

Scancell Holdings plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2010

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Scancell Holdings plc

COMPANY INFORMATION

DIRECTORS

Professor L Durrant
Mr N J F Evans
Dr M G W Frohn
Dr R M Goodfellow
Mr T M Rippon
Mr D E Evans

SECRETARY

Mr N J F Evans

REGISTERED OFFICE

Fifth Floor Carmelite
50 Victoria Embankment
London
EC4Y 0LS

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

Dear Shareholder,

I am pleased to report on the progress of Scancell Holdings plc for the year ended 30 April 2010

Background and overview

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

Fund raising

As previously announced, the Company has, during 2010, raised £2.54 million, before expenses, through the completion of an underwritten Open Offer and the placing of new Ordinary Shares to fund the working capital requirements of the Company

Financial results

The financial statements have been prepared under International Financial Reporting Standards ('IFRS') which have necessitated a change in policy for accounting for a subsidiary. Previously the Group has reported its results using merger accounting however this is not permitted under IFRS and the prior period results and statement of financial position have been restated. The effects of this change in policy are detailed in the financial statements.

The Group made an overall financial loss for the year of £1,737,129 (2009 restated loss £785,732) reflecting the increased costs of the Group's development programme set out below. These costs were partially offset by receipt of the last tranche of EMDA grant of £37,500 (2009 £212,500).

Interest receivable amounted to £2,427 (2009 £57,282).

As noted above, the balance sheet has been restated so that the acquisition of Scancell Limited by Scancell Holdings plc has been accounted for using acquisition accounting. This has resulted in a goodwill figure of £3,415,120 arising on consolidation.

At the end of the year, the Group's cash balances amounted to £2,830,145 (2009 £1,519,070). The increase in cash reflects the fund raising that took place in the year less the losses that have been incurred.

Development

The Group's lead therapeutic melanoma vaccine is SCIB1. The Group also intends to license its ImmunoBody® technology on a target by target basis to companies working in the protein and DNA vaccine field. Although the Group does not intend to venture outside the oncology arena itself, it intends to license its ImmunoBody® technology to companies working in other therapeutic areas.

Scancell signed an agreement with Ichor Medical Systems ('Ichor') in July 2009, to use Ichor's TriGrid™ electroporation device for the delivery of SCIB1 during Scancell's pre-clinical and clinical studies of SCIB1. In vivo electroporation is widely regarded as an effective method of enhancing the potency of DNA vaccines by up to 100-fold compared to conventional methods of delivery. Scancell is confident that TriGrid™ will provide the most effective delivery system for its SCIB1 melanoma vaccine as it enters clinical trials.

Scancell Holdings plc

CHAIRMAN'S STATEMENT

During the year, SCIB1 has been successfully manufactured to GMP standards. The yield was excellent and over 1,200 vials have now been filled and stored for the clinical trial. SCIB1 has also completed its pre-clinical toxicology tests. There was no toxicity apart from treatment-related local effects at the injection site, a result of the administration and electroporation procedure. But these effects were of only minimal to moderate severity, and were almost completely resolved within four weeks. Good high avidity T cell responses were observed.

In November 2009, Scancell was pleased to announce the appointment of a world-leading oncology CRO, PharmaNet Development Group (PharmaNet), to run its SCIB1 clinical trials. The Company has also appointed Oxford Immunotec to monitor T cell avidity in the SCIB1 trial.

In April 2010, the proposal to conduct a Phase I clinical trial on SCIB1, was approved by the Gene Therapy Advisory Committee ('GTAC') and by the Medicines and Healthcare products Regulatory Agency ('MHRA') Medicines Division. In addition, Scancell's partner Ichor Medical Systems ('Ichor') has obtained the required parallel approval from the MHRA Devices Division for the use of Ichor's TrnGrid™ electroporation delivery device to administer SCIB1 to patients participating in the trial of SCIB1.

A Phase I/IIa clinical trial of Scancell's SCIB1 vaccine in advanced melanoma patients commenced in June 2010 and is expected to be completed in 2012. The trials are based at three leading UK hospital centres in Nottingham, Manchester and Newcastle.

The first patient was treated with the vaccine on 10 June 2010. Preliminary immune response and safety data from Part 1 of the study is expected to be available in 2011. Part 2 of the study, which will be conducted in less severely ill patients is expected to generate further immune response data which, if positive, would provide clinical validation for both SCIB1 and the entire ImmunoBody® Platform. The Directors believe that a positive outcome would enable the Group to position itself for a trade sale to one of the leading pharmaceutical or biotechnology companies operating in the oncology market.

