# Scancell Holdings plc

REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

for the year ended 30 April 2013

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# 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
Mr P V Allen

SECRETARY

Laytons Secretarial Services

REGISTERED OFFICE

2 More London Riverside
London
SE1 2AP

REGISTERED NUMBER

06564638(England and Wales)

AUDITOR

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

# Scancell Holdings plc
## CHAIRMAN'S STATEMENT

I am pleased to report on the company's results for the year ended 30th April 2013

Good progress has been made with Part 2 of the Phase 1/2 clinical trial on SCIB1, with the final patient recruited in January 2013 Recruitment of additional patients for the 8mg dose cohort, which is running in parallel with Part 2 of the Phase 1/2 study, has also commenced

Following a review, the Board has decided that additional value can be delivered to shareholders by the further development of the new platform technology, Moditope™ Whilst currently at an early stage, we believe that the potential of this novel immunotherapy platform could be considerable and as a result plan to identify a lead product to take into pre-clinical and clinical development by the third quarter 2014 Scancell has provisionally selected triple-negative breast cancer (TNBC), ovarian and endometrial cancers as the initial target indications for the first clinical study which is scheduled to start in 2016 The Company has today announced a Placing and Open Offer of up to £6 5million These additional funds will enable the Company to commence work on the pre-clinical development of the first Moditope™ immunotherapy product and will also give the Company the opportunity to strengthen the clinical data on the 8mg dose of SCIB1, both in terms of number of patients treated and the duration of treatment

**Financial**

*Profit and Loss*

The Group has made a loss for the year from continuing operations of £1,901,944 (2012 loss (£1,930,064)) The loss for the year was £1,901,944 (2012 profit £557,058)

The increase in development costs in the year reflects the additional costs incurred in the manufacture of the 8mg dose for use in the clinical trials

The reduced administrative expenses are largely due to the reduction in the charge for share options which has occurred as all of the share options have now reached the end of their vesting period

*Balance Sheet*
At the end of the year the Group cash balances amounted to £1,491,320 (2012 £3,529,007) This reduction in cash is attributable to the loss for the year

The Group's net assets at 30th April 2013 amounted to £5,092,145 (2012 £6,971,337)

**The ImmunoBody® Technology Platform**

Scancell's mission is to develop medications that fight cancer by spurring the body's immune system This is a form of treatment that many cancer specialists believe may hold the key to keeping a patient permanently disease-free Unlike traditional therapies that attack a cancer directly, immunotherapy uses the body's own internal defences to ward off the disease, with the ultimate hope of building up long term resistance to the cancer

Scancell's ImmunoBody® vaccines generate potent killer T-cells that target and eliminate 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 manipulation and enhancement of human immune systems is also relevant to the treatment of other diseases such as chronic infectious disease Although Scancell does not intend to venture outside the oncology arena itself, the Company intends to license ImmunoBody® to companies working in other therapeutic areas

**SCIB1 melanoma vaccine**

*Clinical Trial*
In December 2012, the Company announced preliminary results from Part 1 of the Phase 1/2 clinical trial of its DNA ImmunoBody® vaccine in patients with Stage III/IV malignant melanoma Of the six patients allocated to the 2mg and 4mg dose cohorts and of those who received at least four doses of SCIB1, four are still alive and four showed a vaccine induced T cell response to treatment The vaccine produced very few side effects, none of which were serious These encouraging results provide the first evidence that Scancell's ImmunoBody® vaccine approach is producing an immune response in cancer patients which might also be associated with clinical benefit
The first part of this Phase 1/2 clinical trial was conducted in five UK centres in eleven patients, ten with stage IV and one with stage III malignant melanoma Patients were given five doses of 0 4mg, 2mg or 4mg of SCIB1, delivered by Ichor Medical Systems' TriGrid™ electroporation delivery device, over a period of six months One patient in the 0 4mg dose group and one in the 4mg dose group who received only a single dose of SCIB1 were withdrawn from the study due to progressive disease shortly after study entry and were replaced to ensure that at least three patients in each dose cohort could be fully evaluated for immune response During the course of the study regulatory approval was granted to increase the SCIB1 dose from 2mg to 4mg in patients in the 2mg cohort, if the vaccine was well tolerated Two patients in this group received two 4mg doses of SCIB1 and one patient received a single 4mg dose

*Clinical response*
Four of the six patients in the 2mg and 4mg cohorts who received at least 4 doses of SCIB1 are still alive and one remains disease-free two years after starting treatment All four patients in the 0 4mg dose group have now died

One patient in the 4mg dose group had a long history of metastatic disease and multiple tumour lesions present at the start of treatment (including several in her lungs), all of which decreased in size or disappeared completely following six months of treatment with SCIB1 except for one abdominal tumour nodule which increased in size and which has been resected This "differential response" pattern is typical of immunotherapeutic agents and is the first signal that SCIB1 may be having an impact on the course of the disease as well as inducing an immune response Additional studies have suggested that this abdominal tumour may have been largely composed of cells that do not express gp100 and which may therefore not be a suitable target for SCIB1 (which targets tumours that express either gp100 or TRP-2) This finding provides further circumstantial evidence that SCIB1 is successfully targeting tumours that express one of more of these antigens A second abdominal tumour has since been detected

