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Application will be made for the admission of the Placing Shares to trading on AIM and it is expected that Admission will occur on 26 July 2011.

The Directors, whose names are set out on page 8 of this document, and Scancell Holdings plc accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors and Scancell Holdings plc (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **SCANCELL HOLDINGS PLC**

*(Incorporated and registered in England and Wales with registered number 06564638)*

**Proposed Subdivision of each Existing Ordinary Share into 10 new Ordinary Shares of 0.1p each**

**Proposed Placing of 34,575,410 new Ordinary Shares at 5 pence per share**

**and**

**Notice of General Meeting**

***Nominated Adviser: Zeus Capital Limited***

***Broker: XCAP Securities plc***

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### **ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING COMPLETION OF THE SUBDIVISION AND THE PLACING**

<i>Ordinary Shares of 0.1p each</i>	<i>Issued and fully Paid Number</i>	<i>Amount</i>
	194,093,310	£194,093.31

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This document does not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities in Scancell Holdings plc nor shall it or any part of it form the basis of or be relied upon in connection therewith or act as any inducement to enter into, any contract or commitment with respect to such securities.

This document does not constitute a recommendation regarding any decision to sell or purchase any securities in Scancell Holdings plc.

This document contains forward-looking statements. These statements relate to the Company's proposed strategy, plans and objectives. By its very nature, such forward-looking information requires Scancell Holdings plc to make assumptions that may not materialise or that may not be accurate. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Furthermore, the forward-looking information contained in the document is made as of the date of the document and accordingly, you should not rely on any forward-looking statements and the Company accepts no obligation to disseminate any updates or revisions to such forward-looking statements. The forward-looking information contained in this document is expressly qualified by this cautionary statement.

This document does not constitute a prospectus and a copy has not been delivered to the Registrar of Companies in England and Wales for registration. A copy of this circular will be available for collection, free of charge, during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the offices of Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT.

Your attention is drawn to the letter from the Chairman of Scancell Holdings plc which is set out on page 8 of this document which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

**Notice of General Meeting of Scancell Holdings plc to be held at the offices of Laytons Solicitors, Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0LS on 25 July 2011 at 10.45 a.m. (or, if later, immediately following conclusion of the Company's Annual General Meeting convened for 10.30 a.m. on that day) is set out at the end of this document. Shareholders are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible but, in any event, so as to be received by the Company's Registrar, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD not later than 10.45 a.m. on 21 July 2011 or 48 hours before an adjourned meeting (not including any part of a day which is a Saturday, Sunday or Bank Holiday in England). Completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person, should they subsequently wish to do so.**

Zeus Capital Limited, which is a member of the London Stock Exchange and is authorised and regulated by the FSA, is acting for Scancell Holdings plc and no-one else in connection with the Placing and will not be responsible to anyone other than Scancell Holdings plc for providing the protections afforded to customers of Zeus Capital Limited or for providing advice in relation to the Placing.

XCAP Securities plc, which is a member of the London Stock Exchange and is authorised and regulated by the FSA, is acting for Scancell Holdings plc and no-one else in connection with the Placing and will not be responsible to anyone other than Scancell Holdings plc for providing the protections afforded to customers of XCAP Securities plc or for providing advice in relation to the Placing.

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## KEY STATISTICS

### Existing Share Capital

Total number of Existing Ordinary Shares at the date of this document 15,951,790

### Subdivision

Number of Ordinary Shares in issue immediately following the Subdivision 159,517,900

### Placing

Placing Price 5 pence

Number of Placing Shares to be issued pursuant to the Placing 34,575,410

Placing Shares as a percentage of the Enlarged Share Capital 17.8%

Gross proceeds of the Placing £1.73 million

Net proceeds of the Placing (after costs and expenses) £1.52 million

### Upon Admission

Total number of Ordinary Shares in issue immediately following Admission 194,093,310

Market Capitalisation of the Company following Admission at the Placing Price £9.70 million

