



SYNLAB BONDCO PLC

Unaudited interim condensed
consolidated financial statements for
the six months period ended
30 June 2017

Unaudited interim condensed consolidated financial statements For the six months period ended 30 June 2017

Contents	Page
Condensed consolidated statement of income	1
Condensed consolidated statement of comprehensive income	2
Condensed consolidated statement of financial position	3
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows	6
Notes to the financial statements	7

Condensed consolidated statement of income

For the six months period ended 30 June 2017

	Note	Six months period ended 30 June 2017 €000	Six months period ended 30 June 2016 €000
Revenue	6	887,050	787,977
Material and related expenses		(196,496)	(177,815)
Payroll and related expenses		(347,769)	(301,600)
Other operating expenses		(184,122)	(160,774)
Other operating income		9,971	11,085
Depreciation and amortisation		(62,982)	(51,155)
Operating profit before acquisition, restructuring and impairment (expenses)/income		105,652	107,718
Restructuring and other significant (expenses)/income	7	(3,925)	372
Acquisition related expenses	7	(2,169)	(1,443)
Impairment of non-current assets	7	(3)	(82)
Operating profit		99,555	106,565
Share of profit/(loss) of associates		102	(224)
Loss on disposal of investment		-	(422)
Finance income	8	4,970	5,020
Finance expenses	8	(73,992)	(70,906)
Income before taxes		30,634	40,032
Income tax expenses	9	(20,731)	(20,086)
Net income for the period		9,903	19,946
Profit attributable to non-controlling interests		1,031	1,051
Profit attributable to equity holders of the parent company		8,872	18,895

All profits are from continuing operations.

The accompanying notes are an integral part of the financial statements.

Condensed consolidated statement of comprehensive income

For the six months period ended 30 June 2017

	Six months period ended 30 June 2017 €000	Six months period ended 30 June 2016 €000
Net income for the period	9,903	19,946
Actuarial gains or losses on pension obligations	-	(5,997)
Taxes on Actuarial gains or losses on pensions obligations	-	1,449
Items that will not be reclassified to profit or loss	-	(4,548)
Hedge of a net investment in foreign companies	-	(1,872)
Foreign exchange (losses)/gains	(6,535)	4,095
Other	-	(1,286)
Taxes on items that will not be reclassified to profit or loss	-	636
Items that may be reclassified subsequently to profit or loss	(6,535)	1,573
Total consolidated comprehensive income	3,368	16,971
Equity holders of the parent company	2,398	18,130
Non-controlling interests	970	(1,159)

The accompanying notes are an integral part of the financial statements.

Condensed consolidated statement of financial position

As of 30 June 2017

	Note	30 June 2017 €000	31 December 2016 €000
ASSETS			
Goodwill	10	2,300,599	2,254,056
Intangible assets	11	845,222	842,473
Property, plant and equipment		237,932	236,053
Investments in associates		4,048	3,911
Other non-current assets		16,800	15,038
Deferred tax assets		16,386	19,112
Total non-current assets		3,420,987	3,370,643
Inventories		33,255	33,775
Trade accounts receivable	12	296,522	249,935
Other current assets	13	126,752	93,113
Cash and cash equivalents		248,985	145,397
Total current assets		705,514	522,220
Total assets		4,126,501	3,892,863
LIABILITIES			
Loans and borrowings (non-current)	14	2,189,581	2,192,527
Finance lease liabilities	14	47,194	47,913
Employee benefits liabilities		46,003	43,845
Non-current provisions	15	6,953	11,588
Other non-current liabilities	16	20,017	18,771
Deferred tax liabilities		194,100	199,302
Total non-current liabilities		2,503,848	2,513,946
Current loans and borrowings	14	2,547	12,330
Current finance lease liabilities	14	17,133	17,355
Trade accounts payable		183,365	199,237
Current provisions	15	9,563	11,597
Income tax liabilities		26,999	19,297
Other current liabilities	16	142,683	129,415
Total current liabilities		382,290	388,980
Total liabilities		2,886,138	2,902,926
Net assets		1,240,363	989,936

Condensed consolidated statement of financial position

As of 30 June 2017

		30 June 2017 €000	31 December 2016 €000
	Note		
EQUITY			
Contributed capital	19	130,040	114,852
Additional paid-in capital	19	1,267,850	1,033,038
Cumulative translation adjustment		2,519	8,993
Accumulated deficit		(160,699)	(169,618)
Total parent company interests		1,239,710	987,265
Non-controlling interests		653	2,671
Total equity		1,240,363	989,936

The accompanying notes are an integral part of the financial statements.

The interim condensed consolidated financial statements of Synlab Bondco PLC (Company number: 09503922) were approved by the Board of Directors and authorised for issue on 24 August 2017

Signed on behalf of the Board of Directors



Sami Badarani
Director

Condensed consolidated statement of changes in equity

For the six months period ended 30 June 2017

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non- controlling interest €000	Equity €000
Balance at 1 January 2017	114,852	1,033,038	8,993	(169,618)	987,265	2,671	989,936
Net income for the period	-	-	-	8,872	8,872	1,031	9,903
Other comprehensive income	-	-	(6,474)	-	(6,474)	(61)	(6,535)
Total comprehensive income for the period	-	-	(6,474)	8,872	2,398	970	3,368
<u>Transactions with owners, recorded directly in equity</u>							
Capital increase	15,188	234,812	-	-	250,000	-	250,000
Acquisition of non-controlling interests	-	-	-	47	47	(576)	(529)
Dividends	-	-	-	-	-	(2,412)	(2,412)
Total transactions with owners	-	-	-	47	250,047	(2,988)	247,059
Balance at 30 June 2017	130,040	1,267,850	2,519	(160,699)	1,239,710	653	1,240,363

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non- controlling interest €000	Equity €000
Balance at 1 January 2016	114,852	1,033,038	2,581	(60,673)	1,089,798	(581)	1,089,217
Net result for the period	-	-	-	18,896	18,896	1,051	19,946
Other comprehensive income	-	-	3,782	(4,549)	(767)	(2,209)	(2,976)
Total comprehensive income for the period	114,852	1,033,038	6,363	(46,326)	1,107,928	(1,739)	1,106,118
<u>Transactions with owners, recorded directly in equity</u>							
Acquisition of non-controlling interests	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	749	749	-	749
Dividends	-	-	-	-	-	(1,179)	(1,179)
Total transactions with owners	-	-	-	-	-	-	-
Balance at 30 June 2016	114,852	1,033,038	6,363	(45,577)	1,094,360	(2,918)	1,105,758

The accompanying notes are an integral part of the financial statements.

