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SALVARX GROUP PLC
Directors, Officers and Advisors

DIRECTORS

J Mellon	Non-Executive Chairman
I Walters	CEO and Executive Director
K Shah	CFO and Executive Director
R Armstrong	Non-Executive Director
C Weinberg	Non-Executive Director
G Bailey	Non-Executive Director

SECRETARY
Stone Limited

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Isle of Man, IM1 1JD

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JOINT BROKER
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BANKERS
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Isle of Man, IM99 1A

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"), formerly 3Legs Resources plc ("3Legs") for the year ended 31 December 2015. These results cover the period prior to the reverse takeover by SalvaRx Limited which was completed on 22 March 2016. In addition, we also present in appendix A the unaudited results for SalvaRx Limited for the period from incorporation on 6 May 2015 to 31 December 2015.

In June 2015 Dr. Gregory Bailey and I invested both, directly and indirectly, to acquire, in aggregate 29.9% of the enlarged share capital of 3Legs, at which point we both joined the Board as Non-Executive Directors.

In July 2015, the decision was taken at 3Legs' Annual General Meeting to approve a change to the investment policy of the Company away from the resources and technology sectors to invest in life sciences, which the Board and I believed would be a better long term value proposition for our shareholders.

Following this decision, the Board worked to identify a suitable investment, which SalvaRx Limited proved to be. In March 2016, SalvaRx Limited became a wholly owned subsidiary of 3Legs via a reverse takeover ("RTO"), as part of our plan to create a multi-product drug development portfolio company focused on cancer immunotherapy. 3Legs also changed its name to SalvaRx Group plc ("SalvaRx") and was re-admitted to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange (AIM:SALV), on 22 March 2016. During this period of activity, the Group maintained a tight focus on the development of its therapeutic products, which had begun prior to the RTO with an initial investment in iOx Therapeutics at which point I became Non-Executive Chairman.

Cancer immunotherapy is a rapidly growing therapeutic area, which is expected to grow to $80 billion by 2020. The proven efficacy of immuno-oncology is widely known, and indeed was described as 'the beginning of the end of cancer' in 2013, with the long term response seen in patients setting it apart from its competitor treatments. Since then, further strides have been made in this field, and the Board was particularly delighted when the SalvaRx opportunity arose, due to the scientific knowhow of its directors Dr Ian Walters and Dr Robert Kramer, Chief Executive and Chief Scientific Officer respectively. During their combined time at Bristol-Myers Squibb, the two worked together on eight oncology compounds including Yervoy and Opdivo, which either alone or in combination are two of the leading drugs in their field.

Following the RTO, SalvaRx has gone from strength to strength, delivering on its strategy as stated at the time of Admission, to acquire a portfolio of investments in the immunotherapy sector, owning a majority of the equity when possible and continuing to identify potential assets to add to the portfolio, with iOx to date doubling the number of compounds destined for the clinic and an investment in Intensity Therapeutics being made post the period end.

The results for the year ended 31 December 2015 reflect the fact that this was a period of transition for the Company. Losses of £144,000 from discontinued businesses comprise of the final costs of exiting from the former oil and gas exploration activities, while the relatively modest loss from continuing operations is indicative of the desire to keep a tight control of operating costs as the new focus for the Company was established, which has now been achieved.

I am encouraged by the progress that has been made in a relatively short period of time and am confident that further progress will be made in the current financial year. We are hopeful of entering clinical trials for one of our compounds by the end of calendar 2016, with others following in 2017. As with all biotech businesses, clinical trial validation should serve as the greatest inflection point, setting the stage for a potentially significant return to shareholders. In addition, with proof of efficacy, comes the ability to help cure cancers.

Jim Mellon

Non-executive Chairman

SALVARX GROUP PLC
CEO's Strategic Report

Following the progress which has been made within the Company, both during the period and post period end, I believe that SalvaRx is now well positioned for further growth. We have been screening new and exciting complementary opportunities, have begun discussions with large pharmaceutical companies regarding our products, and are becoming recognised by our peers for our novel model of early-clinical drug development.

iOx Therapeutics

We began collaborating with the founders of iOx in 2014, which was subsequently incorporated and received its first funding in July 2015. The Group has been pleased with the remarkable pace at which this subsidiary company is progressing. SalvaRx's Chief Scientific Officer, Rob Kramer, and I continue to work with iOx's academic founders to manage the day to day operations of the company, and we have attracted a senior board of directors with strong experience in drug development, including Declan Doogan, MD (former R&D head for Pfizer), Annalisa Jenkins, MBBS (former global head of R&D for Merck Serono), Jonathan Skipper PhD, (an experienced Technology Licensing Officer who works with the Ludwig Institute for Cancer Research), as well as iOx's academic founder, Professor Vincenzo Cerrundolo MD, PhD. In addition, we have recruited a strong Scientific Advisory Board ("SAB") with academic pioneers in this area, including Jedd Wolchok MD, PhD (Memorial Sloan Kettering Cancer Centre), George Coukos MD, PhD (Ludwig Cancer Centre in Lausanne Switzerland), and Madhav Dhodapkar, MD (Yale Cancer Centre). The SAB has reviewed iOx's most recent data and clinical protocol, has encouraged our group and has provided important feedback to strengthen our clinical strategy.

We have been able to de-risk the development of iOx's assets by securing collaborative research agreements and grants that provide the finance for the development of two lead products, which we estimate would otherwise have required over £20 million of funding from our own resources. We have entered into a collaborative research agreement for the development of our lead product IMM60 with the University of Oxford; Oxford will fund and conduct a 60 patient Phase I/II trial that will provide both efficacy and safety data for IMM60. We expect the study to evaluate three treatment groups: a control arm using the standard of care (an anti-PD-1 therapy), a trial arm using iOx's drug (IMM60), and a third arm that will test the combination of IMM60 and an anti-PD1 therapy. We have also recently announced that iOx was part of a consortium of academic and commercial partners that received a Horizon 2020 grant from the European Union in order to develop novel cancer immunotherapies. The grant funding covers preclinical, toxicology, manufacturing, and two clinical trials for a second compound (IMM65) in multiple solid tumour types.

iOx has made substantial progress in the manufacture of its products, the design of its toxicology program and in preparations for the first-in-man clinical trial. In the second half of 2016, we will continue these efforts in order to enable a start of the human trial of our lead program in 2017.

