

## Tiziana Life Sciences PLC

("Tiziana" or the "Company")

### Final Results for the year ended 31 December 2015

**June 07, 2016** - Tiziana Life Sciences plc (AIM: TILS), a clinical stage biotechnology company focused on targeted drugs to treat diseases in oncology and immunology, today announces its Final Results for the year ended 31 December 2015.

Highlights during the period:

- £12.8m (gross) raised through placing of shares and convertible loan notes
- Licensed milciclib, which is currently in phase II clinical trials for thymoma cancer in patients previously treated with chemotherapy, from Nerviano Medical Sciences
- Acquired exclusive licence to a novel anti-cancer stem cell agent, capable of targeting aggressive tumour forming cells originating from the breast, pancreas, colon and prostate, from Cardiff University scientists
- Acquired exclusive licence to a novel and currently the only fully human engineered anti-human CD3 antibody for treatment autoimmune diseases
  - Phase II asset with potential applications in a wide range of autoimmune and inflammatory diseases
- James (Jim) Tripp appointed Chief Operating Officer
- Dr. Kunwar Shailubhai and Willy Simon appointed to the Board as non-executive directors
- Company director Riccardo Dalla-Favera elected to the U.S. National Academy of Sciences
- Group loss for the year of £8.63m (2014: £3.33m\*)
- The Group ended the period with £8.90m cash as at 31 December 2015 (2014: £2.27m)

\*as adjusted, see note 2

Post period highlights:

- £709,406 raised through the issue of unsecured convertible loan notes to existing investors
- Tiziano Lazzaretti appointed Chief Financial Officer
- Professors Kevan Herold and Howard Weiner to Scientific Advisory Board, providing key leadership and experience in CD3 clinical development
- Clinical development team expanded with the appointment of Robert Evans as Vice President of Clinical Sciences
- Announced plans for further development of foralumab in two clinical indications: 1) graft vs host disease, and 2) ulcerative colitis
- Research agreement with Cardiff University has led to the identification of lead clinical candidate, CB1, a Bcl-3 inhibitor with potent anti-metastatic activity, and impressive *in vivo* efficacy and safety profile
  - Investigational New Drug application to be filed in 2016, expecting to move into clinical trials before the end of the year

Gabriele Cerrone, Chairman and founder of Tiziana, commented:

"2015 was an important year for Tiziana as the Company continued to build and strengthen its portfolio of therapeutics to treat patients with significant unmet medical needs. We are focusing on two distinct disease areas: rare cancers and difficult to treat autoimmune diseases; and the addition of milciclib to our portfolio, as well as the acquisition of foralumab at the end of 2014, gives the Company two phase II candidates. We also remain on-track to progress our lead candidate in our Bcl-3 programme into the clinic in late 2016 or early 2017. The funds raised throughout the year demonstrate the confidence our shareholders have in Tiziana and we look forward to generating further shareholder value going forward."

**ENDS**

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### **About Tiziana Life Sciences**

Tiziana Life Sciences plc is a UK biotechnology company that focuses on the discovery and development of novel molecules that treat human disease in oncology and immunology.

The Company is focused on its lead compound, milciclib, a molecule which blocks the action of specific enzymes called cyclin-dependent kinases (CDK) involved in cell division as well as a number of other protein kinases. Milciclib is currently completing phase II clinical trials for thymic carcinoma in patients previously treated with chemotherapy and preparing an IND to enroll patients in an exploratory trial in Hepatic Cellular Carcinoma (HCC).

The Company is also in clinical development of foralumab. Foralumab is the only fully human engineered anti-human CD3 antibody in clinical development. This phase II compound has potential application in a wide range of autoimmune and inflammatory diseases, such as ulcerative colitis, multiple sclerosis, type-1 diabetes (T1D), inflammatory bowel disease (IBD), psoriasis and rheumatoid arthritis, where modulation of a T-cell response is desirable.

Tiziana Life Sciences' clinical development teams are working on its Bcl-3 candidate; which has a prominent role in the metastasis of mammary cancers, and has elucidated the mechanism of Bcl-3 action to be a regulator of cancer cell motility and has also determined that Bcl-3 inhibition suppresses cell motility in triple-negative, HER-2-positive PR- and ER-positive breast cancer subtypes, suggesting that Bcl-3 may be a master regulator of this metastatic property not only in aggressive breast cancers, but across the clinical spectrum of breast disease. The Company is preparing the IND package with the intention of progressing to clinical trials this year.

