Oncimmune®

Building clinical evidence.
Creating strategic partnerships.
Improving patient outcomes.

Beating cancer, one test at a time.

Annual Report 2019

For the year ended 31 May 2019

"This test should be available for everyone who needs it, like breast and bowel screens."

Shirley, 63, Dundee.
Participant in the ECLS trial.

Oncimmune®

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Financials at a glance

£171k
revenues for the year
(2018: £240k)

£1.5M
R&D costs
(2018: £800k)

£7.3M
operating expenses before share-based charges and exceptional items
(2018: £5.6M)

£8.0M
net loss for the year
(2018: £6.3M)

£5.4M
cash balance at the period end
(2018: £12.95M)

€8.5M
credit facility from IPF Management SA signed in September 2019

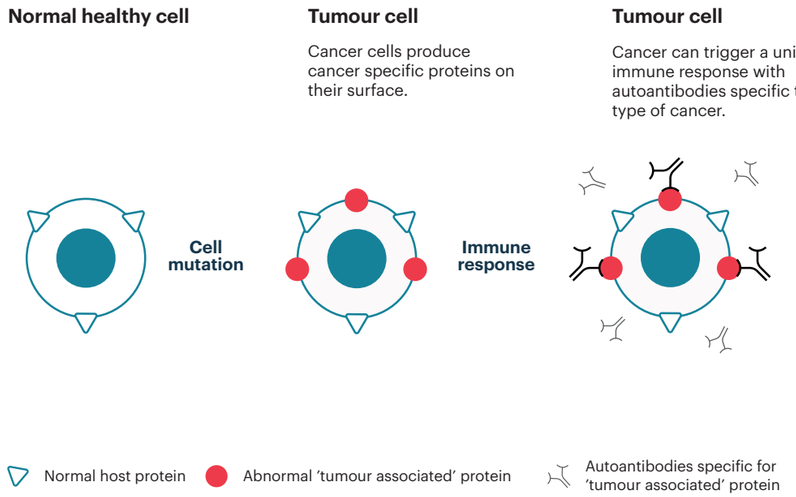
Harnessing the power of the immune system to detect cancer early

The battle against cancer hinges on early detection with subsequent delivery of effective treatment. This year, Oncimmune has continued to work to improve the detection of cancer and its treatment by harnessing the sophisticated disease detecting capabilities of the immune system to identify cancer in its earliest, most treatable stages. Oncimmune's diagnostic tests assist clinicians in identifying the presence of cancer, on average, four years before standard clinical diagnosis, whilst our technology platform and sample biobanks are continuing to help healthcare companies to develop new cancer treatments.

To date, over 200,000 commercial tests have been performed worldwide. EarlyCDT Lung was used in what we believe to be the largest randomised study of blood biomarkers for the early detection of lung cancer. The Early detection of Cancer of the Lung Scotland (ECLS) trial, in collaboration with the National Health Service Scotland (NHS Scotland), reached its primary end point showing the potential of Oncimmune's EarlyCDT Lung test to reduce the incidence of patients with late-stage lung cancer at diagnosis, compared with standard NHS care.

The science behind our tests

The human immune system produces autoantibodies targeting cancer cells, which we use to diagnose cancer early and develop new therapeutic targets.



Diagnostics

Oncimmune's ELISA-based EarlyCDT blood test that can detect autoantibodies raised to specific cancers.

Therapeutics

Oncimmune's immunodiagnostic platform and proprietary protein library (8K proteins) help healthcare companies:

- Characterise the immune response to cancer.
- Predict response to treatment including immune-related adverse events (irAEs).

Applications

Future EarlyCDT indications

Our pipeline is focused on high-incidence and high-mortality cancers, where early detection can have the most impact upon clinical outcomes.

In the near term, Oncimmune intends to advance on the following indications:

Breast cancer[1]

2.1M new cases

6.9M five year prevalence

600k deaths annually

Ovarian cancer[1]

300k new cases

800k five year prevalence

200k deaths annually

1. World Health Organisation (WHO) statistics for 2018 https://gco.iarc.fr/today/home

The ECLS trial

12,209 patients
The largest randomised control study using blood biomarkers for the detection of lung cancer.

52% of patients recruited from lower socioeconomic group.

15% recruitment rate
two times that of other lung cancer screening trials to date.

Diagnostic performance of 90% specificity and 69% sensitivity in early stage cancers by the end of the first year of follow up.

36% reduction in late stage presentation of lung cancer after two years.

Encouraging trend towards significant mortality reduction of 20% at two years.

Research and development

The ECLS trial, the largest randomised study of a blood biomarker for lung cancer, **with 12,209 patients reached its primary end-point.** Data headlined at Presidential Symposium at the World Conference on Lung Cancer in Barcelona on 9 September 2019.

Chinese partner, Gene Tech (Shanghai) Co. Ltd (Gene Tech), commenced a **multi-centre case control study on early lung cancer detection** in the People's Republic of China on 10 May 2019. The study, conducted in five leading academic health centres across China, intends to validate the use of EarlyCDT Lung for use in Asian populations.

Analysis of health economic data for ECLS Lung underway and expected to be submitted for publication in H1 2020.

A pilot study focusing on Indeterminate Pulmonary Nodules started in **Denmark on 1 September 2019.** This study includes **150 candidates** and its objective is to generate local data to **drive adoption in the Danish and other Scandinavian public health systems.**

Looking ahead

Oncimmune platform technology

People | **Patents** | **Papers**

Healthcare providers

- A library of cancer specific immune proteins that enable early detection of solid tumours.
- Immunodiagnostic tests that can be performed in majority of laboratories.
- Two tests for lung and liver cancer on the market.
- Capacity to bring new products to market within six months of discovery.

Diagnostics companies

- Early detection is the greatest driver of cost savings and outcomes in cancer care.
- EarlyCDT tests can stand alone, or successfully complement other tests for early cancer diagnosis.
- Partnership is key to accelerating detection rates, improving patient outcomes and growing market share.

Pharma companies

- Enabling more efficient development of pharmaceuticals through patient selection.

Beating cancer, one test at a time.

How we create value for our stakeholders

Oncimmune has three strong growth drivers to leverage:

1. **Delivery of over 200,000 lung and liver tests to patients worldwide, with the highest level of evidence for a blood biomarker for cancer detection;**
2. **A strong pipeline of new diagnostic tests for early cancer detection including ovarian and breast cancer, and;**
3. **The acquisition of Protagen Diagnostics in March 2019, which provides a platform to collaborate with partners in the fight against cancer.**

The positive results from the ECLS trial scientifically validate Oncimmune's technology platform. Oncimmune's technology platform profiles the body's natural response to cancer, thereby enabling detection on average four years before standard clinical diagnosis.

Oncimmune has over 8,000 proteins in its proprietary immunogenic protein library. This library is key to supporting our partners to predict response to therapy, adverse events and identifying therapeutic drug targets, by profiling the immune response to cancer. The Oncimmune Group of companies have carried out collaborations with seven of the ten largest pharmaceutical companies, receiving 70% repeat business over the last five years.

Since Oncimmune's inception in 2002, over 100 peer-reviewed conference abstracts have been published validating our technology and products. Oncimmune's platform technology is protected by an extensive patent portfolio of over 200 granted and pending patents in 47 territories.

Oncimmune announced its three-year forward strategy in October 2018. In this strategy, Oncimmune articulated how it intends to maximise revenue from its assets. During the 2019 financial year, Oncimmune granted sales rights to new distribution partners in high value markets, including Spain, China, Russia and the US. Oncimmune welcomed Matt Luttrell as Chief Commercial Officer to accelerate the delivery of Oncimmune's commercial strategy.

How we delivered against our priority objectives

Operational

Our priority objectives	Progress against objectives in FY18/19	Priorities for FY19/20

• Provide our organisation with the focus and leadership that it needs to execute on our current and future commitments.	• Appointments of key people to Senior Leadership team:
	  • Matthew Hall, Chief Financial Officer
	  • Andrew Stewart, General Counsel and Company Secretary
	  • Prof Tariq Sethi, Chief Scientific Officer
	  • Matt Luttrell, Chief Commercial Officer
	• Acquisition of Protagen Diagnostics AG, now part of Oncimmune Holdings plc and was renamed Oncimmune Germany GmbH on 11 October 2019.
	• Appointment of key functions (including Product, Marketing, Government Relations, and IR) to the Extended Leadership Team.
		• Remain flexible in striking partnerships which enhance capabilities or expertise.
		• Nurture a culture for our people to accomplish their best work, focused on delivering a vision to beat cancer, one test at a time.
		• Publish our health economic data on ECLS.

Technical and research

Our priority objectives	Progress against objectives in FY18/19	Priorities for FY19/20
• Work with our partners to ensure that we are maximising the latent value of our immunogenic protein platform technology.	• Presented positive top line results of the ECLS trial. • Appointment of Scientific Board, chaired by Prof Peter Johnson. • Further confirmed the value and utility of our immunogenic protein library. • Further enhanced our ability to rapidly develop new in vitro diagnostic panels for a range of different cancers to detect cancer early. • Can now utilise our technology platform to have an impact across the cancer care continuum.	• Commence the continued roll-out of ECLS in partnership with NHS. • Advance multicentre studies to validate both EarlyCDT Lung and EarlyCDT Liver panels.