The Directors also intend to license the Group's ImmunoBody® technology on a target by target basis to companies working in the protein and DNA vaccine field. The manipulation and enhancement of patients' immune systems is also relevant to the treatment of other diseases such as chronic infectious disease and inflammation. Although Scancell does not intend to venture outside the oncology arena itself, it intends to license its ImmunoBody® technology to companies working in other therapeutic areas.

Scancell's IP position around SCIB1 has been further strengthened by the signing of a worldwide non-exclusive licensing agreement with the National Institutes of Health ('NIH'), an agency of the United States Department of Health and Human Services, for use of the melanoma antigens TRP-2 and gp100, developed in the laboratory of Steven A. Rosenberg, M.D., Ph.D., at the National Cancer Institute. These antigens will be utilised as key components of SCIB1.

Under the agreement, Scancell has agreed to pay the US Public Health Service an undisclosed upfront fee in addition to certain milestone fees and a royalty on future sales of SCIB1. Scancell will have the right to develop and commercialise its ImmunoBody® vaccines for the treatment of melanoma in humans incorporating epitopes from these targets.

Since the year end the company has entered into a research collaboration with immatics biotechnologies GmbH ("immatics") to explore the development of novel ImmunoBody® vaccines for colorectal cancer. In this research collaboration with immatics, colorectal cancer-specific TUMAPs will be incorporated into Scancell's ImmunoBody® platform to create ImmunoBody® vaccines.

Scancell Holdings plc

CHAIRMAN'S STATEMENT

targeted towards colorectal cancer. If the research project is successful, immatics and Scancell will explore the further development of any product candidates.

Outlook

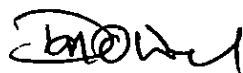
Following the successful fund raising in March 2010 the Directors believe that the existing funds held by or available to the Company, together with anticipated future revenues, will be sufficient to allow completion of the Phase I/IIa clinical trial and if a positive result was received this would demonstrate clinical proof of principle for SCIB1. In addition the Company is planning to design and test its second ImmunoBody® product, SCIB2, to the animal proof of principle stage.

The Directors believe that data from these studies, if positive, would significantly enhance the value of the business and create a company with both products in the clinic and the potential for generating a pipeline of new products – an excellent profile for a drug discovery business.

The Directors also believe that a positive outcome would enable the Company to position itself for a trade sale to one of the leading pharmaceutical or biotechnology companies operating in the oncology market.

The Ordinary Shares of the Company were originally admitted to trading on PLUS in September 2008. However, now that the Company has further strengthened its financial position and progressed the development of SCIB1, the Directors believe that it would be in the best interests of the Company and its shareholders for the Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange. The Directors believe that this represents a natural transition for the Company and that the potential benefits of an AIM listing will include an increased public profile for the Company. An announcement explaining the admission process will be made today and an AIM Admission Document will be sent to Shareholders shortly.

The continued support of our investors is much appreciated. The Board also recognises that the progress made over this period would not have been possible without the dedication and determination of all our staff and, on behalf of the Board, I offer our warmest thanks to them.



David Evans
Chairman

13th July 2010

Scancell Holdings plc

DIRECTORS' REPORT

The directors submit their report and financial statements of Scancell Holdings plc for the year ended 30 April 2010

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of the discovery and development of novel monoclonal antibodies and vaccines for the treatment of cancer. Since April 2009 the company has focussed its activities solely on its vaccine business.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

During the period under review the Group has continued to make good progress and since the year end the company's proposal to conduct a Phase I clinical trial on SCIB1 was approved by the Gene Therapy Advisory Committee ('GTAC') and by the Medicines and Healthcare products Regulatory Agency ('MHRA') Medicines Division. In addition, Ichor, with whom the company has a license and supply agreement has obtained the required parallel approval from the MHRA Devices Division for the use of Ichor's TriGrid™ electroporation delivery device to administer SCIB1 to patients participating in the trial of SCIB1.

Following these approvals, recruitment for the Phase I clinical trial of SCIB1 commenced at three leading UK hospital centres in Nottingham, Manchester and Newcastle.

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 2010 are shown in the consolidated income statement on page 9. No dividends will be distributed for the year.

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 30th April 2010 and 2009 are set out below.

