

**Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31st December 2019**
for
Huma Therapeutics Limited

Davis Grant Limited
Chartered Certified Accountants and
Statutory Auditors
Treviot House
186-192 High Road
Ilford
Essex
IG1 1LR

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for the Year Ended 31st December 2019**

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Huma Therapeutics Limited
Company Information
for the Year Ended 31st December 2019

DIRECTORS:

Dr R A Khatib
D Vahdat
S J Mackinnon
S R Fletcher
E Maleki

REGISTERED OFFICE:

13th Floor Millbank Tower
21-24 Millbank
London
SW1P 4QP

REGISTERED NUMBER:

07725451 (England and Wales)

AUDITORS:

Davis Grant Limited
Chartered Certified Accountants and
Statutory Auditors
Treviot House
186-192 High Road
Ilford
Essex
IG1 1LR

**Group Strategic Report
for the Year Ended 31st December 2019**

The directors present their strategic report of the company and the group for the year ended 31st December 2019.

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors report. It has done so in respect of future development and financial instruments.

REVIEW OF BUSINESS

The directors consider the following traditional measures to be the key financial performance indicators;

	2019	2018	Change %
	000's	000's	
Turnover	5,421	146	3,613%
Gross Profit	5,341	134	3,886%
Profit after Tax	(11,657)	(10,094)	(15.49%)
Equity Shareholders' funds	23,310	24,294	(4.05%)

Group Revenue increased more than 30-fold over 2018 as the Company completed its first year of true commercialisation.

Costs increased by 75% as the Company increased headcount to build the foundations for future growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The increasing uncertainty brought to all economies from Covid-19 may slow potential clients' decision-making processes, and so could impact the ability of the Company to maximise revenue growth. However, the Directors' are comforted that the digital health industry generally is potentially a beneficiary from the pandemic, as healthcare systems and others look to alternative solutions from traditional delivery of healthcare.

Political climate: whilst Brexit is not anticipated to have a direct impact on the business, the Company may be disadvantaged if it led to hiring skilled individuals from the EU to become more difficult (although that has not been experienced so far).

FUTURE DEVELOPMENTS

The Directors remain confident for sustained growth in the business; however, the sector is relatively slow moving and the timing of that growth remains subject to concluding commercial contracts.

RESEARCH AND DEVELOPMENT

The Company continues to invest in developing assets to add to its platform, and so enhance commercial opportunities.

FINANCIAL INSTRUMENTS

The Company has normal exposure to price, credit, liquidity and cash-flow risks. The Company earns revenue in US\$, GBP or Euros. The Company does not enter into any hedging transactions but retains bank balances in a combination of these currencies.

ON BEHALF OF THE BOARD:

D Vahdat - Director

8th September 2020

**Report of the Directors
for the Year Ended 31st December 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2019.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of global healthtech company transforming healthcare through digital biomarkers and therapeutics.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2019.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2019 to the date of this report.

Dr R A Khatib
D Vahdat
S J Mackinnon
S R Fletcher
E Maleki

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Huma Therapeutics Limited (Registered number: 07725451)

**Report of the Directors
for the Year Ended 31st December 2019**

AUDITORS

The auditors, Davis Grant Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

D Vahdat - Director

8th September 2020

Report of the Independent Auditors to the Members of Huma Therapeutics Limited

Opinion

We have audited the financial statements of Huma Therapeutics Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31st December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of Huma Therapeutics Limited

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report.

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Neil Marcel Driver (FCA) (FCCA) (Senior Statutory Auditor)
for and on behalf of Davis Grant Limited
Chartered Certified Accountants and
Statutory Auditors
Treviot House
186-192 High Road
Ilford
Essex
IG1 1LR

10th September 2020

Huma Therapeutics Limited (Registered number: 07725451)

