

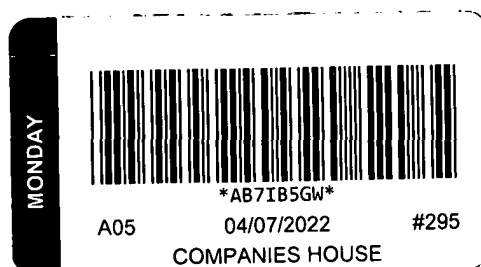
Registered number: 09758933

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**DNAE ONCOLOGY LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



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**DNAE ONCOLOGY LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	K H Tan C Toumazou
<b>Registered number</b>	09758933
<b>Registered office</b>	Scale Space 58 Wood Lane London W12 7RZ
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1st Floor One Valpy 20 Valpy Street Reading RG1 1AR

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**DNAE ONCOLOGY LIMITED**

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**DNAE ONCOLOGY LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

**Directors**

The directors who served during the year were:

K H Tan  
C Toumazou

**Results and dividends**

The loss for the year, after taxation, amounted to £215,771 (2019: loss £164,065).

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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**DNAE ONCOLOGY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Going concern basis**

The directors have adopted the going concern basis in preparing the financial statements. In assessing whether the going concern assumption is appropriate, the directors have taken into account all relevant available information about the future.

As part of the assessment, management have received confirmation from the parent company, DNAe Group Holdings Limited, that they will continue to support the company for at least the next twelve months from the date of approval of these financial statements. Management of DNAe Group Holdings Limited have prepared forecasts to 31 December 2022 and 1H 2023 on a group basis, which include forecasts for the company, and the effect of Covid 19 and the necessity to manage operations along Government guidelines going forward.

DNAe Group Holdings Limited and its subsidiaries, including DNAe Diagnostics Limited, is currently in the development phase of its business lifecycle and as is common with many research and development businesses, requires significant investment to fund its ongoing development. As with any business in the development phase, the expected timing of achievement of development milestones is difficult to predict and thereby preparing reliable forecasts is inherently uncertain.

At 31 December 2020 the Group headed by DNAe Group Holdings Limited had consolidated net liabilities of £137m and had made a consolidated loss of £30m for the year, due to on-going expenditure on research and development. DNAe Group Holdings Limited's activities have been funded in 2021 through cashflows under the Barda contract, royalty revenues and further loans from its majority shareholder and ultimate parent, Genting Berhad, a listed Malaysian company. These sources of funding covered the Group's cash needs. Following a review of milestones achieved during the second stage the contract with Barda, Barda confirmed in June 2020 funding for the third stage making \$13.9m available to the Group. The Group will require additional funding from 2023 and it is management's intention to initiate fundraising activities by re-engaging with potential strategic partners and investors. Given the track record the Group has of raising funds and its continuing efforts to develop relationships with potential strategic partners and investors, management are confident that the fundraising will be successful.

The Group headed by DNAe Group Holdings Limited has £107.5m of loans due to DNAe Group Holdings Limited's direct parent company, Edith Grove Limited, and associated company, Dragasac Limited, which are due for repayment over the next 12 months. There is an inability for the parent company and Group to generate sufficient free cash flows in order to repay the loans. It is the expectation of the parent company's directors that the loans will be refinanced as in previous years. However, nothing has been agreed as at the date of approval of the financial statements. This and the need for further funding in 2023 and beyond creates a material uncertainty that casts doubt on the company's and Group's ability to continue as a going concern.

The Group headed by DNAe Group Holdings Limited has cash funding of £34.9m committed by EGL which covers operating cash shortfall until the end of 2022, but not the full period of 12 months from the date of approval of the financial statements. The Group also has third-party borrowings of £25m which are due for repayment on demand. As at the date of approval of these financial statements the directors of the parent company have no reason to believe Genting Berhad will not continue to provide financial support as required for 12 months, including, if required the group's ability to repay the third-party borrowing, however, there can be no certainty that the financial support will continue. This situation creates a material uncertainty that casts significant doubt on the Company's and Group's ability to continue as a going concern.

