PORTAGE BIOTECH INC.
FORM 51-102F4
BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

Portage Biotech Inc. (**Portage** or the **Company**)
6 Adelaide Street East, Suite 300, Toronto, ON M5C 1H6

1.2 Executive Officer

The name and business telephone number of an executive officer of Portage who is knowledgeable about the significant acquisitions and this business acquisition report is:

Ian Walters
Chief Executive Officer
Phone: (203) 221-7378

Item 2 Details of Acquisition

2.1 Nature of Businesses Acquired

Effective January 8, 2019, Portage acquired 100% of the issued shares of SalvaRx Limited (**SalvaRx**). The vendors are SalvaRx Group plc, (94.2%), James Mellon (2.9%) and Gregory Bailey (2.9%). As a result of the completion of the acquisition, SalvaRx became a wholly-owned subsidiary of Portage, which currently manages the continued businesses of SalvaRx.

SalvaRx is a company incorporated in the British Virgin Islands on May 6, 2015 and formed for the purposes of investing in and acquiring businesses focused on novel cancer immunotherapies and to develop clinical proof of concept.

Set out below is an overview of the portfolio assets of SalvaRx:

(i) IOX Therapeutics Ltd. (**iOx**)

iOx was incorporated in England and Wales on February 10, 2015 by Oxford University Innovation Limited, Oxford University's technology transfer subsidiary, together with the Ludwig Institute. As at the date of this document, SalvaRx holds an equity stake of 60.49%. iOx's strategy is to develop a new type of immunotherapy against cancer, originally discovered through a partnership between the Ludwig Institute and Professor Cerundolo, director of the MRC Human Immunology Unit and head of the Department of Investigative Medicine at the University of Oxford.

On 1 July 2015, iOx obtained an exclusive licence (with the right to sub-licence) from the Ludwig Institute to use, research, develop and commercialise iNKT cell agonists, including compounds IMM47 and IMM60, for the treatment of various forms of human disease, including cancer, under the Ludwig Institute's intellectual property and know-how.

SalvaRx has entered into a collaborative research agreement with Oxford University to support a Phase I Study and Phase II Study that will allow the first human testing of the lead compound under licence to iOx. This initial trial is aiming to recruit approximately 60 participants in order to evaluate the safety and efficacy of the lead compound.

In April 2016, iOx was also recipient of a Horizon 2020 grant which covers the development of a second compound (IMM65). IMM65 is a nanoparticle formulation of IMM60 combined with a NY-ESO1 vaccine. All development work including two clinical trials are supported by funding from this grant to iOx and to the centers conducting this work on their behalf.

In March 2018, iOx issued US$1 million of unsecured convertible loan notes (the "Notes") to fund its ongoing research and development activities. Portage subscribed for US$950,000 of the Notes with an existing iOx shareholder, Oxford Sciences Innovation plc, subscribing for the balance of the Notes.

On 24 July 2018, iOx suffered a delay in manufacturing its lead drug candidate IMM60 due to quality failures in the manufacturing process. iOx is planning to initiate multiple human clinical studies in 2019.

On December 10, 2018, Portage doubled its convertible loan investment into iOx to US$1.9 million by subscribing for an additional US$950,000 unsecured promissory note. iOx will use the proceeds to facilitate preparing regulatory submissions for two first in human studies in 2019.

(ii) Nekonal Oncology Limited

On February 28, 2017 SalvaRx entered into an investment and collaboration agreement with Nekonal SARL ("Nekonal Agreement"), a Luxembourg-based company holding intellectual property rights for therapeutics and diagnostics in the field of autoimmune disorders and oncology.

As part of the agreement, SalvaRx and Nekonal have formed a joint venture company, Nekonal Oncology Ltd., which is working to utilise SalvaRx's management and drug development expertise to exclusively explore the applications of Nekonal's technology in cancer immunotherapy.

Under the terms of the Nekonal Agreement, SalvaRx invested an initial €600,000, with an agreement to fund up to an additional €300,000, subject to certain milestones being achieved. The initial investment comprised a €300,000 convertible loan in Nekonal to participate in the funding of its auto-immune programs and a €300,000 equity investment in Nekonal Oncology giving SalvaRx a 33% equity interest.

Nekonal Oncology is focusing on the development of first-in-class antibodies against a novel T-cell based target having potential for use as a monotherapy and combination therapy for solid and haematological malignancies. SalvaRx is overseeing a work plan to advance multiple therapeutic antibodies towards the clinic for use in oncology. Ian Walters, the CEO of SalvaRx, is the current CEO of Nekonal Oncology.

(iii) Rift Biotherapeutics Inc. (**Rift**)

On March 20, 2017 SalvaRx entered into an agreement to invest in Rift, a private, Delaware-domiciled biotechnology company focused on the development of antibodies for use in oncology.

Rift, an early stage research and development company, was founded in 2015 in order to discover and develop first-in-class antibodies implicated in the inflammatory tumour and tumour infiltrating immune cells microenvironment. Rift has a small lab space in San Diego, California. Rift recently won the Boehringer Ingelheim Innovation prize, entitling it to additional lab space at BioLabs San Diego, a Southern California based incubator for biotech start-ups.

Under the terms of the agreement, SalvaRx has invested US$1,000,000 for an initial holding of approximately 30%. Subject to Rift achieving certain development milestones with this initial funding, SalvaRx has the option to invest up to an additional US$1,500,000 at the same valuation and to acquire all outstanding shares of Rift in exchange for new shares in SalvaRx on the same basis. On December 15, 2017, SalvaRx invested an additional US$350,000, raising their equity to 34.99%.

For the six month period ended 30 June 2018, the investment in Rift was reported by SalvaRx's parent company, SalvaRx Group plc, as impaired to NIL as activities were placed on hold while it sought further investment funds.

(iv) Saugatuck Therapeutics, Ltd.

On September 25, 2017, SalvaRx entered into a joint venture agreement with Immunova, LLC, a private, Delaware-domiciled biotechnology company focused on use of nanolipogel (NLG) technology (the "Saugatuck JV Agreement"). NLG technology, invented in the lab of Dr. Tarek Fahmy at Yale University, allows different combinations of drugs to be encapsulated in a single nanomedicine and delivered selectively to the tumour microenvironment, thus potentially minimizing systemic side-effects.

The joint venture company, Saugatuck Therapeutics Ltd., has acquired an exclusive licence from Yale University via Immunova for use of the NLG platform for delivering DNA aptamers and certain aptamer-based combination products.

Under the terms of the Saugatuck JV Agreement, SalvaRx has initially invested US$1 million, to be released in tranches on the completion of milestones. The first tranche of US$300,000 is to be used by Saugatuck Therapeutics to establish proof of concept for the joint venture.

(v) Intensity Therapeutics Inc.

On April 22, 2016, SalvaRx announced its investment in US-based Intensity, a private biotechnology company pioneering a new approach to treating solid tumours.

SalvaRx has invested US$2 million in cash for a 9.2% interest in Intensity as part of a Series A funding round.

Intensity's platform, DfuseRx SM, identifies novel formulations that can be comprised of currently approved and effective cytotoxic or other anti-cancer agents for direct injection into solid tumours. The Intensity products not only directly kill tumour cells, but also improve the presentation of tumour antigen to the immune system.

Intensity's lead product, INT230-6, shows strong efficacy in preclinical models against the primary injected tumour without the devastating systemic exposure normally associated with cytotoxic compounds. Moreover, this lead compound can stimulate a potent systemic immune response that affects distal tumours.

On February 27, 2018, Intensity reported positive safety data from its ongoing Phase 1/2 first in human trial of INT230-6 in multiple solid tumours. Following intratumoral drug injections into superficial lesions in six patients with either ovarian, thyroid, head and neck or skin cancers, there were no dose limiting toxicities. The investigators reported three drug-related, local, mild-to-moderate reversible adverse events, no drug-related series adverse events, no systemic adverse events and no procedure-related adverse events. These results were consistent with the observed low systemic exposure levels of the active agents comprising INT230-6.

On October 22, 2018, Intensity announced the results from its clinical trial IT-01 at the European Society for Medical Oncology (ESMO) 2018 Congress in Munich, Germany. The preliminary data from a Phase 1/2 clinical study demonstrated that INT230-6, Intensity's novel lead product candidate designed for direct intratumoral injection, was well tolerated in patients with advanced solid tumors.

On November 2, 2018, Intensity announced the completion of a US$6.5 million Series B financing. Intensity plans to use the proceeds of the financing to advance the clinical development of lead product candidate INT230-6, a direct intratumoral injection that is currently being evaluated in a Phase 1/2 clinical study in patients with various advanced solid tumors. Intensity also intends to expand the study by adding clinical sites outside the U.S. and Canada, as well as adding combination arms with an anti-PD-1 antibody. Following the completion of the Series B financing, SalvaRx now has an interest of approximately 7 per cent in the equity of Intensity.

On November 8, 2018, Intensity released a further announcement that data from the 1/2 clinical study of INT230-6 and preclinical research highlighting the proprietary DfuseRx SM technology will be presented in a poster (P622) at the Society for Immunotherapy of Cancer's 33rd annual meeting in Washington D.C.

For risk factors relating to Portage's business, refer to its annual report in the form 20-F filed on SEDAR on December 27, 2019 included herein by way of a reference.

2.2 Acquisition Date

The acquisition was completed effective January 8, 2019. The Transaction also received minority shareholder approval in accordance with Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

2.3 Consideration

In accordance with the terms of the Share Purchase Agreement dated August 13, 2018, Portage issued an aggregate of 805,070,066 common shares of Portage at a deemed price of US$0.089 per share for an aggregate consideration of approximately US$71.70 million on January 9, 2018 as follows:

Seller	Number of Consideration Shares
SalvaRx Group plc	757,943,784
James Mellon	23,563,141
Gregory Bailey	23,563,141

Immediately after closing, SalvaRx Group plc effected a dividend in specie distribution of 656,399,142 (approximately 87%) of the Consideration Shares to its shareholders.

2.4 Effect on Financial Position

The effect on acquisition on Portage's financial position is reflected in consolidated audited financials of Portage for the year ended March 31, 2019 filed on SEDAR on December 27, 2019 and included herein by way of a reference.

There has not been any change in the board of directors and management of Portage. Dr. Ian Walters who was a director of both Portage and SalvaRx before the acquisition is now a chief executive officer of both Portage and SalvaRx.

Portage does not have any current plans or proposals for material changes in the business affairs of SalvaRx, which may have a significant effect on the financial performance and financial position of Portage.

The acquisition of SalvaRx represents the next evolution of Portage as it will acquire interest in 10 products in the exciting area of immuno-oncology led by an experienced team who developed leading blockbuster drugs in this space.

2.5 Prior Valuations

A formal valuation was not required under securities legislation (MI 61-101) but as part of the independent director review of the acquisition, a valuation report was prepared.

On May 10, 2018, The valuator (PharmaVenture Ltd. Of Oxford, England) delivered an initial report which indicated a value of between US$74.9 Million and US$215.9 Million for SalvaRx and its portfolio of technologies. On July 23, 2018, following further due diligence by Steve Mintz, Portage's independent director, and after taking into account certain technical issues related to one of the portfolio technologies brought to the valuator's attention by Mr. Mintz, the valuator delivered an updated Valuation Report which indicated a range in value of between US$67 Million and US$188 Million for SalvaRx.

The updated valuation report of July 23, 2018 was included in Portage's Management Information Circular dated November 26, 2018 in Schedule "D" thereof, which is included herein by way of a reference.

2.6 Parties to Transaction

The parties to the transaction were Portage as purchaser and SalvaRx Group plc (SALV:LSE), (94.2%), James Mellon (2.9%) and Gregory Bailey (2.9%) (collectively, the "Vendors").

This was a related party transaction since four of SALV's board members, James Mellon, Gregory Bailey, Ian Walters and Kam Shah were also the four out of six board members of Portage. As the Vendors are all related parties, the Transaction was subject to the requirements of Multilateral Instrument 61-101 *Protection of Minority Shareholders in Special Transactions* ("MI 61-101"). As a consequence, the Transaction required minority shareholder approval, which was obtained in the annual and special meeting of the shareholders of Portage held on January 8, 2019.

