

## NetScientific plc

("NetScientific" or the "Group")

### NetScientific Full Year Results for the year ended 31 December 2017

London, UK – 29 March 2018 - NetScientific plc (AIM: NSCI), the transatlantic healthcare IP commercialisation Group, announces its full year audited results for the year ended 31 December 2017 <sup>1</sup>

#### Financial highlights (including post-period end highlights)

- Narrowed losses after tax to £9.4 million (2016: loss £13.1 million) reflecting progression of portfolio companies and additional reduction in Group central costs
  - Three portfolio companies have progressed to commercialisation and two companies remain in the development phase
  - Losses also reduced following sale of OncoVerse and restructuring of Wanda
- Cash and cash equivalents of £6.9 million (2016: £9.5 million)
- Cash used in operations was reduced to £10.7 million (2016: £12.9 million)
- The Group gained cash from investing activities due to the sale of OncoVerse for £1.5 million, and a placing of 17,962,362 shares raising net funds of £7.5 million in June 2017
- The Group intends to raise at least £5.0 million before costs via a conditional placing and subscription of new ordinary shares in the Company, subject to shareholder approval at a General Meeting, currently expected to be on 16 April 2018.

#### Operational highlights (including post-period end highlights)

##### Portfolio progress:

##### ProAxis Ltd ("ProAxis")

- Technology and portfolio of products progressing well
  - *NEATstik*<sup>®</sup>
    - Registered CE Mark for measuring active neutrophil elastase (post-period end January 2018)
    - First sale to a research laboratory conducting a respiratory clinical trial in collaboration with a pharmaceutical company (post-period end February 2018)
  - *ProteaseTag*<sup>®</sup> *Active Plasmin Immunoassay*
    - Registered CE Mark and launched for application across a broad range of diseases including lung disorders such as idiopathic pulmonary fibrosis (IPF) and acute respiratory distress syndrome (ARDS) (post-period end January 2018)
  - *ProteaseTag*<sup>®</sup> *Active Neutrophil Elastase Immunoassay*
    - Commercialisation progressing well with sales acceleration in the year
    - Data presented at the North American Cystic Fibrosis Conference in November 2017 demonstrating greater scope of research applications
  - Partnered with National Jewish Health, a leading respiratory hospital in the United States, for the hospital to investigate *ProteaseTag*<sup>®</sup> technology in real-time, as a potential companion diagnostic for a variety a range of respiratory diseases including Cystic Fibrosis and COPD
  - Partnered with a large US-based biotechnology company to develop immunoassays for two key respiratory proteases utilising *ProteaseTag*<sup>®</sup> technology
  - Expanded distribution contract with Diagenics, which currently sells the Neutrophil Elastase Immunoassay, to include the distribution of the *ProteaseTag*<sup>®</sup> *Active Plasmin Immunoassay* in the UK and Ireland
  - Awarded grant from Innovate UK to support the development of new protease therapeutics using *ProteaseTag*<sup>®</sup> technology
  - Second licensing agreement with Queen's University Belfast for exclusive IP rights to enable ProAxis to further enhance its current product offering
  - Multiple abstracts on all products presented at the American Thoracic Society Conference in May 2017

##### Glycotest, Inc. ("Glycotest")

- Continued development of non-invasive blood tests for liver cancers and fibrosis-cirrhosis
  - Positive clinical results from clinical evaluation of its HCC Panel in patients with Hepatocellular Carcinoma (HCC), the most common form of liver cancer (post-period end January 2018)
  - Strengthened IP position by expanding the patent to cover the US, Europe, China, Australia and Japan
  - Glycotest continues to work with its potential partner and now expects to close the Series A during first half of 2018

#### Operational highlights (including post-period end highlights) continued

##### Vortex Biosciences, Inc. ("Vortex")

- Commercial progress, peer-reviewed data and further research to validate its circulating tumour cell (CTC) technology
  - Launched the VTX-1 Liquid Biopsy System into the research market at the Molecular Medicine Tri Conference (Tri-Con) in February 2017 with key placements including UCLA and Stanford University
  - First commercial sale of the VTX-1 Liquid Biopsy System
  - Multiple abstracts published in:

