Oncimmune®

Leaders of early cancer biomarker technology

Oncimmune Holdings Plc

For the year ended 31 May 2018

Annual Report 2018

Beating cancer, one test at a time.

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Financial Highlights

£5m raised

from new and existing investors

£10m

equity investment from Genostics

£240k

Revenue for the year (2017: £215k)

£5.56m

Operating expenses before share based charges and exceptional items (2017: £4.88m)

£6.34m

Net loss for the year (2017: £5.0m)

£12.95m

Cash balance at the period end (2017: £5.1m)

Corporate and Operational Highlights

(including post-period end)

*Early*CDT® commercial progress

- Exclusive licence agreement signed with Genostics Company Limited ("Genostics") for the distribution, manufacturing and future development of all products related to the ***Early*CDT** platform in China
- New distribution agreements signed for ***Early*CDT®—Lung** test making a total of 15 agreements with total minimum sales commitments of £29.5m over their initial periods
- ***Early*CDT®—Liver** test for hepatocellular cancer launched in May 2018 in the US
- Continued progress on long term plan of supporting its distributors deliver high quality sales for ***Early*CDT®—Lung** in the US

R&D and Trials

- NHS ECLS trial continued to monitor its cohort of over 12,000 patients for occurrence of lung cancer. Final results expected in early 2019
- Data published in the Journal of Cancer Therapy and in PloS One in support of the role of ***Early*CDT—Lung** in the management of indeterminate pulmonary nodules

Board and Management

- Dr. Adam Hill, MB PhD, was appointed as new Chief Executive Officer having been appointed to the board as Chief Medical Officer and Strategy Officer in April 2018
- Geoffrey Hamilton-Fairley appointed to new role as Vice Chairman of the Board
- Appointment of Dr. Cheung To and Dr. Annalisa Jenkins to the Board as Non-Executive Directors

Oncimmune®

Beating cancer, one test at a time.

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

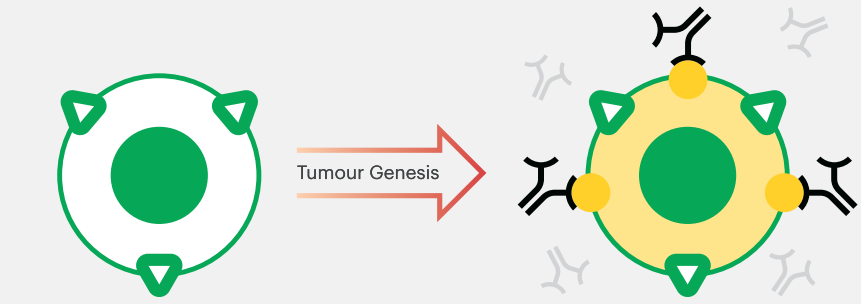
Oncimmune was founded in 2002 and launched its platform technology in 2009, followed by its first commercial tests, ***Early*CDT—Lung** and ***Early*CDT—Liver**. To date, over 155,000 tests have been performed for patients worldwide and ***Early*CDT—Lung** is being used in the largest-ever randomised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

Our Science and Platform Technology

Our platform technology

- The Oncimmune® platform is based on a cancer-detection methodology that combines autoantibody detection science with robust antibody capture technology
- Our patent-protected immunogenic protein library is composed of 175 distinct tumour antigens (and 435 variants)
- This library is deployed commercially as multi-analyte panels using ELISA techniques to carry out tests for specific indications (cancers)
- In addition to the existing ***Early*CDT** product portfolio, our biomarker-based methodology has high-potential applicability across the cancer care continuum, particularly in assisting clinical intervention decisions, therapy choice and drug development.

Core Scientific Principle



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Current and Future Tests

Over **155,000 commercial tests** sold to date,

currently being sold in **15 countries** around the world

*Early*CDT—Lung

for **screening use** (outside the US)

for **pulmonary nodule risk assessment**

- as a complement to CT scanning

*Early*CDT—Liver

for **indeterminate lesions**

- as a complement to ultrasound

for **screening use** (in Asia)

Potential future *Early*CDT indications:

our pipeline covers **60% percent of all new cancer cases,**

which contribute to **66% of deaths attributed to cancer worldwide**

*Early*CDT—Colorectal

1.85m

new cases in 2018

(3rd highest incidence by cancer type)

*Early*CDT—Gastro-Oesophageal

1.61m

new cases in 2018

(4th highest incidence by cancer type)

*Early*CDT—Pancreas

At **8.5%**, Pancreatic Cancer has the **lowest 5yr survival rate** of any cancer

*Early*CDT—Breast

2.09m

new cases in 2018

(2nd highest incidence by cancer type and most common cancer in women)

*Early*CDT—Ovary

47.4%

5yr survival

(19.5% lower than overall cancer survival rate)

*Early*CDT—Prostate

1.28m

new cases in 2018

(2nd highest incidence by cancer type)

set to grow by 80% by 2040

Scientific, Operational & Commercial Objectives

Scientific

- Continue to build scientific leadership in early cancer detection
- Drive ongoing clinical validation of the ***Early*CDT** product portfolio
- Work with NHS Scotland to conclude, review and distribute the ECLS clinical study
- Develop commercial tests for other solid tumour cancers
- Support studies and evidence-gathering for existing and new partnerships

