7 November 2016

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

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

Final results for the year ended 31 May 2016

Oncimmune Holdings plc (AIM: ONC.L), a leading early cancer detection company developing and commercialising its proprietary *Early***CDT®** platform technology, today announces full year results for the year ended 31 May 2016.

Financial highlights

- £12.2m raised by the issue of equity in the year.
- £4.2m of convertible loan notes were converted.
- Revenues for the year were £0.43m (2015: £1.36m)
- Operating costs before share based charges and exceptional items were £3.83 million (2015: £2.7m)
- Cash balance at the year-end was £10.2m (2015: £1.3m)

Corporate and operational highlights

- Corporate progress
    - In May 2016, AIM IPO raising gross proceeds of £11.0 million
    - In September 2015, acquisition of dedicated commercial testing facility for *Early***CDT®-Lung** from Health Diagnostic Laboratory, Inc, with a net cash benefit of £1.56m
- Developing the Board and Senior Management
    - In November 2015, appointment of Dr Jim Jett as Chief Medical Officer
    - In September 2015, appointment of Meinhard Schmidt as Non-Executive Chairman
- *Early***CDT®** platform progress
    - In September 2015, encouraging early results based on 9,654 patients out of the 12,000 patient NHS Lung Cancer Screening Trial using *Early***CDT®-Lung** test
    - In May 2016, successful patent claim covering Oncimmune's "panel assay" method for detection of cancer-related autoantibodies; portfolio consists of 275 patents in eight patent families
- *Early***CDT®-Lung** distributor agreements covering majority of US market
    - Distributors increased from three to eight in the period and subsequently this has increased to 14

Post-period highlights

- In July 2016, research agreements were signed with Egybiotech and Aarhus University Hospital in ovarian and liver cancer to validate panels of autoantibodies as diagnostic tests
- In July 2016, CE mark for the reagents used in *Early***CDT®-Lung** was obtained
- In August 2016, following the death of Robert Page, Andrew Millet was appointed as an Executive Director and Chief Financial Officer
- In September 2016, new data was published in the Journal of Thoracic Oncology on the effectiveness of the *Early***CDT®-Lung** distinguishing between malignant and benign lung nodules
- In June 2016, appointment of Julian Hirst as Non-Executive Director
- In September 2016, appointment of Maarten Brusse as Chief Commercial Officer Asia Pacific
- In October 2016, appointment of Carsten Schroeder as Non-Executive Director

Geoffrey Hamilton-Fairley, CEO of Oncimmune, commented: "The last year has been transformational for Oncimmune with the period culminating in our listing on AIM and fundraising £11.0 million. With this funding in place we are continuing to deliver on the strategy set out at the time of our IPO.

"We have a Board with broad expertise in medical devices and public markets, distributor agreements signed giving us full coverage of the US for our *Early***CDT®-Lung** test. In addition, the foundations have been laid for the commercial panel for the *Early***CDT®-Liver** test, which is targeted to be complete in the second half of 2017, with *Early***CDT®-Ovarian** thereafter. We are confident that we are well placed to deliver value from the strength our platform in early cancer diagnosis. We look forward to updating the market on the NHS Lung Cancer Screening Trial in December, the transformation of our test from a central lab test to a "kit" and further product and commercial advances."

In accordance with AIM Rule 20, electronic copies of the Company's Annual Report and Accounts for the year ended 31 May 2016 together with the Notice of Annual General Meeting and Form of Proxy are available from the Company's investor relations website at www.oncimmune.com/investors. Hard copies of the 2016 Annual Report and Accounts, Notice of Annual General Meeting and Form of Proxy will be posted to shareholders today.

The Company's Annual General Meeting will be held at 10:00 a.m. on Wednesday, 30 November 2016 at the offices of Peachey & Co LLP, 95 Aldwych, London, WC2B 4JF.

For further information:

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About Oncimmune

Oncimmune is a leading early cancer detection company developing and commercialising its proprietary *Early***CDT®** platform technology. Oncimmune has pioneered the development of autoantibody tests that can detect cancer up to four years earlier than other methods and can be applied to a very wide range of solid tumour types. The Company's first product, *Early***CDT®-Lung**, was launched in 2012, as a CLIA test in the USA and since then over 145,000 commercial tests have been sold. *Early***CDT®-Lung** is available through physicians in the US and also privately in the UK and other regions. *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) Scotland ECLS study of 12,000 high-risk smokers. *Early***CDT®** tests for liver and ovarian cancer are in development.

