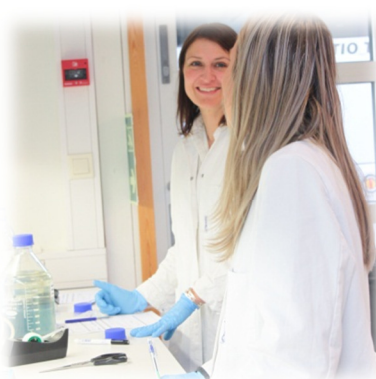




Interim Report

Q3 2016



3rd Quarter 2016



Gentian is a privately-owned SME with headquarters in Moss, Norway, a representative office in Beijing and a distribution subsidiary in Florida, USA. Gentian designs, develops and markets in vitro diagnostic reagents (IVD) based on its proprietary Nanosense™ technology with the goal to offer efficient and accurate reagents for major clinical chemistry platforms focusing on the areas of kidney disease, cardiac disease, inflammation and veterinary medicine.

The Nanosense™ technology will enable users to move assays from low volume immunology platforms to fully automated, high throughput instruments with shorter turnaround times, better workflow and improved cost efficiency.

HIGHLIGHTS

- Seasonal decline in revenues
- Increased COGS and R&D expenses
- Acquisition of company in molecular diagnostics after balance sheet date
- Capital raise of 20 MNOK after balance sheet date

Geographic split:

| MNOK | 3Q16 | 3Q15 | 1-3Q16 | 1-3Q15 |
|--------|------|------|--------|--------|
| US | 0,2 | 0,1 | 0,7 | 0,4 |
| Europe | 1,8 | 1,9 | 6,8 | 4,7 |
| Asia | 2,0 | 2,8 | 9,8 | 9,8 |
| Total | 4,0 | 4,7 | 17,3 | 14,9 |

FINANCIAL PERFORMANCE

Comparative numbers for 2015 in ()

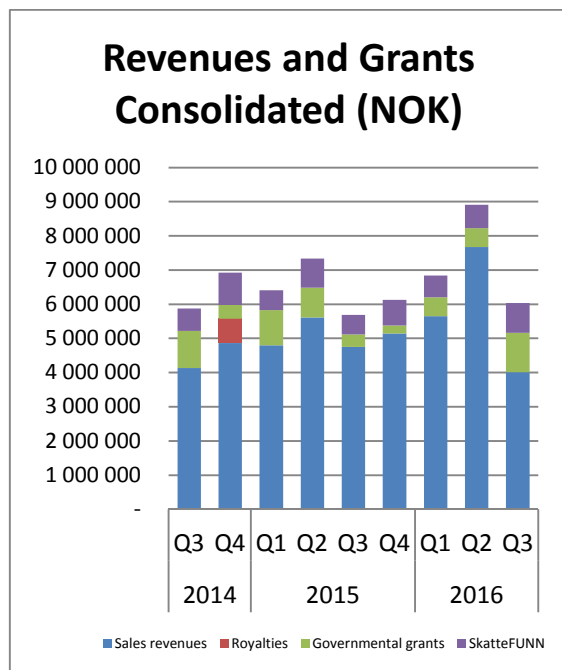
Sales and Geographic Split

Total operating revenue ended at MNOK 6.0 in 3Q16, in line with our forecasted range of MNOK 5.5-6.0 which was communicated in the Shareholder Letter in October.

Sales revenue in 3Q16 ended at MNOK 4.0 (MNOK 4.7), a 15 % decrease compared to 3Q15. Sales revenue for the first three quarters ended at MNOK 17.3 (MNOK 14.9), a 16 % increase compared to the first three quarters of 2015.