Condensed consolidated statement of cash flows

For the six months period ended 30 June 2017

		Six months period ended 30 June 2017 €000	Six months period ended 30 June 2016 €000
Operating profit	15	99,555	106,565
Depreciation, amortisation, impairment		62,963	51,155
Change in provisions		(3,286)	8,006
Loss from the disposal of non-current assets		(75)	155
Other non-cash revenues and expenses		13,253	1,179
Profit before changes in net working capital		172,410	167,060
Change in inventories		913	(1,287)
Change in trade accounts receivable		(43,173)	(35,051)
Change in trade accounts payable		(18,388)	10,433
Change in other net working capital		(27,582)	551
Income tax paid		(24,652)	(13,907)
Cash flow from operating activities (A)		59,527	127,799
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions		(80,126)	(44,776)
Purchase of intangibles and property, plant and equipment		(29,198)	(34,694)
Proceeds from sale of intangibles and property, plant and equipment		1,188	1,517
Net decrease in other non-current assets		346	652
Interest received		276	-
Net cash from disposal of investments		2,431	(32)
Dividends received		415	-
Cash flow (used in) investing activities (B)		(104,668)	(77,333)
Proceeds from share capital increase		250,000	-
Interest paid and other net cash from net financial profit (loss)		(69,870)	(66,261)
New loans, borrowings and other financial liabilities		862	192,047
Repayment of loans, borrowings and other financial liabilities		(15,759)	(97,935)
Repayment of finance lease liabilities		(12,306)	(9,038)
Dividends paid and other payments to non-controlling interests		(3,232)	(760)
Cash flow from financing activities (C)		149,695	18,053
TOTAL CASH FLOWS (A+B+C)		104,554	68,519
Cash and cash equivalents at the beginning of the period		145,397	94,586
Net foreign exchange differences		(965)	(2,828)
Cash and cash equivalents at the end of the period		248,985	160,277
NET INCREASE IN CASH AND CASH EQUIVALENTS		103,588	68,519

The accompanying notes are an integral part of the financial statements.

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

1. Reporting entity

The interim condensed consolidated financial statements were prepared by SYNLAB Bondco PLC (hereinafter: “the Company”), London, United Kingdom. The Company is registered under number 09503922 (England and Wales) and has its registered address at 1 Kingdom Street, London W2 6BD, United Kingdom. The Group interim condensed consolidated financial statements as at and for the period ended 30 June 2017 consolidate those of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and include the Group’s interest in associates.

The Synlab Group (combination of former Synlab/Labco businesses) is the largest European private supplier of medical diagnostic services, primarily involved in clinical diagnostics testing and screening services. The Group, which is based in the UK, employs about 19,000 employees and benefits from a pan-European network across 32 countries. The Group is currently active in Austria, the Republic of Belarus, Belgium, Brazil, Colombia, Croatia, Cyprus, the Czech Republic, Ecuador, Estonia, Finland, France, Germany, Ghana, Hungary, Italy, Lithuania, Macedonia, Mexico, Norway, Panama, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Switzerland, Turkey, the United Arab Emirates and the United Kingdom.

In the opinion of the directors, the Company’s ultimate parent company is Ephios Luxembourg Sarl, a company registered in Luxembourg. The Group is ultimately owned by funds advised by Cinven Capital Management (V) General Partner Limited, authorised and regulated by the Guernsey Financial Services Commission (reference number: 2022096). The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is SYNLAB Limited a company incorporated in the United Kingdom which operates under the laws of England and Wales. Copies of the annual report of SYNLAB Limited are available from Companies House.

The parent undertaking of the smallest group is SYNLAB Bondco PLC. SYNLAB Bondco PLC was incorporated on 23 March 2015 under the laws of England and Wales. The Company’s immediate controlling party is SYNLAB Bondco Unsecured PLC.

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

2. Basis of preparation

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

2.1 Statement of compliance

The Group unaudited interim condensed consolidated financial statements are presented for the six months period ended 30 June 2017 and have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2016 which were prepared in accordance with IFRS, as issued by the IASB and as adopted by the European Union.

2.2 Details specific to the preparation of the interim condensed consolidated financial statements

2.2.1 Seasonality of operations

Revenue, operating profit before acquisition and restructuring expenses and all operating indicators are subject to seasonal fluctuations due to the summer time vacation periods and the related impact on activity in certain laboratories as well as to the impact of severe weather conditions, if any, during the winter period.

Consequently, the interim results for the six months period ended 30 June 2017 are not necessarily representative of those that may be expected for full-year 2017.

2.2.2 Use of estimates and judgements

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of income and expenses. The significant areas of judgements and estimates are:

- Basis of consolidation
- Leased assets
- Revenue recognition
- Intangible assets
- Restructuring and litigations
- Deferred Tax
- Goodwill including contingent consideration payable and fair value adjustments

Estimates and judgments have been applied on the same basis as in preparing the Group’s annual consolidated financial statements of SYNLAB Bondco PLC for the year ended 31 December 2016 unless otherwise noted.