Commercial

Our priority objectives	Progress against objectives in FY18/19	Priorities for FY19/20
• Lay the groundwork so that the trial results, such as the ECLS read-out, have the right platform for distribution to maximise the reach and impact of our science.	• Distribution channels valued at £42M+ of minimum sales commitments over the initial contracted term compared to £29M a year ago. • Acquired Protagen Diagnostics AG catalysing commercial partnerships with pharmaceutical companies. • Spanish distributor signed Quirónsalud Group, Spain's largest private hospital group to distribute EarlyCDT Lung as nodule and screening test. • Gene Group committed to provision of EarlyCDT Lung tests from Hainan, People's Republic of China, ahead of local regulatory approval. • Strategic commercial agreements signed in July 2019 with Biodesix US valued at up to $28M over the next five years with continued partnership beyond this date. • Commercial partnership agreement signed with R-Pharm in Russia valued at £5M over a period of five years from July 2019. R-Pharm to invest £3.5M in screening infrastructure.	• Continue to maximise high-margin collaborations to distribute EarlyCDT Lung and Liver globally. • Prioritise expansion into high revenue markets. • Secure industry partnerships. • Work with local authorities to receive regulator approval and enhance re-imbursement opportunities.

Funding and capital efficiency

Our priority objectives	Progress against objectives in FY18/19	Priorities for FY19/20
• Continue to monitor costs to ensure the most efficient use of the Group's available cash resources. • Deliver key partnership agreements aimed at maximising the long term value of the Group's products and technology.	• Continued to implement efficient cost management across the Group to ensure adequate funding throughout the financial year. • Following year end, the Group secured an €8.5M credit facility to continue to help fund our effort to deliver against our objectives. • In June 2019 we signed an agreement with Biodesix US to distribute EarlyCDT Lung in the US. The deal was valued at $28M over a period of five years from 1 November 2019.	• Invest in the continuation of the ECLS trial and advance pipeline development. • Continue to deliver operating cost efficiency.

Shirley, 63, Dundee.

> “When I went back to work after my operation one of the nurses I had been working with wasn’t there. She had just disappeared. I found out later that while I was off sick she had found out she had lung cancer too, but much later than me, because she had symptoms – and by the time I got back to work she had already passed away. If it wasn’t for the test finding my cancer five years ago I would probably be getting symptoms about now – and by now it would be too late.”

Chairman and Chief Executive Officer's review

Cancer is no longer an incurable disease; it is the time to detection that has the greatest impact on outcomes, and patient selection that optimises the effectiveness of therapy. Since its inception, Oncimmune has been working to improve the detection of cancer and its subsequent treatment by harnessing the sophisticated disease detecting capabilities of the immune system to identify cancer in its earliest stages when it is more amenable to treatment. More recently, Oncimmune has profiled broken immune tolerance to direct therapeutic decisions.

On behalf of the Board we are pleased to present our fourth Annual Results and Accounts since our Initial Public Offering and listing on AIM in 2016.

Strategy and business model

Last year we announced a three-year strategic plan to deliver both the Company's mission and create medium term value for shareholders. At this time last year, we announced three immediate priorities:

- To provide the organisation with the focus and leadership needed to execute our current and future commitments;
- To ensure that we are capitalising on the latent value of our immunogenic protein platform technology, and;
- To lay the groundwork needed to maximise the reach and impact of our science.

Delivering the forward strategy over the last 12 months has confirmed the value and utility of Oncimmune's immunogenic protein library, our ability to rapidly develop new in-vitro diagnostic panels for a range of cancers to detect cancer early, and the potential of this technology to have an impact across the cancer care continuum – presenting multiple paths to both partner and shareholder value.

In addition to maintaining focus on the core business of developing and commercialising diagnostics tests for the early detection of a range of solid cancer types, this year the Company unlocked the latent value from Oncimmune's technology platform by allowing access to the technology to partners that seek to develop new cancer treatments or to identify the most appropriate cancer patients for a particular treatment.

At Oncimmune, we are experts in developing detection tests for cancer, we are leaders in improving cancer outcomes and we dedicate ourselves to beating cancer, one test at a time.

Business update

Over the past 12 months, the Company has continued to build its portfolio of distribution agreements for EarlyCDT products and currently there are contracts in force across 19 countries, with combined minimum sales commitments of £42M over the next five years.

Prior to initiating commercial activities, distributors typically need to obtain local regulatory approvals before EarlyCDT tests can be marketed and sold in their designated territory. Our partners are progressing multiple regulatory approvals and during the period it was announced that registrations have been granted in Colombia, Singapore and in Israel, with the first orders of EarlyCDT Lung kits having subsequently been fulfilled in these regions.

In April 2019, it was announced that the Company's Spanish distributor, Sabartech S.L., had signed an agreement to sell EarlyCDT Lung as a screening test for the early detection of lung cancer through the hospitals and clinics of the Quirónsalud Group, the operator of the largest private hospital network in Spain. More recently, Sabartech signed an agreement with another large hospital network, Vithar Group. Screening is a significant commercial opportunity for the Company as it means potentially a larger group of at-risk individuals being offered EarlyCDT Lung than might otherwise be the case when individual medical practitioners order the test for their patients on an ad hoc basis.

This activity, along with the expected uplift in distributor sales as regulatory approvals are obtained in different countries, supports our belief in the commercial potential of EarlyCDT and validates Oncimmune's route to market through its channel partners.

The timeframe from signing each distribution agreement to obtaining local regulatory approvals and commencing sales remains difficult to predict and varies by country; to mitigate this risk, the Company manages its indirect sales as a portfolio, the future value of which has increased by 30% from £29M in the year to 31 May 2018.

On 10 May 2019, it was announced that the Company's Chinese partner, Gene Tech had commenced a multi-centre case control study of early lung cancer detection in the People's Republic of China. This study uses an extended panel of tumour-associated antigens to accommodate variations in the biomarkers expressed on cancer cells in Asian populations. Led by Professor Bai, Professor and Chair of the Department of Pulmonary Medicine at Zhongshan Hospital, Fudan University, Shanghai, approximately 1,000 early lung cancers will be studied at five leading academic health centres across China. The preliminary results are expected in the fourth quarter of 2019 and will be used to support Oncimmune's application for approval of EarlyCDT Lung with the National Medical Products Administration (NMPA) (formerly the China Food and Drug Administration). In China, cancer is responsible for 2.9 million deaths per annum, and the incidence of the disease is projected to increase by more than 56% in the next 20 years.

Gene Tech is also in negotiations for the sale of EarlyCDT Lung from Hainan, a southern province of China. Hainan holds Special Economic Zone status within China, enabling EarlyCDT services to be provisioned from Hainan ahead of NMPA approval.

The calendar year 2019 to date has seen significant progress with our forward strategy, reflected in the increasing number of routes to market open to us and our diversifying pipeline of revenues. We believe that strategic progress will lead to near term growth in the Company's top line.

"If you've smoked,
you should take the test."

Wilma, 67, Lanarkshire.
Participant in the ECLS trial.

Strong progress building the commercial platform in the EU and US

In March 2019, the Company announced the acquisition of Protagen Diagnostics AG (Protagen), an established revenue-generating German company leveraging its existing partnerships with leading pharmaceutical multinationals to support clinical trial patient management, disease stratification and response prediction.

The integration of Protagen has progressed well and the first commercial contract signed after the closing of the acquisition was within the period.

In June 2019, the Company announced that it had entered into an exclusive strategic commercialisation partnership agreement with Biodesix Inc. (Biodesix), a leading US domiciled, lung cancer focused diagnostics solutions company. The Board believes that this strategic partnership will unlock the full potential of EarlyCDT Lung in the United States. Biodesix focuses exclusively on lung cancer and is committed to delivering solutions that can span the continuum of care. With a successful track record of commercialising clinical diagnostic lung tests in the United States, Biodesix can reach more patients with lung cancer, using EarlyCDT Lung.

Through a pre-closing contribution from Biodesix to the operational costs of running Oncimmune's US CLIA laboratory, this agreement strengthens the Group's cash position and is expected to accelerate the organic growth of EarlyCDT Lung. The agreement is valued at up to $28M over the next five years including direct cost savings. Biodesix take over responsibility for the commercialisation of EarlyCDT Lung from Oncimmune in the United States on 1 November 2019 and will also take over full responsibility for operating Oncimmune's US laboratory and commercial sales operations on that date. Accordingly, the majority of the US operating costs previously carried by Oncimmune will be borne by Biodesix from 1 November 2019.

Partnership strategy activities

An important element of the Company's forward strategy is to fund its ongoing growth by unlocking the latent potential in its tumour-related antibody platform through strategic partnerships. Partnerships take time to establish, but significant progress has been made in building a substantial pipeline of growth opportunities. The Company is in active and late discussions with a number of parties focused on combining Oncimmune's technology with other diagnostic modalities, and remains bullish about the potential of these in FY2020.

Rebecca, 69, Glasgow.
Participant in the ECLS trial.

EarlyCDT platform technology

Oncimmune's proprietary platform supported by rapid biomarker discovery and, since the acquisition of Protagen in March 2019, a comprehensive immunogenic protein library of over 8,000 antigenic proteins, has the potential to become a keystone to the future of cancer care. It can support case-selection and facilitate therapeutic decision-making.

The Company's intellectual property is protected by strong patents across the globe. Its patents cover technology that measure blood levels of antibodies to tumour-associated antigens, the combination of which is highly specific for target cancers, whose characteristic signal can be detected four years or more before standard clinical diagnosis.

The published positive results of the ECLS trial are further validation that the EarlyCDT platform technology has the potential to be deployed across multiple cancer types. The Board of Directors and the Leadership Team are focused on extending the indications of the platform, with breast and ovarian cancer near term targets for diagnostic tests.

Investing in research development and trials

On 4 June 2019, the Company announced the top line results of the ECLS trial conducted in collaboration with NHS Scotland. The ECLS trial, is believed to be the largest[1] randomised controlled study for the early detection of lung cancer using blood biomarkers, recruiting 12,209 patients each of whom were followed up for a minimum of two years. It was announced that the study met its primary end-point showing that the use of EarlyCDT Lung with subsequent X-ray and computerised tomography (CT) scan reduced the incidence of patients with late-stage lung cancer[2] or unclassified presentation at diagnosis, compared to standard clinical practice.

