UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☑ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2018 or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ____ to ____.

Commission File No. 000-30109

LUMINEX CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	**72-2747608**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
12212 TECHNOLOGY BLVD., AUSTIN, TEXAS	**78727**
(Address of principal executive offices)	(Zip Code)

(512) 219-8020
Registrant's Telephone Number, Including Area Code

None
Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

☐ Yes ☑ No

There were 44,608,397 shares of the Company's Common Stock, par value $0.001 per share, outstanding on August 6, 2018.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LUMINEX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	June 30, 2018	December 31, 2017
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 138,996	$ 127,112
Accounts receivable, net	46,778	40,648
Inventories, net	52,085	49,478
Prepaids and other	7,984	7,403
Total current assets	245,843	224,641
Property and equipment, net	59,642	58,258
Intangible assets, net	71,653	75,985
Deferred income taxes	32,538	37,552
Goodwill	85,481	85,481
Other	15,071	8,599
Total assets	$ 510,228	$ 490,516
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,599	$ 14,537
Accrued liabilities	18,236	25,990
Deferred revenue	5,546	4,721
Total current liabilities	36,381	45,248
Deferred revenue	1,326	1,498
Other	6,992	5,863
Total liabilities	44,699	52,609
Stockholders' equity:		
Common stock, $.001 par value, 200,000,000 shares authorized; issued and outstanding: 43,830,115 shares at June 30, 2018; 43,404,493 shares at December 31, 2017	44	43
Preferred stock, $.001 par value, 5,000,000 shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	357,076	350,834
Accumulated other comprehensive loss	(944)	(625)
Retained earnings	109,353	87,655
Total stockholders' equity	465,529	437,907
Total liabilities and stockholders' equity	$ 510,228	$ 490,516

See the accompanying notes which are an integral part of these
Condensed Consolidated Financial Statements.

LUMINEX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Revenue	$ 79,578	$ 76,457	$ 162,240	$ 154,236
Cost of revenue	30,272	26,396	59,346	51,389
Gross profit	49,306	50,061	102,894	102,847
Operating expenses:				
Research and development	11,672	12,260	21,998	24,680
Selling, general and administrative	27,610	28,153	53,440	52,150
Amortization of acquired intangible assets	2,166	2,166	4,332	4,523
Total operating expenses	41,448	42,579	79,770	81,353
Income from operations	7,858	7,482	23,124	21,494
Other income (expense), net	8	1	457	(5)
Income before income taxes	7,866	7,483	23,581	21,489
Income tax expense	(2,197)	(1,939)	(4,515)	(6,714)
Net income	$ 5,669	$ 5,544	$ 19,066	$ 14,775
Net income attributable to common stock holders				
Basic	$ 5,571	$ 5,441	$ 18,741	$ 14,499
Diluted	5,571	5,441	18,742	14,499
Net income per share attributable to common stock holders				
Basic	$ 0.13	$ 0.13	$ 0.43	$ 0.34
Diluted	$ 0.13	$ 0.13	$ 0.43	$ 0.34
Weighted-average shares used in computing net income per share				
Basic	43,734	43,160	43,599	43,030
Diluted	44,246	43,259	43,871	43,128
Dividends declared per share	$ 0.06	$ 0.06	$ 0.12	$ 0.12
Other comprehensive income:				
Foreign currency translation adjustments	(711)	339	(319)	602
Other comprehensive income (loss)	(711)	339	(319)	602
Comprehensive income	$ 4,958	$ 5,883	$ 18,747	$ 15,377

See the accompanying notes which are an integral part of these
Condensed Consolidated Financial Statements.

LUMINEX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Cash flows from operating activities:				
Net income	$ 5,669	$ 5,544	$ 19,066	$ 14,775
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	6,130	5,651	12,023	11,270
Stock-based compensation	3,547	4,026	4,808	4,748
Deferred income tax expense	2,308	4,332	3,761	7,267
Loss on sale or disposal of assets	111	—	111	—
Other	(1,158)	478	(1,127)	922
Changes in operating assets and liabilities:				
Accounts receivable, net	(503)	3,911	5,053	(758)
Inventories, net	133	(3,417)	(2,602)	(6,304)
Other assets	(353)	(1,892)	(556)	(1,197)
Accounts payable	(1,981)	1,337	(1,661)	(2,369)
Accrued liabilities	3,366	2,661	(8,073)	(7,411)
Deferred revenue	231	(547)	653	(350)
Net cash provided by operating activities	17,500	22,084	31,456	20,593
Cash flows from investing activities:				
Purchase of property and equipment	(4,968)	(2,970)	(9,036)	(6,403)
Issuance of note receivable	(500)	—	(1,000)	—
Purchase of investment	(1,782)	(500)	(1,782)	(1,000)
Acquired technology rights	—	—	(4,000)	—
Net cash used in investing activities	(7,250)	(3,470)	(15,818)	(7,403)
Cash flows from financing activities:				
Proceeds from issuance of common stock	2,290	1,495	3,416	2,229
Shares surrendered for tax withholding	(13)	(40)	(2,016)	(2,096)
Dividends paid	(2,678)	(2,636)	(5,302)	(2,636)
Net cash used in financing activities	(401)	(1,181)	(3,902)	(2,503)
Effect of foreign currency exchange rate on cash	492	(194)	148	(434)
Change in cash and cash equivalents	10,341	17,239	11,884	10,253
Cash and cash equivalents, beginning of period	128,655	86,466	127,112	93,452
Cash and cash equivalents, end of period	$ 138,996	$ 103,705	$ 138,996	$ 103,705

See the accompanying notes which are an integral part of these
Condensed Consolidated Financial Statements.

LUMINEX CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

	Common Stock					
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2017	43,404,493	$ 43	$ 350,834	$ (625)	$ 87,655	$ 437,907
Exercise of stock options	40,142	—	697	—	—	697
Issuances of restricted stock, net of shares withheld for taxes	222,534	1	(2,003)	—	—	(2,002)
Stock compensation	—	—	1,235	—	—	1,235
Issuance of common shares under ESPP	—	—	—	—	—	—
Net income	—	—	—	—	13,397	13,397
Foreign currency translation adjustments	—	—	—	392	—	392
Dividends	—	—	47	—	(2,690)	(2,643)
Other	—	—	—	—	8,023	8,023
Balance at March 31, 2018	43,667,169	$ 44	$ 350,810	$ (233)	$ 106,385	$ 457,006
Exercise of stock options	102,976	—	1,874	—	—	1,874
Issuances of restricted stock, net of shares withheld for taxes	12,670	—	(13)	—	—	(13)
Stock compensation	—	—	3,563	—	—	3,563
Issuance of common shares under ESPP	47,300	—	854	—	—	854
Net income	—	—	—	—	5,669	5,669
Foreign currency translation adjustments	—	—	—	(711)	—	(711)
Dividends	—	—	(12)	—	(2,701)	(2,713)
Other	—	$ —	$ —	$ —	$ —	$ —
Balance at June 30, 2018	43,830,115	$ 44	$ 357,076	$ (944)	$ 109,353	$ 465,529

See the accompanying notes which are an integral part of these Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared by Luminex Corporation (the Company or Luminex) in accordance with United States generally accepted accounting principles (U.S. GAAP) for interim financial information and the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, all adjustments (consisting of normal recurring entries) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (the 2017 10-K).

NOTE 2 — INVESTMENTS AND OTHER ASSETS

Marketable Securities

The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and re-evaluates such determinations at each balance sheet date. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost, which approximates the fair value of these investments. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Debt and marketable equity securities not classified as held-to-maturity or as trading are classified as available-for-sale, and are carried at fair market value, with the unrealized gains and losses included in the determination of comprehensive income and reported in stockholders' equity. As of June 30, 2018 and December 31, 2017, all of the Company's marketable securities were classified as available-for-sale. Marketable securities are recorded as either short-term or long-term on the balance sheet based on the contractual maturity date. The fair value of all securities is determined by quoted market prices, market interest rate inputs, or other than quoted prices that are observable either directly or indirectly (as of the end of the reporting period). Declines in fair value below the Company's carrying value deemed to be other than temporary are charged against net earnings. As of June 30, 2018, the Company had no short or long-term investments.

Available-for-sale securities consisted of the following as of June 30, 2018 (in thousands):

	Amortized Cost	Gains in Accumulated Other Comprehensive Income	Losses in Accumulated Other Comprehensive Income	Estimated Fair Value
Current:				
Cash equivalents	$ 702	$ —	$ —	$ 702
Total current securities	702	—	—	702
Noncurrent:				
Total noncurrent securities	—	—	—	—
Total available-for-sale securities	$ 702	$ —	$ —	$ 702

Available-for-sale securities consisted of the following as of December 31, 2017 (in thousands):

	Amortized Cost	Gains in Accumulated Other Comprehensive Income	Losses in Accumulated Other Comprehensive Income	Estimated Fair Value
Current:				
Cash equivalents	$ 701	$ —	$ —	$ 701
Total current securities	701	—	—	701
Noncurrent:				
Total noncurrent securities	—	—	—	—
Total available-for-sale securities	$ 701	$ —	$ —	$ 701

There were no proceeds from the sales of available-for-sale securities during the three and six months ended June 30, 2018. Realized gains and losses on sales of investments are determined using the specific identification method. Realized gains and losses are included in Other Income, net in the Consolidated Statements of Comprehensive Income. All of the Company's available-for-sale securities with gross unrealized holding losses as of June 30, 2018 and December 31, 2017 have been in a loss position for less than 12 months.

There were no available-for-sale debt securities as of June 30, 2018 and December 31, 2017.

Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

Non-Marketable Securities and Impairment

During the three months ended June 30, 2018, the Company made a $1.8 million investment in a private company. Based in the U.S. and not publicly traded, this minority investment is included at cost in other long-term assets of the Company’s Consolidated Balance Sheets. The Company does not have significant influence over the investee since the Company owns less than 20% of the voting equity in the investee. Further, the Company does not participate in policy-making processes or interchange managerial personnel.

During each of the years ended December 31, 2017 and December 31, 2016, the Company made a $1.0 million minority interest investment (an aggregate of $2.0 million), in a second private company based in the U.S. that is focused on development of next generation technologies. This minority interest is included at cost in other long-term assets on the Company’s Consolidated Balance Sheets as the Company does not have significant influence over the investee. The Company owns less than 20% of the voting equity in the investee, which is not publicly traded, and the Company does not participate in policy-making processes. Although we may invest further in this entity over the course of the next several quarters, we do not anticipate our ownership interest to exceed 20% in the short-term. During the year ended December 31, 2017, the Company also entered into a $1.4 million promissory note with this same private company. The promissory note is payable at the annual interest rate of 1.95% with a maturity date of 5 years from the date of issuance. The Company loaned an additional $1.0 million to the private company in the six months ended June 30, 2018, resulting in a notes receivable balance of $2.4 million as of June 30, 2018.

The Company owns a minority interest in a third private company based in the U.S. through its investment of $1.0 million in the third quarter of 2012. This minority interest is included at cost in other long-term assets on the Company’s Consolidated Balance Sheets as the Company does not have significant influence over the investee since the Company owns less than 20% of the voting equity in the investee and the investee is not publicly traded. Further, the Company does not participate in policy-making processes or interchange managerial personnel.

These investments do not have readily determinable fair values. Therefore, the Company has elected the measurement alternative for these minority interests and the investments are recorded at cost, less any impairment, including changes resulting from observable price changes. The Company regularly evaluates the carrying value of its investment for impairment and whether any events or circumstances are identified that would significantly harm the fair value of the investment. The primary indicators the Company utilizes to identify these events and circumstances are the investee's ability to remain in business, such as the investee's liquidity and rate of cash use, and the investee's ability to secure additional funding and the value of that additional funding. In the event a decline in fair value is less than the investment's carrying value, the Company will record an impairment charge in Other Income, net in the Consolidated Statements of Comprehensive Income. As of June 30, 2018, the Company has not recorded any impairment charges related to the investments discussed above.

As the inputs utilized for the Company's periodic impairment assessment are not based on observable market data, the determination of fair value of this investment is classified within Level 3 of the fair value hierarchy. See Note 4 - Fair Value Measurement to our Condensed Consolidated Financial Statements for further information on the fair value hierarchy and the three classification levels. To determine the fair value of these investments, the Company uses all available financial information related to the entities, including information based on recent or pending third-party equity investments in these entities. In certain instances, an investment's fair value is not estimated as there are no identified events or changes in the circumstances that may have a significant adverse effect on the fair value of the investments and to do so would be impractical.

Other long-term assets consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Purchased technology rights (net of accumulated amortization of $7,305 and $7,012 as of June 30, 2018 and December 31, 2017, respectively)	$ 6,856	$ 3,149
Investments	4,782	3,000
Notes receivable [1]	2,400	1,400
Other	1,033	1,050
	$ 15,071	$ 8,599

[1] During the six months ended June 30, 2018, the Company increased the principal amount of the promissory note with a private company, in which it made an aggregate $2.0 million minority interest investment, as discussed above.

For the six months ending June 30, 2018 and year ended December 31, 2017, the Company recognized amortization expense related to the amortization of purchased technology rights of approximately $293,000 and $559,000, respectively. Future amortization expense is estimated to be $302,000 in the two remaining quarters of 2018, $603,000 in 2019, $497,000 in 2020, $470,000 in 2021, $464,000 in 2022, $456,000 in 2023 and $3,712,000 thereafter.

NOTE 3 — INVENTORIES, NET

Inventories are stated at the lower of cost or net realizable value, with cost determined according to the standard cost method, which approximates the first-in, first-out method. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The Company routinely assesses its on-hand inventory for timely identification and measurement of obsolete, slow-moving or otherwise impaired inventory. Net inventories consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Parts and supplies	$ 31,458	$ 29,266
Work-in-progress	9,895	8,712
Finished goods	10,732	11,500
	$ 52,085	$ 49,478

NOTE 4 — FAIR VALUE MEASUREMENT

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) defines fair value, establishes a framework for measuring fair value under U.S. GAAP and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The ASC describes a fair value hierarchy based on the following three levels of inputs that may be used to measure fair value, of which the first two are considered observable and the last unobservable:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company determines the fair value of its investment portfolio assets by obtaining non-binding market prices from its third-party portfolio managers on the last day of the quarter, whose sources may use quoted prices in active markets for identical assets (Level 1 inputs) or inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) in determining fair value. There were no transfers between Level 1, Level 2, or Level 3 measurements for the six-month period ended June 30, 2018.

The Company's financial assets and liabilities were all Level 1 money market fund assets and were measured at fair value on a recurring basis. These Level 1 assets were $0.7 million as of June 30, 2018 and December 31, 2017.

	Fair Value Measurements as of June 30, 2018 Using			
	Level 1	Level 2	Level 3	Total
Assets:				
Money Market funds	$ 702	$ —	$ —	$ 702

	Fair Value Measurements as of December 31, 2017 Using			
	Level 1	Level 2	Level 3	Total
Assets:				
Money Market funds	$ 701	$ —	$ —	$ 701

NOTE 5 — GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is reviewed for impairment at least annually at the beginning of the fourth quarter, or more frequently if impairment indicators arise. The Company's goodwill is not expected to be deductible for tax purposes. There were no changes in the carrying amount of the Company's goodwill during the six months ended June 30, 2018 and twelve months ended December 31, 2017 as follows (in thousands):

	June 30, 2018	December 31, 2017
Balance at beginning of year	$ 85,481	$ 85,481
Balance at end of period	$ 85,481	$ 85,481

The Company's intangible assets are reflected in the table below (in thousands, except weighted average lives):

	Finite-lived			Indefinite-lived	
	Technology, trade secrets and know-how	Customer lists and contracts	Other identifiable intangible assets	IP R&D	Total
2017					
Balance as of December 31, 2016	$ 81,385	$ 19,097	$ 5,664	$ 12,982	$ 119,128
Balance as of December 31, 2017	81,385	19,097	5,664	12,982	119,128
Less: accumulated amortization:					
Accumulated amortization balance as of December 31, 2016	(28,137)	(5,038)	(1,112)	—	(34,287)
Amortization expense	(6,277)	(1,999)	(580)	—	(8,856)
Accumulated amortization balance as of December 31, 2017	(34,414)	(7,037)	(1,692)	—	(43,143)
Net balance as of December 31, 2017	$ 46,971	$ 12,060	$ 3,972	$ 12,982	$ 75,985
Weighted average life (in years)	11	10	10		
2018					
Balance as of December 31, 2017	$ 81,385	$ 19,097	$ 5,664	$ 12,982	$ 119,128
Balance as of June 30, 2018	81,385	19,097	5,664	12,982	119,128
Less: accumulated amortization:					
Accumulated amortization balance as of December 31, 2017	(34,414)	(7,037)	(1,692)	—	(43,143)
Amortization expense	(3,044)	(999)	(289)	—	(4,332)
Accumulated amortization balance as of June 30, 2018	(37,458)	(8,036)	(1,981)	—	(47,475)
Net balance as of June 30, 2018	$ 43,927	$ 11,061	$ 3,683	$ 12,982	$ 71,653
Weighted average life (in years)	11	10	10		

The in-process research and development (IP R&D) project is the development of the next generation VERIGENE® system, VERIGENE II, on which we began clinical trials in May 2018. We believe the VERIGENE II will launch commercially in 2019. The estimated cost to complete this project is less than $1.0 million.