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in preparing the Group's annual consolidated financial statements of SYNLAB Bondco PLC for the year ended 31 December 2016. There have been no new Standards or Interpretations adopted as at 30 June 2017 that have had an impact on the financial results.

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

4. Significant events

4.1 Changes in scope of consolidation

The following changes in scope of consolidation have occurred during the period:

Designated entities	Period ended 30 June 2017			Year ended 31 December 2016		
	% of control	Method of consolidation	% of interest	% of control	Method of consolidation	% of interest
France						
Anabio SELAS	90.16%	FC	98.77%	100.00%	FC	98.77%
Technipath SELAS	99.30%	FC	99.95%	100.00%	FC	99.95%
Germany						
Synlab tesdelo service GmbH	100.00%	FC	100.00%	100.00%	FC	60.00%
Italy						
CAM ECO SERVICE SRL	60.00%	FC	60.00%	41.00%	EM	41.00%
Switzerland						
Argot Lab SA	91.20%	FC	91.20%	89.20%	FC	89.20%

FC = Full Consolidation; EM = Equity Method; NC = Not Consolidated

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

4.2 Acquisitions, business set-up and disposals

The main acquisitions and corporate structuring activities undertaken during the reporting period are shown below, by country. The Group has continued its external growth strategy with a number of laboratories bolt-on acquisitions.

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure
01 Jan. 2017	Germany	Dr. Ganse	clinical testing	market consolidation	asset deal
01 Jan. 2017	Germany	Pathologie am Tiergarten GbR	pathology	market consolidation	asset deal
01 Jan. 2017	Germany	Praxis für Humangenetik Freiburg	genetic licenses	market consolidation	asset deal
04 Jan. 2017	France	SELARL Analabo	clinical testing	market consolidation	share deal
10 Jan. 2017	France	SELARL Medilabs	clinical testing	market consolidation	share deal
31 Jan. 2017	France	Laboratoire d'Analyses d'Anatomie Pathologique Perrot SELAS	pathology	market consolidation	asset deal
15 Feb. 2017	France	Dr. Muriel Ney	pathology	market consolidation	asset deal
01 April 2017	Austria	Dr. Kampfer Beteiligungs GmbH	holding	market consolidation	share deal
01 April 2017	Austria	Krankenanstalt Medizinisch-diagnostisches Laboratorium O.M.R. Prof. Dr. Wilhelm Reinhart Ges.m.b.H.	clinical testing	market consolidation	share deal
01 April 2017	Germany	Schindler	genetic licenses	market consolidation	asset deal
21 April 2017	Germany	Ludwig	gynaecology	market consolidation	asset deal
25 April 2017	Switzerland	Clinical Reference Laboratories Holding, S.A.	holding	market consolidation	share deal
25 April 2017	Colombia	Instituto de Referencia Andino S.A.S	clinical testing	market consolidation	share deal
25 April 2017	Ecuador	Instituto de Referencia Andino S.A	clinical testing	market consolidation	share deal
25 April 2017	Panama	Instituto de Referencia Andino S.A	clinical testing	market consolidation	share deal
30 April 2017	France	Laboratoire D'analyses Medicales Dominique Martin Périquier SELAS	clinical testing	market consolidation	share deal
02 May 2017	Italy	LAMB S.r.l.	clinical testing	market consolidation	share deal
01 June 2017	Colombia	Prolab S.A.S.	clinical testing	market consolidation	share deal
09 June 2017	Spain	BIOKILAB S.L.	gynaecology	market consolidation	share deal
30 June 2017	France	Selas Laboratoire de biologie medicale Eric A. Petat	clinical testing	market consolidation	share deal

We acquired for all share deals 100% voting rights subject to applicable legal constraints.

The laboratories acquired have generated an increase of goodwill amounting to 51.3 M€.

All acquisitions in the period earn revenues mainly from medical or environmental analyses. Through these acquisitions the Group expects to reduce costs through economies of scale, and the goodwill thus represents the fair value of the expected synergies resulting from the acquisitions.

All amounts for the acquisitions in the year are provisional and subject to modification in the twelve months period following the acquisition date.

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

At the date of acquisition, the fair values of the identifiable assets were as follows:

	€000
Non-current assets	
Intangible assets	24,678
Property, plant and equipment	3,935
Other non-current assets	346
Deferred tax assets	216
Current assets	
Inventories	648
Trade accounts receivable	9,482
Other current assets	4,410
Cash and cash equivalents	6,878
Total assets	50,593
Non-current liabilities	
Loans and borrowings (non-current)	1,592
Finance lease liabilities	25
Employee benefits liabilities	87
Other non-current liabilities	797
Deferred tax liabilities	1,855
Current liabilities	
Current loans and borrowings	457
Trade accounts payable	5,312
Current provisions	9
Income tax liabilities	556
Other current liabilities	5,399
Total liabilities	16,089
Total identifiable net assets at fair value	34,504
Goodwill from company acquisitions	51,302
Total consideration	85,806

The consideration is satisfied by:

	€000
Fixed purchase price	72,830
Contingent consideration arrangement	12,976
Total consideration transferred	85,806

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

Goodwill in the amount of 51.3 M€ reflects the provisional value of expected benefits from the Company's acquisitions including potential synergies.

The Goodwill per Cash Generating Unit (CGU) is as follows:

CGU	€000
Eastern Europe	5,354
France	26,144
Germany	7,313
Italy	1,135
Spain	11,356
Total	51,302

With the exception of Germany, most of the goodwill recognised is expected to be non-deductible for tax purposes.

The acquired French companies were merged immediately after the acquisition. Due to this merger, no information can be provided about these companies' contribution to revenue and consolidated profit or loss.