- Nature Communications and presented at American Association for Cancer Research (AACR) Annual Meeting in April 2017 further validating its technology and adding to a growing body of literature on the patented microfluidic technology, underscoring the role it can play in enhancing our understanding of cancer biology
- Nature Partner Journals Genomic Medicine demonstrating the use of its CTC technology in capturing and examining CTCs from patients with colorectal cancer
- Nature Scientific Reports describes the use of the Vortex's technology in capturing CTCs, in combination with the use of a novel immunofluorescence assay, for measuring programmed cell death ligand 1 (PD-L1) expression on the surface of the CTCs from patients with metastatic NSCLC (post-period end February 2018)
- Two clinical trials initiated in collaboration with UCLA to evaluate the use of CTC technology in stratifying suitable patients with Non-Small Cell Lung Cancer (NSCLC) for treatment with novel immuno-oncology therapeutics
- Vortex currently has four VTX-1 Liquid Biopsy Systems placed in leading oncology institutions' research facilities
- Vortex announced a collaboration with BioView BIOV: (TLV) for Clinical Biomarker Identification on Circulating Tumour Cells in March 2018

#### **Wanda, Inc. ("Wanda")**

- Continued roll-out of remote health management technology
  - Commenced roll-out of its remote health management technology to Health Resource Solutions' patient network with the aim to expand use of Wanda technology to all patients, following successful trial evaluation involving congestive heart failure patients
  - Shareholding in Oncoverse, Wanda's digital health platform, sold to BTG plc, representing a good return on investment and successful exit from Wanda's first downstream application
  - Strengthened IP to significantly extend protection of Wanda's technology across US applied for remote health and patient management

#### **PDS Biotechnology Corporation ("PDS")**

- Continued research into application in combination therapies
  - Collaboration with Merck & Co for the evaluation of the combination of its Versamune®-based PDS0101 immunotherapy treatment with Merck & Co's anti-PD-1 therapy, KEYTRUDA® (pembrolizumab) in a Phase 2 clinical trial in patients with head and neck cancer and high-risk human papillomavirus-16 (HPV16) infection
  - PDS aims to complete a financing in H2 2018, providing the additional funds required to initiate several planned clinical trials, including the collaboration with Keytruda, Merck's leading checkpoint inhibitor

#### **Commenting on the Group's 2017 full year results, Francois Martelet, CEO of NetScientific, said:**

*"The Group made some excellent progress over the course of year, with all of our core portfolio companies continuing to advance towards their strategic and commercial goals. We have been encouraged by the commercial progress made by Vortex and ProAxis, both of which launched products and registered initial sales during the period, and Wanda, which continues to expand its technology into the fast-growing digital health market. With the launch of a £5.0 million fundraise, we are well placed to continue this progress and we look forward to further value catalyst as we move further into 2018."*

<sup>1</sup> extracted from audited accounts that have not yet been delivered to Companies House)

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#### **About NetScientific**

NetScientific is a transatlantic healthcare technology group with an investment strategy focused on sourcing, funding and commercialising technologies that significantly improve the health and well-being of people with chronic diseases. For more information, please visit the website at [www.netscientific.net](http://www.netscientific.net)

This announcement contains certain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward looking statements. Any forward-looking statements made by or on behalf of the Group are made in good faith based on the information available at the time the statement is made. No representation or warranty is given in relation to these forward-looking statements, including as to their completeness or accuracy or the basis on which they were prepared, and undue reliance should not be placed on them. The Group does not undertake to revise or update any forward-looking statement contained in this announcement to reflect any changes in its expectations with regard thereto or any new information or changes in events, conditions or circumstances, save as required by law and regulations. Nothing in this announcement should be construed as a profit forecast.

## **CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S STATEMENT**

NetScientific PLC ("NetScientific") is a transatlantic healthcare IP commercialisation Group focused on sourcing, funding and commercialising technologies and companies that have the potential to treat chronic disease and significantly improve the health and well-being of people.