On 9 September 2019, the Company presented the full results of the ECLS trial at the World Conference on Lung Cancer hosted by the International Association for the Study of Lung Cancer (IASLC) in Barcelona, Spain. The ECLS trial was recognised as one of the top abstracts presented at the IASLC and as such Professor Frank Sullivan (Chief Investigator of the ELCS trial) was invited to participate in the IASLC Presidential Symposium international press briefing, where he presented the abstract to members of the international media. The abstract was subsequently published in Journal of Thoracic Oncology in October.

We believe that the positive data generated by the ECLS trial is a significant milestone for Oncimmune and demonstrates the commercial potential of EarlyCDT Lung in screening programmes. The Company is also pleased to report that preparations are underway in the UK for the conduct of a phased multi-centre population-scale evaluation to further assess the implications of detection with EarlyCDT Lung on survival and mortality in a real-world setting.

In addition to the aforementioned commercial evaluation, the Company expects the publication of the ECLS health economic data to be released in the first half of 2020. The release of this data is expected to be helpful in contributing to pricing and reimbursement negotiations globally. We also expect that the ECLS data will shortly be published in a major medical journal.

[1] By number of participants

[2] Stage III, IV and unclassified cancers

Update on capital

In September 2019, Oncimmune secured a debt facility of €8.5M with IPF Management SA (the "Loan").

Oncimmune has drawn down the full €8.5M loan. The loan is repayable over a four-year term although can be repaid early.

The Company intends to use the net proceeds from this Loan to drive commercial adoption of EarlyCDT Lung through distribution channels in 2020 and bring to market other potential EarlyCDT indications. The Loan will also be used to provide business development resource for Protagen's diagnostic services, for which we are seeing strong demand from potential partners. This facility gives the Company an excellent runway to drive sales of its lead products.

Senior leadership changes

During the last financial year, Oncimmune strengthened its Senior Leadership Team with appointments of Matthew Hall as Group Chief Financial Officer and Andrew Stewart as General Counsel and Company Secretary in December 2018.

Later in 2019, the Company welcomed Professor Tariq Sethi as Chief Scientific Officer and Matthew Luttrell as Chief Commercial Officer, adding more global expertise and bandwidth to the Company's Senior Leadership Team.

Corporate social responsibility and sustainability

Oncimmune's commitment to providing simple and affordable tests to detect the earliest signs of cancer in order to help improve outcomes has defined and framed the Company's ethos and culture since its creation. Oncimmune's commitment to diversity, culture of equal opportunities and respect for the individual underpinned by compliant, ethical behaviour defines Oncimmune's business operations. At its core, the successful delivery of the Company's forward strategy is bolstered by this culture, its work environment and the lasting relationships that it has forged with all its stakeholders.

Oncimmune's approach to product development, launch and delivery of long-term growth is underpinned by a clear set of economic values aimed at protecting the Company from risk and securing its long-term future. The Board's vision for the future is to develop and formalise a comprehensive Corporate Social Responsibility and Sustainability strategy and to incorporate this within its risk and control framework.

Strategy and outlook

The period to 31 May 2019 and the period post year-end has seen significant progress of the Company, including securing partnerships with Biodesix in the US, R-Pharm in Russia, Gene Tech in China, Sabartech S.L (Vithas and the Quirónsalud Group) in Spain, laying important foundations for delivery on its strategic objectives.

The potential for the forthcoming commercial Cancer Control Evaluation in the UK, along with the forward-looking sales book of £42M, give the Directors confidence in Oncimmune's business and technology platform in 2020 and beyond.

Dr Adam M Hill
Chief Executive Officer

Meinhard Schmidt
Chairman

4 November 2019

Chief Financial Officer's review

Revenue in the year ended 31 May 2019 was £171k (2018: £240k). In the current year, this revenue represented the sale of commercial tests that were performed from our own CLIA laboratory in Kansas, US as well as pro-rated revenues from Protagen post its acquisition in March 2019.

In the year ended 31 May 2019, revenues were derived from:

- EarlyCDT Lung central laboratory tests performed in the US
- EarlyCDT Lung kits sold to our distributors
- EarlyCDT Liver central laboratory tests performed in the US

Looking ahead, the Company intends to continue to progress expanding its sources of revenue and to drive commercial sales of EarlyCDT Lung and EarlyCDT Liver. The three main potential growth drivers are:

- Obtaining regulatory approvals and commencing commercial sales in markets in which distributors have been appointed, in particular, US, Russia and Spain.
- Strong pipeline of new development opportunities to detect a range of cancers including lung and liver with development planned for ovarian and breast cancers.
- Partnering with cancer therapeutic companies, leveraging the Protagen acquisition.

Operating expenses before share based charges in the year ended 31 May 2019 were £7.3M (2018: £5.7M) reflecting the advancement of our pipeline through increased investment in research and development, the support provided to our distributor network and the strengthening of our management team. Our agreement with Biodesix in the US is expected to provide substantial cost savings in the future.

Net loss for the year was £8.0M (2018: £6.3M).

Research and development costs were £1.5M (2018: £800k), reflecting the advancement of our current pipeline of diagnostics.

The cash balance at the end of the year was £5.4M (2018: £12.95M). The Company raised a further €8.5M (€8.3M net of expenses) via a credit facility in September 2019. The financing is being drawndown in two tranches and was fully drawn down by October 2019.

Financial outlook

The Company's cash position continues to be solid.

At present the Company has contracted minimum revenues from distributors totalling over £42M from 19 separate distributors across the world. Our expectation is that we will enter into further distribution agreements in new geographies in the future.

As we focus on driving revenue, we will continue to manage the cash burn very carefully. Focus continues to be on:

- Creating value through research and development.
- Increasing the distribution channels and sales of EarlyCDT Lung tests.
- Increasing the distribution channels and sales of EarlyCDT Liver tests.
- Partnership diagnostic revenues.

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

Matthew Hall
Chief Financial Officer

4 November 2019

James, 72, Glasgow.
Participant in the ECLS trial.

"I wouldn't be here now if my doctor hadn't made me go forward for this trial."

Board of directors

Meinhard 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 to 2011 he worked as an executive and CEO at Straumann Institute/Switzerland, responsible for the world-wide "Digitalisation" of the dental industry. He is currently active as an Independent Healthcare Professional providing board engagement as Chairman and NED in public and private MedTech and LifeScience companies; consulting to top management teams to improve industrialisation, commercialisation and digitalisation processes; and consulting investors (Private Equity/Venture Capital) on identification of new investment and acquisition targets in the global healthcare industries. He has held positions in Germany, Netherlands, USA, Canada, UK, Sweden, Ireland and Switzerland.

Dr Adam M Hill Chief Executive Officer

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 two 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 a Visiting Professor in Global Health Innovation at Imperial College London, and Non-Executive Director of both Imperial College Health Partners and 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.

Geoffrey Hamilton-Fairley Non-Executive Vice Chairman

Mr Hamilton-Fairley has an entrepreneurial career that started in 1982 when he 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 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 Hirst Independent Non-Executive Director

Mr Hirst 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, M.B.B.S., F.R.C.P. is a biopharma thought leader with over 25 years of industry experience. Dr Jenkins has extensive recent experience in building and financing biotech companies, pursuing cures for the most challenging rare diseases to address important medical issues globally. She has consistently built and led teams advancing programs from scientific research through clinical development, regulatory approval, and into healthcare systems globally. In addition, she is an advocate for diversity and inclusion, particularly for women in science. Dr Jenkins served as president and CEO of Dimension Therapeutics, a leading gene therapy company that she took public on the NASDAQ and subsequently sold to Ultragenyx. 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, AVROBIO, COMPASS Pathways, AOBiome, Sensyne Health, AgeX, PlaqueTec, Cocoon Biotech Inc. (Non-Executive Chair), Cellmedica (Non-Executive Chair), and Vium, Inc. (Executive Chair). She is also a committee member of the Science Board to the U.S. Food & Drug Administration, which advises FDA leadership on complex scientific and technical issues, board member at Faster Cures a center of The Milken Institute and Chair of The Court The London School of Hygiene and Tropical Medicine.

Carsten Schroeder Independent Non-Executive Director

Mr Schroeder has 28 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 Clinical 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 Sharp Non-Executive Director

Mr Sharp graduated from Oxford University and began his professional career in 1978 working for JP Morgan 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 Sachs in 2007 to start 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 providers 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, haematology and molecular genetics; Ebiotrade, 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.

Andrew Unitt Independent Non-Executive Director

Mr Unitt 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 four 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.

Timothy Bunting Non-Executive Director

Mr Bunting joined Balderton 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 started to work with Balderton and its portfolio of companies in 2005.

In 2006 Tim spent a period as non-executive chairman of Betfair. Tim is also a Trustee of the Rainbow Trust Children's Charity, the Royal Opera House, The Sutton Trust and the Paul Hamlyn Foundation. Tim is a graduate of the University of Cambridge.

"The test, for me,
was a life saver,
no doubt about it."

James, 72, Glasgow.

Principal risks and uncertainties

The Group's products may not be a commercial success

The commercial success of Early CDT Lung and other new products that the Group may launch in the future, will depend on their approval and acceptance by physicians, payers and other key decision makers, as well as the receipt of marketing approvals in different countries, the time taken to obtain such approvals, reimbursement at commercially sustainable prices in those countries where price and reimbursement is negotiated, and cost-effectiveness of the product as compared to competitive products. The Group seeks to manage these risks by ensuring clear, open and prompt communications with government and other stakeholders, investing in the generation of clinical evidence, supporting its distributor network and investing in the generation of economic evidence of the potential cost savings its products can generate for healthcare systems.

