioned between financial charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Financial charges are charged directly against income. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease.

3.2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

3.3.1 Critical accounting estimates, assumptions and judgments

When preparing the consolidated financial statements, judgments, estimates and assumptions are made that affect the carrying value of certain assets, liabilities, revenues and expenses. These include the going concern assessment, the valuation of the share-based payment transactions, the valuation of employee benefits and actuarial assumptions underlying such calculations and the revenue recognition for multiple element arrangement and upfront fees. These estimates and assumptions have been reviewed for each year and are reviewed on a regular basis, taking into consideration past experience and other factors deemed relevant under the then prevailing economic conditions. Changes in such conditions might accordingly result in different estimates in the Group's future consolidated financial statements.

3.3.1 Critical judgments

Going concern

The financial statements have been established on a going concern basis.

Based on management's judgment and taking into account available cash and cash equivalents per 31 December 2014, and as of the date of these financial statements, as well as current burn rate projections for 2015 and 2016 and funding initiatives as decided by the Board of Directors, going concern is at least assured for 12 months from the dates of these financial statements.

The Board of Directors supports management's efforts in securing additional financial means by signing non-dilutive cash-generating deals (including for example non-refundable upfront payments on licensing deals, grants). Also the Board of Directors initiated fundraising activities in the second half of 2014, which resulted in the Group raising an additional € 64.5 million, of which € 43 million has been fully paid in the meanwhile (€ 21.5 million in August 2014 and € 21.5 million in January 2015). The remaining € 21.5 million is contingent upon reaching certain milestones prior to 15 December 2015 or upon completion of a successful public offering, whichever comes first).

Although it is clear that the Group needs additional funds to further grow its operations and there is some uncertainty which may cast doubt as to the Group's ability to continue as a going concern in the long run if the Group would not succeed in attracting such additional funding, the Board of Directors is confident that the Group's financial future will be safeguarded at least through the annual general meeting to be held in 2016. Should the Group not succeed in attracting additional funding in the future, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Accounting for defined contribution plans in Belgium

The Belgian defined contribution pension plans are by law subject to minimum guaranteed rates of return, currently 3.25% on employer contributions and 3.75% on employee contributions. These rates, which apply as an average over the entire career, may be modified by Royal Decree in which case the new rate(s) apply to both the accumulated past contributions and the future contributions as from the date of modification. In theory these plans qualify as defined benefit plans. However, when taken into account the historical discussions on how to account for these specific type of plans where the contributions paid are subject to a minimum guaranteed return at the level of IFRIC, the Group believes the application of the projected unit credit method to these plans is troublesome and will not provide a faithful representation of the liability with respect to these promises.

Therefore, at each reporting date the "walk away liability" or the vested rights at reporting date are compared with the fair value of the plan assets. If the vested rights are higher as compared to the fair value of the plan asset, a provision is recognised for the difference.

Accounting for the change in reporting entity

Biocartis Group NV became the Group's reporting entity after its creation in November 2014 by the shareholders of Biocartis S.A., by means of a contribution in kind (in two consecutive stages, on 24 November 2014 and 25 November 2014, respectively) of all shares in Biocartis S.A. on a share-for-share basis for a total amount of €222 million.

This contribution in kind is considered in the IFRS consolidated financial statements of Biocartis Group NV to be a transaction between entities under common control and consequently does not fall within the scope of IFRS 3 'Business combinations'. The Group has applied the guidance as referred to in the US Accounting Standard Codification 805-50 with regard to the "Pooling-of-Interest method". In this context, management has opted to apply the continuity of the book values method.

The consolidated financial statements for the years ended 31 December 2014, 2013 and 2012 include Biocartis Group NV and its subsidiaries and constitute the Group. Prior to the incorporation of Biocartis Group NV the consolidation was performed at the level of Biocartis S.A. The consolidated financial statements of Biocartis Group NV have therefore been presented as if Biocartis Group NV has been in existence and control of the Group since 1 January 2012.

The aforementioned transaction between entities under common control did not have a significant impact at the consolidated group level (applying the continuity of the book values method, the increase in share capital for €222 million was offset by an identical, opposite entry in the capital distributed for €-222 million). Therefore, the activities of the consolidated group are given for 12 months for 2014, with comparative information for 2013 and 2012, respectively.

3.3.2 Critical accounting estimates and assumptions

Estimations of post-employment benefit obligations

The Group maintained until November 2014 a defined benefit pension plan in Switzerland. The related obligations recognised in the consolidated balance sheet represent the present value of the defined benefit obligations calculated annually by independent actuaries. These actuarial valuations include assumptions such as discount rates, return on assets, salary progression rates and mortality rates. These actuarial assumptions vary according to the local prevailing economic and social conditions. Details of the assumptions used are provided in note 3.23. The defined benefit pension plan was disposed of with the spin-off of the MyCartis business, which was subsequently disposed of on 6 November 2014. See note 3.12 for additional information.

Share-based payments

The Group has several equity-settled shared based payment plans in place, valued using the Black-Scholes Merton option valuation model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the option plan. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 3.20.

Revenue recognition

For revenue recognition, the significant estimates relate to allocation of value to the separate elements in multiple-element arrangements. With respect to the allocation of value to the separate elements, the Company is using the stand-alone selling prices or management's best estimates of selling prices to estimate the fair value of the elements and account for them separately. Revenue is allocated to each deliverable based on the fair value of each individual element and is recognized when the revenue recognition criteria described above are met.

Upfront fees under collaboration or licensing agreements are recognized over the expected duration of the collaboration. Management estimates this period at the start of the collaboration and validates the remaining estimated collaboration term at each closing date.

3.3.3 Segments

The segment information is represented in a consistent manner with the internal reporting to the Executive Committee, enabling decision making of allocating resources to the segment and evaluating financial performances of the segment.

At this moment, all of the Group's activities relate to "Idylla™" and as such there is only 1 operating segment. The reporting to the key decision makers is currently done at the global level.

In addition, all non-current assets of the Group are located in the country of domicile per 31 December 2014.

3.4 Revenue

The Group's revenues are summarised in the table below:

	Years ended 31 December,		
In €000	2014	2013	2012
Collaboration revenues			
R&D services	271	226	815
Upfront license revenues	1,946	4,019	1,286
Milestone revenues	1,000	2,000	0
Other	0	2	1
	3,218	**6,247**	**2,102**
Product sales			
System Sales	3,718	522	260
Cartridge Sales	1,542	1,564	1,189
	5,260	**2,086**	**1,449**
Total revenue	**8,478**	**8,333**	**3,551**

3.4.1 Collaboration revenues

License fees and milestone payments were earned under the Group's collaboration and development agreements.

Janssen Pharmaceutica

The Group's main agreement is a license and development agreement with Janssen Pharmaceutica NV (JPNV), an entity linked to a shareholder of the Group. This agreement was initially signed on 20 December 2010 and subsequently amended on 9 October 2014. Under this agreement, the Group commits to further develop its Idylla™ platform and parties agree upon an assay development collaboration. In return, the Group is entitled to non-refundable upfront payments, performance milestones and royalties on certain future assay sales.

bioMérieux

In November 2010, the Group entered into a license and collaboration agreement with bioMérieux, a shareholder of the Group. Under this agreement, the Group committed to further develop its Idylla™ platform and parties agreed upon an assay development collaboration. In return, the Group was entitled to non-refundable upfront payments, performance milestones and royalties on certain future assay sales. On 27 November 2013, this collaboration was terminated and bioMérieux returned all rights under this agreement to Biocartis.

The remaining amount of the non-refundable upfront payment, received in 2010 (which was initially recognized pro rata over the estimated collaboration period) was recognized in full upon termination of the collaboration.

Abbott Molecular

On 13 June 2014, Biocartis NV and Abbott Molecular announced a collaboration to develop and commercialize companion diagnostics tests. Under the agreement, the companies will leverage Biocartis' molecular diagnostics system, Idylla™, and Abbott's regulatory, scientific and commercialization expertise. The agreement is a framework agreement which will be supplemented with specific project agreements in the future including the determination of the collaboration fees.

No revenue was recognized under this agreement in the years presented.

Debiopharm International

The Group has signed an amended and restated license and development agreement with Debiopharm International SA on 29 September 2014. The license agreement relates to a product license, being the "Triage Assay", which is a multiplex gene expression screening assay including algorithm that can be used to distinguish sepsis from SIRS with a high (>95%) negative predictive value for sepsis in emergency room populations using circulating blood as a sample type and intended to rule out sepsis in adult patients suspected of sepsis.

No revenue was recognized under this agreement in the years presented.

In aggregate the potential milestone revenues that can be earned by the Group over the remaining term of these collaboration agreements amounts to € 6 million.

3.4.2 Product sales

The product sales relate to Idylla™ system sales (instruments and consoles) and the test sales (cartridges) to customers and collaboration partners. The total product sales can be categorized as in vitro diagnostics and investigational or research use only.

