

Scancell Holdings plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

Scancell Holdings plc

COMPANY INFORMATION

DIRECTORS

Professor L Durrant
Dr M G W Frohn
Dr R M Goodfellow
Mr D E Evans
Ms K Cornish-Bowden
Dr SE Adams

SECRETARY

Eversecretary Limited

REGISTERED OFFICE

Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

PRINCIPAL PLACE OF BUSINESS

Department of Clinical Oncology
City Hospital
Hucknall Road
Nottingham
NG5 1PB

REGISTERED NUMBER

06564638 (England and Wales)

AUDITOR

Champion Accountants LLP
Statutory Auditor
2nd Floor
Refuge House
33-37 Watergate Row
Chester
CH1 2LE

Scancell Holdings plc

CHAIRMAN'S STATEMENT

I am pleased to report the Group's final results for the year ended 30 April 2015.

During the year Scancell continued to make progress with the SCIB1 Phase 1/2 clinical trial in patients with Stage III/IV melanoma and closed the trial to further patient recruitment in the third quarter of 2015. SCIB1 continues to deliver strong survival data, especially in patients with fully resected disease. As previously reported, SCIB1 continues to be a safe and well tolerated treatment with no withdrawals from the study due to drug-related adverse events. Once the last patient in the main, six-month part of the study has completed the study, the Company will analyse the data and prepare a clinical study report. Patients on long-term continuation treatment will continue to be dosed for up to five years from the end of the main study period.

Financial

Profit and Loss Account

The Group made an overall operating loss for the year to 30 April 2015 of £2,959,995 (2014: loss of £2,497,220). The increased loss for the period has been as a result of additional expenditure on the SCIB1 clinical trials and the further development of Moditope®.

Overall the loss for the year was £2,414,630 (2014: loss £2,222,954).

Balance Sheet

The cash at bank at 30 April 2015 was £3,059,001 (30 April 2014: £5,566,234) and net assets amounted to £6,754,002 (30 April 2014: £9,077,264).

ImmunoBody® platform

Scancell's ImmunoBody® immunotherapy platform enhances the uptake and presentation of cancer antigens to harness high avidity T cell responses that destroy tumours. Each ImmunoBody® vaccine can be designed to target a particular cancer in a highly specific manner, offering the potential for enhanced efficacy and safety compared with more conventional approaches. The platform has been validated both in animals and in the clinic with the Company's first cancer vaccine, SCIB1, and many opportunities also exist for the development of a pipeline of ImmunoBody® vaccines, both for cancer and chronic infectious diseases.

SCIB1 melanoma vaccine

In July, post period-end, the Company announced that it has closed patient recruitment for its SCIB1 ImmunoBody® Phase 1/2 clinical trial in patients with Stage III/IV melanoma.

The Phase 1/2 clinical trial, conducted across six UK centres, is an open label, non-randomised study to determine the safety and tolerability of SCIB1 administered intramuscularly using an electroporation device (TriGrid Delivery System, manufactured by Ichor Medical Systems, USA). Part 1 was a dose-escalation to determine the dose for Part 2. While the primary objective of the study is to assess safety and tolerability, the study is also assessing immune response, anti-tumour activity and the ability of SCIB1 to delay or prevent disease recurrence in patients with resected disease.

In total, 35 patients have now been treated with SCIB1, including ten patients at the higher 8mg dose. Six patients remain on long-term treatment and have received between two and ten additional 4mg or 8mg doses of SCIB1 every three to six months.

As with previously reported data, SCIB1 continues to be a safe and well tolerated treatment with no withdrawals from the study due to drug-related adverse events. All 20 patients with resected disease remain alive including the four patients on the 8mg dose. The median observation time in the 16 patients with resected disease who received 2-4 mg doses of SCIB1 is now 37 months and all of these patients have survived for at least 30 months since treatment commenced (range 30-50 months).

Scancell Holdings plc

CHAIRMAN'S STATEMENT

Once the last patient in the main, six-month part of the study has completed the study, the Company will analyse the data and prepare a clinical study report. Patients on long-term continuation treatment will continue to be dosed for up to five years from the end of the main study period.

Collaboration

Also in July, the Company announced an agreement with ImmunID to collaborate on a research project aimed at predicting which patients will respond best to SCIB1 treatment. The study uses ImmunID's flagship clinical product, ImmunTraCkeR®, before and during treatment, to assess the immune-modulatory effect of Scancell's SCIB1 ImmunoBody® vaccine in patients with Stage III/IV metastatic melanoma. The ImmunTraCkeR® assay will be used to:

- Understand pre-existing immunity of Stage III/IV metastatic melanoma patients;
- Monitor T cell diversity over time in order to assess immune-modulatory effect of the SCIB1 cancer vaccine;
- Make a preliminary assessment of ImmunTraCkeR® acting as a predictor of response to SCIB1; and
- Identify any other predictive or prognostic clinical value of T cell diversity.

This collaboration will provide an insight into T cell diversity in patients treated with our SCIB1 vaccine and their response to the treatment over time. ImmunID's ImmunTraCkeR® test is expected to deliver valuable data that will provide deeper insight into the strong clinical results we have generated to date with our novel treatment for metastatic melanoma.

SCIB2 vaccine

During the year we announced new data demonstrating that animals treated with a combination of SCIB2, Scancell's ImmunoBody® vaccine in development for the treatment of lung, oesophageal, prostate and other epithelial cancers, and checkpoint inhibition (blockade of the CTLA-4 immune checkpoint pathway), showed enhanced tumour destruction and significantly longer survival times than when either treatment was used alone.

In earlier pre-clinical studies, we have shown that the administration of SCIB2 alone induced potent tumour-specific T cell responses associated with increased T cell infiltration into the tumour and enhanced proliferation of T cells within the tumour resulting in tumour rejection and long-term survival. In our new study, the combination of CTLA-4 with SCIB2 vaccination resulted in a significant survival advantage over the individual treatments. Although patients with a relatively low tumour burden may benefit from SCIB2 alone, for example in the adjuvant setting, these results highlight the potential benefits of combining SCIB2 with immune checkpoint blockade, such as ipilimumab or nivolumab, for the treatment of patients with advanced disease.

Checkpoint inhibitors can enable the host immune system to recognise, attack and destroy cancer cells. However, checkpoint inhibitors will not work on their own if the patient fails to mount an adequate immune response to the tumour. Taking the brake off immunosuppressive T cells with either CTLA-4 or PD-1 blockade, whilst simultaneously pressing the accelerator with active immunotherapies such as SCIB1 or SCIB2, is increasingly regarded as offering potential for overwhelming the disease and increasing efficacy.

The SCIB2 vaccine is a DNA plasmid targeting the cancer antigen NY-ESO-1 which induces high avidity CD8 and CD4 responses in pre-clinical models. In order to enhance its market potential, SCIB2 has been engineered to be effective in over 90% of patients. All future ImmunoBody® vaccines will now be engineered to this new standard.

Patents

During the period, a patent for Scancell's DNA ImmunoBody® technology platform was granted in the United States. The patent is key for the protection of the Company's pipeline of ImmunoBody® vaccines and follows the grant of other patents in Australia, China and Japan.