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company will be able to raise adequate financial resources to continue its operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

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**DNAE ONCOLOGY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Disclosure of information to auditor**

The directors confirm that:

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

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 20/6/2022 and signed on its behalf.

*Chris Toumazou*

**C Toumazou**  
Director



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNAE ONCOLOGY LIMITED

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### Opinion

We have audited the financial statements of DNAe Oncology Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note to the financial statements, 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.

### Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the company incurred a loss of £215,771 during the year ended 31 December 2020 and, as of that date, the company's current liabilities exceeded its total assets by £4,992,707. Management expect the company to require additional funding within the next 12 months, which has not yet been secured, in order to meet its operational plans. Management have noted that there is an inability for the company to generate sufficient free cash flows in order to repay its liabilities and to fund the ongoing operational expenditure and is therefore reliant on either continued financial support from other associated companies or the ability to raise new alternative sources of finance. As stated in note 2.3 in the financial statements, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNAE ONCOLOGY LIMITED (CONTINUED)**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

**Matters on which we are required to report by exception**

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

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





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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNAE ONCOLOGY LIMITED (CONTINUED)

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### **Responsibilities of directors for the financial statements**

As explained more fully 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and industry in which it operates through our commercial and sector experience; making enquiries of management and those charged with governance; and inspection of the company's key external correspondence. We corroborated our enquiries through our review of board minutes and other information obtained during the course of the audit.
- Through the understanding that we obtained, we determined the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. We determined that the principal risks were in relation to management override of controls.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNAE ONCOLOGY LIMITED (CONTINUED)**

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- Our audit procedures included:
  - Making enquiries of management concerning the company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations; the detection and response to the risks of fraud; and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations. We considered whether there is a culture of honesty and ethical behaviour within the company and whether there is a strong emphasis of prevention and deterrence of fraud amongst those charged with governance. We also enquired with management and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected, or alleged fraud.
  - Gaining an understanding of the controls that management has in place to prevent and detect fraud;
  - Challenging significant accounting assumptions, estimates and judgements made by management, including those relevant to management override of controls;
  - Using our understanding of the company to identify and test large or unusual journal entries which may indicate a higher risk of fraud;
  - Gaining an understanding of and testing significant identified related party transactions;
  - Assessing the extent of compliance with the relevant laws and regulations as part of our audit procedures on the related financial statement item; and
  - Performing audit procedures to consider the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- Our audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the company operates; and
  - Understanding of the relevant legal and regulatory frameworks specific to the company including: the provisions of the applicable legislation; the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and the applicable statutory provisions.
  - Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in relation to the estimation and judgemental areas of recognition of revenue; potential management bias in determining accounting estimates; and through management override of controls in the preparation of the financial statements.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNAE ONCOLOGY LIMITED (CONTINUED)**

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**Use of our report**

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

*Grant Thornton UK LLP*

Paul Holland BSc BFP FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Reading

Date: 20/6/2022

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**DNAE ONCOLOGY LIMITED**


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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Note	2020 £	2019 £
Administrative expenses		-	(30,371)
<b>Operating profit/(loss)</b>	4	-	(30,371)
Interest payable and expenses	6	(216,455)	(224,708)
<b>Loss before tax</b>		(216,455)	(255,079)
Tax on loss	7	684	91,014
<b>Loss for the financial year</b>		(215,771)	(164,065)
<b>Total comprehensive income for the year</b>		(215,771)	(164,065)

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of comprehensive income.

The notes on pages 12 to 21 form part of these financial statements.

**DNAE ONCOLOGY LIMITED**  
**REGISTERED NUMBER:09758933**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	-	163,640
		<u>-</u>	<u>163,640</u>
Creditors: amounts falling due within one year	10	(4,992,707)	(4,940,576)
<b>Net current liabilities</b>		<u>(4,992,707)</u>	<u>(4,776,936)</u>
<b>Total assets less current liabilities</b>		<u>(4,992,707)</u>	<u>(4,776,936)</u>
<b>Net liabilities</b>		<u>(4,992,707)</u>	<u>(4,776,936)</u>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account	12	(4,992,807)	(4,777,036)
		<u>(4,992,707)</u>	<u>(4,776,936)</u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20/6/2022

*Clinis Toumazou*  
**C Toumazou**  
 Director

The notes on pages 12 to 21 form part of these financial statements.

