Oncimmune Holdings plc
("Oncimmune" or the "Company")

Results for the year ended 31 May 2018, Strategy Update and Trading Update

Nottingham, UK – 31 October 2018: Oncimmune Holdings plc (AIM: ONC.L), a leader in the development, manufacture and commercialisation of personalised immunodiagnostics for the screening, detection and care of cancer, today announces its full year results for the year ended 31 May 2018.

Corporate & Operational Highlights (including post-period end)

- Exclusive licence agreement signed with Genostics Company Limited ("Genostics") for the distribution, manufacturing and future development of all products related to the ***Early*CDT®** platform in China
- New distribution agreements signed for ***Early*CDT®—Lung** test making a total of 15 agreements with total minimum sales commitments of £29.5m over their initial periods
- Continued progress on long term plan of supporting its distributors deliver high quality sales for ***Early*CDT®—Lung** in the US
- ***Early*CDT®—Liver** test for hepatocellular cancer launched in May 2018 in the US
- NHS ECLS trial continued to monitor its cohort of over 12,000 patients for occurrence of lung cancer. Final results expected in early 2019
- Data published in the Journal of Cancer Therapy and in PloS One in support of the role of ***Early*CDT®—Lung** in the management of indeterminate pulmonary nodules
- Dr Adam Hill, MB PhD, was appointed as new Chief Executive Officer having joined as Chief Medical Officer and Chief Strategy Officer in April 2018
- Geoffrey Hamilton-Fairley appointed to a new role as Vice Chairman of the Board
- Appointment of Dr. Cheung To and Dr. Annalisa Jenkins to the Board as Non-Executive Directors

Financial Highlights

- £10m equity investment from Genostics Company Ltd completed in March 2018
- £5m raised from new and existing investors in October 2017
- Revenue for the year was £240k (2017: £215k)
- Operating expenses before share based charges and exceptional items were £5.56m (2017: £4.88m)
- Loss before tax of £6.34m (2017: £5.32m)
- Net loss for the year was £6.34m (2017: £5.02m)
- R&D costs for the year were £1.08m of which £281k has been capitalised (2017: £1,025k of which £415k has been capitalised)
- Strong cash balance at the period end of £12.95m (2017: £5.1m)

Strategic Update

Following the appointment of Dr Adam Hill in March as Chief Medical Officer and Chief Strategy Officer in March 2018, the management and Board have undertaken a review to identify and capitalise on the wide range of opportunities presented by Oncimmune's proprietary autoantibody-based platform that are additional to continuing to build scale and momentum in the core business.

This review has confirmed the utility of Oncimmune's immunogenic protein library, the ability to rapidly develop in-vitro diagnostic panels to detect cancer early, and the potential of this technology to have an impact across the cancer care pathway, which presents multiple paths to increasing shareholder value.

In addition to maintaining focus on the core business of developing and commercialising clinical tests for the early detection of single cancer types, the Board believes latent value can be unlocked from Oncimmune's platform through strategic partnerships across a breadth of applications, and with a range of partner companies. These opportunities are designed to be capital light in nature, leveraging the investment in Oncimmune's platform to date, whilst maximising optionality, and include:

- Integrating Oncimmune's tests into third-party established ecosystems (established installed base of testing equipment, for example, to gain access to a new and proprietary distribution channel);
- Combining ***Early*CDT®** products with another provider's diagnostic tools to improve clinical decision making, and enhance market share (with another in-vitro diagnostic, or diagnostic imaging modality, for example);
- Stratifying risk for underwriters of life and critical illness risk by incorporating ***Early*CDT®—Lung,** and other products, to reduce claims cost; and
- Partnering with pharmaceutical companies to develop complementary diagnostics against immuno-oncology biomarkers such as PDL1 to improve therapy selection, or enhance therapy targeting.

In the coming three years, Oncimmune intends to continue delivering its core strategy, which focusses on early detection, including exploiting the potential in screening following the upcoming results from the NHS ECLS study. In addition to this, the Company will seek to enhance projected revenues from clinical tests, leveraging the investment made in the platform, by accelerating value creation through partnering across a range of applications to generate scale and reach wider end markets.

Pulmonology Distribution and Trading Update

As set out in our interim results announcement issued on 13 February 2018, our pilot distribution project with a major US pulmonology sales force was successfully completed in February 2018, and the Company has been in negotiation regarding the terms of a full distribution contract since this time. These discussions have not reached a satisfactory conclusion and, as of 30 October, the Board has agreed that discussions will cease as a firm timetable for agreement and implementation cannot be committed to by both parties. Whilst this is disappointing given the positive data points the pilot has produced, this arrangement now unlocks Oncimmune to focus more time on developing discussions with other US pulmonary salesforces with the goal of reaching an agreement that fully realises the value of ***Early*CDT®—Lung** in this indication.

The inability to reach agreement with the original distribution partner and the subsequent decision to engage with additional potential partners will affect the timing of revenue related to such partnerships. As a result, the Company's revenue expectations for the current financial year are materially reduced by these events. In the meantime, Oncimmune will continue to sell to the physician practices already active from the pilot and to build the case for using ***Early*CDT®—Lung** to aid in assessing risk of indeterminant pulmonary nodules. In these practices, the number of tests sold has doubled despite no active sales activity since February, with newly contracted, and significantly enhanced, reimbursement rates per test being honoured

Dr Adam Hill, CEO of Oncimmune commented: "With the fundraise in early 2018 with Genostics Company Ltd, providing access to the China market, the foundations are laid for our forward strategy.

"The year ahead presents significant opportunity with the final read-out of the ECLS study, which we anticipate will open up volume opportunities for ***Early*CDT®—Lung**, as well as topping off the clinical evidence base for the product in triaging asymptomatic patients to an appropriate diagnostic pathway. This, in turn, provides further confidence in our platform capability.

"Unlocking latent value in Oncimmune's immunogenic protein library over the next three years, designed to layer on revenue to our existing clinical testing business, will open up applications to generate scale and reach wider end markets across the cancer care continuum."

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About Oncimmune

Beating cancer, one test at a time

Oncimmune is a leader in the development, manufacture and commercialisation of personalised immunodiagnostics for the screening, detection and care of cancer.

Oncimmune is changing how clinicians, researchers and patients view, diagnose and treat cancer. Our technology detects evidence of the body's natural response to cancer, enabling detection 4 years or more before standard clinical diagnosis. Our tests facilitate clinical decision-making and are complementary to diagnostic technologies, making them valuable additions to established and new care pathways. We partner with leading developers and distributors to make our technology available globally.

Oncimmune was founded in 2002 and launched its platform technology in 2009, followed by its first commercial tests, ***Early*CDT®—Lung** and ***Early*CDT®—Liver**. To date, over 155,000 tests have been performed for patients worldwide and ***Early*CDT®—Lung** is being used in the largest-ever randomised trial for the early detection of lung cancer using biomarkers, the National Health Service (NHS) ECLS study of 12,210 high-risk smokers in Scotland. Oncimmune, headquartered in Nottingham, UK with a CLIA lab in Kansas, US and offices in London, UK and Shanghai, China. Oncimmune joined the Alternative Investment Market (AIM) of the London Stock Exchange in May 2016 under the ticker ONC.L.