Intensity Therapeutics

In April 2016, SalvaRx invested US$2 million for a 9.2% interest in Intensity Therapeutics Inc. ("Intensity"), a US company founded by Lewis Bender, formerly of the Massachusetts Institute of Technology, and in which I am also the Chief Medical Officer. Intensity's technology enhances the penetration of cancer drugs into cancer cells while avoiding normal cells, allowing for local delivery into the tumour, potentially sparing cancer patients the debilitating side-effects of systemically administered treatments. Intensity's therapies have demonstrated activity in multiple animal models of cancer, and show an unexpected and exciting ability to stimulate the immune system to destroy cancerous cells far from the site of injection. Intensity is progressing its lead program towards the clinic and is planning to treat its first patient late in 2016. Intensity is partnered with the National Cancer Institute (a division of the National Institutes of Health) to better understand the mechanism of action of its products.

In 2016, Intensity announced the grant of a patent covering its lead compound, the formation of a Scientific Advisory Board including leaders in oncology, and multiple presentations at international meetings and congresses such as the American Association of Cancer Research. Intensity is looking forward to treating its first patient soon and will generate both safety and efficacy data in humans in 2016/2017.

Outlook

We expect that our subsidiary and investments will continue their manufacturing and preclinical testing during the rest of the year. We are anticipating the start of one new clinical trial later this year, with others potentially commencing in 2017, with clinical trial data from human studies having the potential to provide the biggest enhancement in value for our shareholders. At the SalvaRx corporate level, we continue to identify potential investments or acquisitions. We expect to grow the Company by acquisition, investment or licencing arrangements as we identify novel cancer immunotherapies.

I would like to thank our Board and our shareholders for giving us the opportunity to seek out exciting technologies that could impact the lives of many cancer patients. The field of cancer immunotherapy is expanding exponentially as more and more tumour types are shown to benefit from this new approach. However, there is still much more work to be done to ensure that patients have hope for controlling their disease while not sacrificing quality of life from toxic treatments.

Dr Ian Walters

Chief Executive Officer

SALVARX GROUP PLC
Directors' Report

Introduction

The Directors present their report and financial statements of SalvaRx Group plc ('the Group') for the year ended 31 December 2015.

Principal activity

The Group's principal activity is now that of drug discovery and development, focused on immune-oncology.

Business and financial review and future developments

The plans for the future are set out in the Chairman's Statement and CEO's Strategic Report.

Results and dividends

The Group's loss for the year after taxation was £0.3 million (2014: loss of £35 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 (appointed 9 June 2015)

Dr Ian Walters, Chief Executive Officer (appointed 22 March 2016)

Kam Shah, Chief Financial Officer (appointed 22 March 2016)

Dr Greg Bailey, Non-Executive Director (appointed 9 June 2015)

Richard Armstrong, Non-Executive Director (appointed 13 February 2015)

Colin Weinberg, Non-Executive Director (appointed 13 February 2015)

Tim Eggar, Non-Executive Chairman (resigned 13 February 2015)

Kamlesh Parmar, Chief Executive Officer (resigned 13 February 2015)

Alexander Fraser, Chief Financial Officer (resigned 29 April 2015)

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

Annual General Meeting and re-election of Directors

The Annual General Meeting will be held on 4 August 2016.

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	13,320,291	36.53%	86,230	23.2p
G Bailey	13,320,291	36.53%	86,230	23.2p
I Walters	-	-	428,786	35.5p
K Shah	-	-	364,666	35.5p
R Armstrong	64,635	0.18%	86,230	23.2p

Director	*Number of Ordinary shares*	*Percentage of issued share capital*	*Number of Options*	*Exercise Price*
R Armstrong			91,166	35.5p
C Weinberg	43,103	0.12%	86,230	23.2p
C Weinberg			91,166	35.5p

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 Jim Mellon in the table above include Ordinary Shares in the Company held by Port Erin Biopharma Investments Limited and Galloway Limited.

Jim Mellon and Dr.Greg Bailey are deemed to be acting in concert for the purposes of the Takeover Code. As at the date of this report, their aggregate shareholding in the Company amounted to 26,640,582 Ordinary Shares, representing 73.05 per cent of the Company's issued share capital. Jim Mellon and Dr.Greg Bailey, together with Ian Walters, Kam Shah and others, are members of a Concert Party further details of which are in the Company's Admission Document dated 3 March 2016 (which can be downloaded at http://www.salvarx.io/investors/aim-rule-26.html).

In addition, Jim Mellon and Dr.Greg Bailey held, in aggregate, options over 172,460 New Ordinary Shares (exercisable at any time until 16 February 2021) ("Options"). Other members of the Concert Party held, in aggregate, options over 2,144,114 New Ordinary Shares (such options being exercisable in three equal annual tranches from 22 March 2017) ("Plan Options").The Options and the Plan Options may not be exercised without the consent of the Takeover Panel. If all of the Options and Plan Options were exercised (and assuming no other issues of Ordinary Shares), the aggregate shareholding of the Concert Party would increase from 26,640,582 Ordinary Shares to 28,957,156 Ordinary Shares, representing 74.66 per cent of the so enlarged share capital.

Jim Mellon and Dr.Greg Bailey have granted to other members of the Concert Party options over an aggregate of 2,231,878 Ordinary Shares, the exercise of which would have no effect on the Concert Party's aggregate shareholding in the Company.

All of the defined terms above have the same meaning as in the Company's Admission Document dated 3 March 2016.

On 21 April 2016, the Company issued a total of US$1 million of zero coupon Convertible Loan Notes to Jim Mellon and Dr. Greg Bailey. Exercise of the conversion option (which has a 3 year life) would result in the issue of approximately 248,000 Ordinary Shares (based on the conversion price of 35.5p per share and an assumed exchange rate of £1: US$ 1.43 at the time of conversion). Jim Mellon and Dr. Greg Bailey have undertaken not to exercise their conversion options (which are not included in the table above) where the conversion would result in the aggregate shareholding of the Concert Party exceeding 74.66 per cent of the so enlarged share capital of the Company.

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.

SALVARX GROUP PLC
Directors' Report

Significant shareholders

Other than the Directors' interests shown above, as at 18 June 2016, the Company had been notified that the following were holders of 3% or more of the Company's issued Ordinary Share capital:

	Number of Shares	*%*
Hon & Co Holdings Limited	2,122,676	5.79

Notes:

Except for the holding of Ordinary Shares listed above, the Directors are not aware of any person holding 3% or more of the issued share capital at the date of this report.

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 19 to the financial statements.