	30 th April 2010		30 th April 2009	
	Issued	Jointly owned	Issued	Jointly owned
Prof L G Durrant	160,696	887,396	160,696	887,396
Mr N J F Evans	310,000	160,000	310,000	160,000
Dr M G W Frohn	Nil	Nil	Nil	Nil
Dr R M Goodfellow	20,000	644,384	20,000	644,384
Mr T M Rippon	250,416	Nil	195,416	Nil
Mr D E Evans	500,000	Nil	250,000	Nil

M Frohn is a director of Oxford Technology Management Limited which manages funds which between them hold 1,275,922 shares (2009 942,588).

Scancell Holdings plc

DIRECTORS' REPORT

The Chairman of the Company, Mr D E Evans has been granted 304,000 options in Scancell Holdings plc exercisable at 60 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	76,000
Between £15m and £25m	152,000
Over £25m	304,000

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the year end is given in the notes to the financial statements

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 13th July, 2010

	Ordinary shares at 1p each	
	Number	Percentage
HSBC Global Custody Nominee (UK) Limited	1,527,778	9.62%
Hygea VCT PLC	1,483,973	9.35%
Newedge Group SA	1,034,194	6.52%
Share Nominees Limited	996,468	6.28%
Laytons Trustee Company Limited and LG Durrant	887,396	5.59%
JG Helfenstein	885,400	5.58%
Oxford Technology VCT plc	833,330	5.24%
Laytons Trustee Company and RM Goodfellow	644,384	4.06%
T Walthie	509,988	3.21%

STRUCTURE OF THE COMPANY'S CAPITAL

The Company's share capital traded on the PLUS market and comprises a single class of ordinary shares of 1pence each, each carrying one voting right and all ranking equally with each other. At 30 April 2010 15,873,326 shares were allotted and fully paid. Details of movements in the Company's share capital during the period are shown in Note 14 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.

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 2010 the group average trade creditor was 50 days (2009: 34 days).

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.

Scancell Holdings plc

DIRECTORS' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The principle risks facing Scancell are threefold a funding risk, a technical risk and a commercial risk

The funding risk relates to the funding required to take SCIB1 into humans During the year the the company's parent company, Scancell Holdings PLC has issued additional shares and raised approximately £2.5m which the directors believe is sufficient to take the company's technologies through to commercialisation

The technical risk relates to the potential for the underlying scientific assumptions and hypotheses that underpin both Immunobody and SCIB1 are unable to be validated in human clinical trials

The commercial risk relates to the potential for not being able to secure any value creating commercial agreement even if the science is validated

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 elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

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

Scancell Holdings plc

DIRECTORS' REPORT

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 13 July 2010



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 2010 which comprise the group income statement and statement of comprehensive income, the group and parent company statement of financial position, the group statement of cash flow, the group and parent company statement of the changes in equity 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 Sections 495 and 496 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 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/UKNP.

Opinion

In our opinion:

- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the financial statements have been prepared in accordance with the Companies Act 2006,
- the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2010, and of its loss for the year then ended, and
- the information given in the Directors' Report 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 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

Mr M P Jackson
Senior Statutory Auditor, for and on behalf of
Champion Accountants LLP
2nd Floor, Refuge House
33-37 Watergate Row,
Chester CH1 2LE

13th July, 2010

Scancell Holdings plc
CONSOLIDATED INCOME STATEMENT
for the year ended 30 April 2010

	<i>Notes</i>	2010 £	restated 2009 £
REVENUE		-	-
Cost of sales		(1,091,351)	(676,039)
Gross loss		(1,091,351)	(676,039)
Administrative expenses		(751,365)	(427,764)
		(1,842,716)	(1,103,803)
Other operating income		37,650	212,631
OPERATING (LOSS)	3	(1,805,066)	(891,172)
Interest receivable and similar income		2,427	57,282
(LOSS) BEFORE TAXATION		(1,802,639)	(833,890)
Taxation	4	(65,510)	(48,158)
(LOSS) AFTER TAXATION	15	(1,737,129)	(785,732)
EARNINGS PER ORDINARY SHARE (pence)	5		
Basic		(16.2)p	(9.4)p
Diluted		(16.2)p	(9.4)p
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 th APRIL 2010			
Loss for the year		(1,737,129)	(785,732)

All results relate to continuing activities

Scancell Holdings plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30th April 2010