	Years ended 31 December,		
	2014	2013	2012
In vitro diagnostics	1,985	0	0
Investigational/research use only	3,275	2,086	1,449
Total revenue	**5,260**	**2,086**	**1,449**

3.4.3 Revenues by region and major customers

	31 December,		
	2014	2013	2012
Country of domicile	**27**	**0**	**0**
Switzerland	0	0	0
Belgium	27	0	0
Total all foreign countries, of which	**8,451**	**8,333**	**3,551**
United states of America	8,412	3,657	1,207
France	0	4,675	2,344
Rest of the world	39	0	0
Total revenue	**8,478**	**8,333**	**3,551**

Revenues in the above table are split up according to the location of the group or parent company.

The Group has recognized revenues from two customers with individual revenue representing at least 10% of the total revenues. The first customer accounts for € 8.4 million of the revenues in 2014 (2013: € 3.7 million; 2012: € 1.2 million). The second customer accounts for no revenues in 2014 (2013: € 4.6 million; 2012: € 2.3 million). No other customers represent individually for more than 10% of the total revenues.

3.5 Other operating income

In €000	Years ended 31 December, 2014	2013	2012
R&D project support (IWT) grants	1,482	1,656	1,305
Grant income for strategic inves™ents & training support (Hermes)	0	1,357	927
Other project grants	407	491	400
Total other operating income	**1,889**	**3,504**	**2,632**

3.6 Cost of Goods Sold

The Cost of goods sold in relation to the product sales is as follows:

In €000	Years ended 31 December, 2014	2013	2012
Staff costs	-1,423	-783	-466
Material	-1,872	-413	-246
Depreciation and amortization	-618	-649	-387
Royalty expense	-202	0	0
Lab consumables & small equipment	-67	-64	-38
Rent	-67	-53	-32
License	-2	0	0
Total	**-4,251**	**-1,962**	**-1,168**

3.7 Research and development expenses

In €000	31 December, 2014	2013	2012
Staff costs	-12,634	-10,948	-8,208
Subcontracting	-4,031	-7,371	-16,692
Laboratory expenses	-1,385	-932	-934
Cartridge, instrument and consoles	-350	-2,163	-3,219
Consultancy	-968	-2,136	-586
Quality and regulatory	-95	-249	-182
Intellectual property	-782	-470	-855
Facilities	-1,003	-878	-766
Travel, training, office & other	-1,503	-1,114	-576
Depreciation and amortization	-3,336	-2,425	-1,972
Internally capitalized instruments	1,072	847	0
Total	**-25,014**	**-27,838**	**-33,991**

Subcontracting includes expenses in relation to services provided by research and development services providers such as services related to the development of the assay cartridge, instrument and console of the various diagnostic platforms, manufacturing equipment design and engineering services.

Cartridges, instruments and consoles relate to the development of diagnostic platform prototypes not taken into inventory for sale or into fixed assets for internal use.

Other expenses mainly relate to maintenance of equipment and logistics.

3.8 Marketing and Distribution expenses

In €000	Years ended 31 December, 2014	2013	2012
Staff costs	-2,000	-757	-364
Subcontracting	-302	0	0
Sales and marketing	-117	-31	-1
Business development	-54	-237	-203
Travel, training, office & other	-598	-127	-123
Depreciation and amortization	-25	-2	0
Total	**-3,095**	**-1,155**	**-691**

Sales and marketing expenses relate to costs of external market research, advertisement, and promotional activities related to the preparation of the launch of the Group's diagnostic products.

3.9 General and administrative expenses

In €000	Years ended 31 December, 2014	2013	2012
Staff costs	-2,918	-3,894	-2,274
External advice	-1,601	-1,380	-1,753
Facilities	-986	-884	-959
ICT	-220	-209	-209
Travel, training, office and other	-997	-406	-672
Depreciation and amortization expenses	-457	-481	-264
Total	**-7,180**	**-7,255**	**-6,131**

External advice expenses include fees, service and consulting expenses related to legal, human resources, investor relations, accounting, audit and tax services. Other expenses include office, insurance and other miscellaneous expenses used in general and administrative activities.

3.10 Personnel expenses

In €000	31 December, 2014	2013	2012
Short term employee benefits	-18,695	-14,478	-10,950
Post-employee defined benefit expense	-4	-466	-221
Post-employee defined contribution expense	-112	-338	-141
Other long term employee benefits	0	0	0
Termination benefits	-20	-77	0
Share based compensation	-143	-1,023	0
Total	**-18,975**	**-16,382**	**-11,312**

The headcount can be presented as follows:

In €000	31 December, 2014	2013	2012
Operations staff	65	63	28
Research and development staff	85	71	61
Marketing and distribution staff	20	6	3
General and administrative staff	24	21	19
total headcount	**194**	**161**	**111**

In €000	31 December, 2014	2013	2012
Full time equivalents	**189**	**157**	**109**

3.11 Financial income and expense

In €000	Years 31 December, 2014	2013	2012
Interest income	60	97	102
Other financial income	0	28	2
Total financial income	**60**	**126**	**104**
Interest expense	-923	-963	-792
Other financial expense	-9	-18	-44
Total financial expense	**-933**	**-981**	**-836**
Foreign exchange gains/(losses), net	-88	-212	16
Total	**-88**	**-212**	**16**
Financial result, net	**-961**	**-1,067**	**-716**

3.12 Discontinued operations

On 11 November 2014, the Group finalized the disposal of its Evalution™ business for a total price of € 30 million resulting in a gain on disposal of € 26.6 million. Prior to 11 November 2014, the disposal was initiated by means of the following steps:

1. On 1 July 2014, the Group contributed the Evalution™ branch of activity into the share capital of MyCartis NV, previously known as Pronota NV, a Belgian biomarker discovery company. Following this contribution in kind, the Group held 80% of the shares of MyCartis NV. The results of MyCartis NV contribute to the Group's results as of that date.
2. On 26 August 2014, Biocartis S.A. decreased its share capital for an amount of € 30.5 million (CHF 37.0 million), of which € 30.0 million (CHF 36.4 million) was paid out in kind in the form of all the shares held by Biocartis S.A. in MyCartis NV, and of which the remaining € 0.5 million (CHF 0.6 million) is an adjustment to the carrying value of the capital reduction liability towards shareholders, which is accounted for as an equity transaction. The completion of this capital decrease took place at 11 November 2014. As of that date, MyCartis NV is no longer consolidated in the Group's financial results.

As part of the business acquisition (step 1) whereby the Group acquired a 80% stake in MyCartis NV at 1 July 2014, the carrying value of the acquired assets and assumed liabilities approximate their fair value and as such no fair value adjustments have been made. The assets acquired and liabilities assumed consisted primarily of cash for an amount of € 7.5 million and resulted in a non-controlling interest measured at a fair value of € 1.5 million (20% of the fair value of MyCartis NV at the time of the business combination, which was € 7.5 million).

The non-controlling interest of €1.4 million as presented in the statement of changes in equity includes the non-controlling interest measured at fair value of €1.5 million, as explained above, less the proportionate share of 20% in the contributed net assets of the Evalution™ branch of €-0.1 million.

The contribution of the Evalution™ branch in MyCartis NV resulted in a gain on dilution of € 6 million which has been recognized directly in accumulated deficit. Upon disposal, the pension reserve for a total of € 0.3 million has been reclassified within equity from 'Gains and losses on defined benefit plans' to 'Accumulated deficit'. The difference of € 0.5 million between the capital decrease of € 30.5 million and the amount of € 30 million distributed to the shareholders, is accounted for as an adjustment in the carrying amount of the capital decrease liability due to a different amount of the capital decrease decided by the shareholders both in CHF and EUR and is recorded directly in accumulated deficit.

The results of the Evalution™ business, including the results of Mycartis NV as from 1 July 2014, are presented in the line "income (loss) from discontinued operations" as follows:

	For the years ended 31 December,		
In €000	2014	2013	2012
Collaboration revenue	134	65	13
Product sales	0	145	199
Grants and other income	0	84	194
Total revenues	**134**	**294**	**406**
Cost of Goods Sold	**0**	**0**	**0**
Research and development expenses	-5,651	-6,875	-7,022
Marketing and distribution expenses	-531	-533	-178
General and administrative expenses	-1,097	-1,066	-1,041
Total operating expenses	**-7,278**	**-8,474**	**-8,241**
Operating loss for the period	**-7,144**	**-8,179**	**-7,834**
Financial income	0	0	258
Financial expense	0	0	-336
Foreign exchange gains/(losses), net	-8	2	0
Financial result, net	**-8**	**2**	**-78**
Loss before taxes	**-7,153**	**-8,178**	**-7,912**
Taxes	0	0	0
Loss after taxes	**-7,153**	**-8,178**	**-7,912**
Gain on disposal	26,624	0	0
Taxes on gain on disposal	0	0	0
Net loss for the year from discontinuing operations	**19,472**	**-8,178**	**-7,912**
attributable to the shareholders	20,070	-8,178	-7,912
attributable to non-controlling interest	-598	0	0

The derecognized assets and liabilities at divestment date (November 2014) are presented below:

Non-current assets	
Goodwill	298
Intangible assets	215
Property plant and equipment	427
	940
Current assets	
Other receivables	163
Other current assets	98
Cash and cash equivalents	5,138
	5,665
Total assets	**6,605**
Non-current liabilities	
Financial debt	120
Retirement benefit obligation	375
	495
Current liabilities	
Trade payables	1.459

Deferred income	124
Other current liabilities	306
	1,889
Total liabilities	**2,384**
Net assets derecognized	**4,221**

The gain on disposal is calculated as follows:

Sales price	30,000
Net assets derecognized	-4,221
Non-controlling interest	845
	26,624

The cash flow statement of the discontinued operations until divestment is as follows:

	Years ended 31 December,		
in €000	2014	2013	2012
Cash flow from operating activities	-7,017	-8,261	-7,751
Cash flow from investing activities	-181	-87	-266
Cash flow from financing activities	0	0	0
	-7,198	**-8,348**	**-8,017**

The basic and diluted earnings per share (EPS) from the discontinued operations are detailed as follows. The Company has stock options plans, which are anti-dilutive as the adjusted exercise price (considering the fair value of the services to be rendered for the unvested options) is higher than the market value of the common shares. In addition, the written put option granted to Debiopharm Diagnostics SA in relation to the interest of Debiopharm Diagnostics SA in MyCartis NV and which is settled in common shares of the Company is considered neither dilutive or anti-dilutive as the exercise price is at market value (see note 3.20).