Cash outflow due to company acquisitions:

	€000
Analysis of cash outflow due to company acquisitions	
Total consideration	(85,806)
Deferred/contingent consideration	18,355
Cash consideration	(67,451)
Net cash of acquired companies	6,878
Actual cash outflow due to company acquisitions	(60,573)

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

5. Adjusted EBITDA

In the analysis of the Group's operating results, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are considered to be one-off or do not reflect an operational cost of the business and should be adjusted in order to reflect an understanding of the Group's performance and long-term trends.

The reconciliation between net income and adjusted EBITDA is as follows:

	Six months period ended 30 June 2017 €000	Six months period ended 30 June 2016 €000
Net income for the period	9,903	19,946
Income tax expenses	(20,731)	(20,086)
Finance expenses	(73,992)	(70,906)
Finance income	4,970	5,020
Share of profit/(loss) of associates	102	(224)
Loss on disposal of investment	-	(422)
Operating profit	99,555	106,565
<i>Adjustments for:</i>		
Depreciation and amortisation	62,982	51,155
Impairment of non-current assets	3	82
Acquisition related expenses	2,169	1,443
Restructuring and other significant (expenses)/income (refer to note 7)	3,925	(372)
Income and expenses from asset disposals	(75)	(155)
Share-based payments	925	1,043
Severance payments	1,073	478
Mobilisation costs (including start-up losses)	935	106
Penalties paid due to cancellation of contracts	208	29
Adjusted EBITDA	171,700	160,374

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

6. Segmental analysis

The information by geographical segment presented below corresponds to the information used by Group management to allocate resources to the various segments and to assess each segment's performance. It is extracted from the Group's consolidated reporting system and prepared in accordance with the same accounting rules as in the consolidated financial statements and set out in the notes thereto. The policies applied to determine the operating segments presented are set out in Note 3 Significant accounting policies of the audited consolidated financial statements of SYNLAB Bondco PLC for the year ended 31 December 2016.

SEGMENT REPORTING	Six months period ended 30 June 2017			
	West Europe €000	Central Europe €000	South Europe €000	East Europe €000
Revenue external	275,889	298,527	215,447	63,084
Revenue Intercompany	68	3,622	349	157
Adjusted EBITDA	63,179	50,844	46,136	10,500
<i>Ratio Adjusted EBITDA./Revenue</i>	<i>22.9%</i>	<i>17.0%</i>	<i>21.4%</i>	<i>16.6%</i>
Operating profit before acquisition and restructuring expenses	50,250	20,285	33,978	5,250
Acquisition related expenses	(588)	(186)	(70)	18
Other significant items	(1,887)	(2,909)	4,121	(81)
Impairment of non-current assets	-	-	-	(3)
Share of profit of associates				
Net finance costs				
Income tax expenses				
Net income for the period				

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

	North Europe €000	RoW €000	Reconcili- ation €000	Total Group €000
Revenue external	14,117	19,985	-	887,050
Revenue Intercompany	-	-	(4,196)	-
Adjusted EBITDA	3,625	3,391	(5,975)	171,700
<i>Ratio Adjusted EBITDA./Revenue</i>	25.7%	17.0%		19.4%
Operating profit before acquisition and restructuring expenses	2,176	2,537	(8,824)	105,652
Acquisition related expenses	(186)	(3)	(1,153)	(2,169)
Expenses for restructuring and other significant items	(62)	(27)	(3,080)	(3,925)
Impairment and reversal of impairment of non-current assets	-	-	-	(3)
Share of profit of associates				102
Net finance costs				(69,022)
Income tax expenses				(20,731)
Net income for the period				9,903

Six months period ended 30 June 2016

SEGMENT REPORTING	West Europe €000	South Europe €000	Central Europe €000	East Europe €000
Revenue external	261,230	179,377	261,008	55,699
Revenue Intercompany	43	71	4,528	110
Adjusted EBITDA	61,497	43,531	46,214	8,521
<i>Ratio Adjusted EBITDA./Revenue</i>	23.5%	24.3%	17.7%	15.3%
Operating profit before acquisition and restructuring expenses	47,290	32,777	21,924	3,672
Acquisition related expenses	(178)	(30)	(118)	-
Other significant items	4,982	(1,770)	(1,013)	(26)
Impairment of non-current assets	(82)	-	-	-
Share of loss of associates				
Net finance costs				
Income tax expenses				
Net income for the period				

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

	North Europe €000	RoW €000	Reconcili- ation €000	Total Group €000
Revenue external	12,669	17,994	-	787,977
Revenue Intercompany	-	-	(4,752)	-
Adjusted EBITDA	3,422	3,086	(5,898)	160,374
<i>Ratio Adjusted EBITDA./Revenue</i>	<i>27.0%</i>	<i>17.2%</i>		<i>20.4%</i>
Operating profit before acquisition and restructuring expenses	2,088	2,182	(2,215)	107,718
Acquisitions related expenses	-	(6)	(1,112)	(1,443)
Expenses for restructuring and other significant items	(33)	-	(1,768)	372
Impairment and reversal of impairment of non-current assets	-	-	-	(82)
Share of loss of associates				(224)
Net finance costs				(65,886)
Income tax expenses				(20,086)
Result from deconsolidation				(422)
Net income for the period				19,946

The column Reconciliation includes all Group central functions included in Corporate holdings such as management, legal, Group finances and treasury, internal audit and strategic procurement which cannot be attributed to individual operating segments. Furthermore, Reconciliation includes finance income and expenses and taxes because they are centrally managed by the Group, and therefore cannot be attributed to individual business segments, as well as the elimination of transactions conducted among the individual segments.