Oncimmune, headquartered in Nottingham, United Kingdom with testing facilities in the US, joined AIM in May 2016 under the ticker ONC.L. For more information visit www.oncimmune.com

Chairman and Chief Executive's Review

Oncimmune's goal is to be a leader in early cancer detection and the financial year to 2016 was an exceptional year for the Company in moving towards this goal. Despite what continued to be challenging macroeconomic conditions around the world, we delivered on our strategy and we successfully completed an IPO on AIM in May this year. On behalf of the Board of Oncimmune Holdings plc, we are pleased to present the inaugural Annual Report & Accounts for year ended 31 May 2016 and provide an update on progress since the Company's IPO.

Overall, our performance in the year to 31 May was heavily influenced by our focus on completing our fundraising and IPO just before year end. Having successfully raised our target funds, we were able to accelerate the plans which are progressing well.

Notwithstanding the timing of the fundraising, on the operational side we made significant progress in meeting both our near and longer term strategic goals over the year and have continued post IPO.

In the US, following the loss of our exclusive distributor HDL, due to their financial situation, we set about appointing new distributors. Using our existing commercial relationships and previous experience of commercialising the *Early***CDT®-Lung** test in the US, we are pleased to say that we now have 14 distributors in place, with all 14 expected to be fully operational by January 2017, covering practically all areas of the US market. We are in the process of training the distributors' sales teams and we aim to see sales build in the next half year. In the US, with regard to price strategies and insurance, we have made every effort to protect ourselves by having fixed price contracts with each distributor on a per test basis. This leaves the distributors to collect the insurance payments, saving us considerable overhead. We believe we have pitched this at a level where there is sufficient margin for the distributor whilst still producing a good margin per test for Oncimmune.

At the IPO, we stated that a key priority was to build our commercial capabilities, particularly in Asia, in order to implement a commercial strategy in the region for the Company. We recently announced that Maarten Brusse will take on the role of Chief Commercial Officer, Asia Pacific. He has extensive previous experience in the territory having led sales programmes for Abbott Molecular and distribution for Luminex in Asia Pacific.

Key to this expansion into Asia is the transformation of the test from a central lab test (CLIA in the US) to a "kit" which can be run on-site, in nearly all hospital labs around the world and on machines that are already installed. We are pleased to report that the kit development is progressing well and we have just commenced the final validation programme that will meet regulatory requirements. In July 2016, we announced the receipt of a CE marking, in the EU, for the reagents of the *Early***CDT®-Lung** test, which complements our ISO 13485 registration which we achieved in August 2015. These accreditations should both be readily transferable to the "kit". We anticipate CE mark for the kit programme to be received in the first half of 2017 with manufacturing commencing in the second half of the year.

At IPO, we also highlighted development of the liver and ovarian cancer tests as a key priority, providing further market opportunities. We have recently announced a large prospective blood sample collection agreement. This will give us sufficient samples to finalise the validation of our commercial panel for the *Early***CDT®-Liver** test, which we have targeted to be completed in the second half of 2017. Our work on an ovarian cancer test, *Early***CDT®-Ovarian**, continues and we also anticipate validation of the second generation test (the autoantibody "fingerprint") later in 2017. This test has the potential to be highly accurate as it enables each person to act as their own control and thus bring personalised medicine to the field of early diagnostics. Furthermore, we are expecting to announce the addition of several markers to the current *Early***CDT®-Lung** test that will further enhance its sensitivity (detection rate) whilst maintaining our excellent specificity (low false positive rate) by the first quarter of 2017. Introducing tests of increasing performance over time adds further commercial protection beyond our extensive existing IP, should any significant competitor appear.

*Early***CDT®-Lung** is being used in the world's largest randomised trial for the early detection of lung cancer using biomarkers ever conducted, the National Health Service (NHS) Scotland ECLS study of 12,000 high-risk smokers. The trial will report further interim results in December at the World Conference for Lung Cancer (WCLC) in Vienna in addition to the interim results announced at the WCLC last year in Denver. The health economics for using the test as an initial screening tool for high-risk patients are compelling and should the study complete as we hope after two years' follow-up on the last patient in June 2018, our aim will be to commence screening high-risk lung cancer patients in new international markets.

Finally, and of note, Oncimmune is conducting a number of "companion diagnostic" studies which are aimed at determining whether certain autoantibodies can help triage cohorts of patients who will react positively (or not) to the treatment being trialed. Having a simple tailor-made autoantibody test that is already commercial and can be run in a hospital lab at relatively negligible cost will be attractive. We believe, from the data we have already, that this will be a significant commercial opportunity for the Company.

Organisational Review

Since becoming a public company, we have instigated a review of our processes in order to ensure they continue to be of the highest standard. The board commissioned two specific pieces of work; an independent HR review and an independent review of our US operations. Both of these reported favourably and endorsed the current modus operandi, whilst at the same time contributing some interesting new ideas and suggestions, which are being acted upon. Concurrently, we have instigated a number of changes in our operating and reporting procedures.

