Valirx
Bioscience Innovation

Making a Difference

Annual Report and Accounts 2018
ValiRx plc

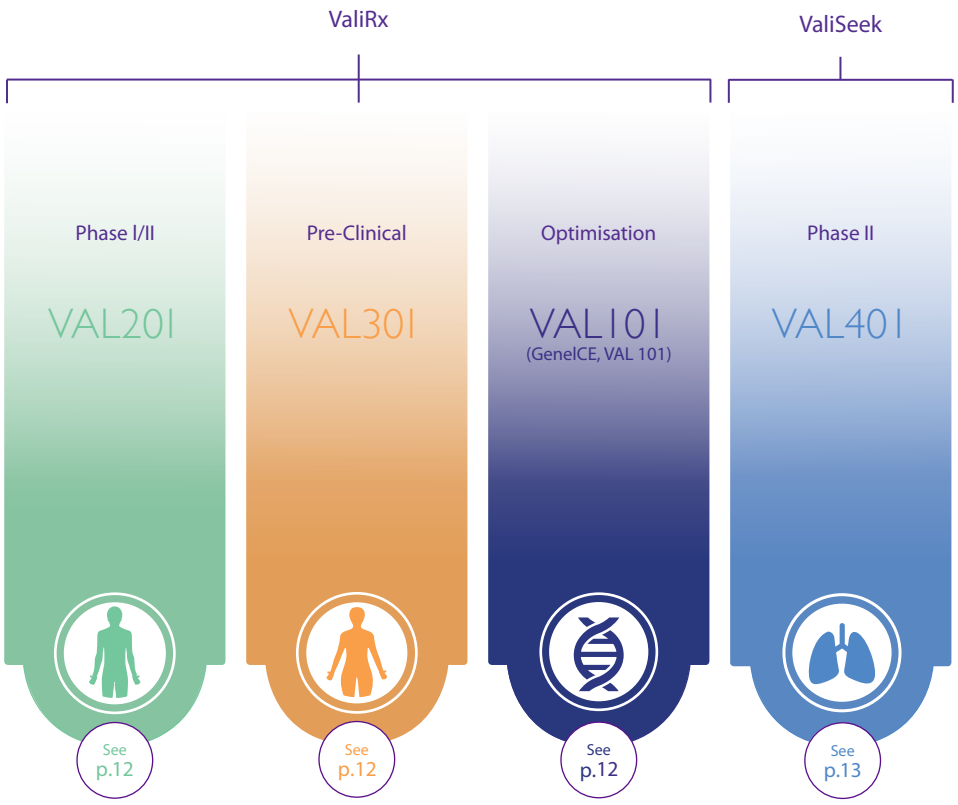
VAL201 VAL301 VAL101 VAL401

Strategic Report

WELCOME TO VALIRX PLC

ValiRx Plc (AIM:VAL), a life science company, which focuses on clinical stage cancer therapeutic development, taking proprietary & novel technology for precision medicines towards commercialisation and partnering, today announces its final results for the year ended 31 December 2018.

The Group operates through the following companies: It currently has two clinical products: one in Phase I/II and the other has completed its Phase II clinical trial. The Group's business model focuses on out-licensing drug candidates after early proof-of-principle and efficacy trials.



ValiRx
ValiRx is the therapeutics division, with three embedded technologies primarily directed at the treatment of cancers.

ValiSeek
ValiSeek is a joint venture between ValiRx and Tangent Reprofiling Ltd to develop VAL401 in lung cancer and potentially other indications.

Our Product Pipeline

We aim to make a significant contribution in "precision" medicine and science, namely to engineer a breakthrough into human health and well-being, through the early detection of cancer and its therapeutic intervention.

Operational Highlights

- VAL201's Phase I/II Clinical Trial to treat prostate cancer has established that VAL201 is safe and well tolerated at doses up to 4mg/kg, and has seen early evidence of the drug's potential activity in prostate cancer. At the current stage of the trial, ValiRx is establishing the maximum tolerated dose of VAL201, based on the safety and tolerability data that it continues to collate since the MHRA approved the protocol amendment. This is a dose-ranging study, which on trial conclusion, ValiRx will either out-license the VAL201 asset to a major pharmaceutical company or will proceed to a pivotal Phase IIb study.
- Post period, ValiSeek has reported that it has agreed Letters of Intent with one European and one US partner, about the further advancement of VAL401 into the next proposed clinical trial, on a co-financing basis and that ValiSeek will seek external financing towards the next trial (announced 26 March 2019).
- VAL301 is in late pre-clinical phase initially for the treatment of the gynaecological condition, endometriosis. Key attributes of VAL301 are that unlike current treatments for this condition, pre-clinical studies suggest it does not compromise bone density or fertility. In the period, VAL301 received a US patent grant and post period, patent allowances covering China and the Russian Federation, providing protection for the compound in three of the most populous nations in the World.
- Positive results for the VAL101 compound showing it to be effective in inducing apoptosis (programmed cell death) in cancer cell models. The results suggest that VAL101 has significant apoptotic effect on cancer cells. The compound is an optimized, commercially viable, 2nd generation development of the VAL101 molecule.
- The period saw further strengthening of ValiRx's VAL201 patent portfolio with grants in the US & Europe and ValiSeek's VAL401 patent allowance in New Zealand.

Financial Highlights

- Placings during the period of £3.6m (2017: £3.072m)) applied to continue the advancement of the clinical trial of VAL201, the pre-clinical progress of VAL101 & VAL301 and the broadening of the Company's IP portfolio.
- Total comprehensive loss for the year of £4,298,822 (2017: £3,019,684).
- Loss per share from continuing operations of 0.94p (2017: Loss 1.90p).
- Cash and cash equivalents as at 31 December 2018 of £372,872 (2017: £701,410), reflecting additional API and IMP (drug) required to meet dose-escalation study requirement, based on anticipated patient recruitment dosed at 16mg/kg, as opposed to 4mg/kg in 2017.
- Loss before income taxation of £4,829,138 (2017: £3,553,982).

Strategic Report

Governance

Financial Statements

View more on our website
www.valirx.com

Strategic Report

CHAIRMAN'S STATEMENT

"2018 has seen tangible and very satisfactory progress. The Company's clinical trials continue to deliver strong progress in their scientific pursuit of developing new therapeutic medicines for the treatment of cancer. ValiRx's clinical products, VAL201 and VAL401, have both reached pivotal milestones on their development pathways and the Company's pre-clinical pipeline is fast approaching human trials."

Oliver de Giorgio-Miller
Chairman

New technologies and tools continue to revolutionise our understanding of cancer in the development of personalised and 'precision' drugs and I was delighted to see just after the period's end, the NHS's Long-Term Plan being announced.

Given the risk-averse funding climate in the reporting period, we sustained momentum in terms of adding value to our assets by advancing VAL201 in the UCLH prostate cancer clinical trial and progressing the pre-clinical advancements VAL101 and VAL301 compounds to bring these closer to Phase I ready stage. We are also pleased to report post period, that ValiSeek has secured a robust solution and strategy for the advancement of VAL401 and that it has agreed Letters of Intent with two partners to progress VAL401 into its next proposed clinical trial.

New technologies and tools continue to revolutionise our understanding of cancer in the development of personalised and 'precision' drugs and I was delighted to see just after the period's end, the NHS's Long-Term Plan being announced, with the Government now actively discussing and championing, in all but name, our therapeutic and diagnostic approaches.

As a company specialising in the development of precision medicines to treat cancer, ValiRx has seen its management invited to present various aspects of their scientific work and share knowledge and experience on both the domestic and international stage. Scientific papers have been given at important peptide and oncology conferences in both Hangzhou, China and Munich, Germany and the Company has also seen management invited to attend a Life Science reception of industry experts at the House of Lords and to contribute to the debate on issues relating to the UK's Life Sciences Industrial Strategy, as they pertain now and into the future.

We have established that VAL201 is safe and well tolerated at doses up to 4mg/kg and have seen very early evidence of the drug's potential activity in prostate cancer. At the current stage of the trial, we are establishing the maximum tolerated dose of VAL201, based on the safety and tolerability data that we continue to collate since the MHRA approved protocol amendment which permits intra-patient dose escalation (up to 16mg/kg), and the potential for a change in the dose administration schedule, upon review by the Cohort Review Committee. This is for the Cohort Review Committee to consider at this stage of the trial, to achieve the primary study objective, estimating the maximum tolerated dose.

The above will be conducted as part of the current dose-ranging study protocol. Going forward, ValiRx will either out-license the VAL201 asset to a major pharmaceutical company or proceed to a pivotal Phase II study.

Alongside the progress seen with the VAL201 compound, our work continues on reformulating VAL201 into VAL301 to treat endometriosis, a painful and debilitating gynaecological condition with high unmet clinical need and we anticipate taking this forward in 2019 to make it Phase I ready.

Post period, ValiSeek, the Company's joint venture company with Tangent Reprofiling Limited (a SEEK Group company), announced in March 2019 that it had agreed Letters of Intent with one European and one US partner, about the further advancement of VAL401 into its next proposed clinical trial, on a co-financing basis with ValiSeek seeking external financing towards the next trial.

This is excellent news and an exciting prospect and courtesy of ValiRx's 55.5 per cent majority equity ownership of ValiSeek, the Company looks forward to benefiting from all commercial returns, according to its shareholding, as per the ValiSeek Joint Venture agreement, announced on 8 April 2014.

Finally, the Company was pleased to report positive VAL101 results (April 2018) and progress with the compound, which has been shown to be effective in inducing apoptosis (programmed cell death) in cancer cell models. The results suggest that VAL101 has significant apoptic effect on cancer cells. The VAL101 compound has been designed against a gene expressing Bcl-2 protein, which has been implicated and associated with various cancers.

The studies involved a wide range of technical and scientific methodologies demonstrating the enhanced effect of the VAL101 compound on the prevention of cancer growth at cellular biochemical and genomic levels. This excellent outcome follows on from ValiRx's earlier September 2017 update, which highlighted the successful optimisation of the VAL101 molecule, which will now be the compound taken forward towards clinical trials.

Accordingly, ValiRx is progressing this programme towards the clinic in a full partnership with its commercial and academic collaborators in Finland, Germany and Denmark. The Company is adding commercial partners in the US and China in order to support manufacturing and clinical development.

Our financial results show the total comprehensive loss attributable to the Parent Company for the year ended 31 December 2018 of £4,298,822 (2017: £3,019,684) and a loss per share of 0.94p (2017: Loss 1.90p).

2018 has seen tangible and very satisfactory progress. The Company's clinical trials continue to deliver strong progress in their scientific pursuit of developing new therapeutic medicines for the treatment of cancer. ValiRx's clinical products, VAL201 and VAL401, have both reached pivotal milestones on their development pathways and the Company's pre-clinical pipeline is fast approaching human trials.

May I thank all shareholders for their on-going support, and fellow Directors and members of the Group for their loyalty and endeavour in positioning ValiRx at the forefront of developing new enhanced therapeutics and I look forward keenly to patients and our supportive shareholders alike deriving the full benefit from our efforts.

Oliver de Giorgio-Miller
Chairman
28 May 2019

A Developing Market

"More licensing deals from Big Pharma will produce valuable health solutions going forward and these companies are positioning themselves for growth by diversifying to increase their market share in particular therapeutic areas."

(Source: GlobalData Healthcare, 2017)

$18.4bn
USD projected value of prostate cancer market by 2025

$2.0bn
USD projected market value that endometriosis is expected to surpass by 2025

? Did you know?
Find out more on our website: www.valirx.com

Our Governance

QCA Principles

The Company is listed on the Alternative Investment Market ('AIM') of the London Stock Exchange and is subject to the continuing requirements of the AIM Rules. The Board believes in the importance of corporate governance and is aware of its responsibility for overall corporate governance, and for supervising the general affairs and business of the Company and its subsidiaries. It is committed to developing and applying high standards of corporate governance.

As such, the Board seeks to apply the QCA Code, revised in April 2018 as devised by the Quoted Companies Alliance. For full details go to our website at www.valirx.com/aim-rule-26/corporate-governance/.

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. The QCA Code takes key elements of good governance and applies them in a manner which is workable for the different needs of growing companies.

Read more on pgs. 28 to 37

Chairman
Oliver de Giorgio-Miller

Chief Executive Officer
Dr Satu Vainikka

ValiRx Board of directors
Oliver de Giorgio-Miller
Dr Satu Vainikka
Dr George Morris
Gerry Desler
Kevin Alexander

Audit Committee
Gerry Desler

Nomination Committee
Dr George Morris

Remuneration Committee
Dr Satu Vainikka

Strategic Report

HOW WE CREATE VALUE

ValiRx is a clinical stage biotechnology company with a focus in cancer and which has four classes of drugs in development with a clear goal to address unmet needs.

Our Strategy

We focus on the treatment of cancer and associated Biomarkers, specialising in epigenomic and genetic analysis. We will achieve our goals through early detection of disease and therapeutic intervention.

Our Business Model

The Company's business strategy is to license or acquire technologies and early stage therapeutic compounds with solid scientific proofs of concept. The Company develops these programmes and takes them through pre-clinical and then the clinical phases, at which stage, pharmaceutical companies historically look to acquire such programmes and take them through their last clinical trial phases and to market approval.

Our Values

All at ValiRx play a role in achieving our corporate and strategic mission. Supporting and underpinning our efforts are a number of core values. These have been developed by the employees of ValiRx. They describe our vision, our aims and how we will achieve our objectives. These are our values and together, we continue to strive to engineer a breakthrough into human health and wellbeing.

Vision

Our vision is to make a structural change in science.

Aim

Our aim is to engineer a scientific breakthrough in human health and well-being.

How we will achieve

We will achieve these goals through early detection of disease and therapeutic intervention.

1

Reduce risk in new product development through rigorous clinical and commercial due diligence.

2

Select drug candidates and technologies with evidence-based potential to address unmet market needs.

3

Maximise returns to shareholders by adding value at the earlier stages where value increases per investment unit are the greatest.

Develop the potential and Commercialise VAL201, the prostate cancer drug

This drug offers a novel and exciting approach for targeted cancer therapy and is currently in a Phase I/II Clinical Trial in subjects with hormone resistant prostate cancer. The compound selectively halts tumour growth by specifically preventing the proliferation of cancerous cells, hence tumour growth is suppressed and metastases are significantly reduced.

Development of VAL301

The Company continues with the development of VAL301, which is the proposed reformulation of VAL201 for a new indication, Endometriosis. This is a gynaecological condition, characterised by endometrial-like tissue found outside of the uterine cavity. Endometriosis is a chronic and debilitating condition and it represents one of the major causes of female infertility. Pre-clinical data suggests that VAL301 will provide protection from the oestrogenic effects on uterine tissue, whilst maintaining bone density and fertility.

Realise the value and commercialise VAL 401, the lung cancer drug

The VAL401 molecule is a re-formulation of a generic drug in an oral form, which had shown pronounced anti-cancer properties in pre-clinical testing. Due to the safety profile of the active drug, VAL401 was able to accelerate directly into a Phase II efficacy trial. In late 2017, ValiSeek saw the successful completion of its Phase II clinical study in patients with late stage non-small cell lung cancer, the most common form of lung cancer. Data from this completed trial indicated a palliative effect and an improvement of quality of life in the patients treated, in addition to an indication of improved overall survival compared to case-matched control patients. ValiSeek continues its discussions with potential partners for starting the next clinical trial.

Continue promising testing in VALI01

ValiRx's proprietary GeneICE technology enables selective silencing of overzealous, rebellious or inappropriate activity by specific genes, which contribute to many disease states including cancers and inflammatory conditions, Alzheimer's and auto-immune diseases. The specially designed molecule mimics natural mechanisms, with one part of the molecule identifying and targeting the rebellious gene and the other part silencing it.

What We've Achieved in 2018

The Company has seen a year of strong progress and ValiRx is pleased to report that its therapeutic compounds have all made substantive steps forward towards addressing unmet needs on their respective oncological pathways and in so doing, to develop therapeutics that can substantially improve human health and well-being.

Our Risk Management

ValiRx is a clinical stage biotechnology company and in common with other companies operating in this field, is subject to a number of risks and uncertainties. The principal risks and uncertainties are indicated below.

See pgs. 16 to 19

The VAL201 clinical trials to date have shown a very good safety and tolerability profile as well as preliminary efficacy. Based on these results, the Company obtained MHRA and REC approval to substantially expand the trial and to raise the dosing level in patients, in order to accelerate the trials' ability to reach therapeutic levels and to reduce disease progression. The current fifth cohort has now received the escalated dose, and this marks the point at which VAL201 entered the concluding stages of its Phase I/II clinical trial.

- After reaching a conclusion based upon analysis of the results from this dose-ranging study, the Company will then decide whether to seek a partner or licencing agreement with a pharma company or proceed to a proprietary pivotal Phase IIb/III study. The results from the trial and analysis of the data is anticipated to start in the current year, following which a full analysis of the results and findings will be published. The board is currently evaluating the optimum strategies for adding value during the study and commercialising the compound.

1 Industry risk
2 Competition risk
5 Intellectual property risk

- VAL301 is currently in late-stage pre-clinical development as a non-invasive, effective treatment for the non-cancerous, but hugely debilitating gynaecological condition, Endometriosis.
- Earlier pre-clinical work on VAL201 has highlighted the compound's potential to protect uterine tissue from the oestrogenic effects that give rise to Endometriosis, with minimal impact on bone density or fertility, which are major drawbacks frequently encountered with the current commonly used drugs for this condition.
- The Group's focus now is to complete the pre-clinical package so that the Company obtains the necessary regulatory approvals to enter VAL301 into a clinical trial.

3 Financial risk
5 Intellectual property risk
6 Return on investment

- VAL401 completed its first clinical trial in Q3 2017, as an oral treatment of late stage non-small cell lung adenocarcinoma in a pilot Phase II Clinical Study in Tbilisi, Georgia. Data from the completed Phase II clinical trial indicated a palliative effect and an improvement of quality of life in the patients treated, in addition to an indication of improved overall survival compared to case-matched control patients and ValiSeek is in receipt of confirmation of acceptance of its Clinical Study Report.
- ValiSeek has recently agreed Letters of Intent with one European and one US partner, about the further advancement of VAL401 into its next proposed clinical trial, on a co-financing basis, with ValiSeek seeking external financing towards the next trial.

2 Competition risk
4 Clinical and regulatory risk
5 Intellectual property risk

- The GeneICE "rebellious gene" technology continues to show good progress in the pre-clinical phase.
- The compound has been designed against a gene expressing Bcl-2 protein, which has been implicated and associated with various cancers.
- Pre-clinical work is currently being conducted with our partners, DKFZ, Heidelberg and Pharmatest in Finland and the compound continues to be tested to decide the most promising cancer types for further development.

3 Financial risk
5 Intellectual property risk
6 Return on investment

Strategic Report

OUR PRODUCTS

ValiRx was formed in 2006 – here is a brief look at the contribution ValiRx has made to the compounds and technology's development pathways.

10. Approval
9. Phase III
8. Phase II
7. Phase I
6. Pre-clinical
5. Manufacture
4. Compound Selection
3. Screening & Selection
2. Optimisation Method
1. Discovery

Technology

VAL101
(GeneICE)

- ValiRx's proprietary GeneICE technology platform enables selective gene targeting and silencing and its lead compound, VAL101, targets the Bcl-2 gene, which is associated with several cancers.
- VAL101 has shown Bcl-2 binding and gene down regulation, thereby restoring cancer cell death (apoptosis).
- VAL101 is in pre-clinical development with partners:
  - Toxicology discussions have started
  - GMP manufacturing methods are being finalised with partners
  - The Clinical regulatory package is in development

2018
The compound is an optimised, commercially viable, 2nd generation development of the VAL101 molecule.

2014
The GeneICE Programme received two consecutive Eurostars grants based upon scientific and commercial assessments.

2013
ValiRx awarded a second Eurostars grant worth €1.6m.

2010
ValiRx awarded a first Eurostars grant worth €1.2m.

2006
Licensed from Imperial College London.

Compounds

VAL401

- VAL401 is a reformulation of risperidone, which has a well-established safety record derived from decades of clinical use in the treatment of psychosis. The reformulation enables anti-cancer activity and this is the subject of multiple granted patents in the US and other territories.
- VAL401 completed its first clinical trial in Q3 2017, as an oral treatment of late stage non-small cell lung adenocarcinoma in a pilot Phase II Clinical Study in Tbilisi, Georgia. The study measured the impact of VAL401 treatment on measures of progression-free survival, quality of life and overall survival of the patients, as well as recording the pharmacokinetics, drug metabolism, safety and tolerability of the VAL401 formulation in comparison to historical clinical records for risperidone.
- Data from the completed Phase II clinical trial indicated a palliative effect and an improvement of quality of life in the patients treated, in addition to an indication of improved overall survival compared to case-matched control patients.