Principal risks and uncertainties

The principal risks faced by the Company and the actions taken to mitigate them, are shown in the table below:

Risk/Description	Principal mitigation
Intellectual property: In common with other companies engaged in pharmaceutical development, the Company 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 Company 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 Company 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 Company'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 Company also engages directly with regulatory authorities when appropriate
Financial: The successful development of the Company's assets requires financial investment which can come from	The Company has successfully partnered with the University of Oxford, which will conduct the clinical

revenues, commercial partners, or investors. Failure to generate additional funding from these sources may compromise the Company's ability to execute its business plans or to continue in business.	trials without any charge to the Company. The Company has raised sufficient additional development capital which is considered sufficient to fund current plans. The Group operates robust controls over expenditures including budgeting and authorisation of individual expenditures.
Commercial and economic: The Company 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 Company's capacity to generate revenue flowing from commercialisation of its assets. If the Company'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 Company 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 Company may not be able to recruit and retain appropriately qualified staff. Facilities and other resources may become unavailable.	The Company's recruitment processes are tailored to identify and attract the best candidates for specific roles. The Company 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 success of the Group is dependent upon the success of future clinical trials. When the outcomes of these trials are known, if and when the Company moves into production, financial, operational, health and safety and environmental KPIs will become relevant and be measured and reported accordingly.

During 2015, the Company was focussed on evaluation and assessment of investment opportunities in line with the investment policy. The KPIs of the Company at that point were concerned with the successful implementation of the policy and subsequent investments.

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 Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future, based on the cash raised subsequent to the year-end. This is expected to meet the next eighteen months projections of the operational and research and development activities to be carried out.

The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

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 31 days (2014: 30 days).

Post balance sheet events

Events after the balance sheet date have been disclosed in note 27 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:

Jim Mellon
Non-executive Chairman
24 June 2016

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.

Dr Ian Walters, Chief Executive Officer

Ian Walters, M.D., M.B.A., is the Entrepreneur in Residence at Mediqventures and is part-time CMO of Intensity Therapeutics, Inc. Over his 19 year career, he has demonstrated both leadership and expertise in drug development, including the advancement of multiple cancer compounds from research stages through approval. Ian specialises in the evaluation, prioritisation, and the innovative development of new therapies for the treatment of severe diseases. He has worked at PDL BioPharma, Inc., Millenium Pharmaceuticals, Inc., and Sorrento Therapeutics, Inc., leading corporate development, translational medicine, clinical development and medical affairs. Ian spent seven years at Bristol-Myers Squibb between 2007 and 2014, where he managed physicians overseeing the international development of more than eight oncology compounds (including Nivolimab (anti-PD-1), Ipilimumab (anti-CTLA-4), brivanib (anti VEGF/FGF), anti-IGF/IR, VEGFR2 biologic, Elotuzimab (antiCS1), as well as biomarker and companion diagnostic work. He was a core member of Bristol-Myers Squibb's Strategic Transactions Group evaluating and executing licensing agreements, mergers and acquisitions, clinical collaborations, and the company's immuno-oncology strategy. Before entering the private sector, Ian was a lead investigator at the Rockefeller University and initiated advanced immunology research to understand the mechanism of action of several compounds. Ian received his MD from the Albert Einstein College of Medicine and an MBA from the Wharton School of The University of Pennsylvania.

Kam Shah CA, CPA (Canada), CPA (US), CGMA(US), Chief Financial Officer

Kam Shah is a senior finance executive with over 25 years of financial and management experience across a range of industries and companies with significant operating scale and complexity. Kam is a Certified Public Accountant and Chartered Global Management Accountant of the American Institute of CPAs and a Chartered Professional Accountant of the Canadian Institute of CPAs. He has experience in all aspects of corporate finance, including audits, SEC/OSC reporting, forecasting, and business plan development. Over the past 15 years, Kam has served as the Chief Financial Officer and Corporate Secretary of Portage Biotech, Inc., a publicly listed group of companies engaged in biotechnology and oil and gas exploration.

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
Board of Directors

Richard Armstrong, Non-Executive Director

Richard Armstrong is a former equity analyst and corporate broker. He has extensive experience in reconstructing and raising capital for turnaround situations, especially in the quoted microcap sector, for example Weatherly International plc, K P Renewables plc (now IGas Energy plc), Future Internet Technologies plc (now Artilium plc) and Mobilefuture plc. In most cases, he has joined the board of these companies and has played a major role in helping them to acquire or establish operating businesses.

Colin Weinberg, Non-Executive Director

Colin Weinberg is a former stockbroker with some 40 years' experience with a range of firms including Durlacher plc and Walker Crips Weddle Beck plc. He is a former director of Peckham Building Society and is currently a director of Associated British Engineering plc, a listed company.

SALVARX GROUP PLC
Corporate Governance Statement

The Directors recognise the importance of the Financial Reporting Council's UK Corporate Governance Code (compliance with which is not mandatory for companies admitted to trading on AIM) and intend to comply with its principles so far as is practicable and appropriate given the nature and size of the Company and the size and constitution of the Board. The Directors also intend to comply with the principles of the Corporate Governance Guidelines for AIM Companies published by the Quoted Companies Alliance in 2010, to the extent that they consider it appropriate and having regard to the Company's size, board structure, stage of development and resources.

The Directors hold regular board meetings and are responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. An audit committee, a remuneration committee and a nomination committee are in place with formally delegated rules and responsibilities. Each of these committees meets as and when appropriate save in the case of the remuneration and audit committees which meet at least twice each year.

The Audit Committee comprises Richard Armstrong (Chairman), Jim Mellon and Dr Greg Bailey. The Audit Committee, inter alia, determines and examines matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditor, the scope of the audit. It receives and reviews reports from management and the Company's auditors relating to the half yearly and audited annual accounts and the accounting and the internal control systems in use throughout the Enlarged Group.

The Remuneration Committee comprises Jim Mellon (Chairman), Richard Armstrong, Dr Greg Bailey and Colin Weinberg. The Remuneration Committee reviews and makes recommendations in respect of the Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee also make recommendations to the Board concerning the allocation of Options under the Plan.

The Nomination Committee comprises Colin Weinberg (Chairman), Jim Mellon and Richard Armstrong. The Nomination Committee monitors the size and composition of the Board and the other Board committees and is responsible for identifying suitable candidates for Board membership.

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.

The Directors have elected to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

In preparing the Group 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;
- state whether they have been prepared in accordance with IFRS as adopted by the EU;
- 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 adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Isle of Man Companies Act 2006. 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.

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

We have audited the Group financial statements of SalvaRx Group plc for the year ended 31 December 2015 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and the related notes. 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.