One patient on SCIB1 remains disease-free two years after treatment started This patient (in the 2mg cohort but who also received two 4mg doses at three and six months after the start of dosing) was entered into the study after all recurrent tumour had been resected and remains disease-free 24 months after first dosing and 30 months after the last tumour excision

*Immune response*
All three patients in the 2mg/4mg dose cohort and one patient in the 4mg dose cohort produced an increased immune response to the melanoma specific epitopes in SCIB1 The two patients in the 4mg group who did not show an increased immune response to treatment had a strong pre-existing immune response to the target antigens at study entry which could not be increased with SCIB1 Only one of the patients in the lowest dose group showed any immune response to treatment

*Trial Status*
The first patient was recruited to Part 2 of the Phase 1/2 clinical trial in May 2012 and the final patient started treatment in January 2013 As expected, the recruitment of patients in the second part of the trial proceeded faster than recruitment for the first part of the trial, as we were not constrained by the cohort study design requiring sequential dose escalation, and there were more patients available with earlier stage disease Part 2 of the study is on track to be completed by the end of 2013

GTAC and MHRA have also given their approval to increase the maximum treatment period from six months up to a further five years in these clinical trials The continuation option will be available for patients with stable

disease This approval provides our investigators with the opportunity to continue dosing patients whose disease has not progressed whilst receiving the SCIB1 vaccine and will allow the Company to gather longer term data on late stage melanoma patients for whom the prognosis is poor Four patients are currently receiving long term treatment with SCIB1

*8mg Dose*
In view of the positive clinical results and minimal side effects seen with the 4mg dose, the Company is currently evaluating an 8mg dose in 3-6 patients with evaluable disease

This additional cohort will permit an assessment of the safety and immunogenicity of an increased dose of SCIB1 in addition to the effect of this higher dose on tumour burden The 8mg cohort is being evaluated in parallel with the second part of the Phase 1/2 study which is primarily designed to assess the effect of the 4mg dose on immune response in patients who have had all tumours removed prior to treatment Three patients have been recruited to the 8mg dose cohort to date Provided that the 8mg dose is well tolerated, the Company plans to seek approval to recruit an additional 10 patients with evaluable disease to strengthen the data set on the 8mg dose prior to closing the SCIB1 Phase1/2 programme

*Patents Awarded*
In a further important step in the development and commercialisation of SCIB1, Scancell has been granted a number of patents during the year The granting of a composition of matter patent in Europe for SCIB1 protects the unique composition of the vaccine until March 2028 The Company has also had protein ImmunoBody® vaccine patents approved in the United States and Japan These patents will further strengthen Scancell's IP position and are an important step in the development and commercialisation of the ImmunoBody® platform The DNA ImmunoBody® patent is expected to be granted in its first jurisdiction in the second half of 2013

**The Moditope™ Technology Platform**

On 15 August 2012, the Company announced the development of a new platform technology, Moditope™, which stimulates the production of killer CD4 T cells with powerful anti-tumour activity CD4 responses to cancer associated antigens have been notoriously difficult to generate whether presented as peptides, proteins or DNA, yet are vital for effective anti-tumour immunity Scancell has identified and patented a series of modified epitopes that overcome this limitation Scancell's Moditope™ technology produces killer CD4 T cells that destroy tumours without toxicity

The discovery of the highly innovative Moditope™ platform opens up a new approach to the development of cancer immunotherapy treatment Whilst currently at an early stage, we believe that the potential of this novel immunotherapy platform could be considerable and, as a result, plan to identify a lead product to take into clinical trials as soon as possible Scancell has provisionally selected triple-negative breast cancer (TNBC), ovarian and endometrial cancers as the initial target indications for the first clinical study

The patent describing the Moditope™ platform was filed in August 2012 and is due to be published in August 2013 after which further details about the technology platform and development plan will be presented to shareholders

The proposed funding, mentioned below will provide the Company with the financial resources to take Moditope™ to the initial stage of clinical testing which will include the manufacture of material for toxicology, stability and clinical trials, a pre-clinical package, a defined regulatory strategy and clinical plan

**Fundraising**

Scancell has today announced a placing of £4 5 million together with an open offer to raise up to £2 0 million

These additional funds will enable the Company to commence work on the pre-clinical development of the first Moditope™ immunotherapy product and will provide working capital for the completion of the SCIB1 clinical trials

**Board of Directors**

Nigel Evans resigned as a Director and Company Secretary on 11 December 2012 and Mike Rippon resigned as a Director on 27 February 2013 Both have given unstinting service and made an important contribution to Scancell over many years and I wish them well in their retirement

Peter Allen was appointed as a Director on 1 April, 2013 A chartered accountant by profession he has held key senior positions in a number of companies in the life sciences industry, playing a significant role in their development Peter's strategic oversight and broad experience with innovative life science companies will be invaluable to Scancell

**Staff**

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 warmest thanks to them

**Outlook**

The Company is entering an important juncture in its development We are awaiting the results from Part 2 of our Phase I/II trial on SCIB1, expected at the end of this calendar year, together with the results of the 8mg dose which is being tested in parallel with Part 2 of the clinical trials In addition, significant development work will be commencing on the Moditope™ platform