March 2019
Valiseek announced it had agreed Letters of Intent with one European and one US partner, about the further advancement of VAL401 into the next proposed clinical trial, on a co-financing basis.

Mid 2016
ValiSeek receives Ethics Committee positive opinion & approval.

Early 2014
ValiRx concludes risk sharing JV with Tangent Reprofiling Limited to form ValiSeek to progress the drug VAL401 through its remaining preclinical development and towards Phase II trials for the treatment of lung cancer and other oncology indications.

Portfolio of Clinical Patent Families

The table below provides details of patents in the VAL 201 portfolio that have been either fully granted or allowed.

Country	Patent number	Date filed	Granted/Allowed
United States	US 9,919,023	14 March 2008	Granted
Europe	EP 2139917	14 March 2008	Granted
Japan	JP 5998161	14 March 2008	Granted
Japan	JP 6456922	30 April 2014	Granted
Australia	AU 2008228274	14 March 2008	Granted

The table below provides details of patents in the VAL301 portfolio that have been either fully granted or allowed.

United States	US 10,023,612	1 November 2012	Granted
China	ZL 2012800657582	1 November 2012	Granted
Russia	RU 2014122158	1 November 2012	Allowed
United Kingdom	GB 2496135	1 November 2011	Granted

Compounds

VAL201

- The Company's leading anti-cancer therapeutic, VAL201, is a peptide with a unique mechanism of action, which was first developed by academics partly with support from Cancer Research UK. Currently VAL201 is in clinical trials for the treatment of prostate cancer and potentially other indications of hormone induced unregulated growth.
- Mode of action minimises the side effects associated with many current therapies.
- Treatment is safe and well tolerated and preliminary effectiveness seen throughout the trial.
- Has shown preliminary signs of activity in prostate cancer.

2019
Dose escalation clinical trial ongoing with UCLH. The analysis of samples is predicted to start Q3/19 and the results from independent third party analysis anticipated Q4/19.

Late 2017
MHRA approval for an extension and upgrade of the trial enabling wider intra-patient dosing variation to establish a maximum tolerated dose and further the full anti-cancer impact of VAL2011.

2011
ValiRx takes control of the development of VAL201.

VAL301

- VAL301 is being developed for Endometriosis, a painful and chronic gynaecological condition, estimated to affect about 1 in 10 women of reproductive age in the UK alone.
- Same active pharmaceutical ingredient as VAL201, which has an excellent clinical safety and tolerability profile.
- In pre-clinical trials, the VAL301 treatment has demonstrated reduced endometrial lesions by up to 50%, whilst indicating that the treatment should not affect bone density or exacerbate fertility, which are problems associated with many current medical treatments.

Early 2019
Russian Federation and China Patent Allowance.

July 2018
US Patent Grant.

The table below provides details of patents in the VAL401 portfolio that have been either fully granted or allowed.

Country	Patent number	Date filed	Date Granted/Allowed
Australia	AU 2013322612	26 September 2013	14 September 2017
Japan	JP 6434410	26 September 2013	16 November 2018
New Zealand	NZ 706067	26 September 2013	01 November 2016
New Zealand	NZ 726050	11/05/2015	31 July 2018
United States	US 9072743	26 September 2013	07 June 2015
United States	US 9375433	08 May 2015	28 June 2016
United States	US 9585887	27 May 2015	07 March 2017
United States	US 9585890	31 May 2016	07 March 2017
United States	US 9808462	27 February 2017	07 November 2017
United States	US 10,111,877	27 February 2017	30 October 2018

Strategic Report

MARKETPLACE

We focus on clinical stage cancer therapeutic development, taking proprietary & novel technology for precision medicines towards commercialisation and partnering.

Principal Activities

The principal activity of the Group continued to be that of the development of oncology therapeutics and companion diagnostics.

The Group has undertaken to develop a novel and ground-breaking class of therapeutics across a number of fields in oncology and has taken its lead compound, VAL201, into Phase I/II clinical trials. The Company is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange in October 2006.

Strategy

The Group has a pipeline of other therapeutic drugs, which are currently progressing towards clinical trials. The product focus is in the targeted analysis and treatment of cancer, but the technologies can be applied to other fields as well, such as neurology and inflammatory diseases.

It actively manages projects within its portfolio as a trading company. The ValiRx business model spreads the risks of life science technology development by minimising financial exposure and running a set of projects to defined commercial endpoints. This maximises returns to shareholders by adding value at the earlier stages where value increases per investment unit are the greatest.

The Group operates through the following divisional companies:

1. ValiRx is the therapeutics division, with two embedded technologies primarily directed at the treatment of cancers.

2. ValiSeek is a joint venture between ValiRx and Tangent Reprofiling Ltd to develop VAL401 in lung cancer and potentially other indications.

Business Review

A review of the development and performance of the Group, including important events, progress during the year, and likely future developments, can be found in the Chairman's Statement and the Chief Executive's Report.

? Did you know?

Find out more on our website: www.valirx.com

Prostate Cancer

VAL201

The Company's anti-cancer therapeutic VAL201 is currently in clinical trials for the treatment of prostate cancer and potentially other indications of hormone induced unregulated growth including endometriosis. The Phase I/II trial is progressing well and VAL201 has demonstrated consistently high safety and tolerability, as well as early signs of activity throughout the clinical trial. Following the successful completion of the stage one of clinical development, with no serious drug related adverse events noted, the UK Medicines and Healthcare Products Regulatory Agency and Research Ethics Committee have accepted the Company and clinical team's request for an escalation to the study. This approval allows for a substantial increase in the dose of VAL201 being administered to patients, thereby allowing treatment to more speedily reach its full therapeutic potential and potential anti-cancer impact. Further analysis will be provided in due course following a more comprehensive evaluation of the data. Particular emphasis will be placed on evaluating the pharmacokinetics, pharmacodynamics and early assessment of anti-tumour activity in response to VAL201, using a variety of measurements.

VAL201 selectively prevents tumour growth by specifically inhibiting the proliferation of tumour cells. As a result, tumour growth is suppressed, and metastasis is significantly reduced. The approach is a targeted therapeutic with pre-clinical results that indicate that due to the specific nature of this treatment, this therapy is likely to be less toxic than many other therapeutic options. The VAL201 target is also associated with other cancers and there is significant potential for VAL201 to be used as a treatment for other hormone-induced cancers, such as breast and ovarian cancers and as a treatment for endometriosis.

1 in 8 men will get prostate cancer in their lifetime[1]

$18.4bn

Global market for prostate cancer therapeutics by 2025

Endometriosis

VAL201 VAL301

Endometriosis is a gynaecological condition in which cells from the lining of the uterus (endometrium) appear and flourish outside the uterine cavity lined by endometrial cells, which are under the influence of female hormones. These endometrial-like cells in areas outside the uterus (endometriosis) are influenced by hormonal changes and respond in a way that is similar to the cells found inside the uterus and symptoms often worsen with the menstrual cycle.

The treatments chosen will depend on symptoms, age, and lifestyle plans. VAL201 has been shown though to reduce abnormal endometrial growth, whilst leaving other hormone-induced activities working normally. ValiRx's initial in-vitro results show a reduction in endometrial lesion size directly related to dose and two generations of offspring produced by treated animals. This strongly suggests that unlike current medications in use to treat the condition, the peptide does not affect fertility. The peptide VAL301 is a proposed reformulation of VAL201 and is currently in pre-clinical development for the non-invasive and better tolerated treatment of Endometriosis. The Company's focus now is to complete laboratory tests before progressing VAL301 to clinical trials.

170m

Endometriosis remains a common health problem among women, with an estimated 170m sufferers globally

$2bn

Endometriosis expected to surpass $2 billion

Lung Cancer

VAL401

VAL401 is the reformulation of anti-psychotic drug Risperidone, that has over 20 years of clinical use, into an orally administered gelatine capsule. The re-formulation allows the drug to access previously unexploited anticancer activity and pre-clinical evidence suggested anti-cancer activity against adenocarcinoma types. VAL401 has now completed its Phase II clinical trial for the treatment of non-small cell lung cancer and further to the release of pharmacokinetic data from the completed clinical trial, the Company has announced positive formal data pertaining to disease impact.

The results demonstrate that the VAL401 treatment has a positive impact on the disease compared to those receiving no treatment and that the VAL401 treatment had a measurable improvement on patient quality of life, in addition to an indication of improved overall survival compared to case-matched control patients. As such, this data advocates for the potential of VAL401 in treating very late stage cancer patients in the palliative arena. It also advocates the potential for VAL401, in the as yet untested combinations with, both traditional chemotherapies and immune-oncology treatments.

77%

UK lung cancer patients are diagnosed at stage III or IV

$12.2bn

Global market for non-small cell lung cancer by 2025[2]

[1] https://prostatecanceruk.org/prostate-information/about-prostate-cancer

[2] Grand View Research Inc.

Strategic Report

LICENSING COLLABORATIONS

Valirx
Bioscience Innovation

Imperial Innovations, London

Licensed technology since: 2006 (GenelCE)

Imperial Innovations Group plc ("Innovations") creates, builds and invests in pioneering technology companies and licensing opportunities developed from outstanding scientific research focusing on the 'Golden Triangle', the geographical region broadly bounded by London, Cambridge and Oxford.

This area has an unrivalled cluster of outstanding academic research and technology businesses, and is home to four of the world's top 10 universities[1], as well as leading research institutions, the cream of the UK's science and technology businesses and many of its leading investors.

Innovations supports scientists and entrepreneurs in the commercialisation of their ideas, through the licensing of intellectual property, by leading the formation of new companies, by recruiting high-calibre management teams and by providing investment and encouraging co-investment.

Cancer Research UK

Licensed technology since: 2010 (VAL201)

Cancer Research UK is a cancer research and awareness charity in the United Kingdom, formed on 4 February 2002 by the merger of The Cancer Research Campaign and the Imperial Cancer Research Fund. Its aim is to reduce the number of deaths from cancer. As the world's largest independent cancer research charity, it conducts research into the prevention, diagnosis and treatment of the disease. Research activities are carried out in institutes, universities and hospitals across the UK, both by the charity's own employees and by its grant-funded researchers. It also provides information about cancer and runs campaigns aimed at raising awareness of the disease and influencing public policy.

Cancer Research UK's work is almost entirely funded by the public. It raises money through donations, legacies, community fundraising, events, retail and corporate partnerships. Over 40,000 people are regular volunteers.

On 18 July 2012 it was announced that Cancer Research UK was to receive its largest ever single donation of £10m from an anonymous donor. The money will go towards the £100m funding needed for the Francis Crick Institute in London, the largest biomedical research building in Europe.

University College London Hospital

Out-sourced contractor to run clinical trial since: 2015

University College London Hospitals NHS Foundation Trust (UCLH) is one of the most complex NHS trusts in the UK, serving a large and diverse population. In July 2004, UCLH was one of the first NHS trusts to achieve Foundation Trust status. It provides academically-led acute and specialist services, to people from the local area, throughout the United Kingdom and overseas. UCLH is committed to delivering top-quality patient care, excellent education and world class research.

It has a turnover of £882m and contracts with over 70 primary care trust commissioning bodies to provide services. It sees over 950,000 outpatients and admits over 156,000 patients each year.

It works with the Royal Free and University College Medical School, London South Bank and City universities to offer high-quality training and education.

GenelCE

VAL201

1 QS World University Rankings 2015/16

NEW NHS STRATEGY

The new NHS plan is to improve the quality of patient care and health outcomes. The NHS plan has been drawn up by those who know the NHS best, including front line health and care staff, patient groups and other experts.

ValiRx's stated ambition, for some time, has been the personalisation of novel therapeutics and through genetic mapping, to facilitate the early detection of cancers.

This ambition has long been at the forefront of much of ValiRx's work in the oncology arena and it is excellent news that the Government is now actively discussing and championing these therapeutic and diagnostic approaches.

With ValiRx currently developing precision therapeutics for hormone induced cancers, the Company is delighted to be among the front runners contributing to this government and NHS-led initiative.

200
Events have taken place across the UK

2,500
Submissions received from individual groups

3.5m
People have shown interest and shared their opinion

55,000
More lives saved a year is one of the aims the NHS Long Term Plan seeks to deliver, through the diagnosis of more cancers early

? Did you know?
Find out more on our website:
www.valirx.com

1 www.longtermplan.nhs.uk

Strategic Report

THERAPEUTICS

Our Portfolio

Two drug candidates in clinical stage development.
Others in pre-clinical.

VAL201

Prostate Cancer

The Company's leading anti-cancer therapeutic VAL201 is currently in clinical trials for the treatment of prostate cancer and potentially other indications of hormone induced cancers. The compound is targeted specifically at the Src kinase SH3 domain to prevent the proliferation of cancer cells, whilst leaving the other functions of androgen activity intact, including fertility and bone development. Due to its low toxicity profile, the compound may also have a potential for preventative treatment.

The Phase I/II trial has been initiated and VAL201 has been shown to be safe and well tolerated with preliminary signs of anti-cancer efficacy at the doses tested.

Following these good results, the VAL201 clinical trial received approval from the UK Medicines and Healthcare Products Regulatory Agency ("MHRA") and the Research Ethics Committee ("REC") for the Company to expand the trial and substantially increase the dose and dosing frequency being administered to patients. This will allow the trial more flexibility and will help the treatment to more speedily reach its full therapeutic potential and to deliver a potential anti-cancer impact.

In pre-clinical trials, VAL201 also reduced the prostate cancer model's metastatic growth by up to 50%. This has very important implications for prostate cancer therapeutic treatment and it also offers a potential treatment for other types of metastatic cancers.

VAL301

Endometriosis

Endometriosis is a gynaecological medical condition in which cells from the lining of the uterus (endometrium) appear and flourish outside the uterine cavity lined by endometrial cells, which are under the influence of female hormones. These endometrial-like cells in areas outside the uterus (Endometriosis) are influenced by hormonal changes and respond in a way that is similar to the cells found inside the uterus and symptoms often worsen with the menstrual cycle.

The treatments chosen will depend on symptoms, age, and lifestyle plans. VAL201 has been shown though to reduce abnormal endometrial growth, whilst leaving other hormone-induced activities working normally. ValiRx's initial in-vitro results show a reduction in endometrial lesion size directly related to dose and two generations of offspring produced by treated animals. This strongly suggests that unlike current medications in use to treat the condition, the peptide does not affect fertility.

The peptide VAL301 is a reformulation of VAL201 and is currently in pre-clinical development for the non-invasive and better tolerated treatment of Endometriosis. The Company's focus now is to complete laboratory tests before progressing VAL301 to clinical trials.

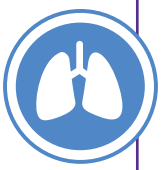
$2bn

Global and Endometriosis market is forecast to surpass $2bn by 2023

176m

Women are affected by Endometriosis globally

VAL401



Lung Cancer and Adenocarcinoma

VAL401 is the reformulation of generic drug Risperidone, into an orally administered gelatin capsule. The re-formulation allows the drug to access previously unexploited anti-cancer activity and pre-clinical evidence suggested anti-cancer activity against other adenocarcinoma types. The compound in its new form specifically targets the energy-providing-enzyme within the cell compartment. Since this enzyme is only found in cancerous cells, the compound leaves normal and healthy cells intact.

VAL401 has successfully completed its Phase II clinical study in patients with late stage non-small cell lung cancer, the most common form of lung cancer. The trial has produced positive data that shows that the VAL401 treatment has had a measurable improvement on patient quality of Life, in addition to an indication of improved overall survival compared to case-matched control patients.

Based on these results, the design of the protocol for a Phase III study is underway.

GeneICE

The GeneICE "rebellious gene" technology continues to show good progress in the pre-clinical phase – the programme currently benefits from a second Eurostars grant for up to £1.6m for the further development of this technology platform.

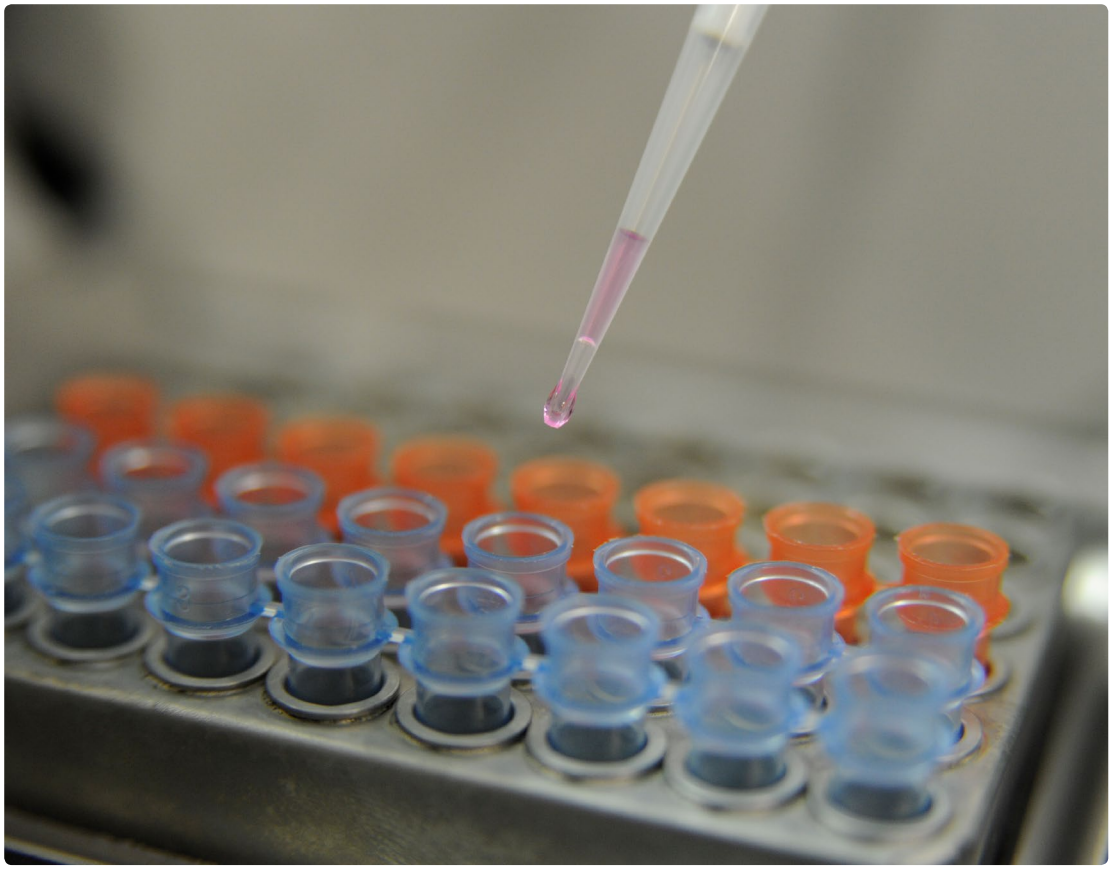
GeneICE (Gene Inactivation by Chromatin Engineering) is a novel proprietary gene silencing platform for the efficient silencing of targeted genes. This technology is based on natural mechanisms and has the potential to halt and reverse tumour growth. GeneICE mimics a natural process in cells to silence genes. The technology acts upstream of the gene expression, potentially enabling a better inhibition compared to existing therapeutics acting at the protein or post-transcriptional levels.

