Tiziana Life Sciences plc

("Tiziana" or "the Company")

Interim Results for the Six Months Ended 30 June 2014

A Transformative Year

London, 30 September 2014 – Tiziana Life Sciences (AIM: TILS), a biotechnology company in the fight against metastatic cancers, today announces its interim results for the six months ended 30 June 2014.

Highlights

- Joined the AIM market of the London Stock Exchange on 24 April 2014 under the ticker symbol TILS
- £2m raised through a placing completing the reverse acquisition of Alexander David Investments plc by Tiziana Pharma Ltd; additional £0.73m raised through a convertible loan note
- Further £1.45m raised through convertible loan note issued on 17 June 2014
- Licensing agreement with TTFactor S.r.l. to develop stem cell based breast cancer diagnostics
- Professor Pier Paolo Di Fiore, inventor of the gene expression signature the TOP 20 model, appointed to Scientific Advisory Board
- Dr Napoleone Ferrara, whose research led to the development of drugs Avastin® and Lucentis®, appointed as Chairman of the Scientific Advisory Board
- For the six months to 30 June 2014 the consolidated Group made a loss of £1.57m
- The Group ended the period with £3.55m cash as at 30 June 2014

Post Period Highlights

- Professor Roberto Pellicciari, co-founder and current Head of Medicinal Chemistry at Intercept Pharmaceuticals (NASDAQ: ICPT), appointed to Scientific Advisory Board

Commenting on the results, Gabriele Cerrone, Executive Chairman of Tiziana, said: "The past few months have been transformative for Tiziana. The successful completion of the reverse acquisition of Alexander David Investments plc and the funds raised to date will enable us to build on the success of our current pre-clinical programmes. With our Scientific Advisory Board now comprising of Dr Ferrara as Chairman, Prof Di Fiore and Prof Pellicciari, we have significant breadth and depth of knowledge in the field of oncology. We are confident that we are well-placed to become a leading player in developing novel molecules that will improve the quality of life for patients with metastatic breast cancer."

Contacts:

Tiziana Life Sciences plc Philip Boyd	+44 (0)20 7493 2853
Cairn Financial Advisers LLP Nominated Advisor Liam Murray / Avi Robinson	+44 (0)20 7148 7900
Beaufort Securities Limited Broker Saif Janjua	+44 (0)20 7382 8300
FTI Consulting Simon Conway	+44 (0)20 3727 1000

About Tiziana Life Sciences

Tiziana Life Sciences plc is a biotechnology company that focuses on the discovery and development of novel molecules that impact human disease in the area of oncology, with a particular focus on metastatic cancers.

Tiziana Life Sciences' research team is directly attributed with the discovery that Bcl-3 has a prominent role in the metastasis of mammary cancers, and has elucidated the mechanism of Bcl-3 action to be the regulator of cancer cell motility. Tiziana has also determined that Bcl-3 inhibition suppresses cell motility in triple-negative, HER-2-positive PR- and ER-positive breast cancer sub-types, suggesting that Bcl-3 may be a master regulator of this metastatic property not only in the more aggressive breast cancers, but across the whole clinical spectrum of breast disease.

Background

Tiziana Pharma Ltd (TPL), Tiziana Life Sciences plc's operating subsidiary, was established in November 2013 with the aim of developing novel therapeutics for cancer with a focus on late stage metastases. TPL, founded on research from the European Cancer Stem Cell Institute in Cardiff, identified the B-cell Lymphoma 3 (Bcl-3) gene as a potential drug target to halt cancer metastasis, where malignant tumours spread to other parts of the body, a process typically associated with poor patient prognosis. TPL entered into an agreement with the European Cancer Stem Cell Institute for the exclusive worldwide licence to any compound with potential therapeutic application against Bcl-3.