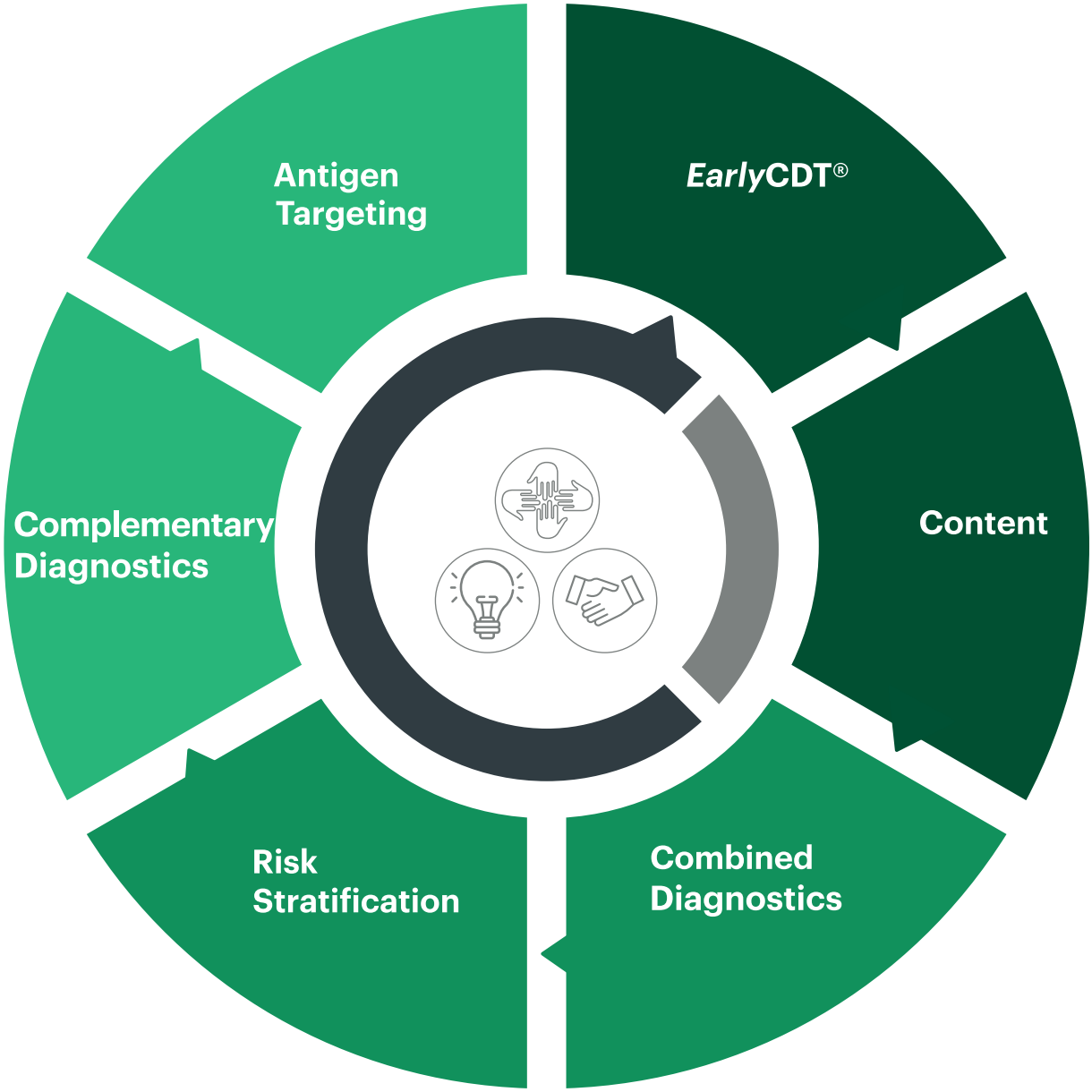
Operational

- Deliver ***Early*CDT—Lung** Kits efficiently and on time to existing and new distribution partners
- Launch ***Early*CDT—Liver** Kit in 2019
- Develop partnership execution capabilities

Commercial

- Drive sales momentum of ***Early*CDT—Lung** across the Americas, Europe and Asia
- Work towards registration of ***Early*CDT—Liver** in Europe and Asia
- Work with partners to build the case for new commercial propositions

Forward Strategy



Measurement
Decision
Actuation

Development & Innovation
People & Culture
Partnerships

*Early*CDT

Continue to develop and commercialise single cancer panels for early detection

	Profile	Example	Motivation
Content Integrate ***Early*CDT** into a 3rd party ecosystem to access an established customer base	• Incorporate immunogenic protein library and panels into a third-party ecosystem • The ecosystem might be, for example, a testing equipment or EMR software installed base	• Partner with a diagnostic software solution provider with a large installed base of hospitals • Integrate ***Early*CDT—Lung** into clinical decision support tools	• No additional development of ***Early*CDT—Lung** required • Creates a new distribution channel • Content is a natural adjacency to the core testing business
Combined Diagnostics Work with other groups to develop test including our markers	• Combine ***Early*CDT—Lung** (or another indication) with the diagnostic tools of another provider • Principle is that combined diagnostics could deliver greater insight than the individual constituent tools	• Develop a breast cancer-specific panel and combine it with the tools of a mammography imaging supplier • Improve the performance of both case selection and diagnosis	• The right partnership could deliver an industry-leading diagnostic framework for a particular cancer • Enhancement of partner's diagnostic capability could enhance its market share with Oncimmune sharing in the upside
Risk Stratification Partner to deliver discrete or non-specific cancer risk stratification as a service	• Assist an insurer (or reinsurer) to either reduce claims cost and/or change pricing structures by stratifying insured risk • Incorporate ***Early*CDT** into the insurance onboarding process (possibly for high-risk individuals only in the first instance)	• Apply ***Early*CDT(—Lung)** to enhance the risk models of major life insurer with an additional input parameter at the point of onboarding or as an annual adjustment to the risk profile	• Commercial benefit to repricing risk and managing down claims is significant given costs of cancer treatment • Additional R&D would be required, however, to tailor panel performance to the population at risk
Complementary Diagnostics Patient stratification tool to improve therapy selection	• Develop panels against specific immunoncology biomarkers (such as PDL1 and CTLA4) rather than a specific indication • Improve therapy selection and identify cost-effective interventions	• Work with a 'Big Pharma' partner operating in immunotherapy • Develop a panel to enhance performance of (e.g.) PDL1 (currently predicts only a 25% response to immunotherapy)	• Value to be realised by Big Pharma in building the evidence for 1st or 2nd line-therapy for their assets cannot be underestimated • Stratification of response is critical to the future positioning and economics of a therapeutic asset
Antigen Targeting Work with therapy makers to identify and tailor treatment to best drug targets	• Tumour autoantibodies (TAAs) present druggable targets for therapeutic intervention, e.g. therapy phasing in early cancer • Oncimmune's TAA-optimised panels are particularly suitable given high levels of specificity and minimal cross-talk	• Use Oncimmune's immunogenic protein library to support 'Big Pharma' in the development of a polyclonal Antibody-Drug Candidate (ADC) for use in a specific indication, or immune profile	• Whilst speculative and early stage, repeat validation of the immunogenic protein library developed by Oncimmune suggests that the science is robust and has considerable utility and value in this use case

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Q&A with new Chief Executive Dr. Adam Hill

What were your reasons for joining the Company?

Throughout my clinical training, the requirement for a simple and affordable test to detect the earliest signs of cancer in order to improve survival was always clear; late diagnosis has significantly worse outcomes, and can often cost substantially more to manage.

The role of the immune response in identifying early mutant, or aberrant cells, has long been understood, and so harnessing the body's humoral response – the autoantibodies which recognise cancer cells - is ideal for this task. However, the challenge has always been in synthesising the proteins which can 'capture' autoantibodies at scale, used to produce diagnostic panels with reproducible performance.

It is this problem that Oncimmune has solved. The growing family of ***Early*CDT** products, developed from its proprietary immunogenic protein library, have been demonstrated time and again to have reproducible performance, presenting robust supporting evidence in clinical decision making; ***Early*CDT—Lung,** as our lead asset, has been tried and tested in multiple regions with excellent results.

But early detection is only the tip of the iceberg; the utility of profiling an immune response to cancer across the care continuum has only recently been recognised. This potential, the latent value inherent within the Oncimmune platform, and the opportunity to have significant clinical impact all led me to jump at the chance to join Oncimmune.

What are your first impressions?

