20 October 2017

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

Results for the year ended 31 May 2017

Oncimmune Holdings plc (AIM: ONC.L), a leading early cancer detection company developing and commercialising its proprietary *Early***CDT®** platform technology, today announces its full year results for the year ended 31 May 2017.

Financial Highlights

- Revenues for the year were £0.22m (2016: £0.43m).
- Operating costs before share based charges and exceptional items were £4.88 million (2016: £3.8m).
- Net loss for the year was £5.0m (2016: £4.6m) before any exceptional items.
- Cash balance at the year-end was £5.08m (2016: £10.2m). At the end of September, the cash balance was £6.5m reflecting monies raised in September 2017.
- £5.0m raised by means of a conditional placing with new and existing investors. Of this, £1.0m remains outstanding and conditional on receipt from HM Revenues & Customs of confirmation that this investment will be a qualifying holding for the purposes of Part 6 of the Income Tax Act 2007.

Corporate & operational highlights (including post-period end)

- *Early***CDT®-Lung** commercial progress
  - CE Mark for the *Early***CDT®-Lung** kit received in May 2017, with first commercial batches expected to be shipped by no later than the end of October 2017.
  - First distribution agreements signed by Oncimmune's Asian (including Israel) business which provide minimum payment guarantees of over £6.1m over the next five years.
  - First distribution agreements for the *Early***CDT®-Lung** kit in Europe for Denmark, Norway, Sweden and Poland with an aggregate minimum sales commitment of approximately £1.4m over the next four years.
  - In September 2017, the Company entered into a four-month preliminary distribution partnership with a major US pulmonary sales force for the use of *Early***CDT®-Lung** in assessing indeterminate lung nodules which, if successful, should lead to a distribution agreement for U.S. pulmonologists.

- R&D and Trials
  - Foundations for the commercial panel for the *Early***CDT®-Liver** test have been laid with validation due for completion by the end of 2017 and commercial sales on track to begin in H1 2018. *Early***CDT®-Ovarian** is expected thereafter.

- NHS Lung Cancer Screening Trial is fully recruited: 12,210 patients with final study results in 2019; latest interim data presented at the European 27th International Congress of the European Respiratory Society (ERS) in Milan in September 2017.

- Personalised Medicine & Companion Diagnostics
  - Presentation of data on the use of Oncimmune's autoantibody technology to successfully predict disease recurrence in subjects undergoing immunotherapy with Scancell Holding plc's SCIB1 immunotherapy for malignant melanoma.
  - Autoantibody "fingerprint" technology development progressing well with data expected to be presented in Q4 2017.

Geoffrey Hamilton-Fairley, CEO, of Oncimmune said: "We continue to make excellent progress towards our goal of building a pioneering early cancer detection platform which can generate revenues across multiple products, regions and with different partners. Gaining CE mark for the *Early***CDT®-Lung** kit was a key milestone and we have already seen its impact with partnerships in Asia and Europe. With a strong team in place, a fundraising completed and our R&D progressing well the board is increasingly confident that the Company is well placed to execute that plan and deliver value in the medium and long term."

-Ends-

For further information:

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About Oncimmune
Oncimmune is a leading early cancer detection company developing and commercialising its proprietary EarlyCDT® 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 150,000 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 12,210 high-risk smokers. *Early***CDT®** tests for liver and ovarian cancer are in development.

Oncimmune is headquartered in Nottingham, United Kingdom with testing facilities in the US and 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 its mission is to significantly improve the outcomes of cancer patients through early detection of the disease and enhanced treatment pathways. Detecting early stage disease has two key benefits: better survival for the patients and significantly lower cost of treatment as most of these early stage patients do not need expensive therapies and treatments.

In May 2016, the Company completed an IPO listing 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 Annual Report & Accounts for year ended 31 May 2017 and to provide an update on progress since the Company's IPO as we seek to deliver our three-year plan.

