Yourgene Health

ENABLING SCIENTIFIC ADVANCES *to* POSITIVELY IMPACT HUMAN HEALTH

ANNUAL REPORT AND ACCOUNTS 2019

Yourgene Health is an international molecular diagnostics group which develops and commercialises genetic products and services.

The group works in partnership with global leaders in DNA technology to advance diagnostic science.

IN NUMBERS

NIPT test volume growth year on year
+67%

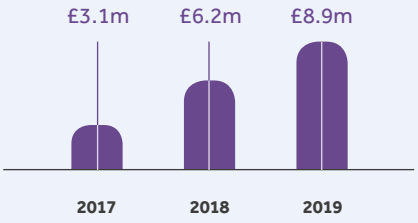
Revenue growth year on year
+45%

NIPT test accuracy
+99%

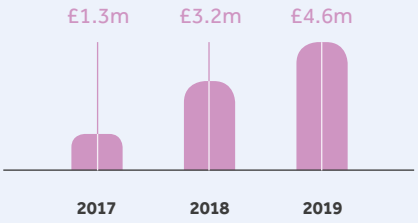
Territories
>60

KEY STATS

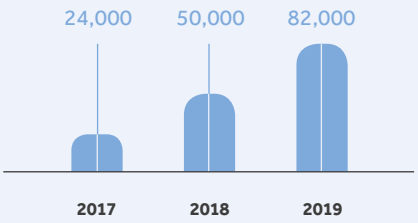
Revenue



Gross profit



Number of NIPT tests



HIGHLIGHTS

- **Changed the Group's name to Yourgene Health plc from Premaitha Health plc, to reflect the Group's broadened product development ambitions and research service capabilities**
- **Test volumes increased by 67% to over 82,000 (2018: 50,000)**
- **Entered into a legal settlement and licence agreement with Illumina, ending all patent litigation**
  - Development of the Illumina-based IONA® test
- **Global leadership team restructured with the appointments of Lyn Rees (CEO) and Hayden Jeffreys (COO)**
- **Significant commercial progress achieved, including:**
  - Continued to expand international footprint in both existing and new territories with laboratories added in Africa and Asia
  - Commercial launch of Sage32 NIPT workflow for high throughput laboratories
  - Restructure of financial and commercial agreements with Life Technologies resulting in a 7% equity share of the enlarged group. Commercial agreement signed for NIPT in South East Asia and £12.7 million of debt written off
- **Post period-end**
  - Announced a $1m collaboration agreement between Yourgene Bioscience and a leading clinical research organisation in Taiwan to deliver NGS testing in oncology
  - Equity fundraise of £11.8m to acquire Elucigene Diagnostics and create additional working capital

At a glance *what we do*

LEADING MOLECULAR DIAGNOSTICS FOR IMPROVING HUMAN HEALTH

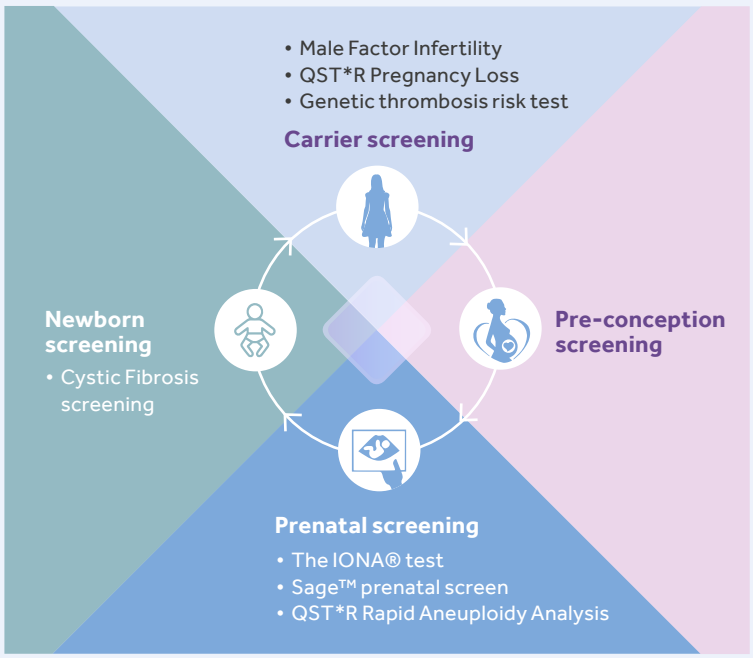
The group is currently focused on delivering simple and accurate molecular diagnostic solutions, primarily for reproductive health. The Group's products include non-invasive prenatal tests (NIPT), Cystic Fibrosis screening tests, invasive rapid aneuploidy tests, male infertility tests and genetic disease testing utilising a range of technologies.

OUR PRODUCTS

Yourgene develops and commercialises *in vitro* diagnostic products that provide clinically useful data to our growing international network of laboratories and healthcare professionals. We currently have a growing range of products focused across reproductive health with includes NIPT solutions, rapid aneuploidy analysis, male factor infertility testing, recurrent pregnancy loss and others soon to join the portfolio.

In addition, through the recent acquisition of Elucigene we have a market-leading Cystic Fibrosis screening test and additional genetic disease screening products. Our products are now enabled on a broader range of instrument platforms and using different approaches and technologies such as Next Generation Sequencing (NGS) and Polymerase Chain Reaction (PCR).

Reproductive health lifecycle



Our NIPT solutions:

We have several NIPT offerings to meet our different customer profiles and market or country needs.

- The IONA® test is the first CE marked *in vitro* diagnostic product for non-invasive prenatal screening. It is now routinely screening pregnant women across many different countries through our customer network of clinical laboratories, hospitals and clinics that offer our test.
- In our clinical laboratories, the IONA® test runs on the Ion Torrent suite of NGS instruments from Thermo Fisher. It is currently being developed to run on the Illumina NGS platform as a CE marked test and will be available for launch in Europe and other regions.
- Sage 32 plex NIPT workflow is a new high throughput offering for laboratories running large numbers of samples each week. It provides a more efficient sequencing workflow and covers a broader range of clinical coverage including trisomies, sex chromosomal aneuploidies and autosomal aneuploidies.

For women that have a high risk NIPT result they are recommended a confirmatory diagnostic test with a follow-up amniocentesis (14-18 weeks) or chorionic villus sampling (CVS) (10-12 weeks).

The QST*R range of Rapid Aneuploidy Analysis tests has been developed using a simple Quantitative Fluorescent-PCR method and results are available within a few hours.

OUR VALUES

"Our values shape everything we do as a company, from how we develop our products, how we work with our customers and how we engage with each other. We believe our values will help us to work together to achieve our strategic goals. Our shared values will enable us to create a long-lasting, successful, and motivating place to work."

Jo Cross
Director of Marketing

- **Recognition:** Key to our success is to recognise our employees, our customers and other stakeholders that embody our values, in order to inspire each other to reach our goals.
- **Teamwork:** We know that our best work is not produced by individuals but by our teams. This team mentality also extends to our clients as we approach every relationship as a partnership and work collaboratively with each other to meet our goals.
- **Trust:** This is core to everything we do; we can't embody the other values if we don't have trust. We are driven to be a company with people, products and partnerships that are trusted.
- **Achievement:** We have clear goals, milestones and KPIs and we are driven to achieve these and then to recognise our achievements.
- **Integrity:** We do the right thing. We are professional, ethical, honest and open about everything we do.
- **Commitment:** We are committed and passionate about achieving our goals for the benefit of all our stakeholders

OUR SERVICES

Clinical laboratory services

Yourgene has two clinical laboratories offering an international service from Manchester, UK and Taipei, Taiwan. Both labs offer high-quality NIPT screening with a competitive, rapid turnaround of 3-5 days from sample receipt.

In addition, our lab in Taipei offers a wide range of different genetic analysis and research services including:

- BRCA1 / BRCA2 cancer mutation screening for patients that are associated with an increased risk of breast, ovarian, prostate and pancreatic cancer
- Cancer hotspot screening to detect early signs of cancer or pre-cancerous conditions before any symptoms appear
- cfDNA screening for lung, breast and colon cancer from blood, without the need for a tumour biopsy sample
- Whole genome sequencing, whole exome sequencing and metagenomic sequencing for microbiome research

OUR CULTURE AND PERFORMANCE

"Yourgene is committed to developing our people and our culture by living to our values. We have a value-led performance culture and we are committed to developing our people in addition to encouraging healthy professional behaviours and work ethics. A great company culture positively impacts business growth, longevity and results."

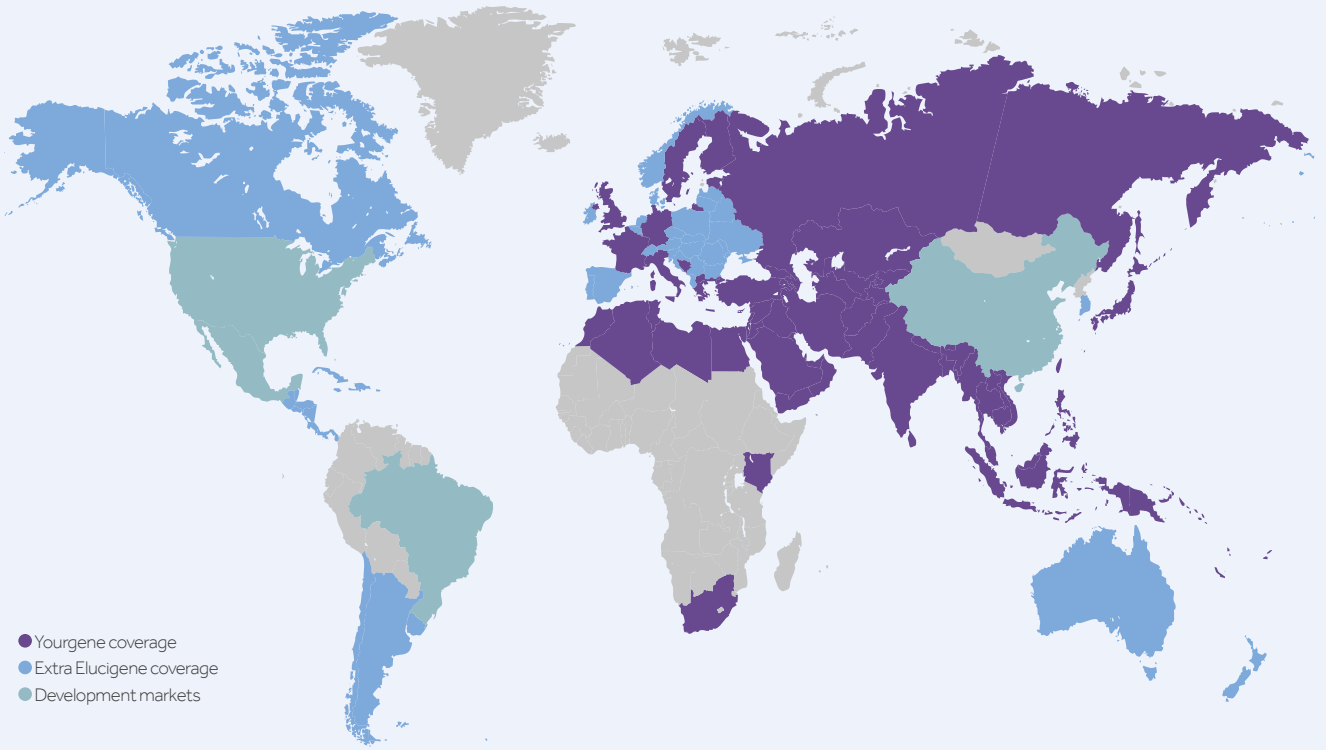
Melissa Rudd
Culture and Performance Manager

- Implemented value-led 'Can Do' performance appraisal management tool
- Recognition programmes have been introduced across the company
- Open and honest collegiate culture where everyone is accountable
- We embrace our different international cultures
- Yourgene Social Huddle run by volunteers to optimise employee wellbeing, drive feedback and foster social and team-building activities

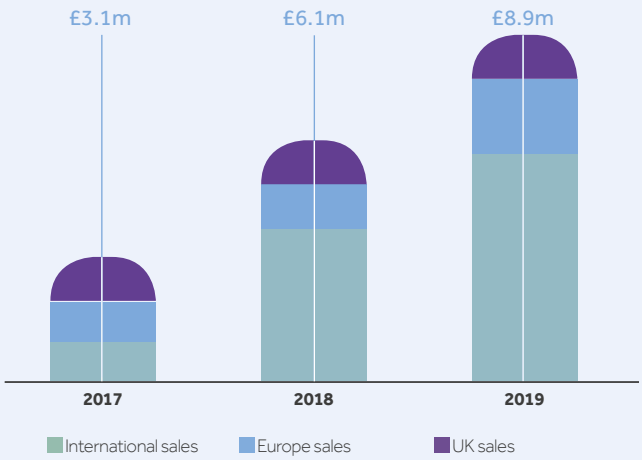
Our market opportunities

INCREASING OUR REACH & RANGE

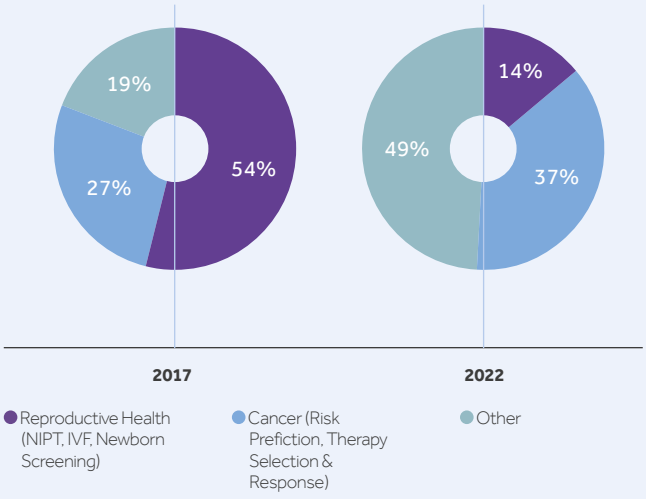
MARKETS BY REGION



REVENUE BY SEGMENT £M



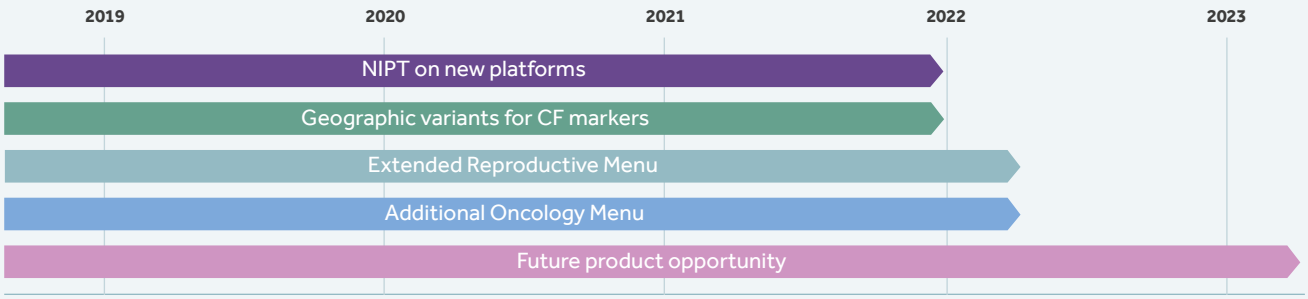
MDx MARKET BY SEGMENTS



Source: Molecular Diagnostics Market Research Report – Global Forecast to 2023

Yourgene focuses on developing and commercialising molecular diagnostics in high-growth market segments

NEW PRODUCT ROADMAP



Apply successful existing model to additional tests	Partnering across the value chain	Diversify into gene analysis	Inorganic product acquisition

Geographic customisation

Yourgene, following the acquisition of Elucigene, is now present in over 60 countries, through a combination of direct sales and distributors. We have a range of global products, that are available as *in vitro* diagnostic kits in different countries dependent on regulatory submissions and other market factors.

Our Cystic Fibrosis product range has many kits that are targeted for specific regions as the frequency of Cystic Fibrosis mutations varies between different ethnic populations. For example, a specific product for France has been developed for the French National Neonatal Cystic Fibrosis Screening Program. This assay detects the 29 most frequent mutations within the French population.

Product expansion

We are always looking at methods to improve our products and keep them in a strong market-leading position and to endeavour to be one step ahead of our competitors. We work diligently to adapt to market needs and customer feedback, to put in place product enhancements to our existing products.

We are also looking at which new products we can bring into our portfolio to enhance and complement our product offering to our growing customer base.

Recent product improvements have included the launch of the Sage 32 QS workflow making a higher throughput and more efficient NIPT workflow for our laboratory customers.

GATEWAY

"Gateway is our Innovation Funnel. It is a mechanism by which we efficiently and effectively evaluate new ideas, to determine whether they will add value to the company."

Dr Michael Risley
Chief Development Officer / Gateway Programme Lead

Anyone in the company, across any function, is encouraged to come up with an idea and to own it through the Gateway process. Ideas can be about product enhancements, improving a process, new products or services, collaborations and partnerships.

All ideas must be accompanied with a business case and a financial plan, as the ideas flow through a phased gated process they will undergo a technical, clinical, commercial and financial review to assess feasibility of success and business impact.

Gateway is proving successful in encouraging innovative thinking, promoting ownership and accountability and providing a platform to make sound business decisions on new ideas.

Business model

COMMITTED & COMPETITIVE

We meet the varying different international customer needs from high-throughput laboratories through to small hospitals and clinics.

WHAT MAKES US DIFFERENT

We apply our key strengths...

IVD PRODUCT DEVELOPMENT

Our in-house development team have a wealth of experience and knowledge in developing *in vitro* diagnostic products that are regulatory approved. Our team have expertise across a growing portfolio of platforms and different technologies, including NGS and PCR. We offer Product Development Partnership Programmes for organisations that wish to outsource their IVD product development.

BIOINFORMATICS AND SOFTWARE

IONA® Software and Sage™ Link – our NIPT bioinformatics solutions are well renowned and well respected. We have different analysis solutions to meet our different customer and market requirements. Our Bioinformatics teams work closely with our customers to provide bespoke data analysis tools.

WORLD CLASS TECHNICAL SUPPORT

Our international technical support team is well regarded by our laboratory customers. Feedback is exemplary that they provide excellent and detailed training programmes, pre and post installation support, hand-holding and ongoing support once up and running.

QUALITY & REGULATORY KNOW-HOW

The company provides the highest quality products that are developed and manufactured within quality systems accredited to ISO13485:2003 and operates to a QMS in compliance with the EC *In vitro* Diagnostic Directive (98/79/EC). Yourgene Laboratory Services in Taipei is ISO 17025 accredited and Taiwan Accreditation Foundation (TAF) certified.

HOW WE ADD VALUE

...to chosen market applications...

REPRODUCTIVE HEALTH

Yourgene has a growing range of products across the reproductive health journey that utilise different technologies, but they can be run by the same laboratory customers. The addition of the Elucigene product portfolio serves to complement the Group's reproductive health offering with PCR-based screening tests for Male Factor Infertility, Recurrent Pregnancy Loss and Genetic Thrombosis.

Women that have a high-risk first trimester combined test or an NIPT will then be recommended a follow-up diagnostic test with an amniocentesis or a CVS. This would then be tested with the QST*R Rapid Aneuploidy Analysis product, allowing the company to consolidate its position in the prenatal screening pathway.

CYSTIC FIBROSIS

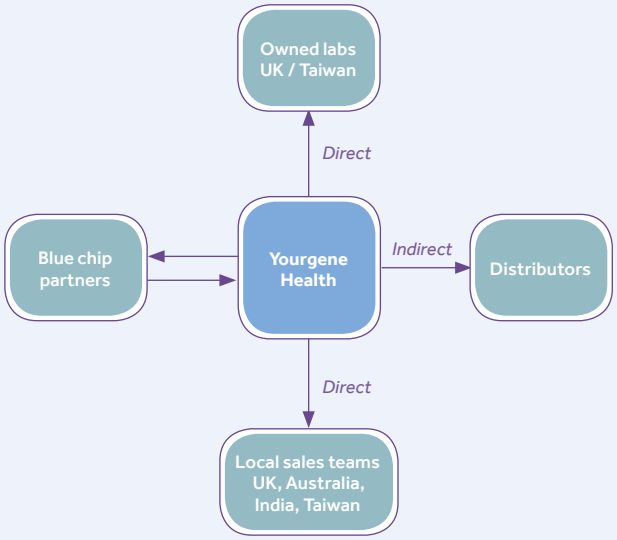
Cystic Fibrosis is a common and life-threatening disease that is passed on through an autosomal recessive mutation in the CFTR gene. It leads to a chronic obstructive lung disease as a result of a thickened mucus blocking the airway. It has a frequency of 1 in 2,500 in the Caucasian populations but is less common in Asian Americans (1 in 35,000).