The UK is the global hub for IP commercialisation with transatlantic businesses selecting the UK as listing destination due to the strength of the peer group and understanding of the sector. The Group is highly international in its approach and differentiated by its global network and majority shareholding positions in its portfolio assets.

In 2015 and 2016, the core portfolio was significantly rationalised to just 6 companies which included Glucosense. The decision to terminate investment in Glucosense was made in 2016 as the initial data set could not be replicated and the company was formally closed in February 2017, leaving the Group with 5 core portfolio companies. Over the course of 2017, the Group's core portfolio companies have continued to make significantly progress in driving their breakthrough technologies towards commercialisation.

The Group has been able to de-risk the core portfolio from a development standpoint – a significant achievement in a small company setting that few other companies in the sector have been able to achieve. By late 2017, three portfolio companies; ProAxis, Vortex and Wanda, have reached the commercial stage, de-risking NetScientific's portfolio from a development standpoint which is an important achievement for the Company.

2017 saw continued progress across the portfolio as the companies strengthened their individual positions in working toward raising new funds and developing partnerships with industry leaders. In addition, NetScientific intends to explore potential transformational M&A opportunities for the Group with a view to gaining critical mass in the IP commercialisation sector, gaining access to new shareholders and adding additional investments to its current portfolio.

### ***ProAxis***

ProAxis is a medical diagnostics company based in Northern Ireland, developing a range of products for the capture, detection and measurement of active protease biomarkers of diseases.

ProAxis made significant operational progress during 2017. In September, ProAxis was awarded European CE Mark for its NEATstik® platform, a first-in-class diagnostic tool for monitoring lung inflammation and infection in patients with respiratory diseases such as COPD and bronchiectasis. Post period end the Company recorded its first NEATstik® sale to a research laboratory conducting a respiratory clinical trial in collaboration with a pharmaceutical company. During 2017 the Company was awarded two grants from Innovate UK, demonstrating substantial external validation of ProAxis' ProteaseTag® technology.

To support the commercialisation of its ProteaseTag® assays ProAxis expanded its contract with Diagenics, which is currently selling the Neutrophil Elastase Immunoassay, to include the recently launched CE Marked Plasmin Immunoassay across the UK and Ireland.

ProAxis plans further expansion of its product range, including the launch of assays for the research market: proteinase-3, cathepsin G, pancreatic elastase in addition to a high sensitivity Neutrophil Elastase Immunoassay which was registered with a CE mark in January 2018. To facilitate this further product expansion, the Company signed a second licensing agreement with Queen's University Belfast for exclusive IP rights.

During the period the Company signed a partnership agreement with National Jewish Health, a leading respiratory hospital in the United States, for the hospital to investigate ProteaseTag® technology in real-time, as a potential companion diagnostic for a variety a range of respiratory diseases including Cystic Fibrosis and COPD. The Company also partnered with a large US-based biotechnology company to develop immunoassays for two key respiratory proteases utilising ProteaseTag® technology. The Company also presented multiple abstracts on all products at the American Thoracic Society Conference in May 2017.

### ***Glycotest***

Glycotest is a US-based liver diagnostics company seeking to commercialise new and unique blood tests for life threatening liver cancers and fibrosis-cirrhosis with exclusive world-wide rights to over 50 patent-protected serum protein biomarkers. During the year Glycotest successfully expanded its IP portfolio with 11 patents protecting multiple aspects of Glycotest's proprietary liver disease diagnostic platform.

Glycotest now holds patents that cover US, China, Europe, Japan and Australia based on the use of over 50 unique glycoprotein biomarkers and related assay technology for the diagnosis of liver cancers and other liver diseases.

## **Vortex Biosciences**

Vortex Biosciences is a US-based cancer diagnostic company, developing a novel liquid biopsy automated instrument (VTX-1) and microfluidic cartridge for the isolation of circulating tumour cells from whole blood without the need for any pre-treatment. Vortex formally launched VTX-1 in the R&D sector at Tri-Conference on Molecular Medicine on 21 February 2017. Since the launch, Vortex has now sold or placed the VTX-1 into four leading cancer centres in the US. Vortex continues to transition from being a pure device company to a clinical diagnostic company. During the period the company initiated two clinical trials in collaboration with UCLA to evaluate the use of CTC technology in stratifying suitable patients with Non-Small Cell Lung Cancer (NSCLC) for treatment with novel immuno-oncology therapeutics.