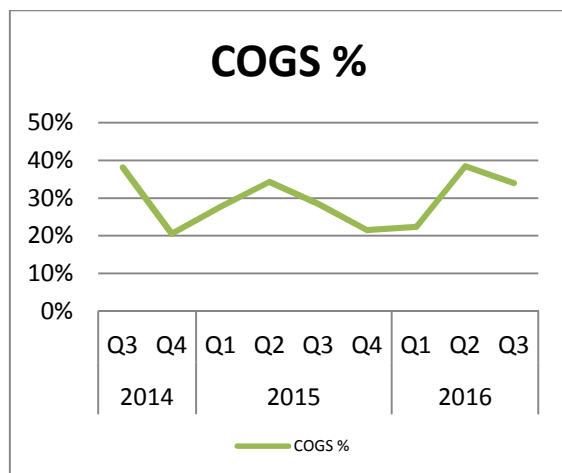
With the same exchange rates as in 2015 we get a currency neutral growth of 11.7 % for the first three quarters of the year.

Other operating revenue ended at MNOK 1.1 (MNOK 0.4) for the quarter. The increase was a result of the two new EUROSTARS projects that started to receive grants from the Norwegian Research council this year. SkatteFUNN funding ended at MNOK 0.9 (MNOK 0.6).



Cost of Goods Sold

COGS ended at MNOK 1.4 for the quarter (MNOK 1.3), which represents 34 % (27 %) of sales revenue. Our move to in-house production of key components has been a challenge from an efficiency point of view. This is a cause of concern and focus, but the company is confident that this is the right move, and we expect production costs will come down over time. For the first three quarters COGS ended at MNOK 5.6 (MNOK 4.3), which represents 32 % (30 %) of sales revenue.



Immaterial correction of less than 1% in Q2.

Total operating expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 9.2 (MNOK 5.8) for the quarter and MNOK 22.3 (MNOK 17.1) for the first three quarters.

The expenses include total salary and social expenses of MNOK 5.5 (MNOK 3.6) and other expenses of MNOK 3.7 (MNOK 2.2) for the quarter, and total salary and social expenses of MNOK 13.1 (MNOK 9.9) and other expenses of MNOK 9.3 (MNOK 7.2) for the first three quarters.

Higher R&D activities and the filing of two new patent applications contribute to increased operational expenses. Total operating expenses after capitalization of R&D expenses ended at MNOK 8.9 (MNOK 4.9) for the quarter and MNOK 21.3 (MNOK 14.6) for the first three quarters.

R&D Expenses

R&D expenses amounted to 33 % (50 %) of total operating expenses before capitalization for the quarter and 34 % (60 %) for the first three quarters.

The R&D expenses are not comparable y/y due to reallocation between operating expenses and R&D expenses in 2016.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -4.4 (MNOK -0.6) for the quarter, and at MNOK -5.3 (MNOK 0.2) for the first three quarters.

Net financial income/expense ended at MNOK 0.1 (MNOK -0.7) for the quarter, and MNOK 0.6 (MNOK -1.3) for the first three quarters.

Net profit ended at MNOK -4.9 (MNOK -1.5) for the quarter and MNOK -6.4 (MNOK -1.9) for the first three quarters.

Balance Sheet

Cash and cash equivalents as of 30.09.2016 was MNOK 56.1 (MNOK 1.6). Of this, MNOK 20.0 is placed in a savings account with a withdrawal restriction for 12 months as of December 2015, MNOK 1.6 is placed in a collateral account for currency contracts and customs credit, and MNOK 0.8 is currently held in a deposit account and a tax withholding account. The remaining cash balance, a total of MNOK 33.7, is in current financial assets.

Capitalization of R&D expenses in 3Q16 amounted to MNOK 0.3 (MNOK 0.9), which gives a total capitalization of MNOK 1.0 (MNOK 2.5) for the first three quarters.

Accounts receivables as of 30.09.2016 was MNOK 1.1 (MNOK 1.1).

The total value of all currency contracts in 2016 (as of 30.09.2016) was 77 771 NOK. No new currency contracts (neither FX Outright nor NDF) have been entered into during 3Q16.

Cash Flow

Cash flow from operating activities ended at MNOK -7.0 (MNOK -2.9) for the first three quarters. The cash flow from operating activities in 3Q16 was MNOK -5.1.