ISIN Number following Admission GB00B63D3314

SEDOL following Admission B63D331

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of this document	30 June 2011
Latest time and date for receipt of completed Forms of Proxy for the GM	10.45 a.m. on 21 July 2011
General Meeting	10.45 a.m. on 25 July 2011
Record Date and time for implementation of the Subdivision	5.30 p.m. on 25 July 2011
Subdivision becomes effective	8.00 a.m. on 26 July 2011
CREST accounts credited with new Ordinary Shares	8.00 a.m. on 26 July 2011
Admission and commencement of dealings in the Placing Shares	8.00 a.m. on 26 July 2011
Share certificates for new Ordinary Shares posted to certificated Shareholders	by 9 August 2011

### *Notes*

- (1) References to time in this document are to London time.
- (2) If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS.

## DEFINITIONS

The following definitions shall apply throughout this document and the accompanying Form of Proxy unless the context otherwise requires:

“2006 Act”	the Companies Act 2006;
“Admission”	the admission of the Placing Shares to trading on AIM;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	means the Rules and Guidance notes for AIM companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
“Business Day”	means any day, other than a Saturday or Sunday or public holiday in England, on which banks are open for normal business in the City of London;
“Company” or “Scancell”	Scancell Holdings plc (registered in England and Wales under number 06564638);
“Circular”	this document dated 30 June 2011, including the notice of GM, addressed to the Shareholders;
“Completion”	completion of the Proposals;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (the “Regulations”)) in respect of which Euroclear is the Operator (as defined in the Regulations) and in accordance with which securities may be held and transferred in uncertificated form;
“Directors” or “Board”	the directors of the Company, whose names appear on page 8 of this document;
“EIS”	Enterprise Investment Scheme;
“Enlarged Share Capital”	the entire issued share capital of the Company following the implementation of the Subdivision, Admission and completion of the Placing;
“Euroclear”	means Euroclear UK & Ireland Limited;
“Existing Ordinary Shares”	the 15,951,790 ordinary shares of 1p each in issue at the date of this document prior to implementation of the Subdivision;
“Existing Share Capital”	the entire issued share capital of the Company as at the date of this document prior to implementation of the Subdivision;
“Form of Proxy”	the form of proxy for use by Shareholders enclosed with this document, to enable Shareholders to appoint one or more proxies to attend the GM and, on a poll, to vote instead of that Shareholder;
“FSA”	the Financial Services Authority;

“GM” or “General Meeting”	the general meeting of the Company convened for 25 July 2011 at 10.45 a.m. (or at such time as immediately following the conclusion of the Annual General Meeting of the Company convened to be held at 10.30 a.m. that day) at Laytons Solicitors, Carmelite, 50 Victoria Embankment, London EC4Y 0LS, or any adjournment thereof, notice of which is set out in this document;
“Group”	the Company and its subsidiaries;
“London Stock Exchange”	London Stock Exchange plc;
“Ordinary Shares”	ordinary shares of 0.1p each in the capital of the Company following the implementation of the Subdivision;
“Placing”	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 30 June 2011 between (1) Zeus Capital, (2) XCAP Securities plc and (3) the Company relating to the Placing;
“Placing Price”	5 pence per Placing Share;
“Placing Shares”	34,575,410 Ordinary Shares proposed to be issued pursuant to the Placing;
“Proposals”	the Subdivision, the Placing and Admission;
“Resolutions”	the resolutions to be proposed at the General Meeting, details of which are set out in the notice of the General Meeting set out on page 15 of this document;
“RIS”	Regulatory Information Service;
“Shareholders”	the persons who are registered as holders of Existing Ordinary Shares as at the date of this document;
“Subdivision”	the subdivision of the Company’s share capital, being the subdivision of each Existing Ordinary Share into 10 Ordinary Shares;
“Subsidiaries”	has the meaning ascribed thereto by the 2006 Act;
“United Kingdom” or “UK”	United Kingdom of Great Britain and Northern Ireland;
“VCT”	Venture Capital Trust;
“XCAP”	XCAP Securities plc (registered in England and Wales under number 06920660);
“Zeus Capital”	Zeus Capital Limited (registered in England and Wales under number 4417845).