I initially joined Oncimmune as Chief Medical & Strategy Officer, and immediately had the opportunity to work with our science teams in the UK and USA. Not only was I impressed with the quality of the product, the depth of its underpinning science, but also the professionalism of our scientists, many of whom have been with the company over a decade. As we look to build strong and enduring partnerships with those able to co-develop solutions and co-market our technology, I believe the strength and breadth of our science base lays the foundation for success.

In addition, with early experience of our lead product in the market, a well-developed and proprietary innovation engine at the core of our competitive positioning, and a critical mass of evidence to support valuable product claims addressing clinical unmet needs, I am confident in this foundation for faster value creation.

What are your immediate priorities?

I have three clear objectives over the remainder of the financial year. Firstly, to provide the organisation with the focus and leadership that it needs to execute our current and future commitments. Secondly, I will be working with the team to ensure that we are maximising the latent value of our immunogenic protein platform technology. And finally, I am focused on laying the groundwork so that seminal results – such as with our imminent ECLS read out – have the right platform for distribution to maximise the reach and impact of our science.

What is your vision for the future?

I believe in the role our biomarker platform technology can play in supporting clinical decisions across the care continuum, from case selection and early detection through to patient stratification to complement existing and emerging therapies. Through partnership in what is a fragmented healthcare and life sciences market, I am confident we will beat cancer, one test at a time.

Board of Directors

Meinhard Folkert Schmidt
Non-Executive Chairman

Mr. Schmidt is an executive and entrepreneur with more than 25 years of international experience in the healthcare, diagnostics and medical devices industries. Between 1998 and 2008 he was at Roche Diagnostics where he held various global senior leadership roles in Diabetes Care, Laboratory- and PoC-Diagnostics. From 2008 till 2011 he worked as an executive and CEO at Straumann Institute/Switzerland, responsible for the world-wide "Digitalization" of the Dental industry. He is currently active as an Independent Healthcare Professional providing active board engagement as Chairman a/o NED in public and private MedTech and LifeScience companies; consulting to top management teams to improve industrialization, commercialization and digitalisation processes; consulting investors (Private Equity/Venture Capital) on identification of new investment and acquisition targets in the global healthcare industries. He held positions in Germany, Netherlands, USA, Canada, UK, Sweden, Ireland and Switzerland and is currently active as Chairman, Board Director and Adviser at several companies in Europe, Asia and USA.

Dr. Adam Mark Hill
Chief Executive Officier

Dr. Adam M Hill MB PhD is a dual-qualified Clinician and Mechanical Engineer with a career built at the interface of industry, academia and health systems. Over the last 2 decades he has trained in surgery in the British Army; founded a successful applied research centre at Imperial College London; provided growth strategy and investment advice to global life science companies on behalf of the British Government; led the global medical function of a multinational, publicly-listed health IT company; and pivoted a Formula One team into a developer of health technology. Currently, Adam is both a Visiting Professor in Global Health Innovation at Imperial College London, and sits on the Value Creation Committee of Imperial College Health Partners, and is Non Executive Director to Myrecovery.ai.

Adam graduated from Imperial College London as a Medical Doctor whilst also earning a PhD in Engineering, attending Imperial College Business School and the Royal Military Academy Sandhurst. He received his postgraduate clinical training from the Royal College of Surgeons of England, and professional engineering qualification from the Institution of Mechanical Engineers.

Andrew Millet
Chief Financial Officer

Andrew is a Chartered Accountant and registered auditor. Andrew qualified as a chartered accountant with Stoy Hayward (now BDO), following which he gained an MBA from Henley Management College. Andrew has spent many years at executive level involved with the growth and success of early stage technology businesses. Andrew is a director of Wisteria Chartered Accountants, a firm he founded in 2002 and he has, since 2003, been involved in a variety of capacities with Oncimmune including as accountant, company secretary and shareholder. Andrew is also a director of PinkNews Media Group and a Governor of The Mill Hill School Foundation.

Timothy Brian Bunting
Non-Executive Director

Tim joined Balderton Capital (UK) LLP as a General Partner in 2007. He was previously a partner of Goldman Sachs where he spent 18 years. At Goldman Sachs, Tim held various roles including Global Head of Equity Capital Markets (2002 to 2005) and Vice-Chairman of Goldman Sachs International (2005 to 2006). Tim is also a Trustee of the Rainbow Trust Children's Charity ; the Paul Hamlyn Foundation and the Royal Opera House. Tim is a graduate of the University of Cambridge.

Geoffrey Neil Hamilton-Fairley
Non-Executive Vice Chairman

Mr. Hamilton-Fairley has an entrepreneurial career that started in 1982 when Geoffrey founded a number of companies in the media sector backed by The Abingdon Management Company Limited (Abingdon). In 1988, he joined the board of Abingdon as CEO to manage the Company's portfolio of media and technology investments, and subsequently became sole owner having acquired Abingdon from its institutional shareholders. Abingdon had a number of quoted and unquoted investments. In 1998 he launched Premium TV (PTV) securing a contractual joint venture with Eurosport to create "British Eurosport". Later that year PTV was acquired by NTL (now Virgin Media). As CEO of PTV Geoffrey

developed the largest integrated broadband and internet sports broadcasting platform in the world at that time. Over the past ten years Geoffrey has developed Oncimmune Limited, serving as its Executive Chairman, CEO and now Vice Chairman. Geoffrey is also a senior research fellow at the International Prevention Research Institute. His personal commitment to cancer detection can be traced to his father, the first medical oncologist in the United Kingdom.

Julian Clement Hirst
Independent Non-Executive Director

Julian is a seasoned finance executive with experience across a broad range of corporate finance transactions including equity private placements, initial public offerings, public debt and equity issues, mergers and acquisitions, trade sales, strategic partnerships and restructurings. Julian is currently the Corporate Finance Director of Immunocore Limited, a leading UK biotechnology company specialising in immuno-oncology. On a part-time basis, he is also the Joint Head of Technikos, a partnership which manages stakes in biomedical engineering spin-out companies from Oxford University. Prior to this, Julian held senior corporate finance positions spanning a period of over 25 years at several of the leading global investment banks including UBS Warburg, Morgan Stanley and Lehman Brothers.

Dr. Annalisa Jenkins
Senior Independent Non-Executive Director

Dr. Annalisa Jenkins is a life sciences thought leader with over 20 years of biopharmaceutical industry experience. Prior to joining PlaqueTec as CEO in November 2017, Dr. Jenkins served as president and CEO of Dimension Therapeutics, a leading gene therapy company that was acquired by Ultragenyx in November 2017. Prior leadership roles have included the head of global research and development and executive vice president global development and medical at Merck Serono, and several senior positions at Bristol Myers-Squibb over 15 years – including serving as senior vice president and head of global medical affairs. Earlier in her career, Dr. Jenkins was a medical officer in the British Royal Navy during the Gulf Conflict, achieving the rank of surgeon lieutenant commander. Dr. Jenkins is a board member of several growing companies, including Ardelyx, Inc., iOX Therapeutics Limited, Thrombolytic Strategies Incorporated, PhESi, Oncimmune, Cocoon Biotech Inc. (Non Executive Chair), Cellmedica (Non-Executive Chair), Vium, Inc. (Executive Chair), and Silence Therapeutics (Non-Executive Chair). She also is a committee member of the Science Board to the U.S. Food & Drug Administration (FDA), and serves on the board of the Center for Talent Innovation in the U.K. Dr. Jenkins graduated with a degree in medicine from St. Bartholomew's Hospital in the University of London and subsequently trained in cardiovascular medicine in the U.K. National Health Service.