Listing

On 24 April 2014 Tiziana Life Sciences plc (the Company; Tiziana) began trading on AIM under the ticker symbol "TILS" following the completion of the reverse acquisition of Alexander David Investments plc and concurrent name change to Tiziana Life Sciences plc. The Company issued 16,666,667 ordinary shares at a price of 12p through a placing to new investors raising £2m and a convertible loan note[1] raising £0.73m to complete the reverse acquisition.

On the first day of trading the Company's shares closed at 27.50 pence. At 29 September 2014, the Company's closing share price, was 57.5 pence.

Licensing Agreements

At the end of June 2014, TTFactor S.r.l. (TTFactor) granted Tiziana an exclusive licensing agreement covering the use of 20 defined stem cell markers (the "TOP 20") for patient stratification in breast cancer. TTFactor is the technology transfer company of the European Institute of Oncology and the Italian Foundation for Cancer Research (FIRC), Institute of Molecular Oncology. The TOP 20 model is a gene expression signature capable of predicting disease aggressiveness and prognosis in breast cancer patients. Under the terms of the licensing agreement, Tiziana will pay TTFactor €600,000 over a period of four years, with royalty payments of 1.5% based on commercial sales of any product derived from this agreement.

Appointments

Tiziana appointed Dr Napoleone Ferrara as Chairman of the Scientific Advisory Board and consultant to the Company on 19 May 2014. Dr Ferrara's research into the process of angiogenesis led to the development and subsequent commercialisation of the anti-VEGF (vascular endothelial growth factor) Avastin®, a drug that is now used in a broad range of cancers in combination with chemotherapy. Additionally, his studies of the role of VEGF in intraocular neovascularisation led to the development and commercialisation of Lucentis®, a treatment for age-related macular degeneration, a leading cause of blindness in the elderly.

Professor Pier Paolo Di Fiore, was also appointed as a member of the Scientific Advisory Board and consultant to Tiziana on 1 February 2014. Prof Di Fiore, a recognised specialist in molecular oncology and cell biology, is the inventor of the TOP 20 model. He is a Full Professor at the University of Milan in Italy and a Director of Molecular Medicine at the European Institute of Oncology in Cardiff. Prof Di Fiore is also the Senior Editor of *The Journal of Cell Biology*, and Associate Editor of *Cell*.

Post period, on 12 September 2014, Tiziana appointed Professor Roberto Pellicciari as a further member of the Scientific Advisory Board and consultant to the Company. Prof Pellicciari was the co-founder and current Head of Medicinal Chemistry at Intercept Pharmaceuticals, Inc. (Nasdaq: ICPT), a clinical stage biopharmaceutical company focused on the development and commercialisation of novel bile acid therapeutics to treat chronic liver and intestinal diseases. Intercept currently has a market capitalisation of approximately US$6.15 billion. Professor Pellicciari is Professor of Medicinal Chemistry at the University of

Perugia in Italy, he has held a number of prestigious scientific posts and has an international reputation in molecular design, synthesis, mechanism of reaction, and modelling, with over 300 publications in international journals and 40 patents granted.

Outlook

With the identification of an initial lead molecule that has the ability to significantly block the activity of Bcl-3, Tiziana's research programme is focused on the discovery of further proprietary Bcl-3 inhibitor molecules with improved profiles that are suitable for development as a drug.

Ongoing pre-clinical studies on similar inhibitor compounds, scheduled for completion in 2014, are expected to determine if there is a significant improvement in survival in targeted animal models with existing advanced metastatic disease.

If successful, the subsequent selection of a clinical candidate will initiate the process of manufacturing scale-up and pre-clinical toxicology and could lead to an Investigational New Drug (IND) application being made in 2016.

Gabriele Cerrone
Executive Chairman

Financial Overview

This interim financial statements show the consolidated position of the Group as a result of the reverse acquisition of Alexander David Investments plc by Tiziana Pharma Ltd and the subsequent listing of the Company as Tiziana Life Sciences plc on 24 April 2014.