	Years ended 31 December,		
In €000	2014	2013	2012
Basic and diluted EPS from discontinued operations	0.79	-0.37	-0.47

3.13 EARNINGS PER SHARE

The Company has stock options plans and written put options that may be settled in common shares of the Company which are anti-dilutive considering the loss of the year. As such, the basic and diluted earnings per share are equal.

The preference F shares are treated as common shares for purposes of the earnings per share considering that the preference shares are convertible to common shares at the option of the holder and conversion is mandatory at the date of an initial public offering. Also, the only additional right compared to ordinary shares is a preferred liquidation proceed (at the time of a liquidation or certain sales of shares of the Company).

The basis for the basic and diluted earnings per share is the net loss for the year attributable to the owners of the Company.

	Years ended 31 December,		
	2014	2013	2012
Loss for the year attributable to the owners of the Company (in €000)	-9,118	-35,620	-44,431
Weighted average number of common shares for basic and diluted loss per share (in number of shares)	25,522,088	21,923,298	16,986,389
Basic and diluted loss per share (€)	**-0.36**	**-1.62**	**-2.62**

3.14 INTANGIBLE ASSETS

The Group's intangible assets comprise acquired patents, licenses and software. The carrying amounts for the periods presented can be analysed as follows:

in €000	Patents and licenses	Software	Total
Year ended 31 December 2012			
Opening			
Cost	11,488	248	11,736
Accumulated amortization	-1,057	-74	-1,131
Opening net carrying value	**10,431**	**174**	**10,605**
Additions	0	350	350
Amortization expense	-575	-102	-677
Closing net carrying value	**9,856**	**422**	**10,278**
As at 31 December 2012			
Cost	11,488	598	12,086
Accumulated amortization	-1,632	-176	-1,808
Net carrying value	**9,856**	**422**	**10,278**
Year ended 31 December 2013			
Opening net carrying value	9,856	422	10,278
Additions	75	437	512
Amortization expense	-575	-230	-805
Closing net carrying value	**9,356**	**629**	**9,985**
As at 31 December 2013			
Cost	11,563	1,035	12,598
Accumulated amortization	-2,207	-406	-2,613
Net carrying value	**9,356**	**629**	**9,985**
Year ended 31 December 2014			
Opening net carrying value	9,356	629	9,985
Additions	701	139	839
Disposals	-239	-52	-291
Disposal depreciations	44	37	80
Amortization expense	-638	-323	-961
Closing net carrying value	**9,223**	**429**	**9,652**
As at 31 December 2014			
Cost	12,025	1,121	13,146
Accumulated amortization	-2,802	-692	-3,494
Net carrying value	**9,223**	**429**	**9,652**

Patents and licenses primarily include a number of technology licenses acquired by the Group from Philips in 2010 for € 10.0 million relating to the Group's primary diagnostic platform 'Idylla™'. The carrying amount per 31 December 2014 is € 7.5 million (2013: € 8.0 million, 2012: € 8.5 million). The remaining useful life is 14 years. In 2011, the Group acquired a license from the same partner for access to the 'Idylla™-Enrich' technology for € 0.5 million. The technology scope of the licenses from Philips consists of intellectual property rights, invention disclosures, technical and biological data, drawings and know-how. Simultaneously with this agreement, Philips and the Group have entered into asset transfer agreements, for the purpose of transferring the assets relating to the 'Idylla™' and 'Idylla™-Enrich' technologies to the Group.

Amortization expense on intangible assets is shown in the income statement under research and development expenses.

The Group has not recorded any impairment related to its intangible assets.

3.15 PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment comprise ICT equipment, laboratory equipment, manufacturing equipment, internally produced systems, furniture and fixtures, leasehold improvements, other property and equipment, equipment under construction and assets held under lease. The carrying amounts can be analysed as follows:

in €000	ICT equipment	Laboratory equipment	Manufacturing equipment	Internally produced systems	Furniture and fixtures	Leasehold improvements	Other property and equipment	Equipment under construction	Assets held under Lease	Total
Year ended 31 December 2012										
Opening										
Cost	367	287	0	0	351	1,519	157	5,337	0	**8,018**
Accumulated amortization	-217	-74	0	0	-32	-8	-1	0	0	**-332**
Opening net carrying value	**150**	**213**	**0**	**0**	**319**	**1,511**	**156**	**5,337**	**0**	**7,686**
Additions	458	502	4,776	0	80	1,413	83	0	0	**7,313**
Disposals	0	0	0	0	0	-1,904	0	0	0	**-1,904**
Depreciation charge of the period	-30	-145	-1,785	0	-53	-85	-3	0	0	**-2,101**
Transfers	0	0	5,336	0	0	0	-230	-5,106	0	**0**
Closing net carrying value	**579**	**570**	**8,327**	**0**	**346**	**936**	**6**	**231**	**0**	**10,994**
As at 31 December 2012										
Cost	825	789	10,112	0	431	1,029	10	231	0	**13,427**
Accumulated depreciation	-247	-219	-1,785	0	-85	-93	-4	0	0	**-2,433**
Net carrying value	**579**	**570**	**8,327**	**0**	**346**	**936**	**6**	**231**	**0**	**10,994**
Year ended 31 December 2013										
Opening net carrying value	579	570	8,327	0	346	936	6	231	0	**10,994**
Additions	193	299	1,465	847	97	219	0	18	0	**3,138**
Depreciation charge of the period	-213	-210	-699	-42	-58	-285	-2	0	-1,424	**-2,933**
Transfers	3	27	-6,919	0	0	0	0	-229	7,118	**0**
Closing net carrying value	**562**	**686**	**2,174**	**805**	**385**	**870**	**4**	**20**	**5,694**	**11,199**
As at 31 December 2013										
Cost	1,021	1,115	4,658	847	528	1,248	10	20	7,118	**16,565**
Accumulated depreciation	-460	-429	-2,484	-42	-143	-378	-6	0	-1,424	**-5,366**
Net carrying value	**562**	**686**	**2,174**	**805**	**385**	**870**	**4**	**20**	**5,694**	**11,199**
Year ended 31 December 2014										
Opening net carrying value	562	686	2,174	805	385	870	4	20	5,694	**11,199**
Additions	174	296	177	1,072	119	90	0	0	0	**1,927**
Disposals	-159	-285	-19		-228	-150	0	0	0	**-841**
Disposal depreciation	119	183	19		71	69	0	0	0	**461**
Depreciation charge of the period	-207	-257	-1,034	-237	-55	-309	-2	0	-1,455	**-3,556**
Impairment losses	-12	0	-10		-15	0	0	0	0	**-37**
Transfers										
Closing net carrying value	**477**	**623**	**1,307**	**1,640**	**276**	**570**	**2**	**20**	**4,239**	**9,154**
As at 31 December 2014										
Cost	1,036	1,126	4,815	1,919	419	1,187	10	20	7,118	**17,652**
Accumulated depreciation	-560	-503	-3,509	-279	-142	-618	-8	0	-2,879	**-8,498**

Assets held under lease relate to the Idylla™ semi-automated cartridge manufacturing line which was re on 8 March 2013 via a € 7.9 million sale and lease back operation with KBC Lease. There is a purchas the end of the 5 year lease period for an amount of € 0.2 million.

The manufacturing equipment is related to the Idylla™ instrument and console manufacturing tooling an and the Idylla™-Enrich pilot. The net carrying value in 2012 includes also the Idylla™ semi-automated ca manufacturing line. All production facilities are located in Mechelen, Belgium.

57 Idylla™ instruments were activated in 2013. In 2014, 24 Idylla™ consoles and 63 Idylla™ instruments additionally activated. The total of internally produced systems consist thus of 24 Idylla™ consoles and instruments per 31 December 2014.