Dr. Carsten Schroeder
Independent Non-Executive Director

Dr. Schroeder has 25 years of senior leadership experience in the life sciences industry covering pharmaceuticals, medical device and in vitro diagnostic. Since 2014 he has been President of the Diagnostic Division at Grifols, S.A. where he is responsible for global commercial operations and overall strategy, including leading its growth and innovation in Transfusion Medicine and Clincial Diagnostic. Prior to that, and before its acquisition by Grifols, Carsten was President of Novartis Diagnostics. Carsten joined Novartis Diagnostics in 2010 as Vice President of Commercial Operations for the EMEA region where he oversaw expansion into new markets. During his time at Novartis he was a member of the Vaccines & Diagnostic Division Executive Committee and served as Site Head for its Emeryville campus in California. Carsten has also held executive positions with Boston Scientific, Mallinckrodt (now Covidien) and Boehringer Ingelheim. Mr. Schroeder holds an MBA from the European School of Management in Paris (ESCP) and a Bachelor of Arts in Economics from the University of Cologne in Germany.

Richard Simon Sharp
Non-Executive Director

Richard graduated from Oxford University and began his professional career in 1978 working for JPMorgan in UK Banking, then in Investment Banking and Derivatives. In 1985, Richard joined Goldman Sachs in London and variously served as Head of Capital Markets, Head of UK investment Banking and Head of European Private Equity and Mezzanine Investing. Richard left Goldman in 2007 to found and run DII Capital LLP. Richard

has been separately a trustee of the Royal Marsden Capital Fund and a trustee of the Institute of Cancer Research. In the summer of 2013, Richard became an External Appointee of HM Treasury on the Financial Policy Committee of the Bank of England which is responsible for Macro-Prudential Supervision in the UK.

Dr. Cheung To
Non-Executive Director

Dr. Cheung To is an entrepreneur with over 25 years' of extensive experience in biotechnology research and instinctive knowledge of the development of the world's, and China's, biotechnology markets. He co-founded and is Chairman of Gene Group Co. Ltd., a group that now includes several major companies including: Gene Co. Ltd., one of the largest professional service and distribution provider for the medical, life science, pharmaceutical and biotech research sectors in China; Ecotek Co. Ltd., a professional services company to the agricultural and environmental research sectors in China; Genetech (Shanghai) Co. Ltd., a business focused on R&D, manufacturing, marketing & distribution of molecular and cellular diagnostic products in the fields of pathology, oncology, heamatology and molecular genetics; Ebiotrade.com, a Biotech portal and e-commerce provider; and Baygene Co. Ltd., a company focused on R&D, manufacturing and distribution of life-science research products.

Dr. Cheung To obtained his Ph.D from the University of Hong Kong, Medical Faculty, Dept. of Biochemistry in 1996, and he was awarded one of the experts in the prestige China's National "Recruitment Program of Global Experts" (known as "the Thousand Talents Program") in 2010, in recognition of his contribution towards the industries and society.

Andrew Unitt
Independent Non-Executive Director

Andrew was Chief Financial Officer at the University of Nottingham, a major shareholder in Oncimmune, until July 2016. Prior to working in higher education at the university, Andrew was a finance director for 20 years in a wide range of industries. His more recent background includes 11 years at Boots plc, where he was Finance Director for 4 years of Boots Healthcare International, its over the counter medicines business. He has also held a number of non executive directorships in the NHS and private sector.


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Date: 10 SEPT 2018
Due: 10 OCT 2018
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Chairman and Chief Executive's Review

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

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

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

Strategy and Business Model

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

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

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

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

Business Update

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

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

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

*Early*CDT Platform Technology

In the US, the Company has continued with the previously outlined plan of supporting its distributors in order to deliver high quality, and long-term, sales. The Company has continued relationships with distributors for ***Early*CDT—Lung** in the US throughout the 2017/2018

financial year, supplementing this with the addition of Valentech in Brazil and Columbia, providing reach into South America. The company has secured agreements for ***Early*CDT—Lung** with several Private Payer Organizations (PPO's) covering 140m US insured members. The company has also recently signed a non-exclusive distribution agreement for the sale of tests covering Argentina, Uruguay and the Dominican Republic.

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

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

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

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

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

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

The primary commercial focus for the liver test will be China and the Asia Pacific region where hepatocellular cancer incidence is four times that found in the US. It is anticipated that in these regions the test will be used as a front-line screening test for high-risk patients who have Hepatitis B or C. Work has commenced with our Chinese partner to validate its use as a screening test on a Chinese population, and to gain CFDA clearance.

Research, development and trials

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

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

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

Fundraising

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

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

Management and Board Changes

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

Stakeholder and Social Responsibility

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

Immunodiagnostics has significant potential to impact health outcomes from a cancer diagnosis and, as such, the Company recognises the societal impact of its products in the geographies that it

operates. The Company is working on defining this impact and measuring this societal impact; however, like many in this industry, both the intended, and unintended consequences of products in the market are challenging to capture.

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

Strategy and Outlook

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

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

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

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

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

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

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

Dr. Adam Hill
Chief Executive Officer

Meinhard Schmidt
Chairman

30 October 2018

“With the fundraise in early 2018 with Genostics Company Ltd, providing access to the China market, the foundations are laid for our forward strategy."


- CAGE

Chief Financial Officer's Review

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

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

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

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

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

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

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

Financial Outlook

The Company's cash position continues to be strong.

At present the company has contracted minimum revenues from distributors totalling over £29.5m from 15 separate distributors across the world. The expectation is to enter into new distribution agreements in new geographies in the future.

The cash burn continues to be managed very carefully. Focus continues to be on:

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

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

Andrew Millet
Chief Financial Officer
30 October 2018

Principal Risks and Uncertainties and Key Performance Indicators

Reliance on the retention of key employees

The future success of the business is dependent on its senior management and key personnel and there is always a challenge to maintain back-up support in respect of key roles or replace key staff should they leave our organisation. The Group seeks to provide a positive work environment with opportunities for career growth coupled with appropriate remuneration and share option incentives.

Research and development

The Group has had success developing leading edge science that produces life changing benefits. By its very nature research and development can never be certain in terms of its cost, its impact, regulatory requirements, and when it will be ready for commercialisation. The Group mitigates these inherent risks by employing leading scientists, training, strict methodologies, and working with its Scientific Advisory Boards and other stakeholders.