Business Update

The Company can confirm that it has made a successful start to the commercialisation plans outlined at the IPO. Our mission is to develop and commercialise accurate early cancer detection tests for multiple cancer types including our lead product, *Early***CDT®-Lung,** which is already on the market. Our three-year commercialisation plan has to date focused on the recruitment of new senior staff to lead our activities in Asia; the UK and Europe; and in the US for Reimbursement and Sales, which we have now successfully completed. Our R&D plan has made good progress and with the *Early***CDT®-Lung** kit test now CE marked and in production, a key element in delivering our global commercialisation plan has become a reality. The Company can now start to execute on its portfolio revenue proposition with multiple products, generating revenues in different regions and with different partners. In addition, we have an emerging companion diagnostics business and a second generation of the platform, the autoantibody "fingerprint", that we believe could bring new levels of performance and could lead to a pan-cancer test.

*Early***CDT®-Lung**

In the US, we are proceeding with our previously outlined process of supporting our distributors to test the efficiency of our marketing approach and ensure that our partners deliver high quality and long-term sales. We appointed a new sales director at the end of last year and we have worked diligently testing a number of approaches to ensure an optimal sales and marketing cycle where a physician re-orders the *Early***CDT®-Lung** test without the need (and expense) of a repeat sales visit. The investment programme related to this – initially

scheduled to be started by the end of the first quarter of 2017 – was deferred until we were confident that our approach was gaining traction. In light of this, and the Company's general prudent approach to expenditure and cash management, the Company's year-end cash balance was better than expected at £5 million. The Company will invest further in sales support and marketing to support its distributors whilst ensuring that its partners deliver high quality and long-term sales as the Company gains confidence in this approach. The Company remains cautious, however, in terms of near term revenue growth from this channel as positioning of the test is key to long-term success.

Oncimmune currently has 14 distributors for *Early**CDT®***-Lung** in the US. It also has ongoing discussions with a number of pulmonology distributors including one where a preliminary distribution agreement has been signed with a focus on the second use of the *Early***CDT®-Lung** test, namely risk stratification of CT identified nodules.

This preliminary agreement followed a detailed research study which verified the clinical attractiveness of using the *Early***CDT®-Lung** test in aiding in the risk assessment of indeterminate pulmonary nodules. The initial partnership is expected to run until the end of February 2018 and if successful should lead to a distribution agreement covering a significant proportion of the pulmonologists in the US. The Company is also exploring further pulmonology distribution channels in the US with other parties.

Indeterminate nodules - growths in the lung which may or may not be malignant - are a major concern for pulmonologists. There are currently more than 1.5m patients with pulmonary nodules per annum in the US and the number is expected to grow rapidly with the expected increased adoption of CT screening for high risk patients in the US. 96% of positive CT scans (nodule(s) identified) are not cancer, so finding the correct ones to follow up is a large unmet need which our test can address effectively. Data published in the Journal of Thoracic Oncology from Vanderbilt University showed that a positive *Early***CDT®-Lung** test indicates that a nodule is two to three times more likely to be cancer. Sales of *Early***CDT®-Lung** to pulmonologists have been forecast to be greater than $400m by 2021[1].

Outside of the US, Oncimmune is progressing well. The Company's Asian (including Israel) business has five distribution agreements in place for *Early***CDT®-Lung** kits in Israel, South Korea, Taiwan, Hong Kong and Singapore, which provide £6.1m in minimum payment guarantees over the next five years.

The Company has also announced its first distribution agreements for its *Early***CDT®- Lung** kit in Europe with exclusive agreements for Denmark, Norway, Sweden and Poland with an aggregate minimum sales commitment of approximately £1.4m over the next four years.

We expect to sign more distribution contracts in Asia and Europe during 2017 / 2018, with a number of these arrangements also likely to include guaranteed minimum payments that add to our confidence in our chosen distributors and enhance revenue visibility/predictability.

[1] Health Advances, Boston 2014

Oncimmune's particular focus for the Asian market has been set on China, where lung cancer remains the number one killer of both men and women with over 700,000 new cases of lung cancer diagnosed annually. The Company has entered into discussions with several diagnostic companies for collaboration opportunities including licensing and registration, marketing commercialisation, distribution and local manufacturing.