On the corporate governance side, we are pleased to announce that we have extended the Board by two new appointments of non-executive Directors. In June this year, Julian Hurst, who brings with him a wealth of corporate finance experience in the sector, joined the Board. Carsten Schroeder, who joined in October, has held senior positions in some of the largest diagnostic companies. With these appointments we believe the Board is now well balanced and their active support is greatly appreciated.

As reported at the time, CFO Robert (Bob) Page died suddenly in June. Bob had dedicated himself to Oncimmune with gusto and expertise for many years and we miss him and his wise counsel. Andrew Millet has taken over the role of CFO and it is a testament to Bob's professionalism that this has been a seamless process. We would like to record here, as we did at the time of his death, the Company's unreserved gratitude for all his work and our sincerest sympathies for his family.

The team of people working at Oncimmune is one of the keys to our success. A great number of the team have been working with us for over 10 years and many under the leadership of our Chief Operational Scientist, Andrea Murray, to whom we owe continued thanks. The passion and dedication that our personnel show is truly exceptional, and without their outstanding efforts over such a long period of time it would not have been possible to achieve what we have to date. They are vital to making the future plans a reality and the Board is

immensely grateful to them. In recognition of this, it is our intention that every employee in the Company has share options, giving them real ownership.

Strategic overview & Outlook

The Company's strategy is to maximise the value of its extensive IP and its in-house know-how in the field of cancer specific autoantibody detection. Ultimately, licensing products on a worldwide basis as they are developed represents an ideal business model for Oncimmune. However, the commercial reality is that one often has to first establish the commercial and clinical bona fides of a product in order to secure a licence of sufficient value. That said, we expect that as we build partnerships in various territories, we will be able to partner new tests earlier thereby reducing the time expense to the Company of establishing them and accelerating each test's penetration of the market. As indicated at the IPO, we continue to explore areas of potential long term strategic cooperation with larger multinationals.

The outlook for Oncimmune is very promising; we have a number of products in a growing multibillion dollar market and we have established performance, clinical need and commercialisation. The Company's clear objective is to grow its presence in these markets over the next few years. We are well positioned in the US market, having widened our distributor base for our commercial *Early***CDT®-Lung** test. The development of the kit version of our *Early***CDT®** tests is important for our ability to expand our geographical reach and we expect to make significant progress on this in the coming period. Finally, we also plan to expand *Early***CDT®** to other cancer types and into personalised medicine.

With cancer being an ever increasing focus for mankind and the early detection of cancer being a key element of reducing mortality and cost, we believe we are well positioned to generate significant value.

Meinhard Schmidt and Geoffrey Hamilton-Fairley
Non-Executive Chairman and Chief Executive Officer

Financial review

Revenue in the year ended 31 May 2016 was £430,000 (2015: £1.36m). In the current year this revenue represented the sale of commercial tests that were performed from our own laboratory in Kansas, USA. In the previous year the revenue was largely derived from USA licence fees for *Early***CDT®-Lung** test, however, as result of Health Diagnostics Laboratory, Inc, then the Company's exclusive distributor, filing for Chapter 11 in June 2015, revenues in the year to 31 May 2016 fell while new distribution deals were being secured. We expect all 14 distributors that we now have agreements with to be fully operational by January 2017.

Operating expenses before share based charges and exceptional items in the year ended 31 May 2016 were £3.83m (2015: £2.7m). The increase of costs reflects the additional running cost of operating the commercial laboratory in Kansas, USA.

Net loss for the year was £4.6m (2015: £1.9m) before any exceptional items.

Exceptional items that were known and disclosed in the Admission Document relate to:

- During the year the Company took the cost of £4.1m to the profit and loss account, representing the difference of the fair value of an embedded derivative relating to the conversion option of the convertible loan notes at the time of conversion compared to the fair value at the time of inception. This is an IFRS requirement that has no impact on cash or net assets.
- During the year the Company benefited from the waiver of a loan from Health Diagnostics Laboratory, Inc to the value of £1.56m.
- During the year the Company incurred £1.2m relating to IPO associated costs.

After the above exceptional items the Company incurred a net loss of £8.4m (2015: £1.9m).

£108,000 of research and development costs have been capitalised in the year (2015: £35,000). 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 application of the CE Mark that was successfully obtained immediately following the year end.

The Company raised £1.2m in January 2016 issuing 1.3 million shares, and the successful IPO in May 2016, raised £11m (£9.8m net of expenses), the Company issuing 8.4 million shares at a price of £1.30. The cash balance at the end of the year was £10.2m (2015: £1.3m).

As part of the IPO restructuring in May 2016, the Company issued 34 million shares in exchange for 100% of Oncimmune Ltd, and, in addition, the Company converted the convertible loans and accrued interest to 6.4 million shares, extinguishing £4.2m of liability.

Financial Outlook

The Company's cash position was £10.2m at year end and the cash burn since has been managed carefully whilst implementing our growth plans. As such the management are confident that its cash resources are sufficient for the foreseeable future.