The estimated aggregate amortization expense for the next five fiscal years and thereafter is as follows (in thousands):

2018 (six months)	$ 4,333
2019	8,666
2020	8,666
2021	8,307
2022	7,060
Thereafter	21,639
	$ 58,671
IP R&D	12,982
	$ 71,653

NOTE 6 — OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) represents a measure of all changes in equity that result from recognized transactions and other economic events other than those resulting from investments by and distributions to shareholders. Other comprehensive income (loss) for the Company includes foreign currency translation adjustments.

The following table presents the changes in each component of accumulated other comprehensive loss, net of tax (in thousands):

	Foreign Currency Items	Available-for-Sale Investments	Accumulated Other Comprehensive Income (Loss) Items
Balance as of December 31, 2017	$ (625)	$ —	$ (625)
Other comprehensive income before reclassifications	(319)	—	(319)
Net current-period other comprehensive loss	(319)	—	(319)
Balance as of June 30, 2018	$ (944)	$ —	$ (944)

The following table presents the tax expense allocated to each component of other comprehensive income (loss) (in thousands):

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	Before Tax	Tax Benefit	Net of Tax	Before Tax	Tax Benefit	Net of Tax
Foreign currency translation adjustments	$ (711)	$ —	$ (711)	$ (319)	$ —	$ (319)
Unrealized gains on available-for-sale investments	—	—	—	—	—	—
Other comprehensive loss	$ (711)	$ —	$ (711)	$ (319)	$ —	$ (319)

NOTE 7 — EARNINGS PER SHARE

A reconciliation of the denominators used in computing per share net income (EPS) is as follows (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Basic:				
Net income	$ 5,669	$ 5,544	$ 19,066	$ 14,775
Less: allocation to participating securities	(98)	(103)	(325)	(276)
Net income attributable to common stockholders	$ 5,571	$ 5,441	$ 18,741	$ 14,499
Weighted average common stock outstanding	43,734	43,160	43,599	43,030
Net income per share attributable to common stockholders	$ 0.13	$ 0.13	$ 0.43	$ 0.34
Diluted:				
Net income	$ 5,669	$ 5,544	$ 19,066	$ 14,775
Less: allocation to participating securities	(98)	(103)	(324)	(276)
Net income attributable to common stockholders	$ 5,571	$ 5,441	$ 18,742	$ 14,499
Weighted average common stock outstanding	43,734	43,160	43,599	43,030
Effect of dilutive securities: stock options and awards	512	99	272	98
Weighted-average shares used in computing net income per share	44,246	43,259	43,871	43,128
Net income per share attributable to common stockholders	$ 0.13	$ 0.13	$ 0.43	$ 0.34

Basic net income per share is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing the net income for the period by the weighted average number of common and common equivalent shares outstanding during the period. Stock options to acquire approximately 0.8 million and 2.5 million shares for the three months ended June 30, 2018 and 2017, and 0.6 million and 2.0 million shares for the six months ended June 30, 2018 and 2017, respectively, were excluded from the computations of diluted EPS because the effect of including those stock options would have been anti-dilutive.

We apply the two-class method of computing EPS, which requires the calculation of separate EPS amounts for our non-vested, time-based restricted stock awards with non-forfeitable dividends and for our common stock. Our non-vested, time-based restricted stock awards with non-forfeitable dividends are considered securities which participate in undistributed earnings with common stock. Under the two-class computation method, net losses are not allocated to participating securities unless the holder of the security has a contractual obligation to share in the losses. Our non-vested, time-based restricted stock awards with non-forfeitable dividends do not have such an obligation so they are not allocated losses.

NOTE 8 — STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Dividends

On May 18, 2018, the Board of Directors declared a cash dividend on the Company's common stock of $0.06 per share. The dividend declared was payable to stockholders of record as of June 22, 2018 and was paid on July 13, 2018. The Company's intent is to pay a continuing dividend on a quarterly basis.

Stock-Based Compensation

The Company's stock option activity for the six months ended June 30, 2018 was as follows:

Stock Options (shares in thousands)	Shares	Weighted Average Exercise Price
Outstanding as of December 31, 2017	3,086	$ 18.10
Granted	761	22.06
Exercised	(143)	17.96
Cancelled or expired	(372)	18.48
Outstanding as of June 30, 2018	3,332	$ 19.01

The Company had $14.1 million of total unrecognized compensation costs related to stock options as of June 30, 2018. These costs are expected to be recognized over a weighted average period of 2.64 years.

The Company's restricted share activity for the six months ended June 30, 2018 was as follows:

Restricted Stock Awards (shares in thousands)	Shares	Weighted Average Grant Price
Non-vested as of December 31, 2017	715	$ 18.46
Granted	383	22.14
Vested	(284)	18.47
Cancelled or expired	(39)	19.25
Non-vested as of June 30, 2018	775	$ 20.24

Restricted Stock Units (in thousands)	Shares
Non-vested as of December 31, 2017	423
Granted	92
Vested	(49)
Cancelled or expired	(3)
Non-vested as of June 30, 2018	463

As of June 30, 2018, there were $15.6 million and $3.2 million of total unrecognized compensation costs related to Restricted Stock Awards (RSAs) and Restricted Stock Units (RSUs), respectively. These costs are expected to be recognized over a weighted average period of 2.82 years for the RSAs and 2.40 years for the RSUs. The Company issues a small number of cash settled RSUs pursuant to the Company's equity incentive plan in certain foreign countries. These grants do not result in the issuance of common stock and are considered immaterial by the Company.

The following are the stock-based compensation costs recognized in the Company's condensed consolidated statements of comprehensive income (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Cost of revenue	$ 406	$ 402	$ 816	$ 737
Research and development	537	759	200	597
Selling, general and administrative	2,604	2,865	3,792	3,414
Stock-based compensation costs reflected in net income	$ 3,547	$ 4,026	$ 4,808	$ 4,748

NOTE 9 — ACCRUED LIABILITIES

Accrued liabilities consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Compensation and employee benefits	$ 11,149	$ 18,218
Dividends payable	2,701	2,671
Income and other taxes	215	1,070
Warranty costs	1,334	1,308
Other	2,837	2,723
	$ 18,236	$ 25,990

The following table summarizes the changes in the warranty accrual (in thousands):

Accrued warranty costs as of December 31, 2017	$	1,308
Warranty adjustments/settlements		(991)
Accrual for warranty costs		1,017
Accrued warranty costs as of June 30, 2018	$	1,334

NOTE 10 — REVENUE RECOGNITION

On January 1, 2018, the Company adopted a new standard on revenue recognition, Accounting Standards Codification 606 (the Standard), using the modified retrospective transition method consistent with the guidance issued by the FASB in May 2014. Under this method, the Company applied the guidance retrospectively, only to those contracts which were not completed as of the date of initial application, and recognized the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings as of January 1, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The Standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. Under the Standard, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of the Standard, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of the Standard, the Company assesses the goods or services promised within each contract, identifies the performance obligations and assesses whether each promised good or service is distinct. The Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or service underlying each performance obligation and recognizes as revenue when such performance obligation is satisfied.

Revenue is generated primarily from the sale of the Company's products and related services, which are primarily support and maintenance services on the Company's systems. The Company recognizes product revenue when the Customer obtains control of the Company's product, which typically occurs upon shipment or delivery to the Customer depending upon the shipping terms. We treat shipping and handling costs performed after a customer obtains control of the good as a fulfillment cost. Our customers do not typically have any contractual rights of return outside of our warranty provisions. The Company has allowed few returns to date and believes that returns of its products will be minimal.

Royalties: For arrangements that include sales-based royalties, including minimum payments, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation, to which some or all of the royalty has been allocated, has been satisfied. This is a change from how the Company has historically treated royalty payments, by recognizing royalty revenue when our strategic partners reported the end-user sales to the Company, and is primarily the basis for our cumulative adjustment to retained earnings of $10.6 million before related tax impacts or $8.1 million net of related tax impacts. Royalty payments are typically received when our strategic partners report the end-user sales to the Company.

Reagent Rentals: The Company provides systems and certain other hardware to customers through reagent rental agreements under which the customers commit to purchasing minimum quantities of disposable products at a stated price over a defined contract term, which is normally two to three years. Instead of rental payments, the Company recovers the cost of providing the system and other hardware in the amount charged for assays. Revenue is recognized over the defined contract term as assays are shipped. The depreciation costs associated with the system and other hardware are charged to cost of sales on a straight-line basis over the estimated life of the system. The costs to maintain these instruments in the field are charged to cost of sales as incurred. Under the Standard, the Company has reclassified the portion of reagent rental revenue associated with the recovery of the cost of providing the system and other hardware in reagent rental agreements from assay revenue to system revenue effective January 1, 2018. This change will not have any impact on top line revenue and the Company does not anticipate any material effects to its revenue categorization.

Warranties: The Company provides a limited, assurance-type warranty, typically for twelve months from installation for the systems sold to end customers and fifteen months for the systems sold to partners. The Company accrues for the estimated cost of initial product warranties at the time revenue is recognized. The actual warranty expense could differ from the estimates made by the Company based on product performance. Warranty expenses are evaluated and adjusted periodically.

License Revenues: The Company enters into out-licensing agreements which are within the scope of the Standard, under which it licenses certain rights to its technology to third parties. These licenses are typically not distinct, as the customer cannot benefit from the license on its own, and do not have significant standalone functionality, but represent single performance obligations together with the sales of our consumables, systems and assays. The terms of these arrangements typically include payment to the Company of non-refundable, up-front license fees and can extend up to twenty years, although some of our current agreements extend through 2027. Each of these payments results in license revenues which are recognized ratably over time and are included in other revenues, except for revenues from royalties on net sales of licensed products, which are classified as royalty revenues. Deferred revenues related to these out-licensing agreements are shown in contract liabilities in the table below.

Performance Obligations: Revenue from extended service agreements is deferred when payment is received in advance of the performance obligation being satisfied or completed. Luminex provides an integrated service of maintenance and related activities for equipment sold to customers, where the nature of the overall promise is to provide a stand-ready service. As such, the performance obligation is recognized as a series of distinct service periods and the service revenue is recognized ratably over the term of the agreement. The extended service agreements typically range from one to four years and payment is typically received up-front.

Reserves for Variable Consideration: Revenues from product sales are recorded at the net sales price (transaction price), which includes estimates of variable consideration for which reserves are established and which result from discounts and any other allowances that are offered within contracts between the Company and its customers relating to the Company's sales of its products. These reserves are based on the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable. Where appropriate, these estimates take into consideration a range of possible outcomes which are probability-weighted for relevant factors such as the Company's historical experience, current contractual requirements, industry data and forecasted customer buying and payment patterns. Overall, these reserves reflect the Company's best estimates of the amount of consideration to which it is entitled based on the terms of each contract. The amount of variable consideration which is included in the transaction price may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. Actual amounts of consideration ultimately received may differ from the Company's estimates. If actual results in the future vary from the Company's estimates, the Company will adjust these estimates, which would affect net product revenue and earnings in the period when such variances become known.

Contract assets are included within Accounts receivables, net and contract liabilities are included in Deferred revenue on the Company's Balance Sheet. The following table presents the opening and closing balances of the Company's contract assets and liabilities for the six months ended June 30, 2018 (in thousands):

	Balance at Beginning of Period	Balance at End of Period
Contract assets:		
Unbilled receivables - Royalties	$ 10,643	$ 10,962
Contract liabilities - short-term:		
Deferred revenue - Service	$ 4,438	$ 5,048
Deferred revenue - Licenses	246	241
Deferred revenue - Other	37	257
Total Contract liabilities - short-term	$ 4,721	$ 5,546
Contract liabilities - long-term:		
Deferred revenue - Service	$ 315	$ 262
Deferred revenue - Licenses	1,099	981
Deferred revenue - Other	83	83
Total Contract liabilities - long-term	$ 1,497	$ 1,326

During the six months ended June 30, 2018, the Company recognized the following revenues as a result of changes in the contract asset and contract liability balances in the period (in thousands):

Revenue recognized in the period from:	Six Months Ended June 31, 2018
Amounts included as contract liabilities at the beginning of the period	$ 3,412
Performance obligations satisfied in previous periods	-

In accordance with the Standard, the disclosure of the impact of adoption on our consolidated income statement and balance sheet was as follows (in thousands):

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
Income Statement	As Reported in this Quarterly Report	Amounts Before Adoption of the Standard	Net Effect of Adoption of the Standard	As Reported in this Quarterly Report	Amounts Before Adoption of the Standard	Net Effect of Adoption of the Standard
System sales	$ 11,820	$ 11,215	$ 605	$ 19,751	$ 18,723	$ 1,028
Consumable sales	10,967	10,967	—	22,839	22,839	—
Royalty revenue	11,567	11,677	(110)	23,806	23,390	416
Assay revenue	40,174	40,889	(715)	86,015	87,138	(1,123)
Other revenue	5,050	5,050	—	9,829	9,829	—
Revenue	79,578	79,798	(220)	162,240	— 161,919	321
Gross profit	49,306	49,526	(220)	102,894	103 102,573	321
Income from operations	7,858	8,078	(220)	23,124	22,803	321
Income tax benefit (expense)	(2,197)	(2,250)	53	(4,515)	(4,438)	(77)
Net Income	5,669	5,836	(167)	19,066	19 18,822	244

	As of June 30, 2018		
Balance Sheet	As Reported in this Quarterly Report	Balances Before Adoption of ASC 606	Effect of Adoption of the Standard
ASSETS			
Accounts receivable, net	46,778	35,814	10,964
Deferred income taxes	32,538	35,169	(2,631)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Retained earnings	109,353	101,020	8,333

NOTE 11 — INCOME TAXES

At the end of each interim reporting period, an estimate is made of the effective tax rate expected to be applicable for the full year. The estimated full year's effective tax rate is used to determine the income tax rate for each applicable interim reporting period. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period of the enactment date. The effective tax rate for the six months ended June 30, 2018 was 19.2%, including amounts recorded for discrete events. This differs from the statutory rate of 21% primarily as a result of the worldwide mix of consolidated earnings and losses before taxes and changes to provisional amounts recorded for certain aspects of the Tax Cuts and Jobs Act (the Tax Act). The Company currently expects a 2018 full year effective tax rate of 25% to 30%, excluding amounts recorded for discrete events. The Company's tax expense reflects the full federal, various state, and foreign blended statutory rates. The Company will be subject to the Tax Act provisions regarding U.S. federal taxation of foreign intangible income and has included in its estimate of income tax the effects of this tax. The effect of this estimate is still under evaluation as the Company gains a more thorough understanding of these provisions and changes may materially impact income tax expenses. The Company is utilizing its net operating losses (NOLs) and tax credits in the U.S., Canada and the Netherlands and, therefore, cash taxes to be paid are expected to be less than 10% of book tax expense.