Scancell Holdings plc

CHAIRMAN'S STATEMENT

Moditope® platform

Modi-1

Scancell's Moditope® immunotherapy platform is based on exploiting the normal immune response to stressed cells, which is largely mediated by CD4+ T cells, and harnessing this mechanism to eradicate cancer cells. Scancell's first target for Moditope® is vimentin – a major cytoskeletal protein found in mesenchymal cells. Many epithelial tumours switch from expression of cytokeratin to vimentin during metastasis in a process known as epithelial mesenchymal transition (EMT); this change in phenotype enables the cell to become mobile and metastasize to new locations in the body.

Scancell has now selected two modified vimentin peptides plus one modified enolase peptide to form the basis of its first Moditope® development candidate, Modi-1. Enolase is glycolytic enzyme that is overexpressed in various cancers. In all three peptides the arginine residues have been substituted by citrullinine. In animal studies using an aggressive tumour cell line Modi-1 eradicated the tumour in a therapeutic and therefore clinically relevant setting. Remarkably, these responses were evident when tumours had reached a late stage of development. These data, combined with significant improvements in survival, suggest that Modi-1 could have significant potential as a novel immunotherapy.

Optimisation studies have identified the adjuvant, dose and administration route for testing Modi-1 in a Phase 1/2 clinical trial which is expected to start in Q4 2016. Moditope® vaccines have the potential to treat a wide variety of cancers. Scancell is currently further evaluating the initial indications for the first clinical trial with Modi-1 in terms of clinical need and market opportunity.

Board and staff

As the Company seeks to evolve to a later stage development company, the nature and the structure of the Board will evolve to reflect those additional demands. The Board recognises that the progress made over the year would not have been possible without the dedication and determination of all our staff and, on behalf of the Directors, I offer our thanks to them.

Outlook

With the SCIB1 Phase 1/2 melanoma trial coming to a close, we continue to see highly encouraging survival times and melanoma-specific immune responses in patients, especially those with resected tumours. The majority of these patients currently have few treatment options apart from surgery followed by "watch and wait". We believe that SCIB1 will ultimately offer the many thousands of melanoma patients with Stage II and III disease a new treatment option that has the potential to extend life expectancy without significant side effects.

The rationale for combining Scancell's ImmunoBody® vaccines with checkpoint inhibitors is also gathering momentum. Whilst we believe that SCIB2, like SCIB1, will provide effective stand-alone treatment in the adjuvant setting, this data further supports the hypothesis that some patients with later stage disease will benefit from the combination with checkpoint modulation.

Data to date suggests that SCIB1 could have significant value in the treatment of melanoma both in the adjuvant setting and in combination with checkpoint inhibitors. The Board believes that investment in further focused clinical studies to prospectively confirm one or both these hypotheses could add significant further value to the Company and is actively evaluating the possibility of conducting one or more of these studies on its own behalf.

In the meantime the Company is continuing to engage with pharmaceutical and biotechnology companies. These discussions include pursuing partnering opportunities with other oncology companies, especially those seeking a strong immuno-oncology pipeline in order to take advantage of this new paradigm in the treatment of cancer.



David Evans
Chairman

17 September, 2015

Scancell Holdings plc

STRATEGIC REPORT

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of the discovery and development of novel vaccines for the treatment of cancer.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

A detailed review of the business and likely future developments is included in the Chairman's statement on page 2.

The results of the Group for the year are set out in the profit or loss and other comprehensive income statement on page 10.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board meets regularly to review the operations of the business and discuss risk areas.

A system of internal controls has been established and the Board ensures that management keeps these processes under regular review and improves them where appropriate. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

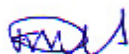
Given the nature of the business there is a technical risk that the underlying scientific assumptions and hypotheses that underpin both the Immunobody® and Moditope® platforms are unable to be further validated in human clinical trials. In order to mitigate this risk the Group employs external consultants and advisers to review these underlying assumptions and the results from clinical trials. The Board considers these assessments and internal documentation on a regular basis and where necessary will amend or adjust the Group's strategy.

There is also a funding risk, whereby the Group may not have sufficient funds to complete the clinical trials. The Board reviews the time-lines for completing projects in conjunction with cashflow projections to ensure that the Group will have the necessary cash resources available.

Key performance indicators:

Due to the nature of the business, the key performance indicator used by the Group is the monitoring of income and expenditure against approved budgets.

By approval of the Board on 17 September, 2015



David Evans
Chairman

Scancell Holdings plc

DIRECTORS' REPORT

The directors submit their report and financial statements of Scancell Holdings plc and its subsidiary for the year ended 30 April 2015.

RESULTS AND DIVIDENDS

The Group's results for the year ended 30 April 2015 are shown in the consolidated profit or loss and other comprehensive income statement on page 10. No dividends will be distributed for the year.

FUTURE DEVELOPMENTS AND RESEARCH AND DEVELOPMENTS

A detailed review is included in the Chairman's statement on page 2.

DIRECTORS AND THEIR INTERESTS

The present members of the Board, who have served throughout the financial year are detailed below. Their interests in the shares of the Group at 30 April 2015 and 2014 are set out below

| | 30 April 2015 | | 30 April 2014 | |
|---------------------|---------------|---------------|---------------|---------------|
| | Owned | Jointly owned | Owned | Jointly owned |
| Prof L G Durrant | 1,606,960 | 8,773,960 | 1,606,960 | 8,873,960 |
| Dr M G W Frohn | Nil | Nil | Nil | Nil |
| Dr R M Goodfellow | 200,000 | 6,343,840 | 200,000 | 6,443,840 |
| Mr D E Evans | 5,130,000 | Nil | 5,130,000 | Nil |
| Ms K Cornish-Bowden | 45,000 | Nil | 45,000 | Nil |
| Dr S E Adams | Nil | Nil | Nil | Nil |

The Chairman of the Company, Mr D E Evans has been granted 3,040,000 options in Scancell Holdings plc exercisable at 6 pence per share. These options vest and become capable of exercise on the sale of shares in the company according to the following schedule:

| Net exit value of sale | Number of shares over which option granted |
|------------------------|--|
| Between £5m and £15m | 760,000 |
| Between £15m and £25m | 1,520,000 |
| Over £25m | 3,040,000 |

Professor Lindy Durrant and Dr Richard Goodfellow have been granted 3,850,000 and 2,880,000 options, respectively in Scancell Holdings plc, exercisable at 4.5 pence per share. These options vest and become capable of exercise on the sale of the company for a value in excess of £25m. In addition Professor Durrant and Dr Goodfellow have each been granted 3,500,000 exercisable at 33.2p and Dr Adams has been awarded 500,000 options at 32p per share. The Options, which will vest over a period of three years in three equal tranches, are subject to the achievement of performance criteria including scientific and commercial milestones as specified by the Remuneration Committee.