Unless otherwise indicated, all references in this document are to London times.

## PART I

### LETTER FROM THE CHAIRMAN OF SCANCELL HOLDINGS PLC

# SCANCELL HOLDINGS PLC

*(Registered and incorporated in England and Wales No. 06564638)*

*Directors:*

David Evans (*Non-Executive Chairman*)  
Professor Lindy Durrant (*Joint CEO and CSO*)  
Dr Richard Goodfellow (*Joint CEO*)  
Nigel Evans (*Non-Executive Director*)  
Michael Rippon (*Non-Executive Director*)  
Matthew Frohn (*Non-Executive Director*)

*Registered Office:*

Fifth Floor  
Carmelite  
50 Victoria Embankment  
Blackfriars  
London  
EC4Y 0LS

30 June 2011

*To the Shareholders and, for information only, the holders of options to subscribe for ordinary shares*

**Proposed subdivision of each Existing Ordinary Share into 10 new Ordinary Shares of 0.1p each**

**Proposed Placing of 34,575,410 new Ordinary Shares at 5 pence per share**

**and**

**Notice of General Meeting**

Dear Shareholder,

#### **1. Introduction**

Earlier today, the Company announced a placing to raise £1.73 million by means of the issue of 34,575,410 new Ordinary Shares at 5 pence per share to provide additional working capital for the Group.

The Placing is conditional upon the Company's Shareholders passing resolutions to subdivide each Existing Ordinary Share into 10 new ordinary shares of 0.1p each, to grant the Board authority to allot the Placing Shares and to disapply statutory pre-emption rights which would otherwise apply to the allotment of the Placing Shares. The Placing is also conditional upon Admission. The Placing has not been underwritten.

As such, the Directors have convened a General Meeting for 10.45 a.m. on 25 July 2011 in order to allow Shareholders to consider, and, if thought fit, pass the Resolutions.

The purpose of this document is to provide you with information regarding the Placing and Subdivision, to explain why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and to seek Shareholders' approval for the Resolutions in order that the Placing and Subdivision can be effected. This document also contains the Directors' recommendation that you vote in favour of the Resolutions to be proposed at the GM, notice of which is set out at the end of this document.

#### **2. Scancell**

*Overview*

Scancell is a biopharmaceutical company focused on the cancer therapeutics market and is developing a series of DNA vaccines for the treatment of cancer based on its patented ImmunoBody® platform, which has the potential to overcome many of the limitations of conventional approaches to the development of cancer vaccines.



Cancer remains one of the world's most significant diseases and although there have been considerable advances in the treatment of cancer over the last decade, a high proportion of patients still die as a result of the disease. A key challenge in the fight against cancer and the development of effective cancer vaccines is overcoming the tumour's ability to 'mask' itself from the body's natural defence mechanism – the immune system.

Scancell's mission is to develop therapeutic cancer vaccines that stimulate the patient's immune system to mount an active response to 'reject' or kill the growing tumour.

In June 2010, the Company commenced a Phase I/IIa clinical trial in humans for its lead therapeutic melanoma vaccine, SCIB1, that has repeatedly shown good anti-tumour effects in animal studies. The trial is expected to be completed in 2013. The Directors believe that a positive outcome would enable the Company to position itself for a trade sale to one of the leading pharmaceutical or biotechnology companies operating in the oncology market.

Scancell has also made progress in the development of its ImmunoBody® technology platform, and several prototype vaccines have been identified with the potential for further development. The most advanced of these prototype vaccines has, in combination with Homspera®, an adjuvant developed by ImmuneRegen BioSciences, Inc.®, produced encouraging anti-tumour results in animal models, as announced earlier today.