For more information, visit http://oncimmune.com/

CHAIRMAN AND CHIEF EXECUTIVE'S REVIEW

Oncimmune has pursued the goal to be a leader in early cancer detection since inception and, in so doing, enhancing the clinical outcomes of cancer patients. The benefits of early detection of cancer are both clear and well understood: early stage cancer diagnosis leads to significantly improved five-year survival over late stage cancer diagnosis.

In May 2016, the Company completed an IPO on AIM. At that time, the Company laid out its strategy to deliver both its mission and value to shareholders. On behalf of the Board, we are pleased to present the third Annual Report & Accounts since IPO for the year ended 31 May 2018, and to provide a progress update on the plan detailed at the time of admission to AIM.

We continue to be well positioned to deliver on that plan and on the wider potential of our autoantibody-based platform.

Strategy and Business Model

At IPO, the directors believed the Group had reached a point of inflexion having proven and protected the *Early***CDT**® platform technology for the early detection of cancer and demonstrated clinical utility and commercial sales of its lead product. The next phase of growth for the Group was the execution of its commercial plans through a three-year growth strategy.

The Group has focused on exploiting the commercial opportunity for the ***Early*CDT**® platform technology for multiple cancers across the continuum of care; from early detection, to risk assessment for intervention, to stratification of patients for therapy. The business model is two-fold; to deliver ***Early*CDT**® testing as a service through the Group's CLIA-approved laboratory in De Soto, Kansas, and to sell ***Early*CDT**® units for other laboratories to provide their own testing service. The different marketing channels attracted distinctly different unit economics.

The initial phase of growth for the Group was focused on completing the development of the ***Early*CDT®—Lung** Kit to increase sales and open up additional markets, as well as broaden Oncimmune's product offering with ***Early*CDT®—Liver**. The Group has also focused on developing stratification panels to identify patients who might benefit from a specific therapy, and those that might not.

Underpinning this growth is a phased approach to product development and launch with Board oversight which ensures the delivery of long term growth is underpinned by a clear set of economic values aimed at protecting the Company from unnecessary risk and securing its long-term future.

Business Update

The Company has continued to deliver on its commercialisation plans during the year. After completing recruitment of senior staff to support the delivery of commercialisation plans in the US, Europe and Asia last year, the Company has seen the increase in revenue anticipated as a result of its phased roll-out across 15 geographies, securing in excess of £ 29.5m in minimum commitments over the next five years.

The Company has made good progress in R&D with the launch of the ***Early*CDT®—Liver** panel as a Laboratory Delivered Test (LDT) in the US, proving the viability of the ***Early*CDT**® platform technology to discover, validate and launch a number of solid cancer biomarker panels, and further demonstrating the potential of the Company to execute on its portfolio revenue proposition with multiple products, generating revenues in different regions and with different partners. Furthermore, the Company has invested in early research to provide evidence that the ***Early*CDT**® platform technology can be used to stratify patients into those likely to respond to specific therapy regimens.

In Q3, the Company completed a £10m fund-raise with a strategic investor, Genostics Company Ltd, which provides access to the China market.

EarlyCDT® Platform Technology and Distribution

In the US, the Company has continued with the previously outlined plan of supporting its distributors in order to deliver high quality, and long-term, sales. The Company has continued relationships with distributors for ***Early*CDT®—Lung** in the US throughout the 2017/2018 financial year, supplementing this with the addition of Valentech in Brazil and Columbia, providing reach into South America. The company has secured agreements for ***Early*CDT®—Lung** with several Private Payer Organizations (PPO's) covering 140m US insured members. The company has also recently signed a non-exclusive distribution agreement for the sale of tests covering Argentina, Uruguay and the Dominican Republic.

As set out in our interim results announcement issued on 13 February 2018, our pilot distribution project with a major US pulmonology sales force was successfully completed in February 2018, and the Company has been in negotiation regarding the terms of a full distribution contract since this time. These discussions have failed to reach a satisfactory conclusion and it has been agreed that discussions will cease until a firm timetable for agreement and implementation can be committed to by both parties. Whilst this is disappointing, this arrangement now unlocks Oncimmune to focus more time on developing discussions with other US pulmonary salesforces with the goal of reaching an agreement that fully realises the value of ***Early*CDT®—Lung** in this indication. The Company remains cautious with regards to its near term revenue growth in the US; positioning of the test is critical to long-term success, as is distribution through partnership to achieve scale.

Outside of the US, the Company continues to make good progress. The Company's Asia Pacific business has eight distribution agreements in place for ***Early*CDT®—Lung** kits throughout the region, supplementing those in Israel, South Korea, Taiwan and Singapore with agreements in Brazil, Columbia, Iran, India and China which provide over £26.7m in minimum payment guarantees over the next five years.

In Europe, the Company has also announced further distribution agreements for its ***Early*CDT®—Lung** kit with agreements for Spain, Moldova and Turkey adding to the agreements in Denmark, Norway, Sweden and Poland completed in 2017/2018 with the aggregate minimum sales commitments of approximately £2.8m.

A number of our partnered territories have required additional regulatory clearances, beyond the product's CE Mark and ISO certification, which can take 12 months to obtain. Progress is being made towards obtaining the necessary product registrations to allow wider commercialisation in these new markets. The first of which are now being secured so that sales can begin to build.

The Company anticipates signing further distribution contracts in Asia and Europe during 2018/2019, with a number of these arrangements also likely to include guaranteed minimum payments that add to confidence in our chosen distributors and enhance revenue forecasting.

In addition to the commercialisation of the Company's lead asset, ***Early*CDT®—Lung**, the Company launched ***Early*CDT®—Liver** in May 2018 as an LDT in the US. ***Early*CDT®—Liver** will initially be available through Oncimmune's existing distribution network in the US, whilst the Company looks for further specialist distribution partners in the US and other global markets who target hepatologists. It is intended that the test builds traction whilst building evidence on clinical utility.

The primary commercial focus for the liver test will be China and the Asia Pacific region where hepatocellular cancer incidence is four times that found in the US. It is anticipated that in these regions the test will be used as a front-line screening test for high-risk patients who have

Hepatitis B or C. Work has commenced with our Chinese partner to validate its use as a screening test on a Chinese population, and to gain CFDA clearance.

Research, development and trials

Based upon the early discovery work published at the International Liver Cancer Association meeting in 2017, showing that a panel of 10 autoantibodies could detect hepatocellular carcinoma (HCC) with high sensitivity and specificity, our research and development effort throughout the financial year has been dominated by validation of ***Early*CDT®—Liver** for HCC. Liver cancer is the second most common cause of death from cancer worldwide and is particularly prevalent in Eastern and South-Eastern Asia with China accounting for approximately 50% of cases globally. The prognosis for liver cancer is very poor and there is a clear clinical need for improved diagnostic testing; globally 700,000 new cases are diagnosed each year and the annual death rate is in excess of 600,000. The Company's test has high specificity at 97%, complementing current imaging detection methods as well as the stand-alone biomarker alpha fetoprotein (AFP) used in Asia.