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the provisions of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Andrew Allchin (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, (formerly Baker Tilly UK Audit LLP) Statutory Auditor

Chartered Accountants

2 Whitehall Quay

Leeds

LS1 4HG

24 June 2016

SALVARX GROUP PLC
Consolidated Income Statement
For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Continuing operations			
Administrative expenses		(126)	-
Share based payment	22	(68)	-
Operating loss		(194)	-
Investment income	7	2	
Loss before tax from continuing operations		(192)	-
Tax		-	-
Discontinued operations			
Loss for the year from discontinued operations	6	(144)	(35,024)
Loss before tax from discontinued operations		(144)	(35,024)
Tax		-	-
Loss for the year		(336)	(35,024)
Attributable to:			
Equity holders of the parent		(336)	(35,024)
Loss per ordinary share			
From continuing operations			
Basic and diluted, pence per share	12	(0.04p)	-
From discontinued operations			
Basic and diluted, pence per share	12	(0.03p)	(41.1p)
From continuing and discontinued operations			
Basic and diluted, pence per share	12	(0.07p)	(41.1p)

SALVARX GROUP PLC
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2015

	2015	2014
	£'000	£'000
Loss for the year		
From continuing operations	(192)	-
From discontinued operations	(144)	(35,024)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	-	329
Total comprehensive income for the year attributable to owners of the parent company	(336)	(34,695)

SALVARX GROUP PLC
Consolidated Balance Sheet
As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Assets			
Non-current assets			
Investment accounted for at cost	13	215	-
		215	-
Current assets			
Trade and other receivables	15	95	95
Cash and cash equivalents	16	908	1,341
		1,003	1,436
Total assets		1,218	1,436
Liabilities			
Current liabilities			
Trade and other payables	17	(122)	(144)
		(122)	(144)
Total liabilities		(122)	(144)
Net assets		1,096	1,292
Equity			
Share capital	19	155	22
Share premium account	20	52,533	52,594
Share-based payment reserves	21	68	-
Accumulated deficit		(51,660)	(51,324)
Total equity		1,096	1,292

The financial statements of SalvaRx Group plc were approved by the Board of Directors and authorised for issue on 24 June 2016. They were signed on its behalf by:

Kam Shah
Chief Financial Officer
24 June 2016

Notes 1 to 27 form part of these financial statements.

SALVARX GROUP PLC
Consolidated Cash Flow Statement
For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Net cash outflow from operating activities	23	(296)	(1,486)
Investing activities			
Interest received		5	58
Investment in SalvaRx Limited		(215)	-
Investment in joint venture		-	(8,235)
Net cash used in investing activities		(210)	(8,177)
Financing activities			
Proceeds from the issue of share capital		1,305	180
Transaction costs of the issue of share capital		(88)	-
Return of cash to shareholders		(1,145)	(15,933)
Net cash inflow/(outflow) from financing activities		72	(15,753)
Net decrease in cash and cash equivalents		(434)	(25,416)
Effect of foreign exchange rate changes on cash and cash equivalents		1	(35)
Cash and cash equivalents at beginning of year		1,341	26,792
Cash and cash equivalents at end of year		908	1,341

SALVARX GROUP PLC
Consolidated Statement of Changes in Equity
For the year ended 31 December 2015

	Share capital £'000	Share premium account £'000	Share-based payment reserves £'000	Accumulated deficit £'000	Cumulative translation reserves £'000	Total £'000
As at 1 January 2014	**21**	**68,347**	**889**	**(16,362)**	**(331)**	**52,564**
Transactions with owners in their capacity as owners:						
Issue of equity shares	1	180	-	-	-	181
Return of cash to shareholders	-	(15,933)	-	-	-	(15,933)
Total transactions with owners in their capacity as owners	1	(15,753)	-	-	-	(15,752)
Loss for the year	-	-	-	(35,024)	-	(35,024)
Other comprehensive income:						
Currency translation differences	-	-	-	(2)	331	329
Total comprehensive income for the year	-	-	-	(35,026)	331	(34,695)
Share-based payments	-	-	(825)	-	-	(825)
Transfer to retained earnings in respect of exercised share options	-	-	(64)	64	-	-
As at 1 January 2015	**22**	**52,594**	**-**	**(51,324)**	**-**	**1,292**
Transactions with owners in their capacity as owners:						
Issue of equity shares	133	1,084	-	-	-	1,217
Return of cash to shareholders	-	(1,145)	-	-	-	(1,145)
Total transactions with owners in their capacity as owners	133	(61)	-	-	-	72
Loss for the year	-	-	-	(336)	-	(336)
Total comprehensive income for the year	-	-	-	(336)	-	(336)
Share-based payments	-	-	68	-	-	68
As at 31 December 2015	**155**	**52,533**	**68**	**(51,660)**	**-**	**1,096**

1 General information

SalvaRx Group plc (the 'Company' and, together with its subsidiary, 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.

The principal activity of the Group during 2015 was that of an Investing Company. Prior to this the Group was engaged in exploration, evaluation and development of oil and gas targets. The Company is now a drug discovery and development company focused on immuno-oncology.

These financial statements are presented in pounds sterling. Foreign operations are included in accordance with the policies set out in note 3.

2 Adoption of new and revised Standards

Standards affecting presentation and disclosure

In the current year, the following new and revised Standards have been adopted but have not had any material impact on the amounts reported in these financial statements:

Amendments to IAS 19	*Defined benefit plan: employee contributions*
IFRIC 21	*Levies*
Annual improvements to IFRSs 2010-2012 cycle	
Annual improvements to IFRSs 2011-2013 cycle	

At the date of authorisation of the financial statements, the following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	*Financial instruments*
IFRS 14	*Regulatory deferral accounts*
IFRS 15	*Revenue from contracts with customers*
IFRS 16	*Leases*
Amendments to IFRS 10 and IAS 28	*Sale of contribution of assets between an investor and its associates or joint venture*
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment entities: applying the consolidation exception*
Amendments to IFRS 11	*Accounting for acquisitions of interests in joint operations*
Amendments of IAS 1	*Presentation of financial statements - disclosure initiative*
Amendments of IAS 7	*Statement of cash flows - disclosure initiative*
Amendments of IAS 12	*Recognition of deferred tax assets for unrealised losses*
Amendments to IAS 16 and IAS 38	*Clarification of acceptable methods of depreciation and amortisation*
Amendments to IAS 27	*Equity method in separate financial statements*

Annual improvements to IFRSs 2012-2014 cycle

The Directors do not expect that the adoption of these Standards or Interpretations in future periods will have a material impact on the financial statements of the Group.

3 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. 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.

At 31 December 2015, the Group had cash and cash equivalent of approximately £0.9 million. Subsequent to the balance sheet date, the Group went through a reverse takeover and re-listing on AIM and raised approximately £1.95 million in a private placement.