2.7 Date of Report

April 6, 2020

Item 3 Financial Statements and Other Information

The following financial statements are specifically incorporated by reference in, and form a part of, this business acquisition report:

(i) The audited consolidated financial statements of SalvaRx Group plc for the period ending December 31, 2018; and

(ii) an unaudited pro forma condensed consolidated statement of financial position of Portage and SalvaRx as at December 31, 2018 as if the merger has taken place as at January 1, 2018, and an unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income for the year then ended along with notes.

The pro forma information is being provided as supplemental information to add context to the audited financial statements of SalvaRx Group plc.

SALVARX GROUP PLC

Annual Report and Accounts

for the year ended 31 December 2018

CONTENTS

SALVARX GROUP PLC

Directors, Officers and Advisors

DIRECTORS

J Mellon	Non-Executive Chairman
D Eke	CFO
G Bailey	Non-Executive Director

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Isle of Man, IM8 2LQ

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35-39 Maddox Street
London W1S 2PP

Peterhouse Capital Limited
New Liverpool House
15-17 Eldon Street
London EC2M 7LD

SALVARX GROUP PLC
Chairman's Statement

I am pleased to present the audited final results for SalvaRx Group PLC ("SalvaRx", "the Company" or "the Group"), for the year ended 31 December 2018.

Results and business review
The total loss for the year ended 31 December 2018 was £3,366,000 (2017: loss of £2,234,000). £2,817,000 (2017: £1,776,000) of this loss relates to discontinued operations following the disposal and demerger described below. The Group's expenditure on research and development activities during the year amounted to £861,000 (2017: £1,185,000).

On 14 August 2018, the Company announced that it had entered into a conditional sale agreement for the disposal of its 94.2% interest in SalvaRx Limited to Portage Biotech Inc. ("Portage"), for a consideration of US$67.5 million, to be satisfied by Portage issuing and allotting 757,943,784 new Portage shares. The transaction was finally completed on 8 January 2019. The Company retained approximately 57 million Portage shares for its operating needs and distributed most of the remaining shares to its shareholders.

I believe that the disposal and the demerger was the best way to unlock and maximise value for shareholders without causing the dilution inherent in raising additional funds at a price which I did not believe reflected the value of the Company's underlying oncology assets.

The disposal and the demerger resulted in the divestment of substantially all of the Company's existing business, assets and investments. As such, the Company is now classified as an AIM Rule 15 cash shell and is required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 (or seek re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from completion of the disposal and the demerger (namely 9 July 2019). Failing which, the Ordinary Shares will be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM will be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

As a result, your board is in the process of evaluating suitable opportunities for the Company and I will make a further announcement as soon as is practicable.

Jim Mellon
Non-executive Chairman
27 June 2019

SALVARX GROUP PLC
Strategic Report

As described in the Chairman's Statement, the Company disposed of its interests in SalvaRx Limited on 8 January 2019. Whilst the Company is now classified as AIM Rule 15 cash shell, the following review describes the development of the Group's interests during the year and up to the disposal date.

During the year under review, the Group continued to make progress on advancing its oncology assets.

iOx Therapeutics Limited (56.95% subsidiary undertaking)

iOx Therapeutics Ltd ("iOx") continued to advance its first set of products through development. During this period, the company was granted additional patents covering liposomal formulation of its iNKT agonist. It also worked with its contract manufacturing partners to scale up the production to enable large scale runs. In July 2018, however, the Group announced a delay to the manufacturing process of our lead candidate IMM60. iOx also made progress with its second therapy, IMM65, to enable the determination of the final formulation.

To fund its ongoing research and development activities, in March 2018 iOx announced an issue of US$1 million of unsecured convertible loan notes and a further issue of US$1 million of loan notes was announced in December 2018.

Intensity Therapeutics Inc. (8.5% equity investment)

On 22 October 2018, Intensity Terapeutics Inc. ("Intensity") announced the results from its clinical trial IT-01 at the European Society for Medical Oncology (ESMO) 2018 Congress in Munich, Germany. The preliminary data from a Phase 1/2 clinical study demonstrated that INT230-6, Intensity's novel lead product candidate designed for direct intratumoral injection, was well tolerated in patients with advanced solid tumours.

On 2 November 2018, Intensity announced the completion of a $6.5 million Series B financing. Intensity plans to use the proceeds of the financing to advance the clinical development of lead product candidate INT230-6. Intensity also intends to expand the study by adding clinical sites outside the U.S. and Canada, as well as adding combination arms with an anti-PD-1 antibody.

On 8 November 2018, Intensity announced that additional data from a phase 1/2 clinical study of INT230-6 and preclinical research highlighting the company's proprietary DfuseRx SM technology had been presented at a poster session at the Society for Immunotherapy of Cancer's 33rd annual meeting in Washington D.C.

Other portfolio companies

The remaining portfolio companies - Nekonal Oncology and Saugatuck Therapeutics - continued to characterize, manufacture and test their products to enable decision making on further development. Activities at Rift Biotherapeutics Inc. remained suspended due to a lack of funding.

Financing

During the year, iOx Therapeutics Ltd issued $2 million of loan notes (as described further in note 18). The Company also received $1 million of funding from J Mellon and G Bailey. The combined effect of these facilities enabled the Group to continue its development strategy.

Disposal of interest in SalvaRx Limited

All the Company's investments and business interests were held by SalvaRx Limited, its 94.2% owned subsidiary, following a group restructuring conducted in March 2017.

Subsequent to the year end, on 8 January 2019, the Company disposed of its interest in SalvaRx Limited to Portage Biotech Inc ("Portage"), for a consideration of US$67.5 million, satisfied by the issue of new Portage shares ("Disposal").

Concurrent with the Disposal, the Company's Shareholders received 18 Demerger Shares (i.e. Portage consideration shares) for every share in SalvaRx Group plc held on the Demerger Record Date. This mechanism allowed qualifying Shareholders to retain an interest in the investments and business interests held by SalvaRx Limited (through their resultant interest in Portage following completion of the Demerger).

Portage, a company listed on the Canadian Securities Exchange, has existing interests in four promising biotech companies and cash resources of approximately $4 million which will be used to fund the ongoing development of the portfolio of oncology assets owned by SalvaRx Limited.

It is our hope that the Disposal will further facilitate our efforts to reach proof of concept and advance the products into clinical testing. Portage has a history of creating value for its shareholders - one of its portfolio companies, Biohaven Pharmaceutical Holding Company Ltd ("Biohaven") (NYSE:BHVN), was the second largest biotech IPO on NASDAQ in 2017. Portage subsequently announced a distribution in specie of its stock in Biohaven to its shareholders. Their initial US$7 million investment was worth in excess of US$100 million at the time of the IPO in 2017 and has almost doubled since then. Biohaven is now worth approximately US$1.9 billion. Portage has provided seed capital to four other biotech companies and will seek to evaluate new opportunities.

Outlook

The disposal and the demerger resulted in the divestment of substantially all of the Company's existing business, assets and investments. As such, the Company is now classified as an AIM Rule 15 cash shell and as such will be required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (or seek re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from completion of the disposal. Failing which, the Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40.

Jim Mellon
Non-executive Chairman
27 June 2019

SALVARX GROUP PLC
Directors' Report

Introduction

The Directors present their report and consolidated financial statements of SalvaRx Group plc ('the Group') for the year ended 31 December 2018.

Principal activity

The Group's principal activity was that of drug discovery and development, focused on immune-oncology. As explained in the Chairman's Statement and the Strategic Report, following disposal of SalvaRx Limited on 8 January 2019 the company is classified as a cash shell under AIM Rule 15.

Business and financial review and future developments

The plans for the future are set out in the Chairman's Statement and Strategic Report and are dependent upon the Company making an acquisition or acquisitions which constitute reverse takeover under AIM Rule 14 on or before the date falling six months from the disposal of SalvaRx Limited (namely 9 July 2019). Failing which, the Ordinary Shares will be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM will be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

Results and dividends

The Group's loss for the year after taxation was £3.37 million (2017: loss of £2.23 million). The Directors do not recommend the payment of a dividend for the year.

Directors

The Directors of the Group that served during the year and subsequently were as follows:

Jim Mellon, Non-Executive Chairman
Dr Ian Walters, Chief Executive Officer (resigned on 8 January 2019)
Kam Shah, Chief Financial Officer (resigned on 8 January 2019)
Denham Eke, Chief Financial Officer (appointed on 8 January 2019)
Dr Greg Bailey, Non-Executive Director
Richard Armstrong, Non-Executive Director (resigned on 8 January 2019)
Colin Weinberg, Non-Executive Director (resigned on 8 January 2019)

Biographical details of serving Directors can be found in the Board of Directors section.

Annual General Meeting and re-election of Directors

The date of the Annual General Meeting will be announced in due course.

Directors' Interests (continued)

Directors' Interests

The table below sets out the Directors interests in the Company's Ordinary Shares, including their connected persons, together with details of options held by the directors over New Ordinary Shares of the Company:

Director	*Number of Ordinary shares*	*Percentage of issued share capital*	*Number of Options*	*Exercise price*
J Mellon	13,406,521	36.53%	-	-
G Bailey	13,406,521	36.53%	-	-
I Walters	-	-	428,786	35.5p
K Shah	-	-	364,666	35.5p
R Armstrong	64,635	0.18%	86,230	23.2p
R Armstrong	-	-	91,166	35.5p
C Weinberg	43,103	0.12%	86,230	23.2p
C Weinberg	-	-	91,166	35.5p
	26,920,780		1,148,244	

Note: options with an exercise price of 23.2p are exercisable at any time until 16 February 2021. Options with an exercise price of 35.5p are exercisable in three equal annual tranches from 22 March 2017, except such options granted to Richard Armstrong and Colin Weinberg which are exercisable in event that they step down from the Board in due course on the appointment of new non-executive directors.

The interests of J Mellon in the table above include Ordinary Shares in the Company held by Agronomics Limited (formerly Port Erin Biopharma Investments Limited) and Galloway Limited. J Mellon holds controlling interests in these companies.

In the annual general meeting held on 8 January 2019, shareholders approved cancellation of the existing options and issuance of new options to acquire Portage shares from the Company. As a result, new options granted to the directors in place of their existing options were as follows:

Director	*Number of Options in Portage shares granted*	*Exercise price*
I Walters	6,234,373	US$0.00001
K Shah	5,302,094	US$0.00001
R Armstrong	2,730,871	US$0.00001
C Weinberg	2,730,871	US$0.00001

New Options have the following terms and conditions:

(a) Exercise Period: the New Options are exercisable during the period commencing three months from the Date of Grant and expiring on the first anniversary of the Date of Grant, being, 5.00 p.m. on 8 January 2020; and

(b) Vesting Condition: the Portage Shares have traded above US$0.03 (three cents) for a period of at least five consecutive trading days during the Exercise Period.

The New Options will lapse irrevocably in the event that they are not exercised before the expiry of the Exercise Period.

Directors' Interests (continued)

In addition to the above, J Mellon and G Bailey hold options over shares in SalvaRx Limited relating to warrants issued on the non-convertible loan notes in the prior year. Details of the terms of these loans are included in note 18.

I Walters and K Shah both hold 1,139 and 190 options respectively over shares in iOx Therapeutics Limited, a subsidiary in which the Group holds 56.95% equity.

Directors' insurance and indemnity provisions

Subject to the conditions set out in the Isle of Man Companies Act 2006 and the Company's Articles of Association, the Company has arranged appropriate Directors' insurance to indemnify the Directors against liability in respect of proceedings brought by third parties. The annual cost of the cover is not material to the Group.

Significant shareholders

Other than the Directors' interests shown above, the Company had been notified that the following is a holder of 3% or more of the Company's issued Ordinary Share capital:

	Number of Shares	*%*
Yongxiong Zheng	2,318,676	6.31

Share capital

Details of the issued share capital, together with details of the movement in issued share capital during the year, are shown in note 21 to the financial statements.