Beyond ***Early*CDT®—Liver**, the research and development programme has delivered early progress on the development of a higher sensitivity version of ***Early*CDT®—Lung** (***Early*CDT®—Lung Plus**) that utilises some new and proprietary biomarkers. ***Early*CDT®—Lung Plus** aims to improve sensitivity in the lung nodule setting, where differentiating benign and malignant tumours is key. The addition of later stage markers should add value ensuring we detect as many cancers as possible without affecting the false positive rate. This test enhancement should help drive adoption. This improved version of Oncimmune's lead product has undergone beta site testing and validation in the pathology labs at Leeds Teaching Hospitals NHS Trust. In addition, blood collected by fingerstick has been proven to be acceptable for testing on all existing ***Early*CDT®** platform products. This removes barriers to adoption of the tests that the Company experienced due to unavailability of phlebotomy services or the reluctance of the patient to have venous blood draw. Finally, feasibility has been demonstrated for the development of ***Early*CDT®** products on a new multiplex platform. This platform provides increased analytical sensitivity while allowing all biomarkers to be measured in a single reaction thereby saving on reagent cos Data derived from the collaboration with Scancell and supporting Oncimmune's claims as a companion diagnostics platform were presented at the Immuno-Oncology Summit in Boston.

From a clinical trial perspective, the NHS ECLS trial continued to monitor its cohort of over 12,000 patients for occurrence of lung cancer. The follow-up period ended in June 2018 and it is expected that the major findings of the trial will be published early in 2019. Meanwhile, results on effects of ***Early*CDT®—Lung** testing on patient emotional outcomes and smoking behaviour were presented at the World conference on Lung Cancer in Yokohama, Japan. At the same meeting, results of a collaboration between Oncimmune, Abcodia and UCLS utilising samples from the UKCTOCS study were presented that demonstrated, unequivocally, for the first time that autoantibodies can be used to detect lung cancer earlier than current diagnostic methods. This study clearly demonstrated a median cancer detection lead time of four years. A paper describing modelling of the health economic impact of ***Early*CDT®—Lung** testing of patients with pulmonary nodules was published in PLoS One and concluded that using the test for this application was likely to be cost effective in the US healthcare system. Finally, following on from the paper published by Massion and colleagues in 2016, further data was published in the Journal of Cancer Therapy in support of the role of ***Early*CDT®—Lung** in the management of indeterminate pulmonary nodules.

Fundraising

In January, the Company announced it had signed a framework agreement for an exclusive licence with Genostics Company Limited for the distribution, manufacturing and future development of all products related to Oncimmune's ***Early*CDT®** platform for the People's Republic of China. As part of the framework agreement, Genostics Company Limited agreed to invest £10m in Oncimmune by way of subscription for 6,410,256 new ordinary shares at a price of £1.56 per ordinary share, a 49% premium to the share price. The agreement strengthened the Company's balance sheet to pursue its three year plan for commercial growth.

The Company also raised £5m (£4.78m net of expenses) via a placement in September and November 2017, with the bulk of shares admitted in October 2017.

Management and Board Changes

In September 2018 the Company announced the appointment of Adam Hill as new Chief Executive Officer, having joined the Company as Chief Medical Officer and Chief Strategy Officer in April 2018. With this appointment, Geoffrey Hamilton-Fairley moved into a new role as Vice Chairman of the Board of Directors. In January 2018, the Company further strengthened its Board with the addition of Dr Anna Lisa Jenkins as Non-Executive Director and again with the addition of Dr Cheung To in September 2018.

Stakeholder and Social Responsibility

The Company recognises the value of strong relationships with a range of different external and internal stakeholders to maximise shareholder value. These stakeholders have been mapped and the Company understands their needs, interests and expectations.

Immunodiagnostics has significant potential to impact health outcomes from a cancer diagnosis and, as such, the Company recognises the societal impact of its products in the geographies that it operates. The Company is working on defining this impact and measuring this societal impact; however, like many in this industry, both the intended, and unintended consequences of products in the market are challenging to capture.

To date, the Company has obtained informal feedback from its staff, suppliers, distributors, shareholders, regulators and other stakeholders. Going forward this feedback will be formalised and the Company intends that this feedback will form an essential part of the control mechanism to direct the future strategy and business model.

Strategy

Following the appointment of Dr Adam Hill in March as Chief Medical Officer and Chief Strategy Officer in March 2018, the management and Board have undertaken a review to identify and capitalise on the wide range of opportunities presented by Oncimmune's proprietary autoantibody-based platform that are additional to continuing to build scale and momentum in the core business.

This review has confirmed the utility of Oncimmune's immunogenic protein library, the ability to rapidly develop in-vitro diagnostic panels to detect cancer early, and the potential of this technology to have an impact across the cancer care pathway – presenting multiple paths to value.

In addition to maintaining focus on the core business of developing and commercialising clinical tests for the early detection of single cancer types, the Board believes latent value can

be unlocked from Oncimmune's platform through strategic partnerships across a breadth of applications, and with a range of partner companies. These opportunities are designed to be capital light in nature, leveraging the investment in Oncimmune's platform to date, whilst maximising optionality, and include:

- Integrating Oncimmune's tests into third-party established ecosystems (established installed base of testing equipment, for example, to gain access to a new and proprietary distribution channel),
- Combining ***Early*CDT®** products with another provider's diagnostic tools to improve clinical decision making, and enhance market share (with another in-vitro diagnostic, or diagnostic imaging modality, for example),
- Stratifying risk for underwriters of life and critical illness risk by incorporating ***Early*CDT®—Lung,** and other products, to reduce claims cost,
- Partnering with pharmaceutical companies to develop complementary diagnostics against immuno-oncology biomarkers such as PDL1 to improve therapy selection, or enhance therapy targeting.

In the coming three years, Oncimmune intends to continue delivering its core strategy, which is focused on early detection, including exploiting the potential in screening following the upcoming results from the NHS ECLS study. In addition to this, the Company will seek to enhance revenues from clinical tests by accelerating value creation through partnering across a range of applications to generate scale and reach wider end markets.

In the core ***Early*CDT®** business we expect to begin to see additional registrations in partner territories during 2019. Achieving an appropriate value for the US market opportunity for ***Early*CDT®—Lung** is key to the generating value for shareholders. As described earlier, the inability to reach agreement with the original distribution partner and the subsequent decision to engage with additional potential partners will affect the timing of revenue related to such partnerships. As a result, the Company's revenue expectations for the current financial year are materially reduced by these events. The ECLS study results are also expected in the first half of 2019 following encouraging interim results. In 2019 we will also take the first steps in developing the aforementioned strategic partnerships.

Progress across these opportunities will, of course, depend on the degree of adjacency to the core business but we aim to initiate revenue generation with at least one partner and be either study-design ready or laying the groundwork for more substantial studies with other partners towards the end of 2019.