Vortex has been focused on building relationships with strategic partners and has published multiple peer-reviewed papers in publications. In November, a paper entitled "Workflow optimization of whole genome amplification and targeted panel sequencing for CTC mutation detection" was published in Nature Partner Journals (npj) Genomic Medicine in collaboration with Stanford University. Additionally, in March, Vortex announced the publication "Profiling protein expression in circulating tumour cells using microfluidic western blotting" in Nature Communications in collaboration with the University of California, Berkeley. The papers contribute to a growing body of research which highlights the potential for CTCs to provide deeper clinical insight in cancer biology.

In March 2018, Vortex announced a collaboration with BioView Ltd, a provider of automated cell imaging and analysis solutions, to develop an integrated workflow and identify biomarkers on circulating tumour cells (CTCs) from blood samples and the purpose is to provide deeper insights into cancer biology for clinicians. This represents a first step for Vortex as it transitions towards being able to address the clinical market through diagnostic insights.

## **Wanda**

Wanda is a San Francisco based digital health company commercialising advanced clinical decision support software. Wanda aims to significantly reduce hospitalisation risk, and improve the quality of life for people with chronic conditions, initially focused on congestive heart failure (CHF).

Wanda, has developed an artificial intelligence (AI) platform for remote patient monitoring that enables care teams to help patients live longer, with more efficient and lower cost care. This is principally achieved through reducing the readmission rates of patients post treatment. Foad Dabiri, formerly CTO of Wanda, became CEO in December 2016 and good commercial progress was subsequently seen over the course of that year. During 2017, Wanda was able to successfully exit its first downstream application, OncoVerse, a digital health platform designed to allow cancer patients' care teams to collaborate and allow clinicians across all disciplines to work together to determine the most effective treatment plan for their patients. OncoVerse was initially conceived by a Dignity Health physician and two administrators, who wanted a tool to improve team collaboration, especially when evaluating complex cancer cases and determining the appropriate treatment plans for patients. Wanda was also granted two additional patents during 2017 which significantly extend protection for the core technology used in Wanda's software application for remote health and patient management.

## **PDS Biotechnology Corporation**

PDS is a clinical stage immunotherapy company developing a next-generation of simpler, safer and more effective immunotherapies for cancer and infectious diseases. PDS Biotechnology Corporation ("PDS") continued to see strong progress with its T-cell activating technology platform, Versamune®, which combines three critical attributes for an effective immunotherapy: T-cell induction, reduced tumour suppression and priming of a potent anti-tumour response without the conventional associated toxicities.

PDS's oncology pipeline includes compounds for prostate, ovarian, breast and colorectal cancers, in addition to its lead PDS0101 programme for several HPV-related cancers. PDS made some important advances through the year in progressing its lead Versamune® T-cell Activating platform, and notably was able to initiate a clinical trial agreement with Merck & Co., Inc.'s anti-PD-1 therapy, KEYTRUDA® (pembrolizumab), a leading checkpoint inhibitor in oncology, in a Phase II clinical trial. Additionally, PDS filed for three new key patents in Q4 2017 which help bolster the company's patent position. The Group's interest in PDS Biotechnology is non-controlling.

## **Early stage Investments Portfolio**

During the year the Group reviewed its five early stage investments (the 'Early Stage Portfolio'). The review concluded that there were no plans to invest additional funds in the Early Stage Portfolio because it does not fit with the firm's investment strategy of gaining majority control in early stage companies. Limited investment has been made to date, mostly in the form of convertible loans. Nevertheless, these investments are reviewed periodically in tandem with the Group's business plans and progress.