Principal risks and uncertainties

Prior to the disposal of SalvaRx Limited on 8 January 2019, the principal risks faced by the Group and the actions taken to mitigate them, are shown in the table below. After 8 January 2019, the Company is an AIM Rule 15 cash shell. The principal risk is therefore considered to relate solely to funding and finding a suitable acquisition target.

Risk/Description	Principal mitigation
Intellectual property: In common with other companies engaged in pharmaceutical development, the Group faces the risk that intellectual property rights necessary to exploit its research and development efforts may not be adequately secured or defended. The Group's intellectual property may also become obsolete, preventing commercial exploitation.	The Group and its partners actively manage all intellectual property (IP) rights, engaging with specialists to apply for and defend IP rights in appropriate territories.
Research and development: The Group may not generate further attractive drug candidates and candidates already in development may fail clinical trials because of lack of efficacy, unacceptable side effects, or insurmountable challenges in conducting studies adequate to support regulatory approvals. Practical issues, such as inability to devise acceptable formulations for products or inability to manufacture products at acceptable cost, may also lead to failure of candidates in development.	The lead product candidate has successfully completed a comprehensive preclinical development programme and the safety and efficacy profile is well understood. The clinical trials will be designed based on the data from the development programme completed to date.
Regulatory: Drug development is a highly regulated activity governed by different regulatory authorities in different jurisdictions. It can be difficult to predict the exact requirements of different regulatory bodies. Decisions by regulators may lead to delays in development and approval of drugs or lack of marketing authorisations in some or all territories.	The Group's and its partners' drug development teams include specialists in regulatory affairs who consult with other experts to ensure that internal control processes and clinical trial design meet current regulatory requirements. The Group also engages directly with regulatory authorities when appropriate
Financial: The successful development of the Group's assets requires financial investment which can come from revenues, commercial partners, or investors. Failure to generate additional funding from these sources may compromise the Group's ability to execute its business plans or to continue in business.	To date the Group has raised the capital necessary to fund its development through a mixture of debt and equity funding. The Board continuously monitor the ongoing funding requirement and take action as appropriate. The Group also operates robust controls over expenditures including budgeting and authorisation of individual expenditures.

Risk/Description	Principal mitigation
Commercial and economic: The Group may be unable to effectively commercialise or license its products to partners or may not be able to execute licensing deals that provide significant revenues. Development of alternative technologies or products may undermine the Group's capacity to generate revenue flowing from commercialisation of its assets. If the Group's drugs are commercialised, they may not generate significant revenues if their use and sale is restricted by regulators or by failure of healthcare payors to provide adequate reimbursement of drug costs.	The Group consults with commercial, clinical, and scientific experts to assess the payer and prescriber environment and the potential impact of competing products or changes in the economic landscape pertaining to hospital infections. The management actively monitors performance of key competitors in terms of pricing, market share, and prescribing behaviour.
Operational: The Group may not be able to recruit and retain appropriately qualified staff. Facilities and other resources may become unavailable.	The Group's recruitment processes are tailored to identify and attract the best candidates for specific roles. The Group aims to provide competitive rewards and incentives to staff and directors, and informally benchmarks the level of benefits provided to its people against similar companies.

Key Performance Indicators

At this stage, the Company has divested all its operating assets by disposing of SalvaRx Limited to Portage Biotech Inc. on 8 January 2019 and has become a cash shell. If and when the Company acquires new business, KPIs will become relevant and be measured and reported accordingly.

Political donations

There were no political donations made by the Group in the current or prior year.

Charitable donations

There were no charitable donations made by the Group in the current or prior year.

Going concern

The Disposal of SalvaRx Limited on 8 January 2019 resulted in the divestment of substantially all of the Company's existing business, assets and investments. The Company has now been classified as an AIM Rule 15 cash shell and as such is required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (or seek re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from completion of the Disposal failing which the Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

Following the disposal and demerger, the Company has limited cash reserves and its principal assets are up to 56,657,531 Retained Shares in Portage Biotech Inc. worth approximately US$5,043,000 (approximately, £3,897,000), as shares in a Canadian listed entity these are readily convertible into cash and are to be set aside for general working capital requirements.

As a cash shell, the Company has a low level of underlying overhead. The Directors have prepared forecasts that demonstrate that the Company has adequate resources (comprising cash in hand and the Retained Shares) to cover these costs for at least the next twelve months from the date of this report.

Payment of suppliers

It is the Group's policy that payments to suppliers are made in accordance with terms and conditions agreed between the Group and its suppliers. The average payment period for creditors for the year was 40 days (2017: 45 days).

Post balance sheet events

Events after the balance sheet date have been disclosed in the Chairman's Statement and note 26 to the financial statements.

Statement as to disclosure of information to the auditor

Each Director in office at the date of this report has confirmed, as far as he is aware, that there is no relevant audit information of which the auditor is unaware. Each such Director has confirmed that he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint RSM UK Audit LLP as auditor, at a fee to be agreed, will be proposed by the Board.

The Directors' Report was approved by the Board of Directors and signed on its behalf by:

Denham Eke
Chief Financial Officer
27 June 2019

SALVARX GROUP PLC
Board of Directors

Jim Mellon, Non-Executive Chairman
Jim Mellon is an investor with interests in several industries. After leaving Oxford University, where he studied PPE, he worked in Asia and the United States in two fund management companies, GT and Thornton, before establishing his own business in 1991. This now has two components: a listed fund management company, Charlemagne Capital Limited and an Asian investment group, Regent Pacific Group Limited. In addition, Jim is a controlling shareholder and a director of Manx Financial Group, an Isle of Man based bank and a controlling shareholder of Webis Holdings plc. He is also a co-founder of Uramin and Red Dragon Resources, both mining groups. Burnbrae, his private company, is a substantial landlord in Germany and in the Isle of Man, and it owns outright the hotel chain, Sleepwell Hotels Limited. Jim is the co-chairman of FastForward Innovations Limited and a director of Portage Biotech Inc. His book 'Cracking the Code', which was published in 2012, focused on investment opportunities in the life sciences sector. Jim is an honorary fellow of Oriel College, Oxford University.

Denham Eke, Chief Financial Officer
Denham Eke is the Managing Director of Burnbrae Group Limited, a private international asset management company. He began his career in stockbroking with Sheppards & Chase before moving into corporate planning for Hogg Robinson Plc, a major multinational insurance broker. He is a director of many years' standing of both public and private companies involved in the financial services, property, mining, and manufacturing sectors. He is chairman of Webis Holdings Plc, chief executive officer of Manx Financial Group Plc, chief finance officer of Port Erin Biopharma Investments Limited, and a non-executive director of Billing Services Group Limited - all quoted on the London AIM market. Mr Eke is also a non-executive director of Juvenescence Ltd., a life science and artificial intelligence company focussed on advancements in the field of longevity.

Dr Greg Bailey, Non-Executive Director
Greg Bailey, M.D., is chairman of Portage Biotech, Inc. and was previously managing partner of Palantir Group, Inc., a merchant bank specialising in biotech and intellectual property. He has over 15 years' experience in investment banking and has founded several companies. Along with comprehensive experience in healthcare, finance and medicine, Greg brings to the Board an extensive involvement in corporate governance. He has served on multiple public company boards of directors, was a practicing physician for ten years and holds a M.D. degree from the University of Western Ontario.

SALVARX GROUP PLC
Corporate Governance Statement

All members of the board believe strongly in the value and importance of good corporate governance and in our accountability to all of SalvaRx Group plc's stakeholders, including shareholders, staff, clients and suppliers.

Changes to AIM rules on 30 March 2018 required AIM companies to apply a recognised corporate governance code by 28 September 2018.

The Directors recognize the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

Full details of our Corporate Governance approach can be found on our website:
https://www.salvarx.io/investors/aim-rule-26.html

Jim Mellon

Non-executive Chairman

27 June 2019

SALVARX GROUP PLC
Statement of Directors' Responsibilities

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

Isle of Man company law requires the directors to prepare group financial statements in accordance with generally accepted accounting principles. 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").

The financial statements of the group are required by law to give a true and fair view of the state of the group's affairs at the end of the financial period and of the profit or loss of the group for that period and are required by IFRS as adopted by the EU to present fairly the financial position of the group and the financial performance of the group.

In preparing the financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping reliable accounting records which correctly explain the group's transactions and enable them to determine, with reasonable accuracy, the financial position of the group at any time and allow financial statements to be prepared. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the SalvaRx Group PLC website. Legislation in Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SALVARX GROUP PLC
Independent Auditor's Report to the Members of SalvaRx Group plc

Opinion
We have audited the financial statements of SalvaRx Group plc and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of profit and other comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes of equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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.

Accounting for the loan note instruments constituted on 8 March 2018 and 10 December 2018
As detailed in note 18, on 8 March 2018 iOx Therapeutics Limited issued US $1 million of unsecured convertible loan notes followed by a further US $1 million unsecured loan notes on 10 December 2018. The terms of the loan notes are set out in detail in note 18.

As disclosed in the accounting policies, the Directors have presented these instruments as liabilities and measured them at fair value through profit or loss. At 31 December 2018 the fair value of the 8 March 2018 loan note instrument was £8,099,000 and the 10 December 2019 loan note instrument was £1,053,000. Due to the significance of these liabilities, and the judgements and estimates involved in determining both appropriate presentation and measurement, the treatment of these instruments is considered to be one of the most significant risks of material misstatement.

Management provided us with details of their proposed presentation and measurement of each instrument. We reviewed their proposed treatment in conjunction with a valuation specialist and considered the proposed accounting, challenging management where relevant.

Management also provided us with calculations of the fair values attributable to the instruments. We challenged these calculations and subjected them to arithmetical checking. We assessed the inputs and estimates within these calculations, consulted with valuation specialists, and considered the valuations with specific reference to the consideration received on the disposal of SalvaRx Limited on 8 January 2019.

In light of our work, we also considered the adequacy of disclosures relating to the instruments set out in notes 4 and 18 to the financial statements.

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. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the financial statements as a whole was calculated as £223,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £5,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach covered 100% of group loss and total group assets and liabilities. It was performed to the materiality levels set out above.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group'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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix at the end of this auditor's report. This description, which is located on page 19, forms part of our auditor's report.

Use of our report

This report is made solely, in accordance with Section 80C of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL
27 June 2019

Appendix: Auditor's responsibilities for the audit of the financial Statements

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, including the FRC's Ethical Standard, as applied to SME listed entities, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SALVARX GROUP PLC
Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000 *(as restated)*
Continuing operations			
Other operating costs	6	(522)	(445)
Operating loss		(522)	(445)
Net finance cost	7	(27)	(13)
Loss before tax		(549)	(458)
Tax	10	-	-
Net loss for the year from continuing operations		(549)	(458)
Net loss for the year from discontinued operations	28	(2,817)	(1,776)
Net loss for the year		(3,366)	(2,234)
Net (loss)/gain for the year attributable to:			
Equity holders of the parent		*342*	*(1,744)*
Non-controlling interest		*(3,708)*	*(490)*
		(3,366)	*(2,234)*
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(37)	(47)
Total comprehensive loss for the year		(3,403)	(2,281)
Total comprehensive loss attributable to:			
Equity holders of the parent		*300*	*(1,791)*
Non-controlling interest		*(3,703)*	*(490)*
		(3,403)	*(2,281)*
Total comprehensive loss attributable to equity holders of the parent arises from:			
Continuing operations		(549)	(458)
Discontinued operations		249	(1,333)
		300	(1,791)

SALVARX GROUP PLC
Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2018

	Notes	2018 £	2017 £
Profit/(loss) per ordinary share			
Continuing operations, £ per share		0.02	(0.01)
Discontinued operations, £ per share		(0.01)	(0.04)
Basic and diluted, £ per share	11	0.01	(0.05)

SALVARX GROUP PLC
Consolidated Balance Sheet
As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Assets			
Non-current assets			
Investments	12	-	1,480
Intangible assets	13	-	1,002
Investments in associates	14	-	1,297
Prepayment	15	-	259
		-	4,038
Current assets			
Trade and other receivables	16	33	598
Cash and cash equivalents	17	-	570
		33	1,168
Assets of disposal group classified as held for sale	28	13,429	-
Total assets		13,462	5,206
Liabilities			
Current liabilities			
Trade and other payables	19	(989)	(1,106)
Non-current liabilities			
Loan notes	18	-	(2,603)
Equity derivatives	18	-	(361)
Deferred tax liabilities	10	-	(170)
		-	(3,134)
Liabilities of disposal group classified as held for sale	28	(13,904)	-
Total liabilities		(14,893)	(4,240)
Net (liabilities)/assets		(1,431)	966
Equity			
Share capital	21	917	911
Share premium	21	56	-
Reverse acquisition reserve	22	3,065	3,065
Own shares		(215)	(215)
Share-based payment reserves		1,517	573
Accumulated deficit		(3,452)	(3,752)
Equity attributable to equity holders of the parent		1,888	582
Non-controlling interests	25	(3,319)	384
Total equity		(1,431)	966

SALVARX GROUP PLC
Consolidated Balance Sheet
As at 31 December 2018

The financial statements of SalvaRX Group plc were approved by the Board of Directors and authorised for issue on 27 June 2019. They were signed on its behalf by:

Denham Eke
Chief Financial Officer
27 June 2019

Notes 1 to 28 form part of these financial statements.