VALI01

VAL101 is a novel therapeutic based on the Company's proprietary GeneICE (Gene Inactivation by chromatin engineering) platform. It acts to target and switch "OFF" the gene that expresses Bcl-2, a protein that is implicated in about half of all carcinomas. Pre-clinical studies have established VAL101's efficacy in prostate, ovarian and pancreatic cancers, and it may also have anti-tumour activity against orphan oncologic indications. ValiRx's GeneICE technology enables the selective silencing or the shutting down of particular rebellious genes, thereby halting and reversing tumour growth.

Work to generate a commercially viable molecular structure for VAL101 has been completed and pre-clinical studies have shown that the compound reduces the Bcl-2 expression in cancer cells. Work to generate a commercially viable molecular structure for VAL101 has been completed and pre-clinical studies have shown that the compound reduces the Bcl-2 expression in cancer cells.

VALI01
(GeneICE, VAL101)



Strategic Report

CHIEF EXECUTIVE'S REPORT

The Company has seen a year of strong progress and I am pleased to report that our therapeutic compounds have all made substantive steps forward towards addressing unmet needs on their respective oncological pathways and in so doing, to develop therapeutics that can substantially improve human health and well-being.

The Company has seen a year of strong progress and I am pleased to report that our therapeutic compounds have all made substantive steps forward towards addressing unmet needs on their respective oncological pathways and in so doing, to develop therapeutics that can substantially improve human health and well-being.

VAL401

Completion of VAL401 Phase II clinical study in patients with late stage non-small cell lung cancer

The successful completion of the VAL401 Phase II clinical study in patients with late stage non-small cell lung cancer was an important milestone to reach and a vindication of ValiRx's investment into its subsidiary and joint venture, ValiSeek. With results from the trial showing that palliative stage patients could expect to see improvements in quality of life, in addition to an indication of improved overall survival compared to case-matched control patients, the clinical trial achieved the objectives and scientific breakthrough it had anticipated from its pre-clinical studies. The encouraging 60% overall response rate offers a strong foundation for a pivotal Phase III clinical study, with the added measure of immune competency of the treated patients further bolstering the results.

Non-small cell lung cancer is the most common form of cancer, with huge unmet medical needs. The publication of a peer-reviewed article in European Journal of Drug Metabolism and Pharmacokinetics just after the period end, having been subject to review and scrutiny by independent experts, provides a welcome and respected validation of our efforts to address this condition. Advanced discussions continue with potential partners regarding VAL401's next clinical trial with input being received into the study's design and towards first dosing.

VAL201

Excellent Safety and tolerability data together with early efficacy data lead to enhancement of the VAL201 Dose Escalation Clinical Study

VAL201 continues to perform well in its clinical trials and has confirmed to date, that beyond it being well tolerated and safe, preliminary effectiveness has been shown throughout the study. The compound had a major trial review of its protocol at the end of 2017, which the Medicines and Healthcare products Regulatory Agency ("MHRA") subsequently approved. This modification to the trial protocol has allowed the Company to escalate or accelerate the dosing regimen of the study, from 4mg to 16mg in a couple of steps. This has seen a substantial increase in the dose of VAL201 being administered to patients and it will allow treatment to more speedily reach its full therapeutic potential and potential anti-cancer impact on patients.

In the intervening period since approval was received to escalate the VAL201 dosing (18/12/17), the Company has geared up the compound supply chain to meet increased demand for the drug, with further screening and recruiting of patients who are eligible to enter the study. The current fifth cohort has now received the escalated dose, and this marks the point at which VAL201 entered the concluding stages of its Phase I/II clinical trial.

Src kinase & Prostate cancer

VAL201 is a potentially major breakthrough therapeutic treatment of Advanced Prostate Cancer due to its novel mechanism of action. A number of studies have demonstrated that Src kinase complete inhibition, strongly reduces prostate cancer growth but may have side effects. VAL201 however, specifically targets the association of androgen receptor with Src, SH3 domain, a signal that is important in tumour cell proliferation without suppressing other Src-AR induced activities. This provides an advantage to current therapies, which in addition to abolishing the division signalling pathways, potentially also inhibit the other Androgen Receptor (AR) functions including metabolism.

VAL301

Endometriosis

VAL301 is derived from our lead compound, VAL201 and is currently in late-stage pre-clinical development as a non-invasive, effective treatment for the non-cancerous, but hugely debilitating gynaecological condition, endometriosis. We have established from our pre-clinical studies that VAL201's specific mode of action has the potential to provide a potent therapeutic effect to manage the symptoms of this hormonally-induced disorder, without side effects, including loss of bone density and/or infertility.

In pre-clinical studies, VAL301 has been shown to reduce endometrial lesions by up to 50% and the compound is well placed as a potential treatment. During the period, VAL301 received a US patent grant for its use in endometriosis and this was followed by patent allowances in Russia and China, post period. Since patent portfolios and trial results represent the main assets and value drivers for small biotechnology companies, VAL301's substantial patent protection exists as a validation of its technology.

We continue to have the ambition of moving into the clinic this year, dependant on funding and regulatory clearance.

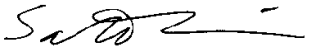
GenelCE/VAL101

The current VAL101 compound has been designed against a gene expressing Bcl-2 protein, which has been implicated and associated with various cancers. It is now an optimised, commercially viable second generation of the molecule and is derived from our proprietary GenelCE platform, a technology licensed from Imperial College, which is called GenelCE ('Gene Inactivation by Chromatin Engineering').

We were pleased to announce in April 2018, new positive VAL101 results, which are shown to be effective in inducing apoptosis (programmed cell death) in cancer cell models. The results show a superior apoptotic effect in comparison to currently available reagents and the studies involved a wide range of technical and scientific methodologies demonstrating the enhanced effect of the compound on the prevention of cancer growth at cellular biochemical and genomic levels. This is an excellent outcome and positions our programme well as we progress the technology towards the clinic in a full partnership with commercial and academic collaborators in Finland, Germany and Denmark.

Outlook

I am very pleased with the progress we have seen across our drug portfolio during the period under review and am truly excited by those new technologies and tools that are revolutionising our understanding of cancer, many of which come from ValiRx itself. I look forward to patients and shareholders alike benefiting from our on-going efforts to develop new cancer treatments.



Dr Satu Vainikka
Founding Director & Chief Executive Officer
28 May 2019

Developing VAL201

The Company's leading anti-cancer therapeutic VAL201 is currently in clinical trials for the treatment of prostate cancer and potentially other indications of hormone induced unregulated growth including endometriosis. The Phase I/II trial has entered the concluding stages of it's study at University College London Hospital ("UCLH") and this follows the company receiving approval from the Medicines and Healthcare products Regulatory Agency ("MHRA") to escalate VAL201 dosing. The current cohort has already received the escalated dose and UCLH continues to recruit suitable patients to complete the trial.

Progressing through the dose escalation and expansion stages, the study is then designed to investigate further safety and tolerability aspects as well as efficacy. Particular emphasis will be placed on evaluating the pharmacokinetics, pharmacodynamics and early assessment of anti-tumour activity in response to VAL201, using a variety of measurements including biomarkers, with biomarkers being key indicators in personalised medicine.

VAL201 selectively prevents tumour growth by specifically inhibiting the proliferation of tumour cells. As a result, tumour growth is suppressed and metastasis is significantly reduced. The approach is a targeted therapeutic with pre-clinical results that indicate that due to the specific nature of this treatment, this therapy is likely to be less toxic than many other therapeutic options. The VAL201 target is also associated with other cancers and there is significant potential for VAL201 to be used as a treatment for other hormone-induced cancers, such as breast and ovarian cancer, alongside endometriosis.

Did you know?
Find out more on our website:
www.valirx.com

Strategic Report

RISKS AND UNCERTAINTIES

Our risk management framework

ValiRx is a biopharmaceutical Group and, in common with other companies operating in this field, is subject to a number of risks and uncertainties. The principal risks and uncertainties identified by ValiRx for the year ended 31 December 2018 are below.

Risk Status Key

- Risk increased
- Risk unchanged
- Risk decreased

Risk	Description	Mitigation	Change
1 Research and development	The Group is at a relatively early stage of development and may not be successful in its efforts to use and to build a pipeline of product candidates and develop approved or marketable products. The success of the Group's programmes depends upon the quality of the design and the implementation of each programme. The Group utilises a range of external scientific, regulatory and clinical experts to help guide its development programmes. The progress of the development programmes therefore represents the best indicator of the Group's performance. Successful commercialisation of the Group's products is likely to depend on successful progress through clinical studies, licensing and or partnering and registration. Development of product candidates involves a lengthy and complex process and products may not meet the necessary requirements in terms of toxicity, efficacy or safety, or the relevant regulators may not agree with the conclusions of the Group's research and may require further testing or withhold approval altogether.	The Group manages its clinical and regulatory risk by working closely with its external expert scientific, regulatory and clinical advisors and, where appropriate, seeking advice from regulatory authorities on the design of key development plans for its pre-clinical and clinical programmes.	^

Risk	Description	Mitigation	Change
2 Commercial	ValiRx has products in clinical trials and is dependent on successfully advancing these lead candidates. They include VAL201, to treat hormone induced cancers and abnormal growth and VAL401, a re-purposed compound to treat non-small cell lung cancer, through the Clinical Trial pathway. The business model is to ensure future partnering of these compounds with larger co-development partners.	Successful commercialisation of ValiRx's products is likely to depend on its successful progress through clinical studies, licensing and/or partnering and registration. The Group's competitors include major multinational pharmaceutical companies, biotechnology companies and research institutions. Many of its competitors have substantially greater financial, technical and other resources, such as larger numbers of research and development staff. Competition that may lead to third parties discovering or developing products earlier or more successfully than ValiRx, may also impair the Company's ability to secure funding, to advance its clinical trials and have a successful relationship with a co-development partner.	
3 Cash flow	The Group has a history of operating losses which are anticipated to continue until the Group can generate sufficient revenues from its development programmes. However, the Group may need to seek further capital through equity or debt financings in the future and if this is not successful, the financial condition of the Group may be adversely affected.	As at 31 December 2018, the Group had cash resources of £372,872 which the Group considers sufficient to finance its operational activities until at least Q2 2019. Since the year end, the Group has raised through share issues further funding of £0.926m.	
4 Regulatory	The Group's operations are subject to laws, regulatory approvals and certain governmental directives, recommendations and guidelines relating to, amongst other things, product health claims, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury, environmental protection and human clinical studies. There can be no assurance that future legislation will not impose further government regulation, which may adversely affect the business or financial condition of the Group.	The Group manages its regulatory risk by working closely with its expert regulatory advisors and, where appropriate, seeking advice from bodies on regulatory risk relevant to the Group's programmes and activities.	
5 Intellectual property	The Group's success depends, in part, on its ability to obtain and maintain protection for its intellectual and proprietary information, so that it can stop others from making, using or selling its inventions or proprietary rights. The Group's patent applications may not be granted, and its existing patent rights may be successfully challenged and revoked.	The Group invests in maintaining and protecting this intellectual property to reduce risks over the enforceability and validity of the Group's patents. The Group works closely with its legal advisors and obtains where necessary opinions on the intellectual property landscape relevant to the Group's programmes and activities	

Strategic Report

RISKS AND UNCERTAINTIES continued

Risk	Description	Mitigation	Change
6 Operational	The Group's continuing development and future prospects depend to a significant degree on the experience, performance and continued service of its senior management team, including the Directors. The Group has invested in its management team at all levels. The Directors also believe that the senior management team is appropriately structured for the Group's size and is not overly dependent upon any particular individual. The Group has entered into contractual arrangements with these individuals with the aim of securing the services of each of them. Retention of these individuals or the identification of suitable replacements, however, cannot be guaranteed. The loss of the services of any of the Directors or other members of the senior management team and the costs of recruiting replacements may have a material adverse effect on the Group and its commercial and financial performance and reduce the value of an investment in the Ordinary Shares.	The Board continually monitors these risks and uncertainties and takes corrective action if considered necessary.	
7 Return on investment	The drug development process is inherently risky and is conducted over several years and consequently is costly. Many drug candidates fail in development due to the clinical and regulatory risks, and even in those circumstances where drugs are sold, licensed or partnered prior to or subsequent to potential or actual approval, sales levels can be disappointing due to competition, healthcare regulation and/or intellectual property challenges. As a result, the returns achieved may be insufficient to cover the costs incurred.	The Group looks to mitigate the development and commercial risk by partnering drug candidates for late-stage development and commercialisation. By partnering in this way, part of the risk profile is reduced and the cost to the Company of programme development is minimised.	
8 Environmental matters	The Board is committed to minimising the Group's impact on the environment and ensuring compliance with environmental legislation. The Board considers that its activities have a low environmental impact. The Group strives to ensure that all emissions including the disposal of gaseous, liquid and solid waste products are controlled in accordance with applicable legislation and regulations. Disposal of hazardous waste is handled by specialist agencies.	The Group recognises its responsibility towards the environment and in the way it conducts its business. It works closely with all its expert scientific advisors to ensure its compliance with environmental legislation and to ensure that all emissions including the disposal of gaseous, liquid and solid waste products are controlled in accordance with applicable legislation and regulations.	

Risk	Description	Mitigation	Change
9 Clinical trials	Successful commercialisation of the Group's products is dependent on the successful progress through clinical studies and registration. Development of product candidates involves an expensive, lengthy and complex process and products may not meet the necessary requirements in terms of toxicity, efficacy or safety, or the relevant regulators may not agree with the conclusions of the Group's research and may require further testing or withhold approval altogether. Clinical trials could be delayed or prevented from completion by a number of factors, including: • delays or failures to raise additional funding; • results of future meetings with the MHRA, EMA, FDA and/or other regulatory bodies; • a limited number of, and competition for, suitable patients with particular types of cancer for enrolment in our clinical trials; delays or failures in obtaining regulatory approval to commence a clinical trial; • delays or failures in obtaining sufficient clinical materials; • protocol amendments; • failure of patients to complete the clinical trial; • the need to expand the clinical trial; • unforeseen safety issues. Additionally, the Group's clinical trials may be suspended or terminated at any time by the MHRA, other regulatory authorities, or by the Group itself. Any failure to complete, or a significant delay in completing, clinical trials for the Group's product candidates could harm the commercial prospects for its product candidates, and therefore, its financial results.	The Group manages its clinical and regulatory risk by working closely with its expert regulatory advisors and, where appropriate, seeking advice from bodies on clinical and regulatory risk relevant to the Group's programmes and activities.	

Dr Satu Vainikka
Founding Director & Chief Executive Officer
28 May 2019

Governance

BOARD OF DIRECTORS

Our experienced Board of Directors comprises six dedicated members who are all well respected within their field.

Oliver de Giorgio-Miller
Chairman

Gerry Desler
Founding Director &
Chief Financial Officer

Dr George Morris
Founding Director &
Chief Operating Officer

Dr Satu Vainikka
Founding Director &
Chief Executive Officer

Kevin Alexander
Non-executive Director

Committee Membership

- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee

Oliver de Giorgio-Miller
Chairman

Appointment:
Oliver joined the Board of ValiRx plc in May 2011.

Experience and Accreditation:
- Oliver has a wealth of experience in the management and commercial advancement of life science companies. He has worked for over 30 years with several global pharmaceutical and medical device companies including Schering AG, Hoffman la Roche, Intavent-Orthofix and Photo Therapeutics, a Cancer Research UK company, and he has extensive experience advising a number of other early stage biopharmaceutical and medical device companies.
- Since 2002 Oliver has worked as a life sciences analyst in the City, working alongside corporate finance, investor relations and sales teams on a wide range of transactions including IPOs, secondary issues and M&As.

Gerry Desler
Founding Director & Chief Financial Officer

Appointment:
Gerry joined the Board in May 2006.

Experience and Accreditation:
- Gerry is a chartered accountant, who qualified in 1968 with a City firm, before becoming a partner in 1970. Between 1985 to 1990 he was the senior partner. During his time in the City, he has specialised in consultancy work, much of it involving funding and venture capital.
- He was involved in one of the first joint ventures in what was then the People's Republic of China in 1980.

Dr George Morris
Founding Director & Chief Operating Officer

Appointment:
George joined the Board in October 2006.

Experience and Accreditation:
- George has over 25 years' experience in biological and medical research and financial services. In the past he has worked for Guy's Hospital Medical School Department of Medicine, King's College and University College London. As a research scientist, he is an author of numerous books and articles on refereed papers, approximately 70 abstracts, short reports and posters, and an inventor of multiple patents.
- George was a founding member of the expert advisory panel, the "Biotechnology and Finance Forum", set up jointly between the European Commission and the European Association of Securities Dealers. George is involved in a number of conferences and workshops with the EU research and agricultural directorates and is an "expert" to the Commission and has been invited into several policy discussion groups.
- George has worked with a variety of commercial, governmental organisations and financial institutions in the US, Europe and Australia and many consultancy projects covering various biotechnology and financial activities.

Dr Satu Vainikka
Founding Director & Chief Executive Officer

Appointment:
Satu joined the Board in October 2006.

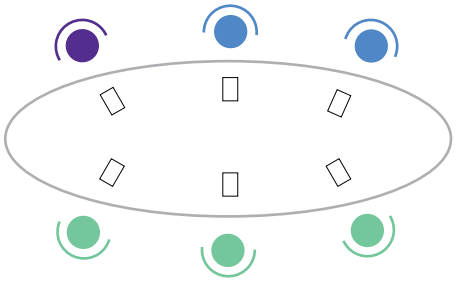
Experience and Accreditation:
- Satu has many years' experience of the biotechnology industry, including extensive first hand experience of equity financing, business management and developing life science technology into commercial enterprises. Prior to her current role as CEO of ValiRx, she was a founder, director and CEO of Cronos Therapeutics Limited.
- In her past roles, Dr Vainikka has developed and exited successful business models, negotiated corporate and academic transactions and raised funding for a number of companies.
- Dr Satu Vainikka has gained the following qualifications and awards:
  - MBA at Imperial College Business School 2000;
  - PhD in signal transduction in oncology, University of Helsinki 1996
  - Prestigious "embo" fellowship for Postdoctoral research at Imperial Cancer Research (now CRC).

Kevin Alexander
Non-executive Director

Appointment:
Kevin joined the Board in October 2006.

Experience and Accreditation:
- Kevin is a qualified solicitor in England and an attorney in New York and he was a partner at major law firms in both London and the United States for over 25 years. Since leaving the law, he has been involved in forming and managing various businesses, both private and public. He has an MA in law from Cambridge University.

Board of Directors



Governance

CORPORATE GOVERNANCE
for the year ended 31 December 2018

The Company is listed on the Alternative Investment Market ('AIM') of the London Stock Exchange and is subject to the continuing requirements of the AIM Rules. The Board believes in the importance of corporate governance and is aware of its responsibility for overall corporate governance, and for supervising the general affairs and business of the Company and its subsidiaries. It is committed to developing and applying high standards of corporate governance. As such, the Board seeks to apply the QCA Code, revised in April 2018 as devised by the Quoted Companies Alliance. For full details go to our website at www.valirx.com/aim-rule-26/corporate-governance/.

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. The QCA Code takes key elements of good governance and applies them in a manner which is workable for the different needs of growing companies.

Our strategy and business model

ValiRx is a biopharmaceutical company focused on developing personalised, otherwise called precision medicines to bring more advanced therapeutic options for the treatment of cancer.

For many years the Company has progressively exploited its proprietary epigenomic technology, which has led to the discovery of promising therapeutics that may prove in clinical trials to treat, among other conditions, cancer safely and more effectively than currently used chemotherapeutics, which act indiscriminately, attacking the whole body and causing irreparable damage to normal cellular processes.