The Board has evaluated the cash flow and proposed budget and has reached the conclusion there is sufficient funding for the current workload projected until June 2017. This budget includes some estimation of the R&D tax credits that are available to the Group. There is some minor risk to the timing and total amount of this cash flow, but the board has considered the availability of future funding and that existing shareholders / directors have indicated their intention to provide the further funding should this be required. That being said, major costs of drug development going forward are covered by external non-dilutive funding (collaborative research agreements and grants).

The Group believes that these available resources will be sufficient to meet its cash requirements through to the clinical trial, expected to be around June 2017 for its operational and research and development activities.

As the Group continues to incur losses, transition to profitability is dependent upon achieving a level of revenues adequate to support the Group's cost structure and unless and until doing so, intends to fund future operations through additional debt or equity offerings. There can be no assurance, however, that additional funding will be available on terms acceptable to the Group, if at all.

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.

Investments

Investments are initially recorded at cost.

Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable under operating leases are charged to Income on a straight-line basis over the lease term.

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.

Foreign exchange differences are recognised in the income statement in the period in which they arise except for foreign exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in the income statement on disposal of the net investment.

Operating loss

Operating loss is stated before share of investment income and other gains and losses.

Investment Income

Investment income comprises bank interest income on funds invested. Interest income is recognised on an accrual basis.

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.

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.

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.

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 straight-line 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.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

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.

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:

Share-based payments

The Group has an equity-settled share option scheme available to certain Directors and consultants. In accordance with IFRS 2 *Share-based payment,* in determining the fair value of options granted, the Group has applied the Black-Scholes model. As a result, the Group makes assumptions for expected volatility and expected life. The fair value of options granted in the years reported is shown in note 22.

5 Business and geographical segments

Throughout the year the Directors consider there to be only one business and operating segment from continuing operations, namely appraisal of investment targets meeting the company's investment policy.

6 Discontinued operations

The Group announced in September 2014 that it was to cease all of its then operations. The prior activities of exploration and development of oil and gas targets and related costs have been classified as discontinued operations in accordance with IFRS 5.

The results of the discontinued operations up until the year end, which have been disclosed separately in the consolidated income statement, are as follows:

Results of discontinued operations

	2015 £'000	2014 £'000
Administrative expenses	(96)	(1,854)
Foreign exchange (losses)/gains	(26)	54
Share based payment	-	825
Operating loss from discontinued operations	**(122)**	**(975)**
Share of results of joint venture	-	(481)
Investment income	3	58
Loss on disposal of subsidiaries and joint venture	(25)	(33,626)
Loss before tax from discontinued operations	**(144)**	**(35,024)**
Tax	-	-
Loss for the year from discontinued operations	**(144)**	**(35,024)**

As all relating assets and liabilities and the final cash distribution were settled prior to the Balance Sheet date, the assets and liabilities of the prior operations are no longer included in the Balance Sheet.

7 Investment income

Investment income comprises interest earned on the Group's cash reserves.

	2015 £'000	2014 £'000
Interest on bank deposits		
From continuing operations	2	-
From discontinued operations	3	58

8 Operating loss

The operating loss for the year has been arrived at after (crediting)/charging:

	2015 £'000	2014 £'000
Property lease payments	-	79
Staff costs (note 10)	69	121
Share-based payments (note 22)	68	(825)
Audit fees	25	20
Net foreign exchange losses/(gains)	26	(54)

9 Auditor's remuneration

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

	2015 £'000	2014 £'000
Audit fees		
Fees payable to the Group's auditor for the statutory audit of the Group's annual accounts	25	20
Total audit fees	25	20
Amounts payable to associates of RSM UK Audit LLP		
Non-audit fees		
Tax services	2	8
Other assurance services, including interim review	-	16
Total non-audit fees	2	24

10 Staff costs

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

	2015 Number	2014 Number
Non-executive Directors – continuing operations	3	-
Executive Directors of Group companies – discontinued operations	1	2
Other employees	-	1
	4	3

Their aggregate remuneration comprised:

	2015 **£'000**	**2014** **£'000**
Wages and salaries	17	547
Social security costs	-	88
Benefits in kind	-	57
Share-based payments	52	(571)
	69	121

Directors remuneration

	2015 **£'000**	**2014** **£'000**
J Mellon (from 9 June 2015)	19	-
G Bailey (from 9 June 2015)	19	-
R Armstrong (from 13 February 2015)	14	-
C Weinberg (from 13 February 2015)	14	-
T Eggar (to 13 Feb 2015)	3	48
K Parmar (to 13 Feb 2015)	-	297
A Fraser (to 29 April 2015)	-	232
	69	577

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

11 Tax

The tax assessed for the year is at the standard rate of corporation tax in the Isle of Man of 0% (2014: 0%) and is calculated as follows:

	2015 **£'000**	**2014** **£'000**
Loss on ordinary activities before tax	(297)	(35,024)
Loss on ordinary activities by the standard rate of tax	-	-
Foreign tax	-	-
Tax charge for the year	-	-

12 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:

	2015 £'000	2014 £'000
Losses		
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent		
From continuing operations	(192)	-
From discontinued operations	(144)	(35,024)

Number of shares	2015 Number	2014 Number
Weighted average number of Ordinary Shares for the purposes of basic loss per share	492,185,247	85,156,833

	2015 £	2014 £
Loss per Ordinary Share		
From continuing operations		
Basic and diluted, pence per share	(0.04p)	-
From discontinued operations		
Basic and diluted, pence per share	(0.03p)	(41.1p)
From continuing and discontinued operations		
Basic and diluted, pence per share	(0.07p)	(41.1p)

Dilutive loss per Ordinary Share equals basic loss per Ordinary Share as, due to the losses incurred in 2014 and 2015, there is no dilutive effect from the subsisting share options.

13 Investment accounted for at cost

In September 2015 the Company subscribed £215,000 for new shares in SalvaRx Limited, a company owned by Jim Mellon and Dr Greg Bailey. After the investment the Company held 11.1% of the enlarged share capital of SalvaRx Limited.

SalvaRx Limited was incorporated in British Virgin Islands and the principal activities are that of a holding company for IOX Therapeutics, incorporated in England and Wales, which is a drug discovery and development company.

14 Subsidiaries

The Company had investments in the following subsidiary undertakings as at 31 December 2015 and 31 December 2014, which have been included in the consolidated financial statements:

		Percentage Interest		
	Country of incorporation and operation	**2015 %**	**2014 %**	**Activity**
Directly held				
3Legs Management Services US LLC	United States of America	100	100	Service company

The subsidiary company was dissolved in February 2016.