Our market leading PCR test for Cystic Fibrosis is the only commercially available pan-European Cystic Fibrosis testing kit designed specifically to address the most common mutations found across populations of European origin. It is used routinely in over 150 customer laboratories for newborn screening, male infertility testing and genetic carrier screening.

ONCOLOGY

Our Taipei service laboratory provides an oncology genetic analysis service with tests available predominantly for lung, colorectal and breast cancer. Working with a key clinical research organisation (CRO) partner in Taiwan, our lab is involved in a national cancer research screening study. The Yourgene service lab uses next generation sequencing technology to research into early stage cancer screening.

ROUTES TO MARKET



Yourgene has a strong international distribution network that we work closely with, to commercialise our products and services in those territories. They often provide regulatory support, export logistics, first line technical assistance and local market understanding. We work in partnership with our distributors to promote our products in that region with co-marketing initiatives and local conference attendance, often organising educational launch events with our key customers.

In addition, we have a growing direct sales force based across the UK, India, Singapore, Taiwan and Australia that covers a broader international base of laboratories and healthcare providers.

Yourgene works in close partnership with our key platform providers to support their laboratory customer base with our reproductive health solutions.

WHO BENEFITS?

...creating value for our stakeholders

We aspire that all our stakeholders feel that we live by our values. That they can **trust** us, that we act with **integrity**, we show **commitment**, deliver strong professional **teamwork** and **recognise** their contribution to helping us to **achieve** our goals.

EMPLOYEES

We want our employees to feel recognised by the company for the work that they do, that they are motivated, engaged and can contribute to our growth. A sense of pride in the high-quality products and services that we develop.

SHAREHOLDERS

We want our investors to feel excited by our growth story and comforted that they have invested in a dynamic, innovative business in a rapidly growing multi-billion-dollar market.

PATIENTS

We want the people whose sample is tested with our products to feel secure and trust that our products are high quality, accurate, reliable and will give fast results. To know that we have trained the professionals to use the test and to interpret the results to their best ability and to have confidence in the results.

HEALTHCARE PROFESSIONALS

We want our clinicians and healthcare professionals to feel confident in our products and services. To feel assured that they have chosen the highest quality diagnostics that will give clear, easy to interpret results that they can trust.

LABORATORIES

We want our lab customers to feel proud to offer our products, to feel reassured that they are the highest quality and will give reliable, reproducible and accurate results. To know that our technical support team are just a call or an email away and feel comforted that we have many years of experience and know-how to support them.

PARTNERS

We hope our partners feel that we work collaboratively together and that we have open, honest relationships built on a foundation of trust, teamwork and good communication. To know that when you partner with Yourgene, no matter what the scope, that together we will deliver and achieve our goals.

Our strategy

WE HAVE AN AMBITIOUS 5-YEAR GROWTH PLAN

ORGANIC

STRATEGIC PRIORITIES	WHAT WE HAVE ACHIEVED
Market Development **Sell more in existing channels** Drive worldwide sales of our current product and service portfolio by targeting further expansion through direct and key distribution channels	• Increased NIPT sample volumes with existing customers, test volumes have grown 67% year on year • Revenue growth 45% (Yourgene prior to acquisition of Elucigene) • Nurtured and developed key distributor and customer relationships across key territories • Maintained market leading position for Cystic Fibrosis screening • Co-marketing initiatives with key partners • Clinical demand marketing campaigns with customers and distributors locally • Market demand has increase in France as NIPT reimbursement announced by French Health Authority
Geographic Reach **Sell into new territories** Expand directly and through distributors and partners into new regions	• Increased global footprint from 30 regions to over 60 countries with the acquisition of Elucigene • Substantial expansion of NIPT customers across India, Asia and Middle East • Illumina licence for NIPT for Europe and other regions, currently developing an IONA® test to run on the Illumina NGS platform • Commercial agreement with Thermo Fisher for South East Asia • IONA® test regulatory approval in Vietnam
Product Expansion **New product lines and content** Leverage our technical and regulatory expertise and partnerships to extend our genetic testing offering Support diagnostic majors and bioinformatics specialists with IVD product contract development partnerships	• Internally established the Gateway innovation funnel to channel new product ideas, supported with business cases and financial models • Increased product range with Elucigene portfolio, complementing reproductive health tests • Consolidated prenatal testing pathway with NIPT and Rapid Aneuploidy Analysis • Pipeline of potential products to licence into our portfolio that we are currently assessing

INORGANIC

Mergers and Acquisitions **Consolidator in the market** We are considering additional selective mergers and acquisitions in the future to support our business growth It's a fragmented market with few medium-sized entities which presents a strong opportunity for consolidation	• Successful acquisition of Elucigene Diagnostics • Synergies and cost savings identified and starting to be realised • Accelerated road to profitability • Expanded geographical footprint and product expansion plans • Integration underway with three key streams (people, places and processes) identified

FUTURE PLANS

- Range-selling of NIPT to Elucigene distinct customer base and vice versa
- Review current value model worldwide
- Annual Review of global distribution network
- Development of direct sales teams
- Corporate partner screening programme

- Market entry plan for US, Japan and China, three of the world's largest healthcare markets
- Development of Cystic Fibrosis panels for new regions
- Launch of the IONA® test on the Illumina platform in 2020 in new territories

- Cystic Fibrosis test developed US market in development
- First pharmacogenetics test looking at cancer and chemotoxicity in development
- The IONA® test on Illumina NGS platform
- Looking at opportunities for direct to consumer products
- Service lab testing expansion strategy
- Further expand the oncology research genetic testing programme

- Identify additional M&A targets based on business growth strategy
- Be a consolidator in the market
- Completion of integration of Elucigene and Yourgene during 2019 and showcase acquisition and integration
- Realised synergy and cost savings

PORTFOLIO MANAGEMENT OFFICE (PMO)

"Yourgene have introduced a Portfolio Management Office into the company to identify, prioritise, and successfully execute a portfolio of key programmes and projects that are aligned with the company's strategic growth goals."

Dr Rachel Shelmerdine
Head of Product Development/ PMO Programme Lead

It gives clarity of ownership and accountability, provides a governance framework where all milestones are visible and enables open and honest conversations about risks, resources and delivery.

The portfolio within the PMO covers both 'transformational' and 'business as usual' programmes that are delivered across all business functions, teams and locations. Using a project management approach, PMO is in place to track our portfolio of programmes by monitoring costs, quality and timelines in collaboration with the programme leads and sponsors via regular reporting.

Key PMO Programmes

- The IONA® test on the Illumina NGS platform
- Elucigene integration
- Culture & Performance
- Scalable business processes and systems
- Define US & China market entry strategy

Strategy in action

THE ACQUISITION OF ELUCIGENE COMPLEMENTS OUR PRODUCT RANGE

ELUCIGENE OVERVIEW

- Founded in 2013, headquartered in Manchester
- A leading molecular diagnostics manufacturer and developer
- Suite of IVD CE marked products focused on reproductive health and oncology
- Current leading products for:
  - Cystic Fibrosis testing
  - Invasive prenatal aneuploidy screening
- Elucigene's simple to use products make genetic testing quicker and easier, delivering high information content
- Pipeline of new innovative diagnostic solutions in development

Revenues*
£3.6m

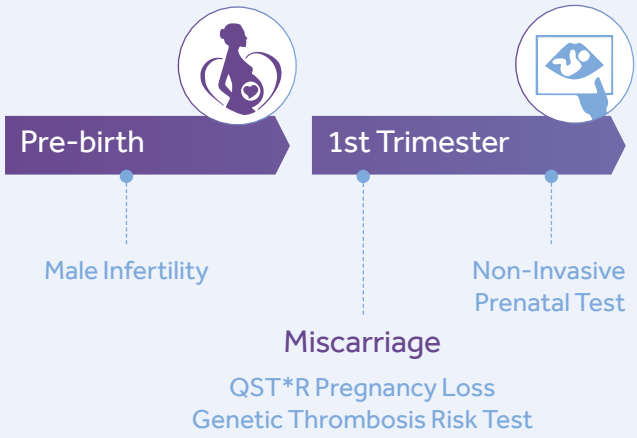
EBITDA*
£1.0m

Commercial products
36

26 distributors across
57
countries

* For year-end dated 31 December 2018

COMPLEMENTARY PRODUCT PORTFOLIOS



HOW THIS ACQUISITION SUPPORTS OUR STRATEGY

Market Development

Sell more in existing channels

- Materially increases European sales resource with six additional FTEs focused on the region
- Additional 150 new customers (laboratories) added to the Enlarged Group

Geographic Reach

Sell into new territories

- Immediate increase in global footprint, with direct or indirect sales increasing from 30 to over 60 countries

2nd Trimester

Invasive Rapid Aneuploidy (QST*R)

3rd Trimester

Post-birth

Cystic Fibrosis

Elucigene

Mark Street-Docherty
CEO of Elucigene Diagnostics

"I believe strongly in the rationale for bringing Elucigene's business together with Yourgene's and this is reflected in the executive management team of Elucigene rolling the majority of its equity into Yourgene."

The integration is progressing well and our teams are working closely together and making great strides to becoming one global company, with one vision. We are starting to realise the unique opportunity that we have to leverage our respective technical, commercial and regulatory expertise and partnerships to extend our molecular diagnostic product and services offering to the market.

Product Expansion

New product lines and content

- Increased depth of products across reproductive health and oncology
- A leading Cystic Fibrosis product supporting reproductive healthcare product expansion strategy
- PCR development capabilities and product menu ready to further commercialise
- Consolidate prenatal testing pathway

Buy and Build

Consolidator in the market

- Potential acceleration of Yourgene's road to profitability and free cash flow generation
- Identified potential cost synergies and potential revenue synergies
- The opportunity to consolidate the business onto a single, modern and compliant site; improving workflow, efficiency and staff morale

Chairman's Statement

I am delighted to report that the 2018/19 financial year has been a defining one for your Company, led by the new CEO Lyn Rees. We have taken the business through a period of substantial change and created a strong foundation for future growth.

Our business has always had exceptional potential but has had to deal with a number of unforeseen historic issues. During the course of the financial year all of these legacy issues were dealt with and we now have a clear path to substantial growth.

During the period the key milestones have been the appointment of Lyn Rees as Chief Executive Officer, the settlement of all litigation issues and entering into a new partnership with Illumina, Hayden Jeffreys appointed as Group Commercial Director and then Chief Operating Officer and the corporate and commercial restructure with Life Technologies (a division of Thermo Fisher) which resulted in the Company being substantially debt free and as a result having a significant blue chip shareholder and an ongoing and strengthened commercial relationship.

The momentum has continued post the period end with the acquisition of Elucigene and the associated £11.8m oversubscribed equity fundraising in April 2019.

I would like to take this opportunity to thank all of our employees and my Board colleagues who have worked with extreme dedication and determination to get us into the best position your Company has ever been in. I would also like to thank the shareholders who supported us through the difficult periods and who continue to support us; we do not underestimate the effort required to execute the strategy and deliver the Company's potential value. It is also a pleasure to warmly welcome our new Elucigene colleagues who join us on this exciting journey.

A TRANSFORMATIONAL YEAR

The enlarged Yourgene Health is a renewed business, with considerable growth potential.

"The progress made over the last financial year has been astounding."

Board changes

During the year we announced a number of Board changes designed to prepare the Group for its next phase of development. We continue to look at the Board composition to ensure it remains fit for purpose. Having strengthened the Executive Management during the year I am now looking to add Non-executive Directors to further strengthen the Board during the new financial year. To avoid the Board becoming too large, and to allow him to focus on the many exciting business development opportunities in Asia, Keng Hsu has agreed to step down from the Board with effect from today. I thank him for his contribution both on and off the Board and I look forward to continuing to work with him in his senior management capacity.

Outlook

With our growing global presence, de-risked business and the newly acquired Elucigene operations, Yourgene is now well placed to realise its potential. We still face the usual business dynamics of competition, regulation and rapid technological change but the progress made over the last financial year and in recent months has been astounding and we now have a global genetics business that I am convinced will continue to grow very rapidly in the coming years.

Adam Reynolds
Chairman
9 July 2019

YEAR IN REVIEW

April 2019
Acquisition and fundraise
- £11.8m fundraise to finance acquisition of Elucigene and strengthen the balance sheet

February 2019
Major capital and commercial restructuring
- Restructure of financial agreement with Life Technologies
- Commercial agreement inked for NIPT in South East Asia
- £12.7m of debt written off

January 2019
Launch of Sage32 workflow for NIPT laboratories

November 2018
Name change to Yourgene Health plc

October 2018
Oncology partnership agreement signed
- First stage of a collaboration agreement to provide NGS testing in oncology

October 2018
£2.5m fundraise

September 2018
Legal settlement and licence agreement with Illumina ending all patent litigation

June 2018
NIPT collaboration agreements signed
- NGS development agreements
- Single cell analysis collaboration

May 2018
Geographic expansion
- New laboratory hubs in Africa and India
- £3m fundraise

Chief Executive's Review

I am very pleased to be reporting on a year of significant growth and development for Yourgene Health in my first year as Chief Executive Officer after my appointment in July 2018. The year has focused on creating a stable base for future growth and having achieved this I am now focused on the execution of our strategic growth plans. Setting this base has been realised through a number of significant and transformational achievements in settling the long-running Illumina litigation and the high levels of debt owed to Life Technologies. We now have strategic partnerships with both of these prestigious blue-chip organisations who dominate the next generation sequencing market.

Strategy

In late 2018 we launched a strategic planning process which has delivered an ambitious plan to create a global molecular genetics business and deliver material increases in shareholder value in the next 3-5 years. We aim to achieve this through a combination of greater penetration of our existing markets with our current products, geographic expansion, bringing new products to market, scalable business processes, a dynamic performance-oriented culture and inorganic growth through acquisition and/or licensing. This business plan is being embedded and cascaded throughout the Group to ensure that execution of the strategy and our customers are at the forefront of everything we do.

Elucigene

The Elucigene acquisition, completed in April 2019, creates a very exciting combined business with sales into over 60 countries and an expanded commercial team. We are already realising synergies and the two teams are working very well together and quickly becoming a single unit, predominantly based on a single site. This combined operation will be a powerful engine for the future growth of the Group.

SUCCESS THROUGH PARTNERSHIPS

After the transformative realignment of key strategic partnerships we are now very much focused on growth.

Revenues

£8.9m

+45%

Geographic expansion
We have continued to build out the strong commercial pipeline expanding our geographic reach in the regions in which we operate whilst also ensuring we increase penetration in existing territories such as India where we continue to make encouraging commercial inroads. We have also commenced market entry planning for the USA, Japan and China. These are sizeable opportunities in complex markets with significant regulatory barriers and we are developing plans that are deliverable and prioritised. As the Group grows we are announcing fewer deals to the stockmarket as the threshold for meeting commerciality becomes proportionally higher, but I am delighted to report that we continue to win new customers in all major regions supporting the +45% revenue growth that we have reported in the last 12 months.

People
We have brought into the business some exceptional talent to complement incumbent skillsets. Our people have a strong mix of experience and can-do attitudes, working all over the world for our customers and our stakeholders. As we grow our business and market reach I look forward to recruiting additional new talent into the organisation to support our ambitious growth plans.

Product development
Part of the Illumina partnership is to develop a version of the IONA® test to operate on Illumina's market-leading NGS instrument platform. This work has been the principal focus of our development activities in the year and we are very excited about the quality of the product that is emerging for launch in 2020.

I am also pleased with the launch of our Gateway process for evaluating future product opportunities and I look forward to updating investors as those plans proceed through the development pathway. Our focus for new products is primarily in the Reproductive Health and Oncology clinical areas though we have some other additional more longer-term target sectors too. The Elucigene acquisition also brings some exciting new products into our pipeline including a US version of Cystic Fibrosis screening and a chemo-toxicity diagnostic assay for our first oncology product which we hope to launch soon.

Application support
Our training and application support services are critical to customer laboratories and the feedback has been extremely positive as we endeavour to routinely outperform our competitors.

Delivering great customer service will be vitally important in retaining and growing customers as the NIPT market matures and we believe we have market-leading capabilities in this regard.

Clinical service laboratory
The clinical service laboratory in Manchester and its Taipei equivalent have continued to deliver outstanding service performance to an increasing number of hospitals and medical professionals across the world. The laboratory back-up service has been invaluable to customers in the process of installing laboratories, experiencing workflow problems, spikes in demand and cover for religious or national holiday periods.

Financial performance
It is very heartening to report the Group's first profitable year. Even though this is due to the debt restructuring with Life Technologies, the underlying business has also made significant progress towards profitability through sales and gross profit growth, coupled with control of expenditure. Achieving sustainable free cash flows under our own steam remains a very current focus for myself and the business.

Lyn Rees
Chief Executive Officer
9 July 2019

Financial Review

Income statement

In the trading year revenues grew 45% at £8.9m (2018: £6.1m) as described in the Chief Executive's Report.

Gross profit also grew 45% to £4.6m (2018: £3.2m) at a consistent gross margin of 52% (2018: 52%). General administrative expenses were kept under control at £9.0m (2018: £9.0m) despite research and development expenditure excluding people costs and net of tax credits being £0.3m higher at £0.2m (2018: net credit of £0.1m). This reflects our ongoing commitment to developing high-quality products and specifically the development of the new version of the IONA® test for the Illumina NGS platform. Total administrative expenses were £9.4m (2018: £11.8m) after separately disclosed items as explained below.

Adjusted EBITDA loss was reduced by 29% to £3.1m (2018: £4.4m loss). Adjusted EBITDA is measured as the operating loss before depreciation, amortisation, separately disclosed items and operating lease commitments which will be affected by the implementation of IFRS16 in the 2020 accounts and beyond (see note 2).

Separately disclosed items

Significant items within administrative expenses are shown separately in the Consolidated Statement of Comprehensive Income, with further details in note 5. Litigation expense was minimal in the year (2018: £2.7m) due to utilisation of prior year provisions and the September 2018 settlement with Illumina. Other separately disclosed items are non-cash accounting charges for share-based payments and warrant expenses of £0.3m (2018: £0.2m), plus £0.2m forward-looking potential impairment losses on trade and other receivables arising from the implementation of IFRS9.

Operating loss

There is a resultant much-reduced operating loss after total administrative expenses of £4.8m (2018: £8.6m loss) driven by rising revenues and gross profits, whilst maintaining administrative expenses at consistent levels year on year.

CONTINUED PROGRESS TOWARDS A PROFITABLE BUSINESS OF SCALE

There has been significant commercial progress, a statutory profit and a much-strengthened balance sheet.

Gross profits

£4.6m

+45%

Finance income/(expenses)
During the period the Group secured net finance income of £8.2m (2018: net expense £0.9m), principally due to the restructured relationship with Life Technologies which involved a significant debt write-off (see note 30).

Taxation and foreign exchange
The net finance income led to a profit on ordinary activities before and after taxation of £3.4m (2018: loss of £9.5m). Historic tax losses not previously recognised were utilised to offset the resulting taxable profit for the reporting period. Due to the one-off nature of this taxable profit, the deferred tax associated with other historic losses will remain unrecognised until the Group can be more certain of recoverability through future profitability.

The Group made a small gain of less than £0.1m (2018: charge of £0.1m) on translation of its foreign subsidiaries and foreign currency balances to the presentational currency.

Total comprehensive profit
The Group recorded its first total comprehensive profit of £3.4m (2018: loss of £9.6m) due to the benefits of the debt restructure gains, although improved trading also contributed significantly.

Earnings per share
The total comprehensive profit of £3.4m (2018: loss of £9.6m) represents a gain per share of 1 pence (2018: 3 pence loss per share).