The vaccine, known as SCIB2, stimulates immune responses to the lung cancer antigen NY-ESO-1 and may also have potential utility in oesophageal, liver, gastric, prostate, ovarian and bladder cancers.

These results provide further evidence that ImmunoBody® technology may have the ability to augment the immune responses necessary to treat cancer effectively.

The Directors intend to license the Company's ImmunoBody® technology and products to companies working in the therapeutic cancer vaccine field. The manipulation and enhancement of patients' immune systems is also relevant to the treatment of chronic infectious disease. Although Scancell does not intend to venture outside the oncology arena itself, it also intends to license its ImmunoBody® technology to companies working in the chronic infectious disease area.

#### *Update on clinical trials*

During 2010 and 2011, data emerged from studies of two new treatments for advanced melanoma patients: firstly, a study of vemurafenib, a BRAF inhibitor being developed by Roche, demonstrated a survival benefit versus decarbazine (although the magnitude and duration of the response is not yet fully established) in patients with the BRAF gene mutation (up to 50 per cent. of patients); secondly, a Phase III trial of the anti-CTLA4 monoclonal antibody ipilimumab demonstrated a prolongation of survival from 6 to 10 months. Ipilimumab has now been approved by the US FDA for use in patients with advanced metastatic melanoma. Both new products, although representing an advance in the treatment of metastatic melanoma, cause serious and, in the case of ipilimumab, potentially life-threatening side effects in a significant number of patients. Despite these advances there is therefore still a profound need for more effective and safer treatments of this devastating disease.

The recruitment rate of patients for Scancell's Phase I clinical trial has been slower than anticipated, it is thought that this is because, with these two treatments available, some otherwise suitable patients have been recruited into BRAF studies or offered ipilimumab on a compassionate use basis.

As announced on 28 January 2011, the Company was pleased to have obtained approval from the Gene Therapy Advisory Committee ('GTAC') and the Medicines and Healthcare products Regulatory Agency ('MHRA') Medicines Division to open a fourth trial centre in Leeds. This approval along with that of Scancell's protocol amendment allowing inclusion of all Stage III and Stage IV malignant melanoma patients, is expected to improve the rate of recruitment in the second half of 2011 and thereafter.

These earlier stage patients are also anticipated to make better immune responses (as late stage cancer patients often have weakened immune systems) which should have a positive effect on the trial outcome. Scancell's first group of patients receiving the lowest dose of SCIB1 has now been evaluated

by the Cohort Review Committee. The review of the safety data of the first three patients after three treatments has resulted in the approval of an escalation of the dose and recruitment of the next group of patients which marks a positive progression in the trial.

#### *Rationale for the Placing*

In the Company's AIM admission document which was issued on 14 July 2010, the Directors stated that, following the raising of £2.54 million (before costs) earlier in 2010, they believed that the proceeds, together with the existing funds available to the Group and future anticipated revenues, would be sufficient to allow completion of the Phase I/IIa clinical trial of SCIB1; however, as mentioned in the AGM Statement on 14 December 2010 and in the interim results announced on 31 January 2011, the delay experienced in patient recruitment has had resource implications for Scancell because the clinical trial is now forecast to take longer than originally expected and it is unlikely that the Company will be able to generate revenues from a commercial deal on the ImmunoBody® technology until after the Phase I clinical trial has been completed and reported. This is now expected in the first quarter of 2012.

Due to the delay in patient recruitment and without revenues from a commercial deal the Company is unlikely to have sufficient working capital to be able to complete the Phase I clinical trial of SCIB1. The Company is therefore proposing to raise £1.73 million by way of the conditional placing of the Placing Shares at the Placing Price. The net proceeds of the Placing will be used to fund the working capital of the Group and the Directors believe that the funds raised, together with the existing cash resources, will be sufficient to enable the completion of the Phase I clinical trial for SCIB1.