For more information go to <http://www.tizianalifesciences.com>

### **EXECUTIVE CHAIRMAN'S STATEMENT**

I am pleased to report on the Group's results for the year ended 31<sup>st</sup> December 2015.

#### **Background**

Tiziana Life Sciences plc's focus is the development of novel therapeutics for cancer with a focus on late stage metastases and complementary diagnostic tools, based on gene expression signature, with the capability of predicting disease aggressiveness and prognosis in breast cancer patients.

The Group also has interests, beyond pure oncology, in the discovery and development of monoclonal antibody-based biologics used to benefit patients with inflammatory and auto-immune disorders.

#### **Material Licensing Agreements concluded during the year**

During the 2015 financial year the Group has signed two additional license agreements. It concluded negotiations with Nerviano, an Italian Group dedicated to the discovery and development of breakthrough treatments for cancer, to exclusively license milciclib to the Group. Milciclib blocks the action of specific enzymes called cyclin-dependent kinases ("CDKs"), which are involved in cell division (metastasis) as well as a number of other protein kinases. Milciclib is currently in phase II clinical trials for thymic carcinoma in patients previously treated with chemotherapy. Milciclib has demonstrated that it is well tolerated in over 263 patients in phase I and II clinical trials and has been granted orphan designation by the European Commission and by the U.S. Food and Drug Administration ("FDA") for the treatment of malignant thymoma / thymic epithelial tumours. Subject to successful completion of the ongoing thymoma trials, Tiziana is committed to initiate a phase Ib/IIa study in hepatic cellular carcinoma (HCC) in 2016, to be followed by a study in triple negative breast cancer (TNBC).

On 7<sup>th</sup> May 2015, the Company signed an agreement with the University of Cardiff to license their anti-cancer stem cell technology. The novel agent, known as OH14, is an inhibitor of c-FLIP (cellular FLICE (FADD-like IL-1 $\beta$ -converting enzyme)-inhibitory protein), a known suppressor of apoptosis (programmed cell death). c-FLIP acts inside the cell by preventing the instructive cell death that occurs when a signal protein produced by neighbouring cells attaches to the target cell's surface. c-FLIP blocks this death signal from entering the cell. Suppression of apoptosis is a recognised driver of cancer cell proliferation, thus by inhibiting this suppression it should be possible for cell death to

occur and proliferation of cancer to be thwarted. Under the terms of the agreement, Tiziana will fund a research project at the University focused on building the structure activity relationships (SARs) around OH14 and to improve the activity of this series of compounds.

We now have a total of two research projects and two clinical programmes together with research into a cancer stem cell diagnostic as a solid foundation for the Group's growth.

## **Financial summary**

### *Consolidated Statement of Comprehensive Income*

The Group has made a loss for the year of £8,632,000 (2014: £3,327,000 - as adjusted see note 2). The loss is detailed in the consolidated statement of comprehensive income.

### *Consolidated Statement of Financial Position*

At the end of the year the Group cash balance amounted to £8,903,000 (2014: £2,266,000) and the total assets of the Group amounted to £9,250,000 (2014: £2,460,000).

## **Fund raising**

In the period, the Group successfully raised funds to further progress its on-going clinical trials and give the Group the resources to expand its presence internationally.

On 31<sup>st</sup> March 2015, Tiziana raised £2.55m through the issue of 3.4m ordinary shares through a placing to new investors at a price of £0.75 per share.

On 21<sup>st</sup> April 2015, the Group entered into an agreement to issue £6.15m of Investor Convertible Loan Notes: Tranche C. The notes, plus accrued interest are redeemable by the holders any time after 25th June 2016, and will be redeemed at the election of the Company in cash, or by conversion into new ordinary shares at a conversion price of £0.70 per share at the election of the note holders.

On 11<sup>th</sup> May 2015, Tiziana entered into an agreement to issue £250,000 of Investor Convertible Loan Notes: Tranche D.

On 16<sup>th</sup> December 2015, Tiziana Life Sciences raised £3.8m through the issue of 2,554,472 unsecured convertible loan notes to investors (Tranche E).