Statement of financial position
At the balance sheet date the Group had total assets of £15.6m (2018: £14.6m). Property, plant and equipment increased to £2.1m (2018: £1.9m) with capital expenditure more than offsetting the depreciation of test workflow equipment supplied to customers in the first trading year of the Company to encourage adoption of the IONA® test. Current assets increased to £5.3m (2018: £4.3m) due to growth-associated working capital.

Total equity and liabilities increased to £15.6m (2018: £14.6m) with a significant switch away from loans to equity as a result of the debt restructuring agreed with Life Technologies in February 2019 (see note 30).

Statement of cash flows
The Group had an opening cash position of £0.3m (2018: £1.3m) and a net cash increase of £1.0m (2018: £1.0m outflow). Cash and cash equivalents at the end of the period were £1.3m (2018: £0.3m). During the period the Group used £4.0m (2018: £9.6m) of cash in operating activities. Cash used in investing activities was £0.6m (2018: £0.6m) due to classification of an unused escrow facility as a short-term financial asset. Underlying investment in property, plant and equipment was £1.1m (2018: £0.2m).

Financing activities generated a surplus of £5.6m (2018: £9.2m) with equity fundraise in May and October 2018 plus a warrant conversion whose proceeds were used to reduce Life Technologies loan funding as described in note 30.

As with all businesses at this early stage of development, the Board assesses carefully the Group's ability to operate as a going concern and has detailed plans for revenue growth, margin improvement and cash flow control which are intended to achieve positive cash flows in the near future. More detail on these plans can be found in the notes to the accounts.

Dividends
No dividend is recommended (2018: £nil) due to the early stage nature of the Group.

Capital management
The Board's objective is to maintain a balance sheet that is both efficient at delivering long-term shareholder value and also safeguards the Group's financial position in light of variable economic cycles and the principal risks and uncertainties outlined in this report. As at 31 March 2019 the Group had net cash of £1.0m (2018: £11.9m net debt). Business growth and the increased scale achieved through the post-period Elucigene acquisition are expected to enable the Group to operate as a going concern for the foreseeable future.

Post-balance sheet events
In April 2019 the Group completed a gross £11.8m equity fundraise, partly to acquire Elucigene Diagnostics and also to increase the Group's working capital. See note 35 for further details.

Barry Hextall
Chief Financial Officer
9 July 2019

Principal risks and uncertainties

There are a number of risks and uncertainties associated with the Group's activities. The Board believes the following are the principal risks, along with the mitigation actions being pursued.

RISK	IMPACT	MITIGATION
Legal & Regulatory Risks		
Intellectual property (IP) litigation	The life sciences industry is characterised by significant litigation from patent-holders and their licensees who try to erect legal barriers to entry via IP rights. Non-invasive prenatal testing, in particular, has seen a high level of activity in the USA, Europe and elsewhere, primarily from Illumina Inc who have acquired or licensed IP in this sector.	In September 2018 the Group settled its long-running patent infringement dispute with Illumina in the UK and entered into a Licence and Supply Agreement covering the UK and other international territories where NIPT patents are granted.
Patents	The Group is focused on protecting its IP. To protect its key products the Group has secured and is seeking to secure patents. However, there remains the risk that the Group may face opposition from third parties to patents that it seeks to have granted. The Group also faces the risk of third parties infringing its IP. No such situations have arisen during the reporting period or since.	The Group engages reputable legal advisers to mitigate the risk of patent infringement and to advise on the protection of the Group's IP.
Changes in legislation and regulatory regimes	Changes in laws, legislation and international relations affecting the diagnostics market could have a negative impact on the Group's business activities and consequently may have a detrimental effect upon the trading performance of the Group. The international diagnostics industry is highly regulated by governmental authorities across the world where the Group intends to market its products. No assurance can be given that the Group's products will successfully obtain any necessary regulatory approvals in these territories. In carrying out its activities the Group may also face contractual and statutory claims, or other types of claim from customers, suppliers, employees and/or investors. In addition, the Group is exposed to potential product liability risks that are inherent in the research, development, production and supply of its products.	The Group has implemented, and proactively manages, quality assurance and health and safety systems to meet regulatory requirements and to ensure ongoing compliance. The Group also monitors closely the regulatory rules which apply to the Group's products in order to anticipate changes and ensure the Group's products are available for sale. The Group retains a suite of insurance policies to protect it from the most likely areas of claim, and undertakes risk management practices to minimise the number and size of claims arising.
Brexit	The timing and nature of Britain's exit from the EU is still largely unknown. The implications for the Group are equally unknowable at this time but could potentially affect the costs and effort associated with sales to the EU and purchases from it, the way in which CE-marked product registrations are managed, the impact on indirect taxation and customs duties and Brexit-influenced exchange rate movements.	The Group is actively monitoring political developments. As specific risk areas emerge it is developing contingency plans in the event that there is an exit from the EU with no corresponding reciprocal or equivalent arrangements in place – i.e. a 'hard Brexit'.
Market Risks		
Competition	The Group is in competition with other NIPT providers of services and products. There is a risk that they achieve greater than expected market penetration and/or continue with aggressive price discounting and bundling of NIPT with other genetic or clinical service offerings.	The Group's continuing product development, marketing activities and collaboration with NGS platform providers are designed to ensure that the IONA® test remains at the forefront of the NIPT market. The acquisition of Elucigene and the product development pipeline also diversify the Group's product range.
Procurement	There is a risk that UK and international procurement practices may create market segments in which the Group is unable to effectively offer its products and services. Similarly, competitors may seek to influence procurement practices to the disadvantage of the Group.	The Group works with policymakers, trade organisations and legal advisers to monitor and influence any changes in such practices, and also to highlight areas where procurement practices may not be fair and transparent.

RISK	IMPACT	MITIGATION
Financial Risks		
Future funding requirements	The Group may need to raise additional funding to continue to invest in the activities of the Group. There is no certainty that this will be possible at all or on acceptable terms. In addition, the terms of any such financing may be dilutive to, or otherwise adversely affect, shareholders.	To manage this risk the Group is actively building its revenue generating capabilities and monitors its cash flow requirements closely. Activities are adjusted according to available funding through its periodic business planning process to control cash consumption, whilst maintaining a dialogue with potential future funders. The fundraise concluded in April 2019 alongside the Elucigene acquisition provides significant funding runway.
Third party reimbursement	The Group may be adversely affected by third party reimbursement decisions. The Group may not be able to sell its products profitably if reimbursement from these sources is unavailable or limited. Third party payers are increasingly attempting to contain costs through measures that could impact the Group's NIPT products, including challenging the prices charged for products and services, limiting both coverage and the amount of reimbursement for new diagnostics products and services, and denying or limiting coverage for products that are approved by the regulatory agencies but are considered experimental by third party payers.	The Group proactively engages with the clinical community to align its product offering with the best current medical requirements in order to ensure its commercial model is supported by reimbursement regimes as they reach their decisions on NIPT screening in the coming years. To date, reimbursement has been more of an opportunity than a risk as coverage increases NIPT testing volumes.
Operational Risks		
Dependence on key personnel	The Group has a small global leadership team and the future success of the Group, in common with other businesses of a similar size, will be highly dependent on the expertise and experience of the Board and key management. However, the retention of such key personnel cannot be guaranteed. The loss of any key personnel, or the inability to attract appropriate personnel could materially adversely impact the Group's business, prospects, financial condition or results of operations.	The Group provides attractive remuneration incentives, including share options, and endeavours to maintain an empowering culture to encourage retention of key individuals, as well as recruiting suitable deputies over time. The acquisition of Elucigene has also strengthened the breadth and depth of leadership within the Group.
Technology	Technologies used within the diagnostics marketplace are constantly evolving and improving. Therefore there is a risk that the Group's products may become outdated as improvements in technology are made.	The Group has a research and development function which seeks to keep up with the latest developments in the genetic testing sector. The acquisition of Elucigene adds PCR-based products to spread this technological risk, deepen the Group's R&D capabilities and extend the Group's access to insights into how international markets are evolving.
Contracts	There can be no certainty that third parties will perform, or be able to perform, their obligations under various contracts with the Group or that the Group will be able to recover damages for breach of contract. The insolvency of third parties or their default under the terms of such contracts could have a material adverse effect on the Group and its operations.	The Group monitors its contractual commitments and outstanding exposures closely, supplier strength and outstanding debtor exposures closely, developing specific plans where the potential impacts would be significant.

Board of Directors

MEET THE TEAM POSITIONED TO ACCELERATE OUR GROWTH

Adam Reynolds
Chairman

Adam has been named as one of the 50 most influential people in the City by Growth Company Investor. Adam was the former Chairman of ViaLogy PLC, a company he restructured, and was instrumental in its combination with Premaitha Health in July 2014, now renamed Yourgene Health plc. Adam has also rescued and refinanced AIM companies including Medavinci, Autoclenz, Optibiotix Health and Admiral, which is now EKF Diagnostics plc. Adam retains Board positions and shareholdings in several of these.

Dr Stephen Little
Vice Chairman

Stephen is a successful serial biotechnology entrepreneur. He is the former CEO of DxS, an innovator in the field of personalised medicine, developing and manufacturing companion diagnostics. DxS was funded with £3.5M in 2001 and was sold to QIAGEN BV in 2009 for £85M. DxS pioneered the use of molecular diagnostic tests such as KRAS and EGFR mutation analysis to predict the use of novel cancer therapies. In 2009, DxS was acquired by QIAGEN and Stephen became Vice President of Personalised Healthcare, responsible for developing companion diagnostic partnerships with the pharma industry. Prior to his leading role at DxS, Stephen worked for 20 years in various senior positions in the diagnostic divisions of Astra Zeneca and ICI. He holds a PhD from Heriot-Watt University in Edinburgh.

Nicholas Mustoe
Non-executive Director

Nick is CEO of Kindred, a fully integrated PR, advertising and social media agency. In 2010 Nick led an MBO of the company he had founded in 1993 after a distinguished career in the PR and advertising sectors. Nick has always had a keen interest in business, backing a range of start-up companies. He is also Chairman of Big Sofa Technology Plc and a trustee of charity Starlight Children's Foundation.

Lyn Rees
Chief Executive Officer

Lyn is a seasoned executive in global healthcare and IVD markets. Prior to joining Yourgene, Lyn was Group CEO at British Biocell International (now BBI Group) for over 9 years.

He began that role at BBI Group following the acquisition of BBI Holdings by Alere in 2008, and in his time he oversaw the doubling of revenue growth and has developed an accountable and highly effective senior management team with clear focus on innovation, commercial delivery, compliance and operational efficiency. Lyn has completed seven acquisitions during his tenure at BBI Group, all of which have been successfully integrated. He founded BBI Detection and BBI Animal Health and has demonstrated a strong track record of organic and acquisitive growth.

Before this role, he spent several years as the Managing Director and founder of BBI Healthcare in 2006 following the successful purchase of the GlucoGel product. He first began his business career as the European Marketing Manager at Shimano Europe BV. Lyn holds a degree in Business Studies from the University of Wales.

Dr Bill Chang
Chief Scientific Officer

Bill is the Chief Scientific Officer at Yourgene Health plc and was Chief Executive Officer of Yourgene Bioscience before its acquisition by Yourgene Health and which he founded. After completing his PhD at University of Melbourne, Australia, Dr Chang joined Academia Sinica in 2007 as a research specialist and established the bioinformatics core facility at the Institute of Plant and Microbial Biology. In 2010, Bill established Yourgene Bioscience to provide Next Generation Sequencing and bioinformatics services. He co-founded Sofiva Genomics in 2012 to provide prenatal genetic testing services. He is now also an Honorary Fellow at the Faculty of Veterinary Science, University of Melbourne.

Bill actively presents technical results at many international conferences including at The Ion World Tour in Singapore, Thailand and Taiwan.

Barry Hextall
Chief Financial Officer

Barry is a Chartered Management Accountant with over 15 years' experience in senior financial roles, including with AIM-listed organisations. He has managed many international businesses through major changes and rapid growth, and has significant experience working in the medical devices and diagnostic sectors.

His previous employers include JRI Orthopaedics Ltd, Immunodiagnostic Systems plc, C J Garland & Co Ltd, Ernst & Young LLP and Zeneca (formerly ICI) plc.

Barry holds a Certificate in Company Direction from the Institute of Directors, an MBA from Cranfield School of Management and is a Chartered Global Management Accountant.

Hayden Jeffreys
Chief Operating Officer

Hayden has over 20 years' experience in the clinical diagnostics industry, much of which has been spent within molecular diagnostics. He has a proven track record of formulating and implementing commercial strategy and driving the next stage of global growth for businesses. Prior to joining Yourgene Health Hayden was Chief Operating Officer at Cambridge Epigenetix. Hayden has also held several senior positions within the ERBA group, including Head of Corporate Business Development and Strategy. He has been responsible for licensing and partnership opportunities in addition to leading acquisition strategies. Hayden has a wealth of expertise in leading and implementing business transformation including developing effective structures within organisations.

Hayden received a MSc in Management Studies from the University of Oxford and a BSc in Genetics from Cardiff University.

Corporate Governance Statement

For the year ended 31 March 2019

The Board recognises the importance of sound corporate governance and has elected to implement the Corporate Governance Code for Small and Mid-Size Quoted Companies, as published by the Quoted Companies Alliance (the QCA Code), to the extent it is considered appropriate in light of the Group's size, stage of development, risk profile and resources. The Company is also subject to the UK City Code on Takeovers and Mergers. Further information on the Group's governance practices, the business model and strategy can be found in the Company Overview, Strategic Report and Governance sections in this Annual Report and Accounts.

This governance statement was last reviewed and updated on 9 July 2019.

Strategy and business model (QCA Principle 1)

Yourgene develops molecular diagnostic products and services that will have a positive impact on human health and deliver long-term shareholder value. The Group is currently focused on delivering high quality reproductive health screening products and services to support a growing international customer base of laboratories and healthcare professionals. The Group provides customers with further clinical and research genetic testing services across different fields such as oncology, predominantly from Taiwan. Yourgene has also established a contract development partnership programme for customers, building on our expertise in developing in vitro diagnostic products.

The IONA® test is a CE-IVD marked test for prenatal screening which enables clinical laboratories around the world to establish their own quality assured non-invasive prenatal screening service. In other regions we offer the Sage™ prenatal screen which provides a greater clinical depth of data that is reported and allows labs and clinics greater flexibility with the analysis work package. By having these two complementary prenatal screening solutions we meet a wider scope of customer and market needs. The Group are looking to expand the range of in vitro diagnostic products into different fields as demonstrated by the April 2019 acquisition of Elucigene Diagnostics and its product portfolio.

The Group also has two clinical laboratories running high throughput services in Manchester, UK and Taipei, Taiwan. Both service labs offer an NIPT provision where customer clinicians will send blood samples for analysis with the IONA® test and Sage™ prenatal screen. New laboratory customers will often use the service lab during the installation and training phase where they need to begin their NIPT offering as soon as possible. In addition, the Taipei laboratory offers a range of both research and clinical genetic testing for a range of cancer screening tests including breast, lung and colon cancer and other non-oncology tests.

Meeting shareholder needs (QCA Principle 2)

The Company places a great deal of importance on communicating with its shareholders. All shareholders are given at least 21 days notice of the Annual General Meeting and are encouraged to attend. An opportunity is provided for them to ask questions at the meeting. Throughout the year the Chairman, Chief Executive Officer and Chief Financial Officer are in regular contact with the Company's major investors and respond to queries from private investors through an investor contact email or via the Company's financial PR firm. The CEO is responsible for ensuring that shareholders' views are communicated to the Board as a whole. The Group appointed Stifel Nicolaus in April 2019 to act as sole broker to the Company, to further improve the quality and quantity of investor relations activities.

Manage our responsibilities to wider stakeholders (QCA Principle 3)

We take seriously our responsibilities to our staff, trading partners, neighbours, the clinical, research and laboratory communities we supply and the pregnant and patient populations we support. We operate a high standard of quality management to ensure we comply with the appropriate regulations in the various territories in which we operate, and that we thoroughly investigate any occurrences which fall below our high standards so we can implement corrective and improvement actions.

Family-friendly and flexible employee policies, rigorous health, safety and environmental practices are very important additions to the quality management system in ensuring we manage our stakeholder and social responsibilities appropriately.

Risk management (QCA Principle 4)

The environment in which we operate presents certain general risks as well as particular risks that are specific to our own circumstances. The Board monitors the key legal, regulatory, market, financial and operational risk areas to identify relevant risks, assess their potential impact and to develop mitigation strategies that will enable the Group to flourish. Principal risks and uncertainties are described in the appropriate section in this Annual Report and Accounts and are set out below.

The Audit Committee monitors key risks and is responsible for:

- reviewing the Company's external reporting process, including the financial statements, reports and announcements and the accounting policies and judgements that underline them, and making recommendations to the Board before release;
- monitoring the statutory audit of the annual accounts; and
- monitoring of the independence of the external auditors and the establishment of a policy for their use for non-audit work.

Maintain a well-functioning Board (QCA Principle 5)

The Chairman has considerable experience of Boards operating in the AIM environment and ensures the Board has an appropriate composition of skills. The Company does not meet the QCA guidance of more non-executives than executives at present but is keeping this under review and has started to address this matter.

The role of the Board

The Directors collectively bring a broad range of business experience to the Board which is considered essential for the effective management of the Company. The Board is responsible for strategic and major operational issues affecting the Company. It reviews financial performance, regulatory compliance, monitors key performance indicators and will consider any matters of significance to the Company, including corporate activity. Certain matters can only be decided by the Board and these are contained in the schedule of matters reserved to the Board. The day-to-day management of the Company's business is delegated to the Chief Executive Officer and Executive Directors of the Company. During the reporting period the Board held eight meetings and there were three Audit Committee meetings. All directors eligible to participate attended all meetings.

The composition of the Board and division of responsibilities

The Board currently consists of a Non-executive Chairman, a Vice Chairman, a Chief Executive Officer, three other Executive Directors and one Non-executive Director. The composition of the Board ensures that no single individual or group of individuals is able to dominate the decision-making process. Board composition remains under review going forward to move towards QCA compliance. Details of the individual Directors and their biographies are set out in this Annual Report and Accounts and on the website www.yourgene-health.com.

Roles of Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate to ensure a clear division of authority and responsibility at the most senior level within the Company.

Ensure Directors have necessary, up-to-date skills (QCA Principle 6)

Directors are provided with access to the Company's Nominated Adviser and Corporate lawyers who provide briefings on necessary legislation and regulations from time to time. Directors are supported if required to ensure their skills remain up to date, including training and continuing professional development and participation in peer networks via the Institute of Directors, the Quoted Companies Alliance and external advisors.

Evaluate Board performance (QCA Principle 7)

The Board to date has operated an informal performance review and succession planning process but is committed to implementing formal procedures. The focus is currently on psychometric profiling and performance management of the senior management team which may be extended to the Board in due course.

Promote a value-based corporate culture (QCA Principle 8)

The Board sets great store by its values-based corporate culture and ethical reputation which is crucial to the Group's reputation in the highly regulated field in which it operates. The Company manages a highly regarded quality management system which is used to monitor any complaints or deviations from expected behaviours. The Board monitors any significant non-compliance matters that may arise. In addition, ethical considerations are factored into debates on Board matters as and when this is relevant. Recruitment practices are heavily focused on recruiting people with similarly strong values, and the Group's senior management team are currently re-evaluating the values, behaviours and communication practices to ensure they remain fit-for-purpose as the Group continues to expand.

Maintain fit-for-purpose governance structures (QCA Principle 9)

The Company has adopted and operates a share dealing code governing the share dealings of the Directors and applicable employees to ensure compliance with the AIM Rules.

Chairman: the Chairman is responsible for the leadership of the Board and ensuring the effective running and management of the Board. He is also responsible for the Board's oversight of the Company's affairs, which includes ensuring that the Directors receive accurate, timely and clear information, ensuring the effective contribution of the Non-executive Directors and implementing effective communication with shareholders.

Chief Executive Officer: the Chief Executive Officer is responsible for the day-to-day management and the executive leadership of the business. His other responsibilities include the progress and development of objectives for the Company, managing the Company's risk exposure, implementing the decisions of the Board and ensuring effective communication with shareholders and regulatory bodies.