The board of directors is firmly committed to a trade sale and believes that successful results from the clinical trials for SCIB1 together with the development of the Moditope™ platform will make Scancell an even more attractive acquisition opportunity to Pharmaceutical companies and provide a further significant boost to shareholder value

David Evans
**Chairman**

8th July, 2013

The directors submit their report and financial statements of Scancell Holdings plc for the year ended 30 April 2013

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 is included in the Chairman's statement on page 2

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

RESULTS AND DIVIDENDS

The company's results for the year ended 30 April 2013 are shown in the consolidated income statement on page 11 No dividends will be distributed for the year

DIRECTORS AND THEIR INTERESTS

The present members of the Board and those who have served during the financial year are detailed below Their interests in the shares of the Group at 30th April 2013 and 2012 are set out below

| | 30th April 2013 | | 30th April 2012 | |
|---|---|---|---|---|
| | Issued | Jointly owned | Issued | Jointly owned |
| Prof L G Durrant | 1,606,960 | 8,873,960 | 1,606,960 | 8,873,960 |
| Mr N J F Evans (resigned 11 December 2012) | 3,100,000 | 1,600,000 | 3,100,000 | 1,600,000 |
| Dr M G W Frohn | Nil | Nil | Nil | Nil |
| Dr R M Goodfellow | 200,000 | 6,443,840 | 200,000 | 6,443,840 |
| Mr T M Rippon (resigned 27 February 2013) | 2,504,160 | Nil | 2,504,160 | Nil |
| Mr D E Evans | 5,100,000 | Nil | 5,100,000 | Nil |
| Ms K Cornish-Bowden | - | - | - | - |
| Mr PV Allen (appointed 1 April 2013) | - | - | - | - |

Dr M G W Frohn is a director of Oxford Technology Management Limited which manages funds which between them hold 11,314,920 shares (2012 12,759,220)

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

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 4th July 2013

| | Ordinary shares at 1p each | |
|---|---|---|
| | Number | Percentage |
| Reyker Nominees Limited | 20,804,990 | 10 70% |
| Share Nominees Limited | 16,817,028 | 8 65% |
| Huntress (CI) Nominees Limited | 11,314,920 | 5 82% |
| Barclayshare Nominees Limited | 10,689,418 | 5 50% |
| Newedge UK Financial Limited | 7,975,000 | 4 10% |
| J G Helfenstein | 7,000,000 | 3 60% |
| Lynchwood Nominees Limited | 6,535,380 | 3 36% |

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 2013 194,469,485 shares were allotted and fully paid Details of movements in the Company's share capital during the period are shown in Note 15 to the financial statements Details of employee share option schemes are set out in Note 17 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

CREDITORS' PAYMENT POLICY
It is the group's policy to establish payment terms with suppliers and to adhere to those terms, provided that the goods and services are in accordance with the agreed terms and conditions

At 30 April 2013 the group average trade creditor was 35 days (2012 33days)

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, two executive directors and three 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 Peter Allen 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

The Remuneration Committee has Matthew Frohn 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

## PRINCIPAL RISKS

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 SCIB1 and Immunobody are unable to be validated in human clinical trials In order to mitigate this risk the Group employs external independent consultants to review these underlying assumptions and the results from clinical trials The Board reviews these reports together with 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 necessary cash resources available

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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, will be proposed for re-appointment at the forthcoming Annual General Meeting

By approval of the Board on 8th July, 2013

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 2013 which compromise the Consolidated Income Statement, the Consolidated and Parents Company Statements of Comprehensive Income, 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 APB'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 2013, and of the group's and the parent company's profit for the year 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

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the 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

*Andrew Hopwood BSc(Hons) FCA*
*Senior Statutory Auditor, for and on behalf of*
*Champion Accountants LLP*
*Statutory Auditor*
*2nd Floor, Refuge House*
*33-37 Watergate Row,*
*Chester CH1 2LE*

# Scancell Holdings plc

CONSOLIDATED INCOME STATEMENT
for the year ended 30 April 2013

| | Notes | 2013 £ | 2012 £ |
|---|---|---|---|
| **Continuing operations** | | | |
| Development expenses | | (1,452,317) | (1,221,339) |
| Administrative expenses | | (731,672) | (740,132) |
| OPERATING LOSS | | (2,183,989) | (1,961,471) |
| Interest receivable and similar income | | 30,037 | 31,407 |
| LOSS BEFORE TAXATION | | (2,153,952) | (1,930,064) |
| Taxation | 5 | 252,008 | - |
| LOSS FOR THE YEAR FROM CONTINUING OPERATIONS | | (1,901,944) | (1,930,064) |
| **Discontinued operations** | | | |
| PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS | 3 | - | 2,487,122 |
| (LOSS)/PROFIT FOR THE YEAR | 16 | (1,901,944) | 557,058 |
| Attributable to | | | |
| Equity holders of the owners of the company | | (1,901,944) | 557,058 |
| EARNINGS PER ORDINARY SHARE (pence) | 6 | | |
| *Continuing and discontinued operations* | | | |
| Basic | | (0 98p) | 0 30 p |
| Diluted | | (0 98p) | 0 27p |
| *Continuing operations only* | | | |
| Basic | | (0 98p) | (1 04)p |
| Diluted | | (0 98p) | (1 04)p |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30th APRIL 2013