After the Phase I clinical trial has been completed, the Company will seek to generate revenues from a commercial deal on the ImmunoBody® technology. However if the Company is unable to generate revenues from a commercial agreement or if it takes longer than expected to reach a commercial agreement on the technology then a further fundraising may be required in mid 2012 in order to provide sufficient working capital to enable completion of the Phase II clinical trial for SCIB1.

**The Board is of the opinion that, without completion of the Placing, the working capital currently available to Scancell may not be sufficient for its requirements for the next 12 months following the date of this document.**

### **3. Current Trading and Prospects**

The audited results of the Group for the year ended 30 April 2011, which were announced earlier today, reported revenue of £nil (2010: £nil) and a loss after tax for the period of £1,649,000 (2010: £1,737,000). The reduction in the loss was due to the slower than anticipated recruitment of patients for the clinical trials, which have resulted in milestone payments to the CRO, which runs the trials, being delayed.

The loss per share for the period amounted to 10.4p (2010: 16.2p). As at 30 April 2011 the Group had net assets of £4,636,000 (30 April 2010: £6,048,000). The Group had no external borrowings and cash reserves at 30 April 2011 of £1,111,000 (30 April 2010: £2,380,000).

Immediately following the Placing the Company will have cash resources of approximately £2.21 million.

### **4. Details of the Subdivision**

The Directors propose to subdivide each Existing Ordinary Share of 1p each into 10 Ordinary Shares of 0.1p each. The Directors believe that the Subdivision will facilitate the enhancement of liquidity in the Ordinary Shares. The Subdivision requires the passing of a resolution by Shareholders and accordingly Resolution 1 will be proposed, as an ordinary resolution.

A CREST Shareholder will have their CREST account credited with the Ordinary Shares following their admission to AIM, which is expected to be 8.00 a.m. on 26 July 2011. Certificated Shareholders will be issued with new share certificates and existing certificates will become invalid from 8.00 a.m. on 26 July 2011.

If Resolution 1 for the Subdivision is passed, the share capital of the Company (prior to the allotment of the Placing Shares) will comprise 159,517,900 Ordinary Shares. The Subdivision will not affect the rights attaching to the Existing Ordinary Shares, other than to alter their nominal value and, in particular, will not affect the voting rights of the holders of Existing Ordinary Shares. The Subdivision will be made by reference to holdings of existing ordinary shares on the register as at the close of business on 25 July 2011 (“Record Date”).

As all Existing Ordinary Shares are being subdivided, each shareholder’s percentage holding in the issued share capital of the Company immediately before and after the implementation of the Subdivision (but prior to the allotment of the Placing Shares) will remain unchanged. Shares to be issued under existing options will reflect the Subdivision. The rights attaching to the Ordinary Shares shall be identical to the rights attaching to the Existing Ordinary Shares.

## **5. The Placing**

The Company is proposing to raise £1.73 million, before expenses, by way of the conditional placing of the Placing Shares at the Placing Price.

The Placing is conditional upon, *inter alia*, (i) the passing of the Resolutions; and (ii) Admission. The Placing has not been underwritten. The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares following the Subdivision, including the right to receive all dividends and other distributions declared, made or paid after Admission.

Application will be made for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 26 July 2011. It is expected that the Placing Shares will be delivered into CREST on 26 July 2011 or, as applicable, that share certificates for the Placing Shares will be dispatched by no later than 9 August 2011.

In consultation with Zeus Capital and XCAP, the Board has held meetings with a number of prospective new investors and with certain of the Company’s largest shareholders, and has concluded that, in light of those discussions and current market conditions, the proposed Placing represents the best financing option currently available to the Company. The Board decided not to make the Placing open to all the Shareholders on a pre-emptive basis as it felt that to do so would have resulted in the Company incurring additional expense.