Non-executive Directors and independence: Non-executive Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively. The Board considers the Non-executive Directors to be sufficiently independent to provide appropriate oversight and scrutiny.

Re-election of Directors: in accordance with the Company's Articles of Association all serving Directors are subject to re-election every three years, and newly appointed Directors are re-elected at the first Annual General Meeting after their appointment.

Board meetings and information to the Directors: before each Board meeting the Directors receive, on a timely basis, comprehensive papers and reports on the issues to be discussed at the meeting. In addition to Board papers, Directors are provided with relevant information between meetings. The Board has regular scheduled meetings which occur at least quarterly and often monthly.

Board committees and Senior Independent Director

The Board has two committees, namely the Audit Committee and a combined Nominations and Remuneration Committee. In addition, it has identified a Senior Independent Director.

Audit Committee: the Audit Committee is chaired by Nicholas Mustoe with Adam Reynolds as a member.

Nominations and Remuneration Committee: due to the size of the Board and the infrequency of senior appointments these two committees have been merged. The Committee has delegated responsibility from the Board for identifying and appointing Executive Directors, and for developing the remuneration policy of the Company and for setting the remuneration of its Executive Directors and senior managers. Adam Reynolds chairs the Committee which is also attended by all other Non-executive Directors. The Committee's activities were reported to the Board throughout the period.

Senior Independent Director: Nick Mustoe fulfilled the duties of the Senior Independent Director throughout the reporting period to provide an alternative contact point for Directors and shareholders for matters where they do not wish to approach the Chairman directly.

Communicate governance and performance with shareholders (QCA Principle 10)

The Board communicates regularly with shareholders providing updates on Group performance to shareholders via interim and annual financial reports, trading updates, investor presentations and a regular news flow of significant developments for the Group. Governance practices are described fully in this Annual Report and Accounts and the Company's website is maintained to be up-to-date and informative.

The enhanced Audit Report in these accounts is representative of the Audit Committee's focus areas.

Adam Reynolds
Chairman
9 July 2019

Directors' Report

For the year ended 31 March 2019

The Corporate Governance Statement set out on pages 22 and 23 forms part of this report.

Results and dividends

The results for the year are set out on page 32.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Adam Reynolds	
Dr Stephen Little	
Nicholas Mustoe	
Lyn Rees	(Appointed 4 July 2018)
Dr Bill Chang	
Barry Hextall	
Hayden Jeffreys	(Appointed 3 October 2018)
Alan Chang	(Resigned 4 July 2018)
Peter Collins	(Resigned 1 November 2018)
Dr William Denman	(Resigned 14 May 2018)
Keng Hsu	(Appointed 4 July 2018; resigned 9 July 2019)

Directors' beneficial interests and share options

Details of Directors' beneficial interests in the issued share capital of the Company as at 31 March 2019 were as follows:

	Ordinary shares of £0.01 each	Percentage held
Adam Reynolds	5,449,656	1.2%
Nicholas Mustoe	8,186,869	1.8%
Dr Stephen Little	6,278,283	1.4%
Lyn Rees	500,000	0.1%
Dr Bill Chang	74,855,996	16.3%
Keng Hsu (resigned 9 July 2019)	4,002,729	0.9%
Barry Hextall	432,498	0.1%

Details of Directors' share options are as follows:

	At 1 April 2018	At 31 March 2019	Date from which exercisable	Expiry date
Adam Reynolds	591,666	591,666	19/03/2018	19/03/2024
Nicholas Mustoe	591,666	591,666	19/03/2018	19/03/2024
Dr Stephen Little	1,500,000	1,500,000	14/07/2017	14/07/2025
	10,555,984	10,555,984	04/09/2016	05/09/2024
		1,700,000	01/07/2019	30/06/2028
Lyn Rees (appointed 4 July 2018)		10,000,000	01/07/2019	30/06/2028
Dr Bill Chang	300,000	300,000	31/03/2019	01/03/2027
		400,000	01/07/2019	30/06/2028
Barry Hextall	1,000,000	1,000,000	14/07/2017	14/07/2025
		4,000,000	01/07/2019	30/06/2028
Keng Hsu (resigned 9 July 2019)	250,000	250,000	31/03/2019	01/03/2027
		3,300,000	01/07/2019	30/06/2028
Hayden Jeffreys (appointed 3 October 2018)		3,000,000	01/07/2019	30/06/2028

Qualifying third party indemnity provisions

The Group has arranged qualifying third party indemnity for Directors and Officers Liability insurance for the sum of £5m.

Supplier payment policy

The Company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Company's contractual and other legal obligations.

Principal activities, trading review and future developments

A detailed review of the business, post reporting date events and likely future developments is given in the Strategic Report on pages 8 to 19.

Key performance indicators

The key performance indicators are discussed in the Company Overview on page 1.

Financial instruments

Details and required disclosure of the financial instruments used by the Group are contained in note 25 of the financial statements.

Auditor

Grant Thornton UK LLP were appointed at the Group's Annual General Meeting in October 2018. They resigned in March 2019 to enable the Group to rationalise its external financial advisors into a single global network. The Directors thank Grant Thornton for their diligence in fulfilling their duties. Saffery Champness LLP were subsequently appointed and in accordance with the Company's articles, a resolution proposing that Saffery Champness LLP be reappointed as auditor of the Company will be put at a General Meeting.

Events after the reporting date

Significant events that have occurred since the reporting date are described in the Strategic Report on page 17 and within note 35 of these financial statements.

Risks and uncertainties

The main business risks facing the Group are discussed in the principal risks and uncertainties section of this report on pages 18 and 19.

Donations and political contributions

The Group made no donations or political contributions in the current or prior periods.

Going concern

In their assessment of the Group's ability to continue as a going concern, the Directors have focused on the implications of the patent infringement legal cases which were settled in September 2018, the exercise of warrants by Life Technologies and the cancellation of all remaining related loans in February 2019, the post period end fundraise and acquisition of the profitable Elucigene Diagnostics in April 2019, the rate of growth of gross profits, decisions available to them for management of the cost base of the Group and the potential for future fundraising.

The Group has introduced a strategic planning process which has delivered a revised and ambitious business plan.

As described in the strategic report, the Group has made progress towards achieving positive cashflows through growth in revenues since launching the IONA® test in February 2015, acquiring Yourgene Bioscience in March 2017 and acquiring Elucigene Diagnostics ('Elucigene') in April 2019. The Group has reported a profit for the first time due to the Life Technologies debt restructure, however it continues to use cash in its trading operations albeit at a much-reduced level; which reflects that break-even levels of revenues have not yet been reached. The Group's forecasts include assumptions of further growth in revenue, which are key in achieving positive cashflows. The Directors have also assessed the Group's cost structure as part of the strategic planning process and implemented a number of cost reduction factors.

There is an ongoing commitment to keep costs and working capital under control so that increasing gross profits can drive positive cashflows. Detailed sensitivity analysis has been performed to assess the potential impact on the Group's liquidity caused by delays in revenue growth against expected levels along with potential mitigating actions which can be taken to safeguard the Group's cash position. These include working capital controls and reductions in discretionary spending. If events transpire differently to this assessment, for example if revenues fail to grow at the anticipated pace, then there could be lower cash headroom. Given the successful fundraise which took place alongside the acquisition of Elucigene the Directors believe there is sufficient cash available to avoid a cash shortfall.

The Directors have concluded that considering the circumstances described above and mitigation strategies in place, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Substantial shareholdings

As at 8 July 2019, the following interests in 3% or more of the issued ordinary share capital appear in the register:

	Number of shares	Percentage of issued share capital
Dr Bill Chang	79,490,142	13.3%
Mr Steven Myers	48,200,000	8.0%
Life Technologies Ltd	41,356,165	6.9%
BGF	32,390,244	5.4%

This report was approved by the Board of Directors on 9 July 2019 and signed on its behalf by:

Adam Reynolds
Chairman

Directors' Responsibility Statement

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 101 'Reduced disclosure framework'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the consolidated financial statements state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This statement was approved by the Board of Directors on 9 July 2019 and signed on its behalf by:

Adam Reynolds
Chairman

Independent auditor's report to the members of Yourgene Health plc

Opinion

We have audited the financial statements of Yourgene Health Plc ('the Company') and its subsidiaries ('the Group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2019 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of Yourgene Health PLC *continued*

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition Revenue for the year was £8.89m, representing a 44.5% increase on 2018. During the year the Group applied IFRS 15 Revenue from Contracts with Customers for the first time and formulated an accounting policy in accordance with this new standard, based on the 5-step model prescribed in the standard. The 5-step model requires the Group to: • Identify the contract with a customer • Identify the performance obligations in the contact • Determine the transaction price • Allocate the transaction price to each performance obligation • Recognise revenue when the performance obligation is satisfied The Group generates revenue both from the provision of testing services and the sale of testing kits. Therefore an appropriate accounting policy is required for each class of sales. Due to the significance of revenue to the consolidated financial statements and the first-time adoption of IFRS 15, revenue recognition is a key audit matter.	Our audit procedures included the following: • Evaluating the Group's revenue recognition policy and its compliance with the principles described in IFRS 15; • Obtaining and critically evaluating the Directors' impact assessment for IFRS 15 and understanding its approach to the 5-step model; • Substantive testing on a sample basis in respect of sales recorded during the year, including assessment of the existence of contracts and the performance conditions identified in those contracts; • Substantive tests, on a sample basis, around the year end to review to accuracy of cut off procedures; and • Assessing the appropriateness of the related disclosures in note 4 and the revenue recognition accounting policy. Based on our procedures, we noted no material exceptions and considered management's key assumptions to be within reasonable ranges. We consider that revenue recognition has been recognised appropriately and is in accordance with the Group's revenue recognition policy.
The consolidation process and group issues As at 31 March 2019, the Group comprised seven entities operating in a number of jurisdictions and reporting in various different currencies. The Group's material subsidiary in Taiwan has a non-coterminous accounting period with the Company, as it formally reports to 31 December. For these reasons, the process to prepare consolidated financial statements is a risk area for misstatement and the consolidation process and associated consolidation level issues are considered a key audit matter.	Our audit procedures included the following: • Obtaining management consolidation calculations and confirming that all group entities were reflected in the analysis; • Assessing whether the group's accounting policies are in accordance with applicable IFRS; • Reviewing exchange rates used in the calculation for appropriateness; • Performing a review of intercompany balances and ticking through consolidation journals to consider whether such balances were appropriately removed on consolidation; • Understanding the basis for consolidation journals; • Visiting the operation in Taiwan and performing additional targeted audit testing on results for the quarter to 31 March not covered by the work of the component auditor. Based on our procedures, we noted no material exceptions and considered the accounting and disclosure associated with this audit matter to be within reasonable ranges.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets The Group's material Taiwanese entity, Yourgene Bioscience Co Ltd., was acquired in March 2017. At 31 March 2019, the carrying values of goodwill and customer relationship intangibles created as a result of that acquisition were £7.01m and £1.54m respectively. Management have applied judgement in performing impairment assessments on these balances. For these reasons this area is considered a key audit matter.	Our audit procedures included the following: • Reviewing and challenging the cashflow model produced for the goodwill and intangible impairment assessments, including a review and sensitivity analysis of the assumptions used such as discount rate and expected growth; • Understanding and challenging the basis for forecasts of future growth in that entity; • Reviewing deferred tax adjustments associated with the movements on the customer relationships asset; • Reperforming amortisation calculations and assessing the useful life estimate; • Reviewing the disclosure requirements around goodwill and intangible assets to ensure adequate disclosure was given in the financial statements. Based on our procedures, we noted no material exceptions and considered the accounting and disclosure associated with this audit matter to be within reasonable ranges.
Treatment of the Life Technologies Limited loan conversion On 18 February 2019, the Company announced that it had reached agreement with Life Technologies Limited ('Life Technologies') to restructure its debt, with the key terms as follows: • The immediate exercise by Life Technologies of 41,356,165 warrants at an average exercise price of 9.2p, from which the proceeds of £3.8m were used to repay debt; • The cancellation of the remaining £12.7m of debt, including accrued interest; • Creation of a new commission structure on Southeast Asian sales, up to a maximum amount payable of £6.5m; • A contingent liability of £6.5m payable on the sale or insolvency of the Company; • Agreement that the amounts payable on commissions or through the contingent liability are reduced by growth in the value of Life Technologies' shareholding in the relevant period; and • Yourgene taking the ability to force conversion or cancellation of the remaining 54,332,541 warrants held by Life Technologies, once the share price is 50% above the exercise price for each tranche for a set period. These financial statements record finance income in the Consolidated Statement of Comprehensive Income of £9.35m in respect of the write off of the Life Technologies debt. Due to the significance of this transaction to the consolidated financial statements, the accounting and disclosure of the transaction is a key audit matter.	Our audit procedures included the following: • Obtaining the full suite of documents which comprised the transaction with Life Technologies, to review the key terms and accuracy of the accounting treatment; • Obtaining and critically evaluating the Board's written impact assessment of the transaction; • Recalculating interest and related charges under the terms of the existing Life Technologies loan agreements up to the date of conversion; • Reviewing and recalculating the conversion of warrants by reference to warrant agreements and share issue documentation; • Reviewing the adequacy of disclosures given in note 30 in respect of the transaction and its impact on the consolidated financial statements; • Considering the treatment of debt written off by reference to applicable IFRS. Based on our procedures, we noted no material exceptions and considered the accounting and disclosure of the transaction to be satisfactory.

Independent auditor's report to the members of Yourgene Health PLC *continued*

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our audit opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

We have determined a materiality of £56,000 for both the Group and Company financial statements. This is based on 1% of revenue per draft financials at the planning stage. A separate performance materiality was applied to transactions with Directors and related parties.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we obtained sufficient evidence to support our opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls and the industry in which the Group operates.

As Group auditors we carried out the audit of the Company financial statements and, in accordance with ISA (UK) 600, obtained sufficient evidence regarding the audit of the Group's material Taiwanese subsidiary, Yourgene Bioscience Co. Ltd. We also performed a full scope audit of the Group's UK subsidiary, Premaitha Limited. These subsidiaries were deemed to be significant to the Group financial statements due to their size. The Group audit team directed, supervised and reviewed the work of the component auditors in Taiwan, which involved issuing detailed instructions and holding discussions with component audit teams, performing detailed file reviews and visiting Taiwan to attend local audit meetings with management and review the work performed. Audit work in Taiwan was performed at materiality levels of £28,000, lower than Group materiality. As the reporting period of the Taiwan entity is 31 December 2018, we performed additional substantive testing on a targeted basis to gain additional reliance over results and balances as at 31 March 2019.

Although not considered a significant component of the Group, we also made enquiries of the work performed by the auditors of the Group's Singaporean subsidiary Yourgene Singapore PTE Limited.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Kite (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

City Tower
Piccadilly Plaza
Manchester
M1 4BT

9 July 2019

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Revenue			**8,882,362**		6,146,863
Cost of sales			**(4,271,941)**		(2,973,730)
Gross profit			**4,610,421**		3,173,133
Other operating income			**25,821**		28,350
Administrative expenses					
General administrative expenses		**(9,049,646)**		(8,956,324)	
Revaluation of foreign currency denominated loan		**–**		**–**	
Litigation expenses	5	**37,864**		(2,692,556)	
Share-based payments and warrant expenses	5	**(251,004)**		(144,247)	
Costs associated with the acquisition of subsidiary	5	**–**		(10,084)	
Impairment (losses)/gains on financial assets	5	**(155,962)**		**–**	
Total administrative expenses			**(9,418,748)**		(11,803,211)
Operating loss	6		**(4,782,506)**		(8,601,728)
Financing income	10		**9,381,761**		45,264
Financing expenses	11		**(1,209,554)**		(981,979)
Profit/(loss) on ordinary activities before taxation			**3,389,701**		(9,538,443)
Tax credit/(charge) on loss on ordinary activities	12		**(491)**		55,516
Profit/(loss) for the year			**3,389,210**		(9,482,927)
Other comprehensive expense					
Exchange translation differences			**31,563**		(121,096)
Profit/(loss) and total comprehensive profit (Loss) for the Year			**3,420,773**		(9,604,023)
Earnings per share £	13				
Basic: Profit/(loss)			**£0.01**		(£0.03)
Diluted: Profit/(loss)			**£0.01**		(£0.03)

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	2019 £	2018 £
Assets			
Non-current assets			
Goodwill	14	**7,014,447**	7,014,447
Intangible assets	14	**1,228,928**	1,384,160
Property, plant and equipment	15	**2,054,163**	1,919,406
Total non-current assets		**10,297,538**	10,318,013
Current assets			
Inventories	17	**739,126**	276,766
Other short-term assets	18	**–**	475,385
Trade and other receivables	19	**2,832,695**	2,075,301
Tax asset		**478,232**	1,158,765
Cash and cash equivalents		**1,250,362**	282,432
Total current assets		**5,300,415**	4,268,649
Total assets		**15,597,953**	14,586,662
Equity and liabilities attributable to equity holders			
Equity			
Called up share capital	28	**32,403,969**	32,266,188
Share premium account	28	**37,971,265**	28,482,061
Merger relief reserve	28	**10,012,644**	10,012,644
Reverse acquisition reserve	28	**(39,947,033)**	(39,947,033)
Foreign exchange translation reserve	28	**(147,897)**	(179,460)
Warrants reserve	28	**3,069,382**	4,085,546
Retained losses	28	**(32,662,380)**	(37,318,758)
Total equity		**10,699,950**	(2,598,812)
Current liabilities			
Trade and other payables	20	**4,172,464**	3,792,112
Current tax liabilities		**–**	9,487
Borrowings	21	**76,388**	59,344
Provisions	22	**–**	780,000
Total current liabilities		**4,248,852**	4,640,943
Non-current liabilities			
Borrowings	21	**209,302**	12,098,883
Deferred tax liability	23	**233,496**	262,990
Long-term provisions	22	**206,353**	182,658
Total non-current liabilities		**649,151**	12,544,531
Total equity and liabilities		**15,597,953**	14,586,662

The financial statements were approved and signed by the Directors and authorised for issue on 9 July 2019.