ValiRx has four lead drug candidates at varying stages of development for multiple indications. The Company's business model focuses on out-licensing therapeutic candidates early in the development process. By aiming for early-stage value creation, the company reduces costs considerably while increasing the potential for realising value. The Group is already in licensing discussions with major players in the oncology field. ValiRx operates through the following divisional companies:

ValiPharma: a biopharmaceutical company focused on developing personalised medicines to bring more advanced therapeutic options for the treatment of cancer. Currently, ValiPharma is primarily focused on three drug candidates in clinical and late stage pre-clinical development for four indications – androgen independent prostate cancer (VAL201), hormone refractory prostate cancer (VAL201), endometriosis (VAL301), and pancreatic cancer (VAL101);

ValiSeek: a joint venture company with Tangent Reprofiling Limited (a SEEK Group company), which was formed in 2014 and has progressed product VAL401 through pre-clinical development and into a Phase II clinical trial for the treatment of non-small cell lung cancer.

ValiRx's therapeutics have each shown potential for meeting hitherto unmet clinical needs by existing treatments, have worldwide patent filings and agreed commercial rights. They originate or derive from World class institutions, such as Cancer Research UK and Imperial College.

Board of Directors

During the year under review there were no changes to the composition of the Board as set out on page 16.

The Board currently consists of three Executive Directors and two Non-Executive Directors, including the Chairman, who collectively have the scientific, financial, legal, and business experience necessary to advance the Company and apply corporate governance best practices. The Board is satisfied with its composition and the balance between Executive and Non-Executive Directors.

A minimum of ten Board meetings are held each year at which it is expected that all Directors attend in addition to relevant Committee meetings, General Meetings and the Annual General Meeting.

Where Directors are unable to attend meetings due to conflicts in their schedules, they will receive the papers scheduled for discussion in the relevant meetings, giving them the opportunity to relay any comments to the Chairman in advance of the meeting. They may also attend the meeting by telephone. Directors are required to leave the meeting where matters relating to them, or which may constitute a conflict of interest to them, are being discussed.

The following table shows the Directors' attendance at scheduled Board meetings, which they were eligible to attend in the 12-month period to December 2018:

Director	Attendance at Board Meetings
K J Alexander	11/11
O De Giorgio-Miller	11/11
G Desler	11/11
Dr G S Morris	9/11
Dr S Vainikka	10/11

Matters reserved for the Board

- Approval of the Group vision, values and overall governance framework;
- Approval of the Company's Annual Report and Accounts and Half Yearly Financial Statements;
- Approval of Group financial policy;
- Approval to enter into discussions with Biotech companies reference potential joint-partnering projects or licensing of Company's preclinical and clinical assets;
- Approval of the Company's long-term finance plan and annual capital budget;
- Approval of any significant change in Group accounting policies or practices;
- Approval of all circulars, listing particulars, resolutions and corresponding documentation sent to shareholders;
- Establishing committees of the Board, approving their terms of reference (including membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions;
- Approval of this schedule of Matters Reserved to the Board.

Governance

CORPORATE GOVERNANCE continued
for the year ended 31 December 2018

The Board is responsible to the Company's shareholders with its main objective to increase the value of assets and long-term sustainability of the Company. The Board reviews business opportunities and determines the risks and control framework. It also makes decisions on budgets, Group strategy and major capital expenditure. The day-to day management of the business is delegated to the Executive Directors.

Board Committees
In addition to the Executive Committee, the Board has established a Remuneration Committee, an Audit and Risk Committee, and a Nomination and Governance Committee, which also report into ValiRx's Board.

Executive Committee
The Executive Committee is in charge of the daily management of the Group and is mandated to prepare and plan the overall policies and strategies of the Company for approval by the Board. It may approve intra-Group transactions, provided that they are consistent with the consolidated annual budget of the Company, as well as specific transactions with third parties provided that the cost per transaction is within specified spending limits. It informs the Board at its next meeting on each such transaction.

Prior to the beginning of each fiscal year, the Executive Committee submits to the Board those measures that it deems necessary to be taken in order to meet the objectives of the Company and a consolidated budget for approval. This committee comprises:

Dr S Vainikka	Chief Executive Officer
Dr G S Morris	Chief Operating Officer
G Desler	Chief Financial Officer

Audit and Risk Committee
The Audit and Risk Committee meets at least twice per annum and is responsible for assisting the Board in carrying out its oversight responsibilities in relation to corporate policies, risk management, internal control, internal and external audit and financial and regulatory reporting practices. The Committee has an oversight function, providing a link between the external auditors and the Board; it also determines the terms of engagement of the Company's auditors. The current members of the Audit and Risk Committee are:

O De Giorgio-Miller	Non-Executive Chairman
K J Alexander	Non-Executive Director
Dr G S Morris	Chief Operating Officer

Remuneration Committee
The Remuneration Committee meets at least twice per annum to determine and agree with the Board the framework or broad policy for the remuneration of executive directors of the Company and advises on the overall remuneration policies applied throughout the Company. The objective of this committee is to attract, retain and motivate executives capable of delivering the Company's objectives. Agreed personal objectives and targets including financial and non-financial metrics are set each year for the executive directors and other personnel and performance measured against these metrics. The committee is made up of: Non-Executive Directors, namely:

O De Giorgio-Miller	Non-Executive Chairman
K J Alexander	Non-Executive Director

The Chief Executive Officer is consulted on remuneration packages and policy but does not attend discussions regarding her own package.
The Board determines the remuneration and terms and conditions of the appointment of Non-Executive Directors.

Nomination Committee
The Nomination Committee is a sub-committee of the whole Board responsible for the selection and proposal to the Board of suitable candidates for appointment as Executive and Non-Executive Directors. The Committee may engage external search consultants to identify candidates for Board vacancies before recommending a preferred candidate to the Board for consideration. The Committee comprises:

Dr S Vainikka	Chief Executive Officer
Dr G S Morris	Chief Operating Officer
G Desler	Chief Financial Officer

Independence of Directors

The Directors acknowledge the importance of the principles of the QCA Code which recommends that a company should have at least two independent Non-Executive Directors.

The Board considers it has sufficient independence on the Board and, that all the Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to the Board, and bring considerable experience in scientific, operational and financial development of biopharmaceutical products and companies. Specifically, the Board has considered and determined that O de Giorgio-Miller and K J Alexander are independent in character and judgement, whether or not they:

- Have been an employee of the Company or Group within the last five years;
- Have been an employee of the Company or Group within the last five years;
- Have, or have had within the last three years, a material business relationship with the Company either directly, or as a Director or senior employee of a body that has such a relationship with the Company;
- Have received or receives additional remuneration from the Company apart from a Director's fee;
- Have close family ties with any of the Company's advisers, directors or senior employees;
- Holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- Have served on the Board for more than nine years form the date of their first election;
- Have a close family tie with any of the Company's advisers, Directors or senior employees.

The Company Secretary maintains a register of outside interests and any potential conflicts of interest are reported to the Board. The Non-Executive Directors have regular opportunities to meet without Executive Directors being present (including time after Board and Committee meetings).

Professional Development

Throughout their period in office, the Directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the industry it operates in as whole by written briefings and meetings with senior executives. Directors are also advised on appointment of their legal and other duties and obligations as a Director of an AIM-Listed company both in writing and in face to face meetings with the Company Secretary and Nominated Adviser ("NOMAD").

All of the Directors are subject to election by shareholders at the first Annual General Meeting ('AGM') after their appointment to the Board. Non-Executive Directors will continue to seek re-election at least once every three years.

The current Board members are individuals with extensive industry-specific experience as well as professionals that bring to the Board the skill sets required to meet its strategic, operational and compliance objectives. Their suitability as Directors has therefore been determined largely on the basis of their ability to deliver outcomes in accordance with the company's short and longer-term objectives and thus add value to shareholders.

Board effectiveness and performance evaluation

ValiRx considers that assessments of the performance of the Board, the Board committees, the Chairman, the Chief Executive, the Company Secretary and each of the individual Non-Executive Directors are pivotal to good corporate governance, bringing significant benefits and performance improvements on three levels: organisational; board and individual member level. Establishing an effective process for board evaluation sends a positive signal to the organisation that board members are committed to acting professionally.

Performance assessments are conducted annually across the board, applying a matrix of key areas of focus to identify collective and individual strengths and weaknesses within the Company for continuous improvement.

Board Composition:

- Appropriate ratio between Executive and Independent Directors;
- Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.
- Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form;
- Negotiation skills to engender stakeholder support for implementing Board decisions; and
- Experienced with the mechanisms, controls and channels to deliver effective governance and manage risks.

Governance

CORPORATE GOVERNANCE continued
for the year ended 31 December 2018

Effectiveness of the Board of Directors in:
- Monitoring financial performance against agreed financial objectives;
- Monitoring the implementation of the strategy approved by the Board;
- Appointing, removing and monitoring the performance of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary;
- Ensuring appropriate succession planning for Board members and senior management via the Nomination and Governance Committee;
- Approving and monitoring financial and other reporting;
- Approving and monitoring major capital expenditure, capital management, funding, acquisitions and divestments;
- Overseeing risk management, control, accountability and compliance systems;
- Setting standards of behaviour to enhance the reputation of the Company in the market and the community;
- Ensuring proper organisation and management so as to achieve conformity goals across all aspects of the business;
- Setting appropriate delegated powers between CEO and Board of Directors;
- Ensuring quality and continuity of relations with the Group CEO, members of Committees, managers and heads of control functions: and
- Setting clear strategy for the Company reflecting goals short to mid-long term.

Attributes of the Chairman to:
- Promote and oversee the highest standards of corporate governance within the Board and the Company;
- Lead the Board and discussions on all proposals put forward by the Executive team;
- Set an agenda for the Board focused on strategic matters, forward looking and evaluates current business;
- Maintain a proper process to ensure compliance with Board policy on matters reserved to the Board for consideration;
- Ensure that Board members receive accurate, timely and clear information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company;
- Manage Board meetings so that sufficient time is allowed for the discussion of complex or contentious issues and that all members' contributions are encouraged and valued;
- Chair serve on or attend Committees of the Board;
- Maintain an effective and balanced team, initiate change and, supported by the Nomination Committee, plan non-executive director succession;
- Encourage active engagement by all members of the Board.
- Create the environment for overall Board and individual director effectiveness including promotion of an appropriate induction programme for new directors, creating the opportunity for maintenance of the relevant skills and knowledge required to fulfil the director role on the Board and its committees and ensuring the Board undertakes an annual evaluation of its own performance, that of its committees and that of individual directors, including the Chairman; and
- Take the lead in identifying and meeting the development needs of individual directors and to address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team.

Effectiveness of Executive Management in:
- Implementing the strategic objectives set by the Board;
- Operating within the risk parameters set by the Board;
- Operational and business management of the Company;
- Managing the Company's reputation and operating performance in accordance parameters set by the Board;
- The day-to-day running of the Company;
- Providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities;
- Interfacing with shareholders and stakeholders, Nomad and Broker; and
- Approving capital expenditure (except acquisitions) within delegated authority levels.

Structure and competency of Committees to:
- Advise the Board on the suitability of external auditors and critical accounting policies for financial reports, in particular YE audited accounts, and the Company's risk management and internal control systems;
- Provide independent and transparent pay arrangements linked to achievements over a given period; and
- Lead the Board appointment and succession planning process considering the requirements of the Company.

Risk management
An important aspect of risk management is to put in place and consistently work according to unambiguous Standard Operating Procedures (SOPs). A SOP is a compulsory instruction to carry out a series of operations correctly and always in the same manner, avoiding deviations or non-conformances to ensure that the integrity of scientific investigations and drug manufacture are consistently maintained.

ValiRx operates an internal Quality Management System (QMS) comprising 14 SOPs to comply with the most stringent quality standards expected of a drug development company. Furthermore, the Company regularly audits its suppliers to ensure the manufacturing process, quality process, and also the drug's shipment process all conform to the standard required.

Corporate Social Responsibility
The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take into account the interest of the Group's stakeholders, including its investors, employees, suppliers and business partners, when operating the business.

Employment
The Group endeavours to appoint employees with appropriate skills, knowledge and experience for the roles they undertake and thereafter to develop and incentivise staff. The Board recognises its legal responsibility to ensure the wellbeing, safety and welfare of its employees and maintain a safe and healthy working environment for them and for its visitors.

Relations with shareholders
The Board attaches considerable importance to providing shareholders with clear and transparent information on the Group's activities, strategy, and financial position. Details of all shareholder communications are provided on the Group's website, www.valirx.com.

The Board ensures that the Group's strategic plans have been carefully reviewed in terms of their ability to deliver long-term shareholder value. Fully audited Annual Reports are published, and Interim Results statements notified via Regulatory Information Service announcements. All financial reports and statements are available on the Company's website.

Private shareholders constitute the main body of investors in ValiRx. As such, the Board regards the annual general meeting as the principal opportunity for shareholders to meet and discuss the Group's business with the Directors. There is an open question and answer session during which shareholders may ask questions both about the resolutions being proposed and the business in general. Shareholders vote on each resolution, by way of a poll. For each resolution we announce the number of votes received for, against and withheld and subsequently publish them on our website.

The Directors are also available after the meeting for an informal discussion with shareholders. Moreover, the Company's contact details are provided on the website: info@valirx.com and https://valirx.wpengine.com/contact-us/contact/ should shareholders wish to communicate with the Board.

The Directors actively seek to build a mutual understanding of objectives with institutional shareholders. The Chair and CEO make presentations to institutional shareholders and analysts immediately following the release of the full-year and half-year results. We communicate with institutional investors frequently through a combination of formal meetings, roadshows and informal briefings with management.

The majority of meetings with shareholders and potential investors are arranged by the Company's broker. Following meetings, the broker provides feedback to the board from all fund managers met, from which sentiments, expectations and intentions may be gleaned.

In addition, we review analysts' notes to achieve a wide understanding of investors' views.

The Board believes that the Group has a strong governance culture, and this has been reinforced by the adoption of the QCA Code and recognition of the ten broad principles of corporate governance set out in the QCA Code, which the Board continually considers in a manner appropriate for a company of its size.

Governance

QCA PRINCIPLES

Principle	How Company complies
1 Establish a strategy and business model which promote long-term value for shareholders	ValiRx is a biopharmaceutical company focused on developing personalised, otherwise called precision medicines to bring more advanced therapeutic options for the treatment of cancer. For many years the Company has progressively exploited its proprietary epigenomic technology, which has led to the discovery of promising therapeutics that may prove in clinical trials to treat, among other conditions, cancer safely and more effectively than currently used chemotherapeutics, which act indiscriminately, attacking the whole body and causing irreparable damage to normal cellular processes. ValiRx has four lead drug candidates at varying stages of development for multiple indications. The Company's business model focuses on out-licensing therapeutic candidates early in the development process. By aiming for early-stage value creation, the company reduces costs considerably while increasing the potential for realising value. The Group is already in licensing discussions with major players in the oncology field. ValiRx operates through the following divisional companies: ValiPharma: a biopharmaceutical company focused on developing personalised medicines to bring more advanced therapeutic options for the treatment of cancer. Currently, ValiPharma is primarily focused on three drug candidates in clinical and late stage pre-clinical development for four indications – androgen independent prostate cancer (VAL201), hormone refractory prostate cancer (VAL201), endometriosis (VAL301), and pancreatic cancer (VAL101); ValiSeek: a joint venture company with Tangent Reprofiling Limited (a SEEK group company), which was formed in 2014 and has progressed product VAL401 through pre-clinical development and into a Phase II clinical trial for the treatment of non-small cell lung cancer; and ValiRx (Finland): ValiFinn's specialist competency lies in epigenomics, a rapidly advancing field that enables pairing a prognostic and/or predictive biomarker with a targeted drug. This is a key part of personalised medicine, particularly in cancer patients. ValiRx's therapeutics have each shown potential for meeting hitherto unmet clinical needs by existing treatments, have worldwide patent filings and agreed commercial rights. They originate or derive from Word class institutions, such as Cancer Research UK and Imperial College.
2 Seek to understand and meet shareholder needs and expectations	The Board is accountable to shareholders and other stakeholders and is ultimately responsible for the implementation of sound corporate governance practices throughout the Group. Our Board of Directors is committed to ensuring that the Group adheres to high standards of corporate governance in the conduct of its business. The Board attaches considerable importance to providing shareholders with clear and transparent information on the Group's activities, strategy, and financial position. Details of all shareholder communications are provided on the Group's website. Private shareholders constitute the main body of investors in ValiRx. As such, the Board regards the annual general meeting as the principal opportunity for shareholders to meet and discuss the Group's business with the Directors. There is an open question and answer session during which shareholders may ask questions both about the resolutions being proposed and the business in general. The Directors are also available after the meeting for an informal discussion with shareholders. Moreover, the Company's contact details are provided on the website: info@valirx.com and www.valirx.com/contact-us/contact/ should shareholders wish to communicate with the Board. Announcements on the Group's half and full-year results presenting all shareholders with an assessment of the Group's position and prospects are found on www.valirx.com/investor-relations/annual-reports/. Shareholders vote on each resolution, by way of a poll. For each resolution we announce the number of votes received for, against and withheld and subsequently publish them on our website. The directors actively seek to build a mutual understanding of objectives with institutional shareholders. The Chair and CEO make presentations to institutional shareholders and analysts immediately following the release of the full-year and half-year results. We communicate with institutional investors frequently through a combination of formal meetings, roadshows and informal briefings with management. The majority of meetings with shareholders and potential investors are arranged by the Company's broker. Following meetings, the broker provides feedback to the board from all fund managers met, from which sentiments, expectations and intentions may be gleaned. In addition, we review analysts' notes to achieve a wide understanding of investors' views.

Principle	How Company complies
3 Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Board recognises its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its members as a whole. The Board also understands that it has a responsibility towards employees, partners, customers, suppliers, and the patients who ultimately benefit from its research and drug development programmes. Our corporate social responsibility approach continues to meet these expectations. The Board also understands that it has a responsibility to take into account, where practicable, the social, environmental and economic impact of its approach. Responsibility for the Company's corporate activities lies with the Senior Management Team ("SMT") who set the Group's strategic approach and develop key policies. The Company engages with stakeholders through a number of channels, which include shareholder communications via the Regulatory News service ("RNS"), the Company's website and its Annual Report & Accounts, results presentations and the Annual General Meeting and via interviews in the broadcast media and attendance at investor shows around the country. Corporate communication and shareholder engagement through these channels not only gives shareholders a deeper insight into and understanding of the Company's activities and of its development, but it also invites feedback, either face-to-face at such meetings or via email, on how the Company can improve its communications with stakeholders to better support their needs. By so doing, such engagement enables the SMT to more effectively work with stakeholders in the future to their mutual advantage. The Board receives formal feedback from the SMT on a quarterly basis on the nature of interaction with the stakeholders they meet during each period. The SMT is comprised of the Chief Executive Officer, Chief Operating Officer, and the Chief Financial Officer who take leading roles in key strategic areas such as Gender, HR, and Environmental Management. The SMT is also responsible for ensuring global compliance with key internal and external policies including: • Anti-human trafficking and slavery policy • Diversity policy • Anti-corruption and bribery policy • Whistleblowing policy • UK modern slavery act.
4 Embed effective risk management, considering both opportunities and threats, throughout the organisation	An important aspect of risk management is to put in place and consistently work according to unambiguous Standard Operating Procedures (SOPs). A SOP is a compulsory instruction to carry out s series of operations correctly and always in the same manner, avoiding deviations or non-conformances to ensure that the integrity of scientific investigations and drug manufacture are consistently maintained. ValiRx operates an internal Quality Management System (QMS) comprising 14 SOPs to comply with the most stringent quality standards expected of a drug development company. Furthermore, the Company regularly audits its suppliers to ensure the manufacturing process, quality process, and also the drug's shipment process all conform to the standard required.