3.16 Inventory

The inventory can be analysed as follows:

In €000	As at 31 December, 2014	2013	2012
Inventory			
Raw materials	1,958	1,041	18
Semi-finished products	107	24	
Finished products	1,518	50	
Total	**3,583**	**1,116**	**18**
Amount recognized as an expense	4,251	1,962	1,16

3.17 Trade and other receivables

The trade and other receivables can be analysed as follows:

In €000	As at 31 December, 2014	2013	2012
Trade receivables	15,793	3,082	1,44
Allowance for doubtful receivables	0	0	
Total trade receivables	**15,793**	**3,082**	**1,44**
VAT receivables	116	975	79
Other receivables	32	18	
Total other receivables	**148**	**993**	**79**

At 31 December 2014, trade receivables include € 15.7 million (2013: € 2.7 million; 2012: € 0.3 million) of which € 4.5 million (2013: € 0.7 million; 2012: nil) related to Idylla™ prototype sales and € 11.2 million million; 2012: € 0.3 million) related to collaboration revenue.

At the reporting dates, the Group has no trade receivables that were past due but not impaired. No trac receivables were impaired at these dates.

The trade receivables from JPNV account for more than 10% of the total trade receivable balance. The concentration risk is limited in view of the JPNV creditworthiness. Reference is made to note 3.28.3.4 f detail.

3.18 Other current assets

The other current assets can be analysed as follows:

In €000	31 December, 2014	2013	2012
Accrued grant income	2,168	3,849	1,610
Deferred charges	533	522	288
Total	**2,700**	**4,371**	**1,898**

Other current assets include accrued income mainly related to Flemish government grants from the Hermes fund for strategic investments and training support totalling € 1.7 million (2013: € 2.5 million; 2012: € 0.8 million) and from IWT for R&D projects totalling € 0.4 million (2013: € 1.3 million; 2012: € 0.8 million). The Group evaluates continuously if it fulfils the specific conditions as per specific grant agreements to justify that none of the grants receivables are to be impaired.

3.19 CASH AND CASH EQUIVALENTS

The cash and cash equivalents can be analysed as follows:

In €000	31 December, 2014	2013	2012
Cash and cash equivalents			
Cash at bank and on hand	9,419	27,047	40,494
Total cash and cash equivalents	**9,419**	**27,047**	**40,494**
Total restricted cash	1,500	2,000	0
Total cash and cash equivalents for cash flow purposes	**10,919**	**29,047**	**40,494**

The restricted cash relates to a deposit on a debt service reserve account as a security for the lease of the Idylla™ cartridge manufacturing line via KBC lease.

3.20 SHARE CAPITAL

Issued share capital

The table below summarises the share capital and the outstanding shares of Biocartis Group NV as at 31 December 2014 and Biocartis S.A. as at 31 December 2013 and 2012. The shares are fully paid, registered shares.

As mentioned in section 3.2.2., as of 25 November 2014, Biocartis Group NV became the parent company and reporting entity of the Group. Previous to that date, Biocartis SA was the parent company and reporting entity.

The number of shares issued and outstanding and the share capital is:

	Biocartis SA				Biocartis Group NV		
	Number of common shares issued and outstanding	Number of preference F shares issued and outstanding	Share capital in '000 CHF	Share capital in '000€	Number of common shares issued and outstanding	Number of preferred F shares issued and outstanding	Share capital in '000€
At 1 January 2012	**15,338,618**	**0**	**767**	**543**			
Share issue—Round C.2 at 30 April 2012	2,054,400		103	83			
Share issue-Round D at 7 December 2012	4,087,844		204	169			
At 31 December	**21,480,862**	**0**	**1,074**	**795**			

	Biocartis SA				Biocartis Group NV		
	Number of common shares issued and outstanding	Number of preference F shares issued and outstanding	Share capital in '000 CHF	Share capital in '000€	Number of common shares issued and outstanding	Number of preferred F shares issued and outstanding	Share capital in '000€
2012							
Share issue-Round E at 4 November 2013	3,210,002		161	131			
At 31 December 2013	**24,690,864**	**0**	**1,235**	**926**			
Capital increase by conversion reserves	0	0	37,036	30,487			
Capital decrease on 26 August 2014, in effect on 6 November 2014			-37,036	-30,487			
Share issue—Round F.1 at 29 Augustus 2014	0	2,645,868	132	109			
Change in reporting entity							
Incorporation Biocartis Group NV at 24 November 2014 by contribution in kind	-18,812				16,992	1,820	153
Contribution in kind at 25 November	-24,672,052	-2,645,868			24,673,872	2,644,048	222,115
At 31 December 2014	**0**	**0**	**1,367**	**1,035**	**24,690,864**	**2,645,868**	**222,268**

Biocartis S.A.

The following capital transactions took place at Biocartis S.A., the reporting entity until 25 November 2014, during the periods reported:

- On 30 April 2012, Biocartis S.A. raised € 19.2 million (CHF 23.1 million) fully paid by an increase in share capital by € 0.1 million (CHF 0.1 million) and an increase in share premium by € 19.1 million (CHF 23.0 million);
- On 7 December 2012, Biocartis S.A. raised € 34.5 million (CHF 41.7 million) fully paid by an increase in share capital by € 0.2 million (CHF 0.2 million) and an increase in share premium by € 34.3 million (CHF 41.5 million);
- On 4 November 2013, Biocartis S.A. raised € 30.0 million (CHF 36.9 million) fully paid by an increase in share capital by € 0.1 million (CHF 0.1 million) and an increase in share premium by € 29.9 million (CHF 36.8 million);

- On 23 July 2014, the share capital of Biocartis S.A. was increased by € 30.5 million (CHF 37.0 million) from € 0.9 million (CHF 1.2 million) to € 31.4 million (CHF 38.2 million) by way of conversion of freely distributable reserves into share capital;
- On 26 August 2014, Biocartis S.A. decreased its share capital for an amount of € 30.5 million (CHF 37.0 million), of which € 30.0 million (CHF 36.4 million) was paid out in kind in the form of all the shares held by Biocartis S.A. in MyCartis NV, and of which the remaining € 0.5 million (CHF 0.6 million) is a gain on the capital decrease, which is accounted for as an equity transaction. The capital decrease was completed, following the legally required waiting period, on 11 November 2014.
- On 29 August 2014, Biocartis S.A. concluded the first tranche of € 21.5 million (CHF 25.9 million) of an in total € 64.5 million series F round. The second and third tranche of this series F round has been/will be completed at the level of Biocartis Group NV (see below).

Biocartis Group NV

The Company has 24,690,864 common shares issued and outstanding which are fully paid with no nominal value but with a par value of (rounded) € 8.1307 per share. In addition, the Company has 2,645,868 preference shares F issued and outstanding which are fully paid with no nominal value but with a par value of (rounded) € 8.1307 per share.

The preference shares F have the following additional liquidation right attached compared to the common shares:

- In case of liquidation and in case of certain sales, the holders of the preference shares F shall be reimbursed up to their preference F shares amount paid prior to reimbursement to the holders of common shares. The maximum amount that can be reimbursed to the holders of preference F shares is the preference F shares amount less any income already received from the liquidation. The liquidation preference is terminated at the earlier of the completion of a Qualified IPO and the full repayment of the preference F shares amount. The preference F shares can be converted in common shares at any time and upon request of the preference F shareholder. The preference F shares will be converted in common shares at the time of the completion of a Qualified IPO.

The second tranche of the above-mentioned series F round of € 21.5 million has been implemented on 15 January 2015. See section 3.33 for more information.

The third tranche of € 21.5 million will be implemented upon the realization, by no later than 15 December 2015, of one of the two following events: (i) commercial sales amounting to 75% of Q1 and Q2 2015 quarter sales projected in the current version of the business plan and budget and (ii) the closing of an initial public offering of the Company's common shares on Euronext Brussels or another agreed upon international exchange with aggregate proceeds of such initial public offering of at least € 30 million (the "Qualified IPO"). In the event of a Qualified IPO, the third tranche will be invested at standard underwriting terms in the IPO at the then applicable IPO price (without preferred shares being issued in such case). The issuance price will be € 8.5373 or, if triggered by a Qualified IPO, the IPO price.

Option to acquire shares in the Company

The options disclosed below have been transferred by Biocartis S.A. to the Company in the view of the change in parent company:

The following third parties have been granted option rights as follows:

- On 15 August 2011, at the occasion of the Idylla™-Enrich technology acquisition, Philips, a shareholder of the Group, has been granted two conversion options, of which one remains outstanding per 31 December 2014. This option foresees that the Group can, at its sole discretion, grant Philips the right to convert all or part of the future payments that Biocartis is required to make under this agreement (including milestone, royalties and other revenue sharing payments) into common shares of the Company. This right is limited to a maximum of 10% of the then outstanding capital of the Company on a fully diluted post-money basis. This option enters into force when a specific milestone under the agreement is met or 31 December 2015, and ends on 31 December 2018. However, the

Group is also contractually able to replace future royalty and revenue sharing payments by a lump sum payment to Philips, reducing the above conversion option.