| | | |
|---|---|---|
| (Loss)/Profit for the year | (1,901,944) | 557,058 |

# Scancell Holdings plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30th April 2013

| | Share capital £ | Share Premium Account £ | Share Option Reserve £ | Retained earnings £ | Total Equity £ |
|---|---|---|---|---|---|
| At 1st May 2011 | 159,518 | 8,369,023 | 279,287 | (4,172,086) | 4,635,742 |
| Profit for the year | | | | 557,058 | 557,058 |
| Share issue | 34,952 | 1,535,710 | | | 1,570,662 |
| Share option costs | | | 207,875 | | 207,875 |
| At 30th April 2012 | 194,470 | 9,904,733 | 487,162 | (3,615,028) | 6,971,337 |
| At 1st May 2012 | 194,470 | 9,904,733 | 487,162 | (3,615,028) | 6,971,337 |
| (Loss) for the year | - | - | - | (1,901,944) | (1,901,944) |
| Share option costs | | | 22,752 | | 22,752 |
| At 30th April 2013 | 194,470 | 9,904,733 | 509,914 | (5,516,972) | 5,092,145 |

# Scancell Holdings plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2013

| | Notes | 2013 £ | 2012 £ |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Plant and machinery | 10 | 131,655 | 106,267 |
| Goodwill | 11 | 3,415,120 | 3,415,120 |
| | | 3,546,775 | 3,521,387 |
| Current assets | | | |
| Trade and other receivables | 13 | 117,164 | 131,106 |
| Tax receivables | | 252,000 | 74,220 |
| Cash and cash equivalents | | 1,491,320 | 3,529,007 |
| | | 1,860,484 | 3,734,333 |
| TOTAL ASSETS | | 5,407,259 | 7,255,720 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 14 | (315,114) | (284,383) |
| TOTAL LIABILITIES | | (315,114) | (284,383) |
| NET ASSETS | | 5,092,145 | 6,971,337 |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 15 | 194,470 | 194,470 |
| Share premium | 16 | 9,904,733 | 9,904,733 |
| Share option reserve | 16 | 509,914 | 487,162 |
| Profit and loss account | 16 | (5,516,972) | (3,615,028) |
| TOTAL SHAREHOLDERS' EQUITY | | 5,092,145 | 6,971,337 |

These financial statements were approved by the directors and authorised for issue on 8th July, 2013 and are signed on their behalf by

David Evans
Director

# Scancell Holdings plc

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 April 2013

| | Notes | 2013 £ | 2012 £ |
|---|---|---|---|
| **Operating activities** | | | |
| Cash generated from operations | 20 | (2,072,557) | 859,620 |
| Income taxes received | | 74,226 | - |
| **Net cash from operating activities** | | **(1,998,331)** | **859,620** |
| **Investing activities** | | | |
| Asset acquisition | | (69,393) | (43,312) |
| Finance income | | 30,037 | 31,407 |
| **Net cash used by investing activities** | | **(39,356)** | **(11,905)** |
| **Financing activities** | | | |
| Proceeds from issue of share capital | | - | 1,752,771 |
| Expenses of share issue | | - | (182,109) |
| **Net cash generated from financing activities** | | **-** | **1,570,662** |
| **Net increase in cash and cash equivalents** | | **(2,037,687)** | **2,418,377** |
| **Cash and cash equivalents at beginning of the year** | | **3,529,007** | **1,110,630** |
| **Cash and cash equivalents at end of the year** | | **1,491,320** | **3,529,007** |

1 BASIS OF PREPARATION

These financial statements were approved by the board of directors on 8th July,2013

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

GOING CONCERN

Having regard to the Principal Risks set out in the Directors' Report, the Directors have reviewed the funding position for the forward period and considered the viability of business plans and budgets These show that currently available cash resources will be sufficient to enable the group to meet its commitments until around December 2013 based on budgeted expenditure

Scancell Holdings plc is planning to raise additional funds of approximately £6 1million, net of costs, by means of a placing of shares and open offer on the AIM market The Directors consider that these funds will provide sufficient working capital to complete the clinical trials for SCIB1and commence the pre-clinical studies for the Moditope Platform The placing of shares and open offer is subject to receiving approval from Scancell Holdings plc members It is anticipated that, subject to shareholder approval, the placing will take place at the beginning of August, 2013

The Directors consider that on the basis of the assessment of risks set out in the Directors' Report and with

planned funding being received, the Group will be able to meet all of its obligations until at least 31st December, 2015 Accordingly the directors consider that the going concern basis is appropriate for the preparation of these financial statements

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

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 income statement

Subsidiary
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 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 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 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 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 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 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 income statement
- Share-based payment reserve is the corresponding entry to the expense arising from equity-settled share-based payments

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 charges 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 DISCONTINUED OPERATIONS