	Attributable to equity holders of the Group			Total Equity £
	Share capital £	Share Premium Account £	Retained earnings £	
At 1 st May 2008 (restated)	-	-	-	-
Share issue	76,030	4,485,799	-	4,561,829
Loss for the year			(785,732)	(785,732)
Share issue	26,726	1,576,776		1,603,502
Share issue costs		(151,470)		(151,470)
Share option costs			26,185	26,185
At 1 st May 2009	102,756	5,911,105	(759,547)	5,254,314
(Loss) for the year			(1,737,129)	(1,737,129)
Share issue	55,977	2,463,063		2,519,040
Share issue costs		(52,360)		(52,360)
Share option costs			64,012	64,012
At 30 th April 2010	158,733	8,321,808	(2,432,664)	6,047,877

Scancell Holdings plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2010

		2010 £	restated 2009 £
	<i>Notes</i>		
ASSETS			
<u>Non-current assets</u>			
Plant and machinery	9	131,763	82,265
Goodwill	10	3,415,120	3,415,120
		<u>3,546,883</u>	<u>3,497,385</u>
<u>Current assets</u>			
Trade and other receivables	12	122,636	404,590
Cash and cash equivalents		2,830,145	1,519,070
		<u>2,952,781</u>	<u>1,923,660</u>
 TOTAL ASSETS		 <u>6,499,664</u>	 <u>5,421,045</u>
LIABILITIES			
<u>Current Liabilities</u>			
Trade and other payables	13	(451,787)	(166,731)
 TOTAL LIABILITIES		 <u>(451,787)</u>	 <u>(166,731)</u>
 NET (LIABILITIES)/ASSETS		 <u>6,047,877</u>	 <u>5,254,314</u>
 SHAREHOLDERS' EQUITY			
Called up share capital	14	158,733	102,756
Share premium	15	8,321,808	5,911,105
Profit and loss account	15	(2,432,664)	(759,547)
 TOTAL SHAREHOLDERS' EQUITY		 <u>6,047,877</u>	 <u>5,254,314</u>

These financial statements were approved by the directors and authorised for issue on 13 July 2010 and are signed on their behalf by



Director

Scancell Holdings plc
COMPANY STATEMENT OF FINANCIAL POSITION
As at 30 April 2010

	<i>Notes</i>	2010 £	restated 2009 £
ASSETS			
<u>Non-current assets</u>			
Investments	11	4,561,829	4,561,829
		<u>4,561,829</u>	<u>4,561,829</u>
<u>Current assets</u>			
Trade and other receivables	12	3,570,782	1,378,958
Cash and cash equivalents		177,612	-
		<u>3,748,394</u>	<u>1,378,958</u>
TOTAL ASSETS		<u>8,310,223</u>	<u>5,940,787</u>
LIABILITIES			
<u>Current Liabilities</u>			
Trade and other payables	13	(131,505)	(15,624)
TOTAL LIABILITIES		<u>(131,505)</u>	<u>(15,624)</u>
NET ASSETS		<u>8,178,718</u>	<u>5,925,163</u>
SHAREHOLDERS' EQUITY			
Called up share capital	14	158,733	102,756
Share premium	15	8,321,808	5,911,105
Profit and loss account	15	(301,823)	(88,698)
TOTAL SHAREHOLDERS' EQUITY		<u>8,178,718</u>	<u>5,925,163</u>

These financial statements were approved by the directors and authorised for issue on 13 July 2010 and are signed on their behalf by



Director

Scancell Holdings plc
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 April 2010

		2010	restated 2009
	<i>Notes</i>	£	£
Net cash outflow from operating activities	20	(1,504,392)	(1,097,893)
Returns on investment and servicing of finance	21	2,427	57,282
Taxation		190,376	38,962
Capital expenditure	21	(72,148)	(23,383)
Acquisitions	21	-	879,570
		<u>(1,383,737)</u>	<u>(145,462)</u>
Financing	21	2,694,812	1,664,532
Increase/(Decrease) in cash in the period		<u><u>1,311,075</u></u>	<u><u>1,519,070</u></u>
Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash in the period		<u>1,311,075</u>	<u>1,519,070</u>
Change in net funds resulting from cashflows		<u>1,311,075</u>	<u>1,519,070</u>
Movement in net funds in the year		1,311,075	1,519,070
Net funds at 1 May		1,519,070	-
Net funds at 30 April		<u><u>2,830,145</u></u>	<u><u>1,519,070</u></u>