Adam Hill
Chief Executive Officer

Meinhard Schmidt
Chairman

30 October 2018

CHIEF FINANCIAL OFFICER'S REVIEW

Revenue in the year ended 31 May 2018 was £240k (2017: £215k). In the current year, this revenue represented the sale of commercial tests that were performed from our own CLIA laboratory in Kansas, US. The Group now has numerous revenue channels that it is focusing on, albeit these revenue streams are at a very early stage:

- ***Early*CDT®—Lung** central lung tests performed in the US
- ***Early*CDT®—Lung** kits sold to our distributors
- ***Early*CDT®—Liver** central lung tests performed in the US
- Partnership diagnostic revenues

Operating expenses before share based charges and exceptional items in the year ended 31 May 2018 were £5.56m (2017: £4.88m). The increase of costs largely reflects the additional employment costs incurred as the company has expanded its research and development capabilities, commercial efforts and starts to put in place additional management to cope with this scaling up.

The loss before tax for the year was £6.34m (2017: £5.32m) and the net loss for the year was £6.34m (2017: £5.0m).

£281k (2017: £415k) of research and development costs have been capitalised in the year. The decision to capitalise these costs was made on the basis that these were the direct costs relating to the work that went in to the development of the ***Early*CDT®—Liver** test, which went live during 2018.

The Company raised a further £5m (£4.78m net of expenses) via a placement in September and November 2017 issuing 4.167 million shares. In February and March 2018, the Company raised £10m equity investment as part of a license, distribution, manufacturing and future development agreement for the Peoples' Republic of China with Genostics Company Limited.

The cash balance at the end of the year was £12.953m (2017: £5.075m).

Financial Outlook

The Company's cash position continues to be strong.
At present the company has contracted minimum revenues from distributors totalling over £29.5m from 15 separate distributors across the world. The expectation is to enter into new distribution agreements in new geographies in the future.
The cash burn continues to be managed very carefully. Focus continues to be on:

- Creating value through research and development
- Increasing the distribution channel and sales of ***Early*CDT®—Lung** tests
- Increasing the distribution channel and sales of ***Early*CDT®—Liver** tests
- Partnership diagnostic revenues

As such, the management are confident that its cash resources are sufficient for the foreseeable future.

Andrew Millet
Chief Financial Officer
30 October 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year to 31 May 2018 £'000 Total	Year to 31 May 2017 £'000 Total
Revenue	4	240	215
Cost of sales		(917)	(532)
Gross loss		(677)	(317)
Administrative expenses	5	(4,759)	(3,857)
Research and development expenses		(800)	(1,025)
Share based payment charges		(138)	(74)
		(5,697)	(4,956)
Operating loss		(6,374)	(5,273)
Finance income	8	48	26
Finance expense	8	(16)	(69)
Loss before income tax		(6,342)	(5,316)
Income tax	9	-	293
Loss for the financial year		(6,342)	(5,023)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss, net of tax			
Currency translation differences		(23)	222
Loss after tax and total comprehensive income for the year attributable to equity holders		(6,365)	(4,801)
Basic and diluted loss per share	22	(11.41p)	(9.84p)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 May 2018 £'000**	31 May 2017 £'000
ASSETS			
Non-current assets			
Intangible assets	11	**671**	**518**
Property, plant and equipment	10	**201**	**230**
		872	**748**
Current assets			
Inventories	13	**295**	**323**
Trade and other receivables	12	**291**	**261**
Cash and cash equivalents	14	**12,953**	**5,075**
		13,539	**5,659**
Total assets		**14,411**	**6,407**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to the equity holders			
Share capital	18	**616**	**510**
Share premium		**30,952**	**16,273**
Other reserves		**2,325**	**2,187**
Merger reserve		**30,787**	**30,787**
Foreign currency translation reserve		**146**	**169**
Own shares		**(1,926)**	**(1,926)**
Retained earnings		**(49,338)**	**(42,996)**
Total equity		**13,562**	**5,004**
Non-current liabilities			
Other Loans	16	**-**	**-**
		-	**-**
Current liabilities			
Trade and other payables	15	**808**	**847**
Other statutory liabilities		**41**	**54**
Other loans	16	**-**	**502**
		849	**1,403**
Total liabilities		**849**	**1,403**
Total equity and liabilities		**14,411**	**6,407**

The accompanying notes form an integral part of the consolidated financial statements.

The financial statements were approved by the board on 12 October 2018.

Andrew Millet

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Merger reserve	Foreign currency translation reserve	Own Shares	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 June 2016	**510**	**16,273**	**2,113**	**30,787**	**(53)**	**(1,926)**	**(37,973)**	**9,731**
Loss for the year	-	-	-	-	-	-	(5,023)	(5,023)
Other comprehensive income:								
Currency translation differences	-	-	-	-	222	-	-	222
Total comprehensive income	**-**	**-**	**-**	**-**	**222**	**-**	**(5,023)**	**(4,801)**
Transactions with owners:								
Share option charge	-	-	74	-	-	-	-	74
As at 31 May 2017	**510**	**16,273**	**2,187**	**30,787**	**169**	**(1,926)**	**(42,996)**	**5,004**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(6,342)**	**(6,342)**
Other comprehensive income:								
Currency translation differences	**-**	**-**	**-**	**-**	**(23)**	**-**	**-**	**(23)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(23)**	**-**	**(6,342)**	**(6,365)**
Transactions with owners:								
Shares issued during the year	**106**	**14,679**	**-**	**-**	**-**	**-**	**-**	**14,785**
Share option charge	**-**	**-**	**138**	**-**	**-**	**-**	**-**	**138**
As at 31 May 2018	**616**	**30,952**	**2,325**	**30,787**	**146**	**(1,926)**	**(49,338)**	**13,562**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Year to 31 May 2018 £'000**	Year to 31 May 2017 £'000
Cash flows from operating activities			
Loss after income tax		(6,342)	(5,023)
Adjusted by:			
Depreciation and amortisation		180	91
Share based payment charge		138	74
Interest received		(48)	26
Interest expense		16	(69)
Inventory		28	(135)
Trade and other receivables		(30)	177
Trade and other payables		(52)	315
Taxes credit		-	(293)
Exchange movement		(23)	222
Cash used by operations		(6,133)	(4,615)
Interest paid		(16)	69
Interest received		48	(26)
Income tax received		-	293
Net cash used by operating activities		(6,101)	(4,279)
Cash flows from investing activities			
Purchase of property, plant and equipment		(31)	(7)
Development expenditure capitalised		(281)	(415)
Net cash used in investing activities		(312)	(422)
Cash flows from financing activities			
Proceeds from share issue		14,785	-
Repayment of long term borrowings		(502)	(388)
Net cash (used in)/generated from financing activities		14,283	(388)
Movement in cash attributable to foreign exchange		8	(33)
Net (decrease) / increase in cash and cash equivalents		7,878	(5,089)
Cash and cash equivalents at the beginning of the year		5,075	10,197
Cash and cash equivalents at the end of the year	14	12,953	5,075

The accompanying notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Oncimmune Holdings Plc (the 'Company') is a limited company incorporated and domiciled in England and Wales. The registered office of the company is Clinical Sciences Building, City Hospital, Hucknall Road, Nottingham, NG5 1PB. The registered company number is 09818395.

The Group's principal activity is that of cancer diagnosis.