15 Trade and other receivables

	2015 £'000	**2014 £'000**
Other receivables	-	27
VAT recoverable	13	20
Prepayments and accrued income	82	48
	95	95

The Directors consider that the carrying amount of the other receivables approximates their fair value. None of the other receivables are past due or impaired.

16 Cash and cash equivalents

Cash and cash equivalents as at 31 December 2015 of £0.9 million (2014: £1.3 million) comprise cash held by the Group. The Directors consider that the carrying amount of these assets approximates to their fair value.

17 Trade and other payables

	2015 £'000	**2014 £'000**
Trade payables	77	83
Other taxes and social security	-	-
Accruals	45	61
	122	144

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 31 days (2014: 30 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.

18 Deferred tax

Differences between IFRS and statutory tax rules (in the Isle of Man, the United Kingdom or elsewhere) give rise to temporary differences between the carrying values of certain assets and liabilities for financial reporting purposes and for income tax purposes.

Due to the disposals of subsidiaries with deferred tax assets during the prior year, as at 31 December 2015 the Group has no deferred tax assets (2014: £nil) in respect of tax losses.

19 Share capital

Authorised and issued equity share capital

	2015		2014	
	Number ’000	£’000	Number ’000	£’000
Authorised				
Ordinary Shares of £0.00025 each	1,040,000	260	440,000	110
Issued and fully paid				
Ordinary Shares of £0.00025 each	618,493	155	86,127	22

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

Issued equity share capital

	Ordinary Shares of £0.00025 Number
At 1 January 2014	84,846,645
Issue of Ordinary Shares	1,280,084
At 1 January 2015	86,126,729
Issue of Ordinary Shares	532,366,218
At 31 December 2015	618,492,947

On 22 March 2016 the shares were consolidated on the basis of 1 New Ordinary Share for every 100 Ordinary Shares.

20 Share premium

	£'000
At 1 January 2014	**68,347**
Issue of Ordinary Shares – Non-executive Directors' remuneration	31
Issue of Ordinary Shares – Share option exercise	149
Return of funds to shareholders (86,126,729 at 18.5 pence per share)	(15,933)
At 1 January 2015	**52,594**
Return of funds to shareholders (86,126,729 at 1.33 pence per share)	(1,145)
Issue of Ordinary Shares	1,172
Costs directly related to issue of Ordinary Shares	(88)
At 31 December 2015	**52,533**

21 Share-based payment reserves

	Options £'000
At 1 January 2014	889
Lapse of options	(825)
Exercise of options	(64)
At 1 January 2015	-
Share-based payments	68
At 31 December 2015	68

22 Share-based payments

Equity settled share option plans

Prior to 13 February 2015, when Shareholders approved the adoption of an investing policy, the Company operated two share option plans (the '2007 Plan' and the '2009 Plan') and a long-term incentive plan (the '2011 LTIP'). All outstanding options and awards granted under these plans have now lapsed. From 13 February 2015, the Company did not operate a formal stock option scheme, however certain options to subscribe for the Company's shares have been granted to selected Directors and consultants on an ad hoc basis pursuant to individual option agreements (the 'Non-Plan Options').

Details of share options outstanding at the end of the year were as follows:

	2015	
	Number	**Weighted average exercise price in pence**
Outstanding at 1 January	-	-
Granted during the year	47,426,781	0.232
Lapsed during the year	-	-
Exercised during the year	-	-
Outstanding at 31 December	47,426,781	0.232
Exercisable at 31 December	47,426,781	0.232

The fair value of the options has been calculated using the Black Scholes model. The significant inputs into the model for the IFRS 2 valuation were as follows:

	Grants		
	Feb 2015	**Apr 2015**	**Jul 2015**
Exercise price	0.232p	0.232p	0.232p
Expected volatility (%)	64.8	66	72.8
Expected life (years)	6	6	6
Risk free rates (%)	1	1	1
Expected dividends	-	-	-

Valuation of share-based payments

In the year ended 31 December 2015 the Company recognised a total expense of £0.1 million (2014: reversal of £0.8 million) related to equity-settled share-based payment transactions.

23 Notes to the cash flow statement

	2015	2014
	£'000	£'000
Operating activities		
Loss before tax from continuing operations	(192)	-
Loss before tax from discontinued operations	(144)	(35,024)
Loss before tax	(336)	(35,024)
Adjustments for:		
Effect of foreign exchange rate changes	(1)	366
Investment income	(5)	(58)
Share-based payments	68	(825)
Share of results of joint venture	-	481
Disposal of subsidiaries and joint venture	-	33,626
Reversal of provision for decommissioning	-	(25)
Operating cash flows before movements in working capital	(274)	(1,459)
(Increase)/decrease in receivables	-	228
Decrease in payables	(22)	(255)
Cash used in operations	(296)	(1,486)
Taxation paid	-	-
Net cash outflow from operating activities	(296)	(1,486)

Cash and cash equivalents (which are presented as a single class of assets on the balance sheet) comprise cash at bank and short term bank deposits with an original maturity of three months or less. The carrying value of these assets is approximately equal to their fair value.

24 Operating lease arrangements

At 31 December 2015, the Group had the following outstanding commitments for future lease payments.

	2015	2014
	£'000	£'000
Within one year	-	1
Within 2-5 years	-	-
	-	1

25 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, while maximising the return to shareholders. Until it achieves positive cash-flow, the Group expects to fund its operations through a combination of equity capital raised from the market and, where appropriate, debt finance.

The capital resources of the Group consist of cash and cash equivalents arising from equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

	2015 £'000	2014 £'000
Financial assets		
Cash and cash equivalents	908	1,341
Trade receivables	-	-
Other receivables	95	95
	1,003	1,436
Financial liabilities		
Trade and other payables	122	144
	122	144

Financial risk management objectives

Management provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

As the Group has no committed borrowings, the Group is not exposed to any risks associated with fluctuations in interest rates on loans.

Foreign exchange risk and foreign currency risk management

The Group is exposed to an immaterial level of currency risk on a continuing basis. In principle, the Group aims to minimise exposure to foreign exchange risk by matching the currency of income and related expenditure flows where possible.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group has minimal trade and other receivables at the year end.

The Group makes allowances for impairment of receivables where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds (cash) is considered to be limited because the counterparties are financial institutions with good credit ratings assigned by international credit-rating agencies in the Isle of Man. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

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 Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

All financial liabilities held by the Group are non-interest bearing. Further information relevant to liquidity risk management is included in note 3.

26 Related party transactions

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

Investment transactions

In September 2015 the Company subscribed £215,000 for new shares in SalvaRx Limited, a company owned by Jim Mellon and Dr Greg Bailey. After the investment the Company held 11.1% of the enlarged share capital of SalvaRx Limited.