Post year end on 13<sup>st</sup> January 2016, Tiziana entered into an agreement to issue £709,406 of Investor Convertible Loan Notes: Tranche F through the issue of 472,938 unsecured convertible loan notes. The notes are redeemable by the holders at any time after 31 December 2016 and will be redeemed, at the election of the Company, in cash or by conversion into new ordinary shares in the Company at a conversion price of £1.50 per share. Further details of the post year end fund raising can be found at Note 24 Post Balance Sheet Events in the Report and Accounts to 31 December 2015.

Funds raised by Tiziana will be used to fund the development of the Group's clinical stage assets milciclib and foralumab, to meet the Group's ongoing liabilities in respect of licence agreements, and for general working capital purposes.

## **Pre-clinical progress**

Post period on 8<sup>th</sup> January 2016, the Company announced that its research agreement with Cardiff University, focused on pioneering the development of Bcl-3 inhibitors as potential drugs to treat cancer, has led to the identification of a first-in-class lead clinical candidate, CB1, with potent anti-metastatic activity, and with an impressive *in vivo* efficacy and safety profile. Tiziana intends to file an Investigational New Drug (IND) application on CB1 in 2016, and expects to move this drug candidate into clinical trials before the end of the year.

Also post period on 11<sup>th</sup> January 2016, Tiziana outlined its clinical development plan for foralumab with initial plans to evaluate foralumab in two clinical indications; namely, graft vs host disease, and ulcerative colitis, an inflammatory bowel disease.

## **Appointments**

### *Board of Directors*

Dr. Kunwar Shailubhai - Director, Non-Executive

On 23<sup>rd</sup> January 2015 the Company appointed Dr. Kunwar Shailubhai to the Board, as a non-executive director. Dr. Shailubhai is a Co-Founder and Chief Scientific Officer of Synergy Pharmaceuticals, Inc. (previously senior vice president), a NASDAQ-listed biotechnology company focusing on innovative therapeutics for treatment of gastrointestinal disorders and diseases, and colon cancer. Dr. Shailubhai

has held leadership positions at Monsanto Life Sciences Company (St. Louis, MO), where he worked on a number of projects in inflammatory diseases, and Callisto Pharmaceuticals. Dr. Shailubhai previously served as a Senior Staff Fellow at the National Institutes of Health and as an Assistant Professor at the University of Maryland. Dr. Shailubhai has 17 issued patents, several pending patent applications and 40 research publications in journals of international repute.

Willy Jules Simon - Director, Non-Executive

On 24<sup>th</sup> November 2015 the Company appointed Willy Jules Simon to the Board, as a non-executive director. Willy Simon is a banker and worked at Kredietbank N.V. and Citibank London before serving as an executive member of the Board of Generale Bank NL from 1997 to 1999 and as the chief executive of Fortis Investment Management from 1999 to 2002. He acted as chairman of Bank Oyens & van Eeghen from 2002 to 2004. From 2004 until 2012, he served as a non-executive director of Redi & Partners Ltd., a fund of funds. He was previously chairman of AIM-traded Velox3 plc (formerly 24/7 Gaming Group Holdings plc) until 2015 and had been a director of Playlogic Entertainment Inc., a NASDAQ OTC listed company.

Post period on 11<sup>th</sup> March 2016 the Company noted the passing of Professor Chris McGuigan. Professor McGuigan was a co-founder of Tiziana Life Sciences and was appointed as a non-executive director in January 2015.

#### *Management team*

On 9<sup>th</sup> December 2015, James (Jim) Tripp was appointed as Chief Operating Officer (COO) and Head of Global Clinical Operations.

Mr Tripp has over twenty years' experience in biopharmaceutical operations and has been involved in all phases of drug development from discovery through commercialisation. He started his career in pharmaceuticals while attending Harvard School of Public Health and at Massachusetts General Hospital in Boston, MA. Before joining the Company he was Director, Clinical Management at Novo Nordisk, A/S, where he managed the U.S. team overseeing the oral insulin/GLP-1 portfolio, expanding the Victoza® label, and completing confirmatory studies required for Saxenda® which was recently approved to treat obese patients. Prior to Novo Nordisk, Mr Tripp was employed at Regeneron Pharmaceuticals (REGN:Nasdaq) where he started as a Therapeutic Area Project Manager for inflammation programs, focusing on developing IL-1 Trap (now Arcalyst®) and then creating and heading up the Clinical Compliance & Training group for the Clinical & Project Management Office.