Andrew Millet
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year to 31 May 2016 £'000 Before exceptional items	Year to 31 May 2016 £'000 Exceptional items (note 5)	Year to 31 May 2016 £'000 Total	Year to 31 May 2015 £'000
Revenue		430	-	430	1,345
Cost of sales		(147)	-	(147)	(3)
Gross profit		283	-	283	1,342
Administrative expenses	5	(3,043)	(1,226)	(4,269)	(2,082)
Research and development expenses		(789)	-	(789)	(616)
Share based payment charges		(939)	-	(939)	(25)
		(4,771)	(1,226)	(5,997)	(2,723)
Operating loss		(4,488)	(1,226)	(5,714)	(1,381)
Gain arising on debt settlement	5	-	1,564	1,564	-
Finance costs on derivative liabilities	5	-	(4,126)	(4,126)	-
Finance income	9	5	-	5	15
Finance expense	9	(737)	-	(737)	(646)
Loss before income tax		(5,220)	(3,788)	(9,008)	(2,012)
Income tax	10	566	-	566	-
Loss for the financial year		(4,654)	(3,788)	(8,442)	(2,012)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss, net of tax					
Currency translation differences		24	-	24	46
Loss after tax and total comprehensive income for the year attributable to equity holders		(4,630)	(3,788)	(8,418)	(1,966)
Basic and diluted loss per share	25	(12.97p)		(23.54p)	(8.67p)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 May 2016 £'000**	31 May 2015 £'000
ASSETS			
Non-current assets			
Intangible assets	12	**131**	30
Property, plant and equipment	11	**253**	48
		384	78
Current assets			
Inventories	14	**188**	-
Trade and other receivables	13	**339**	528
Current tax assets		**100**	
Cash and cash equivalents	15	**10,197**	1,344
		10,824	1,872
Total assets		**11,208**	1,950
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to the equity holders			
Share capital	19	**510**	7
Share premium		**16,273**	30,729
Merger reserve		**30,787**	-
Other reserves		**2,113**	1,103
Own shares		**(1,926)**	(1,926)
Foreign currency translation reserve		**(53)**	(77)
Retained earnings		**(37,973)**	(33,656)
Total equity		**9,731**	(3,820)
Non-current liabilities			
Derivative financial instruments		**-**	71
Convertible Loans	17	**-**	1,828
Other Loans	17	**395**	2,230
		395	4,129
Current liabilities			
Trade and other payables	16	**529**	1,079
Current tax liabilities		**57**	-
Other loans	17	**496**	562
		1,082	1,641
Total liabilities		**1,477**	5,770
Total equity and liabilities		**11,208**	1,950

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

The financial statements were approved by the board on 4 November 2016.

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 2014	**7**	**30,729**	**1,077**	**-**	**(123)**	**(1,926)**	**(31,644)**	**(1,880)**
Loss for the year	-	-	-	-	-	-	(2,012)	(2,012)
Other comprehensive income:								
Currency translation differences	-	-	-	-	46	-	-	46
Total comprehensive income	**-**	**-**	**-**	**-**	**46**	**-**	**(2,012)**	**(1,966)**
Transactions with owners:								
Share option charge	-		26	-		-	-	26
Total transactions with owners	**-**	**-**	**26**	**-**	**-**	**-**	**-**	**26**
As at 31 May 2015	**7**	**30,729**	**1,103**	**-**	**(77)**	**(1,926)**	**(33,656)**	**(3,820)**
Loss for the year	-	-	-	-		-	(8,442)	(8,442)
Other comprehensive income:								
Currency translation differences	-	-	-	-	24		-	24
Total comprehensive income	**-**	**-**	**-**	**-**	**24**	**-**	**(8,442)**	**(8,418)**
Transactions with owners:								
Shares issued in group reconstruction	348	(348)	-	-	-	-	-	-
Reorganisation of share capital	(7)	7						-
Creation of merger reserve		(30,787)		30,787				-
Issue of equity shares	162	20,798	-	-	-	-	-	20,959
Share option charge			939					939
Exercise of conversion option	-	(4,126)	71				4,126	71
Total transactions with owners	**503**	**(14,456)**	**1,010**	**30,787**	**-**	**-**	**4,126**	**21,969**
As at 31 May 2016	**510**	**16,273**	**2,113**	**30,787**	**(53)**	**(1,926)**	**(37,973)**	**9,731**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Year to 31 May 2016 £'000**	Year to 31 May 2015 £'000
Cash flows from operating activities			
Loss after income tax		**(8,442)**	(2,012)
Adjusted by:			
Depreciation and amortisation		**78**	37
Share based payment charge		**939**	26
Gain arising on debt settlement		**(1,564)**	
Loss on derivative financial instrument		**4,126**	-
Settlement of costs via equity shares		**1,142**	
Interest received		**(5)**	(15)
Interest expense		**737**	646
Inventory		**(8)**	-
Trade and other receivables		**(304)**	320
Trade and other payables		**133**	(358)
Taxes received		**(566)**	-
Exchange movement		**(11)**	(40)
Cash generated from operations		**(3,745)**	(1,396)
Interest paid		**-**	(124)
Income tax received		**566**	-
Net cash generated from operating activities		**(3,179)**	(1,520)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(64)**	(17)
Development expenditure capitalised		**(108)**	(35)
Interest received		**5**	15
Net cash used in investing activities		**(167)**	(37)
Cash flows from financing activities			
Proceeds from share issue		**11,448**	-
Repayment of long term borrowings		**(423)**	(203)
New other loans		**1,250**	1,449
Net cash(used in)/generated from financing activities		**12,275**	1,246
Movement in cash attributable to foreign exchange		**(76)**	87
Net increase / (decrease) in cash and cash equivalents		**8,929**	(224)
Cash and cash equivalents at the beginning of the year		**1,344**	1,568
Cash and cash equivalents at the end of the year	15	**10,197**	1,344