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

The detail of revenue by country is as follows for the six months period ended 30 June 2017:

	Six months period ended 30 June 2017		Six months period ended 30 June 2016	
	€000	%	€000	%
West Europe	275,889	31%	261,230	33%
France	215,051	24%	203,046	26%
Belgium	27,161	3%	32,633	4%
United Kingdom	33,677	4%	25,551	3%
South Europe	215,447	24%	179,377	23%
Spain (incl. Latin America)	78,120	8%	63,501	8%
Portugal	22,885	3%	22,979	3%
Italy	114,442	13%	92,898	12%
Central Europe	298,527	34%	261,008	33%
Switzerland	70,102	8%	56,968	7%
Germany	228,425	26%	204,040	26%
East Europe	63,084	7%	55,699	7%
Czech Republic	24,815	3%	24,882	3%
Austria	13,578	1%	11,549	1%
Hungary	18,503	2%	13,113	2%
Slovakia	6,188	1%	6,155	1%
North Europe	14,118	2%	12,669	2%
Norway	588	0%	587	0%
Finland	5,406	1%	4,537	1%
Estonia	7,219	1%	6,733	1%
Lithuania	905	0%	812	0%
RoW	19,985	2%	17,994	2%
Romania	5,361	1%	4,175	1%
Poland	647	0%	434	0%
Slovenia	1,798	0%	1,704	0%
Macedonia	770	0%	721	0%
Croatia	863	0%	770	0%
Cyprus	1,511	0%	1,460	0%
The Republic of Belarus	2,168	0%	1,605	0%
Turkey	2,699	0%	2,602	0%
The United Arab Emirates	3,071	0%	3,102	1%
Ghana	1,097	0%	1,421	0%
Total revenue	887,050	100%	787,977	100%

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

7. Separately disclosed items

The separately disclosed items included in the six months period ended 30 June 2017 are as follows:

		Six months period ended 30 June 2017 €000	Six months period ended 30 June 2016 €000
Strategic project costs	(a)	(2,370)	(2,210)
Restructuring	(b)	(6,652)	(2,797)
Other significant items	(c)	5,096	5,379
Restructuring and other significant (expense)/income		(3,925)	372
Costs on current year acquisitions and abandoned projects	(d)	(2,169)	(1,443)
Acquisition related expenses		(2,169)	(1,443)
Impairment of non-current assets		(3)	(82)
Impairment of non-current assets		(3)	(82)
Total		(6,097)	(1,153)

- (a) 2.4 M€ (Q2 2016: 2.2 M€) costs linked to the merger of Synlab and Labco (Gemini), consisting mainly from advisory costs and other expenses incurred in relation to the implementation of the merger;
- (b) Expenses for restructuring result from 6.7 M€ (Q2 2016: (2.8) M€) of restructuring expenses related to asset write-offs, staff redundancies in certain regions in which the Group operates, as well as advisory costs related to various restructuring projects, including but not limited to projects implemented in the Group's headquarters;
- (c) For further information on 2017 figures refer to Note 15. In Q2 2016, expenses for restructuring resulted from 5.4 M€ of income from cancellation of a larger software project.
- (d) 2.2 M€ (Q2 2016: 1.4 M€) of transaction costs for acquisition projects done or abandoned by the Group.

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

8. Net finance costs

	Six months period ended 30 June 2017 €000	Six months period ended 30 June 2016 €000
Finance income	4,970	5,020
Interest expenses on financial liabilities measured at amortised cost	(65,226)	(68,144)
Interest expenses on finance leases	(1,803)	-
Other interest expenses	(170)	(95)
(Loss)/Profit on remeasurement of derivatives at fair value through profit or loss	(91)	21
Exchange losses	(6,603)	(2,670)
Other financial expenses	(99)	(18)
Net finance costs	(69,022)	(65,886)

The interest expenses correspond mainly to the 900 M€ Senior Secured Fixed Rate Notes with effective interest rate of 6,6% due 2022, to the 940 M€ Senior Secured Floating Rate Notes due 2022 at effective interest rate at 3,7% (depending on Euribor floating rate) and to the 370 M€ loan from SYNLAB Unsecured Bondco PLC (formerly Ephios Holdco II) to SYNLAB Bondco PLC at 8,55% due 2022. It also includes the interest expense on the drawn part of the Revolving Credit Facility ("RCF") and the commitments fees and amortisation of RCF debt issuance costs for the undrawn part.

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

9. Income tax expenses

The Group has operations in various tax jurisdictions which have different tax laws and rates. Consequently, the effective tax rate on consolidated income may vary from year to year, according to the source of earnings. The effective tax rate on consolidated income is also impacted by several factors especially the non-deductible interests and the losses incurred particularly in certain holdings for which no deferred tax asset has been recognized. The income tax charge for the interim period is calculated based on the estimated effective tax rate for the full year, for each tax entity or sub-group.

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

10. Goodwill

The aggregate carrying amounts of goodwill allocated to each CGUs are as follows:

	30 June 2017 €000	31 December 2016 €000
Germany	539,685	529,745
France	764,783	738,637
Italy	372,151	373,368
Spain (incl. Latam)	28,812	17,890
Switzerland	278,385	284,802
Belgium	71,994	71,994
UK	13,832	12,651
Czech Republic	20,171	19,556
Portugal	61,660	61,660
Eastern Europe	61,643	56,263
Northern Europe	25,594	25,594
RoW	61,889	61,896
	2,300,599	2,254,056

No indication of impairment has been identified during the first six months period ended 30 June 2017. No triggering events took place therefore no update of impairment analysis has been performed. It will be updated during the annual process implemented at year-end.

Goodwill computed for the acquisitions completed during the first six months period ended 30 June 2017 is provisional and subject to modification in the twelve months period following the acquisition date.

For changes in France, Italy, Germany, Spain and East Europe we refer to Note 4.2. Other changes relate mainly to foreign exchange rates effects.