The Tax Act was enacted on December 22, 2017. The Tax Act includes, among other things, a U.S. federal corporate income tax rate decrease from 35% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and creates new taxes on certain foreign sourced earnings. On December 22, 2017, Staff Accounting Bulletin No. 118 (SAB 118) was issued to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. The Company is applying the guidance in SAB 118 when accounting for the enactment-date effect of the Tax Act. As of June 30, 2018, the Company has not completed its accounting for all of the tax effects of the Tax Act; however, the Company has made a reasonable estimate of the effects. During the three month period ended March 31, 2018 and for the six month period ended June 30, 2018, the Company recognized adjustments totaling $2.2 million to the provisional amounts recorded at December 31, 2017 and included these adjustments as a component of income tax expense from continuing operations. The Company will continue to make and refine its calculations as additional analysis is completed. These changes could be material to income tax expense.

Deferred tax assets and liabilities. The Company remeasured certain deferred tax assets and liabilities based on the tax rates at which they are expected to reverse to in the future, which is generally 21%. The Company recorded a provisional amount of $2.7 million at December 31, 2017 related to the remeasurement of certain deferred tax balances. Upon further analyses of certain aspects of the Tax Act and refinement of its calculations during the three month period ended March 31, 2018 and included in the six months ended June 30, 2018, the Company increased its provisional amount by $164,000, which is included as a component of income tax expense from continuing operations. Due to the continued refinement of its calculations for the transition tax, certain aspects of deferred compensation, and the effect these calculations may have on the measurement of NOLs and other carryforwards, the Company will continue to analyze and refine its calculations related to the measurement of these balances. As of June 30, 2018, the Company's deferred tax assets and liabilities continue to have provisional amounts recorded for remeasurement.

Foreign tax effects

One-time transition tax. The one-time transition tax is based on the Company's total post-1986 earnings and profits (E&P), which the Company had deferred from U.S. income taxes under previous U.S. law. The Company originally recorded a provisional amount for its one-time transition tax liability of $6.7 million at December 31, 2017. Upon further analysis of certain aspects of the E&P of its Canadian subsidiary and refinement of its calculations for its foreign subsidiaries during the six months ended June 30, 2018, the Company decreased this provisional amount by $1.3 million, which was recorded during the three month period ended March 31, 2018 and is included as a component of income tax expense from continuing operations. As of June 30, 2018, the Company continues to have provisional amounts recorded for the one-time tax liability. As the Company continues to refine its E&P analysis, the Company will refine its calculations of the one-time transitions tax, which could affect the measurement of this liability.

Deferred tax liabilities for withholding tax. The excess of financial reporting basis over tax basis of the Company's foreign subsidiaries is considered permanently reinvested with the exception of certain earnings of the Canadian subsidiary. The Company originally recorded a provisional amount of deferred tax liability for withholding and state income taxes associated with the ultimate repatriation from Canada to the U.S. of these certain earnings of $3.2 million at December 31, 2017. Upon further analysis of its calculations of the Canadian withholding tax during the six months ended June 30, 2018, the Company decreased its provisional amount by $2.5 million, which was recorded during the three month period ended March 31, 2018 and is included as a component of income tax expense from continuing operations. The deferred tax liabilities for withholding tax are still provisional as of June 30, 2018 as the Company's permanent reinvestment assertions for foreign earnings associated with certain aspects of the Tax Act are not yet finalized.

In June 2018, the Company recorded an income tax expense of $1.3 million based primarily on the results of a Canadian income tax audit. The expense recorded is the net result of reductions to the scientific research and experimental development expenditure pool and investment tax credit carryforward balances and an increase to non-capital carryforward losses.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, Australia, Canada, China, Hong Kong, Japan, the Netherlands, and various U.S. states. Due to net operating losses, the U.S., Canadian and Australian tax returns dating back to 2011 can still be reviewed by the taxing authorities. The Netherlands tax returns dating back to 2013 can still be reviewed by the taxing authorities. For the six months ended June 30, 2018, unrecognized tax benefits related to the U.S. transition tax on earnings of certain foreign subsidiaries and deferred tax liabilities for withholding tax of $1.3 million and $140,000, respectively, were recorded. The Company does not expect any material changes to the unrecognized tax benefit liability within the next 12 months. The Company recognizes interest and penalties related to uncertain tax positions in the provision for income taxes.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is subject to claims, lawsuits and legal proceedings. When and if it appears probable in management's judgment, and based upon consultation with outside counsel, that we will incur monetary damages or other costs in connection with any claims or proceedings, and such costs can be reasonably estimated, we record the estimated liability in the financial statements. If only a range of estimated losses can be estimated, we record an amount within the range that, in management's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, we record the liability at the low end of the range of estimates. Any such accrual would be charged to expense in the appropriate period. We disclose significant contingencies when the loss is not probable and/or the amount of the loss is not estimable, when we believe there is at least a reasonable possibility that a loss has been incurred. We recognize costs associated with legal proceedings in the period in which the services were provided.

NOTE 13 — RECENT ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting guidance

In May 2014, the FASB issued the Standard which outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted the Standard effective January 1, 2018, using the modified retrospective approach. Under this method, the Company recorded a cumulative adjustment increasing retained earnings of $10.6 million before related tax impacts or $8.1 million net of related tax impacts. See Note 10, “Revenue Recognition” for additional discussion related to the Company’s adoption of the Standard. Under the Standard, estimated royalty revenue will be recorded each quarter on an accrual basis to more closely coincide with the timing of the end user sale by the strategic partner; with reconciliation made upon submission of the royalty report by the partner indicating actual royalties owed in the following quarter. In addition, the Company began recording the portion of reagent rental revenue associated with the recovery of the cost of providing the system and other hardware in reagent rental agreements as system revenue rather than assay revenue effective January 1, 2018. This change has not and is not expected to have any impact on top line revenue and the Company does not anticipate any material effects to its revenue categorization.

In January 2016, the FASB issued guidance that amends various aspects of the recognition, measurement, presentation, and disclosure for financial instruments. This guidance was effective for annual reporting periods, and interim periods within those years beginning after December 15, 2017. The Company adopted this standard during the quarter ended March 31, 2018. The adoption of this new standard resulted in a change to the Company’s accounting policy; however, adoption did not have a material impact on its consolidated financial position or results of operations.

In August 2016, the FASB issued specific guidance on eight cash flow classification issues that are not currently addressed by current U.S. GAAP and thereby reduce the current diversity in practice. This guidance is effective for annual periods beginning after December 15, 2017. The Company adopted this standard during the quarter ended March 31, 2018, and its adoption did not have a material impact on its consolidated financial statements.

In October 2016, the FASB issued guidance on income taxes which requires companies to recognize the income tax effects of intercompany sales and transfers of assets, other than inventory, in the income statement as income tax expense (or benefit) in the period in which the transfers occur. The new standard became effective for the Company on January 1, 2018. The Company has adopted this new standard using the modified retrospective method through a cumulative-effect adjustment, based on currently enacted tax rates, directly to retained earnings as of the beginning of that date. The adoption of this new standard resulted in a change to the Company's accounting policy; however, adoption did not have a material impact on the Company's consolidated financial position or results of operations.

On January 10, 2018, the FASB issued guidance on the accounting for tax on the global intangible low-taxed income (GILTI) provisions of the Tax Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. Effective January 1, 2018, the Company recognizes the tax on GILTI as a period expense in the period the tax is incurred. Under this policy, the Company has not provided deferred taxes related to temporary differences that upon their reversal will affect the amount of income subject to GILTI in the period.

In January 2018, the FASB issued guidance related to reporting comprehensive income, which gives entities the option to reclassify to retained earnings the tax effects resulting from the Tax Act related to items in Additional Other Comprehensive Income (AOCI) that the FASB refers to as having been "stranded" in AOCI. The guidance is effective for annual and interim periods beginning after December 15, 2018, and is applicable to the Company in fiscal year 2019; however, early adoption is permitted. The Company does not have any tax effects resulting from the Tax Act that are stranded in AOCI and therefore this guidance has no impact on its consolidated financial statements. The Company has early adopted this guidance and established the accounting policy for reclassifying to retained earnings any tax effects resulting from the Tax Act that are stranded in AOCI.

In June 2018, the FASB issued guidance which simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. For public business entities, the guidance is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods, however, early adoption is permitted. Although nonemployee directors do not satisfy the definition of employee, under FASB guidance, the Company's nonemployee directors acting in their role as members of a board of directors are treated as employees as those directors were elected by the Company's shareholders. Therefore, awards granted to these nonemployee directors for their services as directors already were accounted for as employee awards. The Company has early adopted this guidance, which did not have a material impact on its consolidated financial statements.

Recent accounting guidance not yet adopted

In January 2017, the FASB issued guidance on intangibles, including goodwill, which simplifies how companies calculate goodwill impairments by eliminating Step 2 of the impairment test. The guidance requires companies to compare the fair value of a reporting unit to its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The guidance is effective for annual periods beginning after December 15, 2019, and is applicable to the Company in fiscal year 2020; however, early adoption is permitted. The Company does not anticipate that this guidance will have a material impact on its consolidated financial statements.

In February 2016, the FASB issued guidance requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, with the exception of short-term leases. The effective date of the new guidance is for the Company's first quarter of fiscal year 2019; however, early adoption is permitted. The FASB has approved an optional, alternative method to adopt the lease standard by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. While the Company is continuing to assess the effects of adoption, we believe that we will use this alternative transition method. The Company continues to evaluate the impact of the adoption of this requirement on its consolidated financial statements, has completed an inventory of the Company's leases, and does not anticipate that adoption of this guidance will have a material impact on its consolidated financial statements except for the addition of the right-of-use asset and a lease liability to the consolidated balance sheet.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the condensed consolidated financial statements and the accompanying notes included in Part I, Item 1 of this Report, and the "Risk Factors" included in Part I, Item 1A of the 2017 10-K.

SAFE HARBOR CAUTIONARY STATEMENT

This quarterly report on Form 10-Q contains statements that are forward-looking statements under the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide our current expectations of forecasts of future events. All statements other than statements of current or historical fact contained in this quarterly report, including statements regarding our future financial position, business strategy, impact of the reimbursement landscape, products including ARIES®, VERIGENE® and NxTAG®, assay sales, consumables sales patterns and bulk purchases, budgets, system sales, anticipated gross margins, liquidity, cash flows, projected costs and expenses, taxes, deferred tax assets, regulatory approvals or the impact of laws or regulations applicable to us, plans and objectives of management for future operations, and future acquisition impacts and integration and the expected benefit of our future acquisitions are forward-looking statements. The words "anticipate," "believe," "continue," "should," "estimate," "expect," "intend," "may," "plan," "projects," "will" and similar expressions as they relate to us, are intended to identify forward-looking statements. These statements are based on our current plans and actual future activities, and our financial condition and results of operations may be materially different from those set forth in the forward-looking statements as a result of known or unknown risks and uncertainties, including, among other things:

- concentration of our revenue in a limited number of direct customers and strategic partners, some of which may experience decreased demand for their products utilizing or incorporating our technology, budget or finance constraints in the current economic environment, or periodic variability in their purchasing patterns or practices as a result of material resource planning challenges;
- risks and uncertainties relating to market demand and acceptance of our products and technology, including ARIES®, MultiCode®, NxTAG®, xMAP® and VERIGENE®;
- the impact on our growth and future results of operations as a result of the loss of the LabCorp women's health business in June 2018 and the potential future loss of other products traditionally sold to LabCorp, other than our Cystic Fibrosis (CF) products;
- our ability to scale manufacturing operations and manage operating expenses, gross margins and inventory levels;
- our ability to obtain and enforce intellectual property protections on our products and technologies;
- our ability to successfully launch new products in a timely manner;
- our dependence on strategic partners for development, commercialization and distribution of products;
- risks and uncertainties associated with implementing our acquisition strategy, our ability to identify acquisition targets including our ability to obtain financing on acceptable terms, our ability to integrate acquired companies or selected assets into our consolidated business operations, and the ability to fully realize the benefits of our acquisitions;
- the timing of and process for regulatory approvals;
- competition and competitive technologies utilized by our competitors;
- fluctuations in quarterly results due to a lengthy and unpredictable sales cycle, fluctuations in bulk purchases of consumables, fluctuations in product mix, the seasonal nature of some of our assays, and the variability of operating expense timing;
- our ability to comply with applicable laws, regulations, policies and procedures;
- the impact of the ongoing uncertainty in global finance markets and changes in government and government agency funding, including effects on the capital spending policies of our partners and end users and their ability to finance purchases of our products;

- changes in interpretation, assumptions and expectations regarding the Tax Act, including additional guidance that may be issued by federal and state taxing authorities;
- changes in principal members of our management staff;
- potential shortages, or increases in costs, of components or other disruptions to our manufacturing operations;
- our increasing dependency on information technology to enable us to improve the effectiveness of our operations and to monitor financial accuracy and efficiency;
- the implementation, including any modifications, of our strategic operating plans;
- the uncertainty regarding the outcome or expense of any litigation brought against or initiated by us; and
- risks relating to our foreign operations, including fluctuations in exchange rates, tariffs, customs and other barriers to importing/exporting materials and products in a cost-effective and timely manner; difficulties in accounts receivable collections; our ability to monitor and comply with foreign and international laws and treaties; and our ability to comply with changes in international taxation policies.

Many of these risks, uncertainties and other factors are beyond our control and are difficult to predict. Any or all of our forward-looking statements in this quarterly report may turn out to be inaccurate. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. New factors could also emerge from time to time that could adversely affect our business. The forward-looking statements herein can be affected by inaccurate assumptions we might make or by known or unknown risks, uncertainties and assumptions, including the risks, uncertainties and assumptions outlined above and described in the 2017 10-K. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this quarterly report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. When you consider these forward-looking statements, you should keep in mind these risk factors and other cautionary statements in this quarterly report, including in this "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our other annual and periodic reports.

Our forward-looking statements speak only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this quarterly report.

Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "Luminex," the "Company," "we," "us" and "our" refer to Luminex Corporation and its subsidiaries.

OVERVIEW

We develop, manufacture and sell proprietary biological testing technologies and products with applications throughout the life sciences industries, including diagnostics, pharmaceutical and research. These industries depend on a broad range of tests, called assays, to perform diagnostic testing and conduct life science research. We have established a position in several segments of the life sciences industries by developing and delivering products that satisfy a variety of customer needs in specific market segments, including multiplexing, accuracy, precision, sensitivity, specificity, reduction of labor and ability to test for proteins and nucleic acids. These needs are addressed by our proprietary technologies.

Multiplexing, the foundation of our Company, allows the end user in a laboratory to generate multiple laboratory results from a single sample with a single assay. This is important because our end user customers, which include laboratory professionals performing discovery, and research and clinical laboratories performing tests on patients as ordered by physicians and other laboratories, have a fundamental need to perform high quality testing as efficiently as possible. Until the availability of multiplexing technology, laboratory professionals had to perform one assay at a time in a sequential manner, and if additional testing was required on a sample, a second assay would be performed to generate the second result, and so on until all the necessary tests were performed.

Our xMAP Technology

Our xMAP technology is an open architecture, multiplexing technology that combines existing biological testing techniques with illumination, advanced digital signal processing, detection and proprietary software. With our technology, discrete assays are performed on the surface of color-coded microspheres. These microspheres are read in a compact analyzer that utilizes lasers or light emitting diodes (LEDs), detectors, charge-coupled device imaging and high-speed digital signal processing to simultaneously identify the assay and measure the individual assay results.

Our xMAP technology is currently being used within various segments of the life sciences industries, including the fields of drug discovery and development, and for clinical diagnostics, bio-defense, food safety and biomedical research.

We have a full range of instruments using our xMAP technology: our LUMINEX® 100/200™ Systems offer 100-plex testing; our FLEXMAP 3D® System is our high-throughput, 500-plex testing system; and our MAGPIX® System provides 50-plex testing at a lower cost using imaging rather than flow cytometry. By using our xMAP technology, end users are able to be more efficient by generating multiple simultaneous results per sample. We believe that this technology may also offer advantages in other industries, such as in food safety, animal health and bio-threat markets. Using the xMAP products Luminex has available today, up to 500 simultaneous analyte results can be determined from a single sample.

Our Non-Automated Technologies

Our xTAG technology consists of several components, including multiplexed polymerase chain reaction (PCR) or target identification primers, DNA Tags, xMAP microspheres and data analysis software. xTAG technology permits the development of molecular diagnostic assays for clinical use by hospital and reference laboratories. xTAG technology has also been applied to human genetic assays, pharmacogenetic assays and infectious disease assays.