In the year ended 30th April, 2012 received further consideration of £2,850,000, under an agreement dated 1st December 2006 whereby the company sold its pre-clinical pipeline of cell killing monoclonal antibodies to Peptech(UK) Limited (now Cephalon Inc) The Company had received an initial consideration of £2,000,000 and a further amount of £2,850,000 was paid following the achievement of certain performance criteria The results of the discontinued activities for the previous year are set out below

| | 2013<br>£ | 2012<br>£ |
|---|---|---|
| *Profit for the year from discontinued activities* | | |
| Revenues | - | 2,850,000 |
| Cost of sales | - | 362,878 |
| Profit before tax | - | 2,487,122 |
| Attributable income tax expense | - | - |
| Profit for the year from discontinued operations | - | 2,487,122 |
| | | |
| *Cashflows form discontinued activities* | | |
| Net cash inflows from operating activities | - | 2,850,000 |
| Net cash outflows from operating activities | - | 362,878 |
| Net cash inflows from operating activities | - | 2,487,122 |

## 4 OPERATING LOSS

| | 2013 £ | 2012 £ |
|---|---|---|
| Operating profit is stated after charging/(crediting) | | |
| Depreciation on tangible fixed assets | 44,006 | 35,978 |
| Operating lease rentals | 14,056 | 14,056 |
| Research and development | 1,452,317 | 1,221,339 |
| Auditors' remuneration – fee payable for audit of the company | 6,500 | 6,250 |
| Auditors' remuneration – fee payable for audit of the subsidiary company | 6,500 | 6,250 |
| Auditors' remuneration for non-audit services | 1,350 | 2,850 |
| Directors' remuneration | 63,168 | 50,950 |

## 5 TAXATION

Analysis of the tax credit

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

| Current tax | 2013 £ | 2012 £ |
|---|---|---|
| UK corporation tax credits due on R&D expenditure | 252,000 | - |
| Adjustment to prior year | 8 | - |
| | 252,008 | - |

**Factors affecting the tax charge**

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

| | 2013 £ | 2012 £ |
|---|---|---|
| Profit/(Loss) on ordinary activities before tax | (2,153,952) | 557,058 |
| Profit/(Loss) on ordinary activities multiplied by the standard rate of tax in the UK (20%) | (430,790) | 111,412 |
| Effects of | | |
| Disallowed expenditure | 4,600 | 42,217 |
| Timing differences | (2,464) | (21,706) |
| Enhanced tax relief on R&D expenditure | (254,731) | (159,642) |
| Reduced tax relief for losses surrendered for R&D tax credits | 206,517 | - |
| Prior period refund | (8) | - |
| Unrelieved losses carried forward | 224,868 | 27,719 |
| Current tax charge/(credit) | (252,008) | - |

The Group has tax losses to carry forward against future profits of approximately £6,744,000 (2012 £5,850,000)

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 £1,312,000 (2012 £1,090,000)

## 6 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

| | 2013 £ | 2012 £ |
|---|---|---|
| Earnings used in the calculation of basic earnings per share | (1,901,944) | 557,058 |
| Profit for the year from discontinued operations included in the calculation of basic earnings per share | - | (2,487,122) |
| Earnings used in calculation of basic earnings per share from continuing operations | (1,901,944) | (1,930,064) |
| Weighted average number of ordinary shares of 0 1p (2011) 1p each for the calculation of basic earnings per share | 194,469,485 | 186,184,758 |

*Diluted earnings per share*
The earnings used in the calculation of diluted earnings per share are as follows

| | 2013 £ | 2012 £ |
|---|---|---|
| Earnings used in the calculation of basic earnings per share | (1,901,944) | 557,058 |
| Profit for the year from discontinued operations included in the calculation of basic earnings per share | - | (2,487,122) |
| Earnings used in calculation of diluted earnings per share from continuing operations | (1,901,944) | (1,930,064) |

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows

| | | |
|---|---|---|
| Weighted average number of ordinary shares of 0 1p each for the calculation of basic earnings per share | 194,469,485 | 186,184,758 |
| Shares deemed to be issued for no consideration in respect of share options | 18,374,520 | 18,374,520 |
| Weighted average number of ordinary shares of 0 1p each for the calculation of diluted earnings per share | 212,844,005 | 204,559,278 |

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

## 7 STAFF COSTS

| | 2013 £ | 2012 £ |
|---|---|---|
| Directors' salaries | 22,917 | 15,000 |
| Wages and salaries | 232,819 | 197,459 |
| Social security costs | 23,643 | 21,372 |
| | 279,379 | 233,831 |

A charge for share based payments totalling £nil (2012 £140,176) was made in the year

| | 2013 No | 2012 No |
|---|---|---|
| The average monthly number of persons during the year was | | |
| Research employees | 6 | 5 |
| Other employees | 1 | 1 |
| | 7 | 6 |

## 8 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Professor L Durrant received salary of £7,500 (2012 £5,000), Dr RM Goodfellow received salary of £7,500 (2012 £5,000), Mr N J Evans received salary of £5,000 (2012 £5,000) and Mr PV Allen received a salary of £2,917 (2012 £nil) Details of consulting services provided by these directors are disclosed in note 19 In addition a charge for share based payments totalling £nil (2012 £137,583) was made in the year

## 9 LOSS OF PARENT COMPANY

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

The parent company's loss for the financial year was £180,178 (2012 loss £146,124 )