Consolidated Income Statement
for the Year Ended 31st December 2019

		Year Ended 31.12.19		Period 1.12.17 to 31.12.18 as restated	
	Notes	£'000	£'000	£'000	£'000
TURNOVER			5,421		146
Cost of sales			<u>80</u>		<u>12</u>
GROSS PROFIT			5,341		134
Administrative expenses			<u>18,353</u>		<u>10,293</u>
			(13,012)		(10,159)
Other operating income			<u>88</u>		<u>28</u>
OPERATING LOSS	4		(12,924)		(10,131)
Income from fixed asset investments		150		34	
Interest receivable and similar income		<u>4</u>		<u>10</u>	
			154		44
			(12,770)		(10,087)
Interest payable and similar expenses	5		<u>3</u>		<u>7</u>
LOSS BEFORE TAXATION			(12,773)		(10,094)
Tax on loss	6		<u>(1,156)</u>		<u>-</u>
LOSS FOR THE FINANCIAL YEAR			<u>(11,617)</u>		<u>(10,094)</u>
Loss attributable to:					
Owners of the parent			<u>(11,617)</u>		<u>(10,094)</u>

The notes form part of these financial statements

**Consolidated Other Comprehensive Income
for the Year Ended 31st December 2019**

Notes	Year Ended 31.12.19 £'000	Period 1.12.17 to 31.12.18 as restated £'000
LOSS FOR THE YEAR	(11,617)	(10,094)
OTHER COMPREHENSIVE INCOME		
Exchange differences on retranslating of subsidiary undertaking	9	-
Income tax relating to other comprehensive income	<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>9</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(11,608)</u>	<u>(10,094)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(11,608)</u>	<u>(10,094)</u>

Huma Therapeutics Limited (Registered number: 07725451)

**Consolidated Balance Sheet
31st December 2019**

		2019		2018	
	Notes	£'000	£'000	as restated £'000	£'000
FIXED ASSETS					
Intangible assets	10		395		-
Tangible assets	11		250		247
Investments	12		-		-
			<u>645</u>		<u>247</u>
CURRENT ASSETS					
Debtors	13	3,983		783	
Investments	14	10,033		10,084	
Cash at bank		<u>10,952</u>		<u>14,305</u>	
		24,968		25,172	
CREDITORS					
Amounts falling due within one year	15	<u>2,263</u>		<u>1,125</u>	
NET CURRENT ASSETS			<u>22,705</u>		<u>24,047</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,350</u>		<u>24,294</u>
CAPITAL AND RESERVES					
Called up share capital	17		18		16
Share premium	18		39,369		25,148
Cash advances for shares	18		-		8,623
Share options reserves	18		7,296		2,232
Retained earnings	18		<u>(23,333)</u>		<u>(11,725)</u>
SHAREHOLDERS' FUNDS			<u>23,350</u>		<u>24,294</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8th September 2020 and were signed on its behalf by:

D Vahdat - Director

Huma Therapeutics Limited (Registered number: 07725451)

Company Balance Sheet
31st December 2019

	Notes	2019		2018 as restated	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	10		101		-
Tangible assets	11		238		245
Investments	12		416		119
			<u>755</u>		<u>364</u>
CURRENT ASSETS					
Debtors	13	4,872		1,378	
Investments	14	10,033		10,084	
Cash at bank		<u>10,828</u>		<u>13,799</u>	
		25,733		25,261	
CREDITORS					
Amounts falling due within one year	15	<u>2,180</u>		<u>1,095</u>	
NET CURRENT ASSETS			<u>23,553</u>		<u>24,166</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,308</u>		<u>24,530</u>
CAPITAL AND RESERVES					
Called up share capital	17		18		16
Share premium	18		39,369		25,148
Cash advances for shares	18		-		8,623
Share options reserves	18		7,296		2,232
Retained earnings	18		<u>(22,375)</u>		<u>(11,489)</u>
SHAREHOLDERS' FUNDS			<u>24,308</u>		<u>24,530</u>
Company's loss for the financial year			<u>(10,886)</u>		<u>(9,858)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8th September 2020 and were signed on its behalf by:

D Vahdat - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31st December 2019