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. This is the first financial statements to be prepared by the Group under International Financial Reporting Standards.

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.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention. The consolidated financial statements presented in sterling and has been rounded to the nearest thousand (£'000).

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*
IAS 16 and IAS 38 (amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IFRS 10 and IAS 28 (amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
All	Annual improvements to IFRS 2012-2014 Cycle	1 January 2016
IAS 1	Disclosure Initiative: Amendments to IAS 1 Presentation to Financial Statements	1 January 2016
IFRS 16	Leases	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.

The Directors do not expect the adoption of these standards and interpretations to have a material impact on the consolidated financial statements in the period of initial adoption.

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. 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 asset is recognised only if all of the following conditions are met:

- the product is technically feasible and marketable;
- the Company has adequate resources to complete the development of the product;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be allocated and measured reliably

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, £108,000 (2015: £35,000) of development expenditure has been capitalised.

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.

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 income statement.

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, a convertible loan 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 income statement line item "finance expense". Financial liabilities are derecognised when the obligation to settle the amount is removed.

Convertible loan notes

Convertible loan notes where the conversion option does not meet the definition of equity are accounted for as financial liabilities. The instruments are split between:

- the "host" debt instrument being a non-convertible debt. The host contract is recognised at fair value and subsequently measured at amortised cost using the effective interest rate;

- an embedded derivative representing the conversion feature.

The valuation of the embedded derivative is performed at inception of the loan and at the end of each reporting period. The residual value is then allocated to the host debt instrument.

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 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 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.

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 (given below), 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.

- *Measurement of derivative liabilities carried at fair value through profit and loss*

  Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may differ from the actual prices that would be achieved in an arm's length transaction at the reporting date. See notes 23 and 24.

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 income statement and therefore no statement of financial position information is provided on a segmental basis in the following tables:

Revenue	31 May 2016 £'000	31 May 2015 £'000
Class of business		
Distribution of testing products	262	77
Royalties	168	1,268
Total revenues	430	1,345
Geographical analysis by destination		
United Kingdom	133	76
North America	294	1,268
Rest of the world	3	1
Total revenues	430	1,345
Geographical analysis by origin		
United Kingdom	-	-
North America	427	1,344
Rest of the world	3	1
Total revenues	430	1,345

Operating segments

As at 31 May 2016

	UK £'000	USA £'000	Holdings £'000	Consolidated £'000
Revenue	304	126	-	430
Cost of sales	-	(147)	-	(147)
Gross margin	304	(21)	-	283
Operating loss	(2,748)	(801)	(2,165)	(5,714)
Net finance and other costs				(3,294)
Loss before tax				(9,008)
Taxation				566
				(8,442)

As at 31 May 2015

	UK £'000	USA £'000	Consolidated £'000
Revenue	1,344	1	1,345
Cost of sales	-	(3)	(3)
Gross margin	1,344	(2)	1,342
Operating loss	(1,277)	(104)	(1,381)
Net finance costs			(631)
Loss before tax			(2,012)
Taxation			-
			(2,012)

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

Information about major customers

In the year to 31 May 2016, the group had three customers who contributed more than 10% of group revenue individually. These three customers contributed approximately 80% of group revenue.

In the year to 31 May 2015, the group had one customer who contributed more than 10% of group revenue. That customer contributed more than 90% of group revenue.

5. Exceptional items

	May 2016 £'000	May 2015 £'000
Exceptional items in the year comprise the following:		
Costs associated with the IPO		
Charged in profit or loss	1,226	-
Charged directly to equity	8	-
Gain on debt waiver (note 16)	(1,564)	-
Fair value loss on derivatives (Note 24)	4,126	-

Costs directly attributable to the issuing of shares are charged to the share premium account.