Manufacturing

The Group manufactures protein antigens to coat its diagnostic test plates and is reliant on third party contract manufacturers to manufacture finished products. Any disruption to the supply chain for Early CDT Lung or Liver may result in the Company being unable to continue marketing or developing its products for some period of time. The Group is not yet developed or large enough to dual-source its products. Any disruption in the Group's internal or external manufacturing processes may impact the Group's ability to develop or commercialise its products. The Group is managing these risks by maintaining stringent safety and access procedures to internal manufacturing sites, assessing dual sourcing of third party manufacturers and assessing qualifying a second Group laboratory site as a manufacturing site.

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 Board 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 EarlyCDT 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. 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 an 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 continues 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
- Revenue and profit indicators
- Management of cash resources

Strategic Report Approval

The Strategic report is approved for and behalf of the board by:

Matthew Hall

Chief Financial Officer

4 November 2019

"I couldn't believe it when they told me I had cancer, I hadn't smoked for eighteen years – and I couldn't believe it when I was out of hospital six weeks later. I've never looked back."

Wilma, 67, Lanarkshire.
Participant in the ECLS trial.

Directors' report

The Directors present their report and audited consolidated financial statements for the year ended 31 May 2019.

Results and dividends

The consolidated statement of comprehensive income is set out on page 41 and shows the loss for the year. The loss for the year ended 31 May 2019 was £8.0M (2018: loss of £6.3M). 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 the new QCA code in full and believe the Company is substantially in compliance with it.

The Board considers that all Non-Executive Directors exercise independent judgement. The Board currently consists of ten directors, four of which are considered independent Non-Executive Directors under the QCA guidelines, where indicated below in accordance with the Code.

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 Independent 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.

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 Board believes 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. The Board are also conscious of achieving a more balanced, representative and diverse board. This area will continue to be monitored.

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 appropriate behaviours and values to enable the Board to operate in a positive and effective manner. The Board is conscious of the need to assess the performance of the Board, ensuring it is operating effectively and for the benefit of all stakeholders. Although no externally mediated performance evaluation took place during the financial year, the Chairman monitors the input of each Director and provides feedback during the course of the year to individuals on their contribution and behaviours. Externally mediated performance evaluations will be undertaken periodically taking account of responsible use of the Group's financial resources.

The Board believes in setting the right tone for the Group and seeks to promote a culture that aligns itself with its strategy, stakeholder needs and good governance.

Throughout the year, the Chairman and some of the Non-Executive Directors have met with staff and visited some of our sites, which provided them an opportunity to hear stakeholder 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.

Audit Committee

The Audit Committee throughout the financial year was comprised of Andrew Unitt (Chair), Annalisa Jenkins, Julian Hirst and Tim Bunting. On 12 September 2019, Tim Bunting stepped down from the Audit Committee. The Audit Committee determines and examines 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 meets at least twice a year.

Remuneration Committee

The Remuneration Committee throughout the financial year was comprised of Tim Bunting (Chair), Andrew Unitt, Meinhard Schmidt and Carsten Schroeder. The Remuneration Committee reviews and makes recommendations in respect of the Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees. The Remuneration Committee meets at least once a year and otherwise as and when necessary.

AIM Compliance Committee

The AIM Compliance Committee was comprised of Richard Sharp (Chair), Meinhard Schmidt and Andrew Unitt. The AIM Compliance Committee is responsible for reviewing the procedures, resources and controls in place to ensure compliance with the AIM Rules. The AIM Compliance Committee meets at least once 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 Schmidt	Non-Executive Chairman	(appointed 9 October 2015)
Geoffrey Neil Hamilton-Fairley	Vice-Chairman	(appointed 9 October 2015)
Dr Adam M Hill	Chief Executive Officer	(appointed 9 April 2018)
Timothy Bunting	Non-Executive Director (Deputy Chairman)	(appointed 9 October 2015)
Richard Sharp	Non-Executive Director	(appointed 9 October 2015)
Andrew Unitt	Independent Non-Executive Director	(appointed 9 October 2015)
Julian Hirst	Independent Non-Executive Director	(appointed 23 June 2016)
Carsten Schroeder	Independent Non-Executive Director	(appointed 11 October 2016)
Dr Annalisa Jenkins	Senior Independent Non-Executive Director	(appointed 9 January 2018)
Dr Cheung To	Non-Executive Director	(appointed 28 September 2018)
Andrew Millet	Chief Financial Officer	(resigned 9 December 2018)

Directors' interests

At 31 May 2019, the Directors and family had the following interests in the Company's Ordinary shares and options to subscribe for shares:

	31 May 2019		31 May 2018	
	Shares	**Options**	**Shares**	**Options**
Meinhard Schmidt	-	420,370	-	420,370
Geoffrey Hamilton-Fairley	3,238,070	798,148	3,238,070	798,148
Dr Adam M Hill	-	396,825	-	396,825
Andrew Millet (resigned 9 December 2018)	-	122,593	134,954	122,593
Timothy Bunting	2,806,717	-	2,806,717	-
Richard Sharp	4,515,302	-	4,515,302	-
Andrew Unitt	-	-	-	-
Julian Hirst	-	-	-	-
Carsten Schroeder	-	-	-	-
Dr Annalisa Jenkins	-	-	-	-
Dr Cheung To	-	-	-	-

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 Hong Kong, controlled by Dr Cheung To, acquired 6,410,256 shares in the Company.

Directors' remuneration

The remuneration paid to or receivable by each person who served as a Director during the year to 31 May 2019 was as follows:

	Salary/ fees	Other	Bonus	Pension	Benefits	31 May 2019 Total	31 May 2018 Total
	£000	£000	£000	£000	£000	£000	£000
Meinhard Schmidt	75	-	-	-	-	75	69
Geoffrey Hamilton-Fairley	142	-	-	4	-	146	305
Dr Adam M Hill	250	-	-	8	-	258	37
Andrew Millet (resigned 9 December 2018)	83	50	-	7	-	140	100
Timothy Bunting	-	-	-	-	-	-	-
Richard Sharp	-	-	-	-	-	-	-
Andrew Unitt	18	-	-	-	-	18	18
Julian Hirst	36	-	-	-	-	36	36
Carsten Schroeder	41	-	-	-	-	41	-
Annalisa Jenkins	36	-	-	-	-	36	15
Total	680	50	-	19	-	750	583

Significant shareholdings

As at 31 May 2019, 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	10.77
Genostics Company Limited	6,410,256	10.13
Richard Sharp *	4,515,302	7.14
Ruffer LLP	3,334,239	5.27
Geoffrey Hamilton-Fairley *	3,238,070	5.12
FIL Investment International	3,082,635	4.87
Timothy Bunting #*	2,806,717	4.44
Miton Asset Management	2,500,000	3.95
University of Nottingham	2,244,527	3.55

* Board directors
# Timothy Bunting is a partner of Balderton Capital (UK) LLP the investment adviser to Balderton Capital Partners III, LP

Directors' indemnity provisions

The Company has maintained throughout the financial year Directors' and officers' liability insurance.

Political donations

The Company has not made any political donations during the year.

Going concern

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention. Subsequent to the year end, the Group entered into a €8.5M credit facility with IPF Management SA. This facility is a four-year term, interest-only for the first 12 months, with principal repayments commencing thereafter. The facility includes a financial covenant obligation which requires the Group (on a quarterly basis for the term of the facility) to be able to demonstrate that it holds a minimum amount of cash equal to the next six months of operating cashflow, including the amounts required to service the credit facility. In order to monitor compliance with this financial covenant, the Board prepares monthly financial accounts including a calculation of covenant compliance for the following 12 months. In the event that there is a delay or a reduction in forecast revenues or cash receipts, the Group has also identified costs within the business which could be reduced within a relatively short time period in order to ensure the Group's ongoing compliance with the covenant.

After considering the year end cash position, tight financial control, the availability of the €8.5M credit facility available to the Group, and after 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.

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 24.

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's financial statements under the 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 UK 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

Dr Adam M Hill

Director and Chief Executive Officer

4 November 2019

Company registration number: 09818395 (England and Wales)

"I had no symptoms whatsoever. I had stopped smoking for over a year when I was invited to take part. I didn't think they were going to find anything. But they did and they took it out. I think it's fantastic. It's saved my life and everyone should have it."

Rebecca, 69, Glasgow.

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 2019 , which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows 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 2019 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.

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: £334,000, which represents 3.9% of the group's loss before taxation;
- Key audit matters were identified as;
  - Impairment of goodwill and intangible assets - group;
    Acquisition accounting in respect of Protagen AG may be incorrect - group
  - Intragroup loans may not be recoverable – parent
- We performed full scope audit procedures at Oncimmune Holdings plc, and the two subsidiary undertakings.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter – Group	How the matter was addressed in the audit – Group
Impairment of goodwill and intangible assets The group has goodwill and intangible assets of £1.58M and £1.43M respectively. The majority of these balances arose in the current year on the acquisition of Protagen AG with the balance of £0.5M (2018: £0.7M) relating to capitalised development expenditure. There is a risk that the carrying value of goodwill and intangible asset may be impaired given the group is currently loss making. Management assessed that the acquired Protagen AG business will form part of a single CGU with its existing business given it cannot generate independent cashflows. Management's assessment of the recoverability of the intellectual property incorporates significant judgements and assumptions, such as rate of discount, timing, extent and probability of future cash flows. We therefore identified the impairment goodwill and intangible assets as a key audit matter, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Assessing the appropriateness of the methodology applied by management in their assessment of the recoverable amount of goodwill and intangible assets by comparing it to the group's accounting policy and relevant accounting standards; • 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 third party sources, for example checking assumed numbers of cancer patients with external data sources. • Evaluating management's assessment that the acquired business forms part of a single CGU with the existing Oncimmune business and then cross-checking the carrying value of the single CGU against the market value of Oncimmune Holdings plc. The group's accounting policy on impairment of goodwill and intellectual property is shown in note 2 to the financial statements and related disclosures are included in notes 10 and 12. **Key observations** Our testing did not identify material misstatements in the recoverable amounts of intellectual property.