Cash flow from investment activities ended at MNOK -5.2 (MNOK -3.2) for the first three quarters and includes the cost of renovation of new and old facilities. The cash flow from investment activities in 3Q16 was MNOK -0.8, whereas MNOK -0.2 was related to the renovation.

Cash flow from financial activities ended at MNOK 0.4 (MNOK 5.7) and is related to a share issue to two of the board members according to proxy in 2Q16. No financial activities took place in 3Q16.

Net cash and cash equivalents ended at MNOK 56.1 (MNOK 1.6). The total cash change since 2Q16 was MNOK -5.9.

OPERATIONAL STATUS

We have experienced strong sales growth over the last years, but with only a few and important customers we still experience significant quarterly variations. Our OEM partner on the fecal calprotectin assay is getting new European customers every month and this is expected to drive sales growth also next year.

A task force is working on the COGS issue with the ambition to improve margins significantly for 2017.

Our R&D group is having good progress in all our major projects.

OUTLOOK

Sales in 4Q16 will be better than 3Q16, but still probably not up to our expectations due to soft signals from a major cystatin C customer being 8 months late compared to their original plan. We are ramping up our sales and marketing efforts in this market in order to compensate for some of this delay. We maintain our guiding on total revenue in the area of MNOK 25-35 for 2016.

We expect both COGS and Operating Cost to decline in 4Q16.

We are expecting Proof of concept for 1 of our pipeline projects by the end of this year/early next year.

EVENTS AFTER THE BALANCE SHEET DATE

On the 10th of October the Extraordinary General Meeting approved a share issue to existing shareholders. The share capital was increased by NOK 105.264. In addition, the Company acquired Pretect AS from Holta Life

Sciences AS in exchange for 147.078 new shares in the Company. Pretect AS' 99.710 shares in the Company were then bought back by the Company. The EGM also decided on a share split, which gives a new share capital as of 10.10.2016 of 11.139.150.

The same EGM as mentioned above also approved a change in the company name. Thus, the company name as of 10th of October 2016 will be: **Gentian Diagnostics AS.**

SHAREHOLDER INFORMATION

20 largest shareholders in Gentian Diagnostics AS as of 30.09.2016 according to VPS:

| Shareholder | Number of Shares | % |
|--|------------------|-----------------|
| Salix AS | 270 003 | 28,09 % |
| Prectect AS | 99 710 | 10,37 % |
| Storebrand Vekst | 83 333 | 8,67 % |
| Vingulmork Predictor AS | 53 571 | 5,57 % |
| Cognitio Invest AS | 44 643 | 4,64 % |
| Cressida AS | 40 675 | 4,23 % |
| Portia AS | 40 675 | 4,23 % |
| Viola AS | 40 674 | 4,23 % |
| Holta Life Sciences AS | 35 714 | 3,72 % |
| Bård Sundrehagen | 35 701 | 3,71 % |
| Statoil Pensjon | 30 790 | 3,20 % |
| Pensjonsordningen for Apotekvirksomhet | 26 786 | 2,79 % |
| Home Capital AS | 24 286 | 2,53 % |
| Kristianro AS | 22 114 | 2,30 % |
| Spar Kapital Investor AS | 14 881 | 1,55 % |
| Mutus AS | 11 905 | 1,24 % |
| Benestad Eiendom AS | 8 929 | 0,93 % |
| Fougner Invest AS | 8 929 | 0,93 % |
| Carpe Diem Afseth AS | 8 732 | 0,91 % |
| Statoil Forsikring A.S | 7 900 | 0,82 % |
| Employee Shareholders | 9 324 | 0,97 % |
| Other Shareholders | 42 008 | 4,37 % |
| Total Shares | 961 283 | 100,00 % |