Post period end on 4<sup>th</sup> April 2016, Tiziano Lazzaretti was appointed as Chief Financial Officer, taking over from Phil Boyd, who tendered his resignation on 7<sup>th</sup> May 2015 in order to focus on other opportunities.

Mr Lazzaretti has extensive experience in the healthcare and pharmaceutical industry and joins Tiziana from Pharmentis Srl, an Italian pharmaceutical business, where he served as Group Finance Director since 2011. Prior to this, Mr Lazzaretti held senior roles at Alliance Boots Healthcare, Accenture and other listed companies such as SNIA Spa and Fiat Group. He has a Bachelor of Science (BSc honours) in Accounting and Finance from the University of Turin, Italy and was awarded a Master in Business Administration (MBA) from Bocconi University, Milan.

Also post period on 4<sup>th</sup> May 2016, Tiziana expanded its clinical development team with the appointment of Robert Evans, PharmD. as Vice President of Clinical Sciences. Dr. Evans joined Tiziana Life Sciences in April 2016 as Vice President of Clinical Sciences. Prior to joining the Company, Dr. Evans served as Vice President of Clinical Development at Glenmark Pharmaceuticals, Inc. and was responsible for providing project and clinical leadership across multiple programs focused on the treatment of oncology, respiratory and dermatology disorders. Prior to Glenmark, Dr. Evans served in scientific leadership roles in the Immunology and Inflammation Group at Regeneron Pharmaceutical.

#### *Scientific Advisory Board*

Post period on 11<sup>th</sup> January 2016, the Company announced the addition of two key members to the Scientific Advisory Board: Professors Kevan Herold, MD and Howard Weiner, MD.

Dr. Kevan Herold

Dr. Kevan Herold is Professor of Immunobiology and of Medicine (Endocrinology) as well as Deputy Director, Yale Center for Clinical Investigation, Director of the Yale Diabetes Center and Director of the TrialNet Center at Yale. His investigative work has focused on developing new ways to prevent and treat autoimmune diseases, using novel translational immunologic and metabolic approaches to prevent progression, in particular anti-CD3 monoclonal antibody therapy. His clinical interests are in the management of endocrine diseases, and he is involved in a number of national and international clinical studies of new treatments.

Dr. Howard Weiner

Dr. Howard Weiner is the Robert L. Kroc Professor of Neurology at the Harvard Medical School, Director and Founder of the Partners Multiple Sclerosis (MS) Center and Co-Director of the Ann Romney Center for Neurologic Diseases at Brigham & Women's Hospital in Boston. The Partners MS Center is the first integrated MS Center that combines clinical care, MRI imaging and immune monitoring to the MS patient as part of the 2000 patient CLIMB cohort study. He has pioneered immunotherapy in MS and has investigated immune mechanisms in nervous system diseases including MS, Alzheimer's disease, amyotrophic lateral sclerosis, stroke and brain tumours. He has also pioneered the investigation of the mucosal immune system for the treatment of autoimmune and other diseases and the use of anti-CD3 to induce regulatory T cells for the treatment of these diseases.

#### *U.S. National Academy of Sciences*

On 7<sup>th</sup> May 2015, Board member Riccardo Dalla-Favera was elected to the U.S. National Academy of Sciences.

#### **Riccardo Dalla-Favera**

Riccardo Dalla-Favera, MD, is the Joanne and Percy Uris Professor of Clinical Medicine and professor of pathology and cell biology in the department of genetics and development, and director, Institute for Cancer Genetics at Columbia University, New York City. He has been a leader in the field of molecular oncology and has made fundamental contributions to the field of cancer, especially in the study of the molecular genetics of B cell malignancies. As a researcher, he has contributed much of the current knowledge on the genetic lesions responsible for human B cell lymphoma, which have led to the development of diagnostic tests and are being tested as targets in clinical trials with lymphoma patients.

#### **Outlook**

The Group's focused portfolio address areas of significant unmet medical need; either as a potential new approach to metastatic cancer with our Bcl-3 inhibitor and through stratification of breast cancer patients to provide more personalised treatment with the use of 20 defined stem cell markers (the "TOP 20"), to new molecules that will treat sufferers of thymic and other rare or difficult to treat cancers (milciclib), or a fully human monoclonal antibody with potential application in a number of autoimmune and inflammatory diseases (foralumab). The Company is on-track to take CB1, the lead Bcl-3 candidate, into the clinic stage in late 2016 or early 2017, complete the milciclib thymoma recruitment in 2016, and move forward with the antibody foralumab into other indications. Finally, with the latest in-licensing of anti-cancer stem cell technology from the University of Cardiff (c-FLIP) the Company has an innovative research portfolio with two clinical assets. These programmes will use the funds raised in the March, April, May and December 2015 and January 2016 fundraisings to reach the individual programme's inflection points.