Governance

QCA PRINCIPLES continued

Principle

4 CONT.

Embed effective risk management, considering both opportunities and threats, throughout the organisation

How Company complies

SOP	TITLE	DESCRIPTION
001	Quality Management	SOP describes the QMS, its structure and maintenance at ValiRx.
002	ValiRx Organisation and Training	SOP describes the organisation of ValiRx as a company, and the internal training programme.
003	Clinical Project Management	SOP describes the general process by which ValiRx manages and coordinates the development programme for an Investigational Medicinal Product (IMP).
004	Document Review and Approval	SOP describes the general process by which ValiRx reviews and approves essential documents in support of product development activities.
005	Document Management, Filing and Archiving	SOP describes the general process by which ValiRx Plc manages, files and archives essential documents in support of product development activities.
006	Selection and Management of Vendors/ Consultants	SOP describes the process followed at ValiRx to identify, select and manage external service providers.
007	Contracts	SOP describes the process followed at ValiRx to ensure appropriate contracts and agreements are in place with vendors or consultants, and that these are put in place in a timely manner.
008	Investigational Medicinal Product Management	SOP describes the general process for ValiRx to establish that a chain of custody is maintained and documented for the supply of Investigational Product for a clinical trial from release from the manufacturer site, shipment, delivery and receipt at an investigational site, accountability, and then for return or destruction of used/unused product.
009	Investigator's Brochure	SOP describes the process for ValiRx to prepare and maintain an Investigator's Brochure, including review process.
010	Safety Reporting	SOP describes the responsibilities for reporting of safety information from clinical trials to Competent Authorities, Ethics Committees, Investigators and other parties as appropriate.
011	Clinical Trial Transparency	SOP describes the process for ValiRx to follow when registering clinical trials and posting trial results in order to fulfil requirements.
012	Medical Monitoring of Clinical Trials	SOP describes the role of the Medical Monitor (MM) in maintaining and documenting safety oversight and pharmacovigilance during clinical trials.
013	Risk Management, Issue Escalation and Management of Corrective and Preventative Actions (CAPA)	SOP describes the processes implemented by ValiRx to manage risk, escalate issues and ensure Corrective and Preventative Actions (CAPA) are in place for all clinical studies where ValiRx is the Sponsor.
014	Management of Non-compliance and Serious breaches	SOP describes the procedures for identifying, documenting and reporting non-compliance, misconduct and serious breaches of the trial protocol and associated approved documents, and the principles of Good Clinical Practice (GCP), SOPs and all applicable regulatory requirements.

Principle	How Company complies
5 Maintain the board as a well-functioning, balanced team led by the chair	

Board Composition

The Board currently consists of three Executive Directors and two Non-Executive Directors, including the Chairman, who collectively scientific, financial, legal, and business experience necessary to advance the Company and apply corporate governance best practices. The Board is satisfied with its composition and the balance between Executive and Non-Executive Directors.

These are:

Oliver de Giorgio-Miller (Senior Independent Non-Executive Chairman)
Dr Satu Vainikka (Chief Executive Officer)
Dr George Morris (Chief Operating Officer)
Gerry Desler (Executive Chief Financial Officer)
Kevin Alexander (Independent Non-Executive Director)

Role of the Chairman

The core functions of the Chairman include, inter alia:

- Setting the ethical tone for the ValiRx Board and the Company;
- Providing overall leadership to the Board;
- Formulating (with the CEO and Company Secretary) the yearly work plan for the Board against agreed objectives, and playing an active part in setting the agenda for board meetings;
- Presiding over board meetings and ensuring that time in meetings is used productively;
- Managing conflicts of interest;
- Acting as the link between the Board and Management and particularly between the Board and the CEO;
- Ensuring that complete, timely, relevant, accurate, honest and accessible information is placed before the Board to enable Directors to reach an informed decision;
- Monitoring how the Board works together and how individual Directors perform and interact at meetings;
- Ensuring that good relations are maintained with the Company's major shareholders and its strategic stakeholders, and presiding over shareholders' meetings;
- Upholding rigorous standards of preparation for meetings, and
- Ensuring that decisions by the board are executed.

Further responsibilities of the Chairman are to identify and participate in selecting Board members (via the Nomination and Governance Committee), and overseeing a formal succession plan for the Board, CEO and certain senior management appointments such as the Chief Operating Officer and Chief Financial Officer. The Chairman also ensures that all Directors are appropriately made aware of their responsibilities through a tailored induction programme, and that a formal programme of continuing professional education is adopted at Board level. Also, the Chairman ensures that Directors play a full and constructive role in the affairs of the Company and take a lead role in the process for removing non-performing or unsuitable Directors from the Board.

Governance

QCA PRINCIPLES continued

Principle	How Company complies
5 CONT. **Maintain the board as a well-functioning, balanced team led by the chair**	

Role of the CEO

- Leads and manages the day-to-day running of the Group's business in accordance with the business plans and within the budgets approved by the Board;
- Leads the management to ensure effective working relationships with the Chairman and the Board by meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities and concerns;
- Develops and proposes the Group's strategies and policies for the Board's consideration;
- Implements, with the support of the management team, the strategies and policies as approved by the Board and its committees in pursuit of the Group's objectives;
- Maintains regular dialogue with the Chairman on important and strategic issues facing the Group, and ensures bringing these issues to the Board's attention;
- Ensures that the management gives appropriate priority to providing reports to the Board which contain relevant, accurate, timely and clear information necessary for the Board to fulfil its duties;
- Ensures that the Board, especially the Chairman, is alerted to forthcoming complex, contentious or sensitive issues affecting the Group;
- Leads the communication programme with stakeholders including shareholders; and
- Conducts the affairs of the Group in accordance with the practices and procedures adopted by the Board and promotes the highest standards of integrity, probity and corporate governance within the Group.

Role of the Non-Executive Directors

As members of the Board, all Non-Executive directors have key accountabilities, which include the following:

- Provision of entrepreneurial leadership of the Company within a framework of prudent and effective controls, which enable risk to be assessed and managed;
- Setting the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance;
- Setting the Company's values and standards and ensure that its obligations to shareholders are understood and met; and
- Constructively challenge and help develop strategy, participate actively in the decision-making process of the Board, and scrutinise the performance of management in meeting agreed goals and objectives.

Independence

As recommended in the UK Corporate Governance Code, the Board will identify in the annual report each Non-Executive Director it considers to be independent. The Board will determine whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. The Board will state its reasons if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which are relevant to its determination, including if the Director:

- Has been an employee of the Company or group within the last five years;
- Has, or has had within the last three years, a material business relationship with the Company either directly, or as a Director or senior employee of a body that has such a relationship with the Company;
- Has received or receives additional remuneration from the Company apart from a Director's fee;
- Has close family ties with any of the Company's advisers, directors or senior employees;
- Holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; or
- Has served on the Board for more than nine years form the date of their first election;
- Has a close family tie with any of the Company's advisers, Directors or senior employees.

Role of the Board committees

The Board has established three committees: remuneration, audit and risk and nomination and governance. All of these committees have terms of reference, which set out clearly their role, stating whether it is to take decisions or make recommendations to the Board of Directors. These are available on the Company's website (www.valirx.com/investor-relations/corporate-governance).

Principle	How Company complies
6 Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	Biographical details of the Directors can be found on www.valirx.com/about-us/board-directors ValiRx seeks to recruit the best candidates at Board level and considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board (including gender), taking care that appointees have the necessary experience and time available to allocate to the position. Each Director appointed by the Board is subject to election by the shareholders at the first AGM after their appointment. Following advice from the Nomination and Governance Committee, the Board has concluded that each Director is qualified for election or re-election. The current Board members are individuals with extensive industry-specific experience as well as professionals that bring to the Board the skill sets required to meet its strategic, operational and compliance objectives. Their suitability as Directors has therefore been determined largely on the basis of their ability to deliver outcomes in accordance with the company's short and longer-term objectives and thus add value to shareholders.
7 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	ValiRx considers that assessments of the performance of the Board, the Board committees, the Chairman, the Chief Executive, the Company Secretary and each of the individual Non-Executive Directors are pivotal to good corporate governance, bringing significant benefits and performance improvements on three levels: organisational; board and individual member level. Establishing an effective process for board evaluation sends a positive signal to the organisation that board members are committed to acting professionally. Performance assessments are conducted annually across the board, applying a matrix of key areas of focus to identify collective and individual strengths and weaknesses within the Company for continuous improvement. **Board Composition** • Appropriate ratio between Executive and Independent Directors; • Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation; • Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; • Negotiation skills to engender stakeholder support for implementing Board decisions; and • Experienced with the mechanisms, controls and channels to deliver effective governance and manage risks. **Effectiveness of the Board of Directors in:** • Monitoring financial performance against agreed financial objectives; • Monitoring the implementation of the strategy approved by the Board; • Appointing, removing and monitoring the performance of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary; • Ensuring appropriate succession planning for Board members and senior management via the Nomination and Governance Committee; • Approving and monitoring financial and other reporting; • Approving and monitoring major capital expenditure, capital management, funding, acquisitions and divestments; • Overseeing risk management, control, accountability and compliance systems; • Setting standards of behaviour to enhance the reputation of the Company in the market and the community; • Ensuring proper organisation and management so as to achieve conformity goals across all aspects of the business; • Setting appropriate delegated powers between CEO and Board of Directors; • Ensuring quality and continuity of relations with the Group CEO, members of Committees, managers and heads of control functions; and • Setting clear strategy for the Company reflecting goals short to mid to long-term.

Governance

QCA PRINCIPLES continued

Principle	How Company complies
7 CONT. **Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**	**Attributes of the Chairman to:** • Promote and oversee the highest standards of corporate governance within the Board and the Company; • Lead the Board and discussions on all proposals put forward by the Executive team; • Set an agenda for the Board focused on strategic matters, forward looking and evaluates current business; • Maintain a proper process to ensure compliance with Board policy on matters reserved to the Board for consideration; • Ensure that Board members receive accurate, timely and clear information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company; • Manage Board meetings so that sufficient time is allowed for the discussion of complex or contentious issues and that all members' contributions are encouraged and valued; • Chair, serve on or attend Committees of the Board; • Maintain an effective and balanced team, initiate change and, supported by the Nomination Committee, plan non-executive director succession; • Encourage active engagement by all members of the Board; • Create the environment for overall Board and individual director effectiveness including promotion of an appropriate induction programme for new directors, creating the opportunity for maintenance of the relevant skills and knowledge required to fulfil the director role on the Board and its committees and ensuring the Board undertakes an annual evaluation of its own performance, that of its committees and that of individual directors, including the Chairman; and • Take the lead in identifying and meeting the development needs of individual directors and to address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team. **Effectiveness of Executive Management in:** • Implementing the strategic objectives set by the Board; • Operating within the risk parameters set by the Board; • Operational and business management of the Company; • Managing the Company's reputation and operating performance in accordance parameters set by the Board; • The day-to-day running of the Company; • Providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities; • Interfacing with shareholders and stakeholders, Nomad and Broker; and • Approving capital expenditure (except acquisitions) within delegated authority levels. **Structure and competency of Committees to:** • Advise the Board on the suitability of external auditors and critical accounting policies for financial reports, in particular YE audited accounts, and the Company's risk management and internal control systems; • Provide independent and transparent pay arrangements linked to achievements over a given period; and • Lead the Board appointment and succession planning process considering the requirements of the Company.

Principle	How Company complies
8 Promote a corporate culture that is based on ethical values and behaviours	The Board understands the importance of setting the right culture for a biotechnology oncology-focused company specialising in developing novel treatments for cancer that will provide a breakthrough into human health and wellbeing through the early detection of cancer and its therapeutic intervention. Moreover, it ensures that the Company's strategies and requirements for excellence and good governance are instilled into the culture of our business. The Executive Directors and the Chairman interface regularly with all personnel within ValiRx. In this way we encourage them to take responsibility for advancing their projects within parameters and controls set by the Board. This approach creates a culture that motivates and enables our personnel to develop and express their talents and skills. Moreover, in the performance of its duties the Board listens to the views of key stakeholders, including scientists, clinicians, regulators and suppliers and is mindful of the potential impacts of decisions it makes. The Company has established a Scientific Advisory Board (SAB), which includes clinicians with relevant experience in the treatment of cancer. The SAB provides a means of identifying emerging issues for patients and health care providers in the treatment of cancer that can be brought to the attention of the Board. Details of the membership of our SAB are on www.valirx.com/about-us/scientific-advisory-board/
9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	The Chairman, with the support of the Executive Management and Committees, is ultimately responsible for establishing and maintaining good standards of governance. This can be achieved by creating conditions that enhance overall Board's and individual Directors' effectiveness in order that all key issues are addressed and sound decisions are taken in a timely manner. **Other responsibilities of the Chairman include:** • Promoting effective relationships and open communication, and creates an environment that allows constructive debates and challenges, both inside and outside the boardroom, between Non-executive Directors and the management; • Ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategies and policies, and that Board decisions taken are in the Group's best interests and fairly reflect Board's consensus; • Setting, in consultation with the Chief Executive and Company Secretary, the Board meeting schedule and agenda to take full account of the important issues facing the Group and the concerns of all Directors, and ensures that adequate time is available for thorough discussion of critical and strategic issues; • Ensuring that the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the management; and • Ensuring that there is effective communication with shareholders, and that each Director develops and maintains an understanding of the stakeholders' views.
10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Board recognises the importance of sound corporate governance. The Board is satisfied with its composition. The Non-Executive Directors bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk and performance. The independence of each Non-Executive Director is assessed at least annually, and both are considered to be independent at the date of this report. **Attendance at Board meetings** A minimum of ten Board meetings are held each year at which it is expected that all Directors attend in addition to relevant Committee meetings, General Meetings and the Annual General Meeting. Where Directors are unable to attend meetings due to conflicts in their schedules, they will receive the papers scheduled for discussion in the relevant meetings, giving them the opportunity to relay any comments to the Chairman in advance of the meeting. Directors are required to leave the meeting where matters relating to them, or which may constitute a conflict of interest to them, are being discussed.

Governance

QCA PRINCIPLES continued

Principle	How Company complies
10 CONT. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The following table shows the Directors' attendance at scheduled Board meetings, which they were eligible to attend in the 12 month period to September 2018:

Director	Attendance at Board meetings
Oliver de Giorgio-Miller	11/11
Dr Satu Vainikka	10/11
Dr George Morris	9/11
Gerry Desler	11/11
Kevin Alexander	11/11

Matters reserved for the Board

- Approval of the Group vision, values and overall governance framework;
- Approval of the Company's Annual Report and Accounts and Half Yearly Financial Statements;
- Approval of Group financial policy;
- Approval to enter into discussions with Biotech companies reference potential joint-partnering projects or licensing of Company's preclinical and clinical assets;
- Approval of the Company's long-term finance plan and annual capital budget;
- Approval of any significant change in Group accounting policies or practices;
- Approval of all circulars, listing particulars, resolutions and corresponding documentation sent to shareholders;
- Establishing committees of the Board, approving their terms of reference (including membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions;
- Approval of this schedule of Matters Reserved to the Board.

The Board is responsible to the Company's shareholders with its main objective to increase the value of assets and long-term sustainability of the Company. The Board reviews business opportunities and determines the risks and control framework. It also makes decisions on budgets, Group strategy and major capital expenditure. The day-to day management of the business is delegated to the Executive Directors.

The Board meets monthly with agendas, Committee papers and other appropriate information distributed prior to each meeting to allow the Board to meet its duties. Effective procedures are in place to deal with conflicts of interest. The Board knows other interests and commitments of Directors and any changes to their commitments are reported.

In addition to the Executive Committee, the Board has established a Remuneration Committee, an Audit and Risk Committee, and a Nomination and Governance Committee, which also report into ValiRx's Board.

The Executive Committee is in charge of the daily management of the Group and is mandated to prepare and plan the overall policies and strategies of the Company for approval by the Board. It may approve intra-group transactions, provided that they are consistent with the consolidated annual budget of the Company, as well as specific transactions with third parties provided that the cost per transaction is within specified spending limits. It informs the Board at its next meeting on each such transaction.

Prior to the beginning of each fiscal year, the Executive Committee submits to the Board those measures that it deems necessary to be taken in order to meet the objectives of the Company and a consolidated budget for approval. This committee comprises:

Dr Satu Vainikka (Chief Executive Officer)
Dr George Morris (Chief Operating Officer)
Gerry Desler (Executive Chief Financial Officer)

Principle	How Company complies
10 CONT. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Audit and Risk Committee meets at least twice per annum and is responsible for assisting the Board in carrying out its oversight responsibilities in relation to corporate policies, risk management, internal control, internal and external audit and financial and regulatory reporting practices. The Committee has an oversight function, providing a link between the external auditors and the Board; it also determines the terms of engagement of the Company's auditors. The current members of the Audit and Risk Committee are: Oliver de Giorgio-Miller (Chairman) Dr George Morris (Chief Operating Officer) Kevin Alexander (Non-Executive Director) The Remuneration Committee meets at least twice per annum to determine and agree with the Board the framework or broad policy for the remuneration of executive directors of the Company and advises on the overall remuneration policies applied throughout the Company. The objective of this committee is to attract, retain and motivate executives capable of delivering the Company's objectives. Agreed personal objectives and targets including financial and non-financial metrics are set each year for the executive directors and other personnel and performance measured against these metrics. The committee is made up of: Non-Executive Directors, namely: Oliver de Giorgio-Miller (Non-Executive Chairman) Kevin Alexander (Non-Executive Director) The Chief Executive Officer is consulted on remuneration packages and policy but does not attend discussions regarding her own package. The Board determines the remuneration and terms and conditions of the appointment of Non-Executive Directors. The Nomination Committee is a sub-committee of the whole Board responsible for the selection and proposal to the Board of suitable candidates for appointment as Executive and Non-Executive Directors The Committee may engage external search consultants to identify candidates for Board vacancies before recommending a preferred candidate to the Board for consideration. The Committee comprises: Oliver de Giorgio-Miller (Non-Executive Chairman) Kevin Alexander (Non-Executive Director) Gerry Desler (Executive Chief Financial Officer)

Governance

REPORT OF THE DIRECTORS
for the year ended 31 December 2018

The Directors present their report and financial statements for the year ended 31 December 2018.

Dividends
No dividends will be distributed for the year ended 31 December 2018.

Research and development
The Group will continue its policy of investment in research and development. In accordance with International Financial Reporting Standards (IFRS), during the year the Group expensed to the income statement £1,698,791 (2017: £1,746,808) on research and development. Further details on the Group's research and development are included in the Chief Executive's Report on page 14.

Future developments
Details of future developments can be found in the Strategic Report on pages 6 to 10.

Events since the end of the year
Information relating to events since the end of the year is given in the note 23 to the financial statements.

Directors
The Directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

K J Alexander
O De Giorgio-Miller
G Desler
Dr G S Morris
Dr S Vainikka

Directors' shareholdings
The Directors of the Company held the following beneficial interests in the ordinary shares of the Company:

	2018 No. of shares	2017 No. of shares
K J Alexander	**104,278**	104,278
O De Giorgio-Miller	**1,392,888**	59,555
G Desler	**1,875,208**	541,875
Dr G S Morris	**1,821,620**	588,287
Dr S Vainikka	**1,958,242**	624,909

Directors' share options
The Directors of the Company held share options granted under the Company share option scheme, as indicated below. No share options were exercised during the year. Full details of the share options held are disclosed in note 26 to the financial statements.

	2018 No. of shares	2017 No. of shares
K J Alexander	**3,045,000**	545,000
O De Giorgio-Miller	**3,305,000**	555,000
G Desler	**3,592,960**	592,960
Dr G S Morris	**3,722,000**	597,000
Dr S Vainikka	**4,319,000**	694,000

Company share price
The market value of the Company's shares at 31 December 2018 was 0.83p and the high and low share prices during the period were 4.98p and 0.75p respectively.

Financial risk management objectives and policies
Note 27 to the financial statements gives details of the Group's objectives and policies for risk management of financial instruments.

Significant shareholders
As at 5 April 2019, so far as the Directors are aware, Nicholas Slater held 3.78% of the nominal value of the Company's share capital.