## **Finance**

For the year, the Group made a loss of £9.4 million (2016: £13.1 million), split between continuing and discontinued operations as follows:

-	Continuing operations	£9.4 million (2016: £12.4 million)
-	Discontinued operations	£nil (2016: £0.7 million)

The loss reflects the business model, where the core portfolio companies are mainly subsidiaries. Three of the core portfolio companies are commercialising their products, with the other two still developing their technologies; therefore, the portfolio companies are currently loss making. The main factors contributing to the reduced loss reported is the sale of OncoVerse and restructuring of Wanda.

## Cash

Cash on the balance sheet as at 31 December 2017 was £6.9 million (2016: £9.5 million). Cash used in operations, was £10.7 million (2016: £12.9 million). The Group gained cash from investing activities due to the sale of OncoVerse for £1.5 million and in June the Group placed a further 17,962,362 shares raising net funds of £7.5 million.

## Going concern

The Directors have prepared and reviewed Budget cashflows which were approved by the Board of Directors in the Board meeting of December 2017. The budget considered amongst other things the timing of the Series A funding rounds of the subsidiary companies, potential fundraise of the company and the cash position of the Group at the beginning of 2018. After due consideration of these forecasts and current cash resources, the Directors consider that the Company and Group have adequate financial resources to continue in operational existence for the foreseeable future (being at least 12 months from the date of this report), and for this reason the financial statements have been prepared on a going concern basis.

## Board changes

Jonathan Paisner stepped down from his position as a Non-Executive Director for NetScientific on 25 October 2017; the Board would like to thank him for his contribution to the Group.

## Summary and Outlook

In 2017, the Group delivered on various development milestones critical to enhancing the competitiveness and value of the portfolio companies.

The focus of the Group during 2018 will be to continue progress across its portfolio companies by pursuing, where relevant, corporate deals and fundraises to help progression from technology success to commercial success. ProAxis expects to reach over £1.0 million in revenue during 2018 and will review its financial requirements in the second half of 2018. Glycotest is continuing its series A discussions with a potential investor and is aiming to close a series A in H1 2018 following an encouraging 149 Patient study with its Chinese partner. Vortex is planning for a potential fundraise or commercial partnership in H2 2018. Health Resource Solution agreed to extend the use of Wanda's digital health technology to all of its patients, which Directors expect to complete in H1 2018.

NetScientific continues to believe that it has a world-class portfolio of companies with high-quality science and technology, experienced and relevant management teams, alongside business and financing strategies that support the ongoing development of these companies and enable them to attract third-party capital. NetScientific also continues to explore potential corporate development activities in order to gain scale and access to new portfolio companies. The Board and management team remain committed to bolstering the Group's opportunities and delivering products and services supporting the next generation of healthcare opportunities. NetScientific's overall mission remains to support life-changing innovation and deliver value to its shareholders.

**Sir Richard Sykes**  
Non-Executive Director and Chairman  
28 March 2018

**Francois R. Martelet, M.D.**  
Chief Executive Officer  
28 March 2018

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £000's	2016 £000's
<b>Continuing Operations</b>			
Revenue		386	518
Cost of sales		(245)	(255)
<b>Gross profit</b>		141	263
Other operating income		238	68
Research and development costs		(5,177)	(7,443)
General and administrative costs		(5,281)	(5,001)
Other costs		(514)	(316)
<b>Loss from operations</b>		(10,593)	(12,429)
Finance income		43	94
Finance expense		(11)	(8)
Share of loss of associate		(45)	(49)
Gain on sale of associate	6	1,026	-
<b>Loss before taxation</b>		(9,580)	(12,392)

Income tax credit / (charge)		<u>202</u>	<u>(18)</u>
<b>Loss for the year from continuing operations</b>		<b>(9,378)</b>	<b>(12,410)</b>
<b>Discontinued Operations</b>			
Loss for the year from discontinued operations		<u>-</u>	<u>(666)</u>
<b>Total loss for the year</b>		<b><u>(9,378)</u></b>	<b><u>(13,076)</u></b>
Owners of the parent		<b>(8,318)</b>	<b>(11,195)</b>
Non-controlling interests		<b><u>(1,060)</u></b>	<b><u>(1,881)</u></b>
		<b><u>(9,378)</u></b>	<b><u>(13,076)</u></b>
<b>Basic and diluted loss per share from continuing and discontinued operations attributable to owners of the parent during the year:</b>			
	4		
Continuing operations		<b>(13.6p)</b>	<b>(20.8p)</b>
Discontinued operations		<b>(-)</b>	<b>(1.1p)</b>
From loss for the year		<b><u>(13.6p)</u></b>	<b><u>(21.9p)</u></b>

**CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>£000's</b>	<b>£000's</b>
<b>Loss for the year</b>	<b>(9,378)</b>	<b>(13,076)</b>
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Exchange differences on translation of foreign operations	<b><u>(374)</u></b>	<b>634</b>
<b>Total comprehensive loss for the year</b>	<b><u>(9,752)</u></b>	<b><u>(12,442)</u></b>
<b>Attributable to:</b>		
Owners of the parent	<b>(9,057)</b>	<b>(10,084)</b>
Non-controlling interests	<b><u>(695)</u></b>	<b><u>(2,358)</u></b>
	<b><u>(9,752)</u></b>	<b><u>(12,442)</u></b>

All other comprehensive income will be reclassified to retained earnings on the ultimate sale of any relevant subsidiary or investment company.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

	Notes	2017 £000's	2016 £000's
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		891	779
Investments in equity accounted associates	6	-	357
Available for sale investments	7	2,863	2,863
Derivative financial assets		18	18
Other receivables		33	37
<b>Total non-current assets</b>		<b>3,805</b>	<b>4,054</b>
<b>Current assets</b>			
Inventory		86	-
Trade and other receivables		1,014	1,578
Cash and cash equivalents		6,868	9,456
<b>Total current assets</b>		<b>7,968</b>	<b>11,034</b>
<b>Total assets</b>		<b>11,773</b>	<b>15,088</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		(777)	(2,044)
Loans and borrowings		(128)	(128)
<b>Total current liabilities</b>		<b>(905)</b>	<b>(2,172)</b>
<b>Non-current liabilities</b>			
Loans and borrowings		(70)	(80)
<b>Total non-current liabilities</b>		<b>(70)</b>	<b>(80)</b>
<b>Total liabilities</b>		<b>(975)</b>	<b>(2,252)</b>
<b>Net assets</b>		<b>10,798</b>	<b>12,836</b>
<b>Issued capital and reserves</b>			
<b>Attributable to the parent</b>			
Called up share capital		3,452	2,554
Share premium account		53,839	47,233
Capital reserve account		237	237
Foreign exchange reserve		1,063	1,802
Retained earnings		(43,220)	(35,115)
Equity attributable to the owners of the parent		15,371	16,711
Non-controlling interests		(4,573)	(3,875)
<b>Total equity</b>		<b>10,798</b>	<b>12,836</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2017**

	Shareholders' equity							
	Share capital £000's	Share premium £000's	Capital reserve £000's	Retained earnings £000's	Foreign exchange reserve £000's	Total £000's	Non-controlling interests £000's	Total equity £000's
1 January 2016	2,554	47,233	237	(24,371)	691	26,344	(1,805)	24,539
Loss for the year	-	-	-	(11,195)	-	(11,195)	(1,881)	(13,076)
Other comprehensive income								
Foreign exchange differences	-	-	-	-	1,111	1,111	(477)	634
Total comprehensive income	-	-	-	(11,195)	1,111	(10,084)	(2,358)	(12,442)
Decrease in subsidiary shareholding	-	-	-	39	-	39	(20)	19
Disposal of subsidiaries	-	-	-	171	-	171	308	479
Share-based payments	-	-	-	241	-	241	-	241
<b>31 December 2016</b>	<b>2,554</b>	<b>47,233</b>	<b>237</b>	<b>(35,115)</b>	<b>1,802</b>	<b>16,711</b>	<b>(3,875)</b>	<b>12,836</b>
Loss for the year	-	-	-	(8,318)	-	(8,318)	(1,060)	(9,378)