Scancell Holdings plc

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDINGS

The directors have been notified, or are aware of, the following interests in 3% or more of the ordinary share capital of the company (excluding directors) at 11 September 2015:

| | Ordinary shares at 0.1p each | |
|-------------------------------|------------------------------|------------|
| | Number | Percentage |
| Reyker Nominees Limited | 34,641,162 | 15.40% |
| Share Nominees Limited | 17,401,477 | 7.74% |
| Barclayshare Nominees Limited | 13,150,329 | 5.85% |
| Lynchwood Nominees Limited | 11,373,143 | 5.06% |
| Huntress CI Nominees Limited | 11,309,220 | 5.03% |
| J G Helfenstein | 7,000,000 | 3.11% |

STRUCTURE OF THE COMPANY'S CAPITAL

The Company's share capital is traded on the AIM market and comprises a single class of ordinary shares of 0.1 pence each, each carrying one voting right and all ranking equally with each other. At 30 April 2015 224,950,683 shares were allotted and fully paid. Details of movements in the Company's share capital during the period are shown in Notes 14 and 15 to the financial statements. Details of employee share option schemes are set out in Note 16 to the financial statements. Participants in employee share schemes have no voting or other rights in respect of the shares subject to their awards until the options are exercised, at which time the shares rank pari passu in all respects with shares already in issue.

DIRECTORS' INDEMNITY

The directors and officers of the Company are insured against any claims arising against them for any wrongful act in their capacity as a director, officer or employee of the Company, subject to the terms and conditions of the policy.

CORPORATE GOVERNANCE

The directors acknowledge the importance of the principles set out in the Combined Code issued by the Committee on Corporate Governance (the "Combined Code"). Although the Combined Code is not compulsory for AIM quoted companies, the directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

Your Board comprises a non-executive Chairman, three executive directors and two further non executive directors. Your Board meets regularly to consider strategy, performance, approval of major capital projects and the framework of internal controls. In addition the executive directors meet on a monthly basis for operational meetings. To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Subject to the terms of the executive directors' service contracts, directors are subject to retirement by rotation and re-election by the Shareholders at Annual General Meetings on a three-year cycle, as required by the Articles of Association and any director appointed by the Board shall hold office only until the next Annual General Meeting and shall then be eligible for election.

The directors have established Audit and Remuneration Committees. All non- executive directors are members of the Audit and Remuneration Committees.

The Audit Committee has Matthew Frohn as Chairman, and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee meets at least twice a year.

Scancell Holdings plc

DIRECTORS' REPORT

The Remuneration Committee has Kate Cornish-Bowden as Chairman, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets not less than once every year.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have also prepared the company financial statements in accordance with International Financial Reporting Standards ("IFRS").

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The company financial statements are required by law to give a true and fair view of the state of affairs of the company.

In the company financial statements, the directors are required to:

- a select suitable accounting policies and then apply them consistently;
- b make judgements and estimates that are reasonable and prudent;
- c for the company financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU;
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of 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.

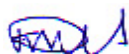
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the auditors are unaware. Each of the directors have confirmed that they 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 it has been communicated to the auditor.

AUDITORS

The auditors Champion Accountants LLP, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

By approval of the Board on 17 September 2015



David Evans
Chairman

Independent Auditor's Report to the Shareholders of Scancell Holdings PLC

We have audited the financial statements of Scancell Holdings PLC for the year ended 30 April 2015 which comprise the Consolidated Profit or Loss and Other Comprehensive Income Statement, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at : www.frc.org.uk/apb/scope/private.cfm

Opinion

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 30 April 2015, and of the group's and the parent company's loss for the year then ended;
- the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 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.

Champion Accountants LLP

*Susan Harris MA ACA
Senior Statutory Auditor, for and on behalf of
Champion Accountants LLP
Statutory Auditor
2nd Floor, Refuge House
33-37 Watergate Row,
Chester CH1 2LE*

17 September, 2015

Scancell Holdings plc

CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT

for the year ended 30 April 2015

| | <i>Notes</i> | 2015 £ | 2014 £ |
|--|--------------|--------------------|--------------------|
| Development expenses | | (1,998,366) | (1,677,115) |
| Administrative expenses | | <u>(961,629)</u> | <u>(820,105)</u> |
| OPERATING LOSS | 3 | (2,959,995) | (2,497,220) |
| Interest receivable and similar income | | <u>131,513</u> | <u>29,186</u> |
| LOSS BEFORE TAXATION | | (2,828,482) | (2,468,034) |
| Taxation | 4 | <u>413,852</u> | <u>245,080</u> |
| LOSS FOR THE YEAR | | (2,414,630) | (2,222,954) |
| Attributable to: Equity holders of the parent company | | <u>(2,414,630)</u> | <u>(2,222,954)</u> |
| EARNINGS PER ORDINARY SHARE (pence) | 5 | | |
| <i>Continuing</i> Basic | | (1.07p) | (1.03p) |
| Diluted | | <u>(1.07p)</u> | <u>(1.03p)</u> |

Scancell Holdings plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2015

| | Share capital £ | Share Premium Account £ | Share Option Reserve £ | Retained earnings £ | Total Equity £ |
|---------------------|-----------------------|----------------------------------|---------------------------------|---------------------------|----------------------|
| At 1 May 2013 | 194,470 | 9,904,733 | 509,914 | (5,516,972) | 5,092,145 |
| (Loss) for the year | - | - | - | (2,222,954) | (2,222,954) |
| Exercise of options | 1,592 | 70,062 | (33,605) | 33,605 | 71,654 |
| Share issue | 28,889 | 6,061,481 | | | 6,090,370 |
| Share option costs | | | 46,049 | | 46,049 |
| At 30 April 2014 | <u>224,951</u> | <u>16,036,276</u> | <u>522,358</u> | <u>(7,706,321)</u> | <u>9,077,264</u> |
| At 1 May 2014 | 224,951 | 16,036,276 | 522,358 | (7,706,321) | 9,077,264 |
| (Loss) for the year | - | - | - | (2,414,630) | (2,414,630) |
| Share option costs | | | 91,368 | | 91,368 |
| At 30 April 2015 | <u>224,951</u> | <u>16,036,276</u> | <u>613,726</u> | <u>(10,120,951)</u> | <u>6,754,002</u> |

Scancell Holdings plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2015

| | <i>Notes</i> | 2015 £ | 2014 £ |
|-----------------------------------|--------------|------------------|------------------|
| ASSETS | | | |
| <u>Non-current assets</u> | | | |
| Plant and machinery | 9 | 86,504 | 115,621 |
| Goodwill | 10 | 3,415,120 | 3,415,120 |
| | | <u>3,501,624</u> | <u>3,530,741</u> |
| <u>Current assets</u> | | | |
| Trade and other receivables | 12 | 136,785 | 146,514 |
| Tax receivables | | 660,504 | 371,366 |
| Cash and cash equivalents | | 3,059,001 | 5,566,234 |
| | | <u>3,856,290</u> | <u>6,084,114</u> |
| TOTAL ASSETS | | <u>7,357,914</u> | <u>9,614,855</u> |
| LIABILITIES | | | |
| <u>Current Liabilities</u> | | | |
| Trade and other payables | 13 | (603,912) | (537,591) |
| TOTAL LIABILITIES | | <u>(603,912)</u> | <u>(537,591)</u> |
| NET ASSETS | | <u>6,754,002</u> | <u>9,077,264</u> |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 14 | 224,951 | 224,951 |
| Share premium | 15 | 16,036,276 | 16,036,276 |
| Share option reserve | 15 | 613,726 | 522,358 |
| Profit and loss account | 15 | (10,120,951) | (7,706,321) |
| TOTAL SHAREHOLDERS' EQUITY | | <u>6,754,002</u> | <u>9,077,264</u> |