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2010

1 BASIS OF PREPARATION AND GOING CONCERN

These financial statements were approved by the board of directors on 2010

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. In preparing the underlying financial information the Directors have applied certain first time adoption provisions allowed by IFRS 1. These standards remain subject to ongoing amendment and / or interpretation and are therefore still subject to change. Accordingly information contained in these financial statements may need updating for subsequent amendments to IFRS required for first time adoption or for new standards issued post balance sheet date.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective

- IFRS 3 Business Combinations (revised)
- IFRS 5 Non current assets held for sale and discontinued operations (amended)
- IAS 27 Consolidated and separate financial statements (amended)
- IAS 39 Financial instruments recognition and measurement – eligible hedge items (amended)
- IFRIC 17 Distributions of non cash assets to owner

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.

The Company has established IFRS accounting policies for the year ended 30th April 2010 and applied these policies and the opening balance sheet at its date of transition being 1st May 2008. The impact of transition from UK GAAP to IFRS on shareholders' equity as at 30th April 2009 and on the date of transition of 1st May 2008, and on the Group's income statement for the year ended 30th April 2009 is outlined in note 19. The transition to IFRS has not affected the company's cash flows.

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.

Transitional arrangements

The adoption of the provisions set out in IFRS 1 is set out below

- Business combinations: the Group has previously applied merger accounting when consolidating the accounts of its subsidiary company. This is not permissible under IFRS 3 and so the consolidated accounts, including the holding company's accounts have been restated using acquisition accounting.
- Share-based payments: the Company has applied the requirements of IFRS 2- 'Share-based payments' in accordance with the transitional provisions. IFRS 2 has been applied to all grants of equity instruments that had not vested at 30th April 2009.

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.

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2010

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. Any excess of fair value of the identifiable net assets acquired over the cost of acquisition is credited to the income statement on acquisition.

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

REVENUE

Revenue represents net invoiced sales of goods excluding Value Added Tax.

TANGIBLE FIXED ASSETS

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

DEFERRED TAX

Deferred Tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based upon current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they are recovered. Deferred tax assets and liabilities are not discounted.

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.

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2010

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.

GRANTS RECEIVED

Grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate.

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 charged over the expected vesting period. Estimates of leave 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 retained profit and loss reserve in the balance sheet, with no resulting impact on net assets.

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.

2 OTHER OPERATING INCOME

	2010	2009
	£	£
Sundry receipts	150	131
Government Grants	37,500	212,500
	<u>37,650</u>	<u>212,631</u>

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2010

3 OPERATING LOSS

	2010 £	2009 £
Operating profit is stated after charging/(crediting)		
Depreciation on tangible fixed assets	22,649	27,770
Operating lease rentals	14,056	14,056
Research and development	1,091,351	676,039
Auditors' remuneration – fee payable for audit of the company	6,000	6,000
Auditors' remuneration – fee payable for audit of the subsidiary company	6,000	6,000
Directors' remuneration	49,347	37,725

4 TAXATION

Analysis of the tax credit

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

	2010 £	Restated 2009 £
Current tax		
UK corporation tax Corporation tax provision	(65,510)	(48,158)

Factors affecting the tax charge

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

	2010 £'	2009 £
(Loss) on ordinary activities before tax	(1,802,639)	(833,890)
Profit on ordinary activities multiplied by the standard rate of tax in the UK (21%)	(378,554)	(175,117)
Effects of		
Disallowed expenditure	52	79
Timing differences	(11,960)	(3,473)
Research and development tax refund	(65,510)	(48,158)
Unrelieved trading losses carried forward	390,462	178,511
Current tax credit	(65,510)	(48,158)

The company has tax losses to carry forward against future profits of approximately £4,360,000 (2009 £2,700,000)

A deferred tax asset has not been recognised in respect of these losses as the subsidiary company 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 21% is £915,600 (2009 £567,000)

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2010

5 EARNINGS PER SHARE

The earnings per ordinary share has been calculated using the profit for the year and the weighted average number of ordinary shares in issue during the year as follows

	2010 £'000	2009 £'000
(Loss) for the year after taxation	(1,737,129)	(785,732)
	<u>No</u>	<u>No</u>
Basic weighted average of ordinary shares of 1p each	10,733,335	8,334,283
	<u>(16 2)p</u>	<u>(9 4)p</u>
Basic earnings (pence per share)		
	<u>(16 2)p</u>	<u>(9 4)p</u>
Fully diluted earnings (pence per share)		
	<u>(16 2)p</u>	<u>(9 4)p</u>