Financial highlights of the Group for the six months to 30 June 2014;

- Loss of £1.57m
- Loss per share of 4.8p
- £3.55m cash as at 30 June 2014
- Research and development expenditure of £0.14m
- Majority of operating expenses related to the reverse acquisition transaction

Consolidated Statement of Comprehensive Income
for the six months ended 30 June, 2014

	Notes	6 months to 30 June 2014 £'000 (unaudited)	6 months to 30 June 2013 £'000 (unaudited)	12 months to 31 Dec 2013 £'000 (unaudited)
Research and development		(141)	--	--
Operating expenses	**2**	(585)	--	--
Cost of listing	**2**	(755)	--	--
Operating loss		(1,481)	--	--
Financial expense	**2**	(93)	--	--
Operating loss before taxation		(1,574)	--	--
Tax expense		--	--	--
Operating loss after taxation		(1,574)	--	--
Net (loss) for the period attributable to equity owners		(1,574)	--	--
Other comprehensive income for the period		--	--	--
Total comprehensive (loss) attributable to equity owners		**(1,574)**	**--**	**--**
Basic and diluted (loss) per share (pence)				
Basic and diluted (loss) per share on continuing operations	**3**	(4.8p)	--	--
Total basic and diluted (loss) per share		(4.8p)	--	--

Consolidated Statement of Financial Position
as at 30 June, 2014

	Notes	30 June 2014 £'000 (unaudited)	30 June 2013 £'000 (unaudited)	31 Dec 2013 £'000 (unaudited)
Assets				
Current assets:				
Investments		15	--	--
Trade and other receivables	**4**	269	--	--
Cash and cash equivalents		3,550	--	--
Total current assets		3,834	--	--
Total assets		**3,834**	**--**	**--**
Equity and liabilities				
Shareholders equity				
Called up share capital		9,143	--	--
Share premium		16,294	--	--
Share based payment reserve	**5**	31	--	--
Shares to be issued reserve	**5**	23	--	--
Convertible loan note reserve	**6**	137	--	--
Merger relief reserve		5,625	--	--
Other reserve		(28,286)	--	--
Retained earnings	**7**	(1,574)	--	--
Equity attributed to the owners of the Company		**1,393**	**--**	**--**
Current liabilities:				
Trade and other payables	**8**	2,441	--	--
		2,441	**--**	**--**
Total Equity and Liabilities		**3,834**	**--**	**--**

Consolidated Statement of Cash Flows
for the six months ended 30 June, 2014

	6 months to 30 June 2014 £'000 (unaudited)	6 months to 30 June 2013 £'000 (unaudited)	12 months to 31 Dec 2013 £'000 (unaudited)
Cash flows from operating activities			
Total comprehensive loss for the period before tax	(1,574)	--	--
Investment acquired at acquisition	(15)	--	--
Liabilities acquired at acquisition	523	--	--
Consideration deemed transferred at acquisition	311	--	--
Convertible loan equity component	137	--	--
Convertible loan interest accrued	28	--	--
Convertible loan interest paid as equity	7	--	--
Share based payment – options	31	--	--
Share based payment – warrants	23	--	--
Net (increase) / decrease in operating assets			
-Trade / other receivables	(243)	--	--
Net increase / (decrease) in operating liabilities			
-Trade / other liabilities	(199)	--	--
Net cash used in operating activities	**(971)**	**--**	**--**
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	2,003	--	--
Proceeds from issuance of convertible loan notes	2,454	--	--
Net cash generated from financing activities	**4,457**	**--**	**--**
Net increase / (decrease) in cash and cash equivalents	**3,486**	**--**	**--**
Cash and cash equivalents at beginning of period	--	--	--
Cash acquired at acquisition	64	--	--
Cash and cash equivalents at end of period	**3,550**	**--**	**--**

Consolidated Statement of Changes in Equity
for the six month period to 30 June 2014