Other comprehensive income								
Foreign exchange differences	-	-	-	-	(739)	(739)	365	(374)
Total comprehensive income	-	-	-	(8,318)	(739)	(9,057)	(695)	(9,752)
Issue of shares to a non-controlling interest	-	-	-	5	-	5	(3)	2
Issue of share capital	898	7,185	-	-	-	8,083	-	8,083
Cost of share issue	-	(579)	-	-	-	(579)	-	(579)
Share-based payments	-	-	-	208	-	208	-	208
<b>31 December 2017</b>	<b>3,452</b>	<b>53,839</b>	<b>237</b>	<b>(43,220)</b>	<b>1,063</b>	<b>15,371</b>	<b>(4,573)</b>	<b>10,798</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
AS AT 31 DECEMBER 2017**

	Notes	2017 £000's	2016 £000's
<b>Cash flows from operating activities</b>			
Loss after income tax including discontinued operations		(9,378)	(13,076)
Adjustments for:			
Depreciation of property, plant and equipment		221	141
Share of loss of associate		45	49
Gain on sale of associate		(1,026)	-
Loss on disposal of subsidiaries		-	483
Provision against recoverability of loan		306	75
Share-based payments		208	241
Foreign exchange gains		103	(121)
Finance income		(43)	(94)
Finance costs		11	8
Tax (credit) / charge		(202)	18
		(9,755)	(12,276)
<b>Changes in working capital</b>			
Increase in inventory		(87)	-
Decrease / (Increase) in trade and other receivables		308	(238)
Decrease in trade and other payables		(1,158)	(364)
Cash used in operations		(10,692)	(12,878)
Income tax received		71	94
<b>Net cash used in operating activities</b>		(10,621)	(12,784)
<b>Cash flows from investing activities</b>			
Investment in associate		-	(363)
Proceeds from sale of associate	6	1,477	-
Costs on sale of associate	6	(167)	-
Purchase of property, plant and equipment		(399)	(470)
Proceeds from sale of property, plant and equipment		2	13
Interest received		21	46
Purchase of available for sale investments		-	(898)
<b>Net cash from / (used) in investing activities</b>		934	(1,672)
<b>Cash flows from financing activities</b>			
(Repayment) / proceeds from borrowings		(20)	50
Proceeds on change in subsidiary shareholding		2	20
Proceeds from share issue		8,083	-
Share issue cost		(579)	-
<b>Net cash from financing activities</b>		7,486	70
Decrease in cash and cash equivalents		(2,201)	(14,386)
Cash and cash equivalents at beginning of year		9,456	23,239
Exchange gains on cash and cash equivalents		(387)	603
<b>Cash and cash equivalents at end of year</b>		<b>6,868</b>	<b>9,456</b>

## NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2017

### 1. GENERAL INFORMATION

The Company is a public limited company incorporated on 12 April 2012 and domiciled in England with registered number 08026888 and its shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The address of the registered office is Anglo House, Bell Lane Office Village, Bell Lane, Amersham, Buckinghamshire HP6 6FA.

### 2. BASIS OF PREPARATION

The preliminary results of the year ended 31 December 2017 have been extracted from audited accounts which have not yet been delivered to Companies House.

The financial information set out in this announcement does not constitute statutory accounts for the year ended 31 December 2017.

The report of the auditors on the statutory accounts for the year ended 31 December 2017 was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The financial statements for the year ended 31 December 2017 included in this announcement were authorised for issue in accordance with a resolution of the Board of Directors on 28 March 2018.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2017. The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the years presented.

While the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not in itself contain sufficient information to comply with IFRS. The Group expects to publish full financial statements that comply with IFRS by 3 April 2018.

### 4. LOSS PER SHARE

The basic and diluted loss per share is calculated by dividing the loss for the financial year by the weighted average number of ordinary shares in issue during the year. Potential ordinary shares from outstanding options at 31 December 2017 of 1,812,257 are not treated as dilutive as the entity is loss making.