The past year was a very exciting period of further portfolio growth within Tiziana, focusing in two distinct disease areas: rare to treat cancers and difficult to treat autoimmune inflammatory diseases. Furthermore, the addition of these core compounds provides a strong foundation for our Company to remain attractive to investors, to add value for our shareholders and to ensure that Tiziana Life Sciences continue to pursue a bright future.

#### **Gabriele Cerrone**

Executive Chairman

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £'000	2014# £'000
Research and development costs		(6,287)	(794)
Operating expenses		(2,327)	(1,786)
Cost of listing		-	(755)
<b>Operating loss</b>	4	<u>(8,614)</u>	<u>(3,335)</u>
Finance costs	9	(18)	(52)
<b>Loss before taxation</b>		<u>(8,632)</u>	<u>(3,387)</u>
Taxation	10	-	60
<b>Loss for the year attributable to equity owners</b>		<u><u>(8,632)</u></u>	<u><u>(3,327)</u></u>
<b>Other comprehensive income</b>		-	-

**Total comprehensive loss for the year attributable to equity owners**

	<u>(8,632)</u>	<u>(3,327)</u>
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**Loss per share**

Basic and diluted (loss) per share on continuing operations	11	<u>(9.5p)</u>	<u>(14.6p)</u>
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# restated - note 2

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £'000	2014# £'000
<b>ASSETS</b>			
<b>Current assets</b>			
Other receivables	12	347	194
Cash and cash equivalents		8,903	2,266
		<hr/>	<hr/>
Total current assets		9,250	2,460
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<u>9,250</u>	<u>2,460</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Called up share capital	14	9,375	9,144
Share premium	18	20,632	16,294
Share based payment reserve	15, 19	1,008	146
Shares to be issued reserve (warrants)	15, 19	102	-
Shares to be issued reserve	17	12,287	2,259
Merger relief reserve	19	5,625	5,625
Other reserve	19	(28,286)	(28,286)
Retained earnings	19	(12,239)	(3,405)
		<hr/>	<hr/>
<b>Total equity</b>		8,504	1,777
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	746	683
		<hr/>	<hr/>
		746	683
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>9,250</u>	<u>2,460</u>

# restated - note 2

The financial statements were approved by the board of directors and authorised for issue on 6<sup>th</sup> June 2016**COMPANY STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	31 December 2015 £'000	31 December 2014# £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	13	7,500	7,500
		<hr/>	<hr/>
<b>Current assets</b>			
Other receivables	12	2,645	923
Cash and cash equivalents		8,871	2,241
		<hr/>	<hr/>
		19,016	10,664
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<u>19,016</u>	<u>10,664</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity Capital and reserves attributable to equity holders of the company</b>			
Called up share capital	14	9,375	9,144
Share premium	18	20,632	16,294
Shares to be issued reserve	17	12,287	2,259
Merger relief reserve	19	5,625	5,625

Share based payment reserve	15,19	1,073	211
Shares to be issued reserve (warrants)	15,19	165	63
Retained earnings	19	(30,641)	(23,549)
		<u>18,516</u>	<u>10,047</u>
<b>Total equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>		500	617
Trade and other payables	22	<u>500</u>	<u>617</u>
		<u>500</u>	<u>617</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>19,016</u></u>	<u><u>10,664</u></u>

# restated - note 2

The financial statements were approved by the board of directors and authorised for issue 6<sup>th</sup> June 2016