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**DNAE ONCOLOGY LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	100	(4,777,036)	(4,776,936)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(215,771)	(215,771)
<b>Total comprehensive income for the year</b>	-	(215,771)	(215,771)
<b>At 31 December 2020</b>	<b>100</b>	<b>(4,992,807)</b>	<b>(4,992,707)</b>

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2019	100	(4,612,971)	(4,612,871)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(164,065)	(164,065)
<b>Total comprehensive income for the year</b>	-	(164,065)	(164,065)
<b>At 31 December 2019</b>	<b>100</b>	<b>(4,777,036)</b>	<b>(4,776,936)</b>

The notes on pages 12 to 21 form part of these financial statements.

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**DNAE ONCOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. General information**

DNAe Oncology Limited is a limited liability company incorporated in England and Wales. The registered office address is Scale Space, 58 Wood Lane, London, England, W12 7RZ.

The company was incorporated on 2 September 2015. The principal activity of the company is research and development on biotechnology.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 101 - reduced disclosure exemptions**

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- A Statement of cash flows and related notes
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group
- Presentation of comparative reconciliations for property, plant and equipment
- Disclosure of key management personnel compensation
- Capital management disclosures
- Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
- The effect of future accounting standards not adopted
- Disclosures in respect of financial instruments

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**DNAE ONCOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.3 Going concern**

The directors have adopted the going concern basis in preparing the financial statements. In assessing whether the going concern assumption is appropriate, the directors have taken into account all relevant available information about the future.

As part of the assessment, management have received confirmation from the parent company, DNAe Group Holdings Limited, that they it will continue to support the company for at least the next twelve months from the date of approval of these financial statements. Management of DNAe Group Holdings Limited have prepared forecasts to 31 December 2022 and 1H 2023 on a group basis, which include forecasts for the company, and the effect of Covid 19 and the necessity to manage operations along Government guidelines going forward.

DNAe Group Holdings Limited and its subsidiaries, including DNAe Diagnostics Limited, is currently in the development phase of its business lifecycle and as is common with many research and development businesses, requires significant investment to fund its ongoing development. As with any business in the development phase, the expected timing of achievement of development milestones is difficult to predict and thereby preparing reliable forecasts is inherently uncertain.

At 31 December 2020 the Group headed by DNAe Group Holdings Limited had consolidated net liabilities of £137m and had made a consolidated loss of £30m for the year, due to on-going expenditure on research and development. DNAe Group Holdings Limited's activities have been funded in 2021 through cashflows under the Barda contract, royalty revenues and further loans from its majority shareholder and ultimate parent, Genting Berhad, a listed Malaysian company. These sources of funding covered the Group's cash needs. Following a review of milestones achieved during the second stage the contract with Barda, Barda confirmed in June 2020 funding for the third stage making \$13.9m available to the Group. The Group will require additional funding from 2023 and it is management's intention to initiate fundraising activities by re-engaging with potential strategic partners and investors. Given the track record the Group has of raising funds and its continuing efforts to develop relationships with potential strategic partners and investors, management are confident that the fundraising will be successful.

The Group headed by DNAe Group Holdings Limited has £107.5m of loans due to DNAe Group Holdings Limited's direct parent company, Edith Grove Limited, and associated company, Dragasac Limited, which are due for repayment over the next 12 months. There is an inability for the parent company and Group to generate sufficient free cash flows in order to repay the loans. It is the expectation of the parent company's directors' that the loans will be refinanced as in previous years. However, nothing has been agreed as at the date of approval of the financial statements. This and the need for further funding in 2023 and beyond creates a material uncertainty that casts doubt on the company's and Group's ability to continue as a going concern.