Adam Reynolds
Chairman
Company Registration No. 03971582

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Notes	Share capital £	Share premium account £	Merger relief reserve £	Warrants reserve £	Reverse acquisition reserve £	Foreign exchange reserve £	Retained losses £	Total £
Balance at 1 April 2017		32,266,188	28,482,061	10,012,644	3,069,382	(39,947,033)	(58,364)	(27,980,078)	5,844,800
Year ended 31 March 2018:									
Loss for the year		–	–	–	–	–	–	(9,482,927)	(9,482,927)
Other comprehensive loss		–	–	–	–	–	(121,096)	–	(121,096)
Total comprehensive loss for the year		–	–	–	–	–	(121,096)	(9,482,927)	(9,604,023)
Transactions with owners									
Share-based payments	29	–	–	–	–	–	–	144,247	144,247
Warrants issued	30	–	–	–	1,016,164	–	–	–	1,016,164
Total transactions with owners		–	–	–	1,016,164	–	–	144,247	1,160,411
Balance at 31 March 2018		32,266,188	28,482,061	10,012,644	4,085,546	(39,947,033)	(179,460)	(37,318,758)	(2,598,812)
Balance at 1 April 2018		32,266,188	28,482,061	10,012,644	4,085,546	(39,947,033)	(179,460)	(37,318,758)	(2,598,812)
Year ended 31 March 2019:									
Profit for the year		–	–	–	–	–	–	3,389,210	3,389,210
Other comprehensive loss		–	–	–	–	–	31,563	–	31,563
Total comprehensive profit for the year		–	–	–	–	–	31,563	3,389,210	3,420,773
Transactions with owners									
Issue of share capital	28	137,781	9,716,143	–	–	–	–	–	9,853,924
Share issue expenses			(226,939)			–	–	–	(226,939)
Issue of share capital on acquisition		–	–	–	–	–	–	–	–
Share-based payments	29	–	–	–	–	–	–	251,004	251,004
Warrants exercised	30	–	–	–	(1,016,164)	–	–	1,016,164	–
Total transactions with owners		137,781	9,489,204	–	(1,016,164)	–	–	1,267,168	9,877,989
Balance at 31 March 2019		**32,403,969**	**37,971,265**	**10,012,644**	**3,069,382**	**(39,947,033)**	**(147,897)**	**(32,662,380)**	**10,699,950**

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019		2018	
	£	£	£	£
Cash flows from operating activities				
Profit/(loss) for the year after tax		3,389,210		(9,482,927)
Adjustments for:				
Taxation (credited)/charged		491		(55,516)
Finance costs		1,209,554		981,979
Finance income		(35,672)		(45,264)
Loan payable waived		(9,346,089)		–
Depreciation and impairment of property, plant and equipment		944,524		1,046,951
Loss on disposal of property, plant and equipment		469		16,293
Amortisation of intangible non-current assets		155,232		155,232
Impairment on financial assets (IFRS9)		155,962		–
Foreign exchange movements		334,864		(357,127)
Share based payment and warrant expense		251,004		144,247
Decrease in provisions		(756,305)		(2,533,298)
Movements in working capital:				
(Increase)/decrease in inventories		(462,360)		151,159
(Increase)/decrease in trade and other receivables		(910,663)		137,961
Increase/(decrease) in trade and other payables		380,352		301,843
Decrease/(increase) in tax asset		653,994		(57,420)
Cash used by operations		(4,035,433)		(9,595,887)
Tax (paid)/received		(12,933)		25,413
Investing activities				
Purchase of property, plant and equipment	(1,066,699)		(163,268)	
Proceeds on disposal of property, plant and equipment	–		4,500	
(Investment)/reduction in short-term financial assets	475,385		(475,385)	
Interest received	553		–	–
Net cash (used in)/generated from investing activities		(590,761)		(634,153)
Financing activities				
Net proceeds from issue of shares	9,626,985		–	
Proceeds from borrowings	128,992		9,388,732	
Repayment of borrowings	(4,139,100)		(185,922)	
Interest paid	(9,820)		(16,418)	
Net cash generated from financing activities		5,607,057		9,186,392
Net increase/(decrease) in cash and cash equivalents		967,930		(1,018,235)
Cash and cash equivalents at beginning of period		282,432		1,300,667
Cash and cash equivalents at end of period		1,250,362		282,432

See note 31 for Analysis of change in net cash/(debt).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

1 Accounting policies

Company information

Yourgene Health plc (Premaitha Health plc until 7 November 2018, 'the Company' or 'Yourgene') is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Enterprise House, Lloyd Street North, Manchester M15 6SE.

The principal activity of Yourgene Health plc and its subsidiaries is that of a molecular diagnostics business for research into, and the development and commercialisation of gene analysis techniques for prenatal screening and other clinical applications in the early detection, monitoring and treatment of disease.

The financial statements are presented in British Pounds Sterling, the currency of the primary economic environment in which the Company's headquarters is operated.

Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including IFRIC interpretations issued by the International Accounting Standards Board ('IASB'), as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced disclosure framework' ('FRS 101').

The financial statements have been prepared under the historical cost convention, except for those transactions recognised at fair value as detailed below.

The consolidated financial statements of the Company as at and for the year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as 'the Group'). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, which are all owned 100%) made up to 31 March each year.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of the subsidiaries is attributed to the owners of the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Going concern

In their assessment of the Group's ability to continue as a going concern, the directors have focused on the implications of the patent infringement legal cases which were settled in September 2018, the exercise of warrants by Life Technologies and the cancellation of all remaining related loans in February 2019, the post period end fundraise and acquisition of the profitable Elucigene Diagnostics in April 2019, the rate of growth of gross profits, decisions available to them for management of the cost base of the Group and the potential for future fundraising.

The Group has introduced a strategic planning process which has delivered a revised and ambitious business plan.

As described in the strategic report, the Group has made progress towards achieving positive cashflows through growth in revenues since launching the IONA® test in February 2015, acquiring Yourgene Bioscience in March 2017 and acquiring Elucigene Diagnostics ('Elucigene') in April 2019. The Group has reported a profit due to the Thermo Fisher debt restructure, however it continues to use cash in its trading operations albeit at a much-reduced level; which reflects that break-even levels of revenues have not yet been reached. The Group's forecasts include assumptions of further growth in revenue, which are key in achieving positive cashflows. The Directors have also assessed the Group's cost structure as part of the strategic planning process and implemented a number of cost reduction factors.

There is an ongoing commitment to keep costs and working capital under control so that increasing gross profits can drive positive cashflows. Detailed sensitivity analysis has been performed to assess the potential impact on the Group's liquidity caused by delays in revenue growth against expected levels along with potential mitigating actions which can be taken to safeguard the Group's cash position. These include working capital controls and reductions in discretionary spending. If events transpire differently to this assessment, for example if revenues fail to grow at the anticipated pace, then there could be lower cash headroom. Given the successful fundraise which took place alongside the acquisition of Elucigene the Directors believe there is sufficient cash available to avoid a cash shortfall.

The Directors have concluded that considering the circumstances described above and mitigation strategies in place, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Revenue

IFRS 15 Revenue from Contracts with Customers, became effective for annual reporting periods beginning on or after 1 January 2018, and is applied to these accounts. The standard, which replaces IAS 18, covering contracts for goods and services, and IAS 11, covering construction contracts, addresses the recognition of revenue. The new standard is based on the principle that revenue is recognised to depict the satisfaction of performance obligations stated explicitly or implied in customer contracts in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. In adopting the new standard the Group has applied the modified retrospective approach. Comparatives for the year ended 31 March 2018 are not restated and whilst there was no cumulative impact of adoption, such an impact would have been recognised in retained losses as at 1 April 2018.

Revenue from the sale of goods, equipment and related services is recognised in the Statement of Comprehensive Income when the deemed Contractual Performance Obligations have been have been completed, which is determined to be at the point of despatch of the product or service unless there are specific provisions in the relevant contract. Revenue from the provision of testing and reporting services is recognised upon delivery of the report to the customer. Invoices are typically raised upon delivery of the products or reporting services, unless there is a different contractual requirement, for payment according to credit terms which are usually 30-75 days from date of invoice. For some contracts advance invoices are raised and payments received. These are held on the statement of financial position as 'payments received on account' (see note 20) and are only recognised as revenue once the performance obligations have been deemed satisfied as described above.

Grant income and income for research projects is recognised when all conditions for receiving the grant or research income have been satisfied.

The application of IFRS15 has had no impact on the Group accounts.

Separately disclosed items

Separately disclosed items are those significant items, within Total administrative expense which in management's judgement should be highlighted on the face of the Statement of Comprehensive Income by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Significant items in Finance Income are disclosed in note 10.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful lives. Depreciation is applied at the following rates:

Leasehold land and buildings	20% straight line
Plant and equipment	20-25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the Statement of Comprehensive Income.

Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment, or earlier if there is an indication of impairment.

Acquired intangible assets

Intangible assets acquired as part of business combinations are capitalised at fair value at the date of acquisition. Following the initial recognition, the carrying amount of an intangible is its cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on the basis of the estimated useful life on a straight-line basis and the expense is taken to the Statement of Comprehensive Income.

The Group has recognised customer relationships as separately acquired intangible assets. The useful economic life attributed to each intangible asset is determined at the time of the acquisition.

Impairment reviews are undertaken annually and whenever the Directors consider that there has been a potential indication of impairment.

Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 March 2019

1 Accounting policies continued

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Cost includes expenditure incurred in acquiring the inventories and other cost in bringing them to their existing location and condition.

Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Group uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Group. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

Short-term financial assets

Short term financial assets comprise deposits placed in an escrow account which is jointly controlled by a third party.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

IFRS 9 Financial Instruments has been adopted in these accounts and introduces extensive changes to IAS39's guidance on the classification and measurement of financial assets and their impairment. The impact of this adoption is described in note 2.

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers ('trade receivables'), but also incorporate other types of contractual monetary assets. They are measured subsequent to initial recognition at amortised cost using the effective interest rate method.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired in either of the following situations:
(a) where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. The Group considers a financial asset to be in default if there is explicit external information that indicates the debtor is unlikely to pay its creditors, including the Group. In the event of a default the full value of the financial asset is impaired. Financial assets are written off when there is deemed to be no realistic prospect of recovery and enforcement activities have ceased.
(b) where there are expected credit losses in the next reporting period as required by IFRS 9. Following the adoption of IFRS 9 the Group recognises expected credit losses ('ECL') for trade and other receivables. If the credit risk on a financial instrument has increased significantly since its initial recognition then ECL are assessed on a lifetime ECL basis. If the credit risk has not increased significantly then ECL are assessed based on the likelihood of default in the next 12 months. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group considers quantitative and qualitative information including historical debt default or delinquency and forward-looking information that is available without undue cost or effort. Forward-looking factors include the economic and political context for the financial assets as well as anticipated customer-specific developments.

De-recognition of financial assets
Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire, or when there is a transfer of the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. A financial liability is a contractual obligation to either deliver cash or another financial asset to another entity or to exchange a financial asset or financial liability with another entity, including obligations which may be settled by the Group using its equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Classification and subsequent measurement of financial liabilities
Financial liabilities are measured at transaction price initially and measured subsequently at amortised cost using the effective interest method, except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reporting in profit or loss are included within finance costs or finance income.

Other financial liabilities
At initial recognition, financial liabilities ('trade and other payables') are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised cost.

De-recognition of financial liabilities
Financial liabilities are de-recognised when, and only when, the Group's obligations are discharged, cancelled or they expire.

Financial liabilities recognised at fair value
Financial liabilities are classified as FVTPL when the financial liability is held for trading. A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss in the 'other gains and losses' category. Interest paid on the financial liability is included in the finance costs line item in the Statement of Comprehensive Income.

Compound instruments
The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

Equity instruments
Instruments classified as equity under IAS 32 are measured at fair value on inception. Subsequent changes in the value of the instrument are not recognised in the financial statements.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds.

Share warrants that are issued within the scope of IFRS 2 (as detailed in note 29) are measured at fair value at each reporting period end. They are classified as equity instruments based on the substance of the contractual arrangements entered into.

Merger relief reserve
The reserve represents a premium on the issue of the ordinary shares for the acquisition of subsidiary undertakings. The relief is only available to the issuing company securing at least a 90% equity holding in the acquired undertaking in pursuance of an arrangement providing for the allotment of equity shares in the issuing Company on terms that the consideration for the shares allotted is to be provided by the issue of equity shares in the other company.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 March 2019

1 Accounting policies continued

Warrants reserve

The warrants reserve represents the fair value of warrants issued to Thermo Fisher which are in issue but not exercised at the reporting date.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Statement of Comprehensive Income in the period they are payable.

Share-based payments

Where share options are awarded to employees or other stakeholders, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

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

An operating lease is defined as a lease in which substantially all of the risks and rewards of the leased asset remain with the lessor. Rentals payable under operating leases are charged against the statement of comprehensive income on a straight-line basis over the lease term.

Lease incentives are recognised over the lease term.

Foreign currency
The functional currency of the parent entity is Pounds Sterling. Transactions entered into by Group entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the retranslation of the unsettled monetary assets and liabilities are similarly recognised in the income statement.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date.

Exchange differences arising on the retranslation of the non-monetary assets and liabilities are recognised within equity.

Presentation currency
These accounts have been presented in Pounds Sterling as the Directors consider this to be most useful form of presentation to the shareholders.

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Financing income and expenses
Financing expenses comprise interest payable and finance charges recognised in profit or loss using the effective interest method. Financing income comprises interest receivable on funds invested. Interest income and interest payable is recognised within profit or loss as it is accrued, using the effective interest rate method.

Research and development
The Group undertakes research and development activities in the UK which potentially attract a tax credit. Where such activities give rise to a tax credit, amounts receivable are recorded in the Statement of Financial Position as a tax asset and the associated credit is recorded within administrative expenses. The research and development tax credit is recognised in the financial statements in the same year in which the research and development expenditure occurred. This treatment is in line with the recognition of government grants to which the UK research and development tax credits scheme approximates.

2 Adoption of new and revised standards and changes in accounting policies
Adoption of new and revised standards
During the financial year, the Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

Standard	Effective date, annual period beginning on or after
Annual Improvements 2014-2016 cycle	1 January 2018
IFRS 9 Financial instruments	1 January 2018
IFRS 15 Revenue from contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15.	1 January 2018
Clarifications to IFRS 15 – Revenue from contracts with Customers	1 January 2018
IFRS 2 (amendments) – Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 4 (amendments) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to IAS 40 – Transfers of Investment Property	1 January 2018

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements except as set out below:
IFRS 9 became effective in the financial year; the standard required a forward assessment of expected credit losses and potential financial asset impairments which resulted in impairments of £155,962 as described in note 19, with no material impact on EPS where applicable. The application of IFRS 9 involves an initial assessment of any specific expected default or delinquency risks before a more general risk assessment. More general expected credit losses are calculated after analysing the Group's receivable risks in geographic groupings which are deemed to reflect appropriate credit risk categories. Delinquency rates, political stability and distance from the Group's operating units were considered in determining levels of expected credit losses, and these levels are correlated with the profile of receivables within each geographic region.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 March 2019

2 Adoption of new and revised standards and changes in accounting policies continued
Standards issued but not yet effective:
At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases these standards and guidance have not been endorsed for use in the European Union.

Standard	Effective date, annual period beginning on or after
IFRS 16 Leases	1 January 2019
IFRIC 23 – Uncertainty over Income Tax Treatments	1 January 2019
Annual improvements 2015-2017 cycle	1 January 2019
Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 Business Combinations	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020

The directors are evaluating the impact that these standards will have on the financial statements of the Group.

The Group has a number of property and other leases that are currently accounted for as operating leases with no balance sheet impact. The introduction of IFRS 16 will require these leases to be accounted for as finance leases showing as assets and corresponding financial liabilities. The Group is still quantifying the impact that this will have on the financial statements which is not expected to have a significant profit impact although there will be classification changes on the Statement of Comprehensive Income between administrative expenses which will reduce, and depreciation and finance expenses which will increase. On the Statement of Financial Position the new standard will create non-current assets representing the value in use of the property and other operating leases, and corresponding current and non-current liabilities representing the outstanding lease payments due. The exact impact of these changes cannot currently be accurately determined as the Company is renegotiating all UK property leases in light of its post period end acquisition of Elucigene, which occupies a site in close proximity to the Company's existing leased property and which has the same landlord. Once these negotiations are concluded the Company will be able to accurately calculate impact of adopting IFRS 16. Details of the Group's operating lease commitments as at 31 March 2019 are given in note 31.

3 Critical accounting estimates and judgements
In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements
Treatment of Thermo Fisher concurrent loan and warrant arrangements

In December 2015, the Group entered into a loan arrangement with Life Technologies Limited, a company in the Thermo Fisher Scientific Group ('Thermo Fisher'), under the terms of which Thermo Fisher provided a loan facility of £5m to the Group. On the same day, the Group entered into a share warrant agreement with Thermo Fisher ('2015 warrants'). During the prior year, the Group entered into an amended and restated loan facility granted by Thermo Fisher. In return for an increase in the facility of £4m, the Group granted two tranches of warrants to Thermo Fisher ('2016 and first 2017 warrants'). In June 2017 a further increase of $5m was agreed in return for two further tranches of warrants (the 'second 2017 warrants' and the '2018 warrants').

The Group assessed the accounting treatment of the loans and warrant agreements and reached the judgement that, although they are separate financial instruments, it was necessary to allocate the initial proceeds received between the loan and the warrants based on their fair values, because the instruments were entered into at the same time.

Having considered the terms of the 2015, 2016, first 2017, second 2017 and 2018 warrants, it was concluded that they represent equity instruments. The warrants are accounted for at fair value on inception in accordance with IAS 32. The loans were initially recognised at fair value on inception and subsequently measured at amortised cost using the effective interest rate method, in accordance with IAS 39.

Prior to drawdown of the relevant facilities, the value of the warrants when issued were treated as a commitment fee for the advancement of the increased loan facility. The commitment fee was reflected within prepayments and is released against the loan facility balance as the facilities are drawn by the Group.

During the reporting period Life Technologies exercised the second 2017 and 2018 warrants and the associated equity valuation was reassigned to retained profits. The proceeds from this warrant exercise were allocated against outstanding loans and then all remaining loans were cancelled as described in note 30.

Key sources of estimation uncertainty

Impairment of goodwill

The Group's management undertakes an impairment review annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. In respect of impairment reviews, the key assumptions are as follows:

Growth rates

The value in use of the intangible assets is calculated from cash flow projections for the relevant business activities based on the latest financial projections covering the anticipated useful economic life of the intangible assets.

Discount rates

The pre-tax discount rate used to calculate value is determined in relation to the relevant business activities and their geographic location, using external benchmarks where possible to arrive at a relevant weighted average cost of capital.

Cash flow assumptions

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected cash flows. Changes in revenues and expenditures are based on past experience and expectations of future growth.

4 Segment reporting

In the opinion of the Directors, the Group has one class of business in three geographic areas, a molecular diagnostics business sells into the UK, Europe and other countries referred to as 'International'. The Group is therefore considered to have a single operating segment which is monitored by the Group's chief operating decision makers. Strategic decisions are made on the basis of unadjusted operating results.

Revenue

Revenue, analysed by category, was as follows:

	2019 £	2018 £
Turnover		
Sale of goods	**4,976,470**	3,554,048
Rendering of services	**3,905,892**	2,592,815
	8,882,362	6,146,863

Revenue analysed by geographical market

	2019 £	2018 £
UK	**1,215,722**	1,014,723
Europe	**1,780,384**	1,213,773
Rest of the World	**5,886,256**	3,918,367
	8,882,362	6,146,863

During 2019, the fourth year of trading revenues for the Group, £2,374,372 (2018: £1,449,535) of the Group's revenue depended on a total of two (2018: two) customers who each represented more than 10% of Group revenues. These customers combined represent 26.7% of Group revenues (2018: 23.5%).

Non-current assets

The Group's non-current assets are located in the following geographic regions:

	2019 £	2018 £
UK	**10,845,876**	10,538,300
Europe	**–**	–
Rest of the World	**748,352**	921,170
Intra-Group eliminations	**(1,296,690)**	(1,141,457)
	10,297,538	10,318,013

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 March 2019

5 Separately disclosed items

	2019 £	2018 £
Litigation expenses	**37,864**	(2,692,556)
Share-based payments and warrant expenses	**(251,004)**	(144,247)
Costs associated with the acquisition of subsidiary	**–**	(10,084)
Impairment (losses)/gains on financial assets	**(155,962)**	–
	(369,102)	(2,846,887)

Litigation expenses represents the release of the excess provision created for the patent infringement claim (see note 22).

Share-based payments and warrant expenses relate to the provision made in accordance with IFRS 2 'Share-based payment' following the issue of share options to employees during the year as set out in note 29.

Costs associated with the acquisition of subsidiaries represents costs incurred during the acquisition of Yourgene Bioscience during the comparative period ended 31 March 2018.

Impairment of financial assets relates to one of the customer loan's which has been impaired by £107,473 and £48,489 of Expected Credit Losses arising from the implementation of IFRS 9, see note 19.

6 Operating loss

	2019 £	2018 £
Operating loss for the year is stated after charging/(crediting):		
Research and development expenditure	**691,239**	501,438
Research and development tax credit	**(473,950)**	(628,688)
Depreciation of property, plant and equipment	**944,524**	1,046,951
Loss on disposal of property, plant and equipment	**469**	16,293
Amortisation of non-current intangible assets	**155,232**	155,232

7 Auditor's remuneration

Fees payable to the Group's auditor and associates:

	2019 £	2018 £
For audit services		
Audit of the financial statements of the Company	**36,000**	–
Audit of the financial statements of the Company's subsidiaries	**15,750**	–
	51,750	–
For other services		
All other assurance services	**–**	–
All other tax advisory services	**5,935**	–
Total non-audit fees	**5,935**	–

Services provided by the Group's previous auditor – Grant Thornton UK LLP

	2019 £	2018 £
For audit services		
Audit of the financial statements of the Company	**–**	42,250
Audit of the financial statements of the Company's subsidiaries	**–**	12,000
	–	54,250
For other services		
All other assurance services	**12,500**	12,500
All other tax advisory services	**–**	9,590
Total non-audit fees	**12,500**	22,090

8 Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2019 Number	2018 Number
Directors	**8**	8
Administrative	**49**	53
Research and Development	**37**	30
	94	91

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	**3,832,974**	4,283,919
Social security cost	**347,938**	344,440
Pension cost	**150,971**	115,982
Share-based payments (note 29)	**251,004**	242,419
	4,582,887	4,986,760

9 Directors' remuneration

	2019 £	2018 £
Directors' emoluments	**1,191,572**	1,119,960

Included in the above are share-based payment expenses of £155,742 (2018: £151,957).