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

11. Intangible assets

		Customer lists	Trade-marks	Software	Property rights and similar rights	Other (incl. prepayment)	Total
		€000	€000	€000	€000	€000	€000
Gross amount	At 1 January 2017	852,750	35,858	43,362	4,356	2,280	938,606
	Business acquired	24,653	-	25	-	-	24,678
	Foreign currency translation	(2,620)	(65)	(25)	(40)	20	(2,730)
	Additions	2,184	665	6,536	3,304	1,302	13,991
	Disposals	-	-	(320)	(56)	(11)	(387)
	Reclassification	-	33	1,272	(3)	(1,302)	-
	30 June 2017	876,967	36,491	50,850	7,561	2,289	974,158
Depreciation and Impairment	At 1 January 2017	(83,100)	(44)	(11,519)	(1,470)	-	(96,133)
	Amortisation	(26,359)	(67)	(5,992)	(609)	-	(33,027)
	Foreign currency translation	431	4	-	24	-	459
	Reversal	(5)	-	(230)	-	-	(235)
	30 June 2017	(109,033)	(107)	(17,741)	(2,055)	-	(128,936)
Carrying amount	At 1 January 2017	770,199	35,885	23,606	3,124	941	843,755
	At 30 June 2017	767,934	36,384	33,109	5,506	2,289	845,222

The customer lists primarily represent customer relationships with doctors and hospitals. These customer lists consist of customer relationships acquired in the scope of corporate transactions.

The net book value of software of 26.1 M€ at 30 June 2017 (30 June 2016: 31.1 M€) includes software in construction of nil M€ (30 June 2016: 0.6 M€).

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

Customer relationships break down into the following CGUs:

30 June 2017	Gross €000	Amortisation & Impairment €000	Net €000
Germany	401,270	(35,012)	366,258
France	4,875	(434)	4,441
Italy	44,681	(3,887)	40,794
Spain (incl. Latam)	11,531	(8,256)	3,275
Switzerland	182,303	(22,885)	159,418
Belgium	73,652	(21,194)	52,458
United Kingdom	22,683	(2,989)	19,694
Czech Republic	52,005	(5,590)	46,415
Portugal	17,027	(2,176)	14,851
Eastern Europe	40,348	(3,307)	37,041
Northern Europe	23,519	(3,031)	20,488
RoW	3,073	(272)	2,801
	876,967	(109,033)	767,934

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

12. Trade accounts receivable

	Gross	Impairment	Net
	€000	€000	€000
30 June 2017			
Germany	89,568	(8,487)	81,081
France	34,661	(2,378)	32,283
Italy	58,054	(6,579)	51,475
Spain (incl. Latam)	62,358	(9,272)	53,086
Switzerland	24,690	(3,171)	21,519
Belgium	11,973	(2,339)	9,634
UK	5,614	(131)	5,483
Czech Republic	8,246	(127)	8,119
Portugal	12,530	(4,395)	8,135
Eastern Europe	16,460	(2,586)	13,874
Northern Europe	3,193	(67)	3,126
RoW	9,777	(1,070)	8,707
	337,124	(40,602)	296,522
31 December 2016			
Germany	85,503	(8,895)	74,608
France	27,850	(1,789)	26,061
Italy	43,109	(6,207)	36,902
Spain (incl. Latam)	50,503	(7,640)	42,863
Switzerland	18,262	(2,396)	15,866
Belgium	11,388	(2,241)	9,147
UK	4,858	(134)	4,724
Czech Republic	9,523	(99)	9,424
Portugal	13,185	(4,459)	8,726
Eastern Europe	13,563	(2,465)	11,098
Northern Europe	2,794	(48)	2,746
RoW	8,845	(1,075)	7,770
	287,383	(37,448)	249,935

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

13. Other current assets

Other current assets correspond mainly to escrow prepayments for the acquisition of ALcontrol Group amounting of 25.0 M€ (31 December 2016: nil M€).

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

14. Borrowings and other financial liabilities

As of 30 June 2017, the Group borrowings comprise:

- A 900 M€ 6.25% Senior Secured Fixed rate Notes due 2022 and a 940 M€ Senior Secured Floating rate Notes due 2022, net of debt issuance costs, with interest paid semi-annually in arrears for the fixed tranche and quarterly in arrears for the floating tranche;
- A 370 M€ proceeds loan to the Company from its parent company (SYNLAB Unsecured Bondco PLC);
- Some bilateral bank borrowings for a total of 2.9 M€.

The Revolving Credit Facility amounting to 250 M€ was undrawn as at 30 June 2017.

For details about the main terms and conditions of those borrowings, refer to Note 23 Borrowings and other financial liabilities of the audited Consolidated Financial Statements of SYNLAB Bondco PLC for the year ended 31 December 2016.

	Bank loans	Fixed and floating Senior Secured Notes	Related Party Loan from SYNLAB Unsecured Bondco PLC	Accrued interest on notes	RCF Syndicated Secured Loan	Finance lease liabilities	Derivatives	Other financial loans	Bank overdrafts	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Amount at 1 January 2017	10,526	1,815,780	369,721	4,204	-	65,268	51	638	3,937	2,270,125
Business acquired	1,612	-	-	-	-	25	-	-	437	2,074
Foreign currency translation	-	-	-	-	-	(222)	-	-	(162)	(384)
Additions	711	1,900	-	-	-	11,563	-	152	-	14,326
Decrease	(9,847)	-	-	(4,204)	-	(12,306)	(51)	(81)	(3,197)	(29,686)
As at 30 June 2017	3,002	1,817,680	369,721	-	-	64,328	-	709	1,015	2,256,455

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

	Bank loans €000	Fixed and floating Senior Secured Notes €000	Related Party Loan from SYNLAB Unsecured Bondco PLC €000	Accrued interest on notes €000	RCF Syndicated Secured Loan €000	Finance lease liabilities €000	Derivatives €000	Other financial loans €000	Bank over- drafts €000	Total €000
Amount at 1 January 2016	10,892	1,454,655	369,721	-	94,858	55,533	98	443	923	1,987,122
Business acquired	206	-	-	-	-	-	-	-	(1)	205
Foreign currency translation	-	-	-	-	-	(1,045)	-	1	212	(832)
Additions	5	189,487	-	-	296	4,565	(21)	503	1,765	196,600
Decrease	(2,475)	-	-	-	(95,154)	(9,038)	-	(306)	-	(106,973)
As at 30 June 2016	8,628	1,644,142	369,721	-	-	50,015	77	641	2,900	2,076,123

FIXED AND FLOATING SECURED SENIOR NOTES COVENANTS

Depending on the terms of the bond indentures, SYNLAB Bondco PLC has to respect certain covenants mainly related to reporting and information requirements.