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £'000	2014# £'000
<b>Cash flows from operating activities</b>		
<b>Total comprehensive loss for the period before taxation</b>	(8,632)	(3,570)
Convertible loan interest accrued	-	84
Convertible loan interest paid as equity	-	7
Share based payment - options	972	146
Share based payment - warrants	102	182
Net (increase)/decrease in operating assets/other receivables	(153)	(91)
Net increase/(decrease) in operating liabilities /other liabilities	63	291
Cost of listing	-	755
Other share based payments	2,138	-
Loss on foreign exchange	-	2
Write off of investments	-	15
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(5,510)</u>	<u>(2,179)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	2,638	2,004
Proceeds from issuance of convertible loan notes	10,235	2,454
Interest on convertible instruments	-	(77)
Fundraising costs	(726)	-
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<u>12,147</u>	<u>4,381</u>
<b>Cash flows from investing activities</b>		
Cash acquired at acquisition	-	64
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<u>-</u>	<u>64</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>6,637</u>	<u>2,266</u>
Cash and cash equivalents at beginning of year	2,266	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>8,903</u></u>	<u><u>2,266</u></u>

# restated - note 2

### COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>		
<b>Total comprehensive loss for the period before taxation</b>	(6,890)	(2,228)
Convertible loan interest accrued	-	84
Convertible loan interest paid as equity	-	7
Share based payment - options	972	146
Share based payment - warrants	102	182
Net(increase)/decrease in operating assets/other receivables	(1,722)	(754)
Net increase/(decrease) in operating liabilities/other liabilities	(117)	345

Loss on foreign exchange	-	2
Write off of investments	-	15
Other share based payments	2,138	-
Interest receivable	-	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(5,517)</b>	<b>(2,201)</b>

**Cash flows from financing activities**

Proceeds from issuance of ordinary shares	2,638	2,004
Proceeds from issuance of convertible loan notes	10,235	2,454
Interest on convertible instruments	-	(77)
	(726)	-
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>12,147</b>	<b>4,381</b>

**Cash flows from investing activities**

<b>NET CASH GENERATED FROM INVESTMENT ACTIVITIES</b>	<b>-</b>	<b>-</b>
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<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,630</b>	<b>2,180</b>
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Cash and cash equivalents at beginning of year	2,241	61
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>8,871</b>	<b>2,241</b>
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share Capital	Share Premium	Merger Relief Reserve	Share Based Payment Reserve	Restated Shares To Be Issued Reserve	Convertible Loan Note Reserve	Other Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2014</b>	6,663	14,489	-	-	-	-	(21,152)	-	-
<u>Transactions with owners</u>									
Acquisition of Tiziana Pharma Ltd									-
Issue of shares	1,875	-	5,625	-	-	-	-	-	7,500
Reverse acquisition adjustment	-	-	-	-	-	-	(7,134)	-	(7,134)
Share placing	500	1,500	-	-	-	-	-	-	2,000
Redemption of convertible loan note	102	305	-	-	-	-	-	-	407
Issue of share capital under share-based payment scheme	4	-	-	-	-	-	-	-	4
Share based payment (options)	-	-	-	146	-	-	-	-	146
Share based payment (warrants)	-	-	-	-	182	-	-	-	182
Convertible loan note - equity component	-	-	-	-	-	2,259	-	(77)	2,182
<b>Total transactions with owners</b>	<b>2,481</b>	<b>1,805</b>	<b>5,625</b>	<b>146</b>	<b>182</b>	<b>2,259</b>	<b>(7,134)</b>	<b>(77)</b>	<b>5,287</b>
<u>Comprehensive income</u>									
Loss for the year	-	-	-	-	-	-	-	(3,510)	(3,510)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,510)</b>	<b>(3,510)</b>
<b>Balance as at 31 December 2014</b>	<b>9,144</b>	<b>16,294</b>	<b>5,625</b>	<b>146</b>	<b>182</b>	<b>2,259</b>	<b>(28,286)</b>	<b>(3,587)</b>	<b>1,777</b>
<b>as previously stated</b>									
Income restatement					(182)			182	(182)



- note 2 Balance as at 31 December 2014 restated	9,144	16,294	5,625	146	-	2,259	(28,286)	(3,405)	1,777
<u>Transactions with owners</u>									
Issue of share capita (net of issuance costs)	231	4,338	-	-	-	-	-	-	4,569
Share based payment (options)	-	-	-	972	-	-	-	-	972
Share based payment (warrants)	-	-	-	-	102	-	-	-	102
Convertible loan note - equity component	-	-	-	-	-	10,028	-	(312)	9,716
Options cancelled in the year	-	-	-	(110)	-	-	-	110	-
Total transactions with owners	231	4,338	-	862	102	10,028	-	(202)	15,359
<u>Comprehensive income</u>									
Comprehensive loss for the year	-	-	-	-	-	-	-	(8,632)	(8,632)
Total comprehensive income	-	-	-	-	-	-	-	(8,632)	(8,632)
Balance as at 31 December 2015	9,375	20,632	5,625	1,008	102	12,287	(28,286)	(12,239)	8,504