(Unaudited)	Share Capital	Share Premium	Share Based Payment Reserve	Shares To Be Issued Reserve	Convertible Loan Note Reserve	Merger Reserve	Other Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2013	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with owners									
Issue of Shares	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Comprehensive income									
Loss for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-
Balance at 30 June 2013	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 1 July 2013	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with owners									
Issue of Shares	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Comprehensive income									
Loss for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-
Balance at 31 December 2013	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 1 January 2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with owners									
Acquisition of Tiziana Pharma Ltd									
Issue of Shares	1,875	-	-	-	-	5,625	-	-	7,500
Reverse acquisition adjustment	6,663	14,489	-	-	-	-	(28,286)	-	(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	3	-	-	-	-	-	-	-	3
Share based payment (options)	-	-	31	-	-	-	-	-	31
Share based payment (warrants)	-	-	-	23	-	-	-	-	23
Convertible loan note – equity component	-	-	-	-	137	-	-	-	137
Total transactions with owners	9,143	16,294	31	23	137	5,625	(28.286)	-	2,967
Comprehensive income									
Loss for the period	-	-	-	-	-	-	-	(1,574)	(1,574)
Total comprehensive income	-	-	-	-	-	-	-	(1,574)	(1,574)
Balance at 30 June 2014	**9,143**	**16,294**	**31**	**23**	**137**	**5,625**	**(28,286)**	**(1,574)**	**1,393**

Notes to the Interim Financial Statements for the six month period to 30 June 2014

General Information

Tiziana Life Sciences plc is a Company incorporated in England and Wales and quoted on the AIM market of the London Stock Exchange (AIM: TILS). The registered office of the Company is 18 South Street, Mayfair, London W1K 1DG. The principal activity of the Group is that of a biotechnology company discovering and developing novel molecules that impact human disease in the area of oncology, with a particular focus on metastatic cancers.

1. Accounting policies

The accounting policies applied and adopted are consistent with those followed in the preparation of the Group's historical financial information for the years ended 31 December 2011, 31 December 2012 and 31 December 2013. None of the newly applicable IFRS standards and amendments had an impact on the Group's interim consolidated financial information.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Some of the significant accounting policies require management to make difficult, subjective or complex judgments or estimates. The policies which management consider critical because of the level of complexity, judgment or estimation involved in their application and their impact on the financial Information are;

- Basis of consolidation (reverse acquisition)
- Convertible loan notes
- Share based payments

Basis of preparation

The unaudited interim consolidated financial information for the six months ended 30 June 2014 has been prepared following the recognition and measurement principles of IFRS as adopted by the European Union. The financial information has been prepared under the historical cost convention. The interim consolidated financial information does not include all the information and disclosures required in the annual financial information, and should be read in conjunction with the Group's historical financial information for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 which is contained in the Admission Document published on 31 March 2014.

The condensed interim financial information contained in this interim statement does not constitute financial statements as defined by section 434(3) of the Companies Act 2006. The condensed interim financial information has been neither audited nor reviewed by the Group's auditors. The financial information for the year ended 31 December 2013 is derived from the historical financial information of Tiziana Life Sciences plc and Tiziana Pharma Ltd for that period and was included as sections Part III and Part IV of the Admission Document respectively. The historical financial information included an accountant's report, which was unqualified and did not contain any statement under section 498(2) or 498(3) of the Companies Act 2006. The comparative financial information for the year ended 31 December 2013 and 30 June 2013 does not constitute the full statutory accounts for those periods.

There are no additional standards or interpretations applicable to the group for the accounting period commencing 1 January 2014 for adoption.

In preparing the condensed interim financial information the Directors have considered the Group's financial projections, borrowing facilities and other relevant financial matters, and the Board is satisfied that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial information.

Basis of Consolidation

In the period ended 30 June 2014, the Company (ADI) acquired via a share for share exchange the entire issued share capital of Tiziana Pharma Limited, whose principal activity is that of a biotechnology company discovering and developing novel molecules that impact human disease in the area of oncology, with a particular focus on metastatic cancers.