REVOLVING CREDIT FACILITY (RCF) COVENANTS

The RCF includes certain covenants related to reporting and information requirement and also certain financial covenants as defined in the agreements.

The senior secured net leverage only acts as a draw stop to new drawings under the RCF and, if breached, will not trigger a default or event of default.

FINANCE LEASE LIABILITIES

The Group has finance leases mainly for technical equipment.

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

15. Provisions

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
At 1 January 2017	7,692	15,492	23,184
Business acquired	2	7	9
Foreign currency translation	-	(44)	(44)
Provisions made during the period	560	1,738	2,298
Provisions utilised/reversed during the period	(2,709)	(6,223)	(8,932)
As of 30 June 2017	5,545	10,970	16,515
Thereof short-term at the end of the year	4,313	5,250	9,563

PROVISIONS FOR RESTRUCTURING

The provisions for restructuring reflect both provisions existing in the Labco or Synlab Groups balance sheet at acquisition date and measured at fair value and new provisions recognised for the restructuring plans announced.

OTHER PROVISIONS

The other provisions mainly relate to provisions for litigation. In the normal conduct of its business, the Group is involved in legal proceedings relating to different matters (personnel, taxes, suppliers) with uncertainties about the amount or timing of the outflows. According to management and as confirmed by legal counsel, the recorded provision is considered to be sufficient to cover probable losses.

As part of the PPA in connection with the setup of the SYNLAB Group in 2015, a provision for social security contributions in Italy was identified and recorded at an amount of 8.3 M€. During the period ended 30 June 2017 the Italian entities of the Synlab Group reached an agreement with the responsible social security agency about the calculation methodology to be applied. Based on this new methodology and the fact that some of the obligations reached the statutes of limitations, Synlab was able to release 5.1 M€ of the total balance. Since the provision was identified in the PPA and did not affect the Consolidated Statement of Income of the newly formed Group and this is a significant item, this release is shown in the line "Other significant items".

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

16. Other liabilities

	30 June	31 December
	2017	2016
	€000	€000
Other non-current liabilities	20,018	18,771
Put options over non-controlling interests	6,101	6,156
Purchase price contingent consideration	13,400	10,244
Other	517	2,371
Other current liabilities	142,682	129,415
Liabilities from salaries and social security payments	77,294	73,825
Purchase price contingent consideration	28,758	25,778
Liabilities from VAT and other taxes	11,325	9,597
Deferred income	6,681	5,673
Put options over non-controlling interests	1,433	1,976
Liabilities to related parties	580	411
Payables related to fixed assets suppliers	735	1,523
(Priority) dividends payables	2,692	1,015
Other	13,184	9,617
Total Non-current	20,018	18,771
Total Current	142,682	129,415
Total	162,700	148,186

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

17. Reconciliation from net income to operating profit

The reconciliation from net income to operating profit is as follows in the condensed consolidated statement of cash flows:

	Period ended 30 June 2017 €000	Period ended 30 June 2016 €000
Net income for the period	9,903	19,946
<i>Adjustments for:</i>		
Income tax expenses	20,731	20,086
Finance expenses	73,992	70,906
Finance income	(4,970)	(5,020)
Share of (profit)/loss of associates	(102)	224
Result from deconsolidation	-	422
Operating profit	99,555	106,565

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

18. Capital commitment and contingencies

OPERATING LEASE AND COMMERCIAL COMMITMENTS

The Group has entered into rental and commercial lease agreements as lessee primarily for company buildings, equipment and vehicles. These lease agreements have an average term of between two and five years with no renewal option included in the contracts for equipment and vehicles. The Group leases almost all of the properties where its labs are located. The leases in Germany are generally on two to five years lease contracts, in France on 3/6/9 year lease contracts or 6 or 12 years lease terms, and in Portugal and Spain, the situation is such that the Group can exit leases at 6-12 months' notice. Operating lease expense related to property amounted to 32.3 M€ in second quarter 2017 (Q2 2016: 28.1 M€) and other (including equipment) lease expense of around 10.6 M€ in second quarter 2017 (Q2 2016: 10.2 M€).

FINANCE LEASE AND COMMERCIAL COMMITMENTS

The Group has entered into finance leases and commercial commitments on certain testing equipment as well as motor vehicles, items of machinery or IT and office equipment.

Reagents suppliers in certain instances provide the testing equipment free of charge to laboratories in exchange for exclusive purchasing commitments, including sometimes minimum volume commitments. Management believes minimum volume commitments for consumables are substantially below current volumes and therefore we do not consider these minimum purchase commitments to be material for us.

Some of these contracts have been qualified as capital lease over an average duration of five years because the contracts have tacit renewal clauses, but no purchase options. Renewals are at the option of the specific entity that holds the leases. Other contracts which have been agreed with Beckmann Coulter GmbH for analysis instruments were classified as capital leases over an average duration of seven years because the lease agreements contain purchase options. For details, refer to Note 31 of the audited Consolidated Financial Statements of SYNLAB Bondco PLC for the year ended 31 December 2016. The treatment for the six months period ended 30 June 2017 did not change.