The Directors of Oncimmune Holdings Plc are responsible for the financial information and contents of the financial information.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial information are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted in the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The Company was incorporated on 9 October 2015 and was re-registered as a public limited company on 14 December 2015. On 23 November 2015, a group re-organisation was completed, by means of a share for share exchange, as result of which the newly incorporated company, Oncimmune Holdings Plc, became the parent company of the Group.

The companies involved in the above share for share exchange have not previously been presented in the consolidated financial statements of a single legal entity. However, the underlying business was ultimately controlled and managed by the same parties before and after the share for share exchange and that control was not transitory. The transactions outlined above, therefore, meet the definition of a common control transaction in accordance with IFRS 3 Business Combinations.

IFRS does not provide any specific guidance on accounting for common control transactions and IFRS 3 excludes common control transactions from its scope; therefore the Directors have selected an accounting policy in accordance with paragraphs 10-12 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The consolidated entity meets the definition of a group reconstruction under FRS 102 19,27 and has therefore been accounted for under the principals of merger accounting as outlined in FRS 102, paragraphs 19.29 – 19.33, merger accounting. The consolidated financial statements have therefore been prepared as if Oncimmune Limited and its subsidiaries had been held by Oncimmune Holdings Plc from inception and therefore the results and position of Oncimmune Limited have been reflected in the comparatives.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Going concern

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention. After considering the year end cash position, making appropriate enquiries and reviewing budgets and profit and cash flow forecasts for the foreseeable future (and in any event for a period of at least 12 months from the approval date of these financial statements), the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider the adoption of the going concern basis in preparing the Consolidated financial statements is appropriate. The future prospects of the business have been further detailed in the Strategic Report.

The consolidated financial statements presented in sterling and has been rounded to the nearest thousand (£'000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Standards, amendments and interpretations to existing standards

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in these financial statements.

At the date of authorisation of the financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. The Group has not early adopted any of these pronouncements. The new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements in the future are as follows:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial Instruments	1 January 2018*
IFRS 15	Revenue from Contracts with Customers	1 January 2018*
IFRS 16	Leases	1 January 2019*
IFRS 1	First time adoption (amendments)	1 January 2018*
IFRS 2	Share based payments (amendments)	1 January 2018*
IFRS 4	Insurance contracts (amendments)	1 January 2018*
IAS 28	Investments in Associates and Joint Ventures (amendments)	1 January 2018*
IAS 39	Financial Instruments: Recognition and measurement (amendments)	1 January 2018*
IAS 40	Investment Property (amendments)	1 January 2018*
IFRIC 22	Foreign Currency transactions and advance consideration (amendments)	1 January 2019*
IFRS 9	Prepayment Features with Negative Compensation (amendments)	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IAS 28	Long-term Interest in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendment to References to Conceptual Framework in IFRS Standards		1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or joint Venture	Deferred until further notice
Annual Improvements to IFRS Standards 2014 – 2016 Cycle		
• Amendments to IFRS 1 *First-time Adoption of IFRS*		1 January 2018
• Amendments to IAS 28 *Investment in Associate and Joint Venture*		1 January 2018
Annual Improvements to IFRS Standards 2015 – 2017 Cycle – Various standards		1 January 2019
• Amendment to IFRS 3		1 January 2019
• Amendment to IFRS 11		1 January 2019
• Amendment to IAS 12		1 January 2019
• Amendment to IAS 23		1 January 2019

*Not yet adopted by the EU.

The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU endorsement mechanism.

IFRS 15

IFRS 15 Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement.

The impact that IFRS 15 will have on the financial statements is yet to be quantified. The group are in the process of completing this assessment and at this stage are unable to conclude on the impact on the accounts. The Group has different contractual arrangements with each of its clients which requires a detailed review in order to assess the changes the Group will need to make to its revenue recognition policies once the standard is implemented.

Revenue

The amount shown as revenue in the statement of comprehensive income comprises royalties received and receivable and, in addition, amounts received and receivable in respect of the provision of medical testing services, in the US and other markets, including the UK.

Revenue is recognised at the fair value of the consideration received or receivable and excludes intra-group sales, value added tax and trade discounts.

Revenue is recognised when the amount can be reliably measured and it is probable that future economic benefits associated with the transaction will flow to the entity.

Royalty income is recognised when the tests to which the royalty licences relate are completed by third parties. Amounts receivable in respect of the provision of medical testing services are recognised when these services are delivered.

Research and development

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

Development expenditure, where it meets certain criteria (given below), is capitalised and amortised on a straight-line basis over its useful life which is currently five years. Asset lives are subject to regular review and an impairment exercise carried out at least once a year. Where no internally-generated intangible asset can be recognised, development expenditure is written-off in the period in which it is incurred.

An intangible asset arising from development is recognised if, and only if, the group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits. Among other things, the group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use of sell the intangible asset.
- the ability to measure reliabily the expenditure attributable to the intangible asset during its development.

The Group has reviewed research and development expenditure, to determine whether any of that spend could qualify as development expenditure which satisfies the requirements for capitalisation set out above. As a result, £281,240 (2017: £415,000) of development expenditure has been capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis over the deemed useful life of an asset and is applied to the cost less any residual value. The asset classes are depreciated on a straight line basis over the following periods:

Laboratory equipment	-	3 – 7 years
Office equipment	-	3 – 7 years
Computer equipment	-	3 - 4 years

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset then the asset is impaired and its value reduced by recognising an impairment in profit or loss.

Impairment testing of non-current assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Those intangible assets not yet available for use and goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventories

Inventory is carried at the lower of cost or net realisable value after making due allowance for obsolete and slow moving stock. Net realisable value is calculated based on the revenue from sale in the normal course of business less any costs to sell.

Leased assets

In accordance with IAS 17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis. Associated costs, such as maintenance and insurance, are expensed as incurred. Lease incentives received are recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using current rates, and any adjustments to the tax payable in respect of previous years. In so far as group companies are entitled to UK tax credits on qualifying research and development expenditure, such amounts are recognised when received.

Deferred taxation is provided on all temporary differences between the carrying amount of the assets and liabilities in the financial statements and the tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in profit or loss, except where it relates to items recognised directly in equity, in which case it is recognised in equity.

Share based compensation

Equity-settled share-based payments are recognised as an expense in profit or loss, based on the fair value of the option at the date of grant. Such costs are spread over the vesting period, adjusted for the best available estimate of the number of share options expected to vest, with a corresponding credit to equity, net of deferred tax where applicable. Such adjustments are only made in respect of non-market performance vesting conditions. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated. Vesting conditions relate to continuing employment.

On the re-organisation in November 2015 the existing Oncimmune Limited schemes were rolled over into the 2015 Oncimmune Holdings Plc scheme with Oncimmune Holdings Plc taking on the obligation for the exercise of the options. Modification accounting was performed resulting in the incremental fair value at the date of the modification being calculated. The incremental fair value is the excess of the fair value of the award immediately after the modification over the fair value immediately before the modificiation. Where the was an incremental fair value this was charged over the remainder of the vesting period, together with the original charge relating to the grant date of the original reward. Recognition of a cost of investment in Oncimmune Holdings Plc and a corresponding reserve in respect of the fair value of the options rolled over was considered, however no investment was recognised as the amount was not considered material.