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1st December 2017	11	(1,631)	2,615
Changes in equity			
Issue of share capital	5	-	22,533
Total comprehensive income	-	(7,398)	-
Balance at 31st December 2018	16	(9,029)	25,148
Prior year adjustment	-	(2,696)	-
As restated	16	(11,725)	25,148
Changes in equity			
Issue of share capital	2	-	14,221
Total comprehensive income	-	(11,608)	-
Balance at 31st December 2019	18	(23,333)	39,369
	Cash advances for shares £'000	Share options reserves £'000	Total equity £'000
Balance at 1st December 2017	626	-	1,621
Changes in equity			
Issue of share capital	-	-	22,538
Total comprehensive income	-	-	(7,398)
Cash advance for shares	8,623	-	8,623
Share option charge	-	2,232	2,232
No description	(626)	-	(626)
Balance at 31st December 2018	8,623	2,232	26,990
Prior year adjustment	-	-	(2,696)
As restated	8,623	2,232	24,294
Changes in equity			
Issue of share capital	-	-	14,223
Total comprehensive income	-	-	(11,608)
Cash advance for shares	(8,623)	-	(8,623)
Share option charge	-	5,064	5,064
Balance at 31st December 2019	-	7,296	23,350

**Company Statement of Changes in Equity
for the Year Ended 31st December 2019**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1st December 2017	11	(1,631)	2,615
Changes in equity			
Issue of share capital	5	-	22,533
Total comprehensive income	-	(7,170)	-
Balance at 31st December 2018	16	(8,801)	25,148
Prior year adjustment	-	(2,688)	-
As restated	16	(11,489)	25,148
Changes in equity			
Issue of share capital	2	-	14,221
Total comprehensive income	-	(10,886)	-
Balance at 31st December 2019	18	(22,375)	39,369
	Cash advances for shares £'000	Share options reserves £'000	Total equity £'000
Balance at 1st December 2017	626	-	1,621
Changes in equity			
Issue of share capital	-	-	22,538
Total comprehensive income	-	-	(7,170)
Cash advance for shares	8,623	-	8,623
Share option charge	-	2,232	2,232
No description	(626)	-	(626)
Balance at 31st December 2018	8,623	2,232	27,218
Prior year adjustment	-	-	(2,688)
As restated	8,623	2,232	24,530
Changes in equity			
Issue of share capital	-	-	14,223
Total comprehensive income	-	-	(10,886)
Cash advance for shares	(8,623)	-	(8,623)
Share option charge	-	5,064	5,064
Balance at 31st December 2019	-	7,296	24,308

**Consolidated Cash Flow Statement
for the Year Ended 31st December 2019**

	Notes	Year Ended 31.12.19 £'000	Period 1.12.17 to 31.12.18 as restated £'000
Cash flows from operating activities			
Cash generated from operations	1	(8,988)	(7,312)
Interest paid		(3)	(7)
Tax received / (paid)		378	-
Net cash from operating activities		<u>(8,613)</u>	<u>(7,319)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(102)	-
Purchase of tangible fixed assets		(153)	(276)
Sale of tangible fixed assets		3	-
Acquisitions of assets		(304)	-
Cash invested in current assets		-	(10,084)
Loans from participating interests		62	-
Interest received		4	10
Dividends received		150	34
Net cash from investing activities		<u>(340)</u>	<u>(10,316)</u>
Cash flows from financing activities			
Share issue		2	5
Share Premium		14,221	22,533
Cash advances for shares		(8,623)	7,997
Net cash from financing activities		<u>5,600</u>	<u>30,535</u>
(Decrease)/increase in cash and cash equivalents		<u>(3,353)</u>	<u>12,900</u>
Cash and cash equivalents at beginning of year	2	<u>14,305</u>	<u>1,405</u>
Cash and cash equivalents at end of year	2	<u><u>10,952</u></u>	<u><u>14,305</u></u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31st December 2019

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.12.19	Period 1.12.17 to 31.12.18 as restated
	£'000	£'000
Loss before taxation	(12,773)	(10,094)
Depreciation charges	135	54
Loss on disposal of fixed assets	21	-
Share option charge	5,064	2,232
Impairment of goodwill	65	-
Finance costs	3	7
Finance income	<u>(154)</u>	<u>(44)</u>
	<u>(7,639)</u>	<u>(7,845)</u>
Increase in trade and other debtors	(2,426)	(316)
Increase in trade and other creditors	<u>1,077</u>	<u>849</u>
Cash generated from operations	<u>(8,988)</u>	<u>(7,312)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2019

	31.12.19	1.1.19
	£'000	£'000
Cash and cash equivalents	<u>10,952</u>	<u>14,305</u>

Period ended 31st December 2018

	31.12.18 as restated	1.12.17
	£'000	£'000
Cash and cash equivalents	<u>14,305</u>	<u>1,405</u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31st December 2019