OFF BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

The Group's off-balance sheet commitments consist principally of guarantees given in the course of its investing and financing activities, especially securities given to secure the Senior Secured Notes and the RCF, or also for the Group cash pooling activities.

Indeed the obligations taken by SYNLAB Bondco PLC under the Senior Secured Notes indentures and by the borrowing entities according to the RCF agreement, have been guaranteed by a certain number of Group entities, called guarantors. Please refer to Note 31 of the audited Consolidated Financial Statements of SYNLAB Bondco PLC for the year ended 31 December 2016 including the detailed list of guarantors and securities given.

Notes to the condensed consolidated financial statements For the six months period ended 30 June 2017

19. Capital and reserves

ORDINARY SHARES AND DEFERRED SHARES

The share capital of SYNLAB Bondco PLC is divided into two types (2016: two types) of shares:

- Ordinary Shares with a nominal value of 0.10 €. The holders of these shares are entitled to participate to any dividend or distribution. Ordinary Shares entitle the holders to full voting rights.
- Deferred Ordinary Shares with a nominal value of £1. The deferred shares do not entitle the holder to any voting rights or any dividend or distribution.

As at 30 June 2017 the authorised share capital consisted of 1,147,890,052 ordinary shares. The shares have a par value of 0.10 €, all shares being fully paid. The capital of the Company is the total equity on the Company's Statement of Financial Position.

At incorporation, 50,001 ordinary £1 shares were issued at par value with the amount owed by the parent entity as at 30 June 2015. In July 2015, the 50,001 ordinary £1 shares were converted into deferred shares.

ISSUANCE OF ORDINARY SHARES DURING THE PERIOD

As of 12 May 2017 151,881,336 new Ordinary Shares at a nominal amount of 0.10 € have been issued for a total issuance price of 250 M€.

The objective of the Company's capital management is to grow its business and deliver improving returns for its parent company. Subject to statutory shareholder authorisation, the management of the Company's capital is performed by the Board of Directors. There are no externally imposed capital requirements.

CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as the translation of liabilities that hedge the Group's net investment in foreign operations. Refer to the "Condensed consolidated statement of changes in equity".

DIVIDENDS

No dividends were declared or distributed.

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

20. Events after the reporting period

ACQUISITIONS

From 1 July 2017 until 24 August 2017, acquisitions have been made for a total value of 293,1 M€. They relate to the following acquisitions in, Germany, Finland, France, Netherlands, Norway, Portugal Sweden and United Kingdom: Detailed information on those non-significant operations acquired could not be disclosed as requested by IFRS 3 given the recent closing and the time necessary to obtain accounts on closing date.

Acquisition date	Country	Entity	Specialisation	Objective	Deal structure
01. July 2017	Germany	Dr. Hübbers	gynaecology	market consolidation	share deal
01. July 2017	Germany	Dr. Nussbaum	pharma lab services	market consolidation	share deal
01. July 2017	United Kingdom	Geneius Laboraories Limited	food analyses	market consolidation	asset deal
03. July 2017	United Kingdom	ALcontrol Group Limited	holding	market consolidation	share deal
03. July 2017	United Kingdom	ALcontrol Holdings (Norway) Limited	holding	market consolidation	share deal
03. July 2017	Finland	Nordic Testing Oy	holding	market consolidation	share deal
03. July 2017	Finland	Novolab Oy	environmental analyses	market consolidation	share deal
03. July 2017	Norway	ALcontrol Norway AS	holding	market consolidation	share deal
03. July 2017	Norway	ALcontrol AS	environmental analyses	market consolidation	share deal
03. July 2017	Sweden	ALcontrol Holdings (Schweden) AB	holding	market consolidation	share deal
03. July 2017	Sweden	ALcontrol Schweden AB	environmental analyses	market consolidation	share deal
03. July 2017	United Kingdom	ALcontrol Schweden Ltd	environmental analyses	market consolidation	share deal
03. July 2017	United Kingdom	ALcontrol Holdings (UK) Ltd	holding	market consolidation	share deal
03. July 2017	United Kingdom	ALcontrol Holdings Ltd	holding	market consolidation	share deal
03. July 2017	United Kingdom	ALcontrol Financial Ltd	holding	market consolidation	share deal
03. July 2017	United Kingdom	ALcontrol Tribology Ltd	environmental analyses	market consolidation	share deal

Notes to the condensed consolidated financial statements

For the six months period ended 30 June 2017

Acquisition date	Country	Entity	Specialisation	Objective	Deal structure
03. July 2017	United Kingdom	ALcontrol Netherlands Ltd	environmental analyses	market consolidation	share deal
03. July 2017	Netherlands	ALcontrol (Netherlands) BV	holding	market consolidation	share deal
03. July 2017	Netherlands	ALcontrol Holding BV	environmental analyses	market consolidation	share deal
03. July 2017	Netherlands	ALcontrol BV	environmental analyses	market consolidation	share deal
03. July 2017	Netherlands	ALcontrol Food BV	food analyses	market consolidation	share deal
05. July 2017	France	SELARL Cylab	clinical testing	market consolidation	share deal
06. July 2017	France	SELAS Laboratoire Claude Bernard (LCB)	clinical testing	market consolidation	share deal
06. July 2017	Portugal	C.D.E. – Centro de Diagnóstico de Elvas, LDA	clinical testing	market consolidation	share deal
07. July 2017	Finland	Cityterveys Group Oy	holding	market consolidation	share deal
07. July 2017	Finland	Cityterveys Oy	diagnostics service provider	market consolidation	share deal
07. July 2017	Finland	Cityterveys Seulonta Oy	diagnostics service provider	market consolidation	share deal
07. July 2017	Sweden	Profulus AB	diagnostics service provider	market consolidation	share deal
01. August 2017	UK	E4Law Ltd	human hair testing	market consolidation	share deal