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share Capital	Share Premium	Share Based Payment Reserve	Shares To Be Issued Reserve	Convertible Loan Note Reserve	Merger Relief Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2014	6,663	14,489	65	63	-	-	(21,426)	(146)
<u>Transactions with owners</u>								
Issue of share capital	606	1,805	-	-	-	-	-	2,411
Acquisition of Tiziana Pharma Ltd					-			
Issue of shares	1,875	-	-	-	-	5,625	-	7,500
Share based payment (options)	-	-	146	-	-	-	-	146
Share based payment (warrants)	-	-	-	182	-	-	-	182
Convertible loan note - equity component	-	-	-	-	2,259	-	(77)	2,182
Total transactions with owners	2,481	1,805	146	182	2,259	5,625	(77)	12,275
<u>Comprehensive income</u>								
Loss for the year	-	-	-	-	-	-	(2,228)	(2,228)
Total comprehensive income	-	-	-	-	-	-	(2,228)	(2,228)
Balance as at 31	9,144	16,294	211	245	2,259	5,625	(23,731)	10,047

<b>December 2014 as previously stated</b>				(182)			182	-
<b>Income restatement - note 2</b>								
<b>Balance as at 31 December 2014 restated</b>	9,144	16,294	211	63	2,259	5,625	(23,549)	10,047
<b>Transactions with owners</b>								
Issue of share capital (net of issuance costs)	231	4,338	-	-	-	-	-	4,569
Share based payment (options)	-	-	972	-	-	-	-	972
Share based payment (warrants)	-	-	-	102	-	-	-	102
Convertible loan note - equity component	-	-	-	-	10,028	-	(312)	9,716
Options cancelled in the year	-	-	(110)	-	-	-	110	-
<b>Total transactions with owners</b>	<b>231</b>	<b>4,338</b>	<b>862</b>	<b>102</b>	<b>10,028</b>	<b>-</b>	<b>(202)</b>	<b>15,359</b>
<b>Comprehensive income</b>								
Loss for the year	-	-	-	-	-	-	(6,890)	(6,890)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,890)</b>	<b>(6,890)</b>
<b>Balance as at 31 December 2015</b>	<b>9,375</b>	<b>20,632</b>	<b>1,073</b>	<b>165</b>	<b>12,287</b>	<b>5,625</b>	<b>(30,641)</b>	<b>18,516</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Selected Financial Data Disclosure

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014 but is derived from those accounts. Statutory accounts for 2014 have been delivered to the registrar of companies, and those for 2015 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

### 2. Restatement of Comparatives

During 2015 it was identified that warrants in issue should have been treated purely as equity and that there should be no finance charge to the Profit and Loss Account. The effect of this is that the charge of £182,000 made in the 2014 Financial Statements has been adjusted and the consolidated retained loss for 2014 has reduced to £3,328,000. Accordingly the comparatives for 2014 have been restated to reflect this.

### 3. Loss Per Share

Basic loss per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2015	2014#
(Loss) attributable to equity holders of the company (£)	(8,632,226)	(3,327,292)
Weighted average number of ordinary shares in issue	91,242,884	22,866,387
<b>Basic loss per share (pence per share)</b>	<b>(9.5)</b>	<b>(14.6)</b>

As the Group is reporting a loss from continuing operations, in accordance with IAS 33, the share options are not considered dilutive because the exercise of the share options would have an anti-dilutive effect. The basic and diluted earnings per share as presented on the face of the income statement are therefore identical. All earnings per share figures presented above arise from continuing and total operations and therefore no earnings per share for discontinued operations are presented.

# restated - note 2

#### **4. Availability of Report and Accounts and Notice of Annual General Meeting**

The Company has posted its audited Report and Accounts to 31 December 2015 and Notice of AGM to shareholders. The AGM will be held at the offices of Cooley (UK) LLP, Dashwood, 69 Old Broad Street, London EC2M 1QS on 30 June at 10.30 a.m. A copy of the Report and Accounts and Notice of AGM is available to be downloaded from the Company's website at [www.tizianalifesciences.com](http://www.tizianalifesciences.com).