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19 £'000	Cash flow £'000	At 31.12.19 £'000
Net cash			
Cash at bank	<u>14,305</u>	<u>(3,353)</u>	<u>10,952</u>
	<u>14,305</u>	<u>(3,353)</u>	<u>10,952</u>
Liquid resources			
Current asset investments	<u>10,084</u>	<u>(51)</u>	<u>10,033</u>
	<u>10,084</u>	<u>(51)</u>	<u>10,033</u>
Total	<u><u>24,389</u></u>	<u><u>(3,404)</u></u>	<u><u>20,985</u></u>

Notes to the Consolidated Financial Statements
for the Year Ended 31st December 2019

1. STATUTORY INFORMATION

Huma Therapeutics Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address are as below:

Registered number: 07725451
Registered office: 13th Floor Millbank Tower
21-24 Millbank
London
SW1P 4QP

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The group financial statements consolidate the financial statements of Huma Therapeutics Limited and all its subsidiary undertakings drawn up to 31 December each year.

The individual accounts of Huma Therapeutics Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures
- related party disclosures

Turnover

Turnover represents net invoiced sales, excluding value added tax. In respect of contracts for on-going services, turnover represents the value of work done in the year, including milestone basis, deferred income, estimates of amounts not invoiced.

Goodwill

After initial recognition, goodwill is measured at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill, being the amount paid in connection with the acquisition of a business in 2019, is being amortised evenly over its estimated useful life.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

Computer software is being amortised evenly over its estimated useful life of five years.

Patents/trademarks will be amortised once they have been granted.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

- | | |
|--------------------------|--|
| Short leasehold | - Straight line over the life of the lease |
| Improvements to property | - Straight line over the life of the lease |
| Fixtures and fittings | - Straight line over 3 years |
| Computer equipment | - Straight line over 3 years |

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Fixed asset investments

Fixed asset investments are stated at cost less provision for diminution in value.

Current asset investments

Current asset investments are stated at market value.

Debtors & Creditors

Short term debtors are measured at transaction price, less any impairment.

Short term creditors are measured at transaction price.

Grants

Grant income during the period has been accounted for using the performance model. Where a grant imposes specified future performance-related conditions on the recipient, income is recognised only when the performance-related conditions are met.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

2. ACCOUNTING POLICIES - continued

Share based payment

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as a personnel expense in profit or loss.

3. EMPLOYEES AND DIRECTORS

	Year Ended 31.12.19	Period 1.12.17 to 31.12.18 as restated
	£'000	£'000
Wages and salaries	6,776	4,064
Social security costs	795	477
Other pension costs	89	34
	<u>7,660</u>	<u>4,575</u>

The average number of employees during the year was as follows:

	Year Ended 31.12.19	Period 1.12.17 to 31.12.18 as restated
Directors	5	5
Admin	9	9
Commercial	33	17
Development	32	12
Finance	3	1
Operations and delivery	19	11
	<u>101</u>	<u>55</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 5 (2018 - 2).

The remuneration for the key management personnel amounted to £885,272 (2018: £463,292).

Share option charges relating to key management personnel amounted to £3,541,037 (2018: £1,789,857).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

3. EMPLOYEES AND DIRECTORS - continued

	Year Ended 31.12.19	Period 1.12.17 to 31.12.18 as restated
	£	£
Directors' remuneration	431,506	625,543
Directors' long term incentive schemes	<u>1,494</u>	<u>540</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	Year Ended 31.12.19	Period 1.12.17 to 31.12.18 as restated
	£	£
Emoluments etc	<u>289,000</u>	<u>333,083</u>

Share option charges relating to directors amounted to £3,131,673 (2018: £1,584,750)

For the highest paid director the share option charges amounted to £3,089,695 (2018: 1,582,512)

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	Year Ended 31.12.19	Period 1.12.17 to 31.12.18 as restated
	£'000	£'000
Other operating leases	460	294
Depreciation - owned assets	134	54
Loss on disposal of fixed assets	21	-
Computer software amortisation	1	-
Auditors' remuneration	33	-
Foreign exchange differences	<u>351</u>	<u>(74)</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.19	Period 1.12.17 to 31.12.18 as restated
	£'000	£'000
Bank interest	-	7
Interest on overdue PAYE	<u>3</u>	<u>-</u>
	<u><u>3</u></u>	<u><u>7</u></u>

6. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	Year Ended 31.12.19	Period 1.12.17 to 31.12.18 as restated
	£'000	£'000
Current tax:		
UK corporation tax	(940)	-
Adjustments in respect of previous periods	<u>(216)</u>	<u>-</u>
Tax on loss	<u><u>(1,156)</u></u>	<u><u>-</u></u>

UK corporation tax has been charged at 19 % (2018 - 19 %).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

6. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.12.19	Period 1.12.17 to 31.12.18 as restated
	£'000	£'000
Loss before tax	<u>(12,773)</u>	<u>(10,094)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19 % (2018 - 19 %)	(2,427)	(1,918)
Effects of:		
Expenses not deductible for tax purposes	1,012	758
Capital allowances in excess of depreciation	-	(29)
Franked Investment Income	(29)	(6)
R & D Enhanced deduction	(697)	(165)
Tax credit adjustment	1,233	382
Tax adjustments for subsidiaries	139	45
Losses Carried forward	768	933
R&D Tax credit	(940)	-
Adjustments in respect of previous periods	(216)	-
Overseas Subsidiary Tax	1	-
Total tax credit	<u>(1,156)</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

	Gross £'000	2019 Tax £'000	Net £'000
Exchange differences on retranslating of subsidiary undertaking	<u>9</u>	<u>-</u>	<u>9</u>
	<u>9</u>	<u>-</u>	<u>9</u>
		1.12.17 to 31.12.18	
	Gross £'000	Tax £'000	Net £'000
Exchange differences on translating of subsidiary undertaking	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

8. **PRIOR YEAR ADJUSTMENT**

During preparation of these financial statements, the company reviewed its share option charge policy. This resulted in recognition of a share option charge being necessary which increased trading losses and reduced retained earnings by £2,232,301 and share option reserves increased by £2,232,301. As this related to prior to this year it has been accounted for by a prior year adjustment.

Additionally, performance measures met at 31 December 2018 triggered directors bonuses that were also not previously accounted for. As a result a further prior year adjustment has been included. Wages increased by £455,200 which increased the trading losses and reduced retained earnings by the same value.

Due to this being the groups' first consolidated financial statements, a further difference of £8,994 arose which has also been accounted for in the prior year adjustment.

9. **REVENUE**

The various sources of revenue received during the years in 2019 and 2018 are as follows:

	2019	2018
	£'000	£'000
Service income	5,421	146
Dividend income	150	34
Grant income	88	28
Interest income	4	10
Total	5,664	218

10. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill	Patents and licences	Computer software	Totals
	£'000	£'000	£'000	£'000
COST				
Additions	65	349	47	461
Impairments	(65)	-	-	(65)
At 31st December 2019	<u>-</u>	<u>349</u>	<u>47</u>	<u>396</u>
AMORTISATION				
Amortisation for year	-	-	1	1
At 31st December 2019	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
NET BOOK VALUE				
At 31st December 2019	<u>-</u>	<u>349</u>	<u>46</u>	<u>395</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

10. INTANGIBLE FIXED ASSETS - continued

Company

	Patents and licences £'000	Computer software £'000	Totals £'000
COST			
Additions	<u>55</u>	<u>47</u>	<u>102</u>
At 31st December 2019	<u>55</u>	<u>47</u>	<u>102</u>
AMORTISATION			
Amortisation for year	<u>-</u>	<u>1</u>	<u>1</u>
At 31st December 2019	<u>-</u>	<u>1</u>	<u>1</u>
NET BOOK VALUE			
At 31st December 2019	<u>55</u>	<u>46</u>	<u>101</u>

11. TANGIBLE FIXED ASSETS

Group

	Short leasehold £'000	Improvements to property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1st January 2019	21	39	53	193	306
Additions	4	10	42	107	163
Disposals	-	-	-	(64)	(64)
Reclassification/transfer	-	-	(4)	-	(4)
At 31st December 2019	<u>25</u>	<u>49</u>	<u>91</u>	<u>236</u>	<u>401</u>
DEPRECIATION					
At 1st January 2019	5	9	4	41	59
Charge for year	6	11	28	89	134
Eliminated on disposal	-	-	-	(40)	(40)
Reclassification/transfer	-	-	(2)	-	(2)
At 31st December 2019	<u>11</u>	<u>20</u>	<u>30</u>	<u>90</u>	<u>151</u>
NET BOOK VALUE					
At 31st December 2019	<u>14</u>	<u>29</u>	<u>61</u>	<u>146</u>	<u>250</u>
At 31st December 2018	<u>16</u>	<u>30</u>	<u>49</u>	<u>152</u>	<u>247</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