Statement of Comprehensive Income Gentian Group

| | 2016 | 2016 | 2015 | 2015 |
|---------------------------------------|----------------|----------------|---------------|----------------|
| <i>(figures in NOK thousands)</i> | Q3 | 01.01-30.09 | Q3 | 01.01-30.09 |
| Operating Revenue | | | | |
| Sales revenue | 4 016 | 17 343 | 4 747 | 14 964 |
| Other operating revenue | 1 146 | 2 247 | 370 | 2 268 |
| SkatteFUNN - tax deduction | 876 | 2 203 | 575 | 2 005 |
| Total Operating Revenue | 6 038 | 21 792 | 5 691 | 19 237 |
| Operating Expenses/Costs | | | | |
| Cost of goods sold | -1 364 | -5 584 | -1 281 | -4 254 |
| Operating costs | -9 224 | -22 332 | -5 916 | -17 256 |
| Capitalization | 317 | 1 042 | 942 | 2 453 |
| Total Operating Expenses/Costs | -10 271 | -26 873 | -6 256 | -19 056 |
| EBIDTA | -4 233 | -5 081 | -565 | 181 |
| Depreciation | -591 | -1 667 | -289 | -850 |
| EBIT | -4 824 | -6 748 | -854 | -669 |
| Financial income/expense | 82 | 566 | -690 | -1 256 |
| Net Profit | -4 742 | -6 182 | -1 544 | -1 925 |

3. Quarter Statement of Comprehensive Income is not audited

Statement of Financial Position Gentian Group

| | 2016 | 2015 | 2015 |
|--------------------------------------|----------------|----------------|----------------|
| <i>(figures in NOK thousands)</i> | 30.09 | 31.12 | 30.06 |
| Assets | | | |
| Non-Current Assets | | | |
| Property, plants and equipment | 3 950 | 974 | 820 |
| Capitalized development costs | 10 245 | 10 078 | 8 822 |
| Other intangible assets | 9 161 | 9 514 | - |
| Financial assets | 2 389 | 22 466 | - |
| Total Non-Current Assets | 25 744 | 43 032 | 9 642 |
| Current Assets | | | |
| Inventory | 6 502 | 3 147 | 2 906 |
| Accounts receivables | 1 126 | 3 737 | 511 |
| Other receivables | 7 656 | 4 574 | 5 657 |
| Cash and cash equivalents | 53 742 | 45 468 | 1 942 |
| Derivatives | 78 | - | - |
| Total Currents Assets | 69 104 | 56 926 | 11 016 |
| Total Assets | 94 848 | 99 958 | 20 658 |
| Equity and Liabilities | | | |
| Equity | | | |
| Net profit (Loss) | 6 182 | 3 222 | 381 |
| Other equity | -95 455 | -98 284 | -9 886 |
| Equity | -89 273 | -95 061 | -9 504 |
| Non-Current Liabilities | | | |
| Interest-bearing loans and dept | - | - | -4 500 |
| Total Non-Current Liabilities | - | - | -4 500 |
| Current liabilities | | | |
| Accounts payable | -3 484 | -1 673 | -2 291 |
| Public dept | -753 | -1 310 | -458 |
| Accrued expenses | -1 338 | -1 211 | -516 |
| Derivatives | - | -702 | -959 |
| Bank overdraft | - | - | -2 429 |
| Total Current Liabilities | -5 574 | -4 896 | -6 653 |
| Total Equity and Liabilities | -94 848 | -99 958 | -20 658 |