Where the granting of share options has coincided with the issue of shares, for cash, to third party investors, the fair value of such options is based on the issue price for those shares which is considered to be an arm's length value.

Employee benefit trust

Assets, other than shares, held by the Oncimmune Limited's Employee Benefit Trust (EBT) are included in the group's balance sheet under the appropriate heading. Shares in the company held by the EBT are disclosed as a deduction from shareholder's funds and dividend income is excluded in arriving at profit before tax and deducted from aggregate dividends paid and proposed. Reflecting the substance of these arrangements any amounts which the trustees of the EBT may resolve, pursuant to their discretionary powers, to pay to any beneficiaries of the EBT are charged to the profit or loss account only when paid, subject to statutory deductions.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the main decision-making body of the Group, which collectively comprises the Executive Directors. The Executive Directors are responsible for allocating the resources and assessing the performance of the operating segments.

Exceptional items

Exceptional items are treated as such if the matters are non-recurring, material and fall outside of the operating activities of the Group.

Government grants

Government grants receivable are recognised on receipts of cash. Related expenditure is recognised as it occurs

Financial instruments

Financial instruments are assigned to their different categories by management on initial recognition, depending on the contractual arrangements.

Financial assets

The Group’s financial assets fall within the heading of ‘Loans and receivables’. Loans and receivables comprise trade and certain other receivables as well as cash and cash equivalents.

Loan and receivables are recognised when the Group becomes a party to the contractual provisions of the instrument and are recognised at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment, based on the receivable ageing, previous experience with the debtor and known market intelligence. Any change in their value is recognised in the statement of comprehensive income.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

The Group's financial liabilities comprise borrowings and trade and other payables.

Financial liabilities are initially recognised at the fair value of the consideration received net of issue costs. After initial recognition borrowings are measured at amortised cost using the effective interest method. All interest-related charges are included in the statement of comprehensive income line item "finance expense". Financial liabilities are derecognised when the obligation to settle the amount is removed.

Warrants to purchase shares

Warrants to purchase shares that do not meet the definition of equity instruments are accounted for as derivative liabilities. The valuation is performed at inception and at each subsequent reporting with movements recognised in the profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares.
- Share premium: includes any premium received on the sale of shares. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any income tax benefits.
- Own shares and other reserves
- Profit and loss account: retained profits
- Foreign currency translation reserve: differences arising from translation of investments in overseas subsidiaries
- Merger reserve: The merger reserve represents the difference between the parent company's cost of investment and a subsidiary's share capital and share premium. The merger reserve in these accounts has arisen from a group reconstruction upon the incorporation and listing of the parent company that was accounted for as a common control transaction. Common control transactions are accounted for using merger accounting rather than the acquisition method.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit. The functional currency of the group and parent company is £'000.

The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the statement of financial position date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets (including equity investments) they are taken to reserves and offset against differences arising from the translation of those assets. All other exchange differences are dealt with through the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting estimates and judgements

The preparation of financial statements under IFRS requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

- *Useful lives of depreciable assets*

  Management reviews the useful lives of depreciable assets at each reporting date. At the reporting date management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to unforeseen events.

- *Inventory provision*

  Inventory provisions are based on an estimate of the realisable value of the inventory items.

- *Impairment*

  An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

- *Capitalisation of development costs*

  Development expenditure, where it meets certain criteria per IAS 38 Intangible Assets, is capitalised and amortised on a straight-line basis over its useful life. Asset lives are subject to regular review and an impairment exercise carried out at least once a year. Where no internally-generated intangible asset can be recognised, development expenditure is written-off in the period in which it is incurred. Development expenditure is only recognised when all of the criteria set out in IAS 38 are met. Management applies judgement in making this assessment and in determining attributable costs for each project.

- *Deferred tax*

  Judgement has been applied in respect of the non recognition of deferred tax on losses as detailed in note 9 on the basis of uncertainty over the timing of future reversal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segmental information

Management has determined the operating segments based on the reports reviewed by the strategic decision maker comprising the Board of Executive Directors. The segmental information is split on the basis of geographical analysis however, management report only the contents of the statement of comprehensive income and therefore no statement of financial position information is provided on a segmental basis in the following tables:

Revenue	31 May 2018 £'000	31 May 2017 £'000
Class of business		
Distribution of testing products	240	215
Royalties	-	-
Total revenues	240	215
Geographical analysis by destination		
United Kingdom	104	80
North America	136	135
Rest of the world	-	-
Total revenues	240	215
Geographical analysis by origin		
United Kingdom	-	-
North America	240	215
Rest of the world	-	-
Total revenues	240	215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Operating segments

As at 31 May 2018

	UK £'000	USA £'000	Holdings £'000	Consolidated £'000
Revenue	104	136	-	240
Cost of sales	(258)	(659)	-	(917)
Gross margin	(154)	(523)	-	(677)
Operating loss	(3,167)	(1,744)	(1,463)	(6,374)
Net finance and other costs				32
Loss before tax				(6,342)
Taxation				-
				(6,342)

As at 31 May 2017

	UK £'000	USA £'000	Holdings £'000	Consolidated £'000
Revenue	80	135	-	215
Cost of sales	(247)	(284)	-	(531)
Gross margin	(167)	(149)	-	(316)
Operating loss	(3,279)	(1,171)	(823)	(5,273)
Net finance and other costs				(43)
Loss before tax				(5,316)
Taxation				293
				(5,023)

Assets are not reported by business segment to the Chief Operating Decision Maker.

Information about major customers

In the year to 31 May 2018, the group had two customers who contributed more than 10% of group revenue individually. These two customers contributed approximately 60% of group revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Loss before income tax

	May 2018 £'000	May 2017 £'000
Loss before taxation has been arrived at after charging:		
Depreciation of owned property, plant and equipment	52	63
Amortisation of intangible assets	128	28
Research and development	800	1,025
Share based payment expense	138	74
Employee costs (Note 7)	3,094	2,202
Operating lease rentals		
- Other operating leases	225	116
Audit and non-audit services:		
Fee payable to the company's auditor:		
Fee for the audit of the parent company	20	15
Fees payable to the Company's auditor for other services:		
The audit of the Company's subsidiaries pursuant to legislation	25	24
Tax compliance services	6	6
Tax advisory services	4	6
Audit related assurance services	-	4
All other assurance services	-	1

6. Remuneration of key personnel

The Group consider that the Directors are the key personnel;

	May 2018 £'000	May 2017 £'000
Share based payments expense	138	74
Salary, fees, bonuses and other short term emoluments	731	409
Social security costs	82	44
	951	527

Details of Director's remuneration are disclosed in the Directors' report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Employees

The average number of employees (including Directors) during the period was as follows:

	May 2018	May 2017
Directors	11	10
Lab staff	31	33
Sales and administration	10	4
	52	47

The cost of employees (including directors) during the period was made up as follows:

	May 2018 £'000	May 2017 £'000
Wages and salaries	2,659	2,021
Social security costs	257	106
Pension cost	40	1
Share based payments	138	74
	3,094	2,202