The Company has received assurances from HM Revenue & Customs that subject to the fulfilment of the relevant conditions the Placing Shares should qualify for EIS and VCT relief. The availability of tax relief will depend, *inter alia*, upon the investor and the Company continuing to satisfy various qualifying conditions. The Directors are mindful of these conditions and do not intend that the Company’s activities should cause them to cease to be complied with; however, it is the Directors’ intention to seek a trade sale at a suitable stage, probably following conclusion of Phase II clinical trials in respect of SCIB1, if it is advantageous to shareholders generally. The Phase II clinical trial is expected to be completed in 2013. Therefore a trade sale could potentially occur within a three year period from the date of the issue of the Placing Shares.

The Company cannot guarantee to conduct its activities in such a way as to maintain its status as a qualifying EIS or VCT investment. Investors considering taking advantage of EIS relief or making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances. Any Shareholder who is in any doubt as to his taxation position under the EIS and VCT legislation, or who is subject to tax in a jurisdiction other than the UK, should consult an appropriate professional adviser.

## **6. Share Issuance Authorities**

The Directors currently have existing authorities under section 551 and sections 570 and 573 of the 2006 Act which were obtained at the Company’s Annual General Meeting held on 14 December 2010. However, these would be insufficient to enable the Company to allot and issue the Placing Shares. Accordingly, in order for the Company to allot and issue the Placing Shares the Company needs Shareholders to grant the Board additional authority to issue Ordinary Shares and to disapply statutory pre-emption rights which would otherwise apply to the issue of the Placing Shares. The

Company is therefore asking Shareholders to increase the Directors' general authority to allot securities and disapply pre-emption rights pursuant to section 551 of the 2006 Act and sections 570 and 573 of the 2006 Act, respectively. A summary of the Resolutions is set out in paragraph 7 below.

## **7. General Meeting**

Set out at the end of this document is a notice convening the General Meeting to be held at the offices of Laytons Solicitors, Carmelite, 50 Victoria Embankment, London EC4Y 0LS at 10.45 a.m. (or at such later time as immediately following the conclusion of the Annual General Meeting of the Company convened to be held at 10.30 a.m. that day) on 25 July 2011 at which the following resolutions will be proposed for the following purposes:

1. an ordinary resolution to subdivide each Existing Ordinary Share, and any to be issued ordinary shares in the Company, into 10 new Ordinary Shares;
2. an ordinary resolution to authorise the Directors to allot shares in the Company up to an aggregate nominal amount of £34,575.41 pursuant to section 551 of the 2006 Act; and
3. a special resolution pursuant to sections 570 and 573 of the 2006 Act to disapply the statutory pre-emption provisions under section 561(1) of the 2006 Act in relation to the shares authorised for allotment under Resolution 2.

The authorities granted by resolutions 2 and 3 would be in addition to the authorities proposed at the Company's 2011 Annual General Meeting and will expire on 31 December 2011.

The attention of Shareholders is also drawn to the voting intentions of the Directors as set out in the paragraph entitled "Recommendation" below.

## **8. Risk Factors**

There are a number of potential risks involved in investing in specialist biotechnology companies such as Scancell, including, but not limited to, clinical, regulatory, manufacturing, commercial and intellectual property risks and the requirement to raise additional finance. These risks and additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, could potentially have an adverse effect on the Group's business, financial condition and results of operations. Investors are advised to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before making a decision to invest in the Company. Your attention is drawn to the risk factors set out in Part II of this document.

## **9. Action to be taken**

Enclosed with this document is a form of proxy for use at the General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible but, in any event, so as to be received by the Company's Registrar, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD not later than 10.45 a.m. on 21 July 2011. Completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person, should they subsequently wish to do so.

## **10. Recommendation**

The Directors recommend that Shareholders vote in favour of the Resolutions as they intend to do in respect of their own shareholdings, amounting in aggregate to 2,942,892 Existing Ordinary Shares (representing approximately 18.45 per cent. of the Existing Share Capital).