These financial statements were approved by the directors and authorised for issue on 17 September, 2015 and are signed on their behalf by:

David Evans
Director

Scancell Holdings plc
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 April 2015

| | <i>Notes</i> | 2015 £ | 2014 £ |
|---|--------------|--------------------|--------------------|
| Operating activities | | | |
| Cash generated from operations | 19 | (2,763,460) | (2,219,082) |
| Income taxes received | | 124,713 | 125,715 |
| Net cash from operating activities | | (2,638,747) | (2,093,367) |
| Investing activities | | | |
| Asset acquisition | | - | (22,930) |
| Grant monies | | 64,668 | 5,557 |
| Other income | | 49,725 | 6,236 |
| Finance income | | 17,121 | 17,393 |
| Net cash used by investing activities | | 131,514 | 6,256 |
| Financing activities | | | |
| Proceeds from issue of share capital | | - | 6,571,654 |
| Expenses of share issue | | - | (409,629) |
| Net cash generated from financing activities | | - | 6,162,025 |
| Net increase in cash and cash equivalents | | (2,507,233) | 4,074,914 |
| Cash and cash equivalents at beginning of the year | | 5,566,234 | 1,491,320 |
| Cash and cash equivalents at end of the year | | 3,059,001 | 5,566,234 |

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

1 ACCOUNTING POLICIES

Basis of Preparation

These financial statements were approved by the board of directors on 17 September, 2015

The financial statements have been prepared on the going concern basis on the grounds that the directors have reviewed the funding available and the group's cash flow forecast and are content that sufficient resources are available to enable the group to continue in operation for at least twelve months from the date of approval of these accounts.

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

New standards and interpretation

At the date of authorisation of these financial statements a number of new Standards and Interpretations have been issued but are not yet effective and have not been applied in these financial statements.

The directors do not believe that the adoption of these Standards and Interpretations would have a material impact on the financial statements of the Group. The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

Key sources of estimation and uncertainty

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as intangible assets. Although these estimates are based upon management's best knowledge of the amount event or actions, actual results may ultimately differ from those estimates. In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Identification and valuation of intangible assets on acquisition

The directors use their judgement to identify the separate intangible assets and then determine a fair value for each based upon the consideration paid, the nature of the asset, industry statistics, future potential and other relevant factors. These fair values will be reviewed for indications of impairment annually.

Segmental analysis

The Group's principal activity consists of the discovery and development of novel monoclonal antibodies and vaccines for the treatment of cancer. The directors believe that these activities comprise one operational segment and consequently segmental analysis by business segment is not considered necessary.

Share-based payments

In calculating the fair value of equity-settled share-based payments using the Black-Scholes option pricing model, the directors are required to exercise their judgement in determining input parameters which may have a material effect on the fair value calculated.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

BUSINESS COMBINATIONS

The financial statements incorporate the financial statements of the Company and its subsidiary. Unrealised gains on transactions between the Group and its subsidiary are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group since date of transition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Any costs related to the acquisition are expensed in the period in which they are incurred.

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Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of assets and liabilities is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the consolidated profit or loss and other comprehensive income statement.

Subsidiary:

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly (but normally through voting rights granted through the Company's shareholdings), to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements.

Acquisitions:

On acquisition, the assets and liabilities of a subsidiary, including identifiable intangible assets, are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is reviewed for impairment annually and any impairment is recognised immediately in the consolidated profit or loss and other comprehensive income statement. Impairment is determined by comparing the recoverable amount of goodwill with its carrying value. For goodwill, the carrying value is compared to the market capitalisation of Scancell Holdings plc, as quoted on AIM at the year end. The recoverable amount is the greater of an asset's value in use or its fair value less costs to sell. Where the recoverable amount is less than the carrying value, the asset is considered impaired and is written down through the consolidated profit or loss and other comprehensive income statement to its recoverable amount.

The Directors have carried out an impairment review of goodwill carried forward at the balance sheet date and do not believe that an adjustment for impairment is necessary.

The results and cash flows relating to the business are included in the consolidated accounts from the date of combination.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable and net of discounts and sales related taxes.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

| | |
|---------------------|---------------------------|
| Plant and machinery | - 25% on reducing balance |
| Computer Equipment | - 33% on reducing balance |

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is immediately recognised as an expense, in the consolidated profit or loss and other comprehensive income statement. The recoverable amount is the greater of an asset's value in use or its fair value less costs to sell. Where the recoverable amount is less than the carrying value, the asset is considered impaired and is written down through the consolidated profit or loss and other comprehensive income statement to its recoverable amount less costs to sell.

TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if amortisation of goodwill

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxation profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary differences can be utilised.

Deferred tax is provided on temporary differences arising in the subsidiary company except where the timing of reversal of the temporary differences will not reverse in the foreseeable future. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected to fall from the manner in which the asset or liability is recovered or settled.

INVESTMENTS

Investments in subsidiaries are stated at cost less any provisions for impairment. An impairment is recognised when the recoverable amount of the investment is less than the carrying amount.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred.

An internally generated asset arising from the group's development activities is only recognised if all of the following criteria are met:

- technical feasibility of completing the intangible asset so that it will be available for sale
- intention to complete the intangible asset and use or sell it
- ability to use or sell the intangible asset
- the intangible asset will generate future economic benefit
- resources are available both technically and financially in order to complete the development.

In the case of development projects undertaken by the group, regulatory and other uncertainties generally mean that such criteria are not met. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

FOREIGN CURRENCIES

Foreign currency assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the profit and loss account as they arise.

CASH

Cash includes cash-in-hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

EQUITY

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Retained earnings include all current and prior period results as disclosed in the consolidated profit or loss and other comprehensive income statement.
- Share-based payment reserve is the corresponding entry to the expense arising from equity-settled share-based payments.

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

SHARE BASED PAYMENTS

In accordance with IFRS2 – ‘Share based payments’, a charge is made for all share –based payments including share options based upon the fair value of the instrument issued.

Under IFRS 2 the charge in the Profit and Loss Account for granted share options is based upon the fair value of the options at grant date and is charged over the expected vesting period. Estimates of leaver rates are taken into account over the vesting period. A charge has been recognised for all awards granted and is charged to the same expense category as the remuneration costs for the employee to whom the share award has been made. An equivalent amount is credited to the share option reserve in the balance sheet, with no resulting impact on net assets. The share options have been granted to directors and employees in the subsidiary company, Scancell Limited. Within Scancell Holdings plc, the parent company, a credit has been made to the share option reserve whilst the debit is treated as an increase in the value of the subsidiary company.

2 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

The directors consider that the group operated within a single business segment.