R&D and Trials

The development and completion of a kit version of the *Early***CDT®-Lung** test was a key part of the Company's commercial growth strategy and R&D plan laid out at the time of its IPO. The CE Mark for *Early***CDT®-Lung** test in an ELISA kit format was received in May 2017. The kit has the advantage of running on already well established ELISA-96 well-microplate-instruments that hospitals worldwide have as standard equipment in their laboratories. This milestone made possible the Asian and European distribution agreements described above with the potential for further expansion into other markets.

Beyond the kit, the R&D programme continues to progress. The Company has laid the foundations for the commercial panel for the *Early***CDT®-Liver** test with validation due for completion by the end of 2017 and commercial sales on track to begin in H1 2018. *Early***CDT®-Ovarian** is expected thereafter. Data relating to the *Early***CDT®-Liver** panel was published at the International Liver Cancer Association showing that a panel of 10 autoantibodies could detect hepatocellular carcinoma with high sensitivity and specificity.

Interim data from the NHS Lung Cancer Screening Trial was also recently presented at the European 27th International Congress of the European Respiratory Society (ERS) in Milan. The results remain encouraging, most notably that over 75% of the patients being diagnosed have early stage cancers (stage 1 & 2) as opposed to the vast majority in normal practice presenting with late stage cancer - which is generally incurable. Now fully recruited, with 12,210 patients, this is the largest randomised control trial using biomarkers ever conducted in lung cancer. The final study results, including the control arm, will be published after all patients have completed two years of follow up CT scans and these are expected in 2019.

Personalised Medicine & Companion Diagnostics

In companion diagnostics, the Company recently announced the presentation of data on the use of Oncimmune's autoantibody technology to successfully predict disease recurrence in subjects undergoing immunotherapy with Scancell Holding plc's SCIB1 immunotherapy for malignant melanoma.

The collaborative study, which also included a team at the University of Nottingham, developed a method using a panel of seven tumour associated autoantibodies to predict disease recurrence in patients with resected Stage III/IV melanoma treated with SCIB1. Whilst Phase I/II trials with SCIB1 have been highly encouraging, this additional information potentially enables the identification of patients prior to commencement of therapy who are most likely to respond to treatment in future clinical trials with SCIB1.

Oncimmune is running a number of further studies alongside drug development programs and expects to be able to announce results from these in the next 12 months. The Company expects that this will support the development of this area as a separate business unit.

Finally, in the second half of 2017 Oncimmune expects to announce results relating to the second generation of tests from its autoantibody platform where patients can be their own control and thus testing is significantly more accurate. The Company believes this autoantibody "fingerprint" could bring new levels of performance and could lead to a pan-cancer test which could complement the global vision of some major companies currently investing heavily in developing personalised medicine platforms and services.

Fundraising

In September, the Company announced it had raised £5.0m, before expenses, by means of a conditional placing with new and existing investors. Of this, £1.0m remains outstanding and conditional on receipt from HM Revenues & Customs of confirmation that this investment will be a qualifying holding for the purposes of Part 6 of the Income Tax Act 2007. This further financing had been anticipated at IPO in order to fully underpin our three year commercialisation strategy.

The Placing will allow the Company to strengthen its balance sheet to complete major distribution deals in the following areas:

- USA for E*arly***CDT®-Lung**;
- China for *Early***CDT®-Lung**; and
- "Fingerprint" -a personalised autoantibody profiling approach

Following completion of the major distribution deals the cash is to be used for:

- R&D
    - Additional NHS studies to accelerate adoption
    - Additional markers for lung test in the US to enhance its "pulmonology test"
    - Validation and launch of liver test
    - Further validation of fingerprinting
- Marketing to general practices in the US

In addition, the Board intends to progress development of its other products (ovarian tests) through to commercial launch, which it considers to be another key step for the Company.

Outlook

Oncimmune continues to deliver on its plan to create value from its core autoantibody platform and the board is increasingly confident that the Company is well placed to execute that plan and deliver value in the medium and long term.