SALVARX GROUP PLC
Consolidated Cash Flow Statement
For the year ended 31 December 2018

	2018 £'000	2017 £'000
Loss for the year	(3,366)	(2,234)
Adjustments for:		
Taxation credit	(187)	(573)
Amortisation of intangible assets	122	182
Share-based payments	944	191
Finance cost	(375)	118
Share of loss in associate	68	309
Foreign exchange differences	-	(296)
Impairment of investments in associates	113	-
Impairment of other receivables	259	-
Fair value gain on investments	(8,353)	-
Fair value loss on loan notes	8,119	-
Operating cash flows before movements in working capital	(2,656)	(2,303)
Increase in receivables	(21)	(76)
Increase in payables	496	434
Cash used in operations	(2,181)	(1,945)
Taxation received	156	54
Net cash outflow from operating activities	(2,025)	(1,891)
Investing activities		
Investments in associates	-	(1,413)
Prepaid equity option (note 16)	-	(259)
Net cash used in investing activities	-	(1,672)
Financing activities		
Proceeds on issue of ordinary shares	62	-
Proceeds on issue of loans (note 19)	754	-
Proceeds on issue of loan notes (note 18)	1,537	3,119
Net cash from financing activities	2,353	3,119
Net increase/(decrease) in cash and cash equivalents	328	(444)
Cash and cash equivalents at beginning of year	570	967
Effect of exchange rate on cashflow	47	47
Cash and cash equivalents at end of year (note 17)	945	570

SALVARX GROUP PLC
Consolidated Statement of Changes in Equity
For the year ended 31 December 2017

	Equity attributable to equity holders of the parent							
	Share capital (note 21) £'000	Reserve acquisition reserve (note 22) £'000	Own shares £'000	Share based payments reserves (note 23) £'000	Accumulated deficit £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At January 2017	911	3,065	(215)	382	(2,364)	1,779	647	2,426
Net loss for the year	-	-	-	-	(1,744)	(1,744)	(490)	(2,234)
Foreign exchange gain on retranslation of foreign subsidiaries	-	-	-	-	(47)	(47)	-	(47)
Total comprehensive income	-	-	-	-	(1,791)	(1,791)	(490)	(2,281)
Transactions with owners in their capacity as owners:								
- Conversion of 2016 loans notes (note 25)	-	-	-	-	482	482	148	630
- Equity contribution to non-controlling shareholders (note 25)	-	-	-	-	(79)	(79)	79	-
Share based payment charge	-	-	-	191	-	191	-	191
Total transactions with owners in their capacity as owners	-	-	-	191	403	594	227	821
At 31 December 2017	911	3,065	(215)	573	(3,752)	582	384	966

SALVARX GROUP PLC
Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

	Share capital (note 21) £'000	Share premium (note 21) £'000	Reserve acquisition reserve (note 22) £'000	Own shares £'000	Share based payments reserves (note 23) £'000	Accumulated deficit £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At January 2018	911	-	3,065	(215)	573	(3,752)	582	384	966
Net loss for the year	-	-	-	-	-	342	342	(3,708)	(3,366)
Foreign exchange gain on retranslation of foreign subsidiaries	-	-	-	-	-	(42)	(42)	5	(37)
Total comprehensive income	-	-	-	-	-	300	300	(3,703)	(3,403)
Transactions with owners in their capacity as owners:									
- Issue of equity for cash	6	56	-	-	-	-	62	-	62
Share based payment charge	-	-	-	-	944	-	944	-	944
Total transactions with owners in their capacity as owners	6	56	-	-	944	-	1,006	-	1,006
At 31 December 2018	917	56	3,065	(215)	1,517	(3,452)	1,888	(3,319)	(1,431)

1 General information

SalvaRx Group plc (the 'Company' and, together with its subsidiaries, the 'Group') is incorporated in the Isle of Man, British Isles under the Isle of Man Companies Act 2006. The address of the registered office is Commerce House, 1 Bowring Road, Ramsey, Isle of Man, British Isles, IM8 2LQ.

Until 8 January 2019, the principal activity of the Group was drug pre-clinical development with particular focus on developing a series of compounds for cancer immunotherapy. Following the disposal of SalvaRx Limited, the Company became an AIM Rule 15 cash shell.

These financial statements are presented in pounds sterling, which is the Group's functional and presentational currency, and all values are rounded to the nearest thousands (£000) except loss per ordinary share and certain figures in the notes.

2 Adoption of new and revised standards

Interpretations of standards

The Group has applied IFRS 9 Financial Instruments for the first time in the year ended 31 December 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Group has applied the consequential amendments to IFRS 7 Financial Instruments: Disclosures to the current year only.

The classification of financial assets under IFRS 9 is based on whether the contractual cash flows of the instrument are solely payments of principal and interest, and whether the business model is to collect those contractual cash flows and/or sell the financial assets. All of the Group's financial assets that were previously classified as loans and receivables under IAS 39 are now classified as assets at amortised cost under IFRS 9.

Investments classified as available for sale comprises an investment in Intensity Therapeutics Inc. of £1,480,000 at 31 December 2017. The Directors' exercised judgement in the prior year determining that the investment should be recorded at cost in accordance with IAS 39.46(c) as they concluded that it was not possible to ascertain a reliable fair value for the investment. Under IFRS 9 the directors have elected to measure the investment at fair value through profit or loss. Under IFRS 9.7.2.12 a difference between the previous carrying amount of this investment and its fair value at the date of initial application should be recognised in the opening retained earnings. At the date of initial application the fair value of the investment was considered to be equal to its carrying amount and no transitional adjustment was made.

The application of IFRS 9 has not changed the measurement of the Group's financial liabilities or the Group's accounting policies for the recognition and derecognition of financial instruments.

There was no impact of adoption of IFRS 15 Revenue from contracts with customers and the Board do not expect that the adoption of IFRS 16 Leases in future periods will have a material impact on the financial statements of the Group.

3 Summary of significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("EU"), and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost convention basis except for the valuation of certain financial instruments held at fair value through profit or loss. Historic cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report.

The consolidated financial statements of the group have been prepared on a basis which assumes that the Group will continue as a going concern, which contemplates the realisation of assets and satisfaction of liabilities and commitments in the normal course of business.

The Disposal of SalvaRx Limited on 8 January 2019 resulted in the divestment of substantially all of the Company's existing business, assets and investments. The Company has now been classified as an AIM Rule 15 cash shell and as such is required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (or seek re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from completion of the Disposal failing which the Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

Following the disposal and demerger, the Company has limited cash reserves and its principal assets are up to 56,657,531 Retained Shares in Portage Biotech Inc. worth approximately US$5,043,000 (approximately, £3,897,000), as shares in a Canadian listed entity these are readily convertible into cash and are to be set aside for general working capital requirements.

As a cash shell, the Company has a low level of underlying overhead. The Directors have prepared forecasts that demonstrate that the Company has adequate resources (comprising cash in hand and the Retained Shares) to cover these costs for at least the next twelve months from the date of this report.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

These consolidated financial statements include the accounts of the Company and the following subsidiary undertakings:

i) SalvaRx Limited, ("SalvaRx") incorporated on 6 May 2015 in the British Virgin Islands. SalvaRx Group plc owns 94.15% of the Company.

ii) IOX Therapeutics Limited ("IOX") incorporated in the U.K. as a private company (Company Number 9430782) under the Companies Act 2006 on 10 February 2015. SalvaRx Group plc holds 56.95% equity in IOX.

iii) Saugatuck Therapeutics Limited incorporated in the British Virgin Islands. SalvaRx Limited holds 70% equity in the company.

Research and development expenses

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. No development costs have been capitalized to date.

Research and development expenses include all direct and indirect operating expenses supporting the products in development.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(iii) Clinical trial expenses

Clinical trial expenses are a component of the Group's research and development costs. These expenses include fees paid to contract research organizations, clinical sites, and other organizations who conduct development activities on the Group's behalf. The amount of clinical trial expenses recognized in a period related to clinical agreements are based on estimates of the work performed using an accrual basis of accounting. These estimates incorporate factors such as patient enrolment, services provided, contractual terms, and prior experience with similar contracts.

(iv) Government grants

Government grants relate to the financial grants from governments, public authorities, and similar local, national or international bodies. These are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grant will be received. Government grants relating to research and development are off-set against the relevant costs.

Business combinations

The Company applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognized as expenses in the periods in which the costs are incurred and the services are received. On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Company's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by IFRS.

Impairment of intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its 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). When it is not possible to estimate the recoverable amount of any individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at lease annually, and wherever there is an indication that the assets may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Intangible assets acquired in business combinations

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency of each Group company ("foreign currencies") are recorded in the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interest as appropriate).

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Recognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

Financial assets

Investments

Investments that are not held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at fair value through profit or loss. A gain or loss on such investments is recognised in profit or loss in the period in which it arises.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on-demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with three months or less remaining to maturity and are subject to an insignificant risk of changes in value.

Derivative financial assets and liabilities

Derivative financial assets and liabilities are carried at fair value, with gains and losses arising from changes in fair value taken directly to the Statement of Profit and Loss and Other Comprehensive Income. Fair values of derivatives are determined using valuation techniques, including discounted cash flow models and option pricing models as appropriate.

Financial liabilities

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2017 loan notes

As detailed in note 18, the 2017 loan notes comprise a loan and a warrant over shares in SalvaRx Limited. At inception the loan element and the warrant are recorded at their respective fair values. The fair value of the loan is calculated by determining an effective rate of interest determined by reference to the interest rate applicable to comparable instruments with no warrant. The fair value of the warrant is determined as the difference between the fair value of the instrument issue price and the fair value of the loan.

At subsequent balance sheet dates the loan is measured at amortised cost and the warrant is measured at fair value.

Financial liabilities (continued)

2018 loan notes

As detailed in note 18, the whole of the 2018 convertible loan note instruments have been designated as a liability and the derivative element has not been separated from the host instrument. At inception the entire instrument is recorded at its fair value. The fair value of the liability is calculated by reference to the expected fair value of the share price on conversion and any fair value movements are recorded through profit and loss.

At subsequent balance sheet dates the liability is measured at fair value.

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment* for all grants of equity instruments.

The Group operates an equity-settled share option plan to certain shareholders. The fair value of the service received in exchange for the grant of options and warrants is recognised as an expense. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of equity-settled share-based payment is expensed on a graded vesting basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decision, has been identified as the Board of Directors.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Statement of Profit or Loss and Other Comprehensive Income.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

4 Critical accounting judgements and key sources of estimation and uncertainty

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

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

The following are the critical judgements and estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

2017 loan note warrant (note 18)

The disposal of SalvaRx Limited on 8 January 2019 is a qualifying event under the terms of the warrant and the exercise price is at a 70% discount to market price. The Directors have used their judgement in determining fair value for this liability with reference to the disposal on 8 January 2019.

The warrant is stated at fair value based on a diluted share price of $1,031 per share. This has been calculated based on the market value allocated to SalvaRx Limited on its sale to Portage Biotech Inc. on 8 January 2019.