Trading transactions

In the prior year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Recharge of costs and services		Amounts owing	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Lane Energy Poland Sp. z o.o.	-	164	-	-

Lane Energy Poland Sp. z o.o. is a related party of the Group as up until 3 November 2014 it was a joint venture, in which the Group held 30% of the issued share capital.

	Payment for services		Amounts owing	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
David Bremner	-	61	-	28

David Bremner was a Director of the Company until 31 December 2014 and thus a related party of the Group until this date.

Remuneration of 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*.

	2015	**2014**
	£'000	**£'000**
Short-term employee benefits	23	854
Share based payments	52	(571)
	75	283

27 Events after the balance sheet date

On 22 March 2016, the Company acquired the 88.9% of the share capital of SalvaRx Limited not already owned by it for a consideration of £8.8m satisfied by the issue of 24,788,732 New Ordinary Shares.

In conjunction with the above:

- the name of the Company was changed to SalvaRx Group PLC

- the shares were consolidated on the basis of 1 New Ordinary Share for every 100 Ordinary Shares.

- there was a placing of 5,492,958 New Ordinary Shares at a price of 35.5p per share to raise £1.95m before expenses.

Dr Ian Walters, Chief Executive Officer of SalvaRx Limited, was appointed CEO of the Company.

Kam Shah was appointed Chief Financial Officer of the Company.

On 22 April 2016, the Company invested $2m to acquire 9.2% of Intensity Therapeutics Inc. In conjunction with this investment, the Company raised $1m from Jim Mellon and Dr Greg Bailey in the form of zero coupon Convertible Loan Notes with a term of three years, convertible at a price of 35.5p per share.

SALVARX GROUP PLC
Appendix A. Consolidated Unaudited Financial Information SalvaRx Limited
For the period 6 May to 31 December 2015

(The information presented on the following pages is unaudited and is not covered by the audit report set out on pages 17 and 18 of the Annual report and Accounts)

SALVARX LIMITED
Unaudited Consolidated Statements of income and comprehensive income

	Notes	6 May 2015 to 31 December 2015 £
Expenses		
Research and development	7	(260,004)
Consulting fees	7	(105,434)
Professional fees		(16,658)
Other operating costs	7	(8,063)
Operating loss		(390,159)
Bank charge		(140)
Loss before tax		(390,299)
Tax	6	-
Loss and comprehensive loss for the period		(390,299)
Loss and comprehensive loss attributable to:		
Owners of the Company		(279,793)
Non – controlling interest		(110,506)
		(390,299)

SALVARX LIMITED
Unaudited Consolidated Balance Sheet

	Notes	31 December 2015 £
Asset		
Non-current Asset		
Goodwill	2	1,209,974
Current		
Trade and other receivables	3	236,263
Cash		566,956
		803,219
		2,013,193
Total assets		
Liabilities		
Current liabilities		
Trade and other payable		243,715
		243,715
Total liabilities		243,715
Net assets		1,769,478
Equity		
Share capital	4	939,990
Share based payment reserves	5	25,067
Accumulated deficit		(279,793)
Total Shareholders' equity		685,264
Non-controlling interest		1,084,214
Total equity		1,769,478

Notes 1 to 9 for part of the financial statements

SALVARX LIMITED
Unaudited Consolidated Cash flow Statement

	6 May 2015 to 31 December 2015 £
Cash flows from operating activities	
Net loss for period	(390,299)
Adjustments for non-cash items	
Value of iOx options expensed	25,067
Pre-acquisition loss fully attributed to iOx non-controlling interest	(5,280)
Net change in working capital components	
Increase in trade and other receivables	(236,263)
Increase in accounts payable and accrued liabilities	243,715
Net cashflows into operating activities	(363,060)
Cashflows into investment activities	
Net liability on acquisition of iOx	(9,974)
Net cashflows into investment activities	(9,974)
Cashflows from financing activities	
Proceeds from the issue of share capital (note 6(i) and (ii))	939,990
Net cashflows from financing activities	939,990
Net increase in cash during the period	566,956
Cash at beginning of period	-
Cash at end of period	566,956

SALVARX LIMITED
Unaudited Consolidated Statement of Changes in Equity
For the period from 6 May 2015 to 31 December 2015

	Attributable to the owners of the company					
	Share capital	Share –based payment reserves	Accumulated deficit	Equity	Non – controlling interest	Total equity
	£	£	£	£	£	£
At 6 May 2015	-	-	-	-	-	-
Transaction with owners in their capacity as owners:						
Issue of equity shares	939,990	-	-	939,990	-	939,990
Acquisition of iOx	-	-	-	-	1,200,000	1,200,000
Options issued and vested by iOx during the period	-	25,067	-	25,067	-	25,067
Pre-acquisition loss	-	939,990	-	-	(5,280)	(5,280)
Net loss for the period	-	939,990	(279,793)	(279,793)	(110,506)	(390,299)
At 31 December 2015	**939,990**	**25,067**	**(279,793)**	**685,265**	**1,084,214**	**1,769,478**

1. ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee. The consolidated financial information has been prepared on a historical cost basis except for goodwill which is measured at fair value as detailed in Note 2 to this financial information.

b) Consolidation

The consolidated financial information includes the accounts of SalvaRx Limited ("SalvaRx" or "the Company"), incorporated in the territory of the British Virgin Islands under the BVI Business Companies Act 2004 on 6 May 2015 and iOX Therapeutics Ltd ("iOX"). SalvaRx acquired 60.49% equity in iOX on 24 June 2015.

C) Foreign currency translation

The functional and presentation currency of SalvaRx and its subsidiary, iOX, is the British Pound. Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Non-monetary assets are translated at exchange rates in effect when they were acquired. Expenses are translated at the approximate average rate of exchange for the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

d) 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 recognised 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 capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and SalvaRx intends to and has sufficient resources to complete development and to use or sell the asset. No development costs have been capitalised to date.

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

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

2. ACQUISITION

On 24 June 2015, SalvaRx acquired 15,313 new Seed Preferred Shares in iOX at a price of £120 per Seed Preferred Share, which represent 60.49% equity in iOX for £1,837,560, payable in cash as £510,000 upfront and the balance in four instalments over the next twelve months on the later of (i) the dates below or (ii) satisfaction of the relevant milestone by iOX:

	Payment in £
30 September 2015 *	430,000
30 December 2015 **	515,000
30 March 2016 *	305,000
30 June 2016	77,560
Net cashflows into operating activities	1,327,560

* Agreed milestone achieved and payment is due

** Agreed milestones not yet achieved

Except for a preference over Ordinary Shares on winding up, Seed Preferred Shares have the same voting rights as Ordinary Shares and are convertible into equal number of Ordinary Shares.