Geoffrey Hamilton-Fairley	Meinhard Schmidt
Chief Executive Officer	Chairman

Chief Financial Officer's Review

Revenue in the year ended 31 May 2017 was £215k (2016: £430k). In the current year, this revenue represented the sale of commercial tests that were performed from our own CLIA laboratory in Kansas, USA. Focus has now been on developing the kit version of the test and finding potential new distributors. The kit is now developed and goes on sale in the autumn of 2017; exclusive distribution deals have been entered into for a number of countries, and therefore we are now anticipating an increase of revenue from autumn 2017.

In addition to this the Company is working on closing a number of strategic deals in the US and China. The timing of these and the exact nature is not definite, however when and if they do happen they are expected to have a material impact on revenue.

Operating expenses before share based charges and exceptional items in the year ended 31 May 2017 were £4.88m (2016: £3.83m). The increase of costs reflects the additional running cost of operating the research and development laboratory in Nottingham, UK and the commercial laboratory in Kansas, USA.

Net loss for the year was £5.0m (2016: £4.6m) before any exceptional items.

There were no exceptional items in the current year.

After exceptional items the Company incurred a net loss of £5.0m (2016: £8.4m).

£415k (2016: £108k) 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®-Lung** kit, which is now in production and will be ready for sale in the autumn of 2017.

The Company raised a further £5m (£4.78m net of expenses) via a placement in September 2017 issuing up to 4.167 million shares. Of this, the issuance of 833,333 Ordinary Shares representing £1.0m remain conditional on receipt from HM Revenues & Customs of confirmation that this investment will be a qualifying holding for the purposes of Part 6 of the Income Tax Act 2007.
The cash balance at the end of the year was £5.075m (2016: £10.2m).

Financial Outlook

The Company's cash position is now strong. The cash burn continues to be managed carefully. In the meantime, we are excited about the numerous commercial opportunities open in the forthcoming year, notably:

- First sales of *Early***CDT®-Lung** kit; and

- closing distribution deals in the US and China; and
- closing a commercial deal relating to our “fingerprint” technology

At the same time, we will continue to invest in R&D.

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 2017 £'000 Total	Year to 31 May 2016 £'000 Total
Revenue		215	430
Cost of sales		(532)	(147)
Gross (loss)/profit		(317)	283
Administrative expenses	5	(3,857)	(4,269)
Research and development expenses		(1,025)	(789)
Share based payment charges		(74)	(939)
		(4,956)	(5,997)
Operating loss		(5,273)	(5,714)
Gain arising on debt settlement	5	-	1,564
Finance costs on derivative liabilities	5	-	(4,126)
Finance income	9	26	5
Finance expense	9	(69)	(737)
Loss before income tax		(5,316)	(9,008)
Income tax	10	293	566
Loss for the financial year		(5,023)	(8,442)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss, net of tax			
Currency translation differences		222	24
Loss after tax and total comprehensive income for the year attributable to equity holders		(4,801)	(8,418)
Basic and diluted loss per share	24	(9.84p)	(23.54p)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 May 2017 £'000	31 May 2016 £'000
ASSETS			
Non-current assets			
Intangible assets	12	**518**	**131**
Property, plant and equipment	11	**230**	**253**
		748	**384**
Current assets			
Inventories	14	**323**	**188**
Trade and other receivables	13	**261**	**339**
Current tax assets		**-**	**100**
Cash and cash equivalents	15	**5,075**	**10,197**
		5,659	**10,824**
Total assets		**6,407**	**11,208**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to the equity holders			
Share capital	19	**510**	**510**
Share premium		**16,273**	**16,273**
Merger reserve		**30,787**	**30,787**
Other reserves		**2,187**	**2,113**
Own shares		**(1,926)**	**(1,926)**
Foreign currency translation reserve		**169**	**(53)**
Retained earnings		**(42,996)**	**(37,973)**
Total equity		**5,004**	**9,731**
Non-current liabilities			
Other Loans	17	**-**	**395**
		-	**395**
Current liabilities			
Trade and other payables	16	**847**	**529**
Current tax liabilities		**54**	**57**
Other loans	17	**502**	**496**
		1,403	**1,082**
Total liabilities		**1,403**	**1,477**
Total equity and liabilities		**6,407**	**11,208**

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

The financial statements were approved by the board on 18 October 2017.