3 OPERATING LOSS

| | 2015 | 2014 |
|--|----------------|---------------|
| | £ | £ |
| Operating Loss is stated after charging/(crediting): | | |
| Depreciation on tangible fixed assets | 29,117 | 38,962 |
| Operating lease rentals | 14,523 | 14,056 |
| Research and development | 1,998,366 | 1,677,115 |
| Auditors’ remuneration – fee payable for audit of the company | 7,250 | 6,900 |
| Auditors’ remuneration – fee payable for audit of the subsidiary company | 7,250 | 6,900 |
| Auditors’ remuneration for non-audit services | 1,260 | 1,200 |
| Directors’ remuneration | 150,413 | 95,417 |
| | <u>150,413</u> | <u>95,417</u> |

4 TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

| | 2015 | 2014 |
|---|----------------|----------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax credits due on R&D expenditure | 422,976 | 245,652 |
| Adjustment to prior year | (9,124) | (572) |
| | <u>413,852</u> | <u>245,080</u> |

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

Factors affecting the tax credit

The tax assessed for the years is lower than the applicable rate of corporation tax in the UK. The difference is explained below:

| | 2015 | 2014 |
|---|--------------------|--------------------|
| | £ | £ |
| Loss on ordinary activities before tax | <u>(2,828,482)</u> | <u>(2,468,034)</u> |
| Loss on ordinary activities multiplied by the small company rate of tax in the UK (20%) | (565,696) | (493,607) |
| Effects of: | | |
| Disallowed expenditure | 20,028 | 11,853 |
| Timing differences | 9,010 | 6,135 |
| Enhanced tax relief on R&D expenditure | (327,849) | (248,466) |
| Reduced tax relief for losses surrendered for R&D tax credits | 160,439 | 200,988 |
| Prior year over provision | 9,124 | 572 |
| Unrelieved losses carried forward | 281,092 | 277,445 |
| Current tax (credit) | <u>(413,852)</u> | <u>(245,080)</u> |

The Group has tax losses to carry forward against future profits of approximately £9,575,000 (2014: £8,134,000).

A deferred tax asset has not been recognised in respect of these losses as the Group does not anticipate sufficient taxable profits to arise in the foreseeable future to fully utilise them.

The estimated value of the deferred tax asset not recognised measured at a standard rate of 20% is £1,894,300 (2014: £1,597,000).

5 EARNINGS PER SHARE

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

| | 2015 | 2014 |
|--|--------------------|--------------------|
| | £ | £ |
| Earnings used in the calculation of basic earnings per share | (2,414,630) | (2,222,954) |
| Profit for the year from discontinued operations included in the calculation of basic earnings per share | <u>-</u> | <u>-</u> |
| Earnings used in calculation of basic earnings per share from continuing operations | <u>(2,414,630)</u> | <u>(2,222,954)</u> |
| Weighted average number of ordinary shares of 0.1p each for the calculation of basic earnings per share | <u>224,950,683</u> | <u>216,700,004</u> |

Diluted earnings per share

As the Group is reporting a loss from continuing operations for both years then, in accordance with IAS33, the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share.

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

6 STAFF COSTS

| | 2015 | 2014 |
|----------------------------------|----------------|----------------|
| | £ | £ |
| Directors' salaries | 130,413 | 56,667 |
| Wages and salaries | 325,594 | 267,531 |
| Social security costs | 46,379 | 33,541 |
| Pension contributions: directors | 20,000 | - |
| | <u>522,386</u> | <u>357,739</u> |

A charge for share based payments totalling £91,368 (2013: £46,049) was made in the year.

| | 2015 | 2014 |
|--|-----------|----------|
| | No. | No. |
| The average monthly number of persons during the year was: | | |
| Research employees | 9 | 6 |
| Other employees | 1 | 1 |
| | <u>10</u> | <u>7</u> |

7 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Professor L Durrant received a salary of £10,000 (2014: £14,167); Dr RM Goodfellow received a salary of £10,000 (2014: £7,500); Dr S E Adams received a salary of £100,000 plus pension contributions of £20,000 (2014: £nil), Dr M G W Frohn £7,500 (2014: £nil) and Mr P V Allen received a salary of £2,917 (2014 £35,000). Details of consulting services provided by these directors are disclosed in note 18. In addition a charge for share based payments totalling £91,368 (2014:£46,049) was made in the year.

Dr S E Adams has retirement benefits accruing under a money purchase scheme. (2014: none).

8 LOSS OF PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the profit and loss and other comprehensive income of the parent company is not presented as part of these financial statements.

The parent company's loss and other comprehensive income for the financial year was £184,260 (2014: loss £164,026)

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

9 TANGIBLE FIXED ASSETS

| <i>current year</i> | Computer Equipment £ | Plant and machinery £ | Total £ |
|-----------------------|----------------------------|-----------------------------|----------------|
| COST | | | |
| As at 1 May 2014 | 19,673 | 465,540 | 485,213 |
| Additions | - | - | - |
| As at 30 April 2015 | <u>19,673</u> | <u>465,540</u> | <u>485,213</u> |
| DEPRECIATION | | | |
| As at 1 May 2014 | 17,021 | 352,571 | 369,592 |
| Charge for the year | 875 | 28,242 | 29,117 |
| As at 30 April 2015 | <u>17,896</u> | <u>380,813</u> | <u>398,709</u> |
| NET BOOK VALUE | | | |
| At 30 April 2015 | <u>1,777</u> | <u>84,727</u> | <u>86,504</u> |
| At 1 May 2014 | <u>2,652</u> | <u>112,969</u> | <u>115,621</u> |
| <i>prior year</i> | | | |
| COST | | | |
| As at 1 May 2013 | 16,483 | 445,800 | 462,283 |
| Additions | 3,190 | 19,740 | 22,930 |
| As at 30 April 2014 | <u>19,673</u> | <u>465,540</u> | <u>485,213</u> |
| DEPRECIATION | | | |
| As at 1 May 2013 | 15,715 | 314,915 | 330,628 |
| Charge for the year | 1,306 | 37,656 | 38,962 |
| As at 30 April 2014 | <u>17,021</u> | <u>352,571</u> | <u>369,592</u> |
| NET BOOK VALUE | | | |
| At 30 April 2014 | <u>2,652</u> | <u>112,969</u> | <u>115,621</u> |
| At 1 May 2013 | <u>770</u> | <u>130,885</u> | <u>131,655</u> |

10 GOODWILL

| | £ |
|---------------------------|------------------|
| At 1 May 2013 and 2014 | 3,415,120 |
| Additions | - |
| At 30 April 2014 and 2015 | <u>3,415,120</u> |

Goodwill is allocated to cash generating units ('CGU') and in the opinion of the directors the Group consists of a single CGU. The goodwill arose on the acquisition of the wholly owned subsidiary company, Scancell Limited. The directors have carried out an impairment review of the goodwill arising on the acquisition of Scancell Limited. The Group has no budgeted revenues for the foreseeable future and so the directors have compared the market capitalisation of Scancell Holdings plc, as quoted on AIM at the year end with the carrying value of goodwill and believe that no impairment is necessary.