Directors' insurance
The Directors and officers of the Company are insured against any claims against them for any wrongful act in their capacity as a Director, officer or employee of the Group, subject to the terms and conditions of the policy.

Statement as to disclosure of information to auditors
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors
The auditors, Adler Shine LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board:

Dr S Vainikka
Director

28 May 2019

Governance

STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the year ended 31 December 2018

The Directors are responsible for preparing the Strategic Report, Directors' Report, Corporate Governance Statement and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing each of the Group and Parent Company financial statements the Directors are required to:

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

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

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITORS
to the Members of ValiRx Plc

We have audited the financial statements of ValiRx Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 on pages 47 to 73. 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 Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice – FRS 102; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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, 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 Parent 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.

Key audit matters
Key audit matters are those matters that, in our professional judgment, 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 statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified were:

Impairment of goodwill and intangibles
Area of focus
The Group has goodwill of £1.6m and intangible assets of £1.6m.

IAS 36 requires at least annual impairment assessments in relation to goodwill, indefinite-lived intangible assets and intangible assets that are not yet ready for use, with more regular assessment should an impairment trigger be identified.

The determination of recoverable amount, being the higher of value-in-use and fair value less costs of disposal, requires judgement on the part of management in identifying and then estimating the recoverable amount for the relevant CGUs.

Recoverable amounts are based on management's view of future cash flow forecasts and external market conditions such as future pricing and the most appropriate discount rate.

Management engaged an expert to assist them in performing an annual impairment assessment which included the assumptions and estimates around the success of the future development and commercialisation of its products VAL 201, VAL101 and VAL 401. Changes in these assumptions might give rise to a change in the carrying value of intangibles and goodwill.

How our audit addressed the area of focus
We obtained the report prepared by the expert and gained an understanding of the key assumptions and judgements underlying the assessment. We assessed the appropriateness of the methodology applied and tested the mathematical accuracy of the models.

We obtained an understanding of the stage of product development and management's expected timelines for product commercialisation, including updates on the achievement of expected milestones.

We determined the judgement made by the Directors that no impairment was required, and that the disclosures made in the financial statements to be reasonable.

Governance

REPORT OF THE INDEPENDENT AUDITORS continued
to the Members of ValiRx Plc

Going concern

Area of focus

Refer to Note of the financial statements for the directors' disclosures of related accounting policies, judgements and estimates. The directors have concluded that they have a reasonable expectation that the Group will have sufficient cash resources and cash inflows to continue its activities for not less than twelve months from the date of approval of these financial statements and have therefore prepared these financial statements on a going concern basis.

The Group had cash and cash equivalents of £372,872 at 31 December 2018 but consumed cash of £4,101,734 before receipt of research and development tax credits of £424,197 and financing of £3,349,000. Since the year end, the Company has raised £1.5m through the placing of new ordinary shares.

Management produces a cash flow forecast based on the board plans.

The key judgements within the cash flow forecast that we particularly focused on were:

- The continued availability of funding.
- The likely recovery of other receivables.
- Cash flows expected from research and development tax credits.
- Flexibility of development programme.

How our audit addressed the area of focus

We assessed the reasonableness and support for the judgments underpinning management's forecast, as well as the sensitivity of projections to these judgements.

We reviewed managements financing plans.

We considered the reasonableness of the assumptions within management's proposed cost reduction actions, should future fund raisings be lower than anticipated.

Our conclusion on management's use of the going concern basis of accounting is included in the going concern section of the report above.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £129,500, which was updated during the course of our audit to £135,800 based on an average of 5% of adjusted loss before tax and 19% of net assets. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £6,790, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The audit was scoped to ensure that the audit team obtained sufficient and appropriate audit evidence in relation to significant operations of the Group during the year ended 31 December 2018. This included the performance of full statutory audits on each of the subsidiary undertakings. As part of our planning we assessed the risk of material misstatement including those that required significant auditor consideration at the component and Group level. Procedures were designed and performed to address the risk identified and for the most significant assessed risks of material misstatement, the procedures performed are outlined above in the key audit matters section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Annual Report but does not include the financial statements and our Report of the Auditors 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.

Opinion 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 the and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept by the, 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 Statement of Directors' Responsibilities set out on page 43, 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 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 Group's and 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Christopher Taylor (Senior Statutory Auditor)
for and on behalf of Adler Shine LLP
Chartered Accountants & Statutory Auditor
Aston House
Cornwall Avenue
London N3 1LF

28 May 2019

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Continuing operations			
Other operating income		**–**	88,773
Research and development		**(1,698,791)**	(1,746,808)
Administrative expenses		**(2,166,798)**	(1,467,268)
Operating loss		**(3,865,589)**	(3,125,303)
Fair value loss on derivative financial assets	16	**(442,229)**	(23,446)
Finance income	6	**–**	489
Fair value gain on derivative liability		**–**	44,146
Provision for bad debt	12	**(506,755)**	–
Finance costs	6	**(14,565)**	(449,868)
Loss before income tax	7	**(4,829,138)**	(3,553,982)
Income tax credit	8	**461,296**	416,336
Loss after income tax		**(4,367,842)**	(3,137,646)
Non-controlling interest		**69,020**	117,962
Total comprehensive loss for the year		**(4,298,822)**	(3,019,684)
Loss per share – basic and diluted	10	**(0.94)p**	(1.90)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2018

Consolidated Statement of Financial Position
31 December 2018

	Notes	2018 £	2017 £
ASSETS			
Non-current assets			
Goodwill	11	**1,602,522**	1,602,522
Intangible assets	12	**1,623,950**	1,325,283
Property, plant and equipment	13	**–**	–
Investments	14	**–**	–
		3,226,472	2,927,805
Current assets			
Trade and other receivables	15	**174,089**	766,475
Tax receivable		**461,193**	424,094
Derivative financial assets	16	**–**	117,229
Cash and cash equivalents	17	**372,872**	701,410
		1,008,154	2,009,208
Total assets		**4,234,626**	4,937,013
EQUITY			
Shareholders' equity			
Called up share capital	18	**8,680,694**	8,432,708
Share premium		**19,779,905**	16,419,494
Merger reserve		**637,500**	637,500
Reverse acquisition reserve		**602,413**	602,413
Share option reserve		**885,963**	464,000
Retained earnings		**(27,461,771)**	(23,378,744)
		3,124,704	3,177,371
Non-controlling interests		**(93,764)**	(24,744)
Total equity		**3,030,940**	3,152,627
LIABILITIES			
Current liabilities			
Trade and other payables	19	**889,987**	1,394,266
Borrowings	20	**313,699**	390,120
Total liabilities		**1,203,686**	1,784,386
Total equity and liabilities		**4,234,626**	4,937,013

The financial statements were approved by the Board of Directors on 28 May 2019 and were signed on its behalf by:

Mr G Desler
Director

Registered number: 03916791

Financial Statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 December 2018

	Notes	2018 £	2017 £
ASSETS			
Non-current assets			
Intangible assets	12	**120,000**	140,000
Property, plant and equipment	13	**–**	–
Investments	14	**3,617,834**	3,617,834
		3,737,834	3,757,834
Current assets			
Trade and other receivables	15	**2,788,478**	2,720,591
Tax receivable		**421,700**	372,851
Derivative financial assets	16	**–**	117,229
Cash and cash equivalents	17	**372,190**	685,884
		3,582,368	3,896,555
Total assets		**7,320,202**	7,654,389
EQUITY			
Shareholders' equity			
Called up share capital	18	**8,680,694**	8,432,708
Share premium		**19,779,905**	16,419,494
Merger reserve		**637,500**	637,500
Share option reserve		**885,963**	464,000
Retained earnings		**(24,111,988)**	(20,218,087)
Total equity		**5,872,074**	5,735,615
LIABILITIES			
Current liabilities			
Trade and other payables	19	**1,134,429**	1,528,654
Borrowings	20	**313,699**	390,120
Total liabilities		**1,448,128**	1,918,774
Total equity and liabilities		**7,320,202**	7,654,389

The financial statements were approved by the Board of Directors on 28 May 2019 and were signed on its behalf by:

Mr G Desler
Director

Registered number: 03916791

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Notes	Share capital £	Share premium £	Merger reserve £	Reverse acquisition reserve £	Share option reserve £	Non-controlling interest £	Retained earnings £	Total £
Balance at 1 January 2017		8,165,650	12,998,102	637,500	602,413	331,453	19,619	(20,385,278)	2,369,459
Changes in equity									
Loss for the year		–	–	–	-	–	(117,962)	(3,019,684)	(3,137,646)
On acquisition of subsidiary		–	–	–	–	-	73,599	–	73,599
Issue of shares		267,058	3,866,468	–	–	–	–	–	4,133,526
Costs of shares issued		–	(445,076)	–	–	-	–	–	(445,076)
Lapse of share options		–	–	–	–	(26,218)	–	26,218	–
Movement in year		–	–	–	–	158,765	–	–	158,765
Balance at 31 December 2017		8,432,708	16,419,494	637,500	602,413	464,000	(24,744)	(23,378,744)	3,152,627
Changes in equity									
Loss for the year		–	–	–	–	–	(69,020)	(4,298,822)	(4,367,842)
Issue of shares	18	247,986	3,861,177	–	–	–	–	–	4,109,163
Costs of shares issued		–	(500,766)	–	–	–	–	–	(500,766)
Lapse of share options and warrants		–	–	–	–	(215,795)	–	215,795	–
Movement in year		–	–	–	–	637,758	–	–	637,758
Balance at 31 December 2018		**8,680,694**	**19,779,905**	**637,500**	**602,413**	**885,963**	**(93,764)**	**(27,461,771)**	**3,030,940**

Merger reserve
The merger reserve of £637,500 exists as a result of the acquisition of ValiRx Bioinnovation Limited. The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the fair value of ValiRx Bioinnovation at 3 October 2006, the date of acquisition.

Reverse acquisition reserve
The reverse acquisition reserve exists as a result of the method of accounting for the acquisition of ValiRx Bioinnovation Limited and ValiPharma Limited.

Financial Statements

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Notes	Share capital £	Share premium £	Merger reserve £	Share option reserve £	Retained earnings £	Total £
Balance at 1 January 2017		8,165,650	12,998,102	637,500	331,453	(17,564,532)	4,568,173
Changes in equity							
Loss for the year		–	–	–	–	(2,679,773)	(2,679,773)
Issue of shares		267,058	3,866,468	–	–	–	4,133,526
Costs of shares issued		–	(445,076)	–	–	–	(445,076)
Lapse of share options		–	–	–	(26,218)	26,218	-
Movement in year		–	–	–	158,765	–	158,765
Balance at 31 December 2017		8,432,708	16,419,494	637,500	464,000	(20,218,087)	5,735,615
Changes in equity							
Loss for the year		–	–	–	–	(4,109,696)	(4,109,696)
Issue of shares	18	247,986	3,861,177	–	–	–	4,109,163
Costs of shares issued		–	(500,766)	–	–	–	(500,766)
Lapse of share options and warrants		–	–	–	(215,795)	215,795	–
Movement in year		–	–	–	637,758	–	637,758
Balance at 31 December 2018		**8,680,694**	**19,779,905**	**637,500**	**885,963**	**(24,111,988)**	**5,872,074**

Share capital
The nominal value of the issued share capital.

Share premium account
Amounts received in excess of the nominal value on the issue of share capital less any costs associated with the issue of shares.

Merger reserve
The difference between the nominal value of the share capital issued by the Company and the fair value of ValiRx Bioinnovation at the date of acquisition.

Share option reserve
The fair value of the share-based payment, determined at the grant date, and expensed over the vesting period.

Retained earnings
Accumulated comprehensive income for the year and prior periods.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash outflow from operations	1	**(3,776,840)**	(2,952,275)
Interest paid		**(866)**	(35,897)
Tax credit received		**424,197**	636,739
Net cash outflow from operating activities		**(3,353,509)**	(2,351,433)
Cash flows from investing activities			
Purchase of goodwill		**–**	(73,599)
Purchase of intangible fixed assets		**(324,028)**	(206,727)
Non-controlling interests		**–**	73,599
Interest received		**–**	489
Net cash outflow from investing activities		**(324,028)**	(206,238)
Cash flows from financing activities			
New convertible loan notes		**–**	263,704
Repayment of convertible loan notes		**(25,000)**	(347,481)
Share issue		**3,720,000**	3,068,406
Costs of shares issued		**(346,001)**	(286,311)
Net cash inflow from financing activities		**3,348,999**	2,698,318
(Decrease)/increase in cash and cash equivalents		**(328,538)**	140,647
Cash and cash equivalents at beginning of year	2	**701,410**	560,763
Cash and cash equivalents at end of year	2	**372,872**	701,410

Financial Statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

1 Reconciliation of operating loss to cash generated from operations

	2018 £	2017 £
Operating loss	**(3,865,589)**	(3,125,303)
Depreciation of property, plant and equipment	**–**	10,553
Amortisation of intangible assets	**142,988**	177,134
(Increase)/decrease in trade and other receivables	**(31,996)**	14,467
(Decrease)/increase in trade and other payables	**(504,279)**	54,038
Other non-cash movements	**(957)**	(83,164)
Share option charge	**482,993**	–
Net cash outflow from operations	**(3,776,840)**	(2,952,275)

2 Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2018

	31 December 2018 £	**1 January 2018 £**
Cash and cash equivalents	**372,872**	**701,410**

Year ended 31 December 2017

	31 December 2017 £	1 January 2017 £
Cash and cash equivalents	701,410	560,763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018

1 Statutory information
ValiRx Plc is a company incorporated in the United Kingdom under the Companies Act 1985, which is listed on the AIM market of the London Stock Exchange Plc. The address of its registered office is 16 Woburn Place, London W1H 0BS.

The registered number of the Company is 03916791.

The principal activity of the Group is the development of oncology therapeutics and companion diagnostics.

The presentation currency of the financial statements is the Pound Sterling (£).

2 Accounting policies
Basis of preparation
The Group financial statements have been prepared in accordance with International Financial Reporting Standard as adopted by the European Union ('IFRSs'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The Group financial statements have been prepared under the historical cost convention or fair value where appropriate.

Going concern
As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency Risks – Guidance for directors of companies that do not apply the UK Corporate Governance Code".

The Group and Parent Company are subject to a number of risks similar to those of other development stage pharmaceutical companies. These risks include, amongst others, generation of revenues in due course from the development portfolio and risks associated with research, development, testing and obtaining related regulatory approvals of its pipeline products. Ultimately, the attainment of profitable operations is dependent on future uncertain events which include obtaining adequate financing to fulfil the Group's commercial and development activities and generating a level of revenue adequate to support the Group's cost structure.

The current economic environment is challenging, and the Group has reported an operating loss for the year. These losses will continue in the current accounting year to 31 December 2019.

The company carries out regular fund-raising exercises in order that it can provide the necessary working capital for the Group. Further funds will be required to finance the Group's work programme. As detailed in note 23, since the year end, the Group has raised £0.5m before expenses through the issue of 83,333,333 new ordinary shares and the Company has entered into a Subscription Agreement whereby the "Eu ropean High Growth Opportunities SF" will subscribe for 213,000,000 shares raising a total of £1.278m before expenses and the Investor will provide up to £6m of working capital by way of Convertible Funds. The board expects to continue to raise additional funding as and when required to cover the Group's development, primarily from the issue of further shares.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that are expected to prevail over the forecast period. The Directors estimate that the cash held by the Group together with known receivables and available facilities will provide sufficient cash inflows for the Group to continue its activities for not less than 12 months from the date of approval of these financial statements; they have therefore prepared the financial statements on a going concern basis.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and all its subsidiaries ("the Group"). Subsidiaries include all entities over which the Group has the power to govern financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-Group balances and any unrealised gains and losses on income or expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

On 3 October 2006, ValiRx Bioinnovation Limited ('Bioinnovation') acquired 60.28% of the issued share capital of ValiPharma Limited ('ValiPharma') in exchange for shares in Bioinnovation. Concurrently, the Company, ("ValiRx"), acquired the entire issued share capital of Bioinnovation in a share for share transaction. As a result of these transactions, the former shareholders of ValiPharma became the majority shareholders in ValiRx. Accordingly, the substance of the transaction was that ValiPharma acquired ValiRx in a reverse acquisition. Under IFRS 3 "Business Combinations", the acquisition of ValiPharma has been accounted for as a reverse acquisition.

In May 2008 the Company acquired the remaining 39.72% of the issued share capital of ValiPharma, which is now wholly owned by the Group. This acquisition was accounted for using the acquisition method of accounting.

In August 2011, the Company acquired for a nominal amount, the outstanding equity of a Finnish non-trading company – ValiRx Finland OY ("ValiFinn") – that it had jointly established with local partners in 2008. As a result of the acquisition, ValiFinn became a wholly owned subsidiary of the Company. In October 2016, the Company sold the whole of its shareholding in ValiFinn.

In November 2013 ValiSeek Limited was formed to enable the company to enter into a joint venture agreement. The company has a 55.5% holding in the issued share capital of ValiSeek.

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

2 Accounting policies continued

Basis of consolidation continued
The assets and liabilities of the Group's foreign operations are expressed in pounds sterling using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Material exchange differences arising are classified as equity. The translation differences are recognised in the period in which the foreign operation is disposed of. Intra-Group transactions, profits and balances are eliminated in full on consolidation.

Goodwill
Goodwill on acquisition of subsidiaries represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities acquired. Identifiable assets are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested annually, or when trigger events occur, for impairment and is carried at cost less accumulated impairment losses.

Other intangible assets
Acquired licences, trademarks and patents are capitalised at cost and are amortised on a straight-line basis over their useful life. Patents are amortised over 16 years and licences over 16-20 years.

Impairment of non-current assets
At each reporting date, the Directors review the carrying amounts of property, plant and equipment assets, goodwill and other intangible 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 the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Property, plant and equipment
Property, plant and equipment are stated at cost less depreciation.

Depreciation is provided at the following rates per annum to write off the cost of property, plant and equipment, less estimated residual value, on a straight-line basis from the date on which they are brought into use:

Plant and machinery	33% per annum straight line
Computer equipment	33% per annum straight line

Financial assets
The Company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

Management determines the classification of its investments at initial recognition.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The principal financial assets of the Company are loans and receivables, which arise principally through the provision of goods and services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary assets. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets.

The Group's loans and receivables are recognised and carried at the lower of their original amount less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered possible.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less. The Company considers overdrafts (repayable on demand) to be an integral part of its cash management activities and these are included in cash and cash equivalents for the purposes of the cash flow statement.

2 Accounting policies continued

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently carried at fair value with the changes in fair value recognised in the Income Statement.

Financial liabilities

The Group does not have any financial liabilities that would be classified as fair value through the profit or loss. Therefore, all financial liabilities are classified as other financial liabilities as follows.

The Group's trade and other payables are recognised at their original amount.

Convertible debt

The convertible loan is designated as "at fair value through profit or loss" and so is presented on the Statement of Financial Position at fair value with all gains and losses, including the write-off of transaction costs, recognised in the Statement of Comprehensive Income. The debt component of the convertible loan is recognised as a liability in the Statement of Financial Position net of transaction costs. The conversion option has been recognised as an embedded derivative and has been valued at inception and the balance sheet date using a Black-Scholes Method. The interest charge in respect of the coupon rate on the loan has been recognised within the underlying component of net financing costs on an accruals basis. Refer to Note 18 for further details.

Taxation

The taxation charge represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the 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.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised of the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

All on-going development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38, 'Intangible assets', are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

Development costs are capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset has been established;
- it can be demonstrated that the asset will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development;
- the expenditure attributable to the intangible asset can be reliably measured; and
- the Group has the ability and intention to use or sell the asset.

Expenses for research and development include associated wages and salaries, material costs, depreciation on non-current assets and directly attributable overheads.

All research and development costs, whether funded by third parties under licence and development agreements or not, are included within operating expenses and classified as such.