New markets

The Group has entered into a number of distribution agreements in new geographical markets and expects to continue to do so, for the foreseeable future. These distribution agreements typically give the distributor the exclusive rights of distribution of the ***Early*CDT—Lung** CLIA test and the Kit within certain geographical boundaries for a period of time, in consideration for minimum order requirements. Failure from any one distributor will not be material, however, failure from many distributors could be material, though. The group will do what it can to support the distributors, as best it can, to optimise success.

Risks from competitors

The Group operates in a competitive market and faces competitors who may develop more advanced or alternative tests for early detection of cancer. The group mitigates this through investing significantly in research and development. The group also continues to invest heavily in patent protection across the world.

Legislation and regulatory change

Any change in legislation, and in particular the regulations relating to the testing of human blood or serum as part of a diagnostic test of disease, may have an adverse effect on the Group's operations and the returns available on investment in the Group. The Group mitigates this as far as possible by ensuring a continuous awareness of the legislative environment.

Foreign exchange

The Group conducts its operations principally in US Dollars and Sterling and is consequently subject to currency risk due to fluctuations in exchange rates. As well as direct risk arising from transaction or translation risks, foreign exchange movements may make products or materials more expensive which may adversely affect the Group's revenues and expenditure and as a result could have a material adverse effect on the Group's business, results of operations and financial condition. The Group continue to monitor potential foreign exchange exposure.

The Group maintains a Risk Register which is constantly monitored by the Executive directors; and shared with the Board.

Key Performance Indicators

The Group measures its performance according to a wide range of key performance indicators. The main key performance indicators for the Group are as follows and the Group's performance against these indicators have been discussed in the Chairman and Chief Executive's report and the Chief Financial Officer's report:

- Development milestones
- Management of cash resources
- Revenue and profit indicators
- Number of partnerships/distribution agreements

Andrew Millet
Chief Financial Officer
30 October 2018

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

Directors' Report

The Directors present their report and audited consolidated financial statements for the year ended 31 May 2018.

Results and dividends

The consolidated statement of comprehensive income is set out on page 19 and shows the loss for the year. The loss for the year ended 31 May 2018 was £6.3m (2017: loss of £5.32m). No dividend will be paid in respect of the financial year.

Corporate governance

The directors comply with the requirements of the UK Corporate Governance Code of the Quoted Companies Alliance (QCA) to the extent that they consider it appropriate and having regard to the Company's size, board structure, stage of development and resources. A new code is in place for accounting periods beginning on or after 1 January 2019. The board has adopted most of new code and will ensure that by the deadline the entire code is fully adopted. The Board considers that all Non-Executive Directors exercise independent judgement. The Board currently consists of ten directors, four of which are independent Non-Executive Directors under the QCA guidelines.

The roles of Chairman and Chief Executive are held by separate directors with a clear division of responsibilities between them. The Chairman has primary responsibility for leading the Board and ensuring its effectiveness. He sets the Board's agenda and ensures that all directors can make an effective contribution. The Senior Non-Executive director has the power to add items to the agenda of full board meetings. The Chief Executive has responsibility for all operational matters and the development and implementation of Group strategy approved by the Board. The Company Secretary is responsible for advising the Board through the Chairman on all corporate governance matters.

Where indicated below the Non-Executive directors are independent in accordance with the Code.

The Company holds regular board meetings. The Directors are responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The directors have established the AIM Compliance Committee, the Audit Committee and the Remuneration Committee with formally delegated rules and responsibilities.

The Chairman and Chief Executive together with the Remuneration Committee work throughout the year with external consultants assessing the skills of the Board with a view of whether this produces optimal value and benefit for all stakeholders. As such the board has been strengthened in key functional areas since last year. The board are also conscious of achieving a more balanced, representative and diverse board. This area will continue to be monitored.

The Board believe that good governance and a positive culture are crucial to the successful delivery of our strategic objectives. Good standards of behaviour start with the Board and we are committed to leading by example.

Ensuring that the Board are as effective as they can be, has been a priority and this will continue. The Board expect members to bring with them the right behaviours and values to enable the Board to operate in a positive and effective manner.

Until now the Board have not specifically had a cultural agenda, however, informally it has sought to promote a culture that aligns itself with its strategy, stakeholder needs and good governance. The Board are committed to focus on strengthening its culture as it sees this as a key attribute of success.

During the year, the Chairman and Non-Executive directors have met with staff and visited our laboratories which provided them an opportunity to hear our colleagues' views on a variety of matters. These visits continue to play an invaluable part in understanding how the culture is developing and changing throughout the organisation.

Going forward the Board will be setting the agenda to measure and monitor against criteria.

Evaluation of the Board's performance

The Non-Executive directors have been meeting regularly to discuss the effectiveness and performance of the Board, the Executive directors, the Non-Executives, committees and individuals; as well as succession planning. Recently the Board appointed a Senior Independent Non-Executive Director who will chair these meetings.

It is the intention of the Company within the current year to formalise this more and:

- Measure performance of the board, committees and individuals against criteria. The criteria will include:
    - quality of board papers
    - ability to debate
    - suitable skills and experiences
    - learning and development
    - succession
    - promoting a strong culture
    - listening to stakeholders and where appropriately taking action
- The Company anticipate that the evaluation procedure will improve in time.

The expectation is that the Non-Executive Directors will continue to regularly discuss the effectiveness and performance of the Executive directors regularly and during the year. In addition, a formal review will occur at least once a year.

Audit Committee

The Audit Committee is comprised of Julian Hirst, Tim Bunting, Dr. Annalisa Jenkins and chaired by Andrew Unitt. The Audit Committee determine and examine matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It receives and reviews reports from management and the Company's auditors relating to the half yearly (if subject to audit) and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee meet at least twice a year.

Remuneration Committee

The Remuneration Committee is comprised of Andrew Unitt, Meinhard Schmidt, Dr. Carsten Schroeder and chaired by Tim Bunting. The Remuneration Committee review and make recommendations in respect of the Directors' remuneration and benefits packages, including share options and the terms of their appointment. The remuneration committee also make recommendations to the Board concerning the allocation of share options to employees. The Remuneration Committee meet at least once a year and otherwise as and when necessary.

AIM Compliance Committee

The AIM Compliance Committee comprise of Meinhard Schmidt, Andrew Unitt and chaired by Richard Sharp. The AIM Compliance Committee ensures, inter alia, that procedures, resources and controls are in place to ensure AIM Rules for Companies compliance within the Company are operating effectively from time to time. The AIM Compliance Committee meet at least twice a year and at such other times as the members of the committee shall agree.