Our MultiCode technology is based upon a unique assay chemistry that is a flexible platform for both real-time PCR and multiplex PCR-based applications. MultiCode-based PCR assays are primarily used for the detection of infectious diseases and genetic-based conditions. We have multiple molecular diagnostic (MDx) assays based on MultiCode chemistry. MultiCode products are based upon the unique MultiCode bases, isoC and isoG. The synthetic isoC:isoG DNA base pair differs from the naturally occurring base pairs in its hydrogen bonding pattern. As a result, the MultiCode bases, isoC and isoG, can only pair with each other, but can co-exist with naturally occurring nucleotide pairs. This property enables site-specific incorporation of the isobases during amplification. The MultiCode base pair is recognized by naturally occurring enzymes and can be used for the specific placement of reporter molecules and to increase the molecular recognition capabilities of hybridization-based assays. The MultiCode base pair enables solutions to complex molecular challenges that were previously not possible with natural nucleic acid alone.

We have multiple assay development activities ongoing and these activities are focused on the areas of infectious disease, human genetics, and pharmacogenomics.

Our ARIES® Technology

The ARIES® System is our sample-to-answer platform for our MultiCode®-RTx technology, including In Vitro Diagnostic (IVD) assays. The ARIES® System is a clinical test system which automates and integrates extraction of nucleic acid from a clinical sample, performs real-time PCR, and detects multiple signals generated by target-specific probes. The ARIES® system is used with specific assays to measure multiple analytes indicative of infectious disease. The ARIES® System uses internal barcode scanning and other advanced features to minimize operator errors. Each independent module supports from one to six cassettes, allowing both STAT and batch testing. The ARIES ® System can run both IVD and MultiCode® Analyte Specific Reagents (ASRs) simultaneously with a common Universal Assay Protocol.

Our VERIGENE Technology

Our offering in the molecular diagnostic market segment includes proprietary diagnostic tools that enable rapid and accurate detection of respiratory, gastrointestinal and bloodstream infections. Our U.S. Food and Drug Administration (FDA) cleared VERIGENE® Gram-Positive Blood Culture (BC-GP) and Gram-Negative Blood Culture (BC-GN) test panels for the early detection of pathogens associated with bloodstream infections are leading products in the high-growth bloodstream infection testing segment. In addition to detecting bacteria, these panels also detect yeast and identify antibiotic resistance markers. In contrast to traditional methodologies, which can take several days, these assays enable physicians to identify pathogens, including any associated resistance markers, and prescribe the most appropriate antibiotic regimen, all within 2.5 hours after identification of a positive blood culture. The ability for clinicians to make earlier, better informed therapeutic decisions results in improved patient outcomes and lower healthcare costs. Our VERIGENE product offering also includes FDA-cleared products for the detection of gastrointestinal and respiratory infections. These consist of a targeted product for the detection of *C. difficile*, as well as highly multiplexed molecular enteric, blood and respiratory pathogen panels which test for a wide spectrum of microorganisms often associated with these types of infections. With the combination of the ARIES® and VERIGENE platforms, Luminex offers customers automated molecular platforms for both syndromic and targeted molecular diagnostic testing.

The VERIGENE System is an automated multiplex-capable system that rapidly and accurately detects infectious pathogens and drug resistance markers. The VERIGENE System consists of: (i) VERIGENE Test Cartridges, which are single-use, self-contained test units, and (ii) VERIGENE instrumentation, including the VERIGENE Processor SP, which is a modular bench-top analyzer, that combines automated nucleic acid extraction, purification, amplification (if needed), and hybridization in each module, as well as the VERIGENE Reader, which manages sample information and reads results from processed cartridges. Tests that run on the VERIGENE System are primarily designed to identify infections in the bloodstream, respiratory tract, and gastrointestinal tract.

The VERIGENE System utilizes advanced automation and proprietary chemistry to enable rapid sample to result detection of nucleic acid and protein targets. NanoGrid Technology, a unique gold nanoparticle probe chemistry, is the driving force behind all VERIGENE tests, providing a foundation for the VERIGENE System's menu of clinically meaningful diagnostics.

In addition to our menu of infectious disease tests, we are currently developing a next generation VERIGENE System, VERIGENE II, that will deliver an improved user experience. This next generation system is designed to provide a reduced time to result, an improved user interface and a room temperature cartridge, all in a fully automated sample to result system with an optimized footprint. In addition, customers using this system will have the ability to select both individual and groups of targets on assays using *Flex* pricing. This approach to target selection allows customers to save money by only paying for the targets they wish to see, which will often align with society guidelines, when available. If these results don't provide a conclusive diagnosis, additional targets that were tested for but not released can immediately be viewed for an incremental charge.

Our Market Approach

We primarily serve the life sciences industries by marketing products, including our specific testing equipment and assays, to various types of testing laboratories. We have a large base of installed systems that has grown primarily from the following:

- Placements made by customers within our Licensed Technologies Group (LTG) in which customers either:
  - license our xMAP technology and develop products that incorporate our xMAP technology into products that they then sell to end users, or
  - purchase our proprietary xMAP laboratory instrumentation and our proprietary xMAP microspheres and sell xMAP-based assay products and/or xMAP-based testing services, which run on the xMAP instrumentation, and pay a royalty to us; and
- A direct sales force that focuses on the sale of molecular diagnostic assays that run on our systems.

As of June 30, 2018, Luminex had 72 strategic partners, of which 51 have released commercialized reagent-based products utilizing our technology. Our remaining partners are in various stages of development and commercialization of products that incorporate our technology.

A primary focus for our growth is the development and sale of molecular diagnostic assays utilizing our proprietary MultiCode® and VERIGENE technologies for use on our installed base of systems. We utilize a direct sales model for sales of these products, which is intended to take advantage of our increasing installed base of instruments. Our assays are primarily focused on multiplexed applications for the human molecular clinical diagnostics market. Our assay products are currently focused on three segments of the molecular diagnostic testing market: human genetics, personalized medicine and infectious diseases.

The following systems and assays are available on the market as of June 30, 2018:

	FDA		CE-IVD MARK	
	Clearance	Commercial Launch	Declaration	Commercial Launch
ARIES® HSV 1&2 Assay	☑	2015 - Q4	☑	2016 - Q1
ARIES® Flu A/B & RSV Assay	☑	2016 - Q2	☑	2016 - Q2
ARIES® Group B Streptococcus (GBS) Assay	☑	2017 - Q1	☑	2016 - Q4
ARIES® *Bordetella* Assay	☑	2017 - Q2	☑	2017 - Q3
ARIES® Norovirus Assay			☑	2017 - Q2
ARIES® C. *Difficile* Assay	☑	2017 - Q3	☑	2017 - Q3
ARIES® Group A Strep Assay	☑	2017 - Q4	☑	2017 - Q4
NxTAG® Respiratory Pathogen Panel (RPP)	☑	2016 - Q1	☑	2015 - Q4
VERIGENE® *Clostridium Difficile* Test (CDF)	☑	2012 - Q4	☑	2013 - Q2
VERIGENE® Enteric Pathogens Test (EP)	☑	2014 - Q4	☑	2015 - Q4
VERIGENE® Respiratory Pathogens *Flex* Test (RP Flex)	☑	2015 - Q4	☑	2015 - Q2
VERIGENE® Gram-Negative Blood Culture Test (BC-GN)	☑	2014 - Q2	☑	2013 - Q1
VERIGENE® Gram-Positive Blood Culture Test (BC-GP)	☑	2012 - Q4	☑	2012 - Q1
xTAG® CYP2C19 Kit v3	☑	2013 - Q4	☑	2013 - Q4
xTAG® CYP2D6 Kit v3	☑	2011 - Q2	☑	2013 - Q2
xTAG® Cystic Fibrosis (CFTR) 39 Kit v2	☑	2009 - Q4	☑	2012 - Q1
xTAG® Cystic Fibrosis (CFTR) 60 Kit v2	☑	2010 - Q1		
xTAG® Cystic Fibrosis (CFTR) 71 Kit v2			☑	2009 - Q3
xTAG® Gastrointestinal Pathogen Panel (GPP)	☑	2013 - Q1	☑	2011 - Q2
xTAG® Respiratory Viral Panel (RVP)	☑	2008 - Q1	☑	2007 - Q4
xTAG® Respiratory Viral Panel (RVP) FAST v2			☑	2011 - Q4

Second Quarter 2018 Highlights

- Consolidated revenue was $79.6 million for the quarter ended June 30, 2018, representing a 4% increase over revenue for the second quarter of 2017.
- Assay revenue was $40.2 million for the quarter ended June 30, 2018, representing a 6% increase over assay revenue for the second quarter of 2017.
- Sample-to-answer product revenue growth increased by 35% for the quarter ended June 30, 2018 from the second quarter of 2017.
- Royalty revenue was $11.6 million for the quarter ended June 30, 2018, representing a 7% increase over royalty revenue for the second quarter of 2017.
- Initiated clinical trials for the VERIGENE® II Gastrointestinal Assay

Material Customer Activity

As previously stated in our Annual Report on Form 10-K for the year ended December 31, 2017, LabCorp has elected to develop the next iteration of one of its women's health products with another party. We previously negotiated significant minimum women's health purchases from LabCorp, pursuant to which LabCorp committed to acquire no less than $63.1 million of our women's health products from January 1, 2017 through June 30, 2018. LabCorp has met its purchase requirements under that agreement and has indicated it will not make further purchases of the women's health products covered by such agreement. However, based on an extension agreement entered into in the third quarter of 2017, the Company will continue to sell its Cystic Fibrosis (CF) products to the Company's largest customer, LabCorp, through at least the end of 2019. The loss of that LabCorp business, and the anticipated future loss of other products traditionally sold to LabCorp (which we expect to occur with products other than CF, as discussed above), could have a material adverse effect on our growth and future results of operations.

During 2017, LabCorp represented total revenue of $61.1 million. That revenue was broken down as follows: women's health - $36.1 million; CF - $13.3 million, and all other ancillary products - $11.7 million. As noted above, LabCorp has met its purchase commitment for women's health products and will no longer be placing orders for the majority of the women's health portfolio. By year end, the remainder of the women's health products purchased by LabCorp will likely be transitioned to another party. Orders by LabCorp for other ancillary products are expected to continue through at least the end of 2018, with a potential material reduction in 2019. LabCorp orders for our CF products are expected to continue through at least the end of 2019.

Consumables Sales and Royalty Revenue Trends

We have experienced significant fluctuations in consumable revenue over the past several years. Overall, the fluctuations were partially due to periodic changes in volume from our largest purchasing customers. On a quarterly basis, our largest customers account for approximately 70% of our total consumable sales volume. We expect these fluctuations to continue as the ordering patterns and inventory levels of our largest bulk purchasing partners remain variable. Additionally, even though we experience variability in consumable revenue, the key indicator of the success of our partners' commercialization efforts is the rising level of royalties and reported royalty bearing sales.

Future Operations

We expect our areas of focus over the next twelve months to be:

- delivering on our revenue growth goals;
- accelerating development and commercialization of the assays on our sample-to-answer diagnostic systems;
- increasing the growth of our LTG revenue through enrichment of our existing partner relationships and the addition of new partners;
- completing development of and commercializing the next generation sample-to-answer system, VERIGENE II;
- improvement of ARIES® and VERIGENE gross margins;
- placements of our VERIGENE and ARIES® Systems, our sample-to-answer platforms and assays;
- maintenance and improvement of our existing products and the timely development, completion and successful commercial launch of our pipeline products;
- adoption and use of our platforms and consumables by our customers for their testing services;
- expansion and enhancement of our installed base of systems and our market position within our identified target market segments; and
- monitoring and mitigating the effect of the ongoing uncertainty in global finance markets and changes in government funding on planned purchases by end users.

We anticipate continued revenue concentration in our higher margin items (assays, consumables and royalties) contributing to favorable, but variable, gross margin percentages. Additionally, we believe that sustained investment by the Company in research and development is necessary in order to meet the needs of our marketplace and provide a sustainable new product pipeline. We may experience volatility in research and development expenses as a percentage of revenue on a quarterly basis as a result of the timing of development expenses, clinical validation and clinical trials in advance of the commercial launch of our new products.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP for interim financial statements. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and assumptions are reviewed periodically. Actual results may differ from these estimates under different assumptions or conditions.

Management believes there have been no significant changes during the quarter ended June 30, 2018 to the items that we disclosed as our critical accounting policies and estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2017 10-K, with the exception to the adoption of ASU 2014-09 in the first quarter of 2018, which is described in Note 10 - Revenue Recognition.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2018 COMPARED TO THREE MONTHS ENDED JUNE 30, 2017

Selected consolidated financial data for the three months ended June 30, 2018 and 2017 is as follows (dollars in thousands):

	Three Months Ended June 30,			
	2018	2017	Variance	Variance (%)
Revenue	$ 79,578	$ 76,457	$ 3,121	4 %
Gross profit	$ 49,306	$ 50,061	(755)	(2)%
Gross margin percentage	62%	65%	(3)%	N/A
Operating expenses	$ 41,448	$ 42,579	(1,131)	(3)%
Income from operations	$ 7,858	$ 7,482	376	5 %

Total revenue increased 4% to $79.6 million for the three months ended June 30, 2018 from $76.5 million for the comparable period in 2017. This increase was primarily driven by growth in (i) our sample-to-answer assay revenue, which comprised 31% of total assay revenue for the three months ended June 30, 2018 compared to 25% for the comparable period in 2017, and (ii) systems revenue, which increased 19% as compared to the prior year quarter. This increase was partially offset by lower consumable sales in the second quarter 2018, which declined $2.3 million or 18% as compared to the prior year quarter. Excluding LabCorp sales, total revenue increased 5% for the three months ended June 30, 2018 as compared to the prior year quarter.

The following table presents our revenues disaggregated by revenue source for the three months ended June 30, 2018 and 2017 (dollars in thousands):

	Three Months Ended June 30,			
	2018	2017	Variance	Variance (%)
System sales	$ 11,820	$ 9,905	$ 1,915	19 %
Consumable sales	10,967	13,310	(2,343)	(18)%
Royalty revenue	11,567	10,813	754	7 %
Assay revenue	40,174	37,753	2,421	6 %
Service revenue	3,041	2,795	246	9 %
Other revenue	2,009	1,881	128	7 %
	$ 79,578	$ 76,457	$ 3,121	4 %

We continue to experience revenue concentration in a limited number of customers. Five customers accounted for 47% (two of whom were 20% and 11%, respectively, and no other customer exceeded 7%) of consolidated total revenue in the second quarter of 2018. For comparative purposes, these top five customers accounted for 47% (two of whom were 21% and 15%, respectively, and no other customer exceeded 5%) of total consolidated revenue in the second quarter of 2017.

Revenue from the sale of systems and peripheral components increased 19% to $11.8 million for the three months ended June 30, 2018 from $9.9 million for the three months ended June 30, 2017. This increase is primarily the result of an increase in total multiplexing analyzer placements, with higher sales of LUMINEX 100/200 and MAGPIX systems, partially offset by lower sales of FLEXMAP 3D Systems. We sold 361 multiplexing analyzers in the second quarter of 2018, as compared to 270 multiplexing analyzers for the corresponding prior year period. For the three months ended June 30, 2018, five of our partners accounted for 274 multiplexing analyzers, or 76%, of total multiplexing analyzers sold, as compared to five of our partners accounting for 214 multiplexing analyzers, or 79% of total multiplexing analyzers sold, for the three months ended June 30, 2017.

Consumable sales, comprised of microspheres and sheath fluid, decreased 18% to $11.0 million for the three months ended June 30, 2018 from $13.3 million for the three months ended June 30, 2017. During the three months ended June 30, 2018, we had 16 bulk purchases of consumables totaling approximately $7.9 million (72% of total consumable revenue), ranging from $0.1 million to $1.5 million, as compared with 17 bulk purchases totaling approximately $10.3 million (78% of total consumable revenue), ranging from $0.1 million to $4.0 million, for the three months ended June 30, 2017. The decrease in revenue from bulk purchases in the three months ended June 30, 2018 is the primary reason for the decrease in consumable revenue in the first quarter of 2018 from the prior year period. We expect fluctuations in consumable sales on an ongoing basis. Partners who reported royalty bearing sales accounted for $7.0 million, or 64%, of consumable sales for the three months ended June 30, 2018 compared to $8.4 million, or 63%, of the total consumable sales for the three months ended June 30, 2017.