Foreign currencies

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company and its subsidiaries operate (the functional currency) which is UK sterling (£). The Financial Statements are accordingly presented in UK sterling.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

2 Accounting policies continued

Share capital
Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary and deferred shares are classified as equity instruments.

Share-based payments
IFRS 2 "Share-based Payments" requires that an expense for equity instruments granted is recognised in the financial statements based on their fair values at the date of the grant. This expense, which is in relation to employee share options, is recognised over the vesting period of the scheme. The fair value of employee services is determined by reference to the fair value of the awarded grant calculated using the Black Scholes model.

At the year end date, the Group revises its estimate of the number of share incentives that are expected to vest. The impact of the revisions of original estimates, if any, is recognised in the Statement of Comprehensive Income, with a corresponding adjustment to equity, over the remaining vesting period.

When options expire or are cancelled, a corresponding credit is recognised.

New standards and interpretations
As at the date of approval of these financial statements, the following standards were in issue but no yet effective. These standards have not been adopted early by the Company as they are not expected to have a material impact on the financial statements other than requiring additional disclosure or alternative presentation.

		Effective date (period beginning on or after)
IFRS 3, IFRS 11 IAS 12, IAS 23	Amendments resulting from Annual Improvements 2015-2017 Cycle	01/01/2019
IFRS 3	Amendments – Definition of a Business	01/01/2020
IFRS 9	Amendment – Prepayment features with negative compensation	01/01/2019
IFRS 16	Leases – recognition, measurement, presentation and disclosure	01/01/2019
IFRS 17	Insurance contracts	01/01/2019
IAS 1 and IAS 8	Amendments – Definition of Material	01/01/2020
IAS 19	Amendment – Plan Amendment, Curtailment or Settlement	01/01/2019
IAS 28	Amendment – Long-term interests in Associates and Joint Ventures	01/01/2019

IFRS 16 has not yet been applied. The impact on the accounts at December 2018 was not material as the Group's operating leases expire on 31 October 2019.

The International Financial Reporting Interpretations Committee has also issued interpretations which the Company does not consider will have a significant impact on the financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty
The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately 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. The material areas in which estimates, and judgements are applied as follows:

Goodwill impairment
The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Share-based payments
The estimates of share-based payments costs require that management selects an appropriate valuation model and makes decisions on various inputs into the model, including the volatility of its own share price, the probable life of the options before exercise, and behavioural consideration of employees. A significant element of judgement is therefore involved in the calculation of the charge.

Deferred tax assets
Deferred taxation is provided for using the liability method. Deferred tax assets are recognised in respect of tax losses where the Directors believe that it is probable that future profits will be relieved by the benefit of tax losses brought forward. The Board considers the likely utilisation of such losses by reviewing budgets and medium-term plans for each taxable entity within the Group. If the actual profits earned by the Group's taxable entities differ from the budgets and forecasts used, then the value of such deferred tax assets may differ from that shown in these financial statements.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Black-Scholes model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 16 for further disclosures.

4 Revenue

Segmental information

The Directors believe under IFRS 8 – "Operating Segment" there are no identifiable business segments that are subject to risks and returns different to the core business of drug development. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. Therefore, the Directors have determined that there is only one reportable segment under IFRS 8.

5 Employees and directors

Number of employees:

The average monthly number of employees, including Directors, during the year was:

	2018 Number	2017 Number
Directors	**5**	6
Staff	**6**	6
	12	12

Employment costs	**2018 £**	2017 £
Wages and salaries	**909,127**	780,447
Social security costs	**90,719**	77,799
Other pension costs	**39,327**	22,129
Costs of share option scheme	**482,993**	–
	1,522,672	880,375

Details of Directors' remuneration can be found in note 26.

6 Net finance costs

	2018 £	2017 £
Finance income		
Deposit account interest	**–**	10
Other interest receivable	**–**	479
	–	489
Finance costs		
Interest on overdue tax	**866**	1,460
On convertible loan notes	**–**	448,408
Deferral fees on equity swap (note 20)	**13,699**	–
	14,565	449,868

7 Loss before income tax

The loss before income tax is stated after charging/(crediting):

	2018 £	2017 £
Hire of plant and machinery	**109**	–
Other operating leases	**138,514**	134,397
Depreciation – owned assets	**–**	10,553
Patents amortisation	**115,788**	149,935
Brands and licences amortisation	**27,200**	27,199
Auditors remuneration	**31,000**	36,064
Foreign exchange differences	**3,869**	5,240
Bad debt write off	**506,755**	–
Fair value loss of derivative financial assets	**442,229**	23,446

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

8 Income tax

	2018 £	2017 £
Domestic current year tax		
Tax credits on research and development – current year	**(461,193)**	(424,094)
Tax credits on research and development – prior years	**(103)**	7,758
Current tax credit	**(461,296)**	(416,336)
Factors affecting the tax charge for the year:		
Loss before income tax	**(4,829,138)**	(3,553,982)
Loss before income tax multiplied by effective rate of UK corporation tax of 19.00% (2017: 19.25%)	**(917,536)**	(684,142)
Effects of		
Non-deductible expenses	**273,629**	(2,069)
Capital allowances for the year in deficit of depreciation and amortisation	**3,763**	5,836
Tax losses not utilised	**377,395**	435,714
Research and development expenditure	**(198,444)**	(179,433)
Adjustment to prior years	**(103)**	7,758
	456,240	267,806
Current tax charge	**(461,296)**	(416,336)

No corporation tax arises on the results for the year ended 31 December 2018 due to the losses incurred for tax purposes.

The deferred tax asset, arising from tax losses of £18.6m (2017: £16.6m) carried forward, has not been recognised but would become recoverable against future trading profits, subject to agreement with HM Revenue and Customs.

9 Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented as part of these financial statements. The Parent Company's loss for the financial year was £4,109,696 (2017: £2,679,773).

10 Loss per ordinary share

The earnings and number of shares used in the calculation of loss per ordinary share are set out below:

	2018 £	2017 £
Loss for the financial period	**(4,367,842)**	(3,137,646)
Non-controlling interest	**69,020**	117,962
Loss attributable to owners of the Parent Company	**(4,298,822)**	(3,019,684)
Basic		
Weighted average number of shares	**458,715,753**	151,071,019
Loss per share	**(0.94p)**	(1.90p)

The loss and the weighted average number of shares used for calculating the diluted loss per share are identical to those for the basic loss per share. The outstanding share options and share warrants (note 25) would have the effect of reducing the loss per share and would therefore not be dilutive under IAS 33 'Earnings per Share'.

Following the issue of 83,333,333 ordinary shares of 0.1p each in February 2019, and 71,000,000 in April 2019, the number of allotted ordinary shares of 0.1p each in issue was 752,629,382.

11 Goodwill

Group

	£
Cost	
At 1 January 2017 and 2018 and 31 December 2018	**1,602,522**
Net book value	
At 31 December 2018	**1,602,522**
At 31 December 2017	1,602,522

The goodwill arising on the acquisitions of ValiRx Bioinnovation Limited, ValiPharma Limited, Valisrc Limited and ValiSeek Limited is not being amortised but is reviewed on an annual basis for impairment, or more frequently if there are indications that goodwill might be impaired. The impairment review comprises a comparison of the carrying amount of the goodwill with its recoverable amount (the higher of fair value less costs to sell and value in use). ValiRx Plc has used the value in use method, applying a 15% discount rate.

Goodwill per cash generating unit	£
ValiPharma Limited	772,230
ValiRx Bioinnovation Limited	394,613
Valisrc Limited	–
ValiSeek Limited	435,679

Sensitivity analysis is not required as a reasonably possible change in assumptions would not result in an impairment.

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

12 Intangible assets

Group

	Patents £	Brands and licences £	Total £
Cost			
At 1 January 2017	1,330,333	375,000	1,705,333
Additions	206,727	–	206,727
At 31 December 2017	1,537,060	375,000	1,912,060
Additions	441,655	–	441,655
At 31 December 2018	**1,978,715**	**375,000**	**2,353,715**
Amortisation			
At 1 January 2017	337,768	71,875	409,643
Amortisation for year	149,935	27,199	177,134
At 31 December 2017	487,703	99,074	586,777
Amortisation for year	115,788	27,200	142,988
At 31 December 2018	**603,491**	**126,274**	**729,765**
Net book value			
At 31 December 2018	**1,375,224**	**248,726**	**1,623,950**
At 31 December 2017	1,049,357	275,926	1,325,283

In July 2016, the Company sold its subsidiary, ValiRx (Finland) OY, (which owns the TRAC Technology) to Sovicell Science for Life GmbH for €800,000. TRAC is a cancer diagnosis technology. At the same time, the Company retained the licence to use TRAC in its development of therapeutic candidates. Sovicell paid €202,000 in total towards the consideration. However, the balance of the consideration of €598,000, plus late payment fees of €100,000 remained unpaid. As a consequence, Sovicell has now forfeited the assets it acquired, and the Group has capitalised £117,627 as additions to intangible fixed assets ("Sovicell assets") and the Group and the Company have impaired the balance of the debt of £506,755, which has been expensed to the Statement of Profit or Loss. The Sovicell assets have been included at valuation which was prepared by an external valuer.

Company

	Brands and licences £
Cost	
At 1 January 2017 and 2018	200,000
At 31 December 2018	**200,000**
Amortisation	
At 1 January 2017	40,000
Amortisation for year	20,000
At 31 December 2017	60,000
Amortisation for year	20,000
At 31 December 2018	**80,000**
Net book value	
At 31 December 2018	**120,000**
At 31 December 2017	140,000

13 Property, plant and equipment

Group

	Plant and machinery £
Cost	
At 1 January 2017 and 2018	35,165
Disposals	(3,495)
At 31 December 2018	**31,670**
Depreciation	
At 1 January 2017	24,612
Charge for the year	10,553
At 31 December 2017	35,165
Eliminated on disposal	(3,495)
At 31 December 2018	**31,670**
Net book value	
At 31 December 2018	**–**
At 31 December 2017	–

Company

	Plant and machinery £
Cost	
At 1 January 2017 and 2018	31,670
At 31 December 2018	**31,670**
Depreciation	
At 1 January 2017	21,117
Charge for the year	10,553
At 31 December 2017 and 2018	**31,670**
Net book value	
At 31 December 2018	**–**
At 31 December 2017	–

14 Investments

Group

	Unlisted investments £
Cost	
At 1 January 2018 and 31 December 2018	**1,333,770**
Provisions	
At 1 January 2018 and 31 December 2018	**1,333,770**
Net book value	
At 31 December 2018	**–**
At 31 December 2017	–

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

14 Investments continued

The Group and the Company owns 5.5% (2017: 5.5%) (on a fully diluted basis) of the issued share capital of Morphogenesis Inc., a company incorporated in USA. Morphogenesis Inc. is a private company in which ValiRx Plc holds a minority interest.

Company

	Shares in Group undertakings £	Unlisted investments £	Total £
Cost			
At 1 January 2018 and 31 December 2018	**3,617,834**	**1,333,770**	**4,951,604**
Provisions			
At 1 January 2018 and 31 December 2018	**–**	**1,333,770**	**1,333,770**
Net book value			
At 31 December 2018	**3,617,834**	**–**	**3,617,834**
At 31 December 2017	3,617,834	–	3,617,834

The Group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

ValiRx Bioinnovation Limited
Registered office: England & Wales
Nature of business: Intermediate holding company

Class of shares:	% holding
Ordinary shares	100.00

ValiPharma Limited
Registered office: England & Wales
Nature of business: Therapeutic research & development

Class of shares:	% holding
Ordinary shares	100.00

60.28% is owned by ValiRx Bioinnovation Limited and 39.72% by the Company.

Valisrc Limited
Registered office: England & Wales
Nature of business: Dormant

Class of shares:	% holding
Ordinary shares	100.00

ValiSeek Limited
Registered office: England & Wales
Nature of business: Therapeutic research & development

Class of shares:	% holding
Ordinary shares	55.50

15 Trade and other receivables

	Group		Company	
	2018 £	2017 £	**2018 £**	2017 £
Current				
Amounts owed by Group undertakings	**–**	–	**2,609,278**	1,961,472
Other debtors (note 12)	**15,281**	637,945	**13,059**	630,744
Rent deposit	**25,926**	26,590	**25,926**	26,590
VAT	**77,814**	55,041	**85,398**	54,959
Called up share capital not paid	**73**	73	**–**	–
Prepayments and accrued income	**54,995**	46,826	**54,817**	46,826
	174,089	766,475	**2,788,478**	2,720,591

In the Directors' opinion, the carrying amounts of receivables is considered a reasonable approximation of fair value.

16 Derivative financial assets

	Group		Company	
	2018 £	2017 £	**2018 £**	2017 £
Derivative financial assets	**–**	117,229	**–**	117,229

In September 2015, the Company issued 8,161,637 new shares of 0.1p per share at a price of 30.018p per share to YA Global Master SPV Ltd ("Yorkville") with a notional value of £2.45 million. On subscription, the Company received £1.45m less costs of £167,500.

At the same time, the Company entered into an equity swap agreement with Yorkville for 6,430,872 of these shares with a notional price of 15.55p per share i.e. £1m. Yorkville have hedged the consideration they pay for shares in the Company against the performance of the Company's share price over a 12-month period.

All 8,161,637 shares were allotted with full rights on the date of the transaction.

At each swap settlement, the Company will receive greater or lower consideration calculated on pro-rata basis depending on whether the applicable Market Price for the previous month was greater or less than the Benchmark Price (34.21p per share).

As the amount of the consideration receivable by the Company from Yorkville will vary subject to the change in the Company's share price and will be settled in the future, the receivable has been treated as a derivative financial asset and has been designated at fair value through profit or loss.

The fair value of the derivative financial assets has been determined by reference to the Company's share price and has been estimated as follows:

	Share price	Notional number of shares outstanding	Fair value £
Value of derivative financial assets at 1 January 2017	5.25p	2,679,530	140,675
Loss on revaluation of derivative financial assets			(23,446)
Value of derivative financial assets at 31 December 2017	4.38p	2,679,530	117,229
Loss on revaluation of derivative financial assets on termination		(2,679,530)	(442,229)
Transfer to Equity Swaps loan			325,000
Value of derivative financial assets at 31 December 2018		**–**	**–**

In April 2018, the agreed value that the Company owed Yorkville under the Swap Agreement was £418,275. Following negotiations, in September 2018, the Swap Agreement was terminated, and an amount of £325,000 was agreed in full and final settlement of the outstanding debt. This was converted into a Loan (note 20).

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

17 Cash and cash equivalents

	Group		Company	
	2018 £	2017 £	**2018 £**	2017 £
Bank accounts	**372,872**	701,410	**372,190**	685,884

18 Called up share capital

	2018 Number	2017 Number	**2018 £**	2017 £
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	**598,296,049**	350,310,448	**598,297**	350,311
Deferred shares of 0.5p each	**58,378,365**	58,378,365	**2,918,918**	2,918,918
Deferred shares of 0.9p each	**157,945.030**	157,945,030	**1,421,505**	1,421,505
Deferred shares of 12.4p each	**30,177,214**	30,177,214	**3,741,974**	3,741,974
			8,680,694	8,432,708

In December 2017, Yorkville elected to convert US$520,000 of its Convertible Loan Notes ("CLNs") (plus accrued interest of US$1,667) into 25,222,857 ordinary shares at a conversion price of 1.54295p per share. The shares were admitted to AIM in January 2018.

In December 2017, the Company raised £1 million, before expenses, through the issue of 23,529,412 new ordinary shares at a price of 4.25 pence per share. The funds were to be used for advancing the clinical trial of VAL201 and for the preclinical progress of other programmes. The shares were admitted to AIM in January 2018.

In January 2018, the Company received notifications of the exercise of warrants over 8,000,000 ordinary shares at an exercise price of 1.25p per share and over 400,000 ordinary shares at an exercise price of 5p per share in the Company, providing the Company with gross proceeds of £120,000.

In May 2018, the Company raised £0.95 million, before expenses, through the issue of 47,500,000 new ordinary shares at a price of 2.0 pence per share. The funds were to be used for advancing the clinical trial of VAL201 and for the preclinical progress of other programmes.

In September 2018, the Company raised £1.15 million, before expenses, through the issue of 76,666,666 new ordinary shares at a price of 1.50 pence per share. The funds were to be used for advancing the clinical trial of VAL201 and for the preclinical progress of other programmes.

In December 2018, the Company raised £0.50 million, before expenses, through the issue of 66,666,666 new ordinary shares at a price of 0.75 pence per share. The funds were to be used for advancing the clinical trial of VAL201 and for the preclinical progress of other programmes.

The deferred shares have no rights to vote, attend or speak at general meetings of the Company or to receive any dividend or other distribution and have limited rights to participate in any return of capital on a winding-up or liquidation of the Company.

19 Trade and other payables

	Group		Company	
	2018 £	2017 £	**2018 £**	2017 £
Current				
Trade creditors	**772,244**	1,210,675	**724,876**	1,062,605
Amounts owed to Group undertakings	**–**	–	**300,670**	300,670
Social security and other taxes	**71,742**	72,764	**68,882**	61,899
Other creditors	**–**	18,450	**–**	18,450
Wages and salaries	**10,001**	–	**10,001**	–
Accruals and deferred income	**36,000**	51,347	**30,000**	44,000
Directors' current accounts	**–**	41,030	**–**	41,030
	889,987	1,394,266	**1,134,429**	1,528,654

In the Directors' opinion, the carrying amount of payable is considered a reasonable approximation of fair value.

20 Financial liabilities – borrowings

	Group		Company	
	2018 £	2017 £	**2018 £**	2017 £
Current:				
Convertible loan notes	**–**	390,120	**–**	390,120
Equity swap loan	**313,699**	–	**313,699**	–
	313,699	390,120	**313,699**	390,120

Yorkville Convertible Loan Notes

On 1 September 2016, the Company entered into an agreement with YA Global Master SPV Ltd ("Yorkville") in which it has agreed to subscribe for Convertible Loan Notes ("Notes") with an aggregate principal amount of up to US$3.75 million in 3 Tranches of up to US$1.25 million each. The Notes are unlisted, unsecured and convertible with a twelve-month maturity date from the date of drawdown. Interest is accrued at 9% per annum and payable upon conversion, or maturity, of the Notes in United States dollars or in Ordinary Shares in the Company at Yorkville's discretion.

Conversion terms

On 1 September 2016 and 1 December 2016, the Company issued the first two Tranches totalling US $2.50 million of Notes, before expenses.

In the 30-day period from 1 September 2016, the outstanding Notes could be converted at a price representing 130% of the closing price as of 1 September 2016.

Thereafter, Yorkville may elect to convert varying amounts of the Notes at the lower of (1) 130% of the closing price as of 2 September 2016 and (2) a price represented by 95% of the average of the 5 daily Volumes Weighted Average Price ("VWAP") of Yorkville's choosing from the 15 daily VWAPs immediately preceding the date of the conversion notice from Yorkville.

Repayment

During the reporting period, the Company issued 25,222,857 (2017: 83,708,122) fully paid Ordinary Shares following receipt of conversion notices for the exercise of conversion rights in respect of US$521,667 (2017: US$1,553,339) (including accrued interest) of the Notes. Repayments of US$ nil (2017: US$82,135), other than by conversion to ordinary shares also occurred.

	2018	2017
Issue date	**01/12/2016**	01/12/2016
Repayment date	**01/12/2017**	01/12/2017

	£	£
Value brought forward	**390,120**	1,294,299
Value on issue of notes	**–**	–
Total transaction costs	**–**	–
Derivative financial liability on issue	**–**	–
	390,120	1,294,299
Interest expense (note 6)	**–**	413,971
Interest accrued	**–**	(86,089)
Conversion of notes to ordinary shares	**(389,163)**	(1,065,120)
Repayment of loan notes	**–**	(62,277)
Exchange difference	**(957)**	(104,664)
	–	390,120

Swap settlement (note 16)

In September 2018, Yorkville and the Company agreed a final settlement in respect of the Swap Agreement and entered into a deed to terminate that agreement. At the time, the Company owed Yorkville £418,275 under the Agreement.