As the Group is reporting a loss 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

6 STAFF COSTS

	2010 £	2009 £
Directors' salaries	14,000	14,000
Wages and salaries	178,299	131,138
Social security costs	18,620	13,751
	<u>210,919</u>	<u>158 889</u>
	<u>No</u>	<u>No</u>
The average monthly number of persons during the year was		
Research employees	5	4
Other employees	1	1
	<u>6</u>	<u>5</u>

7 REMUNERATION OF KEY MANAGEMENT PERSONNEL

During the year Mr D Evans received remuneration of £35,437 (2009 £21,250) including commission of £13,680 (2009 £nil) for partly underwriting the placement of shares

Professor L Durrant received salary of £5,000 (2009 £5,000), Dr RM Goodfellow received salary of £5,000 (2009 £5,000) and Mr N J Evans received salary of £4,000 (2009 £4,000) Details of consulting services provided by these directors are disclosed in note 18

No other directors received any remuneration

8 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 £272,952 (2009 restated loss £113,284)

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2010

9 TANGIBLE FIXED ASSETS

GROUP	Computer Equipment £	Plant and machinery £	Total £
COST			
As at 1 May 2009	15,615	261,396	277,011
Additions	449	71,699	72,148
As at 30 April 2010	<u>16,064</u>	<u>333,095</u>	<u>349,159</u>
DEPRECIATION			
As at 1 May 2009	13,421	181,325	194,746
Charge for the year	508	22,141	22,649
As at 30 April 2010	<u>13,929</u>	<u>203,467</u>	<u>217,395</u>
NET BOOK VALUE			
At 30 April 2010	<u>2,135</u>	<u>129,629</u>	<u>131,764</u>
At 1 May 2009	<u>2,194</u>	<u>80,071</u>	<u>82,265</u>

10 GOODWILL

	£
At 1 st May 2008	-
Arising on acquisition of subsidiary (see note 20)	3,415,120
At 30 th April 2009	3,415,120
Additions	-
At 30 th April 2010	<u>3,415,120</u>

The Directors have carried out an impairment review of goodwill carried forward on the balance sheet for the acquisition of Scancell Limited and do not believe that an adjustments for impairment is necessary

11 FIXED ASSET INVESTMENTS

COMPANY	Shares in Group Undertakings
Cost at 30 th April 2009 and 30 th April 2010	<u>£4,561,829</u>

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 2010 the aggregate capital and reserves of Scancell Limited was £(984,132) (2009 £475,860) and its loss for the financial year was £1,459,992 (2009 Loss of £571,333)

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2010

12 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£		
Trade debtors	-	8		
Other debtors	-	138,271		
Corporation Tax	64,817	189,683		
VAT	45,202	74,187	2,156	24,207
Prepayments	12,617	2,441	9,600	
	<u>122,636</u>	<u>404,590</u>	<u>11,756</u>	<u>24,207</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	3,559,026	1,354,751
	<u>122,636</u>	<u>404,590</u>	<u>3,570,782</u>	<u>1,378,958</u>

13 TRADE AND OTHER PAYABLES

	2010	2009	2010	2009
	£	£	£	£
Trade creditors	364,127	77,971	62,963	-
Taxation and social security	-	4,582	-	-
Other creditors	87,660	84,178	68,542	15,624
	<u>451,787</u>	<u>166,731</u>	<u>131,505</u>	<u>15,624</u>

14 SHARE CAPITAL

	2010	2009
	No	No
Authorised share capital		
1p ordinary shares	20,000,000	20,000,000
Allotted, issued and fully paid		
1p ordinary shares	15,873,326	10,275,551
	£	£
Authorised share capital		
1p ordinary shares	200,000	200,000
Allotted, issued and fully paid		
1p ordinary shares	158,733	102,756

On 29 March 2010, the Company issued 5,137,775 new ordinary shares of 1p each for cash at a price of 45p per share pursuant to an open offer and placing

On 13 April 2010, the Company issued 460,000 new ordinary shares of 1p each for cash at a price of 45p per share pursuant to a placing

Post the year end on 10 May 2010, the Company issued 53,333 new ordinary shares of 1p each for cash at a price of 45p per share pursuant to a placing related to satisfying advisory fees