Directors

The Directors of the Company who served during the year and up to the date of this report were:

Meinhard Folkert Schmidt	Non-Executive Chairman	(appointed 9 October 2015)
Dr. Adam Mark Hill	Chief Executive Officer	(appointed 9 April 2018)
Andrew Millet	Chief Financial Officer	(appointed 26 August 2016)
Timothy Brian Bunting	Non-Executive Director	(appointed 9 October 2015)
Geoffrey Neil Hamilton-Fairley	Non-Executive Vice Chairman	(appointed 9 October 2015)
Julian Clement Hirst	Independent Non-Executive Director	(appointed 23 June 2016)
Dr. Annalisa Mary Jenkins	Senior Independent Non-Executive Director	(appointed 9 January 2018)
Dr. Carsten Schroeder	Independent Non-Executive Director	(appointed 11 October 2016)
Richard Simon Sharp	Non-Executive Director	(appointed 9 October 2015)
Dr. Cheung To	Non-Executive Director	(appointed 28 September 2018)
Andrew Vaughan Unitt	Independent Non-Executive Director	(appointed 9 October 2015)

Directors' interests

At 31 May 2018, the Directors and family had the following interests in the Company's ordinary shares and options to subscribe for shares:

	31 May 2018		31 May 2017	
	Shares	Options	Shares	Options
Meinhard Folkert Schmidt	-	420,370	-	120,370
Dr. Adam Hill	-	396,825	-	-
Andrew Millet	134,954	122,593	134,954	92,593
Timothy Brian Bunting	2,806,717	-	2,806,717	-
Geoffrey Neil Hamilton-Fairley	3,238,070	798,148	3,238,070	798,148
Julian Clement Hirst	-	-	-	-
Dr. Annalisa Mary Jenkins	-	-	-	-
Dr. Carsten Schroeder	-	-	-	-
Richard Simon Sharp	4,515,302	-	4,515,302	-
Dr. Cheung To	6,410,256	-	-	-
Andrew Vaughan Unitt	-	-	-	-

The company also issued warrants on 26 November 2015 to 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. These warrants had not been exercised at the year end.

Genostics Company Ltd, a private company incorporated in The Peoples' Republic of China, controlled by Dr. Cheung To acquired 6,410,256 shares in the company.

Directors' remuneration

The remuneration paid to or receivable by each person from who served as a Director during the year to 31 May 2018 was as follows:

	Salary/ fees	Other	Bonus	Pension	Benefits	31 May 2018 Total	31 May 2017 Total
	£000	£000	£000	£000	£000	£000	£000
Meinhard Schmidt	69		-	-	-	69	63
Dr. Adam Hill (joined April 2018)	36	-	-	1	-	-	-
Andrew Millet	100	-	-	3	-	100	97
Timothy Brian Bunting	-	-	-	-	-	-	-
Geoffrey Neil Hamilton-Fairley	200	-	100	5	-	305	200
Julian Clement Hirst	36	-	-	-	-	36	34
Dr. Annalisa Jenkins (joined January 2018)	15	-	-	-	-	15	-
Dr. Carsten Schroeder	-	-	-	-	-	-	-
Richard Simon Sharp	-	-	-	-	-	-	-
Andrew Vaughan Unitt	18	-	-	-	-	18	15
Total	474	-	100	9	-	583	409

Significant shareholdings

As at the 31 May 2018, the Company has been notified (or is otherwise aware) of the following interests in 3% or more of the issued Ordinary Share capital of the Company:

	No. of Ordinary Shares	Percentage of share capital
Balderton Capital III, LP 2	6,813,196	11.06
Genostics Company Limited **	6,410,256	10.40
Richard Simon Sharp *	4,515,302	7.33
Ruffer LLP	3,334,239	5.41
Geoffrey Neil Hamilton-Fairley *	3,238,070	5.25
Timothy Brian Bunting #*	2,806,717	4.55
Andrew Black	2,379,310	3.86
University of Nottingham	2,244,527	3.64
Professor John Robinson	2,236,923	3.63
Aviva Investors Global Services Limited	2,217,013	3.60
Fidelity Worldwide Investments	2,106,983	3.42

* Board directors
# Tim Bunting is a partner if Balderton Capital (UK) LLP the investment adviser to Balderton Capital Partners 111, LP
** Dr. Cheung To a director of Genostics Company Ltd joined the Board after the year end

Going concern

Having regard to the available cash resources, tight financial control, budgets and forecasts for 2019 and beyond, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group financial statements.

Risk management

Details of the Group's financial risk management objectives and policies, and exposure to price risk, credit risk and liquidity risk are set out in note 23.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Group and the parent company for that period.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates in the financial statements that are reasonable and prudent;
- state whether applicable IFRSs or UK Accounting Standards have been followed, subject to any material departures disclosed and explained; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking steps as are reasonably open to them to (i) safeguard the assets of the Group and (ii) prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to the auditor

The Directors confirm that:

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

Auditor

The auditor, Grant Thornton UK LLP, has expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

On behalf of the Board

Andrew Millet
Chief Financial Officer

30 October 2018

Company registration number:
09818395 (England and Wales)

Independent Auditors' Report

Company registration number: 09818395 (England and Wales)

Independent Auditor's Opinion To The Members Of Oncimmune Holdings Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Oncimmune Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosures Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

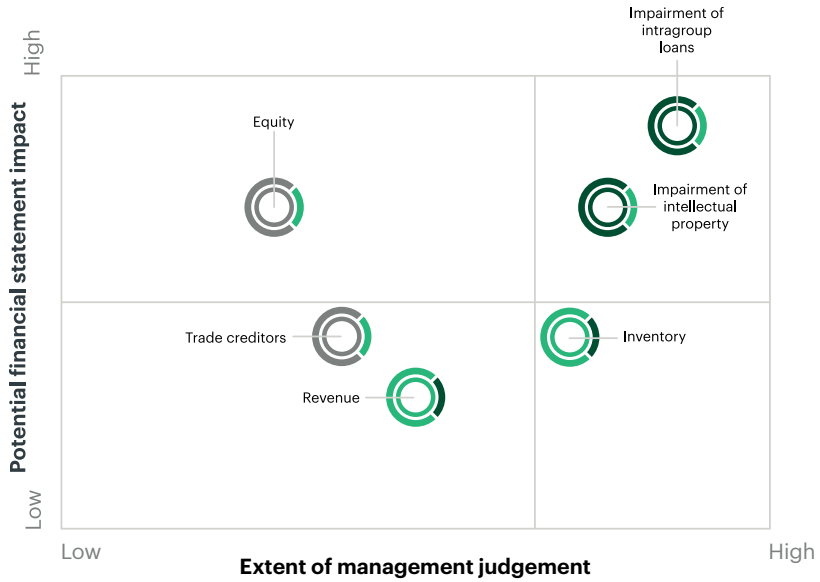
Overview of our audit approach

- Overall materiality: £316,000 which represents 5% of the group's preliminary loss before taxation;
- Key audit matters were identified as;
  - Risk of impairment of intellectual property in the group and
  - Risk of impairment of intragroup loans in the parent company

We performed full scope audit procedures at Oncimmune Holdings plc, and the two subsidiary undertakings.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Key Audit Matter

Impairment of intellectual property

There is a risk that intellectual property may be impaired given the group's financial performance.