- The Company has contractually agreed to issue an option to Whitemarsh, a business advisory firm, to acquire 100,000 common shares pursuant to a decision of the board of directors of Biocartis S.A. of April 24, 2014. The option has not been formally granted at 31 December 2014.
- On 25 August 2014 Biocartis S.A. granted a put option right to Debiopharm Diagnostics SA, a shareholder of the Company, with respect to the 2,253,262,501 shares that Debiopharm Diagnostics SA held in MyCartis NV. This option right allowed Debiopharm Diagnostics SA to contribute, subject to the terms and conditions of a put option agreement and applicable law, their full share in MyCartis NV into the capital of the Company in exchange for 591,774 common shares of the Company. This put option right was exercised prior to 31 December 2014 and the resulting contribution in kind took place in January 2015. See section 3.33 for more information.

Voting rights

Each share gives the holders thereof the right to one vote. The shares are indivisible in respect of the Company and the Company only recognizes one owner per share as regards the exercise of the voting rights.

Dividends

The Company has not declared or paid any dividends on its shares. Currently, the Board of Directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders in the near future.

3.21 SHARE BASED COMPENSATION

All the stock option plans that were in issued by Biocartis S.A. have been transferred to the Company.

ESOP 2008 (Shadow options)

On 2 July 2008, the board of directors of Biocartis S.A. approved a share option plan, further amended on 29 June 2009, for share options to be granted to employees, consultants or directors selected by the board of directors of Biocartis S.A. (the "SOP 2008"). The SOP 2008 is a non-dilutive option plan and is established on the basis of the "shadow options" for a total amount of 1,263,236 stock options (shares of Biocartis S.A. to be transferred by Benaruca, Ferdinand Verdonck and Philippe Renaud, respectively, to Biocartis S.A. at a price of CHF 4.14 per share based on the understanding that Biocartis S.A. will then grant these shares to the beneficiaries under the SOP 2008). Under the SOP 2008 a total of 943,819 options were granted.

Upon the 1 to 5 reverse share split concluded on 25 August 2011, the total number of share options granted was reduced to 188,764 of which 11,460 were exercised prior to the date of conversion.

The board of directors of Biocartis S.A. decided in its meeting of 26 June 2012 to update certain clauses of the SOP 2008 to bring them more in line with the general conditions of the stock option plan ESOP 2013 that was established in 2013. The most important changes relate to the harmonization of the exercise and vesting conditions of the stock options. These changes had no material impact on the fair value calculation of the share options granted under the plan ESOP 2008.

The board of directors of Biocartis S.A. decided in its meeting of 24 April 2013 to cancel the remaining (not yet granted) share options under the SOP 2008 Plan. The Shadow Option Agreements with Benaruca, Ferdinand Verdonck and Philippe Renaud were amended in that respect in October 2013. Taking into account the exercise of a number of stock options in October 2013 and the cancellations, the total SOP 2008 stock options outstanding are 94.362 at 31 December 2014.

The key terms of the SOP 2008 Plan are as follows:

- Options are granted for free
- Exercise price: CHF 4.14

- Option term: 7 years after the dates of the individual grants, expiry dates range between 2019 and 2020
- Vesting: time based vesting over 4 years (on a monthly basis; that is 1/48 per month) as of the effective starting date of the respective assignment.

The Company has signed shadow agreements with certain founders whereby, upon exercise of the stock options under the plan, certain founders will transfer common shares held by them to the option holder. As such, the ESOP 2008 has no dilutive effect.

	SOP 2008
Options granted	188,764
Options exercised	-11,460
Options cancelled	
Total outstanding at 31 December 2012	**177,304**
Options exercised	-70,972
Options forfeited	-12,000
Options cancelled	0
Total outstanding at 31 December 2013	**94,332**
Options exercised	0
Options cancelled	0
Total outstanding at 31 December 2014	**94,332**

The financial impact of the options granted under this plan is not material. The fair value of the options estimated by the Black-Scholes Merton model was € 0.1 per option. The weighted average exercise price is CHF 4.76. The weighted average remaining contractual life is 4.8 years.

ESOP 2013

On 7 February 2013 the board of directors of Biocartis S.A. decided to entirely devote the conditional capital, whereby a maximum of 1,000,000 shares can be issued to employees, consultants and management of the Group, to the stock option plan ESOP 2013.

In the course of 2013, a total number of 680,340 stock options have been granted. Key terms of the SOP 2013 Plan are:

- Options are granted for free
- Exercise price: the Board of Directors shall determine the exercise price when the stock options are granted to a selected participant
- Granted stock options only become exercisable after vesting and can only be exercised during the full remaining lifetime of the stock options and then only during the following periods:
  (i) as of 15 May until 31 May,
  (ii) as of 15 August until 31 August,
  (iii) and as of 1 December until 15 December.
- Option term: 10 years after the creation of the plan (expiry is in 2023) but upon grant of the option contractually reduced to 7 years.
- Vesting: time based vesting over 4 years (on a monthly basis; that is 1/48 per month) as of the effective starting date of the respective assignment.

With respect to the determination of the exercise price and with respect to the determination of the fair market value of the shares of the company for purposes of the ESOP 2013 the board of directors of Biocartis S.A. decided, based on the capital increase that took place in December 2012 at the occasion of which also certain third party investors invested into the company, as well as the capital increase of 4 November 2013, that the fair market value of the shares of the company underlying the stock options is for purposes of the ESOP 2013 equal to € 9.346 for all options granted until 15 July 2014. The company has granted 20,000 additional options at 15 July 2014 with an exercise price of € 9.346. The company has granted 20,000 additional options on 1 December 2014 with an exercise price of € 8.1308.

On 25 November 2014, the company also reduced the exercise price of the outstanding options granted until 15 July 2014 to € 8.1308 to reflect the MyCartis business disposal. The Group determined that reduction in exercise price, solely to preserve the rights of the warrant holders, is not considered a significant modification of the options terms & conditions given that the fair value of the underlying shares in the company has also decreased with a similar amount following the reduction in capital by distribution in kind of the MyCartis shares. The fair value of the options considering the modified exercise price (€ 1.56 per option) is below the grant date fair value. As such, the modification, which only had an immaterial impact on the fair value of the warrants, had no impact on the share-based payment expense.

	SOP 2013
Options granted	680,340
Total outstanding at 31 December 2013	**680,340**
Options granted at € 9,346	20,000
Options granted at € 8.1307	20,000
Total outstanding at 31 December 2014	**720,340**

The total outstanding options at 31 December 2014 have an exercise price of € 8.1307 following the modification of the exercise price discussed above.

This concerns new shares to issue by the Company and has therefore a dilutive effect.

Accounting for share-based payment

The shared-based compensation expense recognized in the income statement as such is given below:

	Years ended 31 December,		
In € 000	2014	2013	2012
Share based compensation	143	1,023	0
Total	**143**	**1,023**	**0**

Options granted in 2013 and 2014 partially vested immediately at grant date which resulted in the immediate recognition of a share-based payment expense of € 0,1 million in 2014 (2013: € 1.0 million).

The fair value of each option is estimated on the date of grant using the Black & Scholes model with the following assumptions:

	Grants 2013	Grants July 2014	Grants November 2014
Number of warrants granted	680,340	20,000	20,000
Number of warrants not vested at 31/12/2014	112,500	17,500	19,167
Exercise price	€9.346	€9.346	€8.1307
Expected dividend yield	0	0	0
Expected stock price volatility	24.85%	30.04%	30.04%
Risk-free interest rate	0.68%	0.23%	0.06%
Expected duration	3.5 years	2.8 years	2.6 years
Forfeiture rate	0%	0%	0%

	Grants 2013	Grants July 2014	Grants November 2014
Fair value	€1.78	€1.87	€1.56

The weighted average exercise price is € 8.1308 at 31 December 2014 taken into account the disposal of the MyCartis business (2013: € 9.346; 2012: € 9.346). The weighted average remaining contractual life is 7 years.

The weighted average risk-free interest rates used are based on Swiss government bond rates at the date of grant with a term equal to the expected life of the options.

The stock price volatility is determined by reference to the Nasdaq Biotech Index (NBI).

No stock options have been exercised during 2012, 2013 and 2014.

3.22 FINANCIAL DEBT

The financial debt can be analyzed as follows:

	As at 31 December,		
In €000	2014	2013	2012
PMV	6,707	6,268	5,858
Senter Novem	0	3,566	4,226
KBC Lease	1,821	2,983	0
Other	0	5	5
Total non-current	**8,528**	**12,822**	**10,089**
Senter Novem	3,895	2,250	1,250
KBC Lease	1,161	1,123	0
Total current	**5,057**	**3,373**	**1,250**

In 2010, the Group was granted a loan facility for a total amount of € 5.0 million by PMV (ParticipatieMaatschappij Vlaanderen), a shareholder of the Group, bearing an interest rate of 7% and with a maturity date at 31 December 2016. The interest on the loan is capitalized until the maturity date and accrued in the consolidated balance sheet at the year-end.