## 10 TANGIBLE FIXED ASSETS

| GROUP *current year* | Computer Equipment £ | Plant and machinery £ | Total £ |
|---|---|---|---|
| COST | | | |
| As at 1 May 2012 | 16,483 | 376,407 | 392,890 |
| Additions | - | 69,393 | 69,393 |
| As at 30 April 2013 | 16,483 | 445,800 | 462,283 |
| DEPRECIATION | | | |
| As at 1 May 2012 | 15,336 | 271,287 | 286,623 |
| Charge for the year | 377 | 43,629 | 44,006 |
| As at 30 April 2013 | 15,713 | 314,915 | 330,628 |
| NET BOOK VALUE | | | |
| At 30 April 2013 | 770 | 130,885 | 131,655 |
| At 1 May 2012 | 1,147 | 105,120 | 106,267 |

| GROUP *prior year* | Computer Equipment £ | Plant and machinery £ | Total £ |
|---|---|---|---|
| COST | | | |
| As at 1 May 2011 | 16,483 | 333,095 | 349,578 |
| Additions | - | 43,312 | 43,312 |
| As at 30 April 2012 | 16,483 | 376,407 | 392,890 |
| DEPRECIATION | | | |
| As at 1 May 2011 | 14,772 | 235,875 | 250,646 |
| Charge for the year | 566 | 35,412 | 35,978 |
| As at 30 April 2012 | 15,336 | 271,287 | 286,622 |
| NET BOOK VALUE | | | |
| At 30 April 2012 | 1,147 | 105,120 | 106,267 |
| At 1 May 2011 | 1,711 | 97,221 | 98,932 |

## 11 GOODWILL

| | £ |
|---|---|
| At 1st May 2010 and 2011 | 3,415,120 |
| Additions | - |
| At 30th April 2012 and 2011 | 3,415,120 |

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

## 12 FIXED ASSET INVESTMENTS

| COMPANY - shares in group undertaking | £ |
|---|---|
| Cost at 1 May 2011 | 4,841,116 |
| Share options granted | 207,875 |
| Cost at 30 April 2012 | 5,048,991 |
| Share options granted | 22,752 |
| Cost at 30 April 2013 | 5,071,743 |

The company's investment at the balance sheet date represents 100% of the ordinary share capital of its subsidiary company, Scancell Limited whose business is the discovery and development of treatments for cancer

At 30th April 2013 the aggregate capital and reserves of Scancell Limited was £(2,938,304) (2012 £(1,239,292)) and its loss for the financial year was £1,721,764 (2012 Profit of £703,182)

## 13 TRADE AND OTHER RECEIVABLES

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| VAT | 67,368 | 50,447 |
| Prepayments | 49,796 | 80,659 |
| | 117,164 | 131,106 |

## 14 TRADE AND OTHER PAYABLES

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Trade creditors | 176,108 | 216,666 |
| Taxation and social security | 7,569 | |
| Other creditors | 131,437 | 67,717 |
| | 315,114 | 284,383 |

## 15 SHARE CAPITAL

| | 2013 | 2012 |
|---|---|---|
| | No | No |
| **Allotted, issued and fully paid** | | |
| 0 1p ordinary shares | 194,469,485 | 194,469,485 |
| | £ | £ |
| **Allotted, issued and fully paid** | | |
| 0 1p ordinary shares | 194,470 | 194,470 |

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

## 16 MOVEMENT ON SHARE CAPITAL AND RESERVES

GROUP

| | Share capital £ | Share Premium Account £ | Share Option Reserve £ | Retained earnings £ | Total Equity £ |
|---|---|---|---|---|---|
| At 1st May 2011 | 159,518 | 8,369,023 | 279,287 | (4,172,086) | 4,635,742 |
| Profit for the year | | | | 557,058 | 557,058 |
| Share issue | 34,952 | 1,535,710 | | | 1,570,662 |
| Share option costs | | | 207,875 | | 207,875 |
| At 30th April 2012 | 194,470 | 9,904,733 | 487,162 | (3,615,028) | 6,971,337 |
| At 1st May 2012 | 194,470 | 9,904,733 | 487,162 | (3,615,028) | 6,971,337 |
| (Loss) for the year | - | - | - | (1,901,944) | (1,901,944) |
| Share option costs | | | 22,752 | | 22,752 |
| At 30th April 2013 | 194,470 | 9,904,733 | 509,914 | (5,516,972) | 5,092,145 |

COMPANY

| | Share capital £ | Share Premium Account £ | Share Option Reserve £ | Retained earnings £ | Total Equity £ |
|---|---|---|---|---|---|
| At 1st May 2011 | 159,518 | 8,369,023 | 279,287 | (595,741) | 8,212,087 |
| (Loss) for the year | | | | (146,124) | (146,124) |
| Share issue | 34,952 | 1,535,710 | | | 1,570,662 |
| Share option costs | | | 207,875 | | 207,875 |
| At 30th April 2012 | 194,470 | 9,904,733 | 487,162 | (741,865) | 9,844,500 |
| (Loss) for the year | | | | (180,178) | (180,178) |
| Share issue | | | | | - |
| Share option costs | | | 22,752 | | 22,752 |
| At 30th April 2013 | 194,470 | 9,904,733 | 509,914 | (922,043) | 9,687,074 |

## 17 SHARE OPTIONS

The Group has granted options to members of staff

| Share Scheme | Grant Date | Option Price | Number of shares | Period within which options are exercisable From | To |
|---|---|---|---|---|---|
| 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 | 125,000 | 02 01 12 | 01 01 19 |
| | 13 07 10 | 4 5p | 6,730,000 | 02 12 11 | 31 12 15 |