Due to the relative values of the companies, the former Tiziana Pharma Limited shareholders became majority shareholders with 96.1% of the enlarged share capital in ADI which was renamed Tiziana Life Sciences plc, and hence hold the majority of the voting rights. Furthermore, the executive management of Tiziana Pharma Limited became the executive management of Tiziana Life Sciences plc. A qualitative and quantitative analysis of these factors led the Directors to conclude that in this transaction Tiziana Pharma Limited has the controlling interest and should be treated as the accounting acquirer.

In determining the appropriate accounting treatment for the reverse acquisition, the Directors considered the Application Supplement to IFRS 3, *Business combinations*. However, they concluded that this transaction fell outside the scope of IFRS 3 since Tiziana Life Sciences plc, whose activity prior to the acquisition was purely the maintenance of the AIM listing, did not constitute a business. It was therefore determined that the transaction should be accounted for in a manner that was similar to the reverse acquisition accounting as described in IFRS 3, but without recognising goodwill.

In accordance with IAS 8 *Accounting Policies, changes in Accounting Estimates and Errors*, in developing an appropriate accounting policy the Directors have considered the pronouncements of other standard-setting bodies and specifically looked to accounting principles in the United Kingdom (UK GAAP) for guidance (FRS 6 *Acquisitions and mergers*).

The following accounting treatment has been applied in respect of the reverse acquisition;

- The assets and liabilities of the legal subsidiary, Tiziana Pharma Limited are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts, without restatement to their fair value.
- The retained reserves recognised in the consolidated financial statements reflect the retained reserves of Tiziana Pharma Limited to the date of acquisition.
- In applying IFRS3 by analogy, the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent Tiziana Life Sciences plc, including the equity instruments issued under the share exchange to effect the business combination.
- A reverse acquisition reserve has been created to enable the presentation of a consolidated balance sheet which combines the equity structure of the legal parent with the non-statutory reserves of the legal subsidiary.
- Comparative numbers are based upon the consolidated financial statements of the legal subsidiary, Tiziana Pharma Limited for the periods ended 30 June 2013 and 31 December 2013 apart from the equity structure which reflects that of the parent.

Fair Value Measurement

Management have assessed the categorisation of the fair value measurements using the IFRS 13 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows;

- Level 1 – valued using quoted prices in active markets for identical assets;
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1;
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Convertible Loan Notes

Under IAS 32 the liability and equity components of convertible loan notes must be presented separately on the Statement of Financial Position. The Group has estimated the fair value consideration in respect of the liability. The Group has carried out an assessment to determine the fair value of a similar liability that does not have any associated equity conversion option. The interest rate of a similar liability is estimated by the Group in order to evaluate the fair value of the liability and the resulting equity component.

Convertible loans are accounted for as compound instruments. The fair value of the liability portion of the convertible loan notes is determined using a market interest rate for an equivalent non-convertible loan note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan notes. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity, net of tax effects, and is not subsequently re-measured.

Share Based Payments

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

Where employees, directors or advisers are rewarded using share based payments, the fair value of the employees', directors' or advisers' services are determined by reference to the fair value of the share options / warrants awarded. Their value is appraised at the date of grant and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Warrants issued in association with the issue of Convertible Loan Notes are also considered share based payments and a share based payment charge calculated for these too.

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to a Share Based Payment Reserve in the case of options / warrants awarded to employees, directors or advisers, and Shares To Be Issued Reserve in the case of warrants issued in association with the issue of Convertible Loan Notes, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options / warrants expected to vest. Non-market vesting conditions are included in assumptions about the number of options / warrants that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options / warrants expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options / warrants, the proceeds received are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

All goods and services received in exchange for the grant of any share based payment are measured at their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and current and deposit balances at banks, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Operating and financial expenses

The most significant category of expenditure within operating expenses for the period was legal and professional fees, and amounted to £409k of the £585k shown in the Statement of Comprehensive Income. The majority of legal and professional fees were incurred in preparation and implementation of the reverse acquisition and listing on AIM.