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

11 FIXED ASSET INVESTMENTS

| COMPANY - shares in group undertaking | £ |
|---------------------------------------|------------------|
| Cost at 1 May 2013 | 5,071,743 |
| Share options exercised | (33,605) |
| Share options granted | <u>46,048</u> |
| Cost at 30 April 2014 | 5,084,186 |
| Share options exercised | - |
| Share options granted | <u>91,368</u> |
| Cost at 30 April 2015 | <u>5,175,554</u> |

The company's investment at the balance sheet date represents 100% of the ordinary share capital of its subsidiary company, Scancell Limited, registered in the UK whose business is the discovery and development of treatments for cancer. There are no significant restrictions within the group regarding access or use of assets or settling liabilities.

At 30 April 2015 the aggregate capital and reserves of Scancell Limited was £(7,090,184) (2014: £(4,951,183)) and its loss for the financial year was £2,230,369 (2014: Loss of £2,058,928)

12 TRADE AND OTHER RECEIVABLES

| | 2015 | 2014 |
|-------------|----------------|----------------|
| | £ | £ |
| VAT | 92,274 | 67,948 |
| Prepayments | 44,511 | 78,566 |
| | <u>136,785</u> | <u>146,514</u> |

13 TRADE AND OTHER PAYABLES

| | 2015 | 2014 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Trade payables | 369,829 | 232,202 |
| Taxation and social security | 12,752 | 10,598 |
| Other payables | 221,331 | 294,791 |
| | <u>603,912</u> | <u>537,591</u> |

14 SHARE CAPITAL

| | 2015 | 2014 |
|--|--------------------|--------------------|
| | No. | No. |
| Allotted, issued and fully paid | | |
| 0.1p ordinary shares | <u>224,950,683</u> | <u>224,950,683</u> |
| | £ | £ |
| Allotted, issued and fully paid | | |
| 0.1p ordinary shares | <u>224,951</u> | <u>224,951</u> |

All shares rank pari passu with voting rights and entitlement to dividend.

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

15 MOVEMENT ON SHARE CAPITAL AND RESERVES

GROUP

| | Share capital £ | Share Premium Account £ | Share Option Reserve £ | Retained earnings £ | Total Equity £ |
|---------------------|-----------------------|----------------------------------|---------------------------------|---------------------------|----------------------|
| At 1 May 2013 | 194,470 | 9,904,733 | 509,914 | (5,516,972) | 5,092,145 |
| (Loss) for the year | - | - | - | (2,222,954) | (2,222,954) |
| Exercise of options | 1,592 | 70,062 | (33,605) | 33,605 | 71,654 |
| Share issue | 28,889 | 6,061,481 | | | 6,090,370 |
| Share option charge | | | 46,049 | | 46,049 |
| At 30 April 2014 | <u>224,951</u> | <u>16,036,276</u> | <u>522,358</u> | <u>(7,706,321)</u> | <u>9,077,264</u> |
| At 1 May 2014 | 224,951 | 16,036,276 | 522,358 | (7,706,321) | 9,077,264 |
| (Loss) for the year | - | - | - | (2,414,630) | (2,414,630) |
| Share option charge | | | 91,368 | | 91,368 |
| At 30 April 2015 | <u>224,951</u> | <u>16,036,276</u> | <u>613,726</u> | <u>(10,120,951)</u> | <u>6,754,002</u> |

COMPANY

| | Share capital £ | Share Premium Account £ | Share Option Reserve £ | Retained earnings £ | Total Equity £ |
|---------------------|-----------------------|----------------------------------|---------------------------------|---------------------------|----------------------|
| At 1 May 2013 | 194,470 | 9,904,733 | 509,914 | (922,043) | 9,687,074 |
| Exercise of options | 1,592 | 70,062 | (33,605) | | 38,049 |
| Share issue | 28,889 | 6,061,481 | | | 6,090,370 |
| (Loss) for the year | | | | (164,026) | 164,026 |
| Share option charge | | | 46,049 | | 46,049 |
| At 30 April 2014 | <u>224,951</u> | <u>16,036,276</u> | <u>522,358</u> | <u>(1,086,069)</u> | <u>15,697,516</u> |
| (Loss) for the year | | | | (184,260) | (184,260) |
| Share option charge | | | 91,368 | | 91,368 |
| At 30 April 2015 | <u>224,951</u> | <u>16,036,276</u> | <u>613,726</u> | <u>(1,270,329)</u> | <u>15,604,624</u> |

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

16 SHARE OPTIONS

The Group has granted options to members of staff as follows:

| <u>Share Scheme</u> | <u>Grant Date</u> | <u>Option Price</u> | <u>Number of shares</u> | <u>Period within which options are exercisable</u> | |
|---------------------|-------------------|---------------------|-------------------------|--|-----------|
| | | | | <u>From</u> | <u>To</u> |
| EMI | 02.12.08 | 5.0p | 290,000 | 02.12.11 | 02.12.18 |
| | 02.12.08 | 31.3p | 120,000 | 02.12.11 | 02.12.18 |
| | 02.01.09 | 6.0p | 145,000 | 02.01.12 | 01.01.19 |
| | 13.07.10 | 4.5p | 6,730,000 | 02.12.11 | 31.12.15 |
| | 18.06.14 | 30.5p | 500,000 | 18.06.17 | 18.06.24 |

The market price of the shares at 30 April 2015 was 26.75p and, the range during the year was 23p to 39p. Options may normally be exercised in whole or in part within the period of three to ten years after the date of the grant.

Further unapproved options were issued as follows:

| <u>Share Scheme</u> | <u>Grant Date</u> | <u>Option Price</u> | <u>Number of shares</u> | <u>Period within which options are exercisable</u> | |
|---------------------|-------------------|---------------------|-------------------------|--|-----------|
| | | | | <u>From</u> | <u>To</u> |
| Unapproved | 02.04.09 | 2.5p | 58,640 | 02.04.12 | 02.04.19 |
| | 01.12.08 | 6.0p | 3,040,000 | 02.12.11 | 02.12.18 |
| | 29.06.10 | 4.5p | 3,184,620 | 30.09.11 | 30.09.16 |
| | 29.06.10 | 4.5p | 3,184,630 | 28.02.13 | 28.02.18 |
| | 02.12.08 | 9.4p | 29,320 | 02.04.12 | 02.04.19 |
| | 10.12.13 | 33.2p | 7,000,000 | 10.12.14 | 10.12.17 |

At 30 April 2015 the following options are held by directors of the company:

| | <u>Options At 30.04.14</u> | <u>Additions in the year</u> | <u>Options at 30.04.15</u> | <u>Exercise price</u> | <u>Date first exercisable</u> | <u>Expiry date</u> |
|-------------------|----------------------------|------------------------------|----------------------------|-----------------------|-------------------------------|--------------------|
| <u>EMI Scheme</u> | | | | | | |
| L Durrant | 3,850,000 | | 3,850,000 | 4.5p | 02.12.11 | 31.12.15 |
| R Goodfellow | 2,880,000 | | 2,880,000 | 4.5p | 02.12.11 | 31.12.15 |
| S Adams | | 500,000 | 500,000 | 30.5p | 18.06.17 | 18.06.24 |
| <u>Unapproved</u> | | | | | | |
| L Durrant | 3,500,000 | | 3,500,000 | 33.2p | 10.12.14 | 10.12.17 |
| R Goodfellow | 3,500,000 | | 3,500,000 | 33.2p | 10.12.14 | 10.12.17 |
| D Evans | 3,040,000 | | 3,040,000 | 6.0p | 02.12.11 | 02.12.18 |