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 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**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(5,023)**	**(5,023)**
Other comprehensive income:								
Currency translation differences	**-**	**-**	**-**	**-**	**222**	**-**	**-**	**222**
Total comprehensive income	**-**	**-**						
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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Year to 31 May 2017 £'000**	Year to 31 May 2016 £'000
Cash flows from operating activities			
Loss after income tax		(5,023)	(8,442)
Adjusted by:			
Depreciation and amortisation		91	78
Share based payment charge		74	939
Gain arising on debt settlement		-	(1,564)
Loss on derivative financial instrument		-	4,126
Settlement of IPO costs via equity shares		-	1,142
Interest received		26	(5)
Interest expense		(69)	737
Inventory		(135)	(8)
Trade and other receivables		177	(304)
Trade and other payables		315	133
Taxes received		(293)	(566)
Exchange movement		222	(11)
Cash generated from operations		(4,615)	(3,745)
Interest paid		69	-
Interest received		(26)	
Income tax received		293	566
Net cash generated from operating activities		(4,279)	(3,179)
Cash flows from investing activities			
Purchase of property, plant and equipment		(7)	(64)
Development expenditure capitalised		(415)	(108)
Interest received		-	5
Net cash used in investing activities		(422)	(167)
Cash flows from financing activities			
Proceeds from share issue		-	11,448
Repayment of long term borrowings		(388)	(423)
New other loans		-	1,250
Net cash(used in)/generated from financing activities		(388)	12,275
Movement in cash attributable to foreign exchange		(33)	(76)
Net (decrease) / increase in cash and cash equivalents		(5,089)	8,929
Cash and cash equivalents at the beginning of the year		10,197	1,344
Cash and cash equivalents at the end of the year	15	5,075	10,197

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

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 has 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*
IFRS 12	Disclosure of interest in other entities (amendments)	1 January 2017*
IAS 7	Statement of Cash flows (amendments)	1 January 2017*
IAS 12	Income Taxes (amendments)	1 January 2017*
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*

*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 are in the process of assessing the potential impact of IFRS 15 on the financial statements. The Directors do not expect the adoption of the other 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 itse 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, £415,000 (2016: £108,000) 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.

On the re-organisation in November 2015 the existing Onimmune 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

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.

- *Deferred tax*

  Judgement has been applied in respect of the non recognition of deferred tax on losses as detailed in note 10 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 income statement and therefore no statement of financial position information is provided on a segmental basis in the following tables:

Revenue	31 May 2017 £'000	31 May 2016 £'000
Class of business		
Distribution of testing products	215	262
Royalties	-	168
Total revenues	215	430
Geographical analysis by destination		
United Kingdom	80	133
North America	135	294
Rest of the world	-	3
Total revenues	215	430
Geographical analysis by origin		
United Kingdom	-	-
North America	215	427
Rest of the world	-	3
Total revenues	215	430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Operating segments

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)

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)

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

Information about major customers

In the year to 31 May 2017, the group had three customers who contributed more than 10% of group revenue individually. These three customers contributed approximately 83% of group revenue.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Exceptional items

	May 2017 £'000	May 2016 £'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	-	(1,564)
Fair value loss on derivatives (Note 23)	-	4,126

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

6. Loss before income tax

	May 2017 £'000	May 2016 £'000
Loss before taxation has been arrived at after charging:		
Depreciation of owned property, plant and equipment	63	71
Amortisation of intangible assets	28	7
Research and development	1,025	789
Share based payments expense	74	939
Employee costs (Note 8)	2,202	2,828
Operating lease rentals		
- Other operating leases	116	51
- Plant and machinery	-	-
Audit and non-audit services:		
Fee payable to the company's auditor:		
Fee for the audit of the parent company	15	15
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	24	23
Tax compliance services	6	6
Tax advisory services	6	21
Audit related assurance services	4	-
All other assurance services	1	1
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 2017 £'000	May 2016 £'000
Share based payments expense	74	850
Salary, fees, bonuses and other short term emoluments	409	670
Social security costs	44	87
	527	1,607