8. Net finance costs

	May 2018 £'000	May 2017 £'000
Finance revenue	48	26
Finance costs	(16)	(69)
	32	(43)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Income tax credit

	May 2018 £'000	May 2017 £'000
Current tax:		
UK corporation tax credit at rates: 2018 – 19 % 2017 -19.83%	-	(293)
Prior period adjustment	-	-
	-	(293)
Tax recoverable for the period	-	(293)

Factors affecting current tax charge:

The tax assessed on the profit for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

	May 2018 £'000	May 2017 £'000
Loss before income tax	(6,342)	(5,316)
Loss for the year multiplied by the standard rate of corporation tax	(1,205)	(1,054)
Expenses not deductible for tax purposes	54	6
Adjustment in respect of prior periods	-	-
Income not assessable for tax	-	-
Tax uplift in R&D expenditure	(220)	(295)
Losses surrendered for R&D claims	194	228
Losses carried forward	1,177	822
	-	(293)

The group has unrelieved UK tax losses of £15,212,000 (2017: £12,247,000) and unrelieved overseas tax losses of £19,789,000 (2017: £17,917,000). Deferred tax of £5,950,000 has not been provided given the uncertainty over the timing of a future reversal. At year end management have not recognised research and deferred tax credit as there is uncertainty over the timing and amount that will be received from the taxation authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Property, plant and equipment

	Laboratory Equipment £'000	Computer Equipment £'000	Office Equipment £'000	Total £'000
Cost				
At 31 May 2017	1,018	25	30	1,073
Additions	31	-	-	31
Foreign exchange movement	(11)	-	-	(11)
At 31 May 2018	1,038	25	30	1,093
Depreciation				
At 31 May 2017	795	18	30	843
Charge for the year	50	2	-	52
Foreign exchange movement	(3)	-	-	(3)
At 31 May 2018	842	20	30	892
Net book values				
At 31 May 2018	196	5	-	201
At 31 May 2017	223	7	-	230

There were no assets held under finance leases during 2018 or 2017. The amount of depreciation expense charged to the statement of comprehensive income in respect of such assets was £nil in 2018 and 2017.

11. Intangible Assets

	Intangible Assets £'000
Cost	
At 31 May 2017	558
Additions	281
Disposals	-
At 31 May 2018	839
Depreciation	
At 31 May 2017	40
Charge for the year	128
At 31 May 2018	168
Net book values	
At 31 May 2018	671
At 31 May 2017	518

All intangible assets are from internal development.

12. Trade and other receivables

	May 2018 £'000	May 2018 £'000
Trade receivables	162	50
Other debtors	89	191
Prepayments and accrued income	40	20
	291	261

At 31 May 2018 trade receivables were stated net of provisions of £nil (2017 - £nil). The remaining balances were considered recoverable on normal trade terms. There is no material difference between the fair value and the varying value of these assets. The maximum credit risk exposure at the reporting date equated to the fair value of trade receivables as stated net of provisions. Standard payment terms are 30 days net.

13. Inventories

	May 2018 £'000	May 2017 £'000
Diagnostic testing materials	295	323
	295	323

Inventory is stated net of a £193,000 provision (2017: £501,000). During the year inventory with a gross value and impairment provision of £308,000 was written off in full due to obsolescence.

14. Cash and cash equivalents

Cash balances at the end of each year are as follows:

	May 2018 £'000	May 2017 £'000
Cash and cash equivalents per statement of financial position	12,953	5,075
Cash per statement of cash flows	12,953	5,075

15. Trade and other payables

	May 2018 £'000	May 2017 £'000
Trade payables	402	590
Other creditors	181	122
Accruals and deferred income	225	135
	808	847

16. Borrowing

The Group uses bank overdrafts, bank and other loans to finance acquisitions; the following balances remain outstanding as shown:

	May 2018 £'000	May 2017 £'000
Current		
Other loans	-	502
	-	502

The Company had taken out a venture loan facility originally of €1,862,649 (approximately £1.5m), from Harbert European Speciality Lending Company Limited ('Harbert'), repayable in equal instalment over the period to 31 January 2018 at an interest rate of 10%, plus a further 3% to be paid with the final instalment. The facility was secured by a fixed and floating charge over the company's assets and undertaking. As at the year end £nil was falling due within one year and £nil was falling due after one year (2017: £502,281 and £nil respectively). The loan was repaid in full during the financial year.

17. Lease commitments

At the end of each period the Group had total minimum annual payment commitments under non-cancellable operating lease agreements as set out below:

	May 2018 £'000	May 2017 £'000
Land and buildings		
Operating leases which expire:		
Within one year	257	21
In two to five years	234	-
In over five years	-	-
	491	21

18. Share capital

	May 2018		May 2017	
	Shares	£	Shares	£
Authorised:				
Ordinary shares of £0.01 each	64,102,560	641,025	57,115,594	571,155
	-	641,025		571,155
Allotted, called up and fully paid:				
Ordinary shares of £0.01 each	61,626,327	616,263	51,024,404	510,244
	61,626,327	616,263	51,024,404	510,244

19. Share based payments

The Group has granted options to certain directors and employees in respect of Ordinary shares

The Group has the following share options schemes in place:

The 2005 Share Option Scheme

The 2005 Share Option Scheme has the following principal terms:

- the scheme is limited to eligible persons, being employees, officers, SAB members and consultants of the Group;

- the scheme provides for options to be granted to eligible persons to subscribe for ordinary shares of 0.01p each in the capital of Oncimmune Holdings Plc;
- the scheme was limited to options over 14,500 ordinary shares in Oncimmune Limited (now 725,000 options over Ordinary shares of Oncimmune Holdings Plc), all of which have been granted and options may be issued under the Enterprise Management Incentive (EMI) rules or as unapproved options;
- no option may be exercised later than the tenth anniversary of the date of grant, extended to 20 years for certain option holders;
- each option issued under the scheme had a vesting period commencing for employees, officers and consultants on the first anniversary of the date of the grant and expiring on the fourth anniversary of the date of grant and for SAB members commencing on the second anniversary and expiring on the fourth anniversary of the date of grant;
- options issued under the scheme are non-transferable;
- vested options must be exercised (i) within 24 months of an option holder's death; (ii) within 3 months of an option holder ceasing to hold office for reasons of disability, redundancy or retirement (unless otherwise agreed by the Directors); and (iii) within 6 months of an option holder's resignation (if an employee, officer or consultant of the Operating Group) and within 24 months of an option holder's resignation (if an SAB member), or in each case the options shall lapse
- If an option holder shall leave the Operating Group for any reason, options granted to that option holder shall only be exercisable in the Directors' discretion;
- on 'takeover' of Oncimmune Holdings Plc where a general offer is made to acquire the whole of the issued share capital of Oncimmune Holdings Plc (or any class of share capital of Oncimmune Holdings Plc), the acquiring company may make a 'rollover' offer to the option holders, which the option holders shall be deemed to accept, such that their options shall rollover into options in the acquiring company upon the same terms; and
- Oncimmune Holdings Plc may at any time add to or vary the scheme rules provided that this does not affect the liabilities of any option holder.