2018 loan notes (note 18)

The directors have considered the treatment of the convertible loan notes issued during the year, taking into account the terms of the individual loan instruments as set out in note 18 and the consequences of the subsequent disposal of SalvaRx Limited on 8 January 2019.

The loan note instrument issued on 8 March 2018 has no repayment terms and due to the cross currency between the loan and the share price, the number of shares that will be issued is variable. Therefore, the instrument should be classified as a liability and as there is no loan element the whole instrument has been valued at fair value through profit and loss. The value attributed to iOx on disposal of SalvaRx Limited on 8 January 2019 evidences that there is substantial intrinsic value in the backstop option as it values each share at approximately £1,200 per share. At fair value, the liability is £8,099,000.

The loan note instrument issued on 10 December 2018 has no repayment terms and has been treated as a liability because a variable number of shares will be issued, since the number of shares issued is based on the share price at the date of issue and the amount of discount, which increases over the passage of time. As there is no loan element the whole instrument has been valued at fair value through profit and loss. However, in this case there is a day one loss as if the qualifying event happened on the day after issue the holder would receive shares with a fair value of $1.33m. This represents a liability of £1,053,000 at 31 December 2018.

Investment in Intensity Therapeutics Inc.

The fair value of investments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The group has determined the fair value of the investment in Intensity Therapeutics Inc. using the valuation agreed on disposal of SalvaRx Limited of £9,919,000.

Share-based payment expense

The estimation of share-based payment expense requires the selection of an appropriate valuation method, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest. Inputs subject to judgement relate to the future volatility of the share price based on the historic share price performance of the Group, the Group's expected dividend yields, risk free interest rates and expected lives of the options. The Directors draw on a variety of sources to aid in the determination of the appropriate data to use in such calculations.

5 Business and geographical segments

Throughout the year, the Directors consider there to be only one business and operating segment, namely research and development of compounds for cancer immunotherapy.

6 Operating loss (continuing operations)

The operating loss has been arrived at after (crediting)/charging:	2018 £'000	2017 £'000
Staff costs (note 9)	75	89
Other consulting fees	40	116
Legal and professional fees	93	131
Share-based payments (note 23)	92	184
Audit fees (note 8)	40	38
Net foreign exchange gains	-	(122)

7 Net finance cost (continuing operations)

	2018 £'000	2017 £'000
Loan note interest	-	13
Other interest	27	-
	27	13

The loan note interest charge for the prior year includes a notional interest of £13,000.

Other interest relates to loans provided to the company by J Mellon and G Bailey of US$500,000 each. Interest is payable on the loans at 7% per annum and the loans are unsecured and repayable on 20 June 2019.

8 Auditor's remuneration

Amounts payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services:

	2018 £'000	2017 £'000
Audit fees		
Fees payable to the Group's auditor for the statutory audit of the Group's annual accounts	31	30
Fees payable to the Group's auditor for the statutory audit of subsidiary undertakings	9	8
Total audit fees	40	38
Non-audit fees		
Tax services	8	4
Other services	13	9
Total non-audit fees	21	13

9 Staff costs

The average monthly number of employees and senior management (including Executive Directors) was:

	2018	2017
	£'000	£'000
Non-executive Directors	4	4
Executive Directors of Group companies	2	2
	6	6

Their aggregate remuneration comprised (continuing operations):	2018	2017
	£'000	£'000
Salaries and consulting fee	75	89
Share-based payments	6	14
Non-executive directors' fees	40	40
	121	143

Directors remuneration (all representing fees) and share based payments (continuing and discontinued operations)

	2018	2017
	£'000	£'000
J Mellon	10	10
G Bailey	10	10
R Armstrong	13	17
C Weinberg	13	17
I Walters	293	229
K Shah	78	116
	417	399

Details of shares and options held by the Directors are disclosed in the Directors' report.

10 Tax (continuing operations)

The Company is subject to income tax at a rate of 0% in the Isle of Man and, accordingly, no tax has been provided in these financial statements.

11 Loss per ordinary share

Basic loss per ordinary share is calculated by dividing the net loss for the year attributable to Ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The calculation of the basic and diluted loss per ordinary share is based on the following data:

	2018 £'000	2017 £'000 *(as restated)*
Profit/(loss) for the purposes of basic loss per share being net loss attributable to equity holders of the parent		
Continuing operations	549	(458)
Discontinued operations	(207)	(1,286)
Total	342	(1,744)

Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of basic profit/(loss) per share	36,506,384	36,467,123

	2018 £	2017 £
Profit/(loss) per ordinary share		
Continuing operations, £ per share	0.02	(0.01)
Discontinued operations, £ per share	(0.01)	(0.04)
Basic and diluted, £ per share	0.01	(0.05)

Dilutive loss per ordinary share equals basic loss per ordinary share as there is no dilutive effect from the subsisting share options.

12 Investments

	Investment in Intensity £'000
Valuation	
At 1 January 2018	1,480
Fair value gain on valuation	8,353
Exchange gains	86
Transferred to disposal group classified as held for sale	(9,919)
At 31 December 2018	-

12 Investments *(continued)*

On 22 April 2016, the Group acquired 1 million Series A preferred stock in Intensity Therapeutics Inc., a Delaware corporation ("Intensity") for US$2m in cash. All Series A Preferred stock is convertible into equal number of common shares in Intensity. The Company's holdings represent less than 10% of the equity of Intensity.

On 23 July 2018, the Group has determined the fair value of the investment to be US$12.64m based on a valuation agreed on the sale of SalvaRx Limited (see note 27). The full amount of the investment relates to SalvaRx Limited group and was transferred to the disposal group classified as held for sale (note 28).

13 Intangible assets

	In process research £'000
Cost	
At 1 January 2018	1,457
Transferred to disposal group classified as held for sale	(1,457)
At 31 December 2018	-
Amortisation	
At 1 January 2017	(273)
Charge for the year	(182)
At 31 December 2017	(455)
Charge for the year	(122)
Transferred to disposal group classified as held for sale	577
At 31 December 2018	-
Carrying amounts	
At 31 December 2016	1,184
At 31 December 2017	1,002
At 31 December 2018	-

On 1 July 2015, iOx Therapeutics Limited ("iOx") entered into an Investment Agreement with The University of Oxford, ISIS, the Ludwig Institute, and Professor Cerundolo. As part of this agreement, iOx also entered into a Clinical Trials Sponsorship agreement with The University of Oxford and entered into a licence agreement with the Ludwig Institute to access intellectual property rights and know-how relating to cell agonists. The Directors determined that the excess of consideration over identifiable assets and liabilities arising on the acquisition of iOx on that date related entirely to this in-process research asset.

The asset is being amortised over 8 years, being the Directors assessment of the period over which the technologies are likely to be developed and at the end of which commercial products will hopefully be available for sale. The remaining life of the intangible asset is 4.5 years. In the opinion of the Directors, the progress of iOx is satisfactory and there is therefore no indication of impairment. The full amount of the asset relates to SalvaRx Limited group and was transferred to the disposal group classified as held for sale (note 28).

14 Investments in associates

	Rift Biotherapeutics Inc £'000	Nekonal Oncology Limited £'000	Total £'000
At 1 January 2018	815	482	1,297
Share of loss in associates (discontinued operations)	(37)	(31)	(68)
Impairment on transfer to disposal group	-	(113)	(113)
Transferred to disposal group classified as held for sale	(778)	(338)	(1,116)
At 31 December 2018	-	-	-

Details of the Group's material associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and principal place of business	Voting rights held by the Group 31 December 2018	31 December 2017
RIFT Biotherapeutics Inc.	Biotechnology	Delaware – USA San Diego	34.99%	34.99%
Nekonal Oncology Limited	Oncology research	British Virgin Islands	31.07%	31.07%

All of the above associates are accounted for using the equity method in these consolidated financial statements.

Rift Biotherapeutics Inc. ("RIFT")
On 13 December 2016, SalvaRx Limited, a wholly owned subsidiary of the Company, invested US$45,000 in cash in convertible promissory note issued by Rift Biotherapeutics Inc., a Delaware corporation ('RIFT").

On 9 February 2017, SalvaRx Limited advanced a further US$45,000 and on 20 March 2017, SalvaRx invested US$ 1 million in RIFT. The total investment of US$1,090,000 in RIFT was converted into a 33% equity holding.

On 6 December 2017, SalvaRx Limited acquired a further 251,798 of Series A preferred stock for a total consideration of US$349,999. This increased the Group's interest to 34.99%.

Subject to RIFT achieving certain development milestones, SalvaRx Limited has an obligation to acquire a further 467,626 of Series A preferred stock for a total consideration of US$650,000. As the directors currently consider the achievement of the development milestones to be possible but not certain this obligation has been accounted for as a contingent liability, see note 27.

In addition, SalvaRx Limited also has the option to invest up to an additional US$500,000 at the same value of its original investment. SalvaRx Limited has also entered an option to acquire all outstanding shares of RIFT in exchange for new shares in SalvaRx Limited on the same basis within 90 days of the milestone investment referred to above being achieved.

14 Investments in associates *(continued)*

Nekonal Oncology Limited ("Nekonal Oncology")
SalvaRx Limited, a subsidiary of the Group, has entered into an agreement to invest in and form a collaboration with Nekonal SARL ("Nekonal"), a Luxembourg-based company holding intellectual property rights for therapeutics and diagnostics in the field of autoimmune disorders and oncology. As part of the agreement, SalvaRx and Nekonal have formed Nekonal Oncology, which will utilise SalvaRx's management and drug development expertise to exclusively explore the applications of Nekonal's technology in cancer immunotherapy.

SalvaRx Limited has made a nominal equity investment and a capital contribution of €300,000 in Nekonal Oncology. Nekonal Oncology has been treated as an associate company by the Group as the equity interest is 33%.

SalvaRx Limited has an obligation to make a further capital contribution of €300,000 once certain development milestones have been achieved, as the milestones were expected to be achieved when the investment was made this obligation of £269,000 has been included in other creditors see note 19.

SalvaRx Limited also has acquired an option from Nekonal SARL for a one-time fee of €300,000 that gives SalvaRx the right to acquire option shares in any qualifying subsidiary of Nekonal. Further disclosure is provided in note 15.

Summarised financial information in respect of each of the associates is set out below.

RIFT Biotherapeutics Inc.	**2018** £'000
Revenue	-
Loss for the year	(160)

Reconciliation of the above summarised financial information to the carrying amount of the interest in RIFT:

	2018 £'000
Net assets of the associate	-
Proportion of the groups ownership interest (34.99%)	-
Goodwill	778
Carrying amount of groups interest included in the disposal group classified as held for sale	778

14 Investments in associates *(continued)*

Nekonal Oncology Limited	2018 £'000
Current assets	73
Current liabilities	(45)
	28

	2018 £'000
Revenue	-
Loss for the year	(100)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nekonal Oncology Limited:

	2018 £'000
Net assets of the associate	28
Proportion of the Groups ownership interest (31.07%)	9
Goodwill	329
Carrying amount of Groups interest included in the disposal group classified as held for sale	338

15 Prepayment – non-current

	2018 £'000	**2017 £'000**
Prepayment (note 14)	-	259
	-	259

SalvaRx Limited has acquired an option from Nekonal SARL for a one-time fee of €300,000 that gives SalvaRx the right to acquire option shares in any qualifying subsidiary of Nekonal for €50 per share subject to SalvaRx having made a total of €600,000 of capital contributions to Nekonal Oncology Limited. As at 31 December 2018 SalvaRx Limited has made €300,000 of capital contributions and has an obligation to make a further capital contribution of €300,000 once certain development milestones have been achieved. This obligation of £269,000 has been included in other creditors. Subject to this further investment the option is exercisable at any time within four years of the option agreement dated 27 February 2017. The full amount of the prepayment relates to the SalvaRx Limited group and was transferred to the disposal group classified as held for sale (note 28).

16 Trade and other receivables

	2018 £'000	2017 £'000
Amount due from associates	-	21
VAT and corporation tax recoverable	25	498
Prepayments	8	79
	33	598

Trade and other receivables that relate to the SalvaRx Limited group were transferred to the disposal group classified as held for sale (note 28).