In 2011, the Group also obtained an innovation loan of € 5.0 million from the Dutch government institution Senter Novem, conditional upon certain spending commitments and activities in the Netherlands. The annual interest on the Senter Novem loan amounts to 6.2% and is added to the total outstanding loan amount.

In 2013, the Group agreed with Senter Novem on the following repayment obligations for the capital amounts together with accrued interests:

- 45% of total capital loan amount on 1 October 2014
- 55% of total capital loan amount and total of accrued interests on 1 October 2015

The Senter Novem loan is secured by a pledge on newly generated intellectual property assets related to the Idylla™ platform in the Netherlands, and by a guarantee from Biocartis S.A..

In 2013 Biocartis NV refinanced about 50% of its Idylla™ semi-automated cartridge manufacturing line in Mechelen, Belgium, via a sale and lease back operation with KBC Lease. The lease has a term of 5 years at a 3.35% interest rate and includes a purchase option of € 0.2 million. As a security, a debt service reserve account is to be maintained, starting at € 2.5 million, decreasing over time according to the following milestones: fundraising 2013, CE approval, FDA approval.

The terms of the loans are summarised in the table below:

Loan	Year	Nominal amount (in €000)	Secured (s) Non secured (ns)	Interest rate	Maturity date
PMV	2010	5.000	Ns	7.00%	31/12/2016
Senter Novem	2011	2.250	S	6.20%	1/10/2014
Senter Novem	2011	2.750	S	6.20%	1/10/2015
KBC Lease	2013	7.910	S	3.35%	31/01/2018

A reconciliation between the total of future minimum lease payments of the finance lease at the end of the reporting period and their present value is described in the table below:

In €000	As at 31 December,					
	2014		2013		2012	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Financial lease						
< 1 year	1,240	1,161	1,240	1,123	0	0
>1 and < 5 years	1,888	1,821	3,128	2,983	0	0
Total	**3,128**	**2,982**	**4,368**	**4,106**	**0**	**0**
less interests	-145		-262		0	
Present value	**2,982**	**2,982**	**4,106**	**4,106**	**0**	**0**

The net carrying value of the related leased assets amounts to € 4.2 million at 31 December 2014 (2013: € 5.7 million, 2012: nil)

3.23 Retirements benefit plans

The retirement benefit plan liability is as follows:

In €000	As at 31 December,		
	2014	2013	2012
retirement benefit obligations	0	267	490
Total	**0**	**267**	**490**

3.23.1 Defined contribution plans

The post-employment benefits of the employees of Biocartis NV are defined contribution plans with minimum guaranteed rates of return, currently 3.25% on employer contributions and 3.75% on employee contributions. The minimum guaranteed rates, which apply as an average over the entire career, may be modified by a Royal Decree in which case the new rates apply to both the accumulated past contributions as from the date of modification onwards.

The Group funds the plan by paying a fixed percentage of the monthly salary of the employee to the external insurance company in addition to an employee contribution. There is a risk that the Company may have to pay additional contributions related to past service. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guaranteed rates of return.

In accordance with the Group's accounting policy, the Group accounts for those plans as defined contribution plan and compares the "walk away liability" or the vested rights at reporting date with the fair value of the plan assets. If the vested rights are higher as compared to the fair value of the plan asset, a liability is recognised for the shortage at the reporting date.

At 31 December 2014 no such net liability (2013: nil; 2012; nil) was recognized in the balance sheet as the minimum guaranteed reserves of € 1.1 million (2013: € 0.6 million; 2012: € 0.3 million) equal the fair value of the plan assets of € 1.1 million (2013: € 0.6 million; 2012: € 0.3 million).

The total expense recognized in the consolidated income statement for contributions made under these defined contribution plans amount to € 0.4 million in 2014 (2013: € 0.3 million; 2012: € 0.3 million).

The expected 2015 employer contributions amount to approximately € 0.6 million.

The average age of the 149 plan participants equals 40 years at 31 December 2014.

3.23.2 Defined benefit plan

The post-employment benefits of the employees of Biocartis S.A. in Switzerland are provided via a defined benefit plan. The post-employment benefits were all related to the MyCartis business which was disposed of on 11 November 2014 and Biocartis S.A. has no further obligations under this plan. As such, the disclosures below relate to the years 2013 and 2012 only.

The principal assumptions used for the purposes of the actuarial valuation are as follows:

	2013 %	2012 %
Discount rate	2.00	2.25
Expected return on plan assets	2.45	2.50
Expected rate of salary increase	2.00	2.25
Expected rate of pension increase	0.00	0.00

All amounts recognised in the consolidated statement of income are presented in the line “loss from discontinued operations”.

	31 December,		
In €000	2014	2013	2012
Service cost	0	436	193
Net interest expense	4	10	2
Total in loss from discontinued operations	**4**	**446**	**195**

Amounts recognised in other comprehensive income in respect of this defined benefit plan are as follows:

	Years ended 31 December,		
In €000	2014	2013	2012
Cumulative amount at beginning of the year	309	379	170
Net actuarial losses (gains)	0	-70	210
Disposal	-309	0	0
Cumulative amount at the end of the year	**0**	**309**	**379**

The amount included in the consolidated balance sheet arising from the Group’s obligation in respect of its defined benefit plans is as follows:

	As at 31 December,		
In €000	2014	2013	2012
Present value of funded defined benefit obligation	0	-2,158	-1,438
Fair value of plan assets	0	1,891	947
Deficit recognized in the consolidated balance sheet	**0**	**-267**	**-490**

Movements in the present value of the defined benefit obligation in the current year were as follows:

In €000	As at 31 December, 2013	2012
Defined benefit obligation, beginning of the year	**1,437**	**866**
Net service cost	284	130
Interest cost	30	19
Employee contributions	164	119
Net of benefits (paid)/received	181	118
Liability (gain)/loss due to experience	56	79
Liability (gain)/loss due to assumption changes	-127	99
Past service costs	152	0
Foreign exchange	-18	7
Total, end of the year	**2,159**	**1,437**

Movements in the fair value of the plan assets in the current year were as follows:

In €000	As at 31 December, 2013	2012
Fair value of plan assets, beginning of the year	**947**	**606**
Employer contributions	660	123
Employee contributions	165	119
Net of benefits (paid)/received	181	118
Actual administration expenses	-18	0
Interest income	20	17
Actuarial gain / (loss) on return on plan assets	-47	-41
Foreign exchange	-16	5
Total, end of the year	**1,892**	**947**

Pension assets consist of assets held by the insurance company that fully reinsures the Group's pension liabilities. The expected long-term return is based on the experience of the past and on future expectations. The overall expected rate of return is the weighted average of the expected returns of the various categories of plan assets held. Management's assessment of the expected returns is based on historical return trends and analysts' predictions of the market for these assets over the life of the plan.

The history of experience adjustments is as follows:

In €000	As at 31 December, 2013	2012
Present value of funded DBO	-2,158	-1,438
Fair value of plan assets	1,891	947
Deficit recognized in the consolidated balance sheet	**-267**	**-490**
Experience loss on plan assets	-47	-41
Experience loss on DBO	-56	-79

3.24 OTHER CURRENT LIABILITIES

Other current liabilities include:

In €000	As at 31 December, 2014	2013	2012
Provision vacation pay	1,407	1,043	713
Other social liabilities	10	564	44
VAT payable	1,791	0	0
Other current liabilities	87	50	0
Total other current liabilities	**3,293**	**1,657**	**757**

3.25 DEFERRED INCOME

In €000	As at 31 December, 2014	2013	2012
Grants	75	213	34
Collaboration partner income	9,559	2,270	6,288
Total deferred income	**9,634**	**2,483**	**6,322**
Current	5,100	772	1,320
Non-current	4,534	1,711	5,002

Deferred partner income includes upfront payments received from JPNV in relation to the strategic licensing, development and commercialisation collaborations. This amount will be recognized as collaboration revenue in the following 3 years with a majority in 2015 and 2016.

	Deferred income
As per 1 January 2012	**7,573**
Recognized as collaboration partner income	-1,285
As per 31 December 2012	**6,288**
Recognized as collaboration partner income	-4,019
As per 31 December 2013	**2,270**
Invoiced	7,860
Recognized as collaboration partner income	-571
As per 31 December 2014	**9,559**

3.26 ACCRUED EXPENSES

Accrued expenses primarily include accruals for rental charges.

3.27 TAXES

3.27.1 Tax reconciliation

Tax expenses for the year can be reconciled to the accounting loss as follows:

In €000	31 December, 2014	2013	2012
Loss before taxes	**-10,662**	**-35,618**	**-44,427**
Income tax credit calculated at 7.8%	0	-2,778	-3,465
Income tax credit calculated at 33.99%	-3,624	0	0
Effect of different tax rates	-3,345	-1,844	-318
Effect of income that is exempt from taxation	-2,284	-661	-111
Effect of expenses that are non-deductible in	8,002	205	56

In €000	2014	2013	2012
	31 December,		
determining tax profit			
Effect of unused tax losses and tax offsets not recognized as deferred tax assets	10,094	5,080	3,843
Effect of previously unrecognized and unused tax losses	-8,844	0	0
Effect of tax credit for research and development	-947	0	0
Income tax expense (profit) recognized in loss for the period	**-947**	**2**	**4**

The tax rate used in 2014 reconciliations is the corporate tax rate of 33.99% applicable in Belgium. The tax rate used for the 2013 and 2012 reconciliations above is the corporate tax rate of 7.8% payable by corporate entities exempted in Canton de Vaud, Switzerland, on taxable profits but subject to federal tax law in that jurisdiction.