The Group headed by DNAe Group Holdings Limited has cash funding of £34.9m committed by EGL which covers operating cash shortfall until the end of 2022, but not the full period of 12 months from the date of approval of the financial statements. The Group also has third-party borrowings of £25m which are due for repayment on demand. As at the date of approval of these financial statements the directors of the parent company have no reason to believe Genting Berhad will not continue to provide financial support as required for 12 months, including, if required the group's ability to repay the third-party borrowing, however, there can be no certainty that the financial support will continue. This situation creates a material uncertainty that casts significant doubt on the Company's and Group's ability to continue as a going concern.



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**DNAE ONCOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.3 Going concern (continued)**

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company will be able to raise adequate financial resources to continue its operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Lab equipment	- 3 years straight line
Office equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.5 Research and development costs**

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Costs that are directly attributable to the development phase of new customised technologies are recognised as intangible assets provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the company intends to complete the intangible asset and use or sell it;
- the company has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

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**DNAE ONCOLOGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.7 Financial instruments**

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

**Fair value through profit or loss**

All of the company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

**Impairment of financial assets**

The company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

**Financial liabilities****Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.7 Financial instruments (continued)****At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**2.8 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.9 Foreign currency translation****Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.10 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**2. Accounting policies (continued)**
**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

**Development costs**

Management consider whether any development costs meet the criteria for capitalisation as intangible assets and make judgements as part of this process.

**4. Operating profit/(loss)**

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

	2020	2019
	£	£
Depreciation of tangible fixed assets	-	30,372
	<u>          </u>	<u>          </u>

The audit fee was borne by the parent company.

## DNAE ONCOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**5. Employees**

The company has no employees other than the directors, who did not receive any remuneration (2019: £Nil).

The directors are remunerated through DNAe Group Holdings Limited.

**6. Interest payable and similar expenses**

	2020 £	2019 £
Loans from group undertakings	216,455	224,708

**7. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Research and development tax credit	(684)	(91,014)
<b>Total current tax</b>	(684)	(91,014)
<b>Taxation on loss on ordinary activities</b>	(684)	(91,014)

## DNAE ONCOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 7. Taxation (continued)

## Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: *higher than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(216,455)	(255,079)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(41,126)	(48,465)
Effects of:		
Deferred tax not recognised	85,290	5,163
Adjustment closing deferred tax to average rate of 19%	-	85,290
Adjustment opening deferred tax to average rate of 19%	-	(84,682)
Research and development tax credits	-	(91,014)
Expense not deductible for tax purposes	40,442	42,694
Remeasurement of deferred tax for changes in tax rates	(85,290)	-
<b>Total tax charge for the year</b>	<b>(684)</b>	<b>(91,014)</b>

## Factors that may affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the UK corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020 so the unrecognised UK deferred tax balances have been measured at 19% (recognised: £nil). In the Spring Budget 2021, the UK Government announced that the headline UK corporation tax rate would increase from 19% to 25% from 1 April 2023 on profits in excess of £250,000. As this new law had not been substantively enacted at the balance sheet date current tax is calculated at 19%.

The company has tax losses of £4.1m (2019: £4.3m) and fixed asset differences of £0.1m (2019: £0.1m) for which no deferred tax asset has been recognised due to uncertainty over future recoverability. The unrecognised deferred tax asset is £0.8m (2019: £0.7m).

## DNAE ONCOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 8. Tangible fixed assets

	Lab equipment £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	133,321	105	133,426
At 31 December 2020	133,321	105	133,426
<b>Depreciation</b>			
At 1 January 2020	133,321	105	133,426
At 31 December 2020	133,321	105	133,426
<b>Net book value</b>			
At 31 December 2020	-	-	-
At 31 December 2019	-	-	-

## 9. Debtors

	2020 £	2019 £
Research and development tax credit receivable	-	163,640

## 10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	4,992,707	4,940,576

The amounts above are due on demand and attract an interest rate of 5%.

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**DNAE ONCOLOGY LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**11. Share capital**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
100 (2019: 100) Ordinary shares of £1 each	<b>100</b>	<b>100</b>
	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

**12. Reserves****Profit and loss account**

Includes all current year retained losses.

**13. Controlling party**

The directors consider that the ultimate controlling party is Genting Berhad, a listed Malaysian group, due to that company's indirect interest in the preference shares of immediate parent company, DNAe Group Holdings Limited, outstanding at the year end.