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Employees

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

	May 2017	May 2016
	47	33

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

	May 2017 £'000	May 2016 £'000
Wages and salaries	2,021	1,739
Social security costs	106	150
Pension cost	1	-
Share based payments	74	939
	2,202	2,828

9. Net finance costs

	May 2017 £'000	May 2016 £'000
Finance revenue	26	5
Fair value loss on embedded derivatives (note 23)	-	(4,126)
Finance costs (convertible loan and other loans)	(69)	(737)
	(43)	(4,858)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Income tax credit

	May 2017 £'000	May 2016 £'000
Current tax:		
UK corporation tax credit at rates: 2017 – 19.83% 2016 -20%	(293)	(566)
Prior period adjustment	-	-
	(293)	(566)
Tax recoverable for the period	(293)	(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 2017 £'000	May 2016 £'000
Loss before income tax	(5,316)	(9,008)
Loss for the year multiplied by the standard rate of corporation tax	(1,054)	(1,801)
Expenses not deductible for tax purposes	6	1,414
Adjustment in respect of prior periods	-	(1)
Income not assessable for tax	-	(313)
Tax uplift in R&D expenditure	(295)	(281)
Losses surrendered for R&D claims	228	136
Losses carried forward	822	280
	(293)	(566)

The group has unrelieved UK tax losses of £12,247,000 (2016: £9,882,000) and unrelieved overseas tax losses of £17,917,000 (2016: £14,007,000). Deferred tax of £5,118,000 has not been provided given the uncertainty over the timing of a future reversal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Property, plant and equipment

	Laboratory Equipment £'000	Computer Equipment £'000	Office Equipment £'000	Total £'000
Cost				
At 31 May 2016	980	18	30	1,028
Additions	-	7	-	7
Foreign exchange movement	38	-	-	38
At 31 May 2017	1,018	25	30	1,073
Depreciation				
At 31 May 2016	729	16	30	775
Charge for the year	61	2	-	63
Foreign exchange movement	5	-	-	5
At 31 May 2017	795	18	30	843
Net book values				
At 31 May 2017	223	7	-	230
At 31 May 2016	251	2	-	253

There were no assets held under finance leases during 2017 or 2016. The amount of depreciation expense charged to the income statement in respect of such assets was £nil in 2017 and 2016.

12. Intangible Assets

	Intangible Assets £'000
Cost	
At 31 May 2016	143
Additions	415
Disposals	
At 31 May 2017	558
Depreciation	
At 31 May 2016	12
Charge for the year	28
At 31 May 2016	40
Net book values	
At 31 May 2017	518
At 31 May 2016	131

All intangible assets are from internal development.

13. Trade and other receivables

	May 2017 £'000	May 2016 £'000
Trade receivables	50	116
Other debtors	191	142
Prepayments and accrued income	20	81
	261	339

At 31 May 2017 trade receivables were stated net of provisions of £nil (2016 - £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.

14. Inventories

	May 2017 £'000	May 2016 £'000
Diagnostic testing materials	323	188
	323	188

Inventory is stated net of a £501,000 provision (2016: £509,000).

15. Cash and cash equivalents

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

	May 2017 £'000	May 2016 £'000
Cash and cash equivalents per statement of financial position	5,075	10,197
Cash per statement of cash flows	5,075	10,197

16. Trade and other payables

	May 2017 £'000	May 2016 £'000
Trade payables	590	379
Other taxation and social security	-	-
Other creditors	122	69
Accruals and deferred income	135	81
	847	529

17. Borrowing

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

	May 2017 £'000	May 2016 £'000
Non-current		
Other loans	-	395
	-	395
Current		
Other loans	502	496
	502	496

Other loans at 31 May 2017 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 £502,281 was falling due within one year and £nil was falling due after one year (2016: £495,920 and £394,882 respectively).