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 2010

15 MOVEMENT ON SHARE CAPITAL AND RESERVES

GROUP

	Share capital £	Share Premium Account £	Retained earnings £	Total Equity £
At 1 st May 2008 (restated)	-	-	-	-
Share issue	76,030	4,485,799	-	4,561,829
Loss for the year			(785,732)	(785,732)
Share issue	26,726	1,576,776		1,603,502
Share issue costs		(151,470)		(151,470)
Share option costs			26,185	26,185
At 1 st May 2009	102,756	5,911,105	(759,547)	5,254,314
(Loss) for the year			(1,737,129)	(1,737,129)
Share issue	55,977	2,463,063		2,519,040
Share issue costs		(52,360)		(52,360)
Share option costs			64,012	64,012
At 30 th April 2010	158,733	8,321,808	(2,432,664)	6,047,877

COMPANY

At 1 st May 2008 (restated)	-	-	-	-
Share issue	76,030	4,485,799	-	4,561,829
Loss for the year			(113,284)	(113,284)
Share issue	26,726	1,576,776		1,603,502
Share issue costs		(151,470)		(151,470)
Share option costs			24,586	24,586
At 1 st May 2009	102,756	5,911,105	(88,698)	5,925,163
(Loss) for the year			(272,952)	(272,952)
Share issue	55,977	2,463,063		2,519,040
Share issue costs		(52,360)		(52,360)
Share option costs			59,827	59,827
At 30 th April 2010	158,733	8,321,808	(301,823)	8,178,718

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2010

16 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	50p	29,000	02 12 11	02 12 18
	02 12 08	313p	12,000	02 12 11	02 12 18
	02 01 09	60p	14,500	02 01 12	01 01 19

The market price of the shares at 30th April 2010 was 50p and the range during the year was 40p to 50p
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	25p	5,864	02 04 12	02 04 19
	02 12 08	94p	2,932	02 04 12	02 04 19

At 30 April 2010 the following options are held by directors of the company

	Options 01 05 09	Options Granted	Options 30 04 10	Exercise price	Date first exercisable	Expiry date
<u>Unapproved</u> D Evans	304,000	-	304,000	60p	02 12 11	02 12 18

The weighted average exercise prices over the year were as follows

	Number	Weighted Average Exercise Price
<u>Enterprise Management Scheme</u>		
Number of options outstanding at 1 May 2009 and 30 th April 2010	55,500	109p
Exercisable at 30 th April 2010	—	—
<u>Unapproved Scheme</u>		
Number of options outstanding at 1 May 2009 and 30 th April 2010	312,796	60p
Exercisable at 30 th April 2010	—	—

In accordance with IFRS 2 – ‘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 retained profit and loss reserve in the balance sheet, with no resulting impact on net assets.

As a result of this change in accounting policy a sum of £26,185 has been charged to the loss for the year ended 30 April 2009 in respect of share options granted in the period. The sum of £26,185 has also been

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2010

credited to the retained profit and loss reserve in the balance sheet with no impact on net assets at 1st May 2009

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	29,000	50p	58p	33p
2 December 2008	EMI	12,000	313p	58p	2p
2 December 2008	Unapproved	304,000	60p	58p	33p
2 January 2009	EMI	14,500	60p	58p	33p
2 April 2009	Unapproved	5,864	25p	40p	0.27
2 April 2009	Unapproved	2,932	94p	40p	0.15

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 45.3%
- 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

18 RELATED PARTY TRANSACTIONS

GROUP

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

	2010	2009
Professor L Durrant	£50,165	£42,659
Mr D Evans	£21,667	£21,250
Mr N J Evans	£12,451	£8,520
Dr R M Goodfellow	£58,874	£48,059
Mr T M Rippon	£2,888	-

In addition to the above Mr D Evans was paid commission of £13,680 for partly underwriting the placement of shares

At the end of the year the following balances were outstanding

	2010	2009
Professor L Durrant	£nil	£nil
Mr D Evans	£41,313	£6,250
Mr N J Evans	£3,000	£3,100
Dr R M Goodfellow	£6,398	£6,068
Mr T M Rippon	£2,888	-

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

COMPANY

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 £1,559,026 (2009 £1,354,751)

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2010

19 RECONCILIATION OF NET ASSETS AND LOSS UNDER UK GAAP TO IFRS

Scancell Holdings plc reported under UK GAAP in its previously published financial statements for the year ended 30th April 2009. The analysis below shows the reconciliation of profit and net assets as reported under UK GAAP as at 30th April 2009 and the revised net assets and profit under IFRS as reported in these financial statements. In addition there is a reconciliation of equity under UK GAAP to IFRS at the transition date for the company being 1st May 2008.