The remuneration of the Directors during the period was as follows:

	Salaries £	BIK £	Fees £	Total £	Pension £	Share-based payments £	2019 £	2018* £
A Reynolds	–	–	100,001	100,001	–	–	100,001	72,767
Dr S Little	77,250	1,344	–	78,594	3,863	59,355	141,812	248,598
N Mustoe	–	–	30,000	30,000	–	–	30,000	47,767
L Rees (appointed 4 July 2018)	122,000	4,127	–	126,127	6,100	27,929	160,156	–
Dr B Chang	169,349	–	–	169,349	–	3,710	173,059	64,977
B Hextall	129,787	7,001	–	136,788	6,489	31,569	174,846	177,933
H Jeffreys (appointed 3 October 2018)	123,654	–	–	123,654	4,183	8,977	136,814	–
Keng Hsu (appointed 4 July 2018, resigned 9 July 2019)	97,357	–	–	97,357	1,247	11,377	109,981	–
P Collins (resigned 1 November 2018)	–	–	147,745	147,745	–	12,825	160,570	289,060
A Chang (resigned 3 July 2018)	–	–	3,333	3,333	–	–	3,333	21,667
Dr W Denman (resigned 14 May 2018)	–	–	1,000	1,000	–	–	1,000	197,191
	719,397	**12,472**	**282,079**	**1,013,948**	**21,882**	**155,742**	**1,191,572**	**1,119,960**

* 2018 figures were previously reported inclusive of employer's national insurance contributions or overseas equivalent. These have been removed for consistency with 2019 figures.

The number of Directors to whom pension benefits are accruing under money purchase schemes is 5 (2018: 2).

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 March 2019

10 Finance income

	2019 £	2018 £
Interest income:		
Bank deposits	**285**	11,602
Loans and receivables	**35,387**	33,662
Total interest income	**35,672**	45,264
Other finance income:		
Thermo Fisher loan waived (see note 30)	**9,389,210**	–
Loan agreement and warrant issue expense	**(43,121)**	–
Total other finance income	**9,346,089**	–
Total finance Income	**9,381,761**	45,264

Total interest income for financial assets that are not held at fair value through profit or loss is £35,672 (2018: £45,264).

Investment income earned on financial assets, analysed by category of asset, is as follows:

	2019 £	2018 £
Loans and receivables	**35,672**	45,264

11 Finance expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	**7,252**	10,360
Interest on other loans and borrowings (see note 30)	**1,202,302**	971,619
Total finance expense	**1,209,554**	981,979

12 Income tax expense

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	**–**	–
Foreign corporation tax	**29,985**	(23,564)
Deferred tax		
Origination and reversal of temporary differences	**(29,494)**	(31,952)
Total tax (credit)/charge	**491**	(55,516)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2019 £	2018 £
Profit (Loss) before taxation	**3,389,701**	(9,538,443)
Expected tax charge/(credit) based on a corporation tax rate of 19% (2018: 19%)	**644,043**	(1,812,304)
Effect of expenses not deductible in determining taxable profit	**(45,518)**	(462,422)
(Utilised)/Unutilised tax losses carried forward	**(941,372)**	1,795,414
Change in unrecognised deferred tax assets	**78,338**	144,701
Effect of overseas tax rates	**24,474**	26,787
R&D tax credit	**270,020**	284,260
Deferred tax	**(29,494)**	(31,952)
Taxation (credit)/charge for the year	**491**	(55,516)

The R&D tax credit of £473,950 (2018: £628,688) is shown as a deduction against general administrative expenses.

The Group is required to estimate the income tax in each of the jurisdictions in which it operates. This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included within the statement of financial position. Deferred tax assets and liabilities are measured using substantially enacted tax rates expected to apply when the temporary differences reverse. Management judgement is required to determine the total provision for income tax. Amounts accrued are based on management's interpretation of country specific tax law and the likelihood of settlement.

Factors that may affect future tax charges

The Group has estimated trading losses of £13,517,081 (2018: £13,517,081), estimated excess management fees of £11,330,723 (2018: £16,230,660), non-trade loan relationship deficits of £1,201,562 (2018: £1,033,214) and capital losses of £1,934,399 (2018: £1,934,399).

The tax losses have resulted in a potential deferred tax asset of approximately £4,428,392 (2018: £6,215,917) which has not been recognised as it is uncertain the future taxable profits will be sufficient to utilise the losses, in light of current and expected future UK tax rates.

13 Earnings per share

Basic

Basic earnings per share is calculated by dividing the total comprehensive profit for the period of £3,420,773 (2018: loss £9,604,023) by the weighted average number of ordinary shares in issue during the period 396,597,093 (2018: 321,218,709).

Diluted

Diluted earnings per share dilute the basic earnings per share to take into account share options and warrants. The calculation includes the weighted average number of ordinary shares that would have been issued on the conversion of all the dilutive share options and warrants into ordinary shares. The adjusted weighted average number of shares used to calculate diluted earnings per share is 399,636,919 (2018: 321,218,709).

92,269,091 options and warrants (2018: 131,206,885) have been excluded from this calculation as the effect would be anti-dilutive.

After the reporting period end a further 140m new ordinary shares were issued as described in note 35.

14 Intangible assets

	Goodwill £	Customer relationships £	Total £
Cost			
At 1 April 2017	7,014,447	1,552,328	8,566,775
Additions	–	–	–
At 31 March 2018	7,014,447	1,552,328	8,566,775
Additions	–	–	–
At 31 March 2019	**7,014,447**	**1,552,328**	**8,566,775**
Amortisation and impairment			
At 1 April 2017	–	12,936	12,936
Charge for the year	–	155,232	155,232
At 31 March 2018	–	168,168	168,168
Charge for the year	–	155,232	155,232
At 31 March 2019	–	323,400	323,400
Carrying amount			
At 31 March 2018	7,014,447	1,384,160	8,398,607
At 31 March 2019	**7,014,447**	**1,228,928**	**8,243,375**

The goodwill and customer relationship assets arose as part of the Yourgene Health (Taiwan) acquisition in March 2017 (formerly named Yourgene Bioscience). The customer relationship asset is amortised over its useful economic life which was deemed, upon acquisition, to be 10 years. 7 years and 11 months of this useful life remains unamortised.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 March 2019

14 Intangible assets continued

Intangible assets are subject to an annual impairment test to ascertain if the value in use is greater than the carrying value in the financial statements. The intangible assets arising from the acquisition of Yourgene Health (Taiwan) were tested over a five year forecast period plus a terminal value to represent their remaining useful economic life. A cashflow model is used based on historical performance, in which future expectations of growth are forecast based on internal budgets for 12 months and then on a growth rate stepping down from an initial 25% per annum down to 5% per annum for the terminal value estimation, reflecting the rapid growth of the Group's markets and the opportunities for greater market penetration through geographic expansion. Discount rates were set at 13%, being the representative cost of capital. These assumptions are unchanged from the previous year for consistency but have been benchmarked to ensure they remain appropriate. The headroom compared to the carrying value was £11m. Increasing the discount rate to 33% would lead to the recoverable amount being equal to the carrying value of the intangible assets.

15 Property, plant and equipment

	Leasehold land and buildings £	Plant and equipment £	Total £
Cost			
At 1 April 2017	701,164	3,813,370	4,514,534
Additions	8,698	154,570	163,268
Disposals	(21,040)	–	(21,040)
Foreign currency adjustments	(6,181)	(76,492)	(82,673)
At 31 March 2018	682,641	3,891,448	4,574,089
Additions	23,696	1,043,003	1,066,699
Transfer	–	(32,755)	(32,755)
Disposals	–	(1,254)	(1,254)
Foreign currency adjustments	1,704	41,623	43,327
At 31 March 2019	**708,041**	**4,942,065**	**5,650,106**
Accumulated depreciation and impairment			
At 1 April 2017	288,178	1,335,910	1,624,088
Charge for the year	135,442	911,509	1,046,951
Eliminated on disposal	(248)		(248)
Foreign currency adjustments	(1,541)	(14,567)	(16,108)
At 31 March 2018	421,831	2,232,852	2,654,683
Charge for the year	120,537	823,987	944,524
Transfer	–	(32,755)	(32,755)
Eliminated on disposal	–	(785)	(785)
Foreign currency adjustments	868	29,408	30,276
At 31 March 2019	**543,236**	**3,052,707**	**3,595,943**
Carrying amount			
At 31 March 2019	**164,805**	**1,889,358**	**2,054,163**
At 31 March 2018	260,810	1,658,596	1,919,406

16 Subsidiaries

Details of the Company's subsidiaries at 31 March 2019 are shown in the table below:

Name of undertaking	Country of incorporation	Ownership interest (%)	Nature of business
Premaitha Limited	UK	100.00	See below
Yourgene Health UK Ltd	UK	100.00	Non trading
Premaitha GmbH	Germany	100.00	See below
Yourgene Health (Taiwan) Co. Ltd.	Taiwan	100.00	See below
Kang Qiao Bioscience Ltd	Taiwan	100.00*	See below
Jian Qiao Bioscience Co. Ltd	Taiwan	100.00*	See below
Yourgene Health (Singapore) Pte Limited	Singapore	100.00*	See below

Premaitha Limited is a UK subsidiary whose principal activity is that of a molecular diagnostics company employing next generation DNA analysis technology to develop, manufacture and sell molecular diagnostic products intended to have a major beneficial impact on human health. The registered office is at Rutherford House, Manchester Science Park, Manchester M15 6SZ.

Premaitha GmbH is a German subsidiary whose principal activity is that of a sales office for the UK subsidiary. The registered office is at Prielmayerstraße 3, 80335 München, Germany.

Yourgene Health (Taiwan) Co. Ltd was formerly named Yourgene Bioscience Co. Ltd. It is a Taiwanese subsidiary where the principal activities of the Group headed by this Company are within the same sector as Premaitha Limited. Its registered office is No.376-5, Fuxing Rd., Shulin Dist., New Taipei City 23871, Taiwan (R.O.C.).

* Yourgene Health (Taiwan) Co. Ltd owns a 100% interest in each of Kang Qiao Bioscience Ltd, registered office 3F., No. 3, Ln. 160, Junying St., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.); Jian Qiao Bioscience Co. Ltd, registered office No.376-5, Fuxing Rd., Shulin Dist., New Taipei City 23871, Taiwan (R.O.C.); and Yourgene Health (Singapore) Pte Limited (formerly named Yourgene Bioscience Singapore Pte Limited.), registered office 3 Fusionopolis Place #05-54 Galaxis Singapore 138523.

17 Inventories

	2019 £	2018 £
Raw materials	**200,579**	49,783
Work in progress	**286,502**	153,912
Finished goods	**252,045**	73,071
	739,126	276,766

Finished goods recognised as cost of sales in the year amounted to £4,271,941 (2018: £2,973,730).

18 Other short-term financial assets

	2019 £	2018 £
Financial assets	**–**	475,385

Financial assets consists of an escrow bank account which was held in the name of Premaitha Health PLC (the former name of the Group) but which was jointly controlled with a third party. The funds held in the account are restricted to being utilised to pay court costs regarding the now settled litigation process referred to in note 22. All outstanding liabilities from the escrow account have been settled and the account closed.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 March 2019

19 Trade and other receivables

	2019		2018	
	£	£	£	£
Trade receivables	**2,810,957**		1,778,372	
Provision for doubtful trade receivables	**(884,349)**		(887,071)	
Loss allowance due to expected credit losses under IFRS 9 adoption	**(48,489)**			
Net Trade Receivables		**1,878,119**		891,301
Other receivables		**86,826**		35,052
VAT recoverable		**282,659**		223,698
Other loans and receivables at amortised cost	**302,386**		379,410	
Loss allowance due to expected credit losses under IFRS 9 adoption	**(107,473)**			
Net other loans and receivables at amortised costs		**194,913**		379,410
Prepayments		**390,178**		545,840
		2,832,695		2,075,301

An amount of £785,317 (2018: £785,317) remains provided for doubtful receivables relating to a customer which is now in bankruptcy proceedings and legal proceedings are ongoing to recover the outstanding monies. An additional amount of £99,032 (2018: £ 101,754) has been provided for smaller doubtful receivable balances.

A loss allowance against trade receivables of £48,489 (2018: £nil) for expected credit losses has been provided for due to the implementation of IFRS 9. These expected credit losses were calculated after analysing the Group's receivable risks in geographic groupings which are deemed to reflect appropriate credit risk categories. Delinquency rates and political stability are deemed to be very low in Europe and Asia, leading to no impairment of receivables. In the Middle East and Africa region, delinquency of 4%, greater distance from the Group's operating units and general political instability have been deemed to give an elevated risk rating of 10% expected credit losses, representing one smaller customer fully defaulting or one larger customer defaulting on c20% of their outstanding receivables.

Other loans and receivables relate to two loans to a customer of the Group. Under implementation of IFRS9 the loan has been impaired by a Loss allowance of £107,473 (2018: £nil) to reflect potential impairment in the next reporting period, due to customer-specific dynamics.

Included in prepayments are amounts totalling £nil (2018: £33,346) in respect of a commitment fee for the undrawn increased facility arising on issue of the 2016 and 2017 Thermo Fisher warrants as detailed in note 30.

20 Trade and other payables

	2019 £	2018 £
Trade payables	**2,088,567**	2,204,752
Payments received on account	**1,277,105**	465,759
Accruals	**580,599**	947,322
Social security and other taxation	**110,555**	67,672
Other payables	**115,638**	106,607
	4,172,464	3,792,112

The book value of trade and other payables approximates to the fair values. See note 26 for maturity analysis.

21 Borrowings

	2019 £	2018 £
Unsecured borrowings at amortised cost		
Bank loans	**285,690**	430,244
Other loans	**–**	11,727,983
	285,690	12,158,227

Other loans represent the liability element of borrowings from Thermo Fisher which are detailed further in note 30.

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £	2018 £
Current liabilities	**76,388**	59,344
Non-current liabilities	**209,302**	12,098,883
	285,690	12,158,227

The secured loan provided by Life Technologies Corporation ('LTC'), part of the Thermo Fisher Scientific Group, accrued interest at a rate of 6% on the principal capital balance and was secured by way of a fixed and floating charge over intellectual property of the Group. This loan was settled by agreement in February 2019 and all security released, see note 30.

The continuing borrowings as at 31 March 2019 are asset finance facilities in Taiwan, entered into by the company's subsidiary Yourgene Health (Taiwan) Co. Ltd. These facilities are payable until December 2021, are secured against the financed equipment and incur a fixed interest rate of 1.97% per annum.

22 Provisions for liabilities

	2019 £	2018 £
Dilapidation provision	**206,353**	182,658
Litigation provision	**–**	780,000
	206,353	962,658

Movements on provisions:

	Dilapidation provision £	Litigation provision £	Total £
At 1 April 2018	182,658	780,000	962,658
Increase in provision	–	–	–
Utilisation of provision	–	(742,136)	(742,136)
Release of provision	–	(37,864)	(37,864)
Unwinding of discount	23,695	–	23,695
At 31 March 2019	**206,353**	**–**	**206,353**

Dilapidation provision

As part of the Group's property leasing arrangements there was an obligation to return certain premises in the same state that they were received and repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises.

Litigation provision

The Company has been involved in litigation to defend itself against three patent infringement claims filed in the English courts which claimed that Yourgene's non-invasive prenatal test infringed patents owned or exclusively licensed by the claimants. The first claim was filed in March 2015 by Illumina, Inc., Sequenom, Inc. and Stanford University. The second claim was filed in September 2015 by Illumina, Inc. and the Chinese University of Hong Kong. These two cases were combined into a combined action by the courts as they involved three patent families and a complicated series of inter-related claims. As part of these actions the Company filed counterclaims of non-infringement for potential alternative processes. The first instance judgement was handed down in January 2018 and was largely in favour of the claimants. Leave to appeal on all points was granted and the Appeal was to be heard in November 2018. A third claim was filed in September 2017 and this was to be heard by the Courts in May 2019. All the litigation was settled between the parties in September 2018 and the related provisions in the Group's 2018 accounts reflected anticipated legal costs up to and including the settlement date. In the current reporting period these provisions were utilised against the intended costs and the residual balance was released in full.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 March 2019

23 Deferred taxation
The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Intangible fixed assets £
Deferred tax liability at 1 April 2017	294,942
Deferred tax movements	
Credit to profit or loss	(31,952)
Deferred tax liability at 1 April 2018	262,990
Deferred tax movements	
Credit to profit or loss	(29,494)
Deferred tax liability at 31 March 2019	**233,496**

24 Financial instruments
The principal instruments used by the Group, from which the financial instrument risk arises, include cash and cash equivalents, trade receivables, trade payables and borrowings.

Risk and sensitivity analysis
There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group and Company are exposed through their operations to one or more of the following financial risks: foreign currency risk, liquidity risk, credit risk, investment risk and interest rate risk. The policy for managing these risks is set by the Board and all such risks are managed at a Group level within the organisation. The Board's objective is to ensure an appropriate balance of risk and opportunity and monitors key risk factors in each Board meeting to determine whether that balance is deemed satisfactory. Where practical risks will be mitigated, e.g. through natural hedging of foreign currency exposures or insurance.

There have been no changes in the way the Group and Company manages risks from previous years. The policies for these risks are described further within the following notes.

25 Financial instruments – market risk
Foreign exchange risk
Foreign currency risk arises because the Group has balances denominated in foreign currencies. It also has operations located in Germany, Singapore and Taiwan whose functional currency is not the same as the Company's functional currency (Sterling). The net assets from such overseas operations are exposed to currency risk giving rise to gains or losses on retranslation to Sterling for the purposes of the consolidated financial statements. In the future it is planned that the foreign exchange risk will be mitigated by income derived in the respective transactional currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2019 £	2018 £	**2019 £**	2018 £
GBP	**1,413,886**	2,453,999	**1,779,437**	10,847,926
EUR	**1,154,699**	741,382	**544,383**	133,320
USD	**98,079**	66,644	**34,741**	3,689,123
New Taiwan Dollars (TWD)	**1,841,079**	727,365	**2,021,271**	1,228,315
Other (AUD/ZAR/CHF/AED)	**52,590**	2,493	**78,682**	51,655
	4,560,333	3,991,883	**4,458,514**	15,950,339

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the TWD/GBP, USD/GBP and EUR/GBP exchange rates 'all other things being equal'. It assumes a +/- 5% change of the TWD/GBP exchange rate for the year ended at 31 March 2019 (2018: 5%). A +/- 5% change is considered for the USD/GBP exchange rate (2018: 5%) and a +/-5% change is considered for the EUR/GBP exchange rate (2018: 5%). All of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the GBP had strengthened against the TWD by 5% (2018: 5%), USD by 5% (2018: 5%) and EUR by 5% (2018: 5%) respectively then this would have had the following impact:

	Loss for the year				Other equity			
	TWD £	USD £	EUR £	Total £	TWD £	USD £	EUR £	Total £
31 March 2019	**8,581**	**(3,016)**	**(29,063)**	**(23,498)**	**(15,024)**	**–**	**(269)**	**(15,293)**
31 March 2018	23,855	172,499	(28,955)	167,399	(5,443)	–	(3,091)	(8,534)

If the GBP had weakened against the TWD by 5% (2018: 5%), USD by 5% (2018: 5%) and Euro by 5% (2018: 5%) respectively then this would have had the following impact:

	Loss for the year				Other equity			
	TWD £	USD £	EUR £	Total £	TWD £	USD £	EUR £	Total £
31 March 2019	**(9,484)**	**3,334**	**32,122**	**25,972**	**31,630**	**–**	**566**	**32,196**
31 March 2018	(25,048)	(181,124)	30,403	(175,769)	5,715	–	3,245	8,960

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

The Group's interest rate risk arises from interest-bearing assets and liabilities. The Group has in place a policy of maximising finance income by ensuring that cash balances earn a market rate of interest; offsetting where possible, cash balances and by forecasting and financing its working capital requirements. The Thermo Fisher loans (shown as 'other loans' in note 21) were subject to fixed interest rates until their cancellation as describe in note 30. Bank loans shown in note 21 are asset finance facilities in Taiwan and are subject to fixed interest rates at 1.97%.