6. Loss before income tax

	May 2016 £'000	May 2015 £'000
Loss before taxation has been arrived at after charging:		
Depreciation of owned property, plant and equipment	71	34
Amortisation of intangible assets	7	3
Research and development	789	615
Share based payments expense	939	25
Employee costs (Note 8)	2,828	925
Operating lease rentals		
- Other operating leases	51	-
- Plant and machinery	-	-
Audit and non-audit services:		
Fee payable to the company's auditor:		
Fee for the audit of the parent company		
Fees payable to the Company's auditor and its associates for other services:	15	-
The audit of the Company's subsidiaries pursuant to legislation	23	17
Tax compliance services	6	3
Tax advisory services	22	-
Fees for other assurance services – accounting	17	-
Fees for other assurance services – reporting accountant	150	-

7. Remuneration of key personnel

The Group consider that the Directors are the key personnel;

	May 2016 £'000	May 2015 £'000
Share based payments expense	850	-
Salary, fees, bonuses and other short term emoluments	670	226
Social security costs	87	29
	1,607	255

8. Employees

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

	May 2016 £'000	May 2015 £'000
	33	19

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

	May 2016 £'000	May 2015 £'000
Wages and salaries	1,739	823
Social security costs	150	76
Pension cost	-	-
Share based payments	939	26
	2,828	925

9. Net finance costs

	May 2016 £'000	May 2015 £'000
Finance revenue	5	15
Fair value loss on embedded derivatives (note 24)	(4,126)	-
Finance costs (convertible loan and other loans)	(737)	(646)
	(4,858)	(631)

10. Income tax credit

	May 2016 £'000	May 2015 £'000
Current tax:		
UK corporation tax credit at rates: 2016 – 20% 2015 -20.83%	(566)	-
Prior period adjustment	-	-
	(566)	-
Tax recoverable for the period	(566)	-

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 2016 £'000	May 2015 £'000
Loss before income tax	(9,008)	(2,012)
Loss for the year multiplied by the standard rate of corporation tax	(1,801)	(426)
Expenses not deductible for tax purposes	1,414	25
Adjustment in respect of prior periods	(1)	-
Income not assessable for tax	(313)	-
Tax uplift in R&D expenditure	(281)	(231)
Losses surrendered for R&D claims	136	-
Losses carried forward	280	632
	(566)	-

The group has unrelieved UK tax losses of £11,280,000 (2015: £9,688,000) and unrelieved overseas tax losses of £14,007,000 (2015: £13,836,000). Deferred tax of £5,057,000 has not been provided given the uncertainty over the timing of a future reversal.

11. Property, plant and equipment

	Laboratory Equipment £'000	Computer Equipment £'000	Office Equipment £'000	Total £'000
Cost				
At 31 May 2015	704	18	30	752
Additions	276	-	-	276
At 31 May 2016	980	18	30	1,028
Depreciation				
At 31 May 2015	659	15	30	704
Charge for the year	70	1	-	71
At 31 May 2016	729	16	30	775
Net book values				
At 31 May 2016	251	2	0	253
At 31 May 2015	45	3	0	48

There were no assets held under finance leases during 2015 or 2016. The amount of depreciation expense charged to the income statement in respect of such assets was £nil in 2015 and 2016.

12. Intangible Assets

	Intangible Assets £'000
Cost	
At 31 May 2015	35
Additions	108
Disposals	
At 31 May 2016	143
Depreciation	
At 31 May 2015	5
Charge for the year	7
At 31 May 2016	12
Net book values	
At 31 May 2016	131
At 31 May 2015	30

13. Trade and other receivables

	May 2016 £'000	May 2015 £'000
Trade receivables	116	265
Other debtors	142	152
Prepayments and accrued income	81	111
	339	528

At 31 May 2016 trade receivables were stated net of provisions of £nil (2015 - £305,000). 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.

14. Inventories

	May 2016 £'000	May 2015 £'000
Diagnostic testing materials	188	-
	188	-

Inventory is stated net of a £509,000 provision (2015: £nil).