The 2007 Share Option Scheme

The 2007 Share Option Scheme is on the same principal terms as the 2005 Share Option Scheme save that:

- the scheme was limited to an additional 25,029 (increased to 68,056 options over ordinary shares in Oncimmune Limited and which rolled over 3,402,800 options over Ordinary Shares), of which 23,511 options over ordinary shares in Oncimmune Limited (rolled over into 1,175,550 options over Ordinary Shares of Oncimmune Holdings Plc) have been granted;
- the vesting period for all options issued under the scheme commenced on the first anniversary of the date of grant and expired on the third anniversary of the date of grant, and;
- vested options must be exercised (i) within 12 months of an option holders death; (ii) within 3 months of an option holder ceasing to hold office for reasons of disability, redundancy or retirement (unless otherwise agreed by the Directors) and (iii) on or before an option holders resignation, or in each case the options shall lapse.

In November 2015, the two existing option schemes were rolled over into the 2015 Oncimmune Holdings Scheme on the terms set out above.

	May 2018	May 2017
	Number of options	Number of options*
Options in grant	4,391,765	3,650,550
Weighted average exercise price	£0.86	£0.77
Weighted average life remaining in years	6	5

*Share options issued by Oncimmune Limited

The fair value of options granted by the Company has been arrived at using the Black-Scholes model. The assumptions inherent in the use of this model are as follows:

	May 2018	May 2017
Volatility	20%	20%
Dividend yield	0%	0%
Risk free rate	3%	3%
Discount factors	10%	10%

- The option life is assumed to be at the end of the allowed period
- Historical staff turnover is taken into account when determining the proportion of granted options that are likely to vest by the end of the period
- Following the application of the vesting probability assumptions, there are no further vesting conditions other than remaining in employment with the Company during the vesting period
- No variables change during the life of the option (e.g. dividend yield)
- Volatility has been estimated as there is no history of the Company's share price.

At the period end each year the Group had the following options at the weighted average exercise prices (WAEP) shown:

Expiry date	WAEP	May 2018 Number	WAEP	May 2017 Number
Outstanding at 1 June (2017, 2016)	0.77	3,650,550	0.83	1,825,550
Granted	-	913,531	-	1,825,000
Lapsed		(147,315)		
Modified				
Exercised		(25,000)		
Outstanding at 31 May (2018, 2017)	0.86	4,391,765	0.77	3,650,550
Weighted average remaining contractual life in years		6		5

The options are subject to the rules of 2016 Share Option plan (an amalgamation of the Company's 2005 and 2007 Share option Plans).

The Group recognised total expenses in respect of the option schemes above of £138,065 (2017: £74,435) related to equity-settled share based payment transactions during the year.

Warrants

The group has warrants outstanding as follows, over the £0.01 Ordinary Shares:

Expiry date	Grant date	Number	Subscription price
Outstanding at 1 June 2016:			
Directors	November 2015	988,750	£0.01
Harberts European Growth Fund	May 2016	282,515	£0.66368
Zeus Capital	May 2016	1,041,314	£1.30
Granted in the year		Nil	
Outstanding at 31 May 2017:		2,322,579	

20. Related party transactions

During the year ended 31 May 2018, the University of Nottingham - a shareholder, and Wisteria - where the CFO is a director, provided services to the group as shown below. University of Nottingham provided facilities and services to enable the Company to undertake research whilst Wisteria provided bookkeeping services.

	Wisteria		University of Nottingham	
	May 2018	May 2017	May 2018	May 2017
	£'000	£'000	£'000	£'000
Costs incurred	39	44	163	174
Outstanding at year end	4	8	64	39

Also, at year end £806 (2017: £243), £4,805 (2017: £6,703) and £1,241 (2017: £9,035) was outstanding to Andrea Murray, Andrew Millet and Geoffrey Hamilton-Fairley respectively.

21. Categories of financial instruments

	May 2018	May 2017
	£'000	£'000
Current financial assets		
Loans and receivables	291	261
Cash and cash equivalents	12,953	5,075
Total financial assets	13,244	5,336
Non-financial assets	-	-
Total	13,244	5,336
Non-current financial liabilities		
At amortised cost - borrowings	-	-
Current financial liabilities		
At amortised cost - borrowings	-	502
At amortised cost - payables	849	901
Total current financial liabilities	849	1,403
Non financial liabilities	-	-
Total current liabilities	849	1,403

22. Loss per share

The basic per share is calculated by dividing the loss attributable to the owners of Oncimmune Holdings Plc by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share has not been calculated as the entity is loss making.

	May 2018	May 2017
Earnings		
Loss on ordinary activities for the purposes of basic and fully diluted loss per share (£'000)	(6,342)	(5,023)
Loss on ordinary activities for the purposes of basic and fully diluted loss per share (£'000) (before highlighted items)	-	-
Number of shares		
Weighted average number of shares for calculating basic and fully diluted earnings per share	55,558,178	51,024,404
Loss per share		
Basic and fully diluted loss per share	11.41p	9.84p
Basic and fully diluted loss per share (before exceptional items)	11.41p	9.84p

23. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk.

Market risk - *Foreign exchange risk*

As disclosed in note 4 in the years to 31 May 2018 and 31 May 2017 over 43% of the Group's income by destination was into the North American market and denominated in US dollars. The Group's income stream is exposed to fluctuations in the US dollar exchange rate against Sterling.

Market risk - *Interest rate risk*

The Group carries borrowings in the form of other loans as all borrowings are on fixed interest terms, the directors consider that no risk arises in respect of future cash flows.

Market risk - *Price risk*

The Group is not exposed to either commodity or equity securities price risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy. In addition, a significant proportion of revenue results from cash transactions. The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of trade receivables. The management do not consider that there is any concentration of risk within either trade or other receivables.

Liquidity risk

The Group currently holds cash balances to provide funding for normal trading activity. The Group also has access to both short term and long term borrowings. Trade and other payables are monitored as part of normal management routine.

Borrowings and other liabilities mature according to the following schedule:

2018	Within 1 year	One to five years
	£'000	£'000
Trade payables	402	-
Other taxation and social security	41	-
Other creditors	181	-
Accruals and deferred income	225	-

2017	Within 1 year	One to five years
	£'000	£'000
Trade payables	590	-
Other taxation and social security	57	-
Other creditors	122	-
Accruals and deferred income	135	-
Other loans	502	-

Capital risk management

The Group' s capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

	May 2018 £'000	May 2017 £'000
Total equity	13,562	5,064
Cash and cash equivalents	12,953	5,075
Capital	26,515	10,139
Total financing		
Borrowings	-	502
Overall financing	-	502
Capital to overall financing ratio	N/A	2,019.7%

24. Events after the balance sheet date

There were no events after the balance sheet date.

25. Subsidiaries consolidated

The subsidiaries included in the consolidated financial statements of the Group are detailed below. No subsidiary undertakings have been excluded from the consolidation.

Company			**Holding**	
	Country of incorporation	Class of share capital held	Direct %	Indirect %
Oncimmune Limited	United Kingdom	Ordinary	100	
Oncimmune (USA) LLC	United States of America	Ordinary		100

26. Ultimate controlling party

There is no ultimate controlling party of the Company.