The non-controlling interests in iOX on the date of acquisition was valued at £1.2 million, based on their 39.51 percent equity being valued on the basis of the price SalvaRx paid for 60.49 percent equity in iOX. As at 24 June 2015, net assets acquired were determined as per *IFRS 3- business combinations*, as follows:

	£	**£**
Goodwill		1,209,974
Other net assets		
Liabilities assumed	(10,074)	
Assets assumed	1,837,660	1,827,586
		3,037,560
Allocated to:		
Cash consideration paid for the Company's interest		1,837,560
Non-controlling interest		1,200,000
		3,037,560

3. Trade and other receivables

	31 December 2015 £
Cash held in trust with lawyers (i)	215,010
iOx receivable required	50
Prepaid expenses	15,000
VAT receivable	6,203
	236,236

(i) Cash is held in trust by a lawyer in the UK, pending opening of a bank account for the Company. There are no restrictions on use of cash.

4. SHARE CAPITAL

(a) Authorised**:** Unlimited number of ordinary shares without par value.

(a) Issued

	6 May 2015 to 31 December 2015	
	Ordinary shares Number	Amounts in £
Balance at the beginning of period	-	-
Issued under private placement (i)	64,333	939,990
Balance at the end of period	64,333	939,990

(i) On 30 June, 2015, The Company raised £510,000 through issuance of 50,000 ordinary shares at £10.20 per ordinary share. On 30 September, 2015, the Company raised further £429,990 through issuance of 14,333 ordinary shares at £30 per ordinary share.

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

5. SHARE -BASED PAYMENT RESERVES

On 14 December 2015, the Board of Directors of iOx granted 675 options to selected consultants and directors on an ad hoc basis pursuant to individual option agreements (the "non-Plan Options"), to acquire up to 2.60 percent equity in iOx for an exercise price of £ 120 per option. The options are valid for five years from the date of issue and will vest in four annual instalments.

The fair value of these options has been estimated using a Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1%
Expected dividend	Nil
Expected volatility	91.60%
Expected life	1847 days
Market price	£120

The fair value of the options as per the Black-Scholes option pricing model amounted to £56,854. Using the graded vesting method, value of options vested as at 31 December 2015 was £25,067 which was expensed as consulting fee and included in share-based payment reserve in equity.

6. TAXATION

There is no tax charge for the period due to losses arising. SalvaRx is exempt from all forms of taxation in the British Virgin Islands. iOx is subject to tax in the UK. The nil charge for the period is different from that arising from applying the standard rate of corporate tax in the UK (20 per cent), reconciled as follows:

	SalvaRx 6 May 2015 to 31 December 2015	iOx 24 June 2015 to 31 December 2015	Total
	£	£	£
Loss on ordinary activities	(110,608)	(279,691)	(390,299)
Current tax/(credit)	-	(55,938)	(55,938)
Tax losses not recognised	-	55,938	55,938
Provision for income tax	-	-	-

7. RELATED PARTY TRANSACTIONS

Related party transactions and balances have been listed below, unless they have been disclosed elsewhere in the consolidated financial statements:

	Dr. Ian Walters	Dr. Robert Framer	Galloway Limited
	£	£	£
Expenses reimbursed	4,887	458	-
Research and development costs	42,799	29,569	-
Consulting fee	42,798	29,568	-
Payable at 31 December 2015	14,309	-	90,569

* During the period SalvaRx and iOx did not have bank accounts as cash was held with solicitors and therefore Galloway Limited, a related party, advanced funds to pay for consultants' fees and other operating expenses.

Dr. Ian Walters is a chief executive officer and a director of iOx.

Dr. Robert Kramer is a chief scientific officer.

Galloway Limited, is a private company controlled by Mr. James Mellon, one of the key shareholders and a director of SalvaRx

SalvaRx has consulting contracts with Dr. Ian Walters and Dr. Robert Kramer expiring in or around April 2017 and carrying a total monthly commitment of US$27,500. The consulting contract with Dr. Ian Walters will terminate on Admission without any compensation payable to him. Any early termination of the consulting contract prior to 1 May 2016 without cause would require a lump sum compensation of US$24,375 to be paid. Any termination after 1 May 2016 would require a lump sum compensation of payment of US$97,500 to be payable to Dr. Ian Walters. Dr. Ian Walters has agreed, pursuant to a deed of waiver dated 2 March 2016, to waive any compensation payments payable to him pursuant to his consulting contract. Further, both the consultants have been granted options to acquire up to 8 per cent, in aggregate of the equity in SalvaRx from Mr. James Mellon and Dr. Gregory Bailey. The option entitlements begin on 1 May 2016 and will vest over four years.

IOx has a consulting contract with its chief financial officer, Mr. Kam Shah expiring on 1 October, 2016. Mr. Shah shall be issued 0.25 per cent, fully diluted options which will vest at the one-year anniversary for the first year of his services in lieu of his fees. The option entitlement begins on 1 October 2016. Terms of the options are not yet agreed.

Directors of the Company received no remuneration.

8. SUBSIDIARY

Name Nature of business	Class of shares/ ownership class	Effective interest and Voting rights	Country of Incorporation
iOx Therapeutics Limited Biotechnology	Seed Preferred shares	60.49 per cent	United Kingdom

The rights of the Seed Preferred Shareholders are governed by the Articles of Association of iOx. These rights are summarised below:

a. The surplus assets of iOx on a distribution on a liquidation or a return of capital (other than a conversion, redemption or purchase of shares), after paying its liabilities shall be applied first in paying to each of the holders of the Seed Preferred Shares.

b. Holders of the Seed Preferred Shares are entitled to require conversion of their shares into equal number of ordinary shares.

c. Seed Preferred Shares shall rank pari passu in all respects with the Ordinary Shares.

9. EVENTS AFTER THE BALANCE SHEET DATE

On 23 March 2016, SalvaRx Group plc, which currently holds approximately 11% equity in the Company acquired all the remaining shares of SalvaRx for an aggregate consideration of £ 8.8 million, settled by issuance of 24,788,732 New Ordinary shares of SalvaRx Group plc. The acquisition is of sufficient size to constitute a reverse take-over under the AIM Rules. Following approval of this transaction by the independent shareholders of SalvaRx Group plc, SalvaRx Group plc changed its name from 3 Legs Resources plc and re-listed on AIM. SalvaRx will continue as a wholly owned subsidiary of Salvarx Group plc.

www.salvarx.io