It was agreed that the Company would pay Yorkville £325,000 plus any deferral fees in full and final settlement by quarterly instalments, the last of which is to be paid on 1 May 2020. At the Company's discretion, it may settle a quarterly instalment by issuing Ordinary Shares in the Company to Yorkville, based on the share price at the time of repayment.

Due to the deferral of the first instalment, the parties agreed a deferral whereby further late payment fees were due by the Company to Yorkville.

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

20 Financial liabilities – borrowings continued
Swap settlement (note 16) continued

	2018 £	2017 £
Agreed full and final settlement	**325,000**	–
Repayment	**(25,000)**	–
Deferral fee	**13,699**	–
Balance at 31 December	**313,699**	–

Except for £90,000 which is due for repayment in 2020, the balance should be settled within 2019.

21 Other financial commitments
At 31 December 2018, the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2019:

	Land and buildings	
	2018 £	2017 £
Operating leases which expire:		
Within one year	**110,906**	133,087
1-2 years	**–**	110,906

22 Related party disclosures

During the year the Director, G Desler, provided the Company and its subsidiaries with bookkeeping services totalling £19,219 (2017: £18,450).

During the year the Director O de Giorgio-Miller invoiced the Company £49,500 (2017: £49,500) for research and development work.

At the year end, the amounts owed to Directors were as follows:

	2018 £	2017 £
G Desler	**8,036**	41,030
O de Giorgio-Miller	**5,579**	–
G Morris	**–**	–
S Vainikka	**–**	–
K Alexander	**–**	–

23 Events after the reporting period
In February 2019, the Company raised £0.5 million of gross proceeds through the issue of 83,333,333 new ordinary shares at a price of 0.6 pence per ordinary share ("Placing Shares") with new and existing investors. The net proceeds of the Placing were to be used to further expand the scope of the clinical trial of VAL201 to treat prostate cancer and to thereby advance the programme. The funds will also be used to progress the development of the pre-clinical VAL301 and VAL101 programmes and towards clinical trials.

The funds were raised through the Company's broker, Novum Securities Limited ("Novum"). As part of their fee arrangement, the Company agreed to issue Novum with a warrant over 8,333,333 ordinary shares in the Company, which can be exercised at a price of 0.6 pence per share at any time until the third anniversary of the issue of the warrant.

Subscription Agreement
In April 2019, the Company entered into a Subscription Agreement ("the Agreement") with European High Growth Opportunities SF (the "Investor"). The terms of the Agreement stipulate that the Investor will provide the Company with access to further funding by means of convertible funds with attached warrants (the "Convertible Funds"). The Agreement states that the Subscription is split into three equal tranches of 71,000,000 shares (the "Subscription Shares"), at a subscription price of 0.6 pence per share, raising gross proceeds of £426,000 per tranche. This represents a total of 213,000,000 shares with gross proceeds of £1,278,000. The Subscription Shares will, when issued, rank pari passu in all respects with the existing ordinary shares of the Company.

The expected timetable for admission for each of the tranches is as follows:

Tranche 1 – on or around 1 May 2019;
Tranche 2 – on or around 21 May 2019; and
Tranche 3 – on or around 14 June 2019.

An aggregate structuring fee totalling £278,000 is payable to the Investor by ValiRx in three equal instalments of £92,666.66 following each of the tranches ("Structuring Fee"), relating both to the Subscription and also the Convertible Funds (as detailed on page 51).

23 Events after the reporting period continued

Convertible Funds

Under the Agreement the Investor shall provide to the Company additional financing by way of Convertible Funds, subject to signature by both parties to definitive documentation by 21 June 2019. Should definitive documentation not be signed by 21 June 2019, ValiRx shall be required to pay the investor a break fee totalling £150,000 (the "Break Fee") plus an additional amount in the event the Company's share price declines in the period to the date the Break Fee crystallises. This additional amount is to be calculated by multiplying the stock performance of the Company (expressed as a percentage) by £1,000,000.

Terms of Convertible Funds

Under the terms of the Agreement, the Investor has committed convertible funds of up to £6,000,000 ("Total Commitment") with a 0% coupon. The first tranche of £500,000 will then be followed by 22 additional tranches of £250,000. The Company may request to suspend the automatic disbursement of these tranches, but covenants to drawdown up to a maximum of eight tranches on demand of the Investor.

A "make whole amount" provision shall apply to the first tranche of the Convertible Funds such that the subscription price for the £500,000 tranche shall be reduced in the event that the Company's share price declines in the period to the issuance of the first tranche. This is to be calculated by multiplying the stock performance of the Company (expressed as a percentage) by £1,000,000.

The Convertible Funds may be converted into shares in the Company twelve months from issuance at a price equal to 95% of the lowest closing bid price in the 15 days immediately preceding the issuance of a conversion notice by the Investor.

Warrants

The Investor shall have the option to purchase an amount of the Company's shares equivalent to 25% of the Total Commitment during a period of five years. The exercise price is to be calculated as 120% of the lower of either the lowest closing bid price in the 15 days immediately preceding the date of the signing of the letter of intent or immediately preceding the request to issue the first tranche.

Additionally, the Investor shall have the option to purchase an amount of the Company's shares equivalent to 15% of the value of each tranche of Convertible Funds during a period of five years. The exercise price is to be calculated as 120% of the lowest closing bid price in the 15 days immediately preceding the issuance of a new tranche.

IP assets of FIT Biotech OY

In April 2019, ValiRx entered into an agreement to acquire from the administrator of FIT Bio, the IP assets of FIT Bio for a consideration of €5,000.

FIT Bio, a Finnish biotech company, was involved in the development of gene delivery technology for a number of indications positioning its technology as an alternative to biologics, such as vaccines, antibodies and protein-based drugs. FIT Bio's principle technology – its Gene Transport Unit platform – had seen an initial product enter into clinical trials.

ABO had previously provided finance to FIT Bio – having entered into a financing agreement with FIT Bio in December 2017. Following the termination of this financing agreement FIT Bio was placed into bankruptcy proceedings. ValiRx has acquired the IP assets from the appointed administrator of FIT Bio.

Joint Venture Agreement

In conjunction with the acquisition of FIT Bio's Intellectual Property assets, ValiRx has signed a Letter of Intent ("LOI") with ABO, an EHGO entity with which the Company entered into a subscription agreement. The agreement is to establish a genetic therapeutic and diagnostic-based joint venture ("JV"), for the further development of FIT Bio's IP assets with the objective to assemble and progress a portfolio of genetic-based technologies.

It is envisaged that ValiRx will provide the scientific, technological and clinical development expertise to the JV, whilst ABO will focus on financing the entity and progressing commercial activities. It is also envisaged that ValiRx will add its GeneICE technology, along with the Company's gene silencing compound, VAL101, into the JV portfolio to sit alongside the IP assets of FIT Bio, as the Company believes the portfolio technologies are complementary to each other.

The combined portfolio is well positioned to address the large medical and scientific needs for future precision genetic editing, with all the anticipated technologies in the JV being applicable to many indications, in oncology, inflammation, infectious diseases and neurological conditions.

The formation of the JV is subject to further due diligence following the conclusion of scientific and financial analysis. ValiRx and ABO have agreed that discussions and future negotiation are to be conducted on an exclusive basis.

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

24 Ultimate controlling party
The Directors consider that there is no ultimate controlling party.

25 Share-based payment transactions
At 31 December 2018 outstanding awards to subscribe for ordinary shares of 0.1p each in the Company, granted in accordance with the rules of the ValiRx share option schemes, were as follows:

2017	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
Brought forward	3,793,400		51.74
Lapsed during year	(332,440)		60.00
Carried forward	3,460,960	6.50	50.98

2018	**Number of shares**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (pence)**
Brought forward	**3,460,960**		**50.98**
Granted during the year	**17,300,000**		**4.00**
Lapsed during year	**(48,000)**		**43.13**
Carried forward	**20,712,960**	**8.52**	**11.76**

All options were exercisable at the year end. No options were exercised during the year.

25 Share-based payment transactions continued

The following share-based payment arrangements were in existence during the current and prior years.

Options	Number	Expiry date	Exercise price	Fair value at grant date
1. Granted 17 September 2009	20,400	17/09/2019	125.00p	90.00p
2. Granted 8 July 2011	292,000	08/07/2021	93.75p	12.50p
3. Granted 19 January 2014	952,000	19/01/2024	43.13p	5.00p
4. Granted 21 October 2014	1,032,000	21/10/2024	45.00p	3.75p
5. Granted 26 June 2015	1,116,560	26/06/2025	51.00p	4.04p
6. Granted 9 February 2018	17,300,000	09/02/2028	4.00p	2.79p

The fair value of the remaining share options has been calculated using the Black-Scholes model. The assumptions used in the calculation of the fair value of the share options outstanding during the year are as follows:

Options	Grant date share price	Exercise price	Expected volatility	Expected option life (years)	Risk-free interest rate
1. Granted 17 September 2009	262.50p	125.00p	40.00%	4.00	2.50%
2. Granted 8 July 2011	80.00p	93.75p	52.00%	3.00	1.24%
3. Granted 19 January 2014	43.13p	43.13p	17.00%	3.00	0.99%
4. Granted 21 October 2014	45.00p	45.00p	17.00%	3.00	1.00%
5. Granted 26 June 2015	50.50p	51.00p	16.00%	3.00	0.38%
6. Granted 9 February 2018	4.00p	4.00p	196.00%	3.00	0.88%

The fair value has been calculated assuming that there will be no dividend yield.

Volatility was determined by reference to the standard deviation of expected share price returns based on a statistical analysis of daily share prices over a 3-year period to grant date. All the above options are equity settled.

All the share options are equity settled and the charge for the year is £482,993 (2017: £nil).

Warrants

At 31 December 2018 outstanding warrants to subscribe for ordinary shares of 0.1p each in the Company, granted in accordance with the warrant instruments issued by ValiRx, were as follows.

2017	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
Brought forward	36,970,996	2.96	8.84
Granted	54,209,015		4.45
Exercised	(6,140,000)		3.05
Carried forward	85,040,011	2.34	6.46

2018	**Number of shares**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (pence)**
Brought forward	**85,040,011**	**2.34**	**6.46**
Granted	**25,413,725**		**4.55**
Exercised	**(8,400,000)**		**1.43**
Carried forward	**102,053,736**	**1.30**	**6.40**

3,300,000 warrants granted on 1 January 2018, 4,700,000 granted on 14 December 2017 and 400,000 warrants granted on 15 March 2017 were exercised at 1.25p, 1.25p and 5p per share respectively during the year.

All warrants were exercisable at the year end.

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

25 Share-based payment transactions continued

Warrants continued

The following warrants were in existence during the current and prior year.

Warrants	Number	Expiry date	Exercise price	Fair value at grant date
1. Granted 7 April 2016	4,926,741	31/03/2021	9.00p	0.92p
2. Granted 22 April 2016	1,710,922	31/03/2021	9.00p	0.67p
3. Granted 12 July 2016	8,333,333	12/07/2021	9.00p	0.36p
4. Granted 16 September 2016	2,000,000	16/09/2021	6.00p	0.78p
5. Granted 16 September 2016	20,000,000	16/09/2021	9.00p	0.13p
6. Granted 15 March 2017	42,969,015	15/03/2019	5.00p	N/A
7. Granted 2 January 2018	11,764,706	02/01/2019	8.00p	N/A
8. Granted 2 January 2018	1,882,353	02/01/2021	4.25p	1.95p.
9. Granted 14 May 2018	1,800,000	14/05/2021	2.50p	1.40p
10. Granted 31 December 2018	6,666,666	31/12/2021	0.75p	0.40p

The fair value of the remaining warrants has been calculated using the Black-Scholes model. The assumptions used in the calculation of the fair value of the share options outstanding during the year are as follows:

Warrants	Grant date share price	Exercise price	Expected volatility	Expected option life (years)	Risk-free interest rate
1. Granted 7 April 2017	9.30p	9.00p	17.00%	3.00	0.48%
2. Granted 22 April 2016	8.60p	9.00p	17.00%	3.00	0.62%
3. Granted 12 July 2016	7.60p	9.00p	18.00%	3.00	0.23%
4. Granted 16 September 2016	6.50p	6.00p	18.00%	3.00	0.14%
5. Granted 16 September 2016	6.50p	9.00p	18.00%	2.00	0.14%
6. Granted 15 March 2017	2.50p	5.00p	N/A	N/A	N/A
7. Granted 2 January 2018	4.13p	8.00p	N/A	N/A	N/A
8. Granted 2 January 2018	4.13p	4.25p	112.00%	3.00	0.60%
9. Granted 14 May 2018	2.90p	2.50p	107.60%	3.00	0.83%
10. Granted 31 December 2018	0.80p	0.75p	105.60%	3.00	0.78%

The warrants granted on 15 March 2017 and those granted on 2 January 2018 (6 and 7 above) fall outside the scope of IFRS and as such no charge is made.

The fair value has been calculated assuming that there will be no dividend yield.

Volatility was determined by reference to the standard deviation of expected share price returns based on a statistical analysis of daily share prices over a 3-year period to grant date.

Except for the warrants granted on 15 March 2017 and 2 January 2018 (6 and 7 above), all the warrants are equity settled and the charge for the year is £154,765 (2017: £158,765). As the warrants relating to the charge were all in consideration of shares issued during the year, the charge has been taken directly to equity and charged against the share premium as costs in respect of the issue of shares.

26 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group, and are all Directors of the Company.

	2018 £	2017 £
Salaries and other short-term employee benefits	**343,431**	280,008
Salaries and other short-term employee benefits – research & development	**209,250**	209,250
Post-employment benefits	**32,541**	13,881
	585,222	503,139

26 Key management personnel compensation continued

	Salary £	Bonus £	Benefits in kind £	Post-employment benefits £	**2018 £**	2017 £
S Vainikka	154,073	40,143	1,550	17,806	**213,572**	192,240
G Morris	124,025	35,573	3,158	14,735	**177,491**	155,982
K Alexander	25,625	22,343	–	–	**47,968**	26,125
G Desler	52,890	27,676	–	–	**80,566**	82,115
O de Giorgio-Miller	36,000	29,625	–	–	**65,625**	36,000
S Makinen (resigned 30/05/2017)	–	–	–	–	**–**	10,677
	392,613	155,360	4,708	32,541	**585,222**	503,139

Details of fees paid are shown in note 22 above.

The number of Directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2017: 2).

The Directors interests in share options as at 31 December 2018 are as follows:

	Options at 31 December 2018	Exercise price	Date of grant	First date of exercise	Final date of exercise
K Alexander	3,200	125.00p	17.09.09	17.09.13	17.09.19
K Alexander	48,000	93.75p	08.07.11	08.07.11	08.07.21
K Alexander	160,000	43.125p	19.01.14	19.01.14	19.01.24
K Alexander	160,000	45.00p	21.10.14	21.10.14	21.10.24
K Alexander	173,800	51.00p	26.06.15	26.06.15	25.06.15
K Alexander	2,500,000	4.00p	07.02.18	07.02.18	07.02.28
	3,045,000				
O de Giorgio-Miller	24,000	93.75p	08.07.11	08.07.11	08.07.21
O de Giorgio-Miller	160,000	43.125p	19.01.14	19.01.14	19.01.24
O de Giorgio-Miller	160,000	45.00p	21.10.14	21.10.14	21.10.24
O de Giorgio-Miller	211,000	51.00p	26.06.15	26.06.15	25.06.15
O de Giorgio-Miller	2,750,000	4.00p	07.02.18	07.02.18	07.02.28
	3,305,000				
G Desler	3,200	125.00p	17.09.09	17.09.13	17.09.19
G Desler	48,000	93.75p	08.07.11	08.07.11	08.07.21
G Desler	176,000	43.125p	19.01.14	19.01.14	19.01.24
G Desler	176,000	45.00p	21.10.14	21.10.14	21.10.24
G Desler	189,760	51.00p	26.06.15	26.06.15	25.06.15
G Desler	3,000,000	4.00p	07.02.18	07.02.18	07.02.28
	3,592,960				
G Morris	6,000	125.00p	17.09.09	17.09.13	17.09.19
G Morris	48,000	93.75p	08.07.11	08.07.11	08.07.21
G Morris	176,000	43.125p	19.01.14	19.01.14	19.01.24
G Morris	176,000	45.00p	21.10.14	21.10.14	21.10.24
G Morris	191,000	51.00p	26.06.15	26.06.15	25.06.15
G Morris	3,125,000	4.00p	07.02.18	07.02.18	07.02.28
	3,722,000				
S Vainikka	8,000	125.00p	17.09.09	17.09.13	17.09.19
S Vainikka	80,000	93.75p	08.07.11	08.07.11	08.07.21
S Vainikka	192,000	43.125p	19.01.14	19.01.14	19.01.24
S Vainikka	192,000	45.00p	21.10.14	21.10.14	21.10.24
S Vainikka	222,000	51.00p	26.06.15	26.06.15	25.06.15
S Vainikka	3,625,000	4.00p	07.02.28	07.02.18	07.02.28
	4,319,000				

Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2018

27 Financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

- derivative financial assets;
- trade and other receivables;
- cash and cash equivalents; and
- trade and other payables.

The main purpose of these financial instruments is to finance the Group's operations. The fair value measurement of the derivative financial assets is as follows:

	Fair value measurement		
	Level 1 £	Level 2 £	Level 3 £
At 31 December 2018	–	–	–
At 31 December 2017	–	117,229	–

A summary of the financial instruments held by category is provided below:

Financial assets	2018 £	2017 £
Loans and receivables		
Trade and other receivables	**174,089**	766,475
Derivative financial assets	**–**	117,229
Cash and cash equivalents	**372,872**	701,410
Total loans and receivables	**546,961**	1,585,114
Total financial assets	**546,961**	1,585,114

Financial liabilities	2018 £	2017 £
Trade and other payables	**1,131,944**	1,711,622

The Directors consider that the carrying value for each class of financial asset and liability, approximates to their fair value.

Financial risk management

The Group's activities expose it to a variety of risks, including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group manages these risks through an effective risk management programme and, through this programme, the Board seeks to minimise potential adverse effects on the Group's financial performance.

The Board provides written objectives, policies and procedures with regards to managing currency and interest risk exposures, liquidity and credit risk including guidance on the use of certain derivative and non-derivative financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
The Group's credit risk is primarily attributable to its receivables and its cash deposits. It is Group policy to assess the credit risk of new customers before entering contracts. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk and interest rate risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Board regularly receives cash flow projections for a minimum period of twelve months, together with information regarding cash balances monthly.

The Group is principally funded by equity and invests in short-term deposits, having access to these funds at short notice. The Group's policy throughout the period has been to minimise interest rate risk by placing funds in risk free cash deposits but also to maximise the return on funds placed on deposit.

All cash deposits attract a floating rate of interest. The benchmark rate for determining interest receivable and floating rate assets is linked to the UK base rate.

Foreign currency risk

The Group's exposure to foreign currency risk is limited; as most of its invoicing and payments are denominated in Sterling. Accordingly, no sensitivity analysis is presented in this area as it is considered immaterial.

COMPANY INFORMATION

Directors
K J Alexander
O de Giorgio-Miller
G Desler
Dr G S Morris
Dr S Vainikka

Secretary
K J Alexander

Registered office
16 Upper Woburn Place
London
WC1H 0BS

Registered number
03916791 (England and Wales)

Auditors
Adler Shine LLP
Chartered Accountants and Statutory Auditor
Aston House
Cornwall Avenue
London
N3 1LF

Registrars
Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
West Midlands
B62 8HD

Design and Production
www.carrkamasa.co.uk
ckd

ValiRx plc
3rd Floor
16 Upper Woburn Place
London
WC1H 0BS

+44 (0)203 0084416
info@valirx.com
www.valirx.com