Operating costs of the consolidated Group comprise the operating costs of the legal subsidiary (Tiziana Pharma Ltd) to the date of the reverse acquisition and the costs of the legal parent (Tiziana Life Sciences plc) and the legal subsidiary after that date. For that reason, the operating costs of the legal parent (formerly known as Alexander David Investments plc) for the period from 1 January 2014 to 23 April 2014 are not included. The additional costs which amounted to £297k, not shown but incurred in this period, were predominantly related to preparation for the reverse acquisition transaction and subsequent listing on AIM.

The cost of listing of £755k is an IFRS3 payment calculated as part of the accounting for the reverse acquisition and disclosed on the face of the consolidated statement of comprehensive income.

The £93k of financial expenses shown in the Statement of Comprehensive Income includes stamp duty paid on the reverse acquisition transaction, interest paid and accrued on convertible loan notes and a share based payment charge for the issue of warrants.

3. Earnings per share

The basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue for the period. As the Company has reported a loss for the period the shares are not diluted for the purpose of earnings per share.

Due to the method of accounting for a reverse acquisition, the comparables for the six months to 30 June 2013 and the twelve months to 31 December 2013 relate to the comprehensive income of the legal subsidiary, Tiziana Pharma Ltd, which was nil in each case.

	6 months to 30 June 2014 (unaudited)	6 months to 30 June 2013 (unaudited)	12 months to 31 Dec 2013 (unaudited)
Total comprehensive (loss)/income for the period (£'000)	(1,574)	--	--
Basic and diluted weighted average number of shares	33,018,141	--	--
Basic and diluted (loss) per share - pence	(4.8p)	--	--

4. Trade and other receivables

	6 months to 30 June 2014 £'000	6 months to 30 June 2013 £'000	12 months to 31 Dec 2013 £'000
Trade and other receivables	133	--	--
Short term lendings & other financial assets	5	--	--
Prepayments	131	--	--
	269	**--**	**--**

5. Share based payments

The Company has entered into the following share based payment agreements;

- At the date of the reverse acquisition warrants over 388,148 shares existed at an exercise price of £1.50 per share. The warrant is exercisable until 18 February 2016;
- On 24 April 2014, warrants were granted over 1,095,000 shares at an exercise price of £0.20 per share by way of an arrangement fee for the convertible noteholders agreeing to subscribe for convertible loan notes. The warrant is exercisable from until 24 April 2016; and
- On 16 June 2014, warrants were granted over 1,995,774 shares at an exercise price of £0.32 per share by way of an arrangement fee for the convertible noteholders agreeing to subscribe for convertible loan notes. The warrant is exerciseable until 28 March 2017.

The Directors have estimated the fair value of the warrants in services provided using an appropriate valuation model. The total fair value of the warrant instruments is deemed to be approximately £336,000. For each set of warrants, the charge has been expensed over the vesting period. A share based payment charge for the six months to 30 June 2014 of £23,177 (six months to June 2013: nil, twelve months to December 2013: nil) has been expensed in the statement of comprehensive income.

- On 24 April 2014, 4,787,500 share options were granted at an exercise price of £0.15 per share and are exercisable for a period of 10 years from the date of vesting; and
- On 25 June 2014, total 385,000 share options were granted at range of exercise prices from £0.28 to £0.33 per share and are exercisable for a period of 10 years from the date of vesting.

The Directors have used the Black-Scholes option pricing model to estimate the fair value of the options applying the assumptions below. The total fair value of the share option instruments is deemed to be approximately £510,000.