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 2017 £'000	May 2016 £'000
Land and buildings		
Operating leases which expire:		
Within one year	21	51
In two to five years	-	21
In over five years	-	-
	21	72

19. Share capital

	May 2017		May 2016	
	Shares	£	Shares	£
Authorised:				
Ordinary shares of £0.01 each	57,115,594	571,155	57,115,594	571,155
Preference shares of £0.01 each	-	-	-	-
A Preference shares of £0.01 each	-	-	-	-
		571,155		571,155
Allotted, called up and fully paid:				
Ordinary shares of £0.01 each	51,024,404	510,244	51,024,404	510,244
Preference shares of £0.01 each	-	-	-	-
	51,024,404	510,244	51,024,404	510,244

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 2017 Number of options	May 2016 Number of options*
Options in grant	3,650,550	1,825,550
Weighted average exercise price	£0.77	£0.83
Weighted average life remaining in years	5	3

*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 2017	May 2016
Volatility	20%	12%
Dividend yield	0%	0%
Risk free rate	3%	1%
Discount factors	10%	0%

- 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 2017 Number	WAEP	May 2016 Number
Outstanding at 1 June	0.83	1,825,550	37.00	36,511
Granted	-	1,825,000	-	-
Lapsed				
Modified			(36.17)	1,789,039
Exercised				
Outstanding at 31 May	0.77	3,650,550	0.83	1,825,550
Weighted average remaining contractual life in years		5		3

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 £74,435 (2016: £939,000) related to equity-settled share based payment transactions during the year.

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 2017 £'000	May 2016 £'000
Costs incurred	174	138
Accrued at year end	40	20

22. Categories of financial instruments

	May 2017 £'000	May 2016 £'000
Current financial assets		
Loans and receivables	261	258
Cash and cash equivalents	5,075	10,197
Total financial assets	5,336	10,445
Non-financial assets	-	81
Total	5,336	10,536
Non-current financial liabilities		
At amortised cost - borrowings	-	395
Current financial liabilities		
At amortised cost - borrowings	502	496
At amortised cost - payables	901	529
Total current financial liabilities	1,403	1,025
Non financial liabilities	-	57
Total current liabilities	1,403	1,082

23. Convertible loan note

In October 2013, Oncimmune Ltd received a £1.8 million loan from under the terms of a convertible loan note, which accrued interest at rates of 25%. Monthly repayments of capital plus accrued interest over a 24 month period commenced on 1 May 2014 or earlier under specified circumstances, albeit subordinated to the Harbert loan (note 16 above).

The terms of the loan included 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 carried out an assessment of the terms of the loan and have judged that the instrument consisted 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 were 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 was 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. During the period to 31 May 2016 the loans were converted to equity. Finance costs in respect of the fair value movement of £4,125,000 were recognised and the fair value of the instrument on extinguishment was £4,196,000.

Fair value of net proceeds	May 2017 £'000	May 2016 £'000
Net proceeds	-	-
Embedded derivative	-	-
Liability component	-	-
	-	-
Liability component	-	-
Interest charge for the year	-	402
	-	402

24. 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 2017	May 2016
Earnings		
Loss on ordinary activities for the purposes of basic and fully diluted loss per share (£'000)	(5,023)	(8,442)
Loss on ordinary activities for the purposes of basic and fully diluted loss per share (£'000) (before highlighted items)	-	(4,654)
Number of shares		
Weighted average number of shares for calculating basic and fully diluted earnings per share	51,024,404	35,866,356
Loss per share		
Basic and fully diluted loss per share	9.84p	23.54p
Basic and fully diluted loss per share (before exceptional items)	9.84p	12.97p

25. 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 2017 and 31 May 2016 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:

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

Other loans	502	-

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

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 2017 £'000	May 2016 £'000
Total equity	5,064	9,731
Cash and cash equivalents	5,075	10,197
Capital	10,139	19,928
Total financing		
Borrowings	502	891
Overall financing	502	891
Capital to overall financing ratio	2,019.7%	2,236.6%

26. Events after the balance sheet date

The Company raised a further £5m (£4.78m net of expenses) via a placement in September 2017 issuing up to 4.167 million shares. Of this, the issuance of 833,333 Ordinary Shares representing £1.0m remain conditional on receipt from HM Revenues & Customs of confirmation that this investment will be a qualifying holding for the purposes of Part 6 of the Income Tax Act 2007.

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

28. Ultimate controlling party

There is no ultimate controlling party of the Company.