Key audit matter – Group	How the matter was addressed in the audit – Group
Acquisition accounting in respect of Protagen AG may be incorrect In the year, the group acquired the equity of Protagen AG for £1.48M in shares including deferred consideration of £0.52M. The group also issued shares with a fair value of £0.90M to settle certain pre-existing liabilities of Protagen AG. The judgements used in determining the value of a goodwill of £1.58M and acquired intangible assets of £0.92M and the allocation between these assets could, if performed inaccurately, lead to a material misstatement. Management performed a provisional purchase allocation, fair valuing the assets and liabilities acquired. There is significant judgement and complexity involved in the allocation of excess consideration over net assets acquired between separable intangible assets and remaining goodwill. Management valued the intellectual property acquired using a discounted cash flow approach which included judgements in relation to revenues, royalty rates, costs and discount rates. Due to the inherent uncertainty and key assumptions involved in determining the accurate allocation between acquired intangible assets and goodwill, we therefore identified the valuation of intangible assets on recognition of the acquired businesses as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Reviewing the signed purchase agreement to assess management's identification of the assets and liabilities acquired and to agree shares issued and to be issued as part of the purchase consideration. • Assessing the provisional fair value adjustments made in the purchase accounting including the valuation of goodwill, intangible assets and the Qiagen loan. We considered management's methodology including key assumptions used against the requirements of IFRS3 and; • Used our valuation experts to help assess and challenge the appropriateness of assumptions, including royalty and discount rates, in management's valuation of intangible assets. We checked the discount rates and royalty rates against those of comparable market transactions; • Use of our technical accounting experts to assess the accounting for the various components of the purchase consideration; and • Evaluating the related disclosures included in the financial statements for compliance with IFRS3. The group's accounting policy on the acquisition accounting in respect of Protagen AG is shown in note 2 to the financial statements and related disclosures are included in notes 10 and 12. **Key observations** Our work indicated that management's provisional purchase price allocation was appropriate and in accordance with IFRS3.

Key audit matter – Parent	How the matter was addressed in the audit – Parent
Intragroup loans may not be recoverable The company has loans due from subsidiary companies of £26.2M (2018: £23.5M). 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 a key audit matter, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • assessing 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 relevant accounting standards; • obtaining and assessing management's evaluation of the recoverable amounts of intragroup loans including reviewing the impairment provisions and net asset values of components that have intercompany debt; • assessing the potential sources of income and management's expectations of recoverability. • checking the implied value of management's forecasts against the market valuation of the business; and • checking that intragroup loans have been reconciled and confirming and there are no material differences. The group's accounting policy on intragroup loans is shown in note 2 to the financial statements and related disclosures are included in note 4 to the parent company's financial statements. **Key observations** Our testing indicated that the loans from the subsidiaries are recoverable.

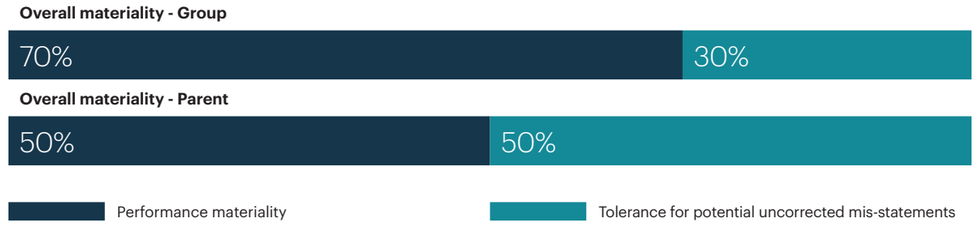
Our application of materiality

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	£334,000 which is 3.9% of group's loss before tax. This benchmark is considered the most appropriate as the group is currently loss making and does not generate significant revenues. Materiality for the current year is higher than the level that we determined for the year ended 31 May 2018 to reflect an increase in the group's loss before tax.	£301,000 which is 1% of the company's net assets. This benchmark is considered the most appropriate as the entity is a holding company with no revenue and bears group related expenses. Materiality for the current year is higher than the level that we determined for the year ended 31 May 2018 as materiality was based on 5% of company's loss before tax in 31 May 2018.
Performance materiality used to drive the extent of our testing	70% of financial statement materiality as compared to 75% in 31 May 2018 to reflect a wider shareholder base in the current year.	50% of financial statement materiality compared to 75% in 31 May 2018 as there are material group loans and a risk around impairment of these loans has been identified.
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	£16,700 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£15,100 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.



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:

- An evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. Significance of each component was determined as a percentage of the group's total assets, revenues and profit/(loss) before taxation;
- The group comprises of four components, Oncimmune Holdings plc, Oncimmune Limited, Oncimmune LLC (based in the USA) and Protagen AG (based in Germany), 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;
- We performed procedures on the three pre-exsting Oncimmune components testing 100% of revenues and assets were included within the population we tested through full-scope audit procedures; audit work on Protagen AG was tested by a component auditor
- We performed a site visit to the Oncimmune LLC premises in the USA and held discussions with the component auditors of Protagen AG in Germany.
- Work around the acquisition accounting of Protagen AG in the year, introduced a significant risk and key audit matter on the valuation of intangible assets on recognition of the acquired businesses;
- Our audit approach in the current year for all financial statement line items was consistent with the prior year in that it was substantive in nature.

Other information

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

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

We have nothing to report in this regard.

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 31, 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.

Use of our report

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

Adrian Bennett

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

4 November 2019

Notes to the consolidated financial statements

Consolidated statement of comprehensive income

	Notes	Year to 31 May 2019 £'000 Total	Year to 31 May 2018 £'000 Total
Revenue	4	171	240
Cost of sales		(1,030)	(917)
Gross loss		(859)	(677)
Other income	4	49	-
Administrative expenses	5	(5,873)	(4,759)
Research and development expenses		(1,500)	(800)
Share based payment charges		(406)	(138)
		(7,730)	(5,697)
Operating loss		(8,589)	(6,374)
Finance income	8	52	48
Finance expense	8	(11)	(16)
Loss before income tax		(8,548)	(6,342)
Income tax	9	536	-
Loss for the financial year		(8,012)	(6,342)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss, net of tax			
Currency translation differences		(51)	(23)
Loss after tax and total comprehensive income for the year attributable to equity holders		(8,033)	(6,365)
Basic and diluted loss per share	23	(12.97p)	(11.41p)

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

Consolidated statement of financial position

	Notes	31 May 2019 £'000	31 May 2018 £'000
Assets			
Non-current assets			
Goodwill	10	**1,578**	**-**
Intangible assets	12	**1,432**	**671**
Property, plant and equipment	11	**422**	**201**
		3,432	**872**
Current assets			
Inventories	14	**292**	**295**
Trade and other receivables	13	**349**	**291**
Cash and cash equivalents	15	**5,358**	**12,953**
		5,999	**13,539**
Total assets		**9,431**	**14,411**
Equity and liabilities			
Equity			
Capital and reserves attributable to the equity holders			
Share capital	19	**633**	**616**
Share premium		**31,382**	**30,952**
Other reserves		**3,295**	**2,325**
Merger reserve		**31,736**	**30,787**
Foreign currency translation reserve		**95**	**146**
Own shares		**(1,926)**	**(1,926)**
Retained earnings		**(57,350)**	**(49,338)**
Total equity		**7,865**	**13,562**
Non-current liabilities			
Other liabilities	17	**350**	**-**
Deferred tax	25	**156**	**-**
		506	**-**
Current liabilities			
Trade and other payables	16	**1,011**	**808**
Other statutory liabilities		**49**	**41**
		1,060	**849**
Total liabilities		**1,566**	**849**
Total equity and liabilities		**9,431**	**14,411**

The accompanying notes form an integral part of the consolidated financial statements.
The financial statements were approved by the board on 4 November 2019.

Dr Adam M Hill
Director and Chief Executive Officer

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 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**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(8,012)**	**(8,012)**
Other comprehensive income:								
Currency translation differences	**-**	**-**	**-**	**-**	**(51)**	**-**	**-**	**(51)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(51)**	**-**	**(8,012)**	**(8,063)**
Transactions with owners:								
Shares issued on debt settlement	**6**	**430**	**195**	**-**	**-**	**-**	**-**	**631**
Shares issued on acquisition	**11**	**-**	**369**	**949**	**-**	**-**	**-**	**1,329**
Share option charge	**-**	**-**	**406**	**-**	**-**	**-**	**-**	**406**
As at 31 May 2019	**633**	**31,382**	**3,295**	**31,736**	**95**	**(1,926)**	**(57,350)**	**7,865**

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

Consolidated statement of cash flows

	Notes	Year to 31 May 2019 £'000	Year to 31 May 2018 £'000
Cash flows from operating activities			
Loss before income tax		(8,548)	(6,342)
Adjusted by:			
Depreciation and amortisation		239	180
Share based payment charge		406	138
Interest received		(52)	(48)
Interest expense		11	16
Exchange movement		(53)	(23)
Changes in working capital:			
(Increase)/decrease in inventories		120	28
(Increase)/decrease in trade and other receivables		(11)	(30)
Increase/(decrease) in trade and other payables		(48)	(52)
Cash used by operations		(7,936)	(6,133)
Interest paid		(11)	(16)
Interest received		52	48
Income tax received		536	-
Net cash used by operating activities		(7,359)	(6,101)
Cash flows from investing activities			
Purchase of property, plant and equipment		(183)	(31)
Development expenditure capitalised		(10)	(281)
Cash received from obtaining subsidiary	10	30	-
Net cash used in investing activities		(163)	(312)
Cash flows from financing activities			
Proceeds from share issue		-	14,785
Cost of share issue		(70)	-
Repayment of long term borrowings		-	(502)
Net cash(used in)/generated from financing activities		(70)	14,283
Movement in cash attributable to foreign exchange		(3)	8
Net (decrease) / increase in cash and cash equivalents		(7,595)	7,878
Cash and cash equivalents at the beginning of the year		12,953	5,075
Cash and cash equivalents at the end of the year	15	5,358	12,953