Yours faithfully

**David Evans**

*Non Executive Chairman*

*for and on behalf of the Directors*

## PART II

### RISK FACTORS

**Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below. Ordinary Shares may not be a suitable investment for all of its recipients. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.**

**In addition to the usual risks associated with an investment in a company, the Board considers that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this document, prior to investing in the Ordinary Shares. There are a number of risks in investing in biotechnology companies, including, but not limited to, clinical, regulatory, manufacturing, commercial and intellectual property risks and the requirement to raise additional finance. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.**

**It should be noted that the risks described below are not the only risks faced by the Group and there may be additional risks that the Board currently consider not to be material or of which they are currently not aware.**

**If any of the events described in the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. The information set out below is not set out in any order of priority. The Group's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.**

#### **Management team**

The Company's success depends on the retention of its Directors and management team, and on its ability to continue to attract and retain highly skilled and qualified personnel. There can be no assurance that the Company will retain the services of any of its Directors and management team. However, the Company has purchased key man insurance to protect against the loss of Professor Lindy Durrant.

#### **Technology and products**

Scancell is an immunotherapy drug discovery company. Its success is dependent upon the development, successful licensing and patenting of its proprietary technology and its products. Products within Scancell's pipeline, both in house and in development with partners, are in relatively early stages of development. There is a risk that safety issues may arise when the products are further tested in man. This risk is common to all new classes of drugs and, as with all other drug companies, there is a risk that trials may not be successful.

#### **Product development timelines**

Product development timelines are at risk of delay, particularly since it is not always possible to predict the rate of patient recruitment into clinical trials. There is a risk therefore that product development could take longer than presently expected by the Directors; if such delays occur the Company may require further working capital. The Directors seek to minimise the risk of delays by careful management of projects.

## **Competition**

It is possible that another biotechnology company might develop rival products that prove to be superior or more cost effective than those being developed by Scancell.

## **Patents**

The field of antibody development is highly litigious. Scancell's priorities are to protect its intellectual property ("IP") and seek to avoid infringing other companies' IP. To protect its technology, Scancell has secured and is securing further worldwide rights to patents protecting both the ImmunoBody® Platform and SCIB1. However, there remains the risk that Scancell may face opposition from other companies to patents that it seeks to have granted. The Company engages reputable legal advisers to mitigate the risk of patent infringement and to assist with the protection of Scancell's IP.

## **Arana Therapeutics**

On 1 December 2006, Scancell sold its portfolio of antibodies to Arana Therapeutics (then known as Peptech (UK) Limited). The consideration for the sale was a cash payment of £2 million, which was paid on completion of the sale, plus a possible further sum of £2.85 million which is payable contingently upon clinical trials commencing on or before 6 December 2011 of a drug directly or indirectly derived from any of the antibodies which were the subject of the sale. Such trials have not yet commenced and there is no guarantee that they will commence in time to satisfy the contingency; it therefore cannot be assumed that the contingent consideration will be paid.

Corporation tax would be payable on the contingent consideration of £2.85 million if and when the contingency giving rise to that payment is satisfied.

## **EIS and VCT relief**

The availability of EIS or VCT tax relief on Ordinary Share issued by the Company will depend, *inter alia*, upon the investor and the Company satisfying various qualifying conditions, normally for a period of not less than three years from issue of the relevant shares. The Directors are mindful of these conditions and do not intend that the Company's activities should cause them to cease to be complied with; however, it is the Directors' intention to seek a trade sale at a suitable stage, probably following conclusion of Phase II clinical trials in respect of SCIB1, if it is advantageous to shareholders generally and this may be within the three year period. The Company cannot guarantee to conduct its activities in such a way as to maintain its status as a qualifying EIS or VCT investment.

## **Eventual Exit**

Although the Directors believe that a positive outcome from taking Scancell's lead melanoma vaccine, SCIB1, through a Phase II clinical trial would enable the Company to position itself for a trade sale to one of the leading pharmaceutical or biotechnology companies operating in the oncology market, there is no guarantee that a trade sale would be possible at that time.