17 Cash and cash equivalents

Cash and cash equivalents as at 31 December 2018 of approximately £1 million (2017: £0.57 million) comprise cash held by the Group. The full amount of cash and cash equivalents relates to the SalvaRx Limited group and was transferred to the disposal group classified as held for sale (note 28). The Directors consider that the carrying amount of these assets approximates to their fair value.

18 Loan notes and borrowings

	2018 convertible loan notes £'000	2017 loan Notes £'000	Warrants on 2017 loan notes £'000	Total £'000
At 1 January 2018	-	2,603	361	2,964
New loans in the year	1,520	15	2	1,537
Imputed interest	-	89	-	89
Change in fair value	7,585	-	534	8,119
Exchange losses	46	99	44	189
Transferred to disposal group classified as held for sale	(9,151)	(2,806)	(941)	(12,898)
31 December 2018	-	-	-	-

On 2 March 2017, the Company announced an offering by its subsidiary SalvRx Limited of unsecured loan notes of up to US $5 million, carrying a coupon of 7% and repayable in four years. The loan notes were subscribed in tranches during the year. The holders of the loan notes were issued US $7,500 of warrant in respect of each US $10,000 loan note. The warrants vest in the event of a qualifying transaction (including the disposal on 8 January 2018) and are exercisable at a 30% discount to the implied valuation of SalvaRx Limited. SalvaRx Limited raised US $3,960,000 in unsecured loan notes from the offering reflecting a sterling value of £3,134,000 on issue.

The coupon interest of 7% arising on the 2017 loan notes is included within accruals.

18 Loan notes and borrowings *(continued)*

On 8 March 2018, iOx Therapeutics Limited has issued US $1 million of unsecured convertible loan notes. The Notes have the following key terms:

1. the Notes entitle the holder thereof to interest of 7% per annum on the principal amount of the Notes;
2. the Notes are convertible into ordinary shares in iOx on the earlier of the first anniversary of the effective date or the date on which iOx conducts a sale or listing or it undertakes an eligible third party fundraising of not less than US$2M;
3. the conversion price of the Notes would be either (a) 25% discount to the next financing, (b) the price per share of the relevant sale, or, in the case of event that both (a) or (b) do not occur within one year (c), GBP120 per share.
4. the Notes do not have any provision for repayment (other than in an event of default).

On 10 December 2018, iOx Therapeutics Limited has issued an additional US $1 million of unsecured convertible notes. The Notes have the following key terms:

1. the Notes entitle the holders thereof to interest of 7% per annum on the principal amount of the Notes;
2. the Notes are convertible into ordinary shares of iOx only on the date on which iOx conducts a sale or listing or it undertakes an eligible third party fundraising of not less than US$2 million (a "Qualifying Event"), or in the event of a default;
3. the conversion price of the Notes will be:

a. If a Qualifying Event occurs within 1 year of the issue of the relevant Notes - the Qualifying Event price with a 25% discount;
b. If a Qualifying Event occurs after 1 year of the issue of the Notes - the Qualifying Event price with a 25% discount plus 5% discount for each additional full year since the first anniversary of the issue of the relevant Notes;
c. If there is an event of default, the higher of (i) the price on the last Qualifying Event and (ii) £120 per share (if the Noteholder chooses to convert rather than redeem the Notes for cash).

4. the Notes do not have any provision for repayment (other than in an event of default).

19 Trade and other payables

	2018 £'000	2017 £'000
Trade payables	124	488
Other creditors (note 15)	-	267
Accruals	102	162
Directors loan account (note 24)	-	189
Other loans	763	-
	989	1,106

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 40 days (2017: 45 days). The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe. The Directors consider that the carrying amount of trade and other payables approximates to their fair value. No interest is generally charged on balances outstanding. Other creditors comprise funding obligations to Nekonal Oncology Limited, as disclosed in note 15.

On 26 June 2018, J Mellon and G Bailey made loans to the company of US$500,000 each. Interest is payable on the loans at 7% per annum and the loans are unsecured and repayable on 20 June 2019.

Trade and other payables that relate to the SalvaRx Limited group were transferred to the disposal group classified as held for sale (note 28).

20 Financial instruments

Capital risk management

The Group manages its capital resources so as to ensure that entities in the Group will be able to continue as a going concern.

Following the disposal of SalvaRx Limited on 8 January 2019, the capital resources of the Group consist of cash and cash equivalents and shares in Portage Biotech Inc. arising from equity attributable to equity holders of the parent.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Categories of financial instruments	Continued £'000	Discontinued £'000	2018 £'000	2017 £'000
Financial assets: At fair value through profit and loss				
Investments	-	9,919	9,919	1,480
Financial assets: At amortised cost				
Cash and cash equivalents	-	945	945	570
Amounts due from associates	-	58	58	21
	-	10,922	10,922	2,071
Financial liabilities: At amortised cost				
Trade and other payables	989	867	1,856	1,106
Loan notes	-	2,806	2,806	2,603
Financial liabilities: At fair value through profit and loss				
Warrants on loan notes	-	941	941	361
Loan notes	-	9,151	9,151	
	989	13,765	14,754	4,070

The financial assets and liabilities attributed to discontinued are included in the disposal group set out in note 28.

20 Financial instruments *(continued)*

Financial risk management objectives

Following the disposal on 8 January 2019, the financial risk management objective of the Group is to utilise capital resources whilst seeking a suitable acquisition.

Foreign exchange risk and foreign currency risk management

Given the disposal of SalvaRx Limited on 8 January 2019, and the formation of a disposal group, the following disclosure is presented for continuing operations only:

Financial assets by currency:	Investments	Amounts due from associates	Cash and cash equivalent	Total
	£'000	£'000	£'000	£'000
Currency				
British pounds	-	-	6	6
US dollars	1,480	21	564	2,065
Balance at 31 December 2017 (continuing)	1,480	21	570	2,071
Currency				
British pounds	-	-	-	-
US dollars	-	-	-	-
Balance at 31 December 2018	-	-	-	-

Financial liabilities by currency:	Borrowings and loan notes	Trade and other payables	Total
	£'000	£'000	£'000
Currency			
British pounds	-	145	145
US dollars	2,964	694	3,658
Euros	-	267	267
Balance at 31 December 2017 (continuing)	2,964	1,106	4,070
Currency			
British pounds	-	226	226
US dollars	-	763	763
Euros	-	-	-
Balance at 31 December 2018	-	989	989

Credit risk management

Following the disposal on 8 January 2019, the Directors consider that there is no material credit risk. The primary asset held after this date are shares in Portage Biotech Inc.

20 Financial instruments *(continued)*

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The following tables analyse financial liabilities by remaining contractual maturity. The balances for 2018 relate to continuing group only, as the assets and liabilities within the disposal group were disposed of on 8 January 2019.

Financial liabilities by contractual maturity	**Borrowings and loan notes £'000**	**Trade and other payables £'000**	**Total £'000**
Less than 1 year	-	1,106	1,106
3-4 years	2,964	-	2,964
Balance at 31 December 2017	2,964	1,106	4,070
Less than 1 year	-	989	989
Balance at 31 December 2018	-	989	989

The Group expects to pay all liabilities at their contractual maturity.

21 Share capital and share premium

Authorised and issued equity share capital

	2018		2017	
	Number '000	£'000	Number '000	£'000
Authorised				
Ordinary Shares of 2.5p each	80,000	2,000	80,000	2,000
Issued and fully paid				
Ordinary Shares of 2.5p each	36,700	917	36,467	911

The parent company has one class of Ordinary Shares, which carry no right to fixed income.

Movements during the year:

	31 December 2018		31 December 2017	
	Number '000	£'000	Number '000	£'000
Balance at beginning of year	36,467	911	36,467	911
Issues during the year	233	6	-	-
	36,700	917	36,467	911

During the year, 233,000 Ordinary Shares with a nominal value of 2.5p each were issued for a cash consideration of £62,000, resulting in a share premium reserve of £56,000 (2017: £nil).

22 Reverse acquisition reserve

The reverse acquisition reserve of £3,065,000 (2017: £3,065,000) arose when SalvaRx Limited completed a reverse takeover of 3 Legs Resources plc during 2016.

23 Share-based payment reserves

Share options outstanding are as follows:

	2018		2017	
	#'000 of Options	Weighted average exercise price £'000	#'000 of Options	Weighted average exercise price £'000
SalvaRx Group plc				
Outstanding at 1 January	3,226	35.74p	3,226	35.74p
Expired during the year	(43)	23.2p	-	-
Exercised during the year	(233)	26.40p	-	-
Outstanding at 31 December	2,950	36.62p	3,226	35.74p
iOx Therapeutics Limited				
Outstanding at 1 January	1.3	120	1.3	120
Granted during the year	1.3	120	-	-
Outstanding at 31 December	2.6	120	1.3	120

The parent company and its subsidiary do not operate a formal stock option scheme, however certain options to subscribe for the Company's or its subsidiary's shares have been granted to selected Directors and consultants on an ad hoc basis pursuant to individual option agreements (the 'Non-Plan Options').

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2018 was 69.3p.

(A) iOx Therapeutics Limited (discontinued operations)

Date of grant	Date of expiry	Option price £	Vesting terms	# of Options	Value based on Black-Scholes option pricing model £'000	Graded vesting in 2018 £'000	Graded vesting in 2017 £'000
14 Dec 15	14 Dec 20	120	25% on grant and 25%	675	57	2	7
28 Nov 16	28 Nov 21	120	each anniversary	649	60	-	-
17 Apr 18	5 May 22	120	vested	1,275	1,011	850	
				2,599	1,128	852	7

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.38 years (2017: 3.93 years).

23 Share-based payment reserves *(continued)*

The fair value of the options has been calculated using the Black Scholes model. For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

	17 April 2018
Expiry date	5 May 2022
# of Options	1,275
Share price at grant date	£1,352
Exercise price	£120
Expected volatility	95.32
Dividend yield	0%
Risk free interest rate	1%
Fair value at grant date	£793

(B) SalvaRx Group plc (continuing operations)

Date of grant	Date of expiry	Option price £	Vesting terms	# of Options	Value based on Black-Scholes option pricing model £'000	Graded vesting in 2018 £'000	Graded vesting in 2017 £'000
Apr 15 to Jul 15	16 Feb 21	0.232	Vested	431,153	-	-	-
16 Feb 15	16 Feb 18	0.232	Expired	43,115	-	-	-
22 Mar 16	22 Mar 21	0.355	Three equal tranches 1st on 22 March 2017 2nd on 22 March 2018 3rd on 22 March 2019	2,508,777	509	92	184
22 Mar 16	22 Mar 21	0.71	Vested	182,333	31	-	-
22 Mar 16	22 Mar 19	0.355	Vested	60,563	10	-	-
				3,225,941	550	92	184

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.72 years (2017: 3.68 years).

24 Related party transactions

Transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group has entered into related party transactions with its associated entities RIFT Biotherapeutics Inc. and Nekonal Oncology Limited. Full details of these transactions are included in notes 14 and 15.

Trade and other receivables includes amounts due from associates of £58,000 (2017: £21,000). The amount is interest free and repayable on demand.

Included in trade and other payables is amounts owing to directors of £20,000 (2017: £189,000). This relates to consulting fees due to the directors and £189,000 was the maximum balance outstanding during the year. The balances are interest fee and repayable on demand.

On 26 June 2018, J Mellon and G Bailey made loans to the company of US$500,000 each. Interest is payable on the loans at 7% per annum and the loans are unsecured and repayable on 20 June 2019.

During the year, Portage Biotech Inc. subscribed to the loan notes of US $1.9 million issued by iOx Therapeutics Limited. Portage Biotech Inc. is considered related as J Mellon, G Bailey, I Walters and K Shah are directors of the Company and Portage Biotech Inc.