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

Notes to the consolidated financial statements

1. General information

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

The Group's principal activity is the development and commercialisation of technologies that enable 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. Subsequent to the year end, the Group entered into a €8.5M credit facility with IPF Management SA. This facility is a four-year term, interest-only for the first 12 months, with principal repayments commencing thereafter. The facility includes a financial covenant obligation which requires the Group (on a quarterly basis for the term of the facility) to be able to demonstrate that it holds a minimum amount of cash equal to the next six months' of operating cashflow, including the amounts required to service the credit facility. In order to monitor compliance with this financial covenant, the Board prepares monthly financial accounts including a calculation of covenant compliance for the following 12 months. In the event that there is a delay or a reduction in forecast revenues or cash receipts, the Group has also identified costs within the business which could be reduced within a relatively short time period in order to ensure the Group's ongoing compliance with the covenant.

After considering the year end cash position, the availability of the €8.5M credit facility available to the Group, and after 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 are presented in Sterling and have been rounded to the nearest thousand (£'000).

Standards, amendments and interpretations to existing standards

Standards, amendments and interpretations to existing standards adopted by the Group in these financial statements.

During the year, the Group adopted the following standards effective from 1 June 2019:

IFRS 15

IFRS 15 provides a single, principles based five-step model to be applied to all sales contracts based on the transfer of control of goods and services to customers. The major change is the requirement to identify and assess the satisfaction of delivery of each performance obligation in contracts in order to recognise revenue.

Following an assessment of the financial impact of the changes required from the adoption of this new standard, there is no material change to the Consolidated Income Statement of the Group.

There have been no material restatements to the prior period as a result of this implementation.

IFRS 9

IFRS 9 is based on the concept that financial assets should be classified and measured at fair value, with changes in fair value recognised in profit and loss as they arise (FVPL), unless restrictive criteria are met for classifying and measuring the asset at either Amortized Cost or Fair Value through Other Comprehensive Income (FVOCI). The financial assets which the Group holds are trade receivables, for which changes to the fair value are posted to the income statement. Similarly, any changes to the fair value of the forward contracts in place at the period end are also posted to the income statement. There have been no material restatements to the prior period as a result of this implementation.

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 16	Leases	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IAS 28	Long term Interest in Associates and Joint Ventures (Amendments)	1 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	1 January 2019
Amendment to References to Conceptual Framework in IFRS Standards		1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IFRS 3	Definition of a Business (Amendments)	1 January 2020
IAS 1, IAS8	Definition of Material (Amendments)	1 January 2020
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

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

The Directors expect that the adoption of the standards listed above, other than IFRS 16, will not have a material impact on the financial information of the Group in future reporting periods.

IFRS 16

IFRS 16 will replace IAS 17 for accounting periods commencing on or after 1 January 2019 and from the perspective of the Group as lessee will require (subject to certain practical expedients) most of the Group's lease obligations to be reflected on balance sheet with a corresponding asset reflecting the right to use the underlying leased asset. Management are currently performing a detailed review of the Group's lease arrangements and are deciding on how IFRS 16 will be implemented and are considering which practical expedients might apply and whether or not the standard will be implemented on a full or partial retrospective basis. The full impact of IFRS 16 is therefore not yet known but is limited to the operating leases with regards to the land and buildings as indicated in note 18 of the financial statements.

Revenue

IFRS 15 provides a single, principles based five-step model to be applied to all sales contracts based on the transfer of control of goods and services to customers. The major change is the requirement to identify and assess the satisfaction of delivery of each performance obligation in contracts in order to recognise revenue.

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

Revenue is recognised at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the goods to its customers at the fair value of the consideration received or receivable and excludes intra-Group sales, value added tax and trade discounts.

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.

There have been no material restatements to the prior period as a result of this implementation.

Goodwill

Goodwill represents the excess of the fair value of the consideration over the fair values of the identifiable net tangible and intangible assets acquired and is allocated to cash generating units.

Under IFRS 3 "Business Combinations", goodwill arising on acquisitions is not subject to amortisation but is subject to annual impairment testing. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

Other Intangible Assets

Other intangible assets acquireds separately are capitalised at cost and on a business combinationare capitalised at fair value at the date of acquisition. Following initial recognition, an intangible asset is held at cost less accumumated amortisation and any accumulated impairment losses.

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 reliably 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, £10,000 (2018: £281,240) 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 modification. Where there 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 comprise trade and certain other receivables as well as cash and cash equivalents.

Financial assets 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 expected credit losses, 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 expected credit losses is undertaken at least at each balance sheet date.

Financial liabilities

The Group's financial liabilities comprise contingent consideration 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 contingent considerations 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;
- Other reserves: includes accumulated share based payment expense and equity portion of contingent consideration;
- 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 includes (i) amounts that arose on a group reconstruction in 2015 as described in the basis of preparation and (ii) amounts arising from merger relief applied on the acquisition of Protagen Diagnostics AG in 2019

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 contingent considerations 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 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 additional statement of financial position information is provided on a segmental basis in the following tables:

Revenue	31 May 2019	31 May 2018
	£'000	£'000
Class of business		
Distribution of testing products	171	240
Royalties	-	-
Total revenues	171	240
Geographical analysis by destination		
United Kingdom	20	104
Europe	6	-
North America	132	136
Rest of the world	13	-
Total revenues	171	240
Geographical analysis by origin		
United Kingdom	-	-
North America	171	240
Rest of the world	-	-
Total revenues	171	240

During the year the Company had the following revenue from contracts with customers and other revenue:

	31 May 2019	31 May 2018
	£'000	£'000
Revenue from contracts with customers	171	240
Other revenue	49	-

Operating segments
As at 31 May 2019

	UK	USA	Protagen	Holdings	Consolidated
	£'000	£'000	£'000	£'000	£'000
Revenue	39	132	-	-	171
Cost of sales	(280)	(750)	-	-	(1,030)
Gross margin	(241)	(618)	-	-	(859)
Operating loss	(4,220)	(2,141)	(274)	(1,954)	(8,589)
Net finance and other costs					41
Loss before tax					(8,548)
Taxation					536
					(8,012)

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)

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

Information about major customers

In the year to 31 May 2019, the Group had two customers who contributed more than 10% of revenue individually. These two customers contributed approximately 26.6% of Group revenue.

5. Loss before income tax

	May 2019	May 2018
	£'000	£'000
Loss before taxation has been arrived at after charging:		
Depreciation of owned property, plant and equipment	70	52
Amortisation of intangible assets	169	128
Research and development	1,500	800
Share based payment expense	406	138
Administration expenses	5,873	4,759
Employee costs (note 7)	3,745	3,094
Operating lease rentals		
- Other operating leases	146	225
Audit and non-audit services:		
Fee payable to the Company's auditor:		
Fee for the audit of the Parent Company	33	20
Fees payable to the Company's auditor for other services:		
The audit of the Company's subsidiaries pursuant to legislation	29	25
Tax compliance services	6	6
Tax advisory services	4	4
Audit related assurance services	-	-
All other assurance services	-	-

6. Remuneration of key personnel

The Group consider that the Directors of Oncimmune Holdings plc and Matthew Hall, Andrea Murray and Andrew Stewart, who are directors of Oncimmune Ltd, to be key personnel;

	May 2019	May 2018
	£'000	£'000
Share based payments expense	274	138
Salary, fees, bonuses and other short term emoluments	1,005	731
Social security costs	27	82
	1,306	951

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

7. Employees

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

	May 2019	May 2018
Directors	10	11
Lab staff	46	31
Sales and administration	20	10
	76	52

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

	May 2019	May 2018
	£'000	£'000
Wages and salaries	3,133	2,659
Social security costs	146	257
Pension cost	60	40
Share based payments	406	138
	3,745	3,094

8. Net finance costs

	May 2019	May 2018
	£'000	£'000
Finance revenue	52	48
Finance costs	(11)	(16)
	41	32

9. Income tax credit

	May 2019	May 2018
	£'000	£'000
Current tax:		
UK corporation tax credit at rates: 2019 – 19% | 2018 – 19%	-	-
Tax receivable	536	-
Tax recoverable in the period	536	-

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 2019	May 2018
	£'000	£'000
Loss before income tax	(8,548)	(6,342)
Loss for the year multiplied by the standard rate of corporation tax	(1,624)	(1,205)
Expenses not deductible for tax purposes	32	54
Adjustment in respect of prior periods	-	-
Income not assessable for tax	-	-
Tax uplift in R&D expenditure	-	(220)
Losses surrendered for R&D claims	-	194
Losses carried forward	2,128	1,177
	536	-

The Group has unrelieved UK tax losses of £17,340,000 (2018: £15,212,000) and unrelieved overseas tax losses of £51,344,800 (2018: £19,789,000). Deferred tax has not been provided given the uncertainty over the timing of a future reversal. At year end management have not recognised research and development tax credit due for the year as there is uncertainty over the timing and amount that will be received from the taxation authorities.