15. Cash and cash equivalents

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

	May 2016 £'000	May 2015 £'000
Cash and cash equivalents per statement of financial position	10,197	1,344
Cash per statement of cash flows	10,197	1,344

16. Trade and other payables

	May 2016 £'000	May 2015 £'000
Trade payables	379	200
Other taxation and social security	-	18
Other creditors	69	22
Accruals and deferred income	81	839
	529	1,079

Other loans at 31 May 2015 included £140,349 being the portion of the loan formerly provided to Oncimmune (USA) LLC by the Kansas Biotechnology Authority of which £140,349 was due within one year and £1,423,810 was due after one year. As part of the transaction with Health Diagnostic Laboratory (HDL) in the year to 31 May 2014, that liability had been assumed by HDL and the company assumed an equal liability to HDL. In September 2015, Oncimmune Limited reached agreement with Health Diagnostic Laboratory Inc for the reacquisition of the Kansas Laboratory assets from HDL. As part of the transaction, Oncimmune Limited gave up claims to unpaid royalties (including £225,00 accrued receivable at 31 May 2015) and future guaranteed royalties from HDL, in exchange for the release of the outstanding element of the loan previously made to Oncimmune Limited by HDL of £1,564,000 in aggregate (of which £140,000 was a current liability at 31 May 2015) and the reacquisition of the assets of the Kansas Laboratory assets having a fair value of £393,000 including £213,000 of fixed assets and £180,000 of inventory. The gain on the extinguishment of the loan has been presented as an exceptional item.

Other loans at 31 May 2016 also include 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 is secured by a fixed and floating charge over the company's assets and undertaking. As at the year end £495,920 was falling due within one year and £394,882 was falling due after one year (2015: £421,249 and £806,456 respectively).

17. Borrowing

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

	May 2016 £'000	May 2015 £'000
Non-current		
Convertible loans	-	1,899
Other loans	395	2,230
	395	4,129
Current		
Other loans	496	562
	496	562

At 31 May 2015 convertible loan notes due after more than one year totalled £1,899,000, comprising both principal amounts and accrued interest. In October 2015, the Group obtained a further £1,250,000 of funding in the form of convertible loan notes. Upon successful completion of the IPO, these loan notes converted to equity shares at 0.66p per share. Refer to note 24 for further details.

18. 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 2016 £'000	May 2015 £'000
Land and buildings		
Operating leases which expire:		
Within one year	51	-
In two to five years	21	-
In over five years	-	-
	72	-

19. Share capital

	May 2016		May 2015	
	Shares	£	Shares	£
Authorised:				
Ordinary shares of £0.01 each	57,115,594	571,155	648,000	6,480
Preference shares of £0.01 each	-	-	257,000	2,570
A Preference shares of £0.01 each	-	-	95,000	950
		571,155	1,000,000	10,000
Allotted, called up and fully paid:				
Ordinary shares of £0.01 each	51,024,404	510,244	464,072	4,641
Preference shares of £0.01 each	-	-	231,714	2,317
	51,024,404	510,244	695,786	6,958

During the period, the company undertook the following transactions:

- 34,789,300 shares were issued at par value of £0.01 in a share for share exchange to obtain control of Oncimmune Limited as part of a group reconstruction
- in January 2016, the company issued 1,379,310 Ordinary shares of £0.01 for a consideration of £0.87 per share
- In May 2016, 6,394,255 Ordinary shares were issued under the terms of the conversion option in respect of loan liabilities and accrued interest of £4,243,739 at £0.66 per share.
- On listing, 8,461,539 shares of £0.01 were issued at £1.30 per share

20. 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 2016	May 2015
	Number of options	Number of options*
Options in grant	1,825,550	36,511
Weighted average exercise price	£0.83	£37
Weighted average life remaining in years	3.0	7.30

*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 2016	May 2015
Deemed market value at date of grant	£0.87	£41.48
Option exercise price	£0.82	£41.48
Expected life of options	3	3
Volatility	12%	45%
Dividend yield	0%	0%
Risk free rate	1%	3%
Discount factors	0%	0%

2015 comparatives relate to options granted by Oncimmune Limited prior to the transfer of options to Oncimmune Holdings Plc.

- 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 2016 Number	WAEP	May 2015 Number
Outstanding at 1 June	37.00	36,511	36.00	34,511
Granted	-	-	41.48	2,000
Lapsed			-	-
Modified	(36.17)	1,789,039		
Exercised			-	-
Outstanding at 31 May	0.83	1,825,550	37.00	36,511
Weighted average remaining contractual life in years		3.0		7.30

The options are generally exercisable in the event of either a listing or sale of the Company's shares. In the absence of such an exercise, the options will lapse at the end of their weighted average life.

The Group recognised total expenses in respect of the option schemes above of £89,000 (2015: £25,000) related to equity-settled share based payment transactions during the year. The Group issued warrants on 26 November 2015 to directors of

the company: Geoffrey Hamilton-Fairley to subscribe for 762,500 Ordinary Shares at a subscription price of 1p per Ordinary Share and to Meinhard Schmidt to subscribe for 226,250 Ordinary Shares at 1p. A share based payment charge of £850,000 has been recognised in respect of these warrants.