3.27.2 Unrecognized deferred tax assets

Due to the uncertainty surrounding the Group's ability to realise taxable profits in the near future, the Group has not recognised any deferred tax assets on tax loss carry forwards and temporary differences.

The Group has tax losses available for carry forward of € 86.8 million (2013: € 173.5 million; 2012: € 122.9 million). The tax losses related to Biocartis S.A. amount to € 51.2 million in 2014 (2013: € 161.1 million; 2012: € 135.8 million) with the following expiration years. Each annual tax loss expires seven years after the fiscal period it has been realized.

Tax losses at Biocartis S.A. (in CHF)

Year	amount	Expiry year
2012	27,893	2019
2013	33,694	2020
2014	0	2021
Total tax losses	**61,587**	

The tax losses of Biocartis NV for € 34.6 million per 31 December 2014 (2013: € 11.9 million; 2012: € 3.6 million) in Belgium will not expire as they can be carried forward indefinitely.

3.27.3 Recognized deferred tax assets

The Group has R&D tax credit carry-forwards in Belgium for a total amount of € 0.9 million (2013: € 0.3 million; 2012: € 0.03 million) for which a deferred tax asset of € 0.9 million (2013: nil; 2012: nil) has been recognized in 2014 as the recognition criteria have been met as from 2014.

3.28 FINANCIAL RISK MANAGEMENT

3.28.1 Capital risk management

Capital comprises equity attributable to shareholders, borrowings and cash and cash equivalents. The Group's policy is to maintain a strong capital base in order to maintain investor and creditor confidence and to sustain the future development of the business. The Group's objectives when managing capital are to maintain sufficient liquidity to meet its working capital requirements, fund capital investment and purchases and to safeguard its ability to continue operating as a going concern.

The Group monitors capital regularly to ensure that the statutory capital requirements are met and may propose capital increases to the shareholders' meeting to ensure the necessary capital remains intact.

3.28.2 Financial risk factors

The Group's activities expose it to a variety of financial risks such as market risk, credit risk, and liquidity risk. The Group's finance department identifies and evaluates the financial risks in close co-operation with the operating units.

3.28.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's activities expose it primarily to changes in foreign currency exchange rates and interest rates.

3.28.3.1 Foreign exchange risk

The Group is exposed to foreign currency risks primarily through its operating activities. Certain purchase transactions and certain sales transactions of the Group are undertaken in Swiss Franc ("CHF"), Australian Dollar ("AUD"), British Pound ("GBP") and US Dollar ("USD"). The Group identifies the main currency risk in Switzerland, since Biocartis S.A. is located in Switzerland and uses the Euro ("€") as its functional and reporting currency whereas most local costs are denominated in CHF. The Group did not enter into any currency hedging arrangements in order to cover its exposure. The Group is managing its foreign currency risk by matching foreign currency cash inflows with foreign cash outflows. Therefore the sensitivity to certain potential changes in, especially the CHF, AUD and USD is limited. Exchange rate exposure towards the foreign currencies can furthermore be managed through the use of forward exchange contracts, based upon management's judgment. The Group has not applied hedge accounting in 2014, 2013 and 2012.

Financial assets include current bank accounts and petty cash. Financial liabilities include trade payables and accruals in foreign currency.

	31 December,		
In €000	2014	2013	2012
Liabilities			
CHF—Switzerland	1	237	603
USD—United States	78	108	129
AUD—Australia	0	211	440
Assets			
CHF—Switzerland	152	15	673
USD—United States	4	34	36
AUD—Australia	0	220	127

Sensitivity analysis for the two significant currencies:

- If the USD currency would increase (decrease) with 10% compared to the Euro, the net impact on the loss for the year would be € -0.01 million (€ 0.01 million).
- If the CHF currency would increase (decrease) with 20% compared to the Euro, the net impact on the loss for the year would be € -0.03 million (€ 0.03 million).

3.28.3.2 Interest rate risk

The interest rate risk is limited as the Group has only long-term borrowings with a fixed interest rate. Changes in interest rates will not increase/decrease profit or loss or other comprehensive income.

3.28.3.3 Other market risk

The Group is not exposed to equity price risk or commodity price risk as it does not invest in these classes of investments.

3.28.3.4 Credit risk

Credit risk arises from cash and cash equivalents, short-term bank deposits, as well as credit exposure to collaboration partners. Credit risk refers to the risks that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has a limited number of collaboration partners and therefore has a significant concentration of credit risk. However, it has policies in place to ensure that credit exposure is kept to a minimum and significant concentrations of credit exposure are only granted for short periods of time to high credit quality collaboration partners. Credit exposure with regard to R&D partnering activities is concentrated with a limited number of creditworthy partners.

The following shows the trade and other receivables towards customers representing more than 10% of total trade and other receivable balances:

	31 December,		
in €000	2014	2013	2012
carrying value			
JPNV	15,723	2,680	328
bioMérieux	0	29	647
Other trade and other receivables	217	1,366	1,260
	15,941	**4,075**	**2,235**

None of the above receivables are impaired or overdue.

None of the financial assets reported above have been pledged as collateral, and no financial assets have been received as collateral. The only financial asset pledged is the € 2.0 million guarantee for the KBC lease, reported under cash and cash equivalents.

Cash and cash equivalent and short-term deposits are invested with highly reputable banks and financial institutions.

The maximum credit risk to which the Group is theoretically exposed as at the balance sheet date, is the carrying amount of the financial assets.

3.28.3.5 Liquidity risk

The Group's main sources of cash inflows are obtained through capital increases, loans, grants and collaboration agreements. Cash is invested in low risk investments such as short-term bank deposits. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built, what it considers to be an appropriate risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group mainly makes use of liquid investments in current (Euro and foreign currency) accounts, short term deposit accounts and fiduciary deposits. Instruments used possess high grade credit ratings, capital reimbursement guarantees and limited time horizons up to a maximum of 12 months.

The Group maintains a credit line with one financial institution of € 0.5 million (2013: € 0.5 million; 2012: € 0.5 million) mainly being used for bank guarantees. As per 31 December 2014, the credit line was used for € 0.5 million (2013: € 0.5 million; 2012: € 0.5 million).

The ability of the Group to maintain adequate cash reserves to sustain its activities in the medium term is highly dependent on the Group's ability to raise further funds from collaboration agreements, product sales, obtaining grants as well as the sale of new shares. As a consequence, the Group is exposed to significant liquidity risk in the medium term.

Analysis of contractual maturities of financial liabilities at 31 December is as follows (amounts in € 000):

In €000	31 December, 2014 Trade payables	financial debt	other current liabilities and accrued expense	2013 Trade payables	financial debt	other current liabilities and accrued expense	2012 Trade payables	financial debt	other current liabilities and accrued expense
Less than 1 month	4,265		3,293	5,847		1,657	8,454		757
1-3 months		287			277			0	
3 months to 1 year		4,770			3,096			1,250	
1-5 years		8,528	711		12,817	580		10,084	623
5+ years			1,244		5	1,161		5	1,403
Total	**4,265**	**13,585**	**5,248**	**5,847**	**16,195**	**3,398**	**8,454**	**11,339**	**2,783**

3.29 FAIR VALUE

The fair value of the financial assets has been determined on the basis of the following methods and assumptions:

- The carrying value of the cash and cash equivalents and the current receivables approximate their value due to their short term character;
- Other current financial assets such as current other receivables are being evaluated on the basis of their credit risk and interest rate. Their fair value is not significantly different than its carrying value on 31 December 2014, 2013 and 2012.
- The fair value of the participating interest is determined based on its sales price.