10. Goodwill

	Goodwill
	£'000
Cost	
At 31 May 2018	-
Additions	1,578
At 31 May 2019	1,578
Impairment	
At 31 May 2018	-
Impairment	-
At 31 May 2019	-
Net book values	
At 31 May 2019	1,578
At 31 May 2018	-

On 19 March 2019, the Group acquired all of the voting rights of Protogen AG for a consideration with a fair value of up to £1,477,000 payable via the issue of Ordinary shares. On 19 March, 1,063,474 shares were issued with a fair value of £960,000. The remaining consideration is dependent on certain conditions and performance targets being met. As in line with the requirements of IFRS 3 "Business combinations", contingent consideration with a fair value of £369,000 has been recognised as equity on acquisition and the remaining contingent consideration with a fair value of £148,000 has been recognised as a liability.

Goodwill of £1,578,000 was recognised on the acquisition, being the excess of the purchase consideration over the fair value of net assets acquired as set out below.

Fair value of consideration transferred	
	£'000
Amount settled in cash	-
Amount settled by issue of shares	960
Consideration deferred	517
	1,477

	Book value	Provisional fair value adjustment on acquisition	Recognised amounts of identifiable net assets
	£'000	£'000	£'000
Intangible assets	-	920	920
Property, plant and equipment	105	-	105
	105	920	1,025
Inventories	117	-	117
Trade and other receivables	47	-	47
Cash	30	-	30
	299	**920**	**1,219**
Deferred tax liabilities	-	(156)	(156)
Other liabilities	(262)	-	(262)
Total non-current liabilities	**(262)**	**(156)**	**(418)**
Trade and other payables	-	(202)	(202)
Other liabilities	(2,600)	1,900	(700)
Total current liabilities	**(2,600)**	**1,698**	**(902)**
Goodwill on acquisition	-	-	1,578

Cash inflow on acquisition	
	£'000
Consideration transferred settled in cash	-
Cash and cash equivalents acquired	30
Net cash inflow on acquisition	30
Total purchase price deferred	517
Cash received on obtaining control of subsidiary	30

The results of the acquired entity which have been consolidated in the statement of comprehensive income from 19 March 2019 contributed revenues of £nil and a loss of £274,000 attributable to equity shareholders of the Group.

11. Property, plant and equipment

	Laboratory equipment	Computer equipment	Office equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 May 2018	1,038	25	30	1,093
Introduced on acquisition	105	-	-	105
Additions	149	15	19	183
Foreign exchange movement	6	-	-	6
At 31 May 2019	1,298	40	49	1,387
Depreciation				
At 31 May 2018	842	20	30	892
Charge for the year	63	5	2	70
Foreign exchange movement	3	-	-	3
At 31 May 2019	908	25	32	965
Net book values				
At 31 May 2019	390	15	17	422
At 31 May 2018	196	5	-	201

There were no assets held under finance leases during 2019 or 2018. The amount of depreciation expense charged to the statement of comprehensive income in respect of such assets was £nil in 2019 and 2018.

12. Intangible assets

	Internal developments	Technology platform	Total
	£'000	£'000	£'000
Cost			
At 31 May 2018	839	-	839
Additions	10	-	10
Introduced on acquisition	-	920	920
Disposals	-	-	-
At 31 May 2019	849	920	1,769
Depreciation			
At 31 May 2018	168	-	168
Charge for the year	169	-	169
At 31 May 2019	337	-	337
Net book values			
At 31 May 2019	512	920	1,432
At 31 May 2018	671	-	671

13. Trade and other receivables

	May 2019	May 2018
	£'000	£'000
Trade receivables	214	162
Other debtors	111	89
Prepayments and accrued income	24	40
	349	291

Trade receivables represents amounts due from contracts with customers. At 31 May 2019 trade receivables were stated net of provisions of £12,000 (2018 - £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.

Accrued income represents contract assets from contracts with customers.

14. Inventories

	May 2019	May 2018
	£'000	£'000
Diagnostic testing materials	292	295
	292	295

No provision was made for inventory at the year end (2018: £193,000). During the year inventory with a gross value of £35,000 was written off in full due to obsolescence.

15. Cash and cash equivalents

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

	May 2019	May 2018
	£'000	£'000
Cash and cash equivalents per statement of financial position	5,358	12,953
Cash per statement of cash flows	5,358	12,953

16. Trade and other payables

	May 2019	May 2018
	£'000	£'000
Trade payables	572	402
Other creditors	96	181
Accruals and deferred income	343	225
	1,011	808

Deferred income represents contract liabilities from contracts with customers.

17. Other liabilities

	May 2019	May 2018
	£'000	£'000
Contingent consideration	148	-
Other Contingent liabilities	202	-
	350	-

On 19 March 2019, the Group acquired all of the voting rights of Protogen Diagnostics AG for a consideration with a fair value of up to £1,477,000 payable via the issue of Ordinary shares. On 19 March, 1,063,474 shares were issued with a fair value of £960,000. The remaining consideration is dependent on certain conditions and performance targets being met with a fair value of £369,000 has been recognised as equity on acquisition and the remaining contingent consideration with a fair value of £148,000 has been recognised as a liability.

In addition as part of the acquisition, the Group agreed to settle certain pre-exisiting debt of Protogen AG, these debts include a loan with a fair value of up to £778,000 payable via the issue of Ordinary shares. On 19 March, 560,416 shares were issued with a fair value of £506,000. The remaining settlement is dependent on certain conditions and performance targets being met. The Directors have assessed that these criteria will be met and accordingly consideration due with a fair value of £194,000 has been recognised as equity, and the remaining amount with a fair value of £78,000 has been recognised with other contingent liabilities.

In addition the Company agreed to settle a liability to two former directors with a fair value of £124,000 payable via the issue of Ordinary shares due to the partners of Protogen AG recognised on acquisition. This amount is contingent on certain conditions being met.

18. Lease commitments

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

	May 2019	May 2018
	£'000	£'000
Land and buildings		
Operating leases which expire:		
Within one year	121	257
In two to five years	-	234
In over five years	-	-
	121	491

19. Share capital

	May 2019		May 2018	
	Shares	£	Shares	£
Authorised:				
Ordinary shares of £0.01 each	64,102,560	641,025	64,102,560	641,025
	-	641,025	-	641,025
Allotted, called up and fully paid:				
Ordinary shares of £0.01 each	63,250,217	632,502	61,626,327	616,263
	63,250,217	632,502	61,626,327	616,263

20. Share based payments

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

The Group has the following share option 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 three 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 six 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 2019	May 2018
	Number of options	Number of options*
Options in grant	4,825,171	4,391,765
Weighted average exercise price	£0.91	£0.86
Weighted average life remaining in years	5	6

*Share options issued by Oncimmune Limited

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

	May 2019	May 2018
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 of exercise;
- 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 after reviewing the 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:

	WAEP	May 2019	WAEP	May 2018
Expiry date		Number		Number
Outstanding at 1 June (2018, 2017)	0.86	4,391,765	0.77	3,650,550
Granted	1.16	581,695	-	913,531
Lapsed	1.29	(118,289)		(147,315)
Modified		-		-
Exercised		-		(25,000)
Outstanding at 31 May(2019, 2018)	0.91	4,855,171	0.86	4,391,765
Weighted average remaining contractual life in years		5		6

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 £405,843 (2018: £138,065) related to equity-settled share based payment transactions during the year. Of this total charge recognised during the year, £190,315 relates to a correction to the vesting profile of certain awards.

Exercise prices for share options range between £0.0002 - £2.6546 per option.

Warrants

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

	Grant date	Number	Subscription price
Outstanding at 1 June 2018:			
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 2019:		2,312,579	

21. Related party transactions

During the year ended 31 May 2019, the University of Nottingham - a shareholder, and Wisteria - where the previous CFO is a director and Geoffrey Hamilton-Fairley - Director, provided services to the Group as shown below. The University of Nottingham provided facilities and services to enable the Company to undertake research, Wisteria provided bookkeeping and financial reporting services and Geoffrey Hamilton-Fairley provided consultancy services.

	Geoffrey Hamilton-Fairley		Wisteria		University of Nottingham	
	May 2019	May 2018	May 2019	May 2018	May 2019	May 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Costs incurred	144	-	51	39	195	163
Outstanding at year end	-	-	4	4	2	64

22. Categories of financial instruments

	May 2019	May 2018
	£'000	£'000
Current financial assets		
At amortised cost - Trade and other receivables	325	291
At amortised cost – Cash and cash equivalents	5,358	12,953
Total financial assets	5,683	13,244
Non-financial assets	4,021	1,167
Total	9,704	14,411
Current financial liabilities		
At amortised cost - Payables	1,060	849
Total current financial liabilities	1,060	849
Non-financial liabilities	-	-
Total current liabilities	1,060	849

	May 2019	May 2018
	£'000	£'000
Non-current financial liabilities		
At fair value – Other contingent liabilities	202	-
At fair value - Contingent consideration	148	-
Total non-current financial liabilities	350	-
Non-financial liabilities	-	-
Total non-current liabilities	350	-

Liabilities recognised at fair value relate to amounts due to be issued in the company's shares which do meet the classification of equity. These amounts are valued based on the Company's share price.

23. 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 2019	May 2018
Earnings		
Loss on ordinary activities for the purposes of basic and fully diluted loss per share (£'000)	(8,012)	(6,342)
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	61,782,266	55,558,178
Loss per share		
Basic and fully diluted loss per share	12.97p	11.41p
Basic and fully diluted loss per share (before exceptional items)	12.97p	11.41p

24. 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 2019 and 31 May 2018 over 64% 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 contingent consideration classified within other liabiltities. Contingent consideration is payable in a tiered and capped number of shares and therefore 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 contingent considerations. Trade and other payables are monitored as part of normal management routine.