Management's assessment of the recoverability of the intellectual property incorporated significant judgements and assumptions, such as rate of discount, timing, extent and probability of future cash flows.

We therefore identified the impairment of intellectual property as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- consideration of the appropriateness of the methodology applied by management in their assessment of the recoverable amount of intellectual property by comparing it to the group's accounting policy and our understanding of the business;
- obtaining management's calculation of recoverable amounts of intellectual property and evaluating the information therein including performing arithmetic checks for accuracy;
- understanding key assumptions made in the model and challenging these through consideration of the impact of alternative assumptions and comparison against results of prior years; and
- assessing the accounting policy shown in note 2 and the related disclosures in note 11 to check they are in accordance with the financial reporting framework.

Key observations

Our testing did not identify material misstatements in the recoverable amounts of intellectual property.

Parent

Key Audit Matter

Impairment of intragroup loans

There is a risk that intragroup loans may not be recoverable as a result of subsidiary companies incurring losses.

Management's assessment of the recoverability of intragroup loans incorporated significant judgements and assumptions, such as timing, extent and probability of future cash flows.

We therefore identified the impairment of intragroup loans as significant risk which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- consideration of the appropriateness of the methodology applied by management in their assessment of the recoverable amount of intragroup loans by comparing it to the group's accounting policy and our understanding of the business;
- obtaining and challenging management's assessment of the recoverable amounts of intragroup loans including checking the impairment provisions and net asset values of components that have group debt;
- checking that intragroup loans have been reconciled and that there are no material differences in intragroup confirmations;
- assessing the accounting policy shown in note 2 and the related disclosures in note 5 of the parent company financial statements to check they are in accordance with the financial reporting framework.

Key observations

Our testing did not identify material misstatements in the recoverable amounts of intragroup loans.

Our application of materiality

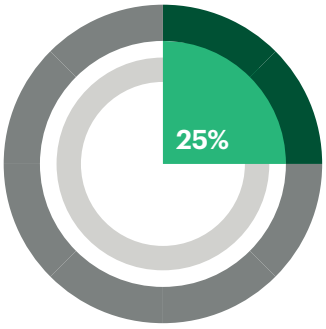
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£316,000 which is 5% of group's preliminary loss before tax. This benchmark is considered the most appropriate as this is a key performance indicator of the group. Materiality for the current year is higher than the level that we determined for the year ended 31 May 2017 to reflect an increase in the group's loss before tax.	£75,000 which is 5% of the company's preliminary loss before tax. This benchmark is considered the most appropriate as this is a key performance indicator of the parent company. Materiality for the current year is higher than the level that we determined for the year ended 31 May 2017 to reflect an increase in the parent company's loss before tax.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.	We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£16,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£4,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Group And Parent Company - Overall Materiality



Key

Tolerance for potential uncorrected mistatements

Performance materiality

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the business and its operations. We took into account the size and risk profile of the group and each component, any changes in the business and other factors when determining the level of work to be performed at each entity, which in particular included the following considerations:

- the group comprises of three components, Oncimmune Holdings plc, Oncimmune Limited and Oncimmune LLC (based in the USA), all assessed to be significant components based on the materiality of their contributions to the group loss before taxation;
- we undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of risks, knowledge of the business and overall assessment of the control environment. Our audit approach is consistent with that for the prior year;
- 100% of revenues and assets were included within the population we tested through full-scope audit procedures; and
- we performed a site visit to the Oncimmune LLC premises in the USA.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the information on pages 19 to 49 of the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified
In our opinion, based on the work undertaken in the course of the audit:

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Giles Mullins
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

30 October 2018

Consolidated Statement of Comprehensive Income

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

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

Consolidated Statement of Financial Position

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

The accompanying notes form an integral part of the consolidated financial statements.
The financial statements were approved by the board on 30 October 2018.

Andrew Millet
Director

Consolidated Statement of Changes in Equity

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

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

Consolidated Statement of Cash Flows

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

The accompanying notes form an integral part of the consolidated financial statements.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Notes to the Consolidated Financial Statements

1. General information

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

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

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

2. Accounting policies

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

Basis of preparation

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

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

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

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

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

Going concern

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

statements is appropriate. The future prospects of the business has been further detailed in the Strategic Report.
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*
IFRS 16	Leases	1 January 2019*
IFRS 1 IFRS 2 IFRS 4 IAS 28 IAS 39 IAS 40 IFRIC 22	First time adoption (amendments) Share based payments (amendments) Insurance contracts (amendments) Investments in Associates and Joint Ventures (amendments) Financial Instruments: Recognition and measurement (amendments) Investment Property (amendments) Foreign Currency transactions and advance consideration (amendments)	1 January 2018* 1 January 2018* 1 January 2018* 1 January 2018* 1 January 2018* 1 January 2018* 1 January 2019*
IFRS 9	Prepayment Features with Negative Compensation (amendments)	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IAS 28	Long-term Interest in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendment to References to Conceptual Framework in IFRS Standards		1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or joint Venture	Deferred until further notice
Annual Improvements to IFRS Standards 2014 – 2016 Cycle		
• Amendments to IFRS 1 First-time Adoption of IFRS		1 January 2018
• Amendments to IAS 28 Investment in Associate and Joint Venture		1 January 2018
Annual Improvements to IFRS Standards 2015 – 2017 Cycle – Various standards		1 January 2019
• Amendment to IFRS 3		1 January 2019
• Amendment to IFRS 11		1 January 2019
• Amendment to IAS 12		1 January 2019
• Amendment to IAS 23		1 January 2019

*Not yet adopted by the EU.

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

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

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

Revenue

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

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

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

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

Research and development

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

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

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

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

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

Property, plant and equipment

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

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

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

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

Impairment testing of non-current assets

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

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

Inventories

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

Leased assets

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

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

Taxation

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

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

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

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

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

Share based compensation

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

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

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

Employee benefit trust

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

Segmental reporting

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

Exceptional items

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

Government grants

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

Financial instruments

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

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

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

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

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

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

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

Cash and cash equivalents

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

Equity

Equity comprises the following:

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

Foreign currencies

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

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

3. Accounting estimates and judgements

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

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

- Useful lives of depreciable assets
  Management reviews the useful lives of depreciable assets at each reporting date. At the reporting date management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to unforeseen events.
- Inventory provision
  Inventory provisions are based on an estimate of the realisable value of the inventory items.
- Impairment
  An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.
- Capitalisation of development costs
  Development expenditure, where it meets certain criteria per IAS 38 Intangible Assets, is capitalised and amortised on a straight-line basis over its useful life. Asset lives are subject to regular review and an impairment exercise carried out at least once a year. Where no internally-generated intangible asset can be recognised, development expenditure is written-off in the period in which it is incurred. Development expenditure is only recognised when all of the criteria set out in IAS 38 are met. Management applies judgement in making this assessment and in determining attributable costs for each project.
- Deferred tax
  Judgement has been applied in respect of the non recognition of deferred tax on losses as detailed in note 9 on the basis of uncertainty over the timing of future reversal.