# SCANCELL HOLDINGS PLC

(Registered in England and Wales No. 06564638)

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of Scancell Holdings plc (“**Company**”) will be held at the offices of Laytons Solicitors, Carmelite, 50 Victoria Embankment, London EC4Y 0LS on 25 July 2011 at 10.45 a.m. (or at such later time as immediately follows the conclusion of the Annual General Meeting of the Company convened to be held at 10.30 a.m. that day) for the purposes of considering and, if thought fit, passing the following resolutions, which will be proposed as to the resolutions numbered 1 and 2 as ordinary resolutions and as to the resolution numbered 3 as a special resolution. The terms used in this notice shall be as set out in the circular to Shareholders of the Company dated 30 June 2011, unless the context otherwise requires.

### Ordinary Resolutions

1. THAT, with effect at 5.30 p.m. on the date of the passing of this resolution, each of the ordinary shares in the capital of the Company be sub-divided into ten ordinary shares of 0.1 pence each.
2. THAT, subject to and conditional on the passing of resolution 1 above, in addition to any other authorities subsisting at the time when this resolution is passed, the Directors be and are generally and unconditionally authorised for the purpose of Section 551 of the 2006 Act to exercise all the powers of the Company to allot shares up to an aggregate nominal amount of £34,575.41, provided that the authority conferred by this resolution 2 shall expire on 31 December 2011, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot shares in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

### Special Resolution

3. THAT, subject to and conditional on the passing of resolution 2 above, the Directors be and are hereby empowered pursuant to Sections 570 and 573 of the 2006 Act to allot equity securities of the Company for cash (as defined in Section 560 of the 2006 Act) pursuant to the authority conferred by resolution 2 above as if Section 561(1) of the 2006 Act did not apply to any such allotment provided that such power shall be limited to the allotment of up to 34,575,410 new Ordinary Shares and provided that such power shall expire on 31 December 2011 (save that the Company may before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of the offer or agreement as if the power conferred by this resolution 3 had not expired). The authority conferred by this resolution 3 is in addition to any other authorities granted to the Directors under Sections 570 and 573 of the 2006 Act which are subsisting at the time when this resolution is passed.

30 June 2011

*Registered Office:*

Fifth Floor  
Carmelite  
50 Victoria Embankment  
Blackfriars  
London  
EC4Y 0LS

*By order of the Board*

**Nigel Evans**  
*Company Secretary*

*Notes*

- (1) To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 10.45 a.m. on 21 July 2011 (or, in the event of any adjournment, no later than 48 hours before the time of the adjourned meeting not including any part of a day which is a Saturday, Sunday or Bank Holiday in England). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (2) Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
- (3) To be valid any proxy form or other instrument appointing a proxy must be received by the Company's Registrars by post or (during normal business hours only) by hand at SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, no later than 10.45 a.m. on 21 July 2011.
- (4) The return of a completed proxy form or other such instrument appointing a proxy will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
- (5) If a member appoints a proxy or proxies and then decides to attend the General Meeting in person and vote using his poll card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member's entire holding, then all proxy votes will be disregarded. If, however, the member votes at the meeting in respect of less than the member's entire holding, then if the member indicates on his polling card that all proxies are to be disregarded, that shall be the case; but if the member does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the member's entire holding. If you do not have a proxy form and/or believe that you should have one or if you require additional forms, please contact the Company at its registered office.
- (6) To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see note 3 above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact SLC Registrars on +44 (0)1372 467 308. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- (7) In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD no later than 10.45 a.m. on 21 July 2011. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 5 above your appointment will remain valid.
- (8) If a corporation is a member of the Company, it may by resolution of its directors or other governing body authorise one or more persons to act as its representative or representatives at the Meeting and any such representative or representatives shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company.  
  
Corporate representatives should bring with them either an original or certified copy of the appropriate board resolution or an original letter confirming the appointment, provided it is on the corporation's letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory's authority.
- (9) As at 29 June 2011 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 15,951,790 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 29 June 2011 are 15,951,790.