Contingent consideration and other liabilities mature according to the following schedule:

2019	Within one year	One to five years
	£'000	£'000
Trade payables	572	-
Other taxation and social security	49	-
Other creditors	96	-
Accruals and deferred income	343	-
Other loans	202	-
Contingent consideration	272	-

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

Capital risk management

The Group's capital management objectives are:

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

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

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

	May 2019	May 2018
	£'000	£'000
Total equity	7,865	13,562
Cash and cash equivalents	5,358	12,953
Capital	13,223	26,515
Total financing		
Other contingent liabilities	202	-
Contingent consideration	148	-
Overall financing	350	-
Capital to overall financing ratio	3,778.0%	N/A

25. Deferred tax

	May 2019	May 2018
	£'000	£'000
As at 1 June	-	-
Provision on recognition of intangibles on acquisition	156	-
As at 31 May	156	-

26. Events after the end of the reporting period

On 20 September 2019 the Group announced that it had secured a credit facility of €8.5M with IPF Management SA. Under the terms of the Facility, Oncimmune immediately drew down an initial €5.0M and the second tranche of €3.5M was drawn down on 18 October 2019.

27. Subsidiaries consolidated

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

Company			Holding	
	Country of incorporation	Class of share capital held	Direct %	Indirect %
Oncimmune Limited	United Kingdom	Ordinary	100	-
Oncimmune (USA) LLC 112 SW 7th Street Suite 3C, Topeka, KS 66603	United States of America	Ordinary	-	100
Oncimmune Germany GmbH Otto-Hahn-Str 15, 44227 Dortmund Germany	Germany	Ordinary	100	-

On 19 March 2019 the Group acquired Protagen Diagnostics AG. Subsequent to the year end Protagen Diagnostics AG was renamed Oncimmune Germany GmbH Details of this acquisition have been disclosed within Note 10.

28. Ultimate controlling party

There is no ultimate controlling party of the Company.

Notes to the Company financial statements
Company statement of financial position
For the year ended 31 May 2019

	Notes	31 May 2019 £'000	31 May 2018 £'000
Fixed assets			
Investment	3	2,797	348
Current assets			
Debtors	4	26,428	23,636
Cash	5	53	4,364
		26,481	28,000
Creditors: amounts falling due within one year	6	561	393
Net current assets		25,920	27,607
Total assets less current liabilities		28,717	27,955
Creditors: amounts falling due after one year	6	350	-
Total assets less total liabilities		28,367	-
Capital and reserves			
Called up share capital	7	633	616
Share premium account		31,382	30,952
Other reserves		2,121	1,151
Merger reserve		949	-
Profit and loss reserve		(6,718)	(4,764)
Shareholders' funds		28,367	27,955

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 2019 was £1,954,000 (2018: £1,455,000).

The accompanying notes on pages 74 to 79 form an integral part of the company financial statements.

The Parent Company financial statements were approved by the board on 4 November 2019.

Dr Adam M Hill
Director and Chief Executive Officer

Company statement of changes in equity
For the year ended 31 May 2019

	Share capital	Share premium	Other reserves	Merger reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 June 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**
Loss for the year	-	-	-	-	(1,954)	(1,954)
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,954)**	**(1,954)**
Transactions with owners:						
Shares issued on debt settlement	**6**	**430**	**195**	**-**	**-**	**631**
Shares issued during the year	**11**	**-**	**369**	**949**	**-**	**1,329**
Share option charge	**-**	**-**	**406**	**-**	**-**	**338**
As at 31 May 2019	**633**	**31,382**	**2,121**	**949**	**(6,718)**	**28,367**

The accompanying notes on pages 74 to 79 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's 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. 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.

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 there 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 at this point in time.

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 financial assets comprise trade and certain other receivables as well as cash and cash equivalents.

Financial assets are recognised when the Company 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 contingent consideration 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 contingent considerations 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 and equity portion of contingent consideration;
- 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.

As at 31 May 2019, the Company has an amount due from its subsidiary Oncimmune Limited Management totalling £26,285,000. The terms of this loan state that this amount is repayable on demand. Management have assessed the recoverability of this loan as at 31 May 2019 and found that given the resources available to Oncimmune Limited it would be unable to repay the full amount on demand. Management have therefore made a full assessment on the expected value and the period over which the intercompany loan can be repaid.

As in with the requirements of IFRS 9 "Financial Instruments", management have assessed the credit risk of the intercompany loan and have evaluated how this has changed since the prior year. As at 31 May 2018 the intercompany loan was considered to have a "Low-credit risk". Management's assessment is that the credit risk has not increased. As such the intercompany loan has been assessed for 12-month expected credit losses.

Management have prepared a forecast for the next 12 month sof the cash and cash equivalent and other assets which would be sold to repay the loan if it was recalled. The 12-month expected credit loss calculated has been found to be immaterial and therefore no impairment has been recognised on the intercompany loan for the year ended 31 May 2019.

3. Investments

	Investments in subsidiary
	£'000
At 31 May 2018	348
Additions	2,449
At 31 May 2019	2,797

Details of subsidiary undertakings as at 31 May 2019 are as follows:

Company			Holding	
	Country of incorporation	Class of share capital held	Direct %	Indirect %
Oncimmune Limited	United Kingdom	Ordinary	100	-
Oncimmune (USA) LLC 112 SW 7th Street Suite 3C, Topeka, KS 66603	United States of America	Ordinary	-	100
Protagen AG Otto-Hahn-Str 15, 44227 Dortmund Germany	Germany	Ordinary	100	-

On 19 March 2019 the Group acquired Protagen AG. Details of this acquisition have been disclosed within Note 10 of the Group accounts.

4. Trade and other receivables

	May 2019	May 2018
	£'000	£'000
Loan to subsidiary undertakings	26,283	23,551
Other debtors	145	85
	26,429	23,636

At 31 May 2019 there are no expected credit losses. 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 expected credit losses. The nature of the loan to the subsidiary undertaking is considered to be part of the investment in that subsidiary. The assessment of impairment has been carried out under IAS 27 and IAS 36.

5. Cash and cash equivalents

	May 2019	May 2018
	£'000	£'000
Cash	53	4,364
	53	4,364

6. Trade and other payables

	May 2019	May 2018
	£'000	£'000
Creditors: amounts falling due within one year		
Trade payables	225	111
Amounts owed to group undertakings	267	111
Other creditors	61	87
Accruals	8	8
Current tax	-	76
	561	393
Creditors: amounts falling due after one year		
Contingent Consideration – non current	148	-
Other Contingent liabilities – non current	202	-
	350	-

On 19 March 2019, the Company acquired all of the voting rights of Protogen Diagnostics AG for a consideration with a fair value of up to £1,477,000 payable via the issue of Ordinary shares. On 19 March, 1,063,474 shares were issued with a fair value of £960,000. The remaining consideration is dependent on certain conditions and performance targets being met with a fair value of £369,000 has been recognised as equity on acquisition and the remaining contingent consideration with a fair value of £148,000 has been recognised as a liability.

In addition as part of the acquisition, the Company agreed to settle certain pre-exisiting debt of Protogen AG, these debts incude a loan with a fair value of up to £778,000 payable via the issue of Ordinary shares. On 19 March, 560,416 shares were issued with a fair value of £506,000. The remaining settlement is dependent on certain conditions and performance targets being met. The Directors have assessed that these criteria will be met and accordingly considertation due with a fair value of £194,000 has been recognised as equity, and the remaining amount with a fair value of £78,000 has been recognised with other contingent liabilities.

In addition the Company agreed to settle a liability to two former directors with a fair value of £124,000 payable via the issue of Ordinary shares due to the partners of Protogen AG recognised on acquisition. This amount is contingent on certain conditions being met.

7. Share capital

	May 2019		May 2018	
	Shares	£	Shares	£
Authorised:				
Ordinary shares of £0.01 each	64,102,560	641,025	64,102,560	641,025
	-	641,025	-	641,025
Allotted, called up and fully paid:				
Ordinary shares of £0.01 each	63,250,217	632,502	61,626,327	616,263
	63,250,217	632,502	61,626,327	616,263

8. Employee remuneration

	May 2019	May 2018
	£'000	£'000
Share based payments expense	338	138
Salary, fees, bonuses and other short term emoluments	975	693
Social security costs	21	9
	1,334	840

Company information

Company registration number	09818395
Registered address	Clinical Sciences Building, City Hospital, Hucknall Road, Nottingham NG5 1PB
Website	www.oncimmune.com
Directors	
Meinhard Schmidt	Non-Executive Chairman
Geoffrey Hamilton-Fairley	Non-Executive Vice Chairman
Dr Adam M Hill	Chief Executive Officer
Andrew Unitt	Non-Executive Director
Dr Cheung To	Non-Executive Director
Julian Hirst	Non-Executive Director
Timothy Bunting	Non-Executive Director
Carsten Schroeder	Non-Executive Director
Richard Sharp	Non-Executive Director
Dr Annalisa Jenkins	Non-Executive Director
Company Secretary	Andrew Stewart
Nominated adviser	**Zeus Capital Limited** 10 Old Burlington Street, London W1S 3AG
Joint brokers	**Zeus Capital Limited** 10 Old Burlington Street, London W1S 3AG
	finnCap Ltd 60 New Broad Street, London EC2M 1JJ
	Bryan, Garnier & Co Limited Beaufort House, 15 St. Botolph Street, London EC3A 7BB
Financial PR	**FTI Consulting** 200 Aldersgate, Aldersgate Street, London EC1A 4HD
Registrars	**Link Asset Services** 65 Gresham Street, London EC2V 7NQ
Auditor	**Grant Thornton UK LLP** Chartered Accountants | Statutory Auditor 101 Cambridge Science Park, Milton Road, Cambridge CB4 0FY

www.oncimmune.com