4. Segmental information

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

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

Operating segments

As at 31 May 2018

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

As at 31 May 2017

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

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

Information about major customers

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

5. Loss before income tax

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

6. Remuneration of key personnel

The Group consider that the Directors are the key personnel:

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

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

7. Employees

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

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

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

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

8. Net finance costs

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

9. Income tax credit

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

Factors affecting current tax charge:

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

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

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

10. Property, plant and equipment

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

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

11. Intangible Assets

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

All intangible assets are from internal development.

12. Trade and other receivables

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

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

13. Inventories

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

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

14. Cash and cash equivalents

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

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

15. Trade and other payables

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

16. Borrowing

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

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

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

17. Lease commitments

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

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

18. Share capital

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

19. Share based payments

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

The Group has the following share options schemes in place:

The 2005 Share Option Scheme
The 2005 Share Option Scheme has the following principal terms:

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

The 2007 Share Option Scheme

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

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

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

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

*Share options issued by Oncimmune Limited

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

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

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

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

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

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

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

Warrants

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

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

20. Related party transactions

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

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

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

21. Categories of financial instruments

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

22. Loss per share

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

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

23. Financial risk management

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

Market risk - Foreign exchange risk

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

Market risk - Interest rate risk

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

Market risk - Price risk

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

Credit risk

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

Liquidity risk

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

Borrowings and other liabilities mature according to the following schedule:

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

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

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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.

Company Statement of Financial Position For The Year Ended 31 May 2018

	Notes	31 May 2018 £'000	31 May 2017 £'000
Fixed Assets			
Investment	3	348	348
Current assets			
Cash	4	4,364	25
Debtors	5	23,636	14,298
		28,000	14,323
Creditors: amounts falling due within one year	6	393	184
Net current assets		27,607	14,139
Total assets less current liabilities		27,955	14,487
Capital and reserves			
Called up share capital	7	616	510
Share premium account		30,952	16,273
Profit and loss reserve		(4,764)	(3,309)
Other reserves		1,151	1,013
Shareholders' funds		27,955	14,487

In accordance with the exemptions permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been presented. The parent company loss for the year ended 31 May 2018 was £1,455,000 (2017: £823,000).

The accompanying notes on pages 65 to 70 form an integral part of the company financial statements.

The parent company financial statements were approved by the board on 30 October 2018.

Andrew Millet

Director

Company Statement of Changes in Equity For The Year Ended 31 May 2018

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
As at 1 June 2016	510	16,273	939	(2,486)	15,236
Loss for the year	-	-	-	(823)	(823)
Total comprehensive income	-	-	-	(823)	(823)
Transactions with owners:					
Share option charge	-	-	74	-	74
As at 31 May 2017	510	16,273	1,013	(3,309)	14,487
Loss for the year				(1,455)	(1,455)
Total comprehensive income				(1,455)	(1,455)
Transactions with owners:					
Shares issued during the year	106	14,679	-	-	14,785
Share option charge	-	-	138	-	138
As at 31 May 2018	616	30,952	1,151	(4,764)	27,955

The accompanying notes on pages 65 to 70 form an integral part of the company financial statements.

Notes to the Company Financial Statements

1. Accounting policies

The principal accounting policies applied in the preparation of the Company's financial statements are set out below.

Statement of compliance

The separate financial statements of the Company are presented in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework'. They have been prepared under the historical cost convention.

Adoption of FRS 101

The Company financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. There were no material amendments for all periods presented on the adoption of FRS 101, following the transition from IFRS to FRS 101.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions available under FRS 101. Therefore these financial statements do not include:

- The requirements of IFRS 7 Financial Instruments: Disclosures, as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 73 of IAS 16 Property, Plant and Equipment;
  - paragraph 118 of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d) and 111 (statement of cash flows), 134 to 136 (managing capital), and 16 (statement of compliance with IFRS) of IAS 1 Presentation of Financial Statements.
- The requirements of IAS 7 Statement of Cash Flows and related notes.
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share Based Payments, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

The effects of future accounting standards not adopted.

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 2.

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

Investments

Investments in subsidiaries are valued at cost less impairment.

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. 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.

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 the statement of comprehensive income, except where it relates to items recognised directly in equity, in which case it is recognised in equity.

Share based compensation

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

On the re-organisation in November 2015 the existing Oncimmune Limited schemes were rolled over into the 2015 Oncimmune Holdings Plc scheme with Oncimmune Holdings Plc taking on the obligation for the exercise of the options. Modification accounting was performed resulting in the incremental fair value at the date of the modification being calculated. The incremental fair value is the excess of the fair value of the award immediately after the modification over the fair value immediately before the modification. 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.

Financial instruments

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

Financial assets
The Company's financial assets fall within the heading of 'Loans and receivables'. Loans and receivables comprise trade and certain other receivables as well as cash and cash equivalents.

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

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

Financial liabilities
The Company'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 statement of comprehensive income 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.
- Other reserves – accumulated share based payment expense
- Profit and loss account: retained profits

The company has applied S612 merger relief by treating the cost of investment arising from the reorganisation as equal to the nominal value of shares issued (thus disregarding any premium arising).

2. Accounting estimates and judgements

The preparation of financial statements under IFRS requires the Company 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 key estimate and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities is discussed below:

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.

3. Investments

	Investments in subsidiary
	£'000
At 31 May 2017	348
Additions	-
At 31 May 2018	348

Details of subsidiary undertakings as at 31 May 2018 are as follows:

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

4. Cash and cash equivalents

	May 2018	May 2017
	£'000	*£'000*
Cash	4,364	25
	4,364	25

5. Trade and other receivables

	May 2018	May 2017
	£'000	*£'000*
Loan to subsidiary undertakings	23,551	14,192
Other debtors	85	106
	23,636	14,298

At 31 May 2018 receivables were stated net of provisions of £nil. 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.

6. Trade and other payables

	May 2018	May 2017
	£'000	*£'000*
Trade payables	111	106
Amounts owed to group undertakings	111	37
Other creditors	87	33
Accruals	8	8
Current tax	76	-
	393	184

7. Share capital

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

8. Employee remuneration

	May 2018	May 2017
	£'000	*£'000*
Share based payments expense	138	74
Salary, fees, bonuses and other short term emoluments	693	436
Social security costs	9	44
	840	554

Company Information

Company registration number
09818395

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Non-Executive Chairman

Dr. Adam Mark Hill
Chief Executive Officer

Andrew Millet
Chief Financial Office

Timothy Brian Bunting
Non-Executive Director

Geoffrey Neil Hamilton-Fairley
Non-Executive Vice Chairman

Julian Clement Hirst
Non-Executive Director

Dr. Annalisa Mary Jenkins
Non-Executive Director

Dr. Carsten Schroeder
Non-Executive Director

Richard Simon Sharp
Non-Executive Director

Dr. Cheung To
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Oncimmune®

Leaders of early cancer biomarker technology

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