Payments to key management personnel

The remuneration of the Non-Executive Directors, Executive Directors and senior management, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2018	**2017**
	£'000	£'000
Consulting fees	377	469
Share based payments	565	76
Business expenses reimbursed	-	5
	942	550

25 Non-controlling interest

The group's non-controlling interests ("NCI") at 31 December 2018 were:

- iOx Therapeutics Limited ("iOx") in which the NCI is 43.05%
- Saugatuck Therapeutics Limited ("Saug") in which the NCI is 30%, and
- SalvaRx Limited in which the NCI is 5.85%.

The movement in NCI during the year is as follows:

	£'000
At 1 January 2017	647
Loss attributable to NCI	(490)
Conversion of 2016 loan notes	148
Equity contributed to NCI on formation of Saug	79
At 31 December 2017	**384**
Loss attributable to NCI	(3,708)
Foreign exchange gain on retranslation of foreign subsidiaries	5
At 31 December 2018	**(3,319)**

Summarised financial information in respect of each material subsidiary undertaking with a non-controlling interest and prior to the elimination of intra-group items is set out below.

SalvaRx Limited	**2018** £'000	**2017** £'000
Non-current assets	11,973	5,020
Current assets	815	767
Current liabilities	(2,611)	(2,098)
Non-current liabilities	(3,152)	(2,968)
	7,025	721

	2018 £'000	**2017** £'000
Revenue	-	-
Loss for the year	(1,563)	(814)

25 Non-controlling interest *(continued)*

iOx Therapeutics Limited	**2018** £'000	**2017** £'000
Non-current assets	10	-
Current assets	1,305	534
Current liabilities	(691)	(579)
Non-current liabilities	(1,566)	-
	(942)	(45)

	2018 £'000	**2017** £'000
Revenue	-	-
Loss for the year	(951)	(865)

26 Events after the balance sheet date

On 8 January 2019, shareholders approved the sale of the Company's 94.2% interest in SalvaRx Limited to Portage Biotech Inc. for a consideration of $67.5m in return for 757,943,784 new shares in Portage Biotech Inc. 660,593,556 of those shares were transferred to the Company's shareholders on a pro-rata basis. The Company also completed the purchase of options over 2,767,470 new Ordinary Shares in consideration of the grant of new options over a total of 40,692,697 of Portage Biotech Inc.'s shares.

27 Contingent liabilities

SalvaRx Limited has entered an agreement with RIFT Biotherapeutics Inc under which it is obliged to make further investment of $650,000 in the company subject to certain development milestones being achieved. As the directors currently consider the achievement of the development milestones to be possible but not certain this obligation is considered a contingent liability, as set out in note 14. The Group no longer has any potential liability following the disposal of SalvaRx Limited.

28 Discontinued operations and assets / liabilities of disposal group classified as held for sale

On 14 August 2018, the Group proposed a disposal of interest in the SalvaRx Limited group that was completed on 8 January 2019 (see note 26). SalvaRx Limited group includes the following investments:

Name	Type of investment
iOx Therapeutics Limited	Subsidiary
Intensity Therapeutics Inc.	Subsidiary
Saugatuck Therapeutics Ltd	Subsidiary
Nekonal Oncology Ltd	Associate
Rift Biotherapeutics Inc.	Associate

The Board determined that the SalvaRx Limited group was available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal groups and the sale of the group was highly probable at the date of the proposal announcement. As a result, assets and liabilities related to the SalvaRx Limited group were recognised as held for sale as at 14 August 2018.

At the same time results of the group were presented as discontinued operations. Comparative figures were re-presented, so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented in accordance with IFRS 5.34.

The assets and liabilities of the disposal group at the year end were the following:

	Notes	2018 £'000
Assets		
Non-current assets		
Investments	12	9,919
Intangible assets	13	880
Investments in associates	14	1,116
		11,915
Current assets		
Trade and other receivables	A	569
Cash and cash equivalents	17	945
		1,514
Total assets of disposal group classified as held for sale		13,429
Liabilities		
Current liabilities		
Trade and other payables	B	(867)
Non-current liabilities		
Loan notes	18	(11,957)
Equity derivatives	18	(941)
Deferred tax liabilities	C	(139)
		(13,037)
Total liabilities of disposal group classified as held for sale		(13,904)

28 Discontinued operations and assets / liabilities of disposal group classified as held for sale (*continued*)

Analysis of the result of discontinued operations is as follows:

	Notes	2018 £'000	2017 £'000
Continuing operations			
Research and development		(861)	(1,185)
Exceptional items	D	(259)	-
Other operating costs		(1,702)	(977)
Operating loss		(2,822)	(2,162)
Share of loss in associates	14	(68)	(309)
Fair value gain on investments	12	8,353	-
Fair value loss on loan notes and warrants	18	(8,119)	-
Net finance (cost)/income		(348)	122
Loss before tax		(3,004)	(2,349)
Tax	C	187	573
Net loss for the year		(2,817)	(1,776)
Other comprehensive income			
Exchange differences on translating foreign operations		(37)	(47)
Total comprehensive loss for the year		(2,854)	(1,823)

A Trade and other receivables

	2018 £'000
Amount due from associates	58
VAT and corporation tax recoverable	471
Prepayments	40
	569

B Trade and other payables

	2018 £'000
Trade payables	100
Other creditors	269
Accruals	478
Directors loan account	20
	867

28 Discontinued operations and assets / liabilities of disposal group classified as held for sale (*continued*)

C Tax

The Company's subsidiary, iOx Therapeutics ltd ("iOx") is subject to tax in the UK. iOx has potential research and development cash credits of approximately £142,000 for 2018. The tax credits have been recognised in these financial statements. The tax credit of £156,000 relating to 2017 was received during the year as shown in the consolidated cash flow statement.

As at 31 December 2018, iOx tax losses were approximately £1,322,000 (2017: £785,000). Tax losses will be carried forward and are potentially available for utilisation against taxable profits in future years. The Group has not recognised a deferred tax asset in respect of these tax losses as there is insufficient evidence of suitable future profit being available against which these losses can be offset. The asset will be recognised in future periods when its recovery (against appropriate taxable profits) is considered probable.

At 31 December 2018 the Group had a deferred tax liability of £139,000 (2017: £170,000) recognised in respect of intangible assets arising on the acquisition of iOx. The intangible asset relates to in process research residing in the UK and therefore deferred tax has been recorded at 17% being the rate applicable in that country. The Group has no other provided or unprovided deferred tax liabilities. The reduction in the liability in the year of £31,000 (2017: £31,000) has been recorded in full in the income statement. The full amount of the deferred tax liability relates to SalvaRx Limited group and was transferred to the disposal group classified as held for sale.

D Exceptional items

	2018	2017
	£'000	£'000
Nekonal SARL option impairment (note 15)	259	-

Analysis of total cash flows from discontinued operations is as follows:

	2018
	£'000
Operating cash flows	(1,209)
Investing cash flows	-
Financing cash flows	1,537
Total cash flows	328

PRO FORMA PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following pro forma preliminary condensed consolidated financial information and related notes ("Pro forma financial information") illustrates the effects on the statement of financial position and financial performance of the combination (merger) between Portage Biotech Inc. and its subsidiaries (together referred to as "Portage") and SalvaRx Limited and its subsidiaries (together referred to as "SalvaRx"). The proforma information is provided as supplemental information to add context to the audited financials of SalvaRx Group plc for the year ended December 31, 2018 included in item 3(i) of the BAR report.

The closing of the combination was subject to the occurrence or waiving of certain conditions precedent and finally occurred on January 8, 2019 after the approval by the regulatory bodies and the shareholders of Portage and SalvaRx Group plc, the parent of SalvaRx.

The Pro forma financial information consists of the Unaudited Pro Forma Condensed Consolidated Statement of Financial Position of Portage and SalvaRx (together referred to as "the Group") as at December 31, 2018 as if the merger has taken place as at January 1, 2018, and its Unaudited Pro forma Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year then ended and Notes to the Unaudited Pro Forma Financial Information.

For this purpose, information was extracted as follows:

For Portage:

a. Information relating to the operations for the three months from January 1, 2018 to March 31, 2018 was obtained by eliminating from the audited consolidated financial statement of Portage for the year ended March 31, 2018 , the results for the nine months ended December 31, 2017 from the unaudited consolidated financial statement of Portage for the nine months ended December 31, 2017.
b. Information relating to the operations for the remaining nine months April 1, 2018 to December 31, 2018 was taken from the unaudited consolidated financials of Portage for the three and nine months ended December 31, 2018.
c. Balance sheet information as at December 31, 2018 was obtained from the unaudited consolidated financials of Portage for the three and nine months ended December 31, 2018.

For SalvaRx:

a. Information was extracted from the accounting records of SalvaRx Limited and its subsidiaries and reconciled to the audited consolidated financial statements of SalvaRx Group plc for the year ended December 31, 2018. These consolidated financials were audited by RSM UK Audit Ltd.

The purpose of the Pro forma financial information is to show the material effects that the merger of Portage and SalvaRx would have had on the historical consolidated statement of financial position if the Group had already existed in the structure created by the combination as at December 31, 2018 and on the historical consolidated statement of profit or loss and other comprehensive income for the twelve months ended December 31, 2018. They are not representative of the financial situation and performance that could have been observed if the indicated business combination had been undertaken at an earlier date.

The presentation of the Pro forma financial information of the Group is based on certain pro forma assumptions and has been prepared for illustrative purposes only and, because of its nature, the pro forma consolidated statement of financial position and financial performance addresses a hypothetical situation and, therefore, does not represent a true picture of the financial position and financial performance of the Group. Furthermore, the Pro forma financial information is only meaningful in conjunction with the historical audited consolidated financial statements of Portage for the year ended March 31, 2018 and unaudited consolidated financial statements for the nine months ended December 31, 2018 and of SalvaRx as extracted from the accounting records and the historical audited consolidated financial statements of SalvaRx Group plc for the year ended December 31, 2018, which are the latest available financial information for Portage and SalvaRx respectively prior to the merger, prepared on the basis of International Financial Reporting Standards.

The Pro forma financial information has been compiled based on the accounting policies of Portage, which is considered to be the accounting acquirer. Those accounting policies are disclosed in the audited consolidated financial statements of Portage as at March 31, 2018. The principles of compilation of these pro forma financial information and assumptions used are explained in this document (Notes).

The Pro forma financial information does not take into consideration the effects of expected synergies or costs incurred to achieve these synergies as a result of the acquisition / combination. The Pro forma financial information gives no indication of the results and future financial situation of the activities of the Group.

PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Portage group	SalvaRx Ltd. Group	Combined	Adjustments	Pro-forma consolidated	Portage group - As at March 31, 2018	Salvarx Group plc. - As at December 31, 2018	SalvaRx Ltd. Group - As at December 31, 2018(assets and liabilities acquired)	
ASSETS	in $ '000	in $ '000	in $ '000	in $ '000	in $ '000	(Audited) in $ '000	(Audited) in £ '000	in £ '000	convert at 1.27 in $ '000
Current Assets									
Cash and cash equivalent	6,044	1,200	7,244	-	7,244	7,520	945	945	1,200
Prepaid expenses and other receivable	78	723	801	(61)	740	44	602	569	723
Investment, available for sale	74	-	74	-	74	52	-		-
Total Current Assets	6,196	1,923	8,119	(61)	8,058	7,616	1,547	1,514	1,923
Long term portion of other receivable	45	-	45	-	45	56	-	-	-
Intangible assets	-	1,118	1,118	(1,118)	-	-	880	880	1,118
In process research and development	-	-	-	117,388	117,388	-	-	-	-
Goodwill	-	-	-	43,324	43,324	-	-	-	-
Convertible note receivable	1,900		1,900	(1,900)	-	950	-	-	-
Investment in associate	526	1,417	1,943	-	1,943	681	1,116	1116	1,417
Investment	700	12,597	13,297	(8,097)	5,200	700	9,919	9919	12,597
	3,171	15,132	18,303	149,597	167,900	2,387	11,915	11,915	15,132
TOTAL ASSETS	9,367	17,055	26,422	149,536	175,958	10,003	13,462	13,429	17,055

(A) SalvaRx Ltd. group figures as at December 31, 2018 agree with Note 28 to the audited consolidated financials of SalvaRx Group plc. For the year ended December 31, 2018

see notes to the Pro forma financial information for details of adjustments made.

PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Portage group	SalvaRx Ltd. Group	Combined	Adjustments	Pro-forma consolidated	Portage group - As at March 31, 2018 (Audited)	Salvarx Group plc. - As at December 31, 2018 (Audited)	SalvaRx Ltd. Group - As at December 31, 2018 (assets and liabilities acquired)	convert at 1.27
LIABILITIES & SHAREHOLDERS EQUITYEQUITY	in $ '000	in $ '000	in $ '000	in $ '000	in $ '000	in $ '000	in £ '000	in £ '000	in $ '000
Current Liabilities									
Accounts Payable and accrued liabilities	181	1,101	1,282	-	1,282	127	1,856	867	1,101
Total Current Liabilities	181	1,101	1,282	-	1,282	127	1,856	867	1,101
Non-current liabilities									
Unsecured notes payable	192	15,185	15,377	(11,715)	3,662	233	11,957	11,957	15,185
Warrant liability	24	1,195	1,219	(1,195)	24	24	941	941	1,195
Deferred tax	-	177	177	19,673	19,850	-	139	139	177
	216	16,557	16,773	6,763	23,536	257	13,037	13,037	16,557
Total Liabilities	397	17,658	18,055	6,763	24,818	384	14,893	13,904	17,658
Non- controlling interests	(9)	(4,492)	(4,501)	52,910	48,409	-	(3,319)	(3,537)	(4,492)

(A) SalvaRx Ltd. group figures as at December 31, 2018 agree with Note 28 to the audited consolidated financials of SalvaRx Group plc. For the year ended December 31, 2018

see notes to the Pro forma financial information for details of adjustments made.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Portage group	SalvaRx Ltd. Group	Combined	Adjustments	Pro-forma consoli-dated	Portage group - As at March 31, 2018	Salvarx Group plc. - As at December 31, 2018	SalvaRx Ltd. Group - As at December 31, 2018 (assets and liabilities acquired)	
						(Audited)	(Audited)		convert at 1.27
LIABILITIES & SHAREHOLDERS EQUITY	in $ '000	in $ '000	in $ '000	in $ '000	in $ '000	in $ '000	in £ '000	in £ '000	in $ '000
Shareholders' Equity									
Capital Stock	23,654	-	23,654	92,583	116,237	23,654	917	-	-
Share premium	-	-	-	-	-	-	56	-	-
Reverse acquisition reserves	-	-	-	-	-	-	3,065	-	-
Own shares	-	-	-	-	-	-	(215)	-	-
Stock option reserve	316	1,229	1,545	-	1,545	267	1517	968	1,229
Reserves on acquisition	-	2,659	2,659	(2,659)	-	-	-	2,094	2,659
Accumulated other comprehensive income	54	-	54	-	54	32	-	-	-
Deficit	(15,045)	-	(15,045)	(61)	(15,106)	(14,334)	(3,452)	-	-
Shareholders equity	8,979	3,888	12,867	89,863	102,730	9,619	1,888	3,062	3,889
Total Equity	8,970	(603)	8,366	142,773	151,139	9,619	(1,431)	(475)	(603)
TOTAL LIABILITIES & EQUITY	9,367	17,055	26,421	149,536	175,957	10,003	13,462	13,429	17,055

see notes to the Pro forma financial information for details of adjustments made.

PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2018

	Portage Group	SalvaRx Ltd. Group	Adjustments	Proforma consolidated	Portage group - year ended March 31, 2018 (Audited)	SalvaRx Group plc. – Year ended December 31, 2018 (Audited)	SalvaRx Ltd. Group – Year ended December 31, 2018 (A)	SalvaRx Group plc. – entity only - Year ended December 31, 2018
	in $'000	in $'000	in $'000	in $'000	in $'000	in £ '000	in £ '000	in £ '000
Expense								
Research and development	(292)	(1,093)	-	(1,385)	(561)	(861)	(861)	-
Exceptional item	-	(329)		(329)	-	(259)	(259)	-
Consulting fees	(1,220)	(668)		(1,888)	(1,335)	(733)	(526)	(207)
Professional Fees	(223)	(94)		(317)	(215)	(207)	(74)	(133)
Other operating costs	(145)	(1,400)		(1,545)	(148)	(1,284)	(1,102)	(182)
	(1,880)	(3,584)	-	(5,464)	(2,259)	(3,344)	(2,822)	(522)
Fair value gain on investments	-	10,608		10,608	-	8,353	8,353	-
Fair value loss on loan notes and warrants	-	(10,311)		(10,311)	-	(8,119)	(8,119)	-
Share of loss in associate	(155)	(86)		(241)	-	(68)	(68)	-
Realized gain on sale of investment	126,000	-		126,000	-	-	-	
	123,965	(3,373)	-	120,592	(2,259)	(3,178)	(2,656)	(522)
Net finance income (loss)	81	(442)	(61)	(422)	-	(375)	(348)	(27)
ncome(loss) before tax	124,046	(3,815)	(61)	120,170	(2,259)	(3,553)	(3,004)	(549)
Tax	-	237		237	-	187	187	-
Net loss	124,046	(3,578)	(61)	120,407	(2,259)	(3,366)	(2,817)	(549)

(A) SalvaRx Ltd. group figures as at December 31, 2018 agree with Note 28 to the audited consolidated financials of SalvaRx Group plc. For the year ended December 31, 2018

see notes to the Pro forma financial information for details of adjustments made.

PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2018

	Portage Group in $'000	SalvaRx Ltd. Group in $'000	Adjustments in $'000	Proforma consolidated in $'000	Portage group - year ended March 31, 2018 (Audited) in $'000	SalvaRx Group plc. – year ended December 31, 2018 (Audited) in £ '000	SalvaRx Ltd. Group – Year ended December 31, 2018 (A) in £ '000	SalvaRx Group plc- entity only- – Year ended December 31, 2018 in £ '000
Other comprehensive income								
Unrealized loss on investment, available for sale	(112,158)	-		(112,158)	-	-	-	-
Loss on investment transferred to retained earnings on disposal of investment	(24,515)	-		(24,515)	-	-	-	-
Exchange losses	-	(47)	-	(47)	-	(37)	(37)	-
Total comprehensive loss for the period	(136,673)	(47)	-	(136,720)	-	(37)	(37)	-
Net income(loss) attributable to :								
Shareholders of the Company	124,055	481	(61)	124,475	(2,259)	342	379	(37)
Non-controlling interest	(9)	(4,059)	-	(4,068)	-	(3,708)	(3,196)	(512)
	124,046	(3,578)	(61)	120,407	(2,259)	(3,366)	(2,817)	(549)
Net comprehensive loss attributable to :								
Shareholders of the Company	(12,618)	434	(61)	(12,245)	(2,259)	300	342	(42)
Non-controlling interest	(9)	(4,059)	-	(4,068)	-	(3,703)	(3,196)	(507)
	(12,627)	(3,625)	(61)	(16,313)	(2,259)	(3,403)	(2,854)	(549)
Loss per share (actual)								
Basic	$0.44			$0.11				
Diluted	$0.44			$0.11				
average number of shares - basic (in '000)	280,109			1,087,179				
Average number of shares - fully diluted (in '000)	282,109			1,085,179				

(A) SalvaRx Ltd. group figures as at December 31, 2018 agree with Note 28 to the audited consolidated financials of SalvaRx Group plc. For the year ended December 31, 2018

see notes to the Pro forma financial information for details of adjustments made.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION
BASIS OF PRO FORMA FINANCIAL INFORMATION PRESENTATION

For the purposes of this Pro forma financial information, Portage is the accounting acquirer as the controlling group of shareholders of Portage increased their holdings, retained majority of voting rights after the acquisition and the Company's management prior to the acquisition continued as management of the combined company. Four of the Company's Board members are also directors of SalvaRx. Notwithstanding the high degree of ownership between the companies, this was not considered a common control transaction as no single individual held controlling interest and no contractual arrangement exists among the group of directors.

Adjustments are made to eliminate any inter-company transactions and to account for 100% acquisition of SalvaRx from SalvaRx Group plc and Dr. Gregory Bailey and Mr. James Mellon. The value of shares issued in connection with the acquisition of SalvaRx is allocated to the fair value of assets acquired and liabilities assumed for SalvaRx.

Proforma financial information for the Portage Group includes the accounts of Portage Biotech Inc. and the following subsidiaries:

a. Portage Services Ltd., a wholly owned subsidiary.
b. Portage Pharmaceuticals Ltd. a wholly owned subsidiary.
c. EyGen Limited, which is a wholly owned subsidiary of Portage Pharmaceuticals Ltd.

Proforma financial information for SalvaRx Limited group includes the accounts of SalvaRx Limited and the following subsidiaries:

a. iOx Therapeutics Limited, in which SalvaRx Limited holds 60.49% equity
b. Saugatuck Therapeutics, in which SalvaRx Limited holds 70% equity

Information in the proforma Statement of Position consists of Portage balances as at December 31, 2018 as per the unaudited consolidated interim financial statements of Portage for the three and nine months ended December 31, 2018 and SalvaRx Limited balances as at December 31, 2018 extracted from the records of SalvaRx Ltd. group companies and reconciled to the consolidated audited financial statements of SalvaRx Group plc for the year ended December 31, 2018.

Information in the proforma statement of profit and loss and comprehensive income has been compiled as follows:

For Portage:

a. Information relating to the operations for the three months from January 1, 2018 to March 31, 2018 was obtained by eliminating from the audited consolidated financial statement of Portage for the year ended March 31, 2018 , the results for the nine months ended December 31, 2017 from the unaudited consolidated financial statement of Portage for the nine months ended December 31, 2017.
b. Information relating to the operations for the remaining nine months April 1, 2018 to December 31, 2018 was taken from the unaudited consolidated financials of Portage for the three and nine months ended December 31, 2018.
c. Balance sheet information as at December 31, 2018 was obtained from the unaudited consolidated financials of Portage for the three and nine months ended December 31, 2018.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION
BASIS OF PRO FORMA FINANCIAL INFORMATION PRESENTATION
(Continued)

For SalvaRx:

a. Information was extracted from the accounting records of SalvaRx Limited and its subsidiaries and reconciled to the audited consolidated financial statements of SalvaRx Group plc. For the year ended December 31, 2018. These consolidated financials were audited by RSM UK Audit Ltd.

b. Pro forma financial information for SalvaRx Limited was extracted originally in British pounds and converted into US dollars at a fixed exchange rate of I GBP = US$1.27, being the exchange rate as of December 31, 2018

The Pro forma financial information has been prepared and are presented on the basis of accounting policies of Portage as disclosed in its consolidated financial statements for the year ended March 31, 2018. The accounting policies used by SalvaRx as described in SalvaRx Group plc's financial statements for the year ended December 31, 2018 do not materially differ from those used by Portage.

Proforma financial information also includes audited consolidated accounts of Portage Biotech Inc. for the year ended March 31, 2018 , audited consolidated accounts of SalvaRx Group plc for the year ended December 31, 2018 and SalvaRx Limited accounts for the year ended December 31, 2018 extracted from the accounting records and reconciled to Note 28 to the audited consolidated accounts of SalvaRx Group plc for the year ended December 31, 2018 for information purposes.

PRO FORMA ADJUSTMENTS

The pro forma adjustments included in the Pro forma consolidated financial information are as follows:

		Debit in $ '000	Credit in $ '000
1.	**cash advanced by Portage to Iox eliminated on merged proforma financials.**		
	Convertible loan notes	1,900	
	Convertible note receivable		1,900
2.	**Allocation of fair value of consideration of $92,583,000 in the form of issuance of 805,070,067 shares of Portage.**		
	In process Research & Development	117,388	
	Goodwill	43,324	
	Unsecured note payable	11,715	
	Warrant liability	1,195	
	Reserves on acquisition	2,659	
	Intangible assets		1,118
	Convertible note receivable		1,900
	Investment in Stimunity		8,097
	Deferred tax liability		19,673
	Non-controlling interest		52,910
	Capital stock		92,583
		176,281	176,281
3.	**Elimination of interest charged by Portage to IOX on merged proforma**		
	Interest income	61	
	Other receivable		61