The weighted average exercise prices over the year were as follows:

| | <u>Number</u> | <u>Weighted Average Exercise Price</u> |
|--|-------------------|--|
| <u>Enterprise Management Scheme</u> | | |
| Revised number of options outstanding at 1 May 2014 | 7,285,000 | 5.0p |
| Granted in the year | <u>500,000</u> | 30.5p |
| Number of options outstanding at 30 April 2015 | <u>7,785,000</u> | 6.6p |
| Exercisable at 30 April 2014 | <u>7,285,000</u> | <u>5.0p</u> |
| <u>Unapproved Scheme</u> | | |
| Revised number of options outstanding at 1 May 2014 and at 30 April 2015 | <u>16,497,210</u> | 17.0p |
| Exercisable at 30 April 2015 | <u>13,312,580</u> | 20.0p |

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

SHARE OPTIONS (continued)

Within the unapproved options are those granted to ICHOR Medical Systems Inc (“ICHOR”) pursuant to the License and Supply Agreement (‘the Agreement’) dated 13 July 2009. Under the terms of the Agreement, ICHOR agreed to supply its TriGrid™ electroporation device for Scancell’s pre-clinical and forthcoming clinical studies with SCIB1 and gave Scancell an option to license TriGrid™ for commercial use on achievement of certain milestones and payment of royalties. In return, ICHOR was granted options to subscribe for ordinary shares in the Company. The options have been granted at 4.5p per share and vest as follows.

| | |
|-----------|--|
| 3,184,620 | on commencement of first Phase II clinical trial |
| 3,184,630 | on completion of first Phase II clinical trial |

Each tranche of the options may be exercised at any time in the five year period after the relevant vesting date.

17 SHARE BASED PAYMENTS

The Group operates a number of share based incentive schemes as detailed in note 16 above. The fair value of the award granted and the assumptions used in the calculations are as follows:

| Date of Grant | Type of Award | Number of Awards | Exercise Price | Share price at grant date | Fair value per option |
|------------------|---------------|------------------|----------------|---------------------------|-----------------------|
| 2 December 2008 | EMI | 290,000 | 5.0p | 5.8p | 3.3p |
| 2 December 2008 | EMI | 120,000 | 31.3p | 5.8p | 0.2p |
| 2 December 2008 | Unapproved | 3,040,000 | 6.0p | 5.8p | 3.3p |
| 2 January 2009 | EMI | 145,000 | 6.0p | 5.8p | 3.3p |
| 2 April 2009 | Unapproved | 58,640 | 2.5p | 4.0p | 2.7p |
| 2 April 2009 | Unapproved | 29,320 | 9.4p | 4.0p | 1.5p |
| 29 June 2010 | Unapproved | 6,369,250 | 4.5p | 6.0p | 2.2p |
| 14 July 2010 | EMI | 6,730,000 | 4.5p | 6.25 | 2.1p |
| 10 December 2013 | Unapproved | 7,000,000 | 33.2p | 36.0p | 4.0p |
| 18 June 2014 | EMI | 500,000 | 30.5p | 30.5p | 3.0p |

The number of shares shown above has been adjusted for the sub-division of shares that occurred in July 2011.

A description of the key assumptions used in calculating the share-based payments follows.

1. The Black-Scholes valuation methodology was used.
2. The expected volatility is based upon historical volatility over a period of time and amounted to 10.2%
3. The expected life used in the model varies between two and five years and is based upon management’s best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.
4. The risk free rate is based upon the prevailing UK bank base rate at grant date.
5. Expected dividend yield is nil.

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

18 RELATED PARTY TRANSACTIONS

During the year, the following directors provided consultancy services to the Group as follows:

| | 2015 Total | 2014 Total |
|-----------------------|---------------|---------------|
| Professor L G Durrant | £112,000 | £172,500 |
| Dr R M Goodfellow | £112,000 | £172,500 |
| Mr D Evans | £15,000 | £15,000 |
| Ms K Cornish-Bowden | £15,000 | £15,000 |
| Dr M G W Frohn | £7,500 | £8,750 |

At the end of the year the following balances were outstanding from the Group:

| | 2015 | 2014 |
|----------------------|---------|---------|
| Professor L Durrant | £12,439 | £22,018 |
| Mr D Evans | £1,250 | £6,250 |
| Dr R M Goodfellow | £21,050 | £12,775 |
| Ms K. Cornish-Bowden | £2,500 | £2,500 |
| Dr MGW Frohn | £nil | £1,250 |

All of the above transactions were conducted under normal commercial terms.

Professor L Durrant and Dr R M Goodfellow provided their consultancy through limited companies.

In addition to the above Scancell Holdings plc has a current account with its subsidiary company, Scancell Limited. At the year end the balance owing to Scancell Holdings plc amounted to £10,018,607 (2014: £10,225,626). The current account balance is interest free and there are no set repayment terms.

19 RECONCILIATION OF LOSS BEFORE TAX TO NET CASH GENERATED FROM OPERATIONS

| | 2015 £ | 2014 £ |
|---|--------------------|--------------------|
| Loss before taxation | (2,828,482) | (2,468,034) |
| Adjustments for: | | |
| Share option costs | 91,368 | 46,049 |
| Depreciation of computers, plant and equipment | 29,117 | 38,962 |
| Finance income | <u>(131,513)</u> | <u>(29,186)</u> |
| Operating cash flows before movement in working capital | (2,839,510) | (2,412,209) |
| Decrease/ (Increase) in amounts receivable | 9,729 | (29,350) |
| Increase in amounts payable | 66,321 | 222,477 |
| Net cash outflow from operating activities | <u>(2,763,460)</u> | <u>(2,219,082)</u> |
| | ===== | ===== |

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

20 FINANCIAL INSTRUMENTS

The Group holds or issues financial instruments in order to achieve two main objectives, being:

(a) to finance its operations; and

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance.

In addition, various financial instruments (e.g. receivables, trade payables, accruals and prepayments) arise directly from the Group's and the Company's operations. Transactions in financial instruments result in the Group assuming or transferring to another party one or more of the financial risks described below.

The Group currently finances its operations through reserves of cash and liquid resources and does not have a borrowing requirement. Surplus cash at bank is placed on deposits at variable rates. The Board monitors the financial markets and the Group's own requirements to ensure that the policies are exercised in the Group's best interests.

Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet their financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and Company's reputation..

Market risk

Market risk is the risk that changes in market prices, such as interest rates and exchange rates will affect the Group and Company's income or the value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters whilst optimising the return.

The Group has no financial assets other than sterling current account balances of £3,059,001 (2014: £5,566,234) which are instantly available funds attracting variable rates of interest.

Historically the Group has not used derivative instruments to hedge against possible risks arising from fluctuations in foreign currency exchange rates as the exposure is limited. If foreign currency exposure increases, the use of foreign currency hedging instruments will be reviewed as a means of reducing the effect of exchange rate fluctuations on the Group's results.

Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from a company's receivables from Customers. The Group and Company have no third party customers and so this risk is viewed as minimal.