Royalty revenue, which results when our partners sell products or testing services incorporating our technology, increased 7% to $11.6 million for the three months ended June 30, 2018 from $10.8 million for the three months ended June 30, 2017. This increase is primarily attributable to an increase in royalty minimums, audit findings and other adjustments of approximately $0.5 million, in addition to an increase in base royalties. We expect modest fluctuations in the royalties submitted quarter to quarter based upon the varying contractual terms, differing reporting and payment requirements, and the addition of new partners. Our partners' end user sales may reflect volatility from quarter to quarter and, therefore, that same volatility is reflected in our reported royalty revenues on a quarterly basis.

Assay revenue increased 6% to $40.2 million for the three months ended June 30, 2018 from $37.8 million for the three months ended June 30, 2017, driven primarily by an increase in our sample-to-answer assay revenue, which consists of VERIGENE and ARIES® assay sales, in addition to increased sales of our non-automated infectious disease testing assays. Revenue for our sample-to-answer products increased by 35% for the three months ended June 30, 2018 from the second quarter of 2017. Revenue for our non-automated infectious disease testing products increased by 5% while our genetic testing assay products decreased by 28% from the comparable period in 2017. This decrease in genetic testing assay products was attributable to continued pricing and reimbursement challenges within the pharmacogenetic market segment, causing us to shift our focus towards infectious disease testing. Our largest customer, by revenue, accounted for 39% of total assay revenue for the three months ended June 30, 2018 compared to 41% for the three months ended June 30, 2017. No other customer accounted for more than 10% of total assay revenue during these periods. As discussed under "Material Customer Activity" and previously disclosed in our prior quarterly reports, our largest assay customer, LabCorp, has developed the next iteration of their women's health portfolio with another party, which will negatively impact our assay revenue in the second half of 2018 and beyond. Excluding LabCorp sales, assay revenue increased 9% for the three months ended June 30, 2018 as compared to the prior year quarter.

Service revenue, comprised of extended warranty contracts earned ratably over the term of a contract and time and materials for billable service work not under an extended warranty contract, increased 9% to $3.0 million for the second quarter of 2018 from $2.8 million for the second quarter of 2017. As of June 30, 2018, we had 2,174 Luminex systems covered under extended service agreements and $5.3 million in deferred revenue related to these contracts. As of June 30, 2017, we had 1,930 Luminex systems covered under extended service agreements and $4.9 million in deferred revenue related to these contracts.

Other revenue, which includes training revenue, shipping revenue, miscellaneous part sales and amortized license fees, increased 7% to $2.0 million for the three months ended June 30, 2018 compared to $1.9 million for the three months ended June 30, 2017.

Gross Profit. Gross profit decreased to $49.3 million, or 2%, for the three months ended June 30, 2018, as compared to $50.1 million for the three months ended June 30, 2017. Gross margin (gross profit as a percentage of total revenue) was 62% for the three months ended June 30, 2018, a decrease from the prior year quarter's gross margin of 65%. The decrease in gross margin is primarily attributable to a change in product sales mix between higher versus lower margin items, with lower sales of consumables and higher sales of systems. Sales of consumables, one of our high-margin items, represented 14% of total sales in the three months ended June 30, 2018, down from 17% in the comparable period in 2017. Sales of our systems, which carry lower margins, represented 15% of total sales in the three months ended June 30, 2018 as compared to 13% for the three months ended June 30, 2017. We anticipate continued fluctuation in gross margin and related gross profit primarily as a result of variability in revenue mix and seasonality effects inherent in our assay revenue.

Research and Development Expense. Research and development expense decreased to $11.7 million, or 15% of total revenue, for the three months ended June 30, 2018 from $12.3 million, or 16% of total revenue, for the three months ended June 30, 2017. The decrease in research and development expense was primarily driven by the timing of outside service expenses related to VERIGENE II and ARIES® assay development. Research and development headcount was 195 as of June 30, 2018 and 2017. The focus of our research and development activities is the development and commercialization of a pipeline of assays for the ARIES® Systems and the development and commercialization of the next generation VERIGENE System, VERIGENE II, and related assays.

Selling, General and Administrative Expense. Selling, general and administrative expenses, excluding the amortization of acquired intangible assets, was $27.6 million for the three months ended June 30, 2018, a decrease of 2% from the three months ended June 30, 2017. The decrease was primarily attributable to lower personnel costs, driven by one-time employee separation costs of $0.5 million in the prior year which did not repeat in 2018. Selling, general and administrative headcount as of June 30, 2018 was 371 as compared to 365 as of June 30, 2017. As a percentage of revenue, selling, general and administrative expense, excluding the amortization of acquired intangible assets, was 35% in the second quarter of 2018, down from 37% in the second quarter of 2017.

Amortization of Acquired Intangible Assets. Amortization of acquired intangible assets remained constant at $2.2 million for the three months ended June 30, 2018 and 2017.

Income taxes. Our effective tax rate for the three months ended June 30, 2018 was 28%, or $2.2 million, compared to 26%, or $1.9 million, for the three months ended June 30, 2017. The 28% rate includes a $1.3 million discrete income tax expense primarily related to the results of a Canadian income tax audit. We expect our consolidated full year effective tax rate to be 25% to 30%, absent any other significant discrete items. We continue to assess our business model and its impact in various tax jurisdictions.

SIX MONTHS ENDED JUNE 30, 2018 COMPARED TO SIX MONTHS ENDED JUNE 30, 2017

Selected consolidated financial data for the six months ended June 30, 2018 and 2017 is as follows (dollars in thousands):

	Six Months Ended June 30,			
	2018	2017	Variance	Variance (%)
Revenue	$ 162,240	$ 154,236	$ 8,004	5 %
Gross profit	$ 102,894	$ 102,847	47	— %
Gross margin percentage	63%	67%	(4)%	N/A
Operating expenses	$ 79,770	$ 81,353	(1,583)	(2)%
Income from operations	$ 23,124	$ 21,494	1,630	8 %

Total revenue increased by 5% to $162.2 million for the six months ended June 30, 2018 from $154.2 million for the comparable period in 2017. The increase was primarily attributable to higher assay, system, and royalty revenue, which was partially offset by a decrease in consumable sales revenue. Excluding LabCorp sales, total revenue increased 4% for the six months ended June 30, 2018 as compared to the same period in the prior year.

A breakdown of revenue for the six months ended June 30, 2018 and 2017 is as follows (dollars in thousands):

	Six Months Ended June 30,			
	2018	2017	Variance	Variance (%)
System sales	$ 19,751	$ 18,406	$ 1,345	7 %
Consumable sales	22,839	28,695	(5,856)	(20)%
Royalty revenue	23,806	22,374	1,432	6 %
Assay revenue	86,015	75,160	10,855	14 %
Service revenue	5,919	5,700	219	4 %
Other revenue	3,910	3,901	9	— %
	$ 162,240	$ 154,236	$ 8,004	5 %

We continue to experience revenue concentration in a limited number of customers. Five customers accounted for 45% (two of whom were 20% and 12%, respectively, and no other customer exceeded 6%) of consolidated total revenue in the six months ended June 30, 2018. For comparative purposes, these top five customers accounted for 49% (two of whom were 19% and 17%, respectively, and no other customer exceeded 6%) of total revenue in the six months ended June 30, 2017.

Revenue from the sale of systems and peripheral components increased 7% to $19.8 million for the six months ended June 30, 2018 from $18.4 million for the six months ended June 30, 2017. This increase is primarily the result of an increase in total multiplexing analyzer placements, with greater sales of LUMINEX 100/200 systems, partially offset by fewer sales of FLEXMAP 3D and MAGPIX systems. We sold 579 multiplexing analyzers in the six months ended June 30, 2018, as compared to 512 multiplexing analyzers sold for the corresponding prior year period. For the six months ended June 30, 2018, five of our partners accounted for 456, or 79%, of total multiplexing analyzers sold. Five of our partners accounted for 388, or 76%, of total multiplexing analyzers sold for the six months ended June 30, 2017.

Consumable sales decreased 20% to $22.8 million for the six months ended June 30, 2018 compared to $28.7 million for the six months ended June 30, 2017. We had 34 bulk purchases of consumables totaling approximately $16.9 million (74% of total consumable revenue), ranging from $0.1 million to $3.8 million, during the six months ended June 30, 2018, as compared with 35 bulk purchases totaling approximately $22.7 million (79% of total consumable revenue), ranging from $0.1 million to $6.4 million, for the six months ended June 30, 2017. The decrease in revenue from bulk purchases in the six months ended June 30, 2018 is the primary reason for the decrease in consumable revenue from the prior year period. We expect fluctuations in consumable sales on an ongoing basis. Partners who reported royalty bearing sales accounted for $15.7 million, or 69%, of consumable sales for the six months ended June 30, 2018 compared to $20.7 million, or 72%, of total consumable sales for the six months ended June 30, 2017.

Royalty revenue increased 6% to $23.8 million for the six months ended June 30, 2018 from $22.4 million for the six months ended June 30, 2017, primarily attributable to an increase in base royalties of approximately $1.1 million. We expect modest fluctuations in the royalties submitted quarter to quarter based upon the varying contractual terms, differing reporting and payment requirements, and the addition of new partners. Our partners' end user sales may reflect volatility from quarter to quarter and, therefore, that same volatility is reflected in our reported royalty revenues on a quarterly basis.

Assay revenue increased 14% to $86.0 million for the six months ended June 30, 2018 from $75.2 million for the six months ended June 30, 2017, driven primarily by an increase in our sample-to-answer assay revenue, which consists of VERIGENE and ARIES® assay sales, in addition to increased sales of our non-automated infectious disease testing assays. Revenue for our sample-to-answer products increased by 42% for the six months ended June 30, 2018 from the comparable period in 2017. Revenue for our non-automated infectious disease testing products increased by 14% while our genetic testing assay products decreased by 24% from the six months ended June 30, 2017. This decrease in genetic testing assay products was attributable to continued pricing and reimbursement challenges within the pharmacogenetic market segment, causing us to shift our focus towards infectious disease testing. Our largest customer, by revenue, accounted for 36% of total assay revenue for the six months ended June 30, 2018 compared to 38% for the comparable period in 2017. No other customer accounted for more than 10% of total assay revenue during those periods. As discussed under "Material Customer Activity" and previously disclosed in our prior quarterly reports, our largest assay customer, LabCorp, has developed the next iteration of their women's health portfolio with another party, which will negatively impact our assay revenue in the second half of 2018 and beyond. Excluding LabCorp sales, assay revenue increased 17% for the six months ended June 30, 2018 as compared to the same period in the prior year.

Service revenue, comprised of extended warranty contracts earned ratably over the term of a contract and time and materials for billable service work not under an extended warranty contract, increased 4% to $5.9 million for the six months ended June 30, 2018 compared to $5.7 million for the six months ended June 30, 2017.

Other revenue, which includes training revenue, shipping revenue, miscellaneous part sales and amortized license fees, remained constant at $3.9 million for the six months ended June 30, 2018 and 2017.

Gross Profit. Gross profit increased modestly to $102.9 million for the six months ended June 30, 2018, as compared to $102.8 million for the six months ended June 30, 2017. Gross margin (gross profit as a percentage of total revenue) was 63% for the six months ended June 30, 2018, a decrease of four percentage points from the six months ended June 30, 2017. This decrease in gross margin was attributable to: (i) lower expenses recorded in the prior year resulting from inventory adjustments related to a change in manufacturing standards which did not repeat in the current year, (ii) a change in product sales mix between higher versus lower margin items, with lower sales of consumables and higher sales of systems and sample-to-answer assays, which carry lower margins, and (iii) absorption of higher manufacturing overhead expenses for the six months ended June 30, 2018. We anticipate continued fluctuation in gross margin and related gross profit primarily as a result of variability in consumable and system purchases and seasonality effects inherent in our assay revenue.

Research and Development Expense. Research and development expense decreased to $22.0 million, or 14% of total revenue, for the six months ended June 30, 2018 from $24.7 million, or 16% of total revenue, for the six months ended June 30, 2017. The decrease in research and development expense was primarily driven by the timing of direct materials purchases and outside service expenses related to VERIGENE II and ARIES® assay development, in addition to lower personnel costs, mainly driven by lower salary and bonus expenses. Research and development headcount was 195 as of June 30, 2018 and 2017. The focus of our research and development activities is the development and commercialization of a pipeline of assays for the ARIES® System and the development and commercialization of the next generation VERIGENE System, VERIGENE II, and related assays.

Selling, General and Administrative Expense. Selling, general and administrative expenses, excluding the amortization of acquired intangible assets, increased to $53.4 million for the six months ended June 30, 2018 from $52.2 million for the six months ended June 30, 2017. The increase was primarily attributable higher marketing and outside services expenses, partially offset by one-time employee separation costs of $0.6 million in the prior year, which did not repeat in 2018. Selling, general and administrative headcount as of June 30, 2018 was 371 as compared to 365 as of June 30, 2017. As a percentage of revenue, selling, general and administrative expense, excluding the amortization of acquired intangible assets, was 33% in the first six months of 2018, compared to 34% in the first six months of 2017.

Amortization of Acquired Intangible Assets. Amortization of acquired intangible assets decreased to $4.3 million for the six months ended June 30, 2018 from $4.5 million for the six months ended June 30, 2017.

Income taxes. Our effective tax rate for the six months ended June 30, 2018 was 19%, reflecting a $4.5 million expense, as compared to 31%, or a $6.7 million expense, for the six months ended June 30, 2017. The 19% rate includes a $2.5 million discrete benefit item from the first quarter of 2018, related to a change in our provisional estimate of deferred tax liability for withholding tax on certain amounts of undistributed earnings of our Canadian subsidiary. The 19% rate also includes a $1.3 million discrete tax expense item from the second quarter of 2018, primarily related to the results of a Canadian income tax audit. We expect our consolidated full year effective tax rate to be 25% to 30%, absent any other significant discrete items. We continue to assess our business model and its impact in various tax jurisdictions.

LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2018	December 31, 2017
	(in thousands)	
Cash and cash equivalents	$ 138,996	$ 127,112

As of June 30, 2018, we held cash and cash equivalents of $139.0 million and had working capital of $209.5 million. At December 31, 2017, we held cash and cash equivalents of $127.1 million and had working capital of $179.4 million. The $11.9 million increase in cash and cash equivalents is primarily attributable to an increase in operating cash flows of the Company in the amount of $31.5 million for the six months ended June 30, 2018 driven primarily by net income of $19.1 million. These operating cash flows were partially offset by capital expenditures of $9.0 million, purchases of content licenses of $4.0 million and dividends paid of $5.3 million.

Cash provided by operations was $31.5 million for the six months ended June 30, 2018. Cash used in investing and financing activities was $15.8 million and $3.9 million, respectively, for the six months ended June 30, 2018.

We have funded our operations to date primarily through cash generated from operations and the issuance of equity securities (in conjunction with an initial public offering in 2000, subsequent option exercises, and our secondary public offering in 2008). Our cash reserves are typically held directly or indirectly in a variety of short-term, interest-bearing instruments, including non-government sponsored debt securities. We do not have any investments in asset-backed commercial paper, auction rate securities, or mortgage backed or sub-prime style investments.

Our future capital requirements will depend on a number of factors, including our success in developing and expanding markets for our products, payments under possible future strategic arrangements, continued progress of our research and development of potential products, the timing and outcome of regulatory approvals, the need to acquire licenses to new technology, costs associated with strategic acquisitions including integration costs and assumed liabilities, the status of competitive products and potential costs associated with both protecting and defending our intellectual property. Additionally, actions taken as a result of ongoing internal evaluations of our business could result in expenditures not currently contemplated in our estimates for 2018.