Investment risk

Investment risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates ('interest rate risk'), foreign exchange rates ('currency risk') or other market factors ('other price risk').

The Group is exposed to interest rate risk from its interest earning financial assets. The floating rate assets are held in a money market account earning interest at Bank of England base rate less 0.3%. The interest rate risk is mitigated by the fact cash is held in short-term deposits allowing rapid transfer of funds to alternative commercial banks to obtain improved interest rates. There are no financial assets earning interest at fixed rates.

Capital

As described in note 28 the Group considers its capital to comprise its ordinary share capital, share premium and accumulated deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to commercialise the development which has been undertaken to date, through major sales in a number of markets.

There have been no other significant changes to the Group's capital management objectives, policies and processes in the period nor has there been any change in what the Group considers to be its capital.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 March 2019

26 Financial instruments – liquidity risk

Liquidity risk is the risk that the Group fails to have sufficient funds to meet its debts as they become due. The liquidity risk of the Group is managed centrally. The Group holds funds in short-term bank deposits so that they are available when required.

The following table details the remaining contractual maturity for the Group's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	1 year or less £	2 to 5 years £	More than 5 years £	Total £
At 31 March 2018				
Interest bearing loans and borrowings	59,344	370,900	15,441,307	15,871,551
Trade payables	2,204,752	–	–	2,204,752
Accruals	947,322	–	–	947,322
Other payables	572,366	–	–	572,366
	3,783,784	370,900	15,441,307	19,595,991
At 31 March 2019				
Interest bearing loans and borrowings	**76,388**	**209,302**	**–**	**285,690**
Trade payables	**2,088,567**	**–**	**–**	**2,088,567**
Accruals	**580,599**	**–**	**–**	**580,599**
Other payables	**1,392,743**	**–**	**–**	**1,392,743**
	4,138,297	**209,302**	**–**	**4,347,599**

The Board believes the current level of financial liabilities to be in line with expectations. The level of cash balances and trade and other receivables is sufficient to discharge the Group's financial liabilities.

27 Financial instruments – credit risk

During the period, the Group's credit risk was primarily attributable to its cash balances, other loans receivable, and its trade receivables. Credit risk is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings. The risk to the Group of trade receivables going bad is regarded as low in all regions except the Middle East/Africa region where it is deemed medium, as described in note 19.

Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The loans totalling £302,386 (2018: £379,410) are provided by the Group to one of its customers and held within 'other loans and receivables at amortised cost' are secured against equipment purchased by that customer with the proceeds of the loan. £107,473 of this loan has been impaired under the implementation of IFRS 9 based on expected impairment in the next reporting period (see note 19).

The Group's maximum exposure to credit risk by class of financial assets amounts to their carrying value of £4,560,333 (2018: £3,991,883). The Group deems that entities from whom credit exposure arises are of adequately strong credit quality and will therefore be able to pay the amounts due when they arise.

The Group does not hold any collateral or other credit enhancements to cover this credit risk other than the equipment security stated above.

Credit quality of financial assets

As at the balance sheet date the Group had a total of £1,817,747 (2018: £218,342) of not impaired trade receivables which were between 0-30 days past due and £60,646 (2018: £123,971) which were more than 30 days past due. These figures exclude amounts owing that have been fully provisioned due to specific impairment circumstances.

28 Share capital and reserves

	Ordinary shares 0.1p each		Deferred shares 0.9p each		Deferred shares 9.9p each	
	2019	2018	**2019**	2018	**2019**	2018
At 1 April	**321,218,279**	321,218,279	**1,039,640,244**	1,039,640,244	**228,163,709**	228,163,709
Shares issued Placing	**96,425,244**	–	**–**	–	**–**	–
Shares issued Warrant exercise	**41,356,165**					
At 31 March	**458,999,688**	321,218,279	**1,039,640,244**	1,039,640,244	**228,163,709**	228,163,709
Nominal value at 31 March	**£459,000**	£321,219	**£9,356,762**	£9,356,762	**£22,588,207**	£22,588,207

All ordinary shares in issue have equal voting rights and rights to dividends or other distributions. The deferred shares rank equally in all respects but do not have any voting rights or rights to receive dividends or other distributions and will not have any return on capital on a winding up.

There were two share placings during the reporting period, in May and October 2018, for a combined total of 96.4m new shares. In addition, Thermo Fisher exercised 41.4m warrants in February 2019 as described in note 30.

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve	Description and purposes
Share premium account	Amount subscribed for share capital in excess of nominal value.
Retained losses	Cumulative net gains and losses recognised in the consolidated income statement. The share option expense is recognised directly through the accumulated deficit reserve.
Merger relief reserve	Represents a premium on the issue of the ordinary shares for the acquisition of subsidiary undertakings.
Reverse acquisition reserve	Effect on equity of the reverse acquisition of Premaitha Limited.
Warrants reserve	Equity element of Thermo Fisher warrants in issue and not yet exercised.
Foreign exchange translation reserve	Represents cumulative foreign exchange gains and losses arising on consolidation and exchange differences arising on translation of foreign operations.

29 Share-based payment transactions

Share options

The Group operates two equity-settled share-based remuneration schemes for employees: an HMRC approved EMI scheme and an unapproved scheme, jointly known as the 'option scheme'. Under the scheme employees may be granted options to purchase shares, which vest over varying periods up to four years and must be exercised within 10 years from the date of grant.

The exercise price of options outstanding at the end of the year ranged between 7.75p and 242p and their weighted average remaining contractual life was 7.1 years (2018: 6.6 years).

The weighted average fair value of each option granted during the year was 2.13p (2018: 1.03p).

Market-based options

The Company issued options between October 2012 and March 2014 with market-based conditions attached such that they are only exercisable if the share price of the Company exceeds 50p per ordinary share.

At 31 March 2019, the following options were outstanding in respect of ordinary shares:

Date of grant	Exercise period	**2019 Number**	2018 Number
31 October 2012	1 November 2012 to 1 November 2022	**25,558**	25,558
2 January 2013	3 January 2013 to 3 January 2023	**13,681**	13,681
19 March 2014	18 April 2014 to 19 March 2024	**1,183,332**	1,774,998
19 March 2014	19 March 2014 to 17 March 2024	**–**	321,961

The following principal assumptions were used in the valuations:

	Oct 2012	Jan 2013	Mar 2014
Share price	242p	225p	21.5p
Volatility	108.25%	108.15%	88.97%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.602%	1.11%	1.969%
Expected option life	5 years	5 years	5 years

Earnings per share options

The Company issued options between September 2014 and October 2018 with conditions attached such that they are only exercisable if the earnings per share exceeds that for the financial year preceding the grant of the option.

At 31 March 2019, the following options were outstanding in respect of ordinary shares:

Date of grant	Exercise period	**2019 Number**	2018 Number
6 September 2014	4 September 2016 to 5 September 2024	**23,500,554**	23,500,554
15 July 2015	14 July 2017 to 14 July 2025	**4,845,000**	4,845,000
21 October 2016	1 April 2018 to 26 October 2026	**470,000**	470,000
2 March 2017	31 March 2019 to 1 March 2027	**550,000**	550,000
30 October 2017	28 September 2018 to 29 October 2027	**2,855,000**	2,855,000
2 July 2018	1 July 2019 to 30 June 2028	**19,400,000**	–
4 October 2018	1 July 2019 to 30 June 2028	**3,000,000**	–

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 March 2019

29 Share-based payment transactions continued

The following principal assumptions were used in the valuations:

	Sep 2014	Jul 2015	Oct 2016	Mar 2017	Oct 2017	Jul 2018	Oct 2018
Share price	10.75p	21.375p	9.25p	12.875p	7.75p	7.75p	10.05p
Volatility	51.88%	102.79%	50.07%	54.34%	38.24%	64.00%	72.75%
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	1.97%	1.8%	0.6%	1%	1.34%	1.26%	1.46%
Expected option life	5 years	5 years	5 years	5 years	5 years	5 years	5 years

The fair values of the options granted were determined using a variation of the Black-Scholes model, incorporating the dilutive effects of the options. In addition, the model was amended for the market-based options to incorporate the probability of the 50p trigger being met, with this being done by pricing an Up & In call option with a barrier set at 50p. The Earnings per share options were estimated to have a 50% probability of meeting the earnings per share conditions over the required periods and this was also incorporated in determining the number of options expected to vest.

Options and weighted average exercise prices are as follows for the reporting periods presented:

	Market-based options		Earnings per share options	
	Number	p	Number	p
Outstanding at 1 April 2018*	2,136,198	14	32,220,554	12
Granted	–	–	22,400,000	8
Lapsed	(913,627)	10	–	–
Outstanding at 31 March 2019	**1,222,571**	**17**	**54,620,554**	**10**
Exercisable at 31 March 2019	**39,239**	**236**	**27,887887**	**11**

* Outstanding at 1 April 2018 adjusted to reflect 250,000 granted in 2015 not previously noted.

Standard warrants

The Company issued 2,822,454 warrants as part of a share placing on 4 July 2014, of which 1,411,427 expired in July 2017. The warrants have a conversion price of 11p per share.

At 31 March 2019, the following options were outstanding in respect of ordinary shares:

Date of grant	Exercise period	2019 Number	2018 Number
4 July 2014	4 July 2014 to 3 July 2020 (By agreement extended by 1 year)	**1,411,427**	1,411,427

The fair values of the warrants granted were determined using a variation of the Black-Scholes model, incorporating the dilutive effects of the warrants. The following principal assumptions were used in the valuations, based on independently sourced information:

	Standard warrants
Share price	11p
Volatility	102.62%
Dividend yield	0%
Risk-free interest rate	1.779%
Expected option life	3 years

Options and weighted average exercise prices are as follows for the reporting periods presented:

	Number of share options	Weighted average exercise price p
Outstanding at 1 April 2018	1,411,427	11
Expired	–	–
Outstanding at 31 March 2019	**1,411,027**	**11**
Exercisable at 31 March 2019	**1,411,027**	**11**

30 Thermo Fisher Scientific loan and warrants

Thermo Fisher 2015 warrants

On 11 December 2015, the Group entered into a loan agreement with Life Technologies Limited ('Thermo Fisher'), under the terms of which Thermo Fisher provided a loan facility of £5m to the Group subject to their approval over the usage of drawn funds. The term of the loan was eight years and the rate of interest applied to the loan was 6%. The loan was secured by a fixed and floating charge against the intellectual property of the Group.

The Group simultaneously entered into a share warrant agreement with Thermo Fisher, issuing warrants over 20,325,204 shares to Thermo Fisher. The warrants have an exercise price of 24.6p per share and have a term of eight years.

Initial consideration received was £2,760,000. The Group allocated the proceeds of the 2015 warrant, according to the respective fair values of the loan and warrant instruments as follows:

	£
Loan	989,637
Warrants	1,770,363

Thermo Fisher 2016 & March 2017 warrants

On 22 September 2016, the Group entered into an amended and restated eight-year loan facility granted by Thermo Fisher. In return for an increase in the facility of £4m, the Group granted two tranches of warrants to Thermo Fisher. These are respectively the 2016 and March 2017 warrants.

The 2016 warrants issued by the Group on 22 September 2016 are over 17,094,018 shares with an exercise price of 11.7p per share and a term of 7.25 years.

The March 2017 warrants issued by the Group on 31 March 2017 are over 16,913,319 shares with an exercise price of 11.825p per share and a term of 6.75 years.

July 2017 warrants and February 2018 warrants

On 11 July 2017 the Group entered into a USD loan facility agreement with Thermo Fisher. The Group also issued warrants over 28,938,797 shares to Thermo Fisher with an exercise price of 10.625p per share and a term of 6.5 years, being the July 2017 warrants.

The Group also simultaneously issued an additional tranche of warrants, being the February 2018 warrants, for which the exercise price and quantity of warrants were set on the later grant date of 9 February 2018. The exercise price was 5.775p and the number of warrants issued totalled 12,417,368.

On 17 February 2019 Thermo Fisher exercised the July 2017 and February 2018 warrants as part of a wider capital and commercial restructuring. The proceeds from this exercise were offset against loans outstanding as described below.

Application of IAS 32/IAS 39

The Group assessed the accounting treatment of the loans and warrant agreements and concluded that, although they were separate financial instruments, it was necessary to allocate the initial proceeds received between the loan and the warrants based on their fair values, because the instruments were entered into at the same time.

Having considered the terms of all of the warrants, it was concluded that they represented equity instruments. The warrants are accounted for at fair value on inception in accordance with IAS 32. The loan was initially recognised at fair value on inception and subsequently measured at amortised cost using the effective interest rate method, in accordance with IAS 39.

Prior to drawdown of the relevant facilities, the value of the warrants when issued were treated as a commitment fee for the advancement of the increased loan facility. The commitment fee was reflected within prepayments and was released against the loan facility balance as the facilities were drawn by the Group.

February 2019 Corporate and commercial restructure

In February 2019 the Group agreed a corporate and commercial restructure of the relationship with Thermo Fisher, through its Life Technologies subsidiary. As part of the restructure, Thermo Fisher exercised in full its July 2017 and February 2018 warrants as described above. The notional £3.8m proceeds of this warrant conversion were offset against the outstanding loans owed by the Group to Thermo Fisher. The second part of the restructure was the cancellation of £9.4m of debt being all remaining borrowings owing to Thermo Fisher, including any accrued interest. All security held by Thermo Fisher associated with these loans was also cancelled. The third part of the restructure was a new Commercial Agreement between the parties which gave Thermo Fisher certain exclusive commercial rights in specified South East Asian countries for a period of 3 years until 2022, and Thermo Fisher entered into a Lock-in Deed for its converted warrant shares for the same period. Under the terms of the Commercial Agreement the Group will pay a modest sales commission, once it achieves positive cashflows. This commission is capped at £6.5m. In addition the Group agreed to a £6.5m contingent liability as described below. Future share gains made by Thermo Fisher on the converted warrants will initially lower the commission cap and, once that is fully satisfied, will erode the contingent liability until that is extinguished.

Notes to the Consolidated Financial Statements *continued*
For the year ended 31 March 2019

30 Thermo Fisher Scientific loan and warrants continued

Contingent Liability

A part of the February 2019 restructure was the creation of a £6.5m contingent liability, which is payable by the Company to Thermo Fisher only in the event of a sale of the Company or an insolvency event.

The 2015 warrants are accounted for, as noted above, as an equity instrument under IAS 32, and are not subsequently remeasured. As the loan is subsequently measured at amortised cost using the effective interest rate method, an accretion charge is recognised over the life of the loan to restore its carrying value to the amount drawn down. The charge recognised in the year is as follows:

	£
Fair value brought forward	11,727,983
Amounts drawn down in the year	128,992
USD loan revaluation	308,948
Interest charges	851,609
Accretion charge	351,157
Commitment fee released	(33,346)
Amounts repaid from warrants exercised and unused funds from the secured loan facility	(3,946,133)
Loan waived	(9,389,210)
Carrying value at 31 March 2019	**–**

The total amounts included in prepayments as a commitment fee for the undrawn increased facility in respect of the fair values of the various warrants totalled £nil (2018: £33,346) at the balance sheet date. This represented the fair value of the equity instrument issued in respect of the February 2018 warrants released against the balance of the loan on drawdown of amounts against the additional facility.

At 31 March 2019, the following warrants were outstanding in respect of ordinary shares:

Date of grant	Exercise period	**2019 Number**	2018 Number
11 December 2015	11 December 2015 to 10 December 2023	**20,325,204**	20,325,204
22 September 2016	22 September 2016 to 10 December 2023	**17,094,018**	17,094,018
31 March 2017	31 March 2017 to 10 December 2023	**16,913,319**	16,913,319
11 July 2017	11 July 2017 to 10 December 2023	**–**	28,938,797
9 February 2018	9 February 2018 to 10 December 2023	**–**	12,417,368

The fair values of the warrants granted were determined using a variation of the Black-Scholes model, incorporating the dilutive effects of the warrants. The following principal assumptions were used in the valuations:

	2015 warrants	2016 warrants	2017 warrants	July 2017 warrants	Feb 2018 warrant
Share price	20.63p	10.625p	11.625p	10.725p	5.20p
Volatility	68%	48.63%	59%	52.9%	50.06%
Dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate	1.74%	0.6%	0.979%	1.08%	1.43%
Expected option life	8 years	7.25 years	6.75 years	6.5 years	6 years

Options and weighted average exercise prices are as follows for the reporting periods presented:

	Number of share options	Weighted average exercise price p
Outstanding at 1 April 2017	54,332,541	17
Granted	41,356,165	9
Outstanding at 31 March 2018	**95,688,706**	**13**
Exercised	41,356,165	9
Outstanding & Exercisable at 31 March 2019	**54,332,541**	**17**

In January 2018 Premaitha entered into a Secured Loan Facility with Thermo Fisher. The Facility from Thermo Fisher provided up to £2.1m to fund costs related to the now settled Illumina litigation against Premaitha. Thermo Fisher was not a party to the litigation. The Facility was provided on a commercial basis consistent with previous loans and was secured on the shares of the Company's Taiwanese subsidiary undertaking Yourgene Health (Taiwan) Co., Ltd, formerly Yourgene Bioscience Co., Ltd. There were no share warrants attached to the loan facility. Unused funds from the Facility were returned to the lender with no residual liabilities or charges. On 17 February the Facility was cancelled as part of wider capital and commercial restructuring as described above. As a result of this debt restructure all security held by the Facility was also cancelled.

31 Analysis of changes in net cash/(debt)

	1 April 2018 £	Cash flow £	Exchange movements £	Other non-cash movements £	31 March 2019 £
Cash and bank balances	282,432	967,930	–	–	**1,250,362**
Thermo Fisher Loan see note 21/30	(11,727,983)	3,817,141	(308,948)	8,219,790	**–**
Bank Loan see note 21	(430,244)	149,846	(5,292)		**(285,690)**
Net cash/(debt)	(11,875,795)	4,934,917	(314,240)	8,219,790	**964,672**

32 Operating lease commitments

Lessee

	2019 £	2018 £
Minimum lease payments made under operating leases during the year	**205,699**	193,901

At the reporting period end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	**227,336**	182,701
Between two and five years	**529,802**	620,852
In over five years	**–**	–
	757,138	803,553

33 Related party transactions

Key management personnel are considered to be the Directors; their emoluments are disclosed in note 9.

During the period in which he was a Director, the Group was charged £1,000 (2018: £236,446) in relation to Dr W Denman's consultancy services. At the period end £NIL (2018: £169,001) was due to Dr Denman in respect of these costs.

During the period in which he was a Director, the Group was charged £147,745 (2018: £256,998) in relation consultancy fees of Mr P Collins, a Director of the Company by Collins Biotech Consultancy SPRL, a personal service company of Mr Collins. At the period end £NIL (2018: £64,220) was due to Collins Biotech Consultancy SPRL in respect of these costs.

During the period the Group was charged £100,001 (2018: £50,000) in relation to the Directors' fees and fundraising consultancy fees of Mr A Reynolds, a Director of the Company by Reyco Limited, a personal service company of Mr Reynolds. At the period end £NIL (2018: £12,500) was due to Reyco Limited in respect of these costs.

During the period the Group was charged £30,000 (2018: £25,000) in relation to the Directors' fees of Mr N Mustoe. At the period end £7,500 (2018: £31,250) was due to Mr Mustoe in respect of these costs.

During the period in which he was a Director, the Group was charged £3,333 (2018: £21,667) in relation to A Chang's consultancy services. At the period end £NIL (2018: £21,667) was due to Mr Chang in respect of these costs.

All services were charged on an arm's length basis.