Maturity of financial liabilities

All of the Group's financial liabilities as at 30 April 2015 are payable within less than one year.

Fair values

There is no material difference between the book value and the fair value of the Group's financial assets or liabilities.

The Group's financial instruments comprise cash and cash equivalents, borrowings and items such as trade payables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2015

Financial instruments

Group

| | 2015 | 2014 |
|------------------------------|------------------|------------------|
| | £ | £ |
| <u>Financial assets</u> | | |
| Cash and cash equivalents | 3,059,001 | 5,566,234 |
| Trade and other receivables | <u>797,289</u> | <u>517,880</u> |
| <u>Financial liabilities</u> | | |
| Trade and other payables | <u>(603,911)</u> | <u>(537,591)</u> |

Company

| | | |
|------------------------------|------------------|------------------|
| <u>Financial assets</u> | | |
| Cash and cash equivalents | 524,015 | 498,391 |
| Trade and other receivables | <u>37,104</u> | <u>37,701</u> |
| <u>Financial liabilities</u> | | |
| Trade and other payables | <u>(150,657)</u> | <u>(148,387)</u> |

The carrying amounts are equal to the fair value therefore no impairment is required.

21 OPERATING LEASE COMMITMENTS

The following operating lease is committed to be paid.

| | Land and buildings | |
|---------------------------|--------------------|---------------|
| | 2015 | 2014 |
| | £ | £ |
| Within one year | 12,500 | 11,000 |
| Within one and five years | <u>20,833</u> | <u>29,333</u> |

Scancell Holdings plc
COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2015

| | Share capital £ | Share Premium Account £ | Share Option Reserve £ | Retained earnings £ | Total Equity £ |
|---------------------|-----------------------|----------------------------------|---------------------------------|---------------------------|--------------------------|
| At 1 May 2013 | 194,470 | 9,904,733 | 509,914 | (922,043) | 9,687,074 |
| Exercise of options | 1,592 | 70,062 | (33,605) | | 38,049 |
| Share issue | 28,889 | 6,061,481 | | | 6,090,370 |
| (Loss) for the year | | | | (164,026) | (164,026) |
| Share option charge | | | 46,049 | | 46,049 |
| At 30 April 2014 | <u>224,951</u> | <u>16,036,276</u> | <u>522,358</u> | <u>(1,086,069)</u> | <u>15,697,516</u> |
| (Loss) for the year | | | | (184,260) | (184,260) |
| Share option charge | | | 91,368 | | 91,368 |
| At 30 April 2015 | <u><u>224,951</u></u> | <u><u>16,036,276</u></u> | <u><u>613,726</u></u> | <u><u>(1,270,329)</u></u> | <u><u>15,604,624</u></u> |

Scancell Holdings plc
COMPANY STATEMENT OF FINANCIAL POSITION
As at 30 April 2015

| | <i>Notes</i> | 2015 £ | 2014 £ |
|-----------------------------------|--------------|-------------------|-------------------|
| ASSETS | | | |
| <u>Non-current assets</u> | | | |
| Investments | 11 | 5,175,554 | 5,084,186 |
| | | <u>5,175,554</u> | <u>5,084,186</u> |
| <u>Current assets</u> | | | |
| Trade and other receivables | A | 10,055,711 | 10,263,326 |
| Cash and cash equivalents | B | 524,015 | 498,391 |
| | | <u>10,579,726</u> | <u>10,761,717</u> |
| TOTAL ASSETS | | <u>15,775,280</u> | <u>15,845,903</u> |
| LIABILITIES | | | |
| <u>Current Liabilities</u> | | | |
| Trade and other payables | C | (150,656) | (148,387) |
| TOTAL LIABILITIES | | <u>(150,656)</u> | <u>(148,387)</u> |
| NET ASSETS | | <u>15,604,624</u> | <u>15,697,516</u> |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 14 | 224,951 | 224,951 |
| Share premium | 15 | 16,036,276 | 16,036,276 |
| Share option reserve | 15 | 613,726 | 522,358 |
| Profit and loss account | 15 | (1,270,329) | (1,086,069) |
| TOTAL SHAREHOLDERS' EQUITY | | <u>15,604,624</u> | <u>15,697,516</u> |

These financial statements were approved by the directors on 17 September, 2015 and are authorised for issue and are signed on their behalf by:

David Evans
Director

Scancell Holdings plc
 COMPANY STATEMENT OF CASHFLOWS
 for the year ended 30 April 2015

| | 2015 £ | 2014 £ |
|---|-------------------------|---------------------------|
| Operating activities | | |
| Cash generated from operations (note D) | (181,394) | (96,818) |
| Income taxes received | <u>-</u> | <u>-</u> |
| Net cash from operating activities | <u>(181,394)</u> | <u>(96,818)</u> |
| Financing activities | | |
| Proceeds from issue of share capital | - | 6,571,654 |
| Expenses of share issue | <u>-</u> | <u>(409,629)</u> |
| Net cash generated from financing activities | <u>-</u> | <u>6,162,025</u> |
| Investing activities | | |
| Decrease/(Increase) in loan to subsidiary company | <u>207,018</u> | <u>(5,610,353)</u> |
| Net cash used by investing activities | <u>207,018</u> | <u>(5,610,353)</u> |
| Net increase in cash and cash equivalents | 25,624 | 454,854 |
| Cash and cash equivalents at beginning of the year | 498,391 | 43,537 |
| | <u>-----</u> | <u>-----</u> |
| Cash and cash equivalents at end of the year | <u>524,015</u> | <u>498,391</u> |
| | <u>=====</u> | <u>=====</u> |

Scancell Holdings plc
NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 30 April 2014

A TRADE AND OTHER RECEIVABLES

| <u>Company</u> | 2015 £ | 2014 £ |
|----------------|---------------|---------------|
| VAT | 14,432 | 18,728 |
| Prepayments | 22,672 | 18,973 |
| | <u>37,104</u> | <u>37,701</u> |

Amounts falling due after more than one year:

| | | |
|------------------------------------|-------------------|-------------------|
| Amounts owed by group undertakings | <u>10,018,607</u> | <u>10,225,625</u> |
| Aggregate amounts | <u>10,055,711</u> | <u>10,263,326</u> |

The amounts owed by group undertakings are interest free with no set repayment term.

B CASH AND CASH EQUIVALENTS

| <u>Company</u> | 2015 £ | 2014 £ |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | <u>524,015</u> | <u>498,391</u> |

C TRADE AND OTHER PAYABLES

| | 2015 £ | 2014 £ |
|-----------------|----------------|----------------|
| Trade creditors | 30,157 | 15,457 |
| Other creditors | 120,499 | 132,930 |
| | <u>150,656</u> | <u>148,387</u> |

**D RECONCILIATION OF LOSS BEFORE TAXATION
TO NET CASH GENERATED FROM OPERATIONS**

| | 2015 £ | 2014 £ |
|-----------------------------------|------------------|-----------------|
| Loss for the year before taxation | (184,260) | (164,026) |
| Decrease in amounts receivable | 597 | 12,517 |
| Increase in amounts payable | <u>2,269</u> | <u>54,691</u> |
| Cash generated from operations | <u>(181,394)</u> | <u>(96,818)</u> |