11. TANGIBLE FIXED ASSETS - continued

Company	Short leasehold £'000	Improvements to property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1st January 2019	21	39	51	193	304
Additions	4	10	31	107	152
Disposals	-	-	-	(64)	(64)
Reclassification/transfer	-	-	(4)	-	(4)
At 31st December 2019	<u>25</u>	<u>49</u>	<u>78</u>	<u>236</u>	<u>388</u>
DEPRECIATION					
At 1st January 2019	5	9	4	41	59
Charge for year	6	11	27	89	133
Eliminated on disposal	-	-	-	(40)	(40)
Reclassification/transfer	-	-	(2)	-	(2)
At 31st December 2019	<u>11</u>	<u>20</u>	<u>29</u>	<u>90</u>	<u>150</u>
NET BOOK VALUE					
At 31st December 2019	<u>14</u>	<u>29</u>	<u>49</u>	<u>146</u>	<u>238</u>
At 31st December 2018	<u>16</u>	<u>30</u>	<u>47</u>	<u>152</u>	<u>245</u>

12. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £'000
COST	
At 1st January 2019	119
Additions	292
Exchange differences	5
At 31st December 2019	<u>416</u>
NET BOOK VALUE	
At 31st December 2019	<u>416</u>
At 31st December 2018	<u>119</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

12. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Medopad Inc.

Registered office: Workst. 378C, 101 Ave of Americas New York NY 10013

Nature of business: Global healthtech company

	%
Class of shares:	holding
Ordinary	100.00

Medopad Information Technology (Shanghai) Co., Ltd.

Registered office: Room 123, 13 / F, Shanghai Tower.No. 501 Yincheng Middle Road, Pudong New Area, Shanghai

Nature of business: Global healthtech company

	%
Class of shares:	holding
Ordinary	100.00

Medsubone Limited

Registered office: 13th Floor Millbank Tower, 21-24 Millbank, London, United Kingdom, SW1P 4QP

Nature of business: Global healthtech company

	%
Class of shares:	holding
Ordinary	100.00

ViCardio Limited

Registered office: 13th Floor Millbank Tower, 21-24 Millbank, London, England, SW1P 4QP

Nature of business: Marketing activities

	%
Class of shares:	holding
Ordinary	80.00

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£'000	£'000	£'000	£'000
Trade debtors	2,079	123	2,078	123
Amounts owed by group undertakings	-	-	893	607
Other debtors	249	373	248	363
Tax	941	162	941	162
VAT	183	94	183	94
Prepayments and accrued income	531	31	529	29
	<u>3,983</u>	<u>783</u>	<u>4,872</u>	<u>1,378</u>

Amounts owed by group undertakings are repayable on demand.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

14. CURRENT ASSET INVESTMENTS

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£'000	£'000	£'000	£'000
Listed investments	<u>10,033</u>	<u>10,084</u>	<u>10,033</u>	<u>10,084</u>

Market value of listed investments at 31st December 2019 held by the group and the company - £ (10,033) (2018 - £ (10,084)).

Original investment via Goldman Sachs Asset Management was £10,050 which generated dividends of £150 which has been included in the Profit & Loss Account. This investment can be converted to cash on demand.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£'000	£'000	£'000	£'000
Trade creditors	531	150	518	141
Amounts owed to participating interests	62	-	-	-
PAYE	296	170	293	163
Other creditors	34	10	33	10
Net wages	144	-	144	-
Accruals and deferred income	<u>1,196</u>	<u>795</u>	<u>1,192</u>	<u>781</u>
	<u>2,263</u>	<u>1,125</u>	<u>2,180</u>	<u>1,095</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Company

	Non-cancellable operating leases	
	2019	2018 as restated
	£'000	£'000
Within one year	347	303
Between one and five years	<u>434</u>	<u>198</u>
	<u>781</u>	<u>501</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		as restated	as restated
			£'000	£'000
17,533,257	Ordinary	£0.001	<u>18</u>	<u>16</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

17. CALLED UP SHARE CAPITAL - continued

1,578,501 Ordinary shares of £0.001 each were allotted as fully paid at a premium of £9.009 per share during the year.