One of our short-term projects that is expected to require significant capital to complete is our current in-process research and development of the next generation VERIGENE System, VERIGENE II, on which we began clinical trials in May 2018. We believe the VERIGENE II will launch commercially in 2019. The estimated aggregate cost to complete this project, including completion of development of the VERIGENE II System, cartridge, software and the initial assay, validation, verification, clinical trials and regulatory submission, is less than $1.0 million and is included in our research and development budget for 2018 and 2019. We believe that our existing cash and cash equivalents are sufficient to fund our operating expenses, capital equipment requirements and other expected liquidity requirements for the coming twelve months. Factors that could affect our capital requirements, in addition to those listed above, include, without limitation: (i) continued collections of accounts receivable consistent with our historical experience; (ii) our ability to manage our inventory levels consistent with past practices; (iii) volatility in our key partners' consumable purchasing patterns; (iv) execution of partnership agreements that include significant up-front license fees; (v) execution of our stock repurchase and dividend programs from time to time and (vi) executing strategic investment or acquisition agreements requiring significant cash consideration. See also the "Safe Harbor Cautionary Statement" of this report and the risk factors in the 2017 10-K and our other filings with the SEC.

In February 2017, the Board of Directors initiated a cash dividend program under which the Company currently intends to pay a regular quarterly cash dividend. The timing and amount of future dividends and stock repurchases will vary based on a number of factors, including future capital requirements for strategic transactions, the availability of financing on acceptable terms, debt service requirements, changes to applicable tax laws or corporate laws, changes to our business model and periodic determination by our Board of Directors that cash dividends are in the best interests of stockholders and are in compliance with applicable laws and agreements of the Company. On January 24, 2018, our Board declared a quarterly cash dividend of $0.06 per share of common stock payable to shareholders of record as of the close of business on March 23, 2018 with a payment date of April 13, 2018. On May 18, 2018, our Board declared a quarterly cash dividend of $0.06 per share of common stock payable to shareholders of record as of the close of business on June 22, 2018, with a payment date of July 13, 2018.

As previously disclosed, the Company's largest customer, LabCorp, has informed us that they have elected to develop the next iteration of one of their women's health products with another party. We previously negotiated significant minimum women's health purchases through June 2018, pursuant to which LabCorp committed to acquire no less than $63.1 million of our women's health products from January 1, 2017 through June 30, 2018. LabCorp has met such purchase requirements and has indicated it will not make further purchases of the women's health products covered by such agreement. However, based upon an extension agreement entered into in the third quarter of 2017, the Company will continue to sell its CF products to LabCorp through the end of 2019. CF product sales to LabCorp represent approximately $10 million in annual revenue. Loss of the LabCorp women's health revenue stream will result in a significant reduction in cash flow generation compared to previous quarters.

During 2017, LabCorp represented total revenue of $61.1 million. That revenue was broken down as follows: women's health - $36.1 million; CF - $13.3 million, and all other ancillary products - $11.7 million. As noted above, LabCorp has met its purchase commitment for women's health products and will no longer be placing orders for the majority of the women's health portfolio. By year end, the remainder of the women's health products will likely be transitioned to another party. Orders by LabCorp for other ancillary products are expected to continue through at least the end of 2018, with a potential material reduction in 2019. LabCorp orders for our CF products are expected to continue through at least the end of 2019.

We hold cash and cash equivalents at various foreign subsidiaries. As a result of reductions to the U.S. taxation of dividends from foreign subsidiaries under the Tax Act and increased profitability of our Canadian subsidiary, beginning this year we may repatriate earnings of our Canadian subsidiary. The cash and cash equivalents held by this subsidiary may be more readily available to meet domestic cash requirements beginning this year, but will continue to be subject to foreign withholding tax that would be incurred upon repatriation. We anticipate that cash and cash equivalents held by all other foreign subsidiaries will continue to be permanently reinvested and may not be readily available to meet domestic cash requirements.

To the extent our capital resources are insufficient to meet future capital requirements, we will have to raise additional funds to continue the development and deployment of our technologies, or to supplement our position through strategic acquisitions. There can be no assurance that debt or equity funds will be available on favorable terms, if at all. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of those securities could result in dilution to our stockholders. Moreover, incurring debt financing could result in a substantial portion of our operating cash flow being dedicated to the payment of principal and interest on such indebtedness, could render us more vulnerable to competitive pressures and economic downturns and could impose restrictions on our operations. If adequate funds are not available, we may be required to curtail operations significantly or to obtain funds through entering into agreements on unattractive terms.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. Our interest income is sensitive to changes in the general level of domestic interest rates, particularly since our investments are in short-term instruments available-for-sale. A 50 basis point fluctuation from average investment returns as of June 30, 2018 would yield a less than 0.5% variance in overall investment return, which would not have a material effect on our financial condition.

Foreign Currency Risk. Our international business is subject to risks, including, but not limited to: foreign exchange rate volatility, differing tax structures, unique economic conditions, other regulations and restrictions, and changes in political climate. Accordingly, our future results could be materially adversely impacted by changes in these and other factors.

As of June 30, 2018, as a result of our foreign operations, we have costs, assets and liabilities that are denominated in foreign currencies, primarily Canadian dollars and to a lesser extent the Euro, Renminbi, Hong Kong dollar and Yen. For example, some fixed asset purchases and certain expenses in our Canadian subsidiary are denominated in Canadian dollars while sales of products are primarily denominated in U.S. dollars. Transactions in our Netherlands, Japanese and Hong Kong subsidiaries are primarily denominated in Euros, Yen and Hong Kong dollars, respectively. The majority of transactions, with the exception of our initial capital investment, in our Chinese subsidiary are denominated in Renminbi. As a consequence, movements in exchange rates could cause our foreign currency denominated expenses to fluctuate as a percentage of net revenue, affecting our profitability and cash flows. A significant majority of our revenues are denominated in U.S. dollars. The impact of foreign exchange rates on foreign denominated balances will vary in relation to changes between the U.S. dollar, Canadian dollar, Euro, Yen, Renminbi and Hong Kong dollar exchange rates. A 10% change in these exchange rates in relation to the U.S. dollar would result in an income statement impact of approximately $1.1 million on foreign currency denominated asset and liability balances as of June 30, 2018. As a result of our efforts to expand globally, in the future we will be exposed to additional foreign currency risk in multiple currencies; however, at this time, our exposure to foreign currency fluctuations is not material. We regularly assess the market to determine if additional strategies are appropriate to mitigate future risks.

In addition, the indirect effect of fluctuations in interest rates and foreign currency exchange rates could have a material adverse effect on our business, financial condition and results of operations. For example, currency exchange rate fluctuations could affect international demand for our products. In addition, interest rate fluctuations could affect our customers' buying patterns. Furthermore, interest rate and currency exchange rate fluctuations may broadly influence the United States and foreign economies, resulting in a material adverse effect on our business, financial condition and results of operations. As a result, we cannot give any assurance as to the effect that future changes in foreign currency rates will have on our consolidated financial position, results of operations or cash flows. Our aggregate foreign currency transaction loss of approximately $172,000 was included in determining our consolidated results for the quarter ended June 30, 2018.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), which are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on the evaluation and criteria of these disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level and designed to ensure that material information relating to the Company and its subsidiaries would be made known to such officers on a timely basis.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rule 13a-15(d) during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business, the Company is subject to claims, lawsuits and legal proceedings. When and if it appears probable in management's judgment, and based upon consultation with outside counsel, that we will incur monetary damages or other costs in connection with any claims or proceedings, and such costs can be reasonably estimated, we record the estimated liability in the financial statements. If only a range of estimated losses can be estimated, we record an amount within the range that, in management's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, we record the liability at the low end of the range of estimates. Any such accrual would be charged to expense in the appropriate period. We disclose significant contingencies when the loss is not probable and/or the amount of the loss is not estimable, when we believe there is at least a reasonable possibility that a loss has been incurred. We recognize costs associated with legal proceedings in the period in which the services were provided.

ITEM 1A. RISK FACTORS

Reference is made to the factors set forth under the caption "Safe Harbor Cautionary Statement" in Part I, Item 2 of this report and other risk factors described in Part I, Item 1A of the 2017 10-K, which are incorporated herein by reference. There have been no material changes from the risk factors previously disclosed in the 2017 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The stock repurchase activity for the second quarter of 2018 was as follows:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
4/1/18 - 4/30/18	120	$ 22.18	—	$ —
5/1/18 - 5/31/18	—	—	—	—
6/1/18 - 6/30/18	342	29.53	—	—
Total Second Quarter	462	$ 27.62	—	$ —

(1) Total shares purchased are attributable to the withholding of shares by Luminex to satisfy the payment of tax obligations related to the vesting of restricted shares.

ITEM 6. EXHIBITS

The following exhibits are filed herewith:

Exhibit Number	Description of Documents
10.1#	Luminex Corporation 2018 Equity Incentive Plan (Previously filed as Annex A to the Company's Proxy Statement for its Annual Meeting of Stockholders held on May 17, 2018).
10.2#	Form of Restricted Share Award Agreement for Directors for the Luminex Corporation 2018 Equity Incentive Plan.
10.3#	Form of Restricted Share Unit Agreement for Directors for the Luminex Corporation 2018 Equity Incentive Plan.
10.4#	Form of Non-Qualified Stock Option Agreement for the Luminex Corporation 2018 Equity Incentive Plan.
10.5#	Form of Restricted Share Award Agreement for the Luminex Corporation 2018 Equity Incentive Plan.
10.6#	Form of Restricted Share Unit Agreement the Luminex Corporation 2018 Equity Incentive Plan.
31.1	Certification by CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Luminex Corporation's Quarterly Report on Form 10-Q for the three and six months ended June 30, 2018, formatted in XBRL: (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Comprehensive Income; (iii) Condensed Consolidated Statement of Cash Flows; and (iv) Notes to Condensed Consolidated Financial Statements.

Management contract or compensatory plan or arrangement.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 7, 2018

LUMINEX CORPORATION

By: /s/ Harriss T. Currie
Harriss T. Currie
Chief Financial Officer, Senior Vice President of Finance
(Principal Financial Officer)

Exhibit 10.2

LUMINEX CORPORATION
RESTRICTED SHARE AWARD AGREEMENT
(DIRECTORS)

THIS RESTRICTED SHARE AWARD AGREEMENT (this "Agreement") is made and entered into as of _____, 20__ (the "Grant Date"), between Luminex Corporation, a Delaware corporation (the "Company"), and _____, (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Luminex Corporation 2018 Equity Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of restricted shares of the Company's common stock, par value $0.001 per share (the "Common Stock"); and

WHEREAS, pursuant to the Plan, the Board has granted an award of restricted shares to the Grantee as provided herein;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Shares.

(a) The Company hereby grants to the Grantee an award (the "Award") of _____ shares of Common Stock of the Company (the "Shares" or the "Restricted Shares") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan.

(b) The Grantee's rights with respect to the Award shall remain forfeitable at all times prior to the dates on which the restrictions shall lapse in accordance with Section 2 and Section 3 hereof.

2. Terms and Rights as a Stockholder.

(a) Except as provided herein and subject to such other exceptions as may be determined by the Board in its discretion, the "Restricted Period" for Restricted Shares granted herein shall expire on the date that is the earlier of (i) one year following the Grant Date, or (ii) the annual meeting of stockholders held in the year following the year in which the Grant Date occurred in the event the Grantee is not re-elected to serve as a director of the Company at such annual meeting.

(b) The Grantee shall have all rights of a stockholder with respect to the Restricted Shares, including the right to receive dividends and the right to vote such Shares, subject to the following restrictions:

(1) the Grantee shall not be entitled to delivery of the stock certificate for any Shares until the expiration of the Restricted Period as to such Shares and the fulfillment of any other restrictive conditions set forth herein;

(2) none of the Restricted Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of during the Restricted Period as to such Shares and until the fulfillment of any such other restrictive conditions set forth herein; and

(3) except as otherwise determined by the Board at or after the grant of the Award hereunder, all of the Restricted Shares shall be forfeited, and all rights of the Grantee to such Shares shall terminate, without further obligation on the part of the Company, unless the Grantee continues his/her service as a director of the Company, a Subsidiary or Affiliate for the entire Restricted Period.

(c) Notwithstanding the foregoing, the Restricted Period shall automatically terminate as to all Restricted Shares awarded hereunder (as to which such Restricted Period has not previously terminated) upon the termination of the Grantee's service as a director of the Company, a Subsidiary or Affiliate which results from the Grantee's death or Disability.

(d) Notwithstanding the foregoing, upon a Change in Control, the Restricted Period shall automatically terminate as to all Restricted Shares awarded hereunder (to the extent such Restricted Period has not previously terminated).

Any Shares, any other securities of the Company and any other property (except for cash dividends) distributed with respect to the Restricted Shares shall be subject to the same restrictions, terms and conditions as such Restricted Shares.

3. Termination of Restrictions. Following the termination of the Restricted Period and provided that all other restrictive conditions set forth herein have been met, all restrictions set forth in this Agreement or in the Plan relating to the Restricted Shares shall lapse and a stock certificate for the appropriate number of Shares, free of the restrictions and restrictive stock legend (but subject to any legend appropriate under securities laws), shall, upon request, be delivered to the Grantee or the Grantee's beneficiary or estate, as the case may be, pursuant to the terms of this Agreement (or, in the case of book-entry Shares, such restrictions and restricted stock legend shall be removed from the confirmation and account statements delivered to the Grantee in book-entry form).

4. Delivery of Shares.

(a) As of the date hereof, certificates representing the Restricted Shares shall be registered in the name of the Grantee and held by the Company or transferred to a custodian appointed by the Company for the account of the Grantee subject to the terms and conditions of the Plan and shall remain in the custody of the Company or such custodian until their delivery to the Grantee or Grantee's beneficiary or estate as set forth in Section 4(b) hereof or their reversion to the Company as set forth in Section 2(b) hereof. The Board may, in its discretion, provide that Grantee's ownership of Restricted Shares prior to the lapse of any transfer restrictions or any other applicable restrictions shall, in lieu of such certificates, be evidenced by a "book entry" (i.e. a computerized or manual entry) in the Company's records in accordance with and subject to the applicable provisions of the Plan.

(b) Certificates representing Restricted Shares in respect of which the Restricted Period has lapsed pursuant to this Agreement shall be delivered to the Grantee (or Grantee's personal representative, if applicable) upon request following the date on which the restrictions on such Restricted Shares lapse.

(c) Each certificate representing Restricted Shares shall bear (and confirmation and account statements sent to Grantee with respect to book-entry Shares may bear) a legend in substantially the following form or substance:

> THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN THE LUMINEX CORPORATION 2018 EQUITY INCENTIVE PLAN (THE "PLAN") AND THE RESTRICTED SHARE AWARD AGREEMENT (THE "AGREEMENT") BETWEEN THE OWNER OF THE RESTRICTED SHARES REPRESENTED HEREBY AND LUMINEX CORPORATION (THE "COMPANY"). THE RELEASE OF SUCH SHARES FROM SUCH TERMS AND CONDITIONS SHALL BE MADE ONLY IN ACCORDANCE WITH THE PROVISIONS OF THE PLAN AND THE AGREEMENT AND ALL OTHER APPLICABLE POLICIES AND PROCEDURES OF THE COMPANY, COPIES OF WHICH ARE ON FILE AT THE COMPANY.

5. Effect of Lapse of Restrictions. To the extent that the Restricted Period applicable to any Restricted Shares shall have lapsed, the Grantee may receive, hold, sell or otherwise dispose of such Shares free and clear of the restrictions imposed under the Plan and this Agreement.

6. No Right to Continued Service. This Agreement shall not be construed as giving Grantee the right to continue to serve as a director of the Company or any Subsidiary or Affiliate, and the Company or any Subsidiary or Affiliate may at any time dismiss Grantee from service as a director, free from any liability or any claim under the Plan.

7. Adjustments. The Board shall make equitable and proportionate adjustments in the terms and conditions of, and the criteria included in, this Award in recognition of unusual or nonrecurring events (and shall make adjustments for the events described in Section 4.2 of the Plan) affecting the Company, or the financial statements of the Company, or of changes in applicable laws, regulations, or accounting principles in accordance with the Plan, whenever the Board determines that such event(s) affect the Shares. Any such adjustments shall be effected in a manner that precludes the material enlargement of rights and benefits under this Award.