The fair value of the financial liabilities has been determined on the basis of the following methods and assumptions:

- The carrying value of current liabilities approximates their fair value due to the short term character of these instruments;
- Loans and borrowings are evaluated based on their interest rates and maturity date. Most interest bearing debts have fixed interest rates and its fair value is subject to changes in interest rates and individual creditworthiness. The fair value measurement is classified as level 2.
- The fair value of the written put option sold to Debiopharm Diagnostics SA is zero as the exercise price of the written put option equals market value.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group has no financial instruments carried at fair value in the consolidated balance sheet on 31 December 2014. At 31 December 2013, the Group had the participating interest carried at fair value and which is considered level 2 as it is based on a non-observable disposal price agreed by and with the Company during 2014.

in '000 €	Carrying value			Fair value		
	31 December, 2014	31 December, 2013	31 December, 2012	31 December, 2014	31 December, 2013	31 December, 2012
Financial assets						
Loans and receivables measured at amortised cost						
Trade and other receivables (current)	15,941	4,075	2,235	15,941	4,075	2,235
Other financial assets (non-current)	117	107	106	117	107	106
Other current assets	2,700	4,371	1,898	2,700	4,371	1,898
Total loans and other receivables	**18,757**	**8,553**	**4,239**	**18,757**	**8,553**	**4,239**
Available for sale financial assets						
Participating interest	—	245	—	—	245	—
Total available for sale	**—**	**245**	**—**	**—**	**245**	**—**
cash & cash equivalents	10,919	29,047	40,494	10,919	29,047	40,494
Total cash & cash equivalents	**10,919**	**29,047**	**40,494**	**10,919**	**29,047**	**40,494**
Financial liabilities						
Financial liabilities measured at amortized cost						
Loans & Borrowings	13,585	16,195	11,339	14,077	17,442	12,896
Trade payables	4,265	5,847	8,454	4,265	5,847	8,454
Other liabilities and accrued charges	5,248	3,398	2,783	5,248	3,398	2,783
Total financial liabilities measured at amortized cost	**23,098**	**25,440**	**22,576**	**23,590**	**26,687**	**24,133**

3.30 Contingencies

Legal claims

The Group is currently not facing any outstanding litigation that might have a significant adverse impact Group's financial position.

Potential claw back of government grants received

The Group recognizes grant income from Flemish, Dutch and European grant bodies when all contract conditions are met. The government institutions may however perform an audit afterwards which may r (partial) claw back of the grant. The Group deems that the claw back risk is remote in view of the contir monitoring of the contractual conditions. Currently the Group has fulfilled all the existing conditions rela recognition of its grant income. Contracts with these grant bodies also typically include clauses that def need for future validation of the project results after completion of the initial grant term during which the subsidised expenses or investments have been incurred and for which the grant was earned. Should th validation not occur or be deemed inadequate, the grant bodies have the right to reclaim funds previou granted.

Royalties

With respect to the Group's licensing agreements, Biocartis could in the future experience instances wh claims on sales of licensed products under these agreements exceed royalties reported by the Group.

Phillips option

Under contractual conditions, payments (milestone payment, royalties and other revenue sharing paym arise in the future to Phillips, a shareholder of the group. These payments may—at the sole discretion c Group—be converted into common shares of the group following the conversion option granted to Phill

3.31 Commitments

3.31.1 Capital commitments

Commitments related to capital expenditures at the balance sheet date are as follows:

	31 December,		
In €000	2014	2013	2012
Leasehold improvements	23	0	3
Property, plant and equipment	88	9	1,48
Total	**111**	**9**	**1,52**

Capital commitments relate to the cartridge production facilities in Mechelen, Belgium, for which the Gr engaged in several contractual arrangements with specified suppliers. The Group had no other materia commitments to capital expenditures on 31 December 2014.

3.31.2 Principal operating leases and contracts

The Group has entered into a number of operating leases in relation with its office and research and de and manufacturing facilities in Mechelen (Belgium), Lausanne (Switzerland) and in Eindhoven (the Netl as well as in relation to employee cars for which the average lease term is 48 months.

The breakdown of the Group's committed future payments as per 31 December 2014 under its leasing per nature and maturity is summarized in the table below.

In line with the rental/lease agreements, a total amount of € 0.5 million (2013: € 0.5 million; 2012: € 0.5 bank guarantees has been provided.

In €000	31 December, 2014		2013		2012	
	Rent/Lease facilities	Car Lease	Rent/Lease facilities	Car Lease	Rent/Lease facilities	Car Lease
not later than 1 year	1,294	498	1,373	534	1,275	360
between 1 and 5 years	5,175	703	5,493	1,051	4,145	1,037
more than 5 years	4,483	0	6,283	0	4,971	0
Total	**10,952**	**1,201**	**13,149**	**1,585**	**10,391**	**1,397**

In €000	31 December, 2014	2013	2012
Payments recognized as an expense			
minimum lease payments	1,867	1,817	1,647
Total	**1,867**	**1,817**	**1,647**

3.32 Related-party transactions

The Group is owned by several minority investors and financial investors. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in the notes.

The nature of certain related party transactions (share options, revenue transactions) with shareholders has been disclosed in detail in the sections on Revenue (Note 3.4), Share Capital (Note 3.20) and Share Based Compensation (Note 3.21).

3.32.1 Remuneration of key management

Remuneration of key management consists of the Directors and the members of the Executive Management Team. Only one non-executive Director receives a yearly remuneration of € 25,000 per year.

In €000	31 December, 2014	2013	2012
Short-term employee benefits (salaries, social security bonuses and fringe benefits)	1,177	1,352	1,459
Post -employment benefits (Group insurance)	7	47	0
Share based payment	67	585	0
Total	**1,184**	**1,984**	**1,459**

The post-employment benefits for the key management are part of the retirement benefit scheme to which all qualifying personnel is entitled. The contributions are paid as a percentage of the gross annual salary for the defined contribution schemes and provisionally calculated based on regulations following the defined benefit schemes in place. No loans, quasi-loans or other guarantees have been given to a member of the executive management.

Share-based payments are related to the stock options granted in 2013 and 2014 under the ESOP 2013 plan.

3.32.2 Transactions with non-executive directors and shareholders

In €000	Sales of goods and services	Purchase of good and services	Interest cost	Trade receivables	Trade payables	Financial Debt
Shareholders						
31 December 2014	8,412	-81	-439	15,723	0	6,707
31 December 2013	8,333	-20	-410	2,266	1	6,273

In €000	Sales of goods and services	Purchase of good and services	Interest cost	Trade receivables	Trade payables	Financial Debt
31 December 2012	3,550	-33	-383	975	1	5,863

Transactions with related parties are made at arm's length. The main transactions are described below:

- Sales of goods and services and trade receivables concern the collaboration and product sales towards Johnson & Johnson (or entities belonging to this group) and bioMérieux. Further detail is provided in notes 3.4 and 3.17.
- The interest cost and financial debt relate to the loan granted by PMV (see note 3.22).
- The participation in Immunexpress was sold at its carrying value of €0.2 million in 2014 to Debiopharm, a shareholder of the group.

3.32.3 Subsidiaries

Details of the Company's subsidiaries at 31 December 2014 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group 2014	2013
Biocartis S.A.	Intermediate holding company	Scientific Parc EPFL, PSE-C 1015 Lausanne Switzerland	100%	100%
Biocartis NV	Develop and market diagnostic platforms	Generaal De Wittelaan 11 B—2800 Mechelen	99.99%*	99.99%*
Biocartis B.V.	Develop and market diagnostic platforms	High Tech Campus 9 PO Box 775 NL—5600 AT Eindhoven The Netherlands	100%	100%

* all shares held by Biocartis S.A., except for one share held by Biocartis BV

There are no significant restrictions on the ability to access or use assets, and settle liabilities, of the Group, except for the debt service reserve account

3.33 Events after the balance sheet date

On 15 January 2015, Biocartis Group NV concluded the second tranche of EUR 21,512,796 of the total EUR 64,538,390 series F round, against the issuance of 2,519,855 new Preferred F Shares with an issuance price of EUR 8.5373 and without nominal value per Preferred F Share.

Debiopharm Diagnostics has, by virtue of a letter dated 11 December 2014, exercised the put option with respect to certain shares of MyCartis NV, as provided for in the put option agreement dated 25 August 2014, as restated and amended as per 25 November 2014. The issuance of the respective shares by Biocartis Group NV (contribution in kind) was concluded on 15 January 2015 on the occasion of the second tranche.

On 15 January 2015 a new and additional option plan 'SOP 2015' has been issued, on the basis of which an additional option pool of 217,934 options has been created. The new plan entitles the option holders, subject to the terms of the option plan and the respective option agreements, to subscribe to 217,934 additional ordinary shares of the Company.

In 2014, a milestone contingent promise to grant 100,000 options on ordinary Biocartis shares was promised to Whitemarsh Capital, a U.S. business advisory firm. The options were formally granted by an award letter on 13/04/2015. None of the options have been vested to this date.

3.34 STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2014

The following IFRS standards, interpretations and amendments that have been issued but that are not yet effective, have not been applied to the first IFRS financial statements closed on 31 December 2013:

- IFRS 9—Financial Instruments and subsequent amendments (normally applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in EU)
- IFRS 15—Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU)
- Improvements to IFRS (2010-2012) (normally applicable for annual periods beginning on or after 1 July 2014)
- Improvements to IFRS (2011-2013) (normally applicable for annual periods beginning on or after 1 January 2015)
- Improvements to IFRS (2012-2014) (normally applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19—Employee Benefits—Employee Contributions (applicable for annual periods beginning on or after 1 January 2015)
- IFRIC 21—Levies (applicable for annual periods beginning on or after 17 June 2014)
- Amendments to IAS 16 and IAS 38—Clarification of Acceptable Methods of Depreciation and Amortisation (normally applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IFRS 11—Accounting for Acquisitions of Interests in Joint Operations (normally applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IFRS 10 and IAS 28—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (normally applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)

It is not expected that the initial application of the above mentioned IFRS standards, interpretations and amendments will have a significant impact on the consolidated financial statements.

BIOCARTIS

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