	2017 £000's	2016 £000's
<b>Loss attributable to equity holders of the Company</b>		
Continuing operations	8,318	10,623
Discontinued operations	-	572
Total	<u>8,318</u>	<u>11,195</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	61,016,509	51,075,695

### 5. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The Group had the following subsidiaries at 31 December 2017:

Name	Country of incorporation or registration	Proportion of ownership interest at 31 December 2017	Proportion of ownership interest at 31 December 2016	Proportion of ownership interest held by non-controlling interests at 31 December 2017	Proportion of ownership interest held by non-controlling interests at 31 December 2016
NetScientific UK Limited	UK	100%	100%	-	-
ProAxis Ltd*	UK	56.5%	56.5%	43.5%	43.5%
Healthbox Israel LLP* (ii)	UK	50%	50%	50%	50%
IsraelScientific Ltd*	UK	100%	100%	-	-
NetScientific America, Inc.	USA	100%	100%	-	-
Vortex BioSciences, Inc. (i)	USA	95%	95%	5%	5%
Wanda, Inc. (i)(iii)	USA	70.8%	70.9%	29.2%	29.1%
Glycotest, Inc. (i)	USA	87.5%	87.5%	12.5%	12.5%

### 5. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS continued

For all undertakings listed above, the country of operation is the same as its country of incorporation or registration.

\* Held via an intermediate holding company.

All of the ownerships shown above relate to ordinary shareholdings.

- (i) Options have been issued by ProAxis Ltd, Vortex BioSciences, Inc., Wanda, Inc. and Glycotest, Inc. which if exercised would dilute the Company's shareholding by 3%, 29%, 9% and 21% respectively.
- (ii) A Deed of Termination was entered into as of 14 November 2017, with dissolution of the entity to take place following final accounting in early 2018. The Group holds 50% of the voting shares and has the casting vote. The Group is entitled to 80% of profits subsequent to repayments of capital and member operational expenses.
- (iii) Following issue of further shares during the year the Group's interest was reduced to 70.8% on 1 May 2017.

## 6. INVESTMENTS IN ASSOCIATE

	2017 OncoVerse LLC £000's	2016 OncoVerse LLC £000's
At 1 January	357	-
Exchange movement	(20)	-
Additions	-	406
Loss after tax recognised in the consolidated income statement	(45)	(49)
	<b>292</b>	<b>357</b>
Consideration on disposal of interest	(1,477)	-
Cost incurred on disposal of interest	167	-
Exchange movement	(8)	-
Gain on disposal after tax recognised in the consolidated income statement	1,026	-
At 31 December	-	357

On 20 April 2017, the Groups subsidiary company Wanda, Inc. disposed of its entire holding of 35.9% in OncoVerse LLC, a San Francisco based digital health company.

## 7. AVAILABLE FOR SALE INVESTMENTS

Represent unquoted equity securities

	2017 £000's	2016 £000's
At 1 January	2,863	1,807
Warrant exercised	-	100
Additions	-	956
At 31 December	<b>2,863</b>	<b>2,863</b>

Name	Country of incorporation	% of issued share capital	Currency denomination	£000's
PDS Biotechnology Corporation	USA	17.1%	US\$	2,713
CytoVale, Inc.	USA	2.15%	US\$	150
Other				-
				<b>2,863</b>

## NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2017

### 7. AVAILABLE FOR SALE INVESTMENTS continued

#### Valuation of unquoted equity investments

The fair value of unlisted securities is established using International Private Equity and Venture Capital Valuation Guidelines (IPEVCGV). Given the nature of the Group's investments in seed, start-up and early-stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts.

The Group considers that fair value estimates that are based entirely on observable market data will be of greater reliability than those based on assumptions and accordingly where there has been any recent investment by third parties, the price of that investment will generally provide a basis of the valuation. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data, that being the price of a recent investment.

If there are no material recent investments, the group employs a valuation methodology to determine fair value. Where a fair value cannot be estimated reliably due to the range of reasonably possible fair value measurements and/or an inability to reasonably assess the probabilities of various fair value measurements, the investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since been impaired.

At present, there is a significant range of possible fair value estimates and the probabilities of the various estimates cannot be reliably measured. Hence, the investments are measured at cost less accumulated impairment.

The investment includes a warrant with an identified fair value of £18k. This has been separately recognised.