18. RESERVES

Group

	Retained earnings £'000	Share premium £'000	Cash advances for shares £'000	Share options reserves £'000	Totals £'000
At 1st January 2019	(9,029)	25,148	8,623	2,232	26,974
Prior year adjustment	<u>(2,696)</u>				<u>(2,696)</u>
	(11,725)				24,278
Deficit for the year	(11,617)				(11,617)
Cash share issue	-	14,221	-	-	14,221
Foreign exchange differences	9	-	-	-	9
Cash advance for shares	-	-	(8,623)	-	(8,623)
Share option charge	-	-	-	5,064	5,064
At 31st December 2019	<u>(23,333)</u>	<u>39,369</u>	<u>-</u>	<u>7,296</u>	<u>23,332</u>

Company

	Retained earnings £'000	Share premium £'000	Cash advances for shares £'000	Share options reserves £'000	Totals £'000
At 1st January 2019	(8,801)	25,148	8,623	2,232	27,202
Prior year adjustment	<u>(2,688)</u>				<u>(2,688)</u>
	(11,489)				24,514
Deficit for the year	(10,886)				(10,886)
Cash share issue	-	14,221	-	-	14,221
Cash advance for shares	-	-	(8,623)	-	(8,623)
Share option charge	-	-	-	5,064	5,064
At 31st December 2019	<u>(22,375)</u>	<u>39,369</u>	<u>-</u>	<u>7,296</u>	<u>24,290</u>

19. RELATED PARTY DISCLOSURES

During the year, £30,000 was paid to Infomercial Ltd, a company controlled by the director Mr R A Khatib.

20. POST BALANCE SHEET EVENTS

After the year end Huma Therapeutics Limited acquired Biobeats Group Limited through a share for share exchange. In exchange for their shares in Biobeats Group Limited the shareholders received 230,737 shares in Huma Therapeutics Limited.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2019

21. **SHARE-BASED PAYMENT TRANSACTIONS**

The company operates an equity settled Enterprise Management Incentive (EMI) Share Option Scheme and Non-EMI scheme. The options are granted with a fixed exercise price determined at the grant of the option. The options vest over a period of up to 4 years following the date of the grant. The options are exercisable until the 10th anniversary from the date of grant. Employees are not entitled to dividends until the shares are exercised. Vesting of options is subject to continued employment with the company. The company had the following options granted in the year.

Share Option Type	Date of Grant	No. of shares	Exercise Price
Enterprise Management Incentive	29/05/2018 to 25/01/2023	1,383,465	£0.08 to £4.37
Non-EMI	15/03/2019 to 25/1/2023	567,741	£0.08 to £4.37

	EMI Scheme	Non EMI Scheme	Weighted average exercise price
Brought forward	533,369	485,654	£0.20
Granted in the year	850,096	82,087	£4.37
Exercised in the year	Nil	Nil	Nil
Lapsed in the year	169,882	Nil	£0.08
Carried forward	1,213,583	567,741	£2.39
Exercisable at year end	387,344	133,555	£2.14
Exercisable at last year end	26,702	Nil	£0.08

The fair value of the options granted have been calculated using the Black Scholes model. The total charge for the period was £5,064,366 (2018: £2,232,301)

The total figure included within reserves as at 31 December 2019 is £7,296,667 (2018: 2,232,301)

22. **IMPAIRMENT OF GOODWILL**

During the year Medsubone Limited purchased assets from Tarilian Laser Technologies Limited. Assets purchased included an 80% subsidiary company, Vicardio Limited.

Post acquisition the directors believe that Vicardio Limited has no value therefore the goodwill in relation to Vicardio Limited has been fully impaired in the year.

23. **NON-CONTROLLING INTEREST**

The company owns 80% of the share capital of Vicardio Limited.

These investments have been consolidated as part of these financial statements with the minority interest included within both the consolidated income statement and balance sheet. After the year end, the 20% non-controlling interest in Vicardio Limited has been purchased by Medsubone Limited.

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