3. Quarter Statement of Financial Position is not audited

Cash Flow Statement

| | 2016 | 2016 | 2016 | 2015 | 2015 |
|---|---------------|---------------|---------------|---------------|---------------|
| <i>(figures in NOK thousands)</i> | Q3 | Q2 | Q1 | 31.12 | 30.06 |
| Cash Flow from Operating Activities | | | | | |
| Net profit (loss) | -4 742 | -373 | -1 067 | -3 222 | -381 |
| Depreciation | 591 | 578 | 498 | 1 219 | 561 |
| Change Inventory | -1 504 | -242 | -1 609 | 264 | 505 |
| Change Accounts Receivables | 879 | -667 | 2 399 | -3 233 | -6 |
| Change Accounts Payables | 824 | -76 | 1 063 | -503 | 115 |
| Change in other short-term receivables/ liabilities | -1 123 | -1 328 | -1 068 | 848 | -1 782 |
| Net Cash Flow from Operating Activities | -5 075 | -2 109 | 216 | -4 626 | -989 |
| Cash Flows from Investment Activities | | | | | |
| Acquisition of Property, plant and equipment | -465 | -1 507 | -1 436 | -935 | -623 |
| Investment in intangible assets | -317 | -204 | -521 | -3 188 | -1 511 |
| Other changes in financial items | -51 | -243 | -486 | -499 | -242 |
| Net Cash Flow from Investment Activities | -833 | -1 954 | -2 443 | -4 621 | -2 376 |
| Cash Flow from Financial Activities | | | | | |
| New debt | - | - | - | 2 500 | 2 500 |
| Downpayment of loans | - | - | - | -4 500 | - |
| Change in Bankoverdraft | - | - | - | -4 076 | -1 646 |
| Cash flows from share issues | - | 400 | - | 81 351 | 2 493 |
| Dividend payment | - | - | - | - | - |
| Net Cash Flow from Financial Activities | - | 400 | - | 75 276 | 3 347 |
| Net Change in Cash and Cash Equivalents | -5 907 | -3 663 | -2 227 | 66 029 | -17 |
| Cash flow from last period | 62 036 | 65 708 | 67 934 | 1 962 | 1 962 |
| Currency adjustment | 1 | -8 | 1 | -56 | -2 |
| Net Cash and Cash Equivalents | 56 130 | 62 036 | 65 708 | 67 934 | 1 942 |

3. Quarter Cash Flow Statement is not audited

Note: 31.12.2015 uses 31.12.2014 as a comparison and starting point in the Cash Flow Statement.

Statement of Changes in Equity

| | Share Capital | Share Premium | Other Reserves | Other Equity | Total Equity |
|----------------------------------|----------------|-------------------|------------------|--------------------|-------------------|
| As of 31st December 2014 | 392 122 | 8 736 175 | 1 467 131 | -3 200 555 | 7 394 873 |
| Net profit (loss) | | | | | - |
| Proceeds from share issue | 18 000 | 2 475 000 | | | 2 493 000 |
| Share Issue Cost | | | | | - |
| Other changes in equity | | | | | - |
| As of 30th June 2015 | 410 122 | 11 211 175 | 1 467 131 | -3 200 555 | 9 887 873 |
| Net profit (loss) | | | | -3 222 155 | -3 222 155 |
| Proceeds from share issue | 547 761 | 90 945 087 | | | 91 492 848 |
| Share Issue Cost | | -3 040 819 | | | -3 040 819 |
| Other changes in equity | | | | -56 263 | -56 263 |
| As of 31st December 2015 | 957 883 | 99 115 443 | 1 467 131 | -6 478 973 | 95 061 484 |
| Net profit (loss) | | | | -6 181 978 | -6 181 978 |
| Proceeds from share issue | 3 400 | 396 440 | | | 399 840 |
| Share Issue Cost | | | | | - |
| Other changes in equity | | | | -6 223 | -6 223 |
| As of 30th September 2016 | 961 283 | 99 511 883 | - | -12 667 174 | 89 273 123 |

3. Quarter Statement of Changes in Equity is not audited

NOTES

Accounting Principles

The interim report for Q3 2016 has been prepared in accordance with IAS 34 Interim Reporting. The accounting policies applied in the interim report corresponds to what was used in preparing the annual financial statements for 2015.

Currency

The Company uses currency rates given by DNB ASA.

Capitalized R&D

A new project was approved in September 2016, and initiated capitalizing of R&D expenses as of 15th of September 2016. There are currently two projects where the Gentian Group is capitalizing R&D expenses.