The market price of the shares at 30th April 2013 was 40 25p and, the range during the year was 8 00p to 65 16p 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 shares were issued as follows

| Share Scheme | Grant Date | Option Price | Number of shares | Period within which options are exercisable From | To |
|---|---|---|---|---|---|
| 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 | 1,592,310 | 29 06 10 | 29 06 15 |
| | 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 |

At 30 April 2013 the following options are held by directors of the company

| | Options At 01 05 12 and 30 04 13 | Exercise price | Date first exercisable | Expiry date |
|---|---|---|---|---|
| EMI Scheme | | | | |
| L Durrant | 3,850,000 | 4 5p | 02 12 11 | 31 12 15 |
| R Goodfellow | 2,880,000 | 4 5p | 02 12 11 | 31 12 15 |
| Unapproved | | | | |
| D Evans | 3,040,000 | 6 0p | 02 12 11 | 02 12 18 |

The weighted average exercise prices over the year were as follows

| | Number | Weighted Average Exercise Price |
|---|---|---|
| Enterprise Management Scheme | | |
| Revised number of options outstanding at 1 May 2012 | 7,285,000 | 5 0p |
| Lapsed in the year | 20,000 | |
| Number of options outstanding at 30 April 2013 | 7,265,000 | 5 0p |
| Exercisable at 30th April 2013 | 7 265,000 | 5 0p |
| Unapproved Scheme | | |
| Revised number of options outstanding at 1 May 2012 | 11,089,520 | 4 9p |
| Granted in the year | - | |
| Number of options outstanding at 30 April 2013 | 11,089,520 | 4 9p |
| Exercisable at 30th April 2013 | 11,089,520 | 5 1p |

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

| | |
|---|---|
| 1,592,310 | on regulatory approval being granted to start clinical trials in the UK |
| 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

18 SHARE BASED PAYMENTS

The Group operates a number of share based incentive schemes as detailed in note 17above 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 v alue 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 | 7,961,560 | 4 5p | 6 0p | 2 2p |
| 14 July 2010 | EMI | 6,730,000 | 4 5p | 6 25 | 2 1p |

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

## 19 RELATED PARTY TRANSACTIONS

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

| | Consultancy Services | 2013 Total | 2012 Total |
|---|---|---|---|
| Professor L Durrant | £82,500 | £82,500 | £203,915 |
| Dr R M Goodfellow | £82,500 | £82,500 | £203,915 |
| Mr D Evans | £15,000 | £15,000 | £15,000 |
| Ms K Cornish-Bowden | £15,000 | £15,000 | £10,000 |
| Dr M Frohn | £6,000 | £6,000 | £6,000 |
| Mr TM Rippon | £4,122 | £4,122 | £4,950 |
| Mr N J Evans | £9,000 | £9,000 | £10,000 |

At the end of the year the following balances were outstanding

| | 2013 | 2012 |
|---|---|---|
| Professor L Durrant | £9,201 | £9,018 |
| Mr D Evans | £7,500 | £7,250 |
| Dr M Frohn | £12,000 | £6,000 |
| Ms K Cornish-Bowden | £2,500 | £2,500 |
| Dr R M Goodfellow | £7,500 | £9,417 |
| Mr N J Evans | £9,451 | £nil |
| Mr T M Rippon | £nil | £4,950 |

All of the above transactions were conducted under normal commercial terms

Professor L Durrant, Mr NJ Evans 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 £4,615,272 (2012 £4,804,748) The amount owing has no fixed repayment term and is interest free

## 20 RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH GENERATED FROM OPERATIONS

| | 2013 £ | 2012 £ |
|---|---|---|
| Profit/(Loss) before taxation | (2,153,952) | 557,058 |
| Adjustments for | | |
| Share option costs | 22,752 | 207,875 |
| Depreciation of computers, plant and equipment | 44,006 | 35,978 |
| Finance income | (30,037) | (31,407) |
| Operating cash flows before movement in working capital | (2,117,231) | 769,504 |
| (Increase)/decrease in accounts receivable | 13,943 | (72,480) |
| (Decrease)/Increase in accounts payable | 30,731 | 162,596 |
| Net cash outflow from operating activities | (2,072,557) | 859,620 |

## 21 FINANCIAL INSTRUMENTS

The numeric disclosures in this note deal with financial assets and liabilities as defined in IFRS7 "Derivatives and other financial instruments"
As permitted by IFRS 7, short-term debtors and creditors have been excluded from the disclosures Certain financial assets such as investments in subsidiary companies are also excluded from the scope of these disclosures

**Liquidity risk**
The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of borrowings and financial assets with a range of maturities

**Interest rate profile**
The company has no financial assets other than sterling current account balances of £1,491,320 (2012 £3,529,007) which are instantly available funds attracting variable rates of interest

**Maturity of financial liabilities**
All of the Company's financial liabilities as at 30 April 2013 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

**Market price**
Group funds are held in accounts with the objective of maintaining a balance between accessibility of funds and competitive rates of return