Reconciliation of loss for the year

	30 April 2009 £
Loss for the year reported under GAAP	(660,031)
Adjustment for pre-acquisition results	(99,516)
Adjustment for share based payments	<u>(26,185)</u>
Loss for the year reported under IFRS	<u>(785,732)</u>

Reconciliation of shareholder's equity

	30 April 2008 £	30 April 2009 £
Shareholder's equity reported under GAAP	1,047,193	1,839,194
<u>Adjustments</u>		
Change in accounting for business combinations	(1,047,193)	
Increase in share premium		4,485,799
Recognition of pre-acquisition losses		3,972,749
Removal of merger reserve		<u>(5,043,428)</u>
Shareholders' equity for the year reported under IFRS	<u>-</u>	<u>5,254,314</u>

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2010

20 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating Loss	(1,805,066)	(891,172)
Share option costs	64,012	26,185
Depreciation charge	22,649	27,770
Government Grants	(37,500)	(212,500)
(Increase)/decrease in accounts receivable	18,817	(214,907)
Increase in accounts payable	232,696	166,731
Net cash outflow from operating activities	<u>(1,504,392)</u>	<u>(1,097,893)</u>

21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010 £	2009 £
Returns on investment and servicing of finance		
Interest received	2,427	57,282
Net cash inflow for returns on investment and servicing of finance	<u>2,427</u>	<u>57,282</u>
Capital Expenditure		
Bank balance acquired with acquisition of subsidiary (note 20)	-	879,570
Purchase of tangible fixed assets	(72,148)	(23,383)
Financing		
Share issue	2,519,040	1,452,032
Grant received	175,771	212,500
	<u>2,694,811</u>	<u>1,664,532</u>

22 POST BALANCE SHEET EVENT

On 29 June 2010, the Company announced that it had reached agreement with ICHOR Medical Systems Inc ("ICHOR") as to the number of options to be granted to ICHOR pursuant to the License and Supply Agreement ('the Agreement') dated 13 July 2009. The Company has granted options over 796,246 ordinary shares to ICHOR at 45p per share, the price of the latest fundraising round. 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 will vest as follows: 159,231 options vest on regulatory approval being granted to start clinical trials in the UK (which has already occurred), 318,462 options will vest on starting the first Phase II clinical trial, and 318,463 options will vest on completing the 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.

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 April 2010

23 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 £2,830,145 (2009 £1,519,070) 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 2010 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

	2010	2009
	£	£
<u>Financial assets</u>		
Cash and cash equivalents	2,830,145	1,519,070
Trade and other receivables	<u>122,636</u>	<u>404,590</u>
<u>Financial liabilities</u>		
Trade and other payables	<u>(399,427)</u>	<u>(166,731)</u>

Company

<u>Financial assets</u>		
Cash and cash equivalents	177,612	-
Trade and other receivables	<u>11,756</u>	<u>24,207</u>
<u>Financial liabilities</u>		
Trade and other payables	<u>77,145</u>	<u>15,624</u>

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

Scancell Holdings plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2010

24 OPERATING LEASE COMMITMENTS

The following operating lease are committed to be paid within one year

	Land and buildings	
	2010	2009
	£	£
Within one year	-	12,596
Within one and five years	-	-

25 CONTINGENT ASSETS

Under an agreement dated 1st December 2006 the company sold its pre-clinical pipeline of cell killing monoclonal antibodies to Peptech(UK) Limited (now Cephalon Inc) for an initial consideration of £2,000,000 with a further amount of £2,850,000 payable if certain performance criteria are achieved. Payment of this amount is conditional upon the antibodies reaching certain performance criteria within a period of five years from the date of completion of the sale. The likelihood of this further amount being received is uncertain and the financial statements do not reflect any amounts that may be due in the future.

26 GOING CONCERN

The Directors have reviewed the funding position for the forward period and considered the viability of business plans and budgets.

The Directors consider that on the basis of the funding it has received the Company will be able to meet all of its obligations for the foreseeable future. Accordingly the directors consider that the going concern basis is appropriate for the preparation of these financial statements.