34 Controlling party

The Company does not have an ultimate controlling party.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 March 2019

35 Events after the reporting date

After the reporting date the Company acquired 100% ownership of Elucigene Diagnostics (the trading name of Delta Diagnostics UK Ltd) and completed an associated fundraise, both of which completed on 25 April 2019. The Company raised gross proceeds of £11.8m through the issuance of 115,418,869 new ordinary shares with a number of investors and Directors at a price of 10.25 pence per share. £6.75m of these proceeds were used as cash consideration for the acquisition of Elucigene with a further 24,581,111 new shares also issued to Elucigene shareholders at a price of 11.7 pence per share. The residual funds are intended to fund continued international expansion of the enlarged business. Excess cash in the Elucigene business at the time of completion, over and above £0.6m of cash which formed a contractual part of the acquired business, was returned to the former Elucigene shareholders in the form of additional cash consideration. Total consideration for the Elucigene business was £9.6m, paid as £6.75m cash and £2.88m shares. Net assets acquired were £2.2m plus £7.4m of intangible assets. Detailed IFRS3 allocations of the intangible value between goodwill, customer relationships and brand equity are ongoing. The disclosure requirements of IFRS 3: B64 (e), (h), (i), (k) and (q) are not reported as the information is not currently available.

Alongside the acquisition of Elucigene it was announced that 10.59m of new performance-based share options would be issued to existing and acquired directors and management to incentivise value creation in the enlarged group. These share options were issued on 3 June 2019.

Company Statement of Financial Position

As at 31 March 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	3	**108,233**	261,494
Investments	4	**9,562,042**	9,562,042
		9,670,275	9,823,536
Current assets			
Trade and other receivables	5	**10,139,715**	6,827,713
Other short-term financial assets	6	**–**	475,385
Cash and cash equivalents		**13,965**	4,105
		10,153,680	7,307,203
Current liabilities			
Trade and other payables	7	**711,228**	1,836,801
Provisions	8	**–**	780,000
		711,228	2,616,801
Net current assets		**9,442,452**	4,690,402
Non-current liabilities			
Borrowings	7	**–**	11,727,983
Net assets		**19,112,727**	2,785,955
Equity			
Called up share capital	11	**32,403,969**	32,266,188
Share premium account	12	**37,971,265**	28,482,061
Merger relief reserve	12	**10,012,644**	10,012,644
Warrants reserve	12	**3,069,382**	4,085,546
Retained losses	12	**(64,344,533)**	(72,060,484)
Total equity		**19,112,727**	2,785,955

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these statements. The Company's profit after tax was £6,448,783 (2018: loss £28,787,525).

The financial statements were approved by the Board of Directors and authorised for issue on 9 July 2019 and are signed on its behalf by:

Adam Reynolds
Chairman

Company Registration No. 3971582

Company Statement of Changes in Equity

For the year ended 31 March 2019

	Notes	Share capital £	Share premium account £	Warrants reserve £	Merger relief reserve £	Retained losses £	Total £
Balance at 1 April 2017		32,266,188	28,482,061	3,069,382	10,012,644	(43,417,206)	30,413,069
Year ended 31 March 2018:							
Loss and total comprehensive loss for the year		–	–	–	–	(28,787,525)	(28,787,525)
Transactions with owners							
Warrants issued		–	–	1,016,164	–	–	1,016,164
Share-based payment	10	–	–	–	–	144,247	144,247
Balance at 31 March 2018		32,266,188	28,482,061	4,085,546	10,012,644	(72,060,484)	2,785,955
Year ended 31 March 2019:							
Profit and total comprehensive profit for the year		–	–	–	–	6,448,783	6,448,783
Transactions with owners							
Issue of share capital (cash)	11	137,781	9,716,143	-	–	–	9,853,924
Warrants exercised		–	–	(1,016,164)	–	1,016,164	–
Share-based payment	10	–	–	–	–	251,004	251,004
Share issue expenses		–	(226,939)	–	–	–	(226,939)
Balance at 31 March 2019		32,403,969	37,971,265	3,069,382	10,012,644	(64,344,533)	19,112,727

Company Statement of Cash Flows

For the year ended 31 March 2019

	2019 £	2018 £
Cash flow from operating activities		
Profit/(loss) for the year after tax	**6,448,783**	(28,787,525)
Adjustments for:		
Finance costs	**1,247,889**	968,651
Investment income	**(357,222)**	(320,057)
Loan payable waived	**(9,389,210)**	-
Depreciation and impairment of property, plant and equipment	**152,791**	152,868
Loss on disposal of property, plant and equipment	**469**	-
Impairment of investment and amounts receivable from subsidiary	**-**	24,080,000
Share-based payment and warrant expense	**251,004**	144,247
Decrease in provisions	**(780,000)**	(2,541,995)
Foreign exchange movement	**308,948**	(302,596)
Movements in working capital:		
Increase/(decrease) in trade and other receivables	**(3,345,347)**	(3,065,198)
Increase/(decrease) in trade and other payables	**(1,125,573)**	228,089
Net cash outflow from operating activities	**(6,587,468)**	(9,443,516)
Investing activities		
Purchase of property, plant and equipment	**–**	–
Purchase of subsidiaries	**–**	–
(Investment)/reduction in short-term financial assets	**475,385**	(475,385)
Interest received	**357,222**	320,057
Net cash generated from/(used in) in investing activities	**832,607**	(155,328)
Financing activities		
Net proceeds from issue of shares and warrant conversions	**9,626,985**	–
Proceeds from borrowings	**128,992**	9,388,732
Repayment of borrowings	**(3,989,254)**	-
Interest paid	**(2,002)**	(1,465)
Net cash generated from financing activities	**5,764,721**	9,387,267
Net decrease in cash and cash equivalents	**9,860**	(211,577)
Cash and cash equivalents at beginning of year	**4,105**	215,682
Cash and cash equivalents at end of year	**13,965**	4,105

Notes to the Company Financial Statements

For the year ended 31 March 2019

1 Accounting policies

Company information

Yourgene Health Plc ('the Company'), named Premaitha Health plc until 7 November 2018, is a public limited company incorporated and domiciled in the United Kingdom.The address of its registered office is Enterprise House, Lloyd Street North, Manchester Science Park, Manchester, M15 6SE.

Accounting convention

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Financial Statements have been prepared under the historical cost convention, except for those transactions recognised at fair value as detailed below.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

(i) Paragraph 79(a)(iv) of IAS 1;

(ii) Paragraph 73(e) of IAS 16 'Property, Plant and Equipment';

(b) The requirements of paragraphs 10(d), 10(f), 39(c) and 134 – 136 of IAS 1 'Presentation of Financial Statements' and the requirements of IAS 7 'Statement of Cash Flows';

(c) The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';

(d) The requirements of IFRS 7 'Financial Instruments: Disclosures';

(e) The requirements of paragraph 17 of IAS 24 'Related Party Disclosures';

(f) The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements.

The principal accounting policies adopted are set out below.

Going concern

See page 36 for the Group's going concern policy.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable for management services provided, and is shown net of VAT and other sales related taxes. Revenue is recognised when services are provided.

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided to write off the cost, less estimated residual values, of all non-current assets, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold land and buildings	20% straight line
Plant and equipment	20% – 25% straight line

Non-current investments

Investments held as fixed assets are stated at cost less any provision for impairment. The investments are reviewed for impairment at the balance sheet date in addition to whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected discounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset's fair value or discounted cash flows.

Impairment of tangible and intangible assets

Property, plant and equipment are reviewed for impairment at the balance sheet date in addition to whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected discounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset's fair value or discounted cash flows.

Fair value measurement
IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets
Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are measured subsequent to initial recognition at amortised cost using the effective interest rate method.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired (a) where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, or (b) where there are expected credit losses in the next reporting period as required by IFRS 9.

De-recognition of financial assets
Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities
Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

De-recognition of financial liabilities
Financial liabilities are de-recognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Provisions
Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.
Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Notes to the Company Financial Statements *continued*

For the year ended 31 March 2019

1 Accounting Policies continued

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where share-based options are awarded to employees of subsidiaries the charge in respect to the share-based payments is treated as a capital contribution and forms part of the investment in that subsidiary.

Leases

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

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

The functional currency of the Company is Pounds Sterling. Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet dates. Any differences are taken to the income statement.

Thermo Fisher Scientific concurrent loans and warrants

On 11 December 2015, the Group entered into a loan agreement with Life Technologies Limited ('Thermo Fisher'), under the terms of which Thermo Fisher provided a loan facility of £5m to the Group. The term of the loan was eight years and the rate of interest applied to the loan was 6%. The loan was secured by a fixed and floating charge against the intellectual property of the Group.

The Group simultaneously entered into a share warrant agreement with Thermo Fisher. Subsequent loan funding was obtained from Thermo Fisher in exchange for further tranches of warrants and a secured loan facility was also entered into in January 2018.

The Group assessed the accounting treatment of the loan and warrant agreements and have concluded that, although they are separate financial instruments, it was necessary to allocate the initial proceeds received between the loan and the warrants based on their fair values, because the various instruments were entered into at the same time. In February 2019 Thermo Fisher converted two tranches of warrants into ordinary shares and cancelled all remaining loans and warrants as part of a commercial and corporate restructuring as described in note 28 to the consolidated financial statements.

2 Critical accounting estimates and judgements

The preparation of the Company's Financial Statements requires the Company to make estimates and judgements that effect the application of policies and reported amounts. In applying these policies the Directors are required to make estimates and subjective judgements that may affect the reported amounts of assets and liabilities at the reporting date and reported profit or loss for the period. Although the Directors base these on a combination of past experience and any other evidence that is relevant to the particular circumstance, the actual results could ultimately differ from those estimates.

Included in the note are accounting policies which cover areas that the Directors consider require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period. These policies together with references to the related notes to the Financial Statements can be found below:

Critical judgements

Impairment and investments

Investments and amounts receivable from subsidiaries are held subject to impairment review. The Group's management undertakes an impairment review annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

Growth rates

The value in use of the investment is calculated from cash flow projections for the relevant entity based on financial projections covering a period of five years plus a terminal value, assumed growth rates and discount rates relevant to the individual entity.

Discount rates

The pre-tax discount rate used for the purpose of impairment assessment for Premaitha Ltd is 13%, derived from the average effective interest rate calculated over the life of the Thermo Fisher loan instruments, which is deemed to be a reasonable proxy for the weighted average cost of capital. For Company's investment in Yourgene Bioscience a discount rate of 13% was also used for consistency. Both these discount rates were benchmarked against externally available cost of capital data for Western Europe and Emerging Markets respectively and are deemed to be therefore representative.

Cash flow assumptions

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected cash flows. Changes in revenues and expenditures are based on past experience and expectations of future growth.

In respect of the value in use of the investment in Yourgene Bioscience, the headroom compared to the carrying value of the investment is £11m. Increasing the discount rate to 33% and leaving all other factors the same would lead to the value in use equalling the carrying value of the investment. The investment in Premaitha Ltd was fully impaired in 2018 and despite substantial growth in the year it is deemed appropriate to retain this impairment until the subsidiary demonstrates sustained profitability.

Treatment of Thermo Fisher concurrent loan and warrant arrangements

For further details of the critical judgements in respect of the treatment of the Thermo Fisher loan and warrant arrangements in the Company's financial statements, please see note 3 of the Group's consolidated Financial Statements.

3 Property, plant and equipment

	Leasehold land and buildings £	Plant and equipment £	Total £
Cost			
At 1 April 2017	107,523	525,455	632,978
At 31 March 2018	107,523	525,455	632,978
Disposals	–	(1,254)	(1,254)
At 31 March 2019	**107,523**	**524,201**	**631,724**
Accumulated depreciation and impairment			
At 31 March 2017	32,257	186,359	218,616
Charge for the year	21,504	131,364	152,868
At 31 March 2018	53,761	317,723	371,484
Charge for the year	21,505	131,286	152,791
Estimated on disposal	–	(785)	(785)
At 31 March 2019	**75,266**	**448,224**	**523,490**
Carrying amount			
At 31 March 2019	**32,257**	**75,977**	**108,234**
At 31 March 2018	53,762	207,732	261,494
At 31 March 2017	75,266	339,096	414,362

Notes to the Company Financial Statements *continued*

For the year ended 31 March 2019

4 Investments

	Current		Non-current	
	2019 £	2018 £	**2019 £**	2018 £
Investments in subsidiaries	**–**	–	**9,562,042**	9,562,042

Shares in the subsidiary Yourgene Health (Taiwan) Co. Ltd (formerly Yourgene Bioscience Co. Ltd) are no longer subject to security as described in note 30 to the Group accounts.

Movements in non-current investments

	Shares £
Cost	
At 1 April 2018	20,062,042
Impairment	
At 1 April 2018	10,500,000
Charge for the year	–
At 31 March 2019	10,500,000
Carrying amount	
At 31 March 2019	10,500,000
At 31 March 2018	9,562,042

Refer to note 16 to the consolidated financial statements for details of subsidiary entities.

5 Trade and other receivables

	Current	
	2019 £	2018 £
Other receivables	**22,647**	2,096
VAT recoverable	**29,634**	28,699
Amounts due from subsidiary undertakings	**9,871,566**	6.642,568
Prepayments	**215,868**	154,350
	10,139,715	6,827,713

Included in prepayments were no amounts (2018: £33,346) in respect of commitment fees for the undrawn increased facility arising on issue of the 2016 and 2017 warrants as detailed in note 30 to the Group consolidated financial statements.

Amounts due from subsidiary undertakings were assessed in accordance with IFRS 9. As all entities continue to trade and to grow revenues, all operate in stable economic situations and none have any significant onerous contracts which might give rise to potential impairment events, it is deemed that there is no significant increase in credit risk and that a 12-month Expected Credit Losses assessment is appropriate, as defined by IFRS 9. Expected credit losses in the next 12 months are deemed to be zero as the conditions for partial default are not deemed to be present.

6 Other short-term financial assets

	Current	
	2019 £	2018 £
Financial assets	**–**	475,385

Financial assets held to maturity consisted of an escrow bank account which was held in the name of the Company but which was jointly controlled with a third party. The funds held in the account were restricted to being utilised to pay court costs regarding the now settled litigation process referred to in note 22 to the consolidated financial statements. The escrow bank account has now been closed as its intended purpose was completed.

7 Trade and other payables

	Current		Non-current	
	2019 £	2018 £	**2019 £**	2018 £
Trade payables	**530,861**	876,912	**–**	–
Amounts due to fellow Group undertakings	**–**	356,832	**–**	–
Accruals	**149,603**	591,052	**–**	–
Social security and other taxation	**30,764**	3.775	**–**	–
Other payables	**–**	8,230	**–**	–
Borrowings	**–**	–	**–**	11,727,983
	711,228	1,836,801	**–**	11,727,983

Refer to note 21 to the consolidated financial statements for further details on the non-current liabilities.

8 Provisions for liabilities

	2019 £	2018 £
Litigation provision	**–**	780,000

For further details on the nature of provisions see note 22 of the consolidated financial statements.

Movements on provisions

	Litigation provision £
At 1 April 2018	780,000
Release of provision	(37,864)
Utilisation of provision	(742,136)
At 31 March 2019	**–**

9 Retirement benefit schemes

Defined contribution schemes

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £19,527 (2018: £18,466).

10 Share-based payment transactions

As detailed in note 29 to the consolidated financial statements the Company issues share options and warrants to both its own employees and employees of its subsidiary.

11 Share capital

For details of share capital see note 28 of the consolidated financial statements.

12 Reserves

Refer to note 28 to the consolidated financial statements.

13 Related party transactions

No guarantees have been given or received.

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with entities that are wholly owned subsidiaries of Yourgene Health PLC.

There are no other related party transactions other than those relating to Directors that have been disclosed in note 33 to the consolidated statements.

14 Controlling party

The Company does not have an ultimate controlling party.

Notes to the Company Financial Statements *continued*

For the year ended 31 March 2019

15 Events after the reporting date

After the reporting date the Company acquired 100% ownership of Elucigene Diagnostics (the trading name of Delta Diagnostics UK Ltd) and completed an associated fundraise, both of which completed on 25 April 2019. The Company raised gross proceeds of £11.8m through the issuance of 115,418,869 new ordinary shares with a number of investors and Directors at a price of 10.25 pence per share. £6.75m of these proceeds were used as cash consideration for the acquisition of Elucigene with a further 24,581,111 new shares also issued to Elucigene shareholders at a price of 11.7 pence per share. The residual funds are intended to fund continued international expansion of the enlarged business. Excess cash in the Elucigene business at the time of completion, over and above £0.6m of cash which formed a contractual part of the acquired business, was returned to the former Elucigene shareholders in the form of additional cash consideration. Total consideration for the Elucigene business was £9.6m, paid as £6.75m cash and £2.88m shares. Net assets acquired were £2.2m plus £7.4m of intangible assets. Detailed IFRS3 allocations of the intangible value between goodwill, customer relationships and brand equity are ongoing. The disclosure requirements of IFRS 3: B64 (e), (h), (i), (k) and (q) are not reported as the information is not currently available.

Alongside the acquisition of Elucigene it was announced that 10.59m of new performance-based share options would be issued to existing and acquired directors and management to incentivise value creation in the enlarged group. These share options were issued on 3 June 2019.

Glossary of technical terms and measurements

Amniocentesis	An invasive diagnostics procedure that involves removing and testing a small sample of cells from the amniotic fluid. It is offered to pregnant women if there is a high risk that the fetus could have a genetic condition, it carries a small risk of miscarriage.
Cystic Fibrosis (CF)	Cystic Fibrosis is a genetic disorder that affects mostly the lungs, but also the pancreas, liver, kidneys, and intestine. Long-term issues include difficulty breathing and coughing up mucus as a result of frequent lung infections.
Contingent screening	A contingent screening model is where the first trimester screening is done first and high/ intermediate risk results are then sent for an NIPT instead of invasive procedure.
Fetal Fraction	Fetal fraction is the amount of the cell-free DNA in the maternal blood that is of fetal origin compared to maternal origin. If the fetal fraction is too small a NIPT screening will not produce a result.
First trimester combined test	This test is performed at around 11-13 weeks of pregnancy and consists of a blood sample for biochemical analysis and an ultrasound examination to measure the nuchal translucency.
IVD	'In vitro' diagnostic.
Male Factor Infertility (MFI)	Inability to conceive conception after 12 months due to the presence of some genetic mutations in the male partner.
Microdeletion	A small, missing (or 'deleted') piece of a chromosome is called a microdeletion. Microdeletions are usually not inherited from a parent. Some microdeletions cause intellectual disability and birth defects, while others have little impact on a child's health and life.
Next Generation Sequencing (NGS)	Next Generation Sequencing is also known as high-throughput sequencing, is the catch-all term used to describe a number of different modern sequencing technologies that has revolutionised the study of genomics and molecular biology.
NHS	National Health Service in the UK.
NIPT	Non-invasive prenatal test.
PCR	Polymerase Chain Reaction.
PGS	Pre-implantation genetic screening.
Plasma	Plasma is the largest single component of blood and makes up about 55% of total blood volume. It is a clear, straw-coloured liquid and it carries the DNA.
PMO	Portfolio Management Office.
QMS	Quality Management System.
Sex aneuploidy	Sex chromosome aneuploidies are conditions in which there is a change from the usual two copies of sex chromosomes in males (XY) or females (XX). These conditions may cause mental or physical defects, with different levels of severity.
Thrombosis	The formation of a blood clot inside a blood vessel, obstructing the flow of blood through the circulatory system.

Company information

Directors	Adam Reynolds	Chairman
	Dr Stephen Little	Vice Chairman
	Nicholas Mustoe	Non-executive Director
	Lyn Rees	Chief Executive Officer
	Dr Bill Chang	Chief Scientific Officer
	Barry Hextall	Chief Financial Officer
	Hayden Jeffreys	Chief Operating Officer
Secretary and Registered office	Barry Hextall Enterprise House Manchester Science Park Lloyd Street North Manchester, M15 6SE	
Nominated Adviser	Cairn Financial Advisers LLP Cheyne House Crown Court 62-63 Cheapside London, EC2V 6AX	
Broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET	
Auditor	Saffery Champness LLP City Tower Manchester, M1 4BT	
Solicitors	Addleshaw Goddard LLP One St Peter's Square Manchester M2 3DE	
Bankers	The Royal Bank of Scotland Group Commercial Banking, South Yorkshire 1 St Paul's Place 121 Norfolk Street Sheffield S1 2JF	
Registrars	Link Registrars Northern House Woodsome Park Fenay Bridge Huddersfield, HD8 0LA	
Company number	3971582	
Country of incorporation of Parent Company	England	

Notes

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