8. Amendment to Award . Subject to the restrictions contained in the Plan, the Board may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the Award, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would adversely affect the rights of the Grantee or any holder or beneficiary of the Award shall not to that extent be effective without the consent of the Grantee, holder or beneficiary affected.

9. Withholding of Taxes. The Company may take such actions as it deems necessary to satisfy any withholding obligations or withholding taxes applicable to the Company or the Grantee.

10. Plan Governs. The Grantee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement are governed by the terms of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern.

11. Severability. If any provision of this Agreement is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or the Award, or would disqualify the Plan or Award under any laws deemed applicable by the Board, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

12. Notices. All notices required to be given under this Grant shall be deemed to be received if delivered or mailed as provided for herein, to the parties at the following addresses, or to such other address as either party may provide in writing from time to time.

To the Company: Luminex Corporation
12212 Technology Blvd.
Austin, TX 78727
Attn: Corporate Secretary and Chief Financial Officer

To the Grantee: The address then maintained with respect to the Grantee in the Company's records.

13. Governing Law. The validity, construction and effect of this Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to conflicts of laws principles.

14. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

15. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Board. Any determination made hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes. The Grantee may contest a decision or action by the Board with respect to such Grantee only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Board's decision or action was arbitrary or capricious or unlawful.

IN WITNESS WHEREOF, the parties have caused this Restricted Share Award Agreement to be duly executed effective as of the day and year first above written.

LUMINEX CORPORATION

By: _____

GRANTEE:

_____
Please Print

GRANTEE:

_____
Signature

Exhibit 10.3

LUMINEX CORPORATION
RESTRICTED SHARE UNIT AGREEMENT
(DIRECTORS)

THIS RESTRICTED SHARE UNIT AGREEMENT (this "Agreement") is made and entered into as of the ____ day of _____, 20___ (the "Grant Date"), between Luminex Corporation, a Delaware corporation (the "Company"), and _____ (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Luminex Corporation 2018 Equity Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of Restricted Share Units; and

WHEREAS, the Grantee has elected to receive all or a portion of Grantee's retainers for services as a director of the Company (a "Director") in the form of a Restricted Share Unit award.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Share Unit Award.

1.1 The Company hereby grants to the Grantee an award (the "Award") of _____ Restricted Share Units ("RSUs") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan.

1.2 This Agreement shall be construed in accordance and consistent with, and subject to, the terms of the Plan; and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same meanings as are set forth in the Plan.

1.3 The Grantee's rights with respect to the Award shall remain forfeitable at all times prior to the dates on which the RSUs shall vest in accordance with Section 2 hereof. This Award may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Grantee other than by will or the laws of descent and distribution.

2. Vesting and Payment.

2.1 Except as provided in Section 2.3, the Award shall vest in its entirety on the date that is the earlier of (i) one year following the Grant Date, or (ii) the annual meeting of stockholders held in the year following the year in which the Grant Date occurred in the event the Grantee is not re-elected to serve as a director of the Company at such annual meeting.

2.2 Unless otherwise elected by the Grantee pursuant to an election form provided by the Company (the "Election Form"), the Grantee shall be entitled to payment, at the time of Grantee's termination of (or removal from) service as a Director, in respect of all RSUs covered by the Award that are then vested. Subject to the provisions of the Plan, any payment of RSUs pursuant to this Agreement shall be made through the issuance to the Grantee (or to the executors or administrators of Grantee's estate, after the Company's receipt of notification of Grantee's death, as the case may be) of a stock certificate for a number of Shares equal to the number of such vested RSUs. Settlement of the RSUs shall be made within 90 days (with the date of payment selected by the Company in its sole discretion) of the Grantee's termination of service as a Director or such other payment date selected by the Grantee pursuant to a properly executed Election Form.

2.3 Except as otherwise determined by the Board at or after the grant of the Award hereunder, Grantee shall forfeit all RSUs granted hereunder, and all rights of the Grantee to the Shares payable with respect to such RSUs shall terminate, without further obligation on the part of the Company, unless the Grantee remains in continuous service with the Company for the entire period beginning on the Grant Date and ending on the vest date applicable to such RSUs as provided in Section 2.1. "Continuous service" will be deemed to end on the date on which notice of termination or removal from the Board of Directors is received by the Grantee (or such later date as specified in such notice by the Company) or notice of resignation is given by the Grantee. Notwithstanding the foregoing, this Award shall automatically vest as to all RSUs awarded hereunder (as to which such RSUs have not previously vested) upon (i) the occurrence of a change in ownership or effective control (as such term is defined under Section 1.409A-3(i)(5) or the Treasury Regulations) of the Company or (ii) the occurrence of termination of the Grantee's service as a Director which results from Grantee's (A) death or (B) Disability.

2.4 Notwithstanding anything to the contrary in this Agreement, if (i) on the date Grantee's service as a Director terminates the Grantee is a "specified employee" (as such term is defined under Section 1.409A-1(i)(1) of the Treasury Regulations) of the Company and (ii) any payments (in cash or Shares) to be provided to the Grantee pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six months after the date of Grantee's "separation from service" (as such term is defined under Section 1.409A-1(h) of the Treasury Regulations) as a Director of the Company. Any payments (in cash or Shares) delayed pursuant to this Section 2.4 shall be made in a lump sum (or in one issuance in the case of Shares) on the first day of the seventh month following the Grantee's "separation from service" (as such term is defined under Section 1.409A-1(h) of the Treasury Regulations).

3. Dividend Equivalents; No Voting Rights.

No dividend equivalents shall be paid or payable with respect to unvested RSUs (as determined under Section 2). Any vested RSUs covered by this Award shall be credited with dividend equivalents at the time of any payment of dividends to shareholders on Shares as follows: the amount of any cash, or the Fair Market Value of any Shares, payable as a dividend with respect to a corresponding number of Shares shall be converted into additional RSUs based on the Fair Market Value of a Share at the time such dividends are paid, provided that such RSUs shall be subject to the same payment terms and restrictions on transferability as apply to the RSUs with respect to which they relate. Any dividend equivalent rights shall be paid in accordance with the Company's payment practices as of the date on which such dividend would have been payable in respect of outstanding Shares. The Grantee shall not be entitled to voting rights with respect to RSUs covered by this Award. No Shares are actually awarded to Grantee on the date of grant and Grantee shall have no rights of a stockholder with respect to RSUs until the restrictions set forth herein have lapsed.

4. No Right to Continued Service.

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right to continue service as a member of the Board.

5. Adjustments.

In the event of a change in capitalization, a change in corporate structure or any corporate transaction or similar event described in Section 4.2 or 14.3 of the Plan, the Board shall make an equitable and proportionate adjustment or substitution (including by substitution of shares of another corporation), in the number and class of Shares or other stock or securities represented by the RSUs. Any such adjustment (or substitution) by the Board shall be made in accordance with the provisions of the Plan and shall be final and binding for all purposes of the Plan and this Agreement.

6. Plan Governs.

The Grantee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement are governed by the terms of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern.

7. Modification of Agreement.

Subject to the restrictions contained in the Plan, the Board may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the Award, prospectively or retroactively in accordance with and subject to the limitations of Section 409A of the Code and the Treasury Regulations promulgated thereunder; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would adversely affect the rights of the Grantee or any holder or beneficiary of the Award shall not to that extent be effective without the consent of the Grantee, holder or beneficiary affected.

8. Severability.

If any provision of this Agreement is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or the Award, or would disqualify the Plan or Award under any laws deemed applicable by the Board, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

9. Governing Law.

The validity, interpretation, construction, effect and performance of this Agreement shall be governed by the laws of the State of Delaware without giving effect to the conflicts of law principles thereof, except to the extent that such laws are preempted by Federal law.

10. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

11. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Board. Any determination made hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes. The Grantee may contest a decision or action by the Board with respect to such Grantee only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Board's decision or action was arbitrary or capricious or unlawful.

12. Notices.

All notices required to be given under this Award shall be deemed to be received if delivered or mailed as provided for herein, to the parties at the following addresses, or to such other address as either party may provide in writing from time to time.

To the Company: Luminex Corporation
12212 Technology Blvd.
Austin, TX 78727
Attn: Corporate Secretary and Chief Financial Officer

To the Grantee: The address then maintained with respect to the Grantee in the Company's records.

(remainder of page left blank intentionally)

IN WITNESS WHEREOF, the parties have caused this Restricted Share Unit Agreement to be duly executed effective as of the day and year first above written.

LUMINEX CORPORATION

By: _____

GRANTEE:

_____
Please Print

GRANTEE:

_____
Signature

Exhibit 10.4

LUMINEX CORPORATION
NON-QUALIFIED STOCK OPTION AGREEMENT

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made and entered into as of _____ (the "Grant Date"), by and between Luminex Corporation, a Delaware corporation (together with its Subsidiaries and Affiliates where applicable, the "Company"), and the person whose name is set forth on the attached Notice of Grant of Stock Options (the "Optionee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Luminex Corporation 2018 Equity Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of stock options for the purchase of shares of the common stock, par value $0.001 per share, of Luminex Corporation (the "Shares"); and

WHEREAS, the Company desires to afford the Optionee an opportunity to purchase Shares as hereinafter provided in accordance with the provisions of the Plan;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Option.

(a) The Company grants to Optionee as of the date of this Agreement the right and option (the "Option") to purchase any or all of the _____ Shares (the "Option Stock") set forth on the Notice of Grant of Stock Options, at an exercise price also set forth on the attached Notice of Grant of Stock Options, on the terms and conditions set forth in this Agreement and subject to all provisions of the Plan. The Optionee, holder or beneficiary of the Option shall not have any of the rights of a shareholder with respect to the Option Stock until such person has become a holder of such Shares by the due exercise of the Option and payment of the Option Payment (as defined in Section 3 below) in accordance with this Agreement.

(b) The Option shall be a non-qualified stock option. In order to provide the Company with the opportunity to claim the benefit of any income tax deduction which may be available to it upon the exercise of the Option, and in order to comply with all applicable federal or state tax laws or regulations, the Company may take such action as it deems appropriate to insure that, if necessary, all applicable federal, state or other taxes are withheld or collected from the Optionee.

2. Exercise of Option. Except as otherwise provided herein, this Option shall become vested and exercisable in accordance with the Notice of Grant of Stock Options attached hereto if and only if Optionee has been continuously employed by the Company or any of its Subsidiaries from the date of this Agreement through and including the date of exercise. Notwithstanding the above, each outstanding Option shall vest and become exercisable in full upon the event of Optionee's death or Disability.

3. Manner of Exercise. The Option may be exercised in whole or in part at any time within the period permitted hereunder for the exercise of the Option, with respect to whole Shares only, by serving written notice of intent to exercise the Option delivered to the Company at its principal office (or to the Company's designated agent), stating the number of Shares to be purchased, the person or persons in whose name the Shares are to be registered and each such person's address and social security number. Such notice shall not be effective unless accompanied by payment in full of the Option Price for the number of Shares with respect to which the Option is then being exercised (the "Option Payment") and, unless the tax withholding requirements are satisfied by directing the Company to withhold Shares as described below, cash equal to the required withholding taxes as set forth by Internal Revenue Service and applicable State tax guidelines for the employer's statutory withholding (at such rate determined by the Committee in conformity with applicable law and not to exceed the statutory maximum rate). The Option Payment shall be made either: (a) in cash or cash equivalents; (b) in whole unencumbered Shares previously acquired by the Optionee, valued at the Shares' Fair Market Value on the date of exercise; (c) by a combination of (a) and (b); (d) subject to applicable securities laws and if allowed by the Committee, by simultaneously selling Shares of Option Stock thereby acquired pursuant to a brokerage or similar agreement approved in advance by proper officers of the Company, using the proceeds of such sale as payment of the Option Payment; or (e) if allowed by the Committee, by directing the Company to withhold that number of whole Shares otherwise deliverable to the Optionee pursuant to the Option having an aggregate Fair Market Value at the time of exercise equal to the Option Payment. To satisfy any applicable withholding taxes, in the discretion of the Committee, in lieu of cash the Optionee may direct the Company to withhold that number of whole shares otherwise deliverable to the Optionee pursuant to the Option.

4 . Termination of Option. The Option will expire seven (7) years from the date of grant of the Option (the "Term") with respect to any then unexercised portion thereof, unless terminated earlier as set forth below:

(a) Termination by Death. If the Optionee's employment by the Company terminates by reason of death, or if the Optionee dies within three (3) months after termination of such employment for any reason other than Cause, this Option may thereafter be exercised by the legal representative of the estate or by the legatee of the Optionee under the will of the Optionee, until the expiration of the original Term of the Option.

(b) Termination by Reason of Disability. If the Optionee's employment by the Company terminates by reason of Disability, this Option may thereafter be exercised by the Optionee or personal representative or guardian of the Optionee, as applicable, until the expiration of the original Term of the Option.

(c) Termination by Normal Retirement or Early Retirement. If Optionee's employment by the Company terminates by reason of Normal Retirement or Early Retirement, this Option may thereafter be exercised by the Optionee, until the expiration of the original Term of the Option. "Early Retirement" means retirement with the express consent of the Company at or before the time of such retirement, from active employment with the Company prior to age sixty-five (65), in accordance with any applicable early retirement policy of the Company then in effect. "Normal Retirement" means retirement from active employment with the Company on or after age sixty-five (65).

(d) Termination for Cause. If the Optionee's employment by the Company is terminated for Cause, this Option shall terminate immediately and become void and of no effect.

(e) Other Termination. If the Optionee's employment by the Company is terminated for any reason other than for Cause, death, Disability or Normal Retirement or Early Retirement, this Option may be exercised, to the extent the Option was exercisable at the time of such termination, by the Optionee for a period of ninety (90) days from the date of such termination of employment or the expiration of the Term of the Option, whichever period is the shorter.

5. No Right to Continued Employment. The grant of the Option shall not be construed as giving Optionee the right to be retained in the employ of the Company or its Subsidiaries, and the Company or its Subsidiaries may at any time dismiss Optionee from employment, free from any liability or any claim under the Plan.

6. Adjustment to Option Stock. The Committee may make equitable and proportionate adjustments in the terms and conditions of, and the criteria included in, this Option in recognition of unusual or nonrecurring events (and shall make adjustments for the events described in Section 4.2 of the Plan) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations or accounting principles in accordance with the Plan, whenever the Committee determines that such event(s) affect the Shares. Any such adjustments shall be effected in a manner that precludes the material enlargement of rights and benefits under this Award.

7 . Amendments to Option. Subject to the restrictions contained in the Plan, the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the Option, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would adversely affect the rights of the Optionee or any holder or beneficiary of the Option shall not to that extent be effective without the consent of the Optionee, holder or beneficiary affected.

8 . Limited Transferability. During the Optionee's lifetime this Option can be exercised only by the Optionee, except as otherwise provided in Section 4(a) above or in this Section 8. This Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Optionee other than by will or the laws of descent and distribution. Any attempt to otherwise transfer this Option shall be void. No transfer of this Option by the Optionee by will or by laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the will and/or such other evidence as the Committee may deem necessary or appropriate to establish the validity of the transfer.

9 . Reservation of Shares. At all times during the term of this Option, the Company shall use its best efforts to reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of this Agreement.

10. Plan Governs. The Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement are governed by the terms of the Plan, and in the case of any

inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern. Capitalized terms not otherwise defined herein shall have the meanings ascribed to in the Plan.

11. Severability. If any provision of this Agreement is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or the Award, or would disqualify the Plan or Award under any laws deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

12. Notices. All notices required to be given under this Option shall be deemed to be received if delivered or mailed as provided for herein to the parties at the following addresses, or to such other address as either party may provide in writing from time to time.

To the Company: Luminex Corporation
12212 Technology Blvd.
Austin, TX 78727
Attn: Corporate Secretary and Chief Financial Officer

To the Optionee: The address then maintained with respect to the Optionee in the Company's records.

13. Governing Law. The validity, construction and effect of this Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to conflicts of laws principles.

14. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding and conclusive on the Optionee and the Company for all purposes. The Optionee may contest a decision or action by the Committee with respect to such Optionee only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Committee's decision or action was arbitrary or capricious or unlawful.

15. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Optionee's legal representative and assignees. All obligations imposed upon the Optionee and all rights granted to the Company under this Agreement shall be binding upon the Optionee's heirs, executors, administrators, successors and assignees.