**Currency exposure**
Historically the Company 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

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

Financial instruments

**Group**

| | 2013<br>£ | 2012<br>£ |
|---|---|---|
| Financial assets | | |
| Cash and cash equivalents | 1,491,320 | 3,529,007 |
| Trade and other receivables | 369,164 | 205,326 |
| Financial liabilities | | |
| Trade and other payables | (315,114) | (284,383) |

**Company**

| | | |
|---|---|---|
| Financial assets | | |
| Cash and cash equivalents | 43,537 | 13,939 |
| Trade and other receivables | 50,218 | 27,169 |
| Financial liabilities | | |
| Trade and other payables | (93,696) | (50,347) |

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

## 22 OPERATING LEASE COMMITMENTS

The following operating lease is committed to be paid as detailed below

| | Land and buildings | |
|---|---|---|
| | 2013 | 2012 |
| | £ | £ |
| Within one year | 11,000 | 11,000- |
| Within one and five years | 7,333 | 18,333 |

# Scancell Holdings plc

COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 April 2013

| | 2013<br>£ | 2012<br>£ |
|---|---|---|
| Loss for the year | (180,178) | (146,124) |

# Scancell Holdings plc

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2013

| | Share capital<br>£ | Share Premium Account<br>£ | Share Option Reserve<br>£ | Retained earnings<br>£ | Total Equity<br>£ |
|---|---|---|---|---|---|
| At 1st May 2011 | 159,518 | 8,369,023 | 279,287 | (595,741) | 8,212,087 |
| (Loss) for the year | | | | (146,124) | (146,124) |
| Share issue | 34,952 | 1,535,710 | | | 1,570,662 |
| Share option costs | | | 207,875 | | 207,875 |
| At 30th April 2012 | 194,470 | 9,904,733 | 487,162 | (741,865) | 9,844,500 |
| (Loss) for the year | | | | (180,178) | (180,178) |
| Share issue | | | | | - |
| Share option costs | | | 22,752 | | 22,752 |
| At 30th April 2013 | 194,470 | 9,904,733 | 509,914 | (922,043) | 9,687,074 |

# Scancell Holdings plc

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 April 2013

| | Notes | 2013 £ | 2012 £ |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Investments | 12 | 5,071,743 | 5 048,991 |
| | | 5,071,743 | 5,048,991 |
| Current assets | | | |
| Trade and other receivables | A | 4,665,490 | 4,831,917 |
| Cash and cash equivalents | B | 43,537 | 13,939 |
| | | 4,709,027 | 4,845,856 |
| TOTAL ASSETS | | 9,780,770 | 9,894,847 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | C | (93,696) | (50,347) |
| TOTAL LIABILITIES | | (93,696) | (50,347) |
| NET ASSETS | | 9,687,074 | 9,844,500 |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 15 | 194,470 | 194,470 |
| Share premium | 16 | 9,904,733 | 9,904,733 |
| Share option reserve | 16 | 509,914 | 487,162 |
| Profit and loss account | 16 | (922,043) | (741,865) |
| TOTAL SHAREHOLDERS' EQUITY | | 9,687,074 | 9,844,500 |

These financial statements were approved by the directors and authorised for issue on 8th July, 2013 and are signed on their behalf by

David Evans
Director

# Scancell Holdings plc

COMPANY STATEMENT OF CASHFLOWS

for the year ended 30 April 2013

| | 2013<br>£ | 2012<br>£ |
|---|---|---|
| **Operating activities** | | |
| Cash generated from operations (note D) | 29,598 | (1,564,336) |
| Income taxes received | - | - |
| **Net cash from operating activities** | **29,598** | **(1,564,336)** |
| **Financing activities** | | |
| Proceeds from issue of share capital | - | 1,752,771 |
| Expenses of share issue | - | (182,109) |
| **Net cash generated from financing activities** | **-** | **1,570,662** |
| **Net increase in cash and cash equivalents** | **29,598** | **6,326** |
| **Cash and cash equivalents at beginning of the year** | **13,939** | **7,613** |
| **Cash and cash equivalents at end of the year** | **43,537** | **13,939** |

## A TRADE AND OTHER RECEIVABLES

| Company | 2013 £ | 2012 £ |
|---|---|---|
| VAT | 29,025 | 12,302 |
| Prepayments | 21,193 | 14,867 |
| | 50,218 | 27,169 |
| Amounts falling due after more than one year | | |
| Amounts owed by group undertakings | 4,615,272 | 4,804,748 |
| Aggregate amounts | 4,665,490 | 4,831,917 |

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

## B CASH AND CASH EQUIVALENTS

| Company | | |
|---|---|---|
| Cash at bank and in hand | 43,537 | 13,939 |

## C TRADE AND OTHER PAYABLES

| | 2013 £ | 2012 £ |
|---|---|---|
| Trade creditors | 68,746 | 22,874 |
| Other creditors | 24,950 | 27,473 |
| | 93,696 | 50,347 |

## D RECONCILIATION OF LOSS TO NET CASH GENERATED FROM OPERATIONS

| | 2013 £ | 2012 £ |
|---|---|---|
| Loss for the year | (180,178) | (146,124) |
| Decrease/(Increase) in accounts receivable | 166,427 | (1,427,188) |
| Increase in accounts payable | 43,349 | 8,976 |
| Cash generated from operations | 29,598 | (1,564,336) |