21. Related party transactions

During the year, the University of Nottingham, a significant shareholder, provided support and facilities to the group to enable it to undertake research:

	May 2016 £'000	May 2015 £'000
Costs incurred	138	165
Accrued at year end	20	10

22. Categories of financial instruments

	May 2016 £'000	May 2015 £'000
Current financial assets		
Loans and receivables	258	418
Loans and receivables - cash and cash equivalents	10,197	1,344
Total financial assets	10,445	1,762
Non-financial assets	81	110
Total	10,536	1,872
Non-current financial liabilities		
At amortised cost - borrowings	395	4,129
Current financial liabilities		
At amortised cost - borrowings	496	562
At amortised cost - payables	529	222
Total current financial liabilities	1,025	784
Non financial liabilities	57	857
Total current liabilities	1,082	1,641

23. Fair Value Measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement., as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	May 2016 £'000	May 2015 £'000
Embedded derivatives	-	71

24. Convertible loan note

In October 2013, Oncimmune Ltd received a £1.8 million loan from under the terms of a convertible loan note, which accrues interest at rates of 25%. Monthly repayments of capital plus accrued interest over a 24 month period commence on 1 May 2014 or earlier under specified circumstances, albeit subordinated to the Harbert loan (note 15 above).

The terms of the loan include the following conversion options:

– on a relevant fund raising the holder may convert at, a price per share being a 20% discount to the price per share of the class of share being issued and paid by investors on that relevant fund raising;
– on a change of control, a price per share being a 20% discount to the price per A Preference share received in connection with the acquisition of shares on the change of control;
– on a voluntary conversion at the voluntary conversion price.

Management have carried out an assessment of the terms of the loan and have judged that the instrument consists of two components:

– a host instrument, held at amortised cost
– a single compound embedded derivative that comprises multiple embedded derivatives (comprising the various prepayment options and the conversion option) that expose Oncimmune Ltd to inter-related risks. The compound embedded derivative has been recognised separately as a derivative financial instrument at fair value through profit and loss.

A fair value exercise to determine the value of the components was performed at inception of the loan (October 2013). The valuation takes into account the share price of the issuer and the time value of the option.

The embedded derivative is defined as the value of the derivative liability comprising the various prepayment options and the conversion option. The valuation takes into account the share price of the issuer and the time value of the option.

Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market based information. The valuation technique for the single compound embedded derivative, which is a level 3 item, is as follows:

The fair value of the compound embedded derivative recognised separately from the host convertible loan is estimated using a present value technique. The fair value at each date is estimated by probability weighting the prepayment feature, adjusting for risk and discounting at 20 per cent, based upon commercially applicable rates, and by reference to the value of the equity instruments associated with the conversion feature.

The valuation of the compound embedded derivative is performed at the inception of the loan (October 2013) and at each reporting date thereafter. During the period to 31 May 2016, finance costs in respect of the fair value movement of £4,125,703 were recognised. The fair value of the instrument on extinguishment was £4,196,678.

Fair value of net proceeds	May 2016 £'000	May 2015 £'000
Net proceeds	-	1,824
Embedded derivative	-	71
Liability component	-	1,753
	-	1,824
Liability component	-	1,753
Interest charge for the year	402	285
	402	2,038

25. 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 2016	May 2015
Earnings		
Loss on ordinary activities for the purposes of basic and fully diluted loss per share (£'000)	(8,442)	(2,012)
Loss on ordinary activities for the purposes of basic and fully diluted loss per share (£'000) (before highlighted items)	(4,654)	(2,012)
Number of shares		
Weighted average number of shares for calculating basic and fully diluted earnings per share	35,866,356	23,203,600
Loss per share		
Basic and fully diluted loss per share	23.54p	8.67p
Basic and fully diluted loss per share (before exceptional items)	12.97p	8.67p

26. 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 2016 and 31 May 2015 over 60% 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:

2016	Within 1 year	One to five years
	£'000	£'000
Trade payables	496	-
Other taxation and social security	57	-
Other creditors	69	-
Accruals and deferred income	81	-
Convertible loans	-	-
Other loans	496	395

2015	Within 1 year	One to five years
	£'000	£'000
Trade payables	562	-
Accruals	200	-
Other taxation and social security	18	-
Other creditors	22	-
Accruals and deferred income	839	-
Convertible loans	-	1,899
Other loans	-	2,230

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 2016 £'000	May 2015 £'000
Total equity	9,731	(3,818)
Cash and cash equivalents	10,197	1,344
Capital	19,928	(2,474)
Total financing		
Borrowings	891	4,620
Overall financing	891	4,620
Capital to overall financing ratio	2236.6%	(53.5%)

27. Events after the balance sheet date

In July 2016 the Company obtained the CE mark for the reagents used in *Early***CDT-Lung**, an autoantibody blood test that can detect cancer up to four years earlier than other methods.

28. 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

29. Final Results Announcement

This final results announcement, which has been agreed with the auditors, was approved by the Board of Directors on 4 November 2016. It is not the Group's statutory accounts. The audit report for the year ended 31 May 2016 did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006.