IN WITNESS WHEREOF, the parties have caused this Non-Qualified Stock Option Agreement to be duly executed effective as of the day and year first above written.

LUMINEX CORPORATION

By: /s/ Harriss T. Currie

Harriss T. Currie
Senior Vice President, Finance
Chief Financial Officer

OPTIONEE:

_____
Please Print

OPTIONEE:

_____
***Si**gnature*

Exhibit 10.5

LUMINEX CORPORATION
RESTRICTED SHARE AWARD AGREEMENT
(OFFICERS AND EMPLOYEES)

THIS RESTRICTED SHARE AWARD AGREEMENT (this "Agreement") is made and entered into as of _____ (the "Grant Date"), between Luminex Corporation, a Delaware corporation, (together with its Subsidiaries, the "Company"), and _____ (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Luminex Corporation 2018 Equity Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of restricted shares of the common stock of Luminex Corporation, par value $0.001 per share (the "Common Stock"); and

WHEREAS, pursuant to the Plan, the Committee responsible for administering the Plan has granted an award of restricted shares to the Grantee as provided herein;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Shares.

(a) The Company hereby grants to the Grantee an award (the "Award") of _____ shares of Common Stock (the "Shares" or the "Restricted Shares") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan.

(b) The Grantee's rights with respect to the Award shall remain forfeitable at all times prior to the dates on which the restrictions shall lapse in accordance with Sections 2 and 3 hereof.

2. Terms and Rights as a Stockholder.

(a) Except as provided herein and subject to such other exceptions as may be determined by the Committee in its discretion, the "Restricted Period" for the Restricted Shares granted herein shall expire on the following date(s):

Shares	Vest Date(s)

(b) The Grantee shall have all rights of a stockholder with respect to the Restricted Shares, including the right to receive dividends and the right to vote such Shares, subject to the following restrictions:

(i) the Grantee shall not be entitled to delivery of the stock certificate for any Shares until the expiration of the Restricted Period as to such Shares and the fulfillment of any other restrictive conditions set forth herein;

(ii) none of the Restricted Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of during the Restricted Period as to such Shares and until the fulfillment of any such other restrictive conditions set forth herein; and

(iii) except as otherwise determined by the Committee at or after the grant of the Award hereunder, any Restricted Shares as to which the applicable "Restricted Period" has not expired or other restrictive conditions have not been met shall be forfeited, and all rights of the Grantee to such Shares shall terminate, without further obligation on the part of the Company, unless the Grantee remains in the continuous employment (or other servicing-providing capacity) of the Company or its Subsidiaries for the entire Restricted Period.

(c) Notwithstanding the foregoing, the Restricted Period shall automatically terminate as to all Restricted Shares awarded hereunder (as to which such Restricted Period has not previously terminated) upon the occurrence of termination

of the Grantee's employment from the Company, a Subsidiary or Affiliate which results from Grantee's death or Disability (to be determined in the sole discretion of the Committee).

Any Shares, any other securities of the Company and any other property (except for cash dividends) distributed with respect to the Restricted Shares shall be subject to the same restrictions, terms and conditions as such Restricted Shares.

3. Termination of Restrictions. Following the termination of the Restricted Period and provided that all other restrictive conditions set forth herein have been met, all restrictions set forth in this Agreement or in the Plan relating to such portion or all, as applicable, of the Restricted Shares shall lapse as to such portion or all, as applicable, of the Restricted Shares, and a stock certificate for the appropriate number of Shares, free of the restrictions and restrictive stock legend (but subject to any legend appropriate under securities laws), shall, upon request, be delivered to the Grantee pursuant to the terms of this Agreement (or, in the case of book-entry Shares, such restrictions and restricted stock legend shall be removed from the confirmation and account statements delivered to the Grantee in book-entry form).

4. Delivery of Shares.

(a) As of the date hereof, certificates representing the Restricted Shares shall be registered in the name of the Grantee and held by the Company or transferred to a custodian appointed by the Company for the account of the Grantee subject to the terms and conditions of the Plan and shall remain in the custody of the Company or such custodian until their delivery to the Grantee as set forth in Section 4(b) hereof or their forfeiture or reversion to the Company as set forth in Section 2(b) hereof. The Committee may, in its discretion, provide that Grantee's ownership of Restricted Shares prior to the lapse of any transfer restrictions or any other applicable restrictions shall, in lieu of such certificates, be evidenced by a "book entry" (i.e. a computerized or manual entry) in the Company's records in accordance with and subject to the applicable provisions of the Plan.

(b) Certificates representing Restricted Shares in respect of which the applicable Restricted Period has lapsed pursuant to this Agreement shall be delivered to the Grantee upon request following the date on which the restrictions on such Restricted Shares lapse.

(c) Each certificate representing Restricted Shares shall bear (and confirmation and account statements sent to a Grantee with respect to book-entry Shares may bear) a legend in substantially the following form or substance:

> THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN THE LUMINEX CORPORATION 2018 EQUITY INCENTIVE PLAN (THE "PLAN") AND THE RESTRICTED SHARE AWARD AGREEMENT (THE "AGREEMENT") BETWEEN THE OWNER OF THE RESTRICTED SHARES REPRESENTED HEREBY AND LUMINEX CORPORATION (THE "COMPANY"). THE RELEASE OF SUCH SHARES FROM SUCH TERMS AND CONDITIONS SHALL BE MADE ONLY IN ACCORDANCE WITH THE PROVISIONS OF THE PLAN AND THE AGREEMENT AND ALL OTHER APPLICABLE POLICIES AND PROCEDURES OF THE COMPANY, COPIES OF WHICH ARE ON FILE AT THE COMPANY.

5. Effect of Lapse of Restrictions. To the extent that the Restricted Period applicable to any Restricted Shares shall have lapsed, the Grantee may receive, hold, sell or otherwise dispose of such Shares free and clear of the restrictions imposed under the Plan and this Agreement.

6. No Right to Continued Employment. This Agreement shall not be construed as giving Grantee the right to be retained in the employ of the Company of its Subsidiaries, and the Company or its Subsidiaries may at any time dismiss Grantee from employment, free from any liability or any claim under the Plan but subject to the terms of the Grantee's Employment Agreement, if any.

7. Adjustments. The Committee shall make equitable and proportionate adjustments in the terms and conditions of, and the criteria included in, this Award in recognition of unusual or nonrecurring events (and shall make adjustments for the events described in Section 4.2 of the Plan) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles in accordance with the Plan, whenever the Committee determines that such event(s) affect the Shares. Any such adjustments shall be effected in a manner that precludes the material enlargement of rights and benefits under this Award.

8. Amendment to Award. Subject to the restrictions contained in the Plan, the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate the Award, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would adversely affect the rights of the Grantee or any holder or beneficiary of the Award shall not to that extent be effective without the consent of the Grantee, holder or beneficiary affected.

9. Withholding of Taxes. If the Grantee makes an election under Section 83(b) of the Code with respect to the Award, the Award made pursuant to this Agreement shall be conditioned upon the prompt payment to the Company of any applicable withholding obligations or withholding taxes by the Grantee ("Withholding Taxes"). Failure by the Grantee to pay such Withholding Taxes will render this Agreement and the Award granted hereunder null and void ab initio and the Restricted Shares granted hereunder will be immediately cancelled. If the Grantee does not make an election under Section 83(b) of the Code with respect to the Award, upon the lapse of the Restricted Period with respect to any portion of Restricted Shares (or property distributed with respect thereto), the Company shall satisfy the required minimum Withholding Taxes as set forth by Internal Revenue Service guidelines for the employer's minimum statutory withholding with respect to Grantee and issue vested shares to the Grantee without Restriction. The Company shall satisfy the required Withholding Taxes by withholding from the Shares included in the Award that number of whole shares necessary to satisfy such taxes as of the date the restrictions lapse with respect to such Shares based on the Fair Market Value of the Shares.

10. Plan Governs. The Grantee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement are governed by the terms of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern.

11. Severability. If any provision of this Agreement is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or the Award, or would disqualify the Plan or Award under any laws deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

12. Notices. All notices required to be given under this Grant shall be deemed to be received if delivered or mailed as provided for herein, to the parties at the following addresses, or to such other address as either party may provide in writing from time to time.

To the Company: Luminex Corporation
12212 Technology Blvd.
Austin, TX 78727
Attn: Corporate Secretary and Chief Financial Officer

To the Grantee: The address then maintained with respect to the Grantee in the Company's records.

13. Governing Law. The validity, construction and effect of this Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to conflicts of laws principles.

14. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

15. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes. The Grantee may contest a decision by the Committee with respect to such Grantee only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Committee's decision or action was arbitrary or capricious or unlawful.

IN WITNESS WHEREOF, the parties have caused this Restricted Share Award Agreement to be duly executed effective as of the day and year first above written.

LUMINEX CORPORATION

By: /s/ Harriss T. Currie

Harriss T. Currie
Senior Vice President, Finance
Chief Financial Officer

GRANTEE:

_____
Please Print

GRANTEE:

_____
***Si**gnature*

Exhibit 10.6

LUMINEX CORPORATION
RESTRICTED SHARE UNIT AGREEMENT
(OFFICERS AND EMPLOYEES)

THIS RESTRICTED SHARE UNIT AGREEMENT (this "Agreement") is made and entered into as of _____ (the "Grant Date"), between Luminex Corporation, a Delaware corporation (the "Company"), and _____ (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Luminex Corporation 2018 Equity Incentive Plan (the "Plan").

WHEREAS, the Company has adopted the Plan, which permits the issuance of Restricted Share Units; and

WHEREAS, pursuant to the Plan, the Committee responsible for administering the Plan has granted an award of Restricted Share Units to the Grantee in his or her capacity as an employee of the Company or one of its Subsidiaries as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Share Unit Award.

1.1 The Company hereby grants to the Grantee an award (the "Award") of _____ Restricted Share Units ("RSUs") on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan.

1.2 The Grantee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of this Agreement are governed by the terms of the Plan, and in the case of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern.

1.3 The Grantee's rights with respect to the Award shall remain forfeitable at all times prior to the dates on which the RSUs shall vest in accordance with Section 2 hereof.

2. Vesting and Payment.

2.1 Except as provided in Section 2.3, the Award shall vest on the following date(s):

Units	Vest Date(s)

2.2 The Grantee shall be entitled to payment in respect of each RSU covered by the Award upon the vesting of such RSU. Subject to the provisions of the Plan, such payment shall be made through the issuance to the Grantee, as promptly as practicable following the applicable vesting date (or to the executors or administrators of Grantee's estate, as promptly as practicable after the Company's receipt of notification of Grantee's death, as the case may be), of a stock certificate for a number of Shares equal to the number of such vested RSUs, less any Shares withheld to satisfy withholding obligations in accordance with Section 5 below.

2.3 Except as otherwise determined by the Committee at or after the grant of the Award hereunder, Grantee shall forfeit all unpaid RSUs granted hereunder, and all rights of the Grantee to the Shares payable with respect to such RSUs shall terminate, without further obligation on the part of the Company, unless the Grantee remains in the continuous employment (or other service-providing capacity) of the Company or its Subsidiaries for the entire period beginning on the Grant Date and ending on the vest date applicable to such RSUs as provided in Section 2.1. "Continuous employment" will be deemed to end on the date on which notice of termination is received by the Grantee (or such later date as specified in such notice by the Company) or notice of resignation is given by the Grantee. Notwithstanding the foregoing, the Award shall automatically vest as to all RSUs awarded hereunder (as to which such RSUs have not previously vested) upon the occurrence of termination of the Grantee's employment from the Company, a Subsidiary or Affiliate which results from Grantee's death or Disability (to be determined in the sole discretion of the Committee).

3. Dividend Equivalents; No Voting Rights. RSUs covered by this Award shall be credited with dividend equivalents at the time of any payment of dividends to shareholders on Shares as follows: the amount of any cash, or the Fair Market Value of any Shares, payable as a dividend with respect to a corresponding number of Shares shall be converted into additional RSUs based on the Fair Market Value of a Share at the time such dividends are paid, provided that such RSUs shall be subject to the same forfeiture restrictions and restrictions on transferability as apply to the RSUs with respect to which they relate. Any dividend equivalent rights shall be paid in accordance with the Company's payment practices as of the date on which such dividend would have been payable in respect of outstanding Shares. The Grantee shall not be entitled to voting rights with respect to RSUs covered by this Award. No shares are actually awarded to Grantee on the date of grant and Grantee shall have no rights of a stockholder with respect to RSUs until the restrictions set forth herein have lapsed.

4. No Right to Continued Service. Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right to continue service as an employee of the Company, any Subsidiary or Affiliate, and the Company or its Subsidiaries or Affiliates may at any time dismiss Grantee from employment, free from any liability or any claim under the Plan but subject to the terms of the Grantee's employment agreement, if any.

5. Withholding of Taxes. Upon the vesting and payment of the RSUs granted hereunder, the Company shall be entitled to satisfy any required tax withholding obligation (at such rate determined by the Committee in conformity with applicable law and not to exceed the statutory maximum rate) imposed by any applicable taxing authority by (a) withholding from payment to Grantee upon vesting of the RSUs such number of Shares having a Fair Market Value equal to any such withholding obligation, (b) requiring Grantee, as a condition to receiving Shares otherwise payable pursuant to Section 2.3 hereof, to remit a cash payment to the Company sufficient to allow the Company to satisfy such withholding obligations, or (c) any other method determined by the Committee in its sole discretion.

6. Modification of Agreement. Subject to the restrictions contained in the Plan, the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the Award, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would adversely affect the rights of the Grantee or any holder or beneficiary of the Award shall not to that extent be effective without the consent of the Grantee, holder or beneficiary affected.

7. Severability. If any provision of this Agreement is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or the Award, or would disqualify the Plan or Award under any laws deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and Award shall remain in full force and effect.

8. Governing Law. The validity, interpretation, construction, effect and performance of this Agreement shall be governed by the laws of the State of Delaware without giving effect to the conflicts of law principles thereof, except to the extent that such laws are preempted by Federal law.

9. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

10. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way related to, the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes. The Grantee may contest a decision or action by the Committee with respect to such Grantee only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Committee's decision or action was arbitrary or capricious or unlawful.

11. Notices. All notices required to be given under this Award shall be deemed to be received if delivered or mailed as provided for herein, to the parties at the following addresses, or to such other address as either party may provide in writing from time to time.

To the Company: Luminex Corporation
12212 Technology Blvd.
Austin, TX 78727
Attn: Corporate Secretary and Chief Financial Officer

To the Grantee: The address then maintained with respect to the Grantee in the Company's records.

IN WITNESS WHEREOF, the parties have caused this Restricted Share Unit Agreement to be duly executed effective as of the day and year first above written.

LUMINEX CORPORATION

By: /s/ Harriss T. Currie

Harriss T. Currie
Senior Vice President, Finance
Chief Financial Officer

GRANTEE:

_____
Please Print

GRANTEE:

_____
***Si**gnature*

Exhibit 31.1

CERTIFICATION

I, Nachum Shamir, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Luminex Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2018

By: /s/ Nachum Shamir
Nachum Shamir
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Harriss T. Currie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Luminex Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2018

By: /s/ Harriss T. Currie
Harriss T. Currie
Chief Financial Officer, Senior Vice President of Finance

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Luminex Corporation (the "Company") on Form 10-Q for the period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nachum Shamir, President and Chief Executive Officer of the Company, certify, pursuant to Title 18, Chapter 63, Section 1350 of the United States Code, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

/s/ Nachum Shamir
Nachum Shamir
President and Chief Executive Officer
August 7, 2018

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 HAS BEEN PROVIDED TO LUMINEX CORPORATION AND WILL BE RETAINED BY LUMINEX CORPORATION AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Luminex Corporation (the "Company") on Form 10-Q for the period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harriss T. Currie, Chief Financial Officer and Senior Vice President of Finance of the Company, certify, pursuant to Title 18, Chapter 63, Section 1350 of the United States Code, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

/s/ Harriss T. Currie
Harriss T. Currie
Chief Financial Officer, Senior Vice President of Finance
August 7, 2018

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 HAS BEEN PROVIDED TO LUMINEX CORPORATION AND WILL BE RETAINED BY LUMINEX CORPORATION AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.