	24 April 2014	25 June 2014
Grant date share price	£0.12	£0.39
Exercise share price	£0.15	£0.28 to £0.33
Vesting periods	25% each	25% each
	Yr1, Yr2, Yr3, Yr4	Yr1, Yr2, Yr3, Yr4
Risk free rate	0.55% to 1.54%	0.55% to 1.54%
Expected volatility	99% to 197%	99% to 197%
Option life	10 years	10 years

For each set of options, the charge has been expensed over the vesting period. A share based payment charge for the six months to 30 June 2014 of £31,148 (six months to June 2013: £nil, twelve months to December 2013: £nil) has been expensed in the statement of comprehensive income.

6. Convertible loan notes

Planwise Convertible Loan Notes 2014

At the date of the reverse acquisition a convertible loan note of £400,000 plus accrued interest was in existence and was converted into ordinary shares in the Company at a price of £0.12 per share as detailed in the Admission Document dated 31 March 2014.

Planwise Convertible Loan Notes 2016

From the date of the reverse acquisition a convertible loan note of £200,000 was in existence as detailed in the Admission Document dated 31 March 2014. Proceeds of the subscriptions for the notes are to be used exclusively to finance the Company's ongoing working capital requirements. The terms of the loan note are that the loan notes, plus accrued interest at a rate of 4 per cent above Bank of England base rate per annum, will convert into ordinary shares in the Company at a price of £0.10 per share at the election of Planwise any time after the second anniversary of the re-admission to AIM on 24 April 2014.

Investor Convertible Loan Notes: Tranche A

From the date of the reverse acquisition a convertible loan note of £730,000 was in existence as detailed in the Admission Document dated 31 March 2014. Proceeds of the subscriptions for the notes are to be used to finance the Company's ongoing working capital requirements. The terms of the loan note are that the loan notes, plus accrued interest at a rate of 6 per cent per annum, will convert into ordinary shares in the Company at a price of £0.16 per share at the election of the noteholders any time after the date that is 180 days after the re-admission to AIM on 24 April 2014.

By way of an arrangement fee for the noteholders agreeing to subscribe £730,000 for the Investor Convertible Loan Notes: Tranche A, the Company agreed to grant to the noteholders warrants to subscribe for up to 1,095,000 Shares at an exercise price of £0.20 per share. The fair value of these warrants is included in the share based payment calculations for the period.

Investor Convertible Loan Notes: Tranche B

On 16 June 2014 the Company entered into an agreement to issue £1,451,472 of convertible loan notes. Proceeds of the subscriptions for the notes are to be used to finance the Company's ongoing working capital requirements. The terms of the loan note are that the loan notes, plus accrued interest at a rate of 6 per cent per annum, will convert into ordinary shares in the Company at a price of £0.24 per share at the election of the noteholders any time after 28 March 2015.

By way of an arrangement fee for the noteholders agreeing to subscribe £1,451,472 for the Investor Convertible Loan Notes: Tranche B, the Company agreed to grant to the noteholders warrants to subscribe for up to 1,995,774 Shares at an exercise price of £0.32 per share. The fair value of these warrants is included in the share based payment calculations for the period.

Accounting for the loan notes

The net proceeds received from the issue of the convertible loan notes have been split between the liability component and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:

	Planwise Convertible Loan Note 2016	Investor Convertible Loan Note Tranche A	Investor Convertible Loan Note Tranche B	**Total**
	£'000	£'000	£'000	**£'000**
Convertible loan notes issued	200	730	1,451	**2,381**
Equity component	(16)	(30)	(91)	**(137)**
Liability component at date of issue	184	700	1,360	**2,244**
Interest charged	2	19	8	**29**
Liability component at 30 June 2014	186	719	1,368	**2,273**

The Directors estimate the fair value of the liability component of the convertible loan notes at 30 June 2014 to be approximately £2,273,000.

7. Retained earnings

The retained earnings for the Company to the date of the reverse acquisition are those of the legal subsidiary, Tiziana Pharma Ltd.

	6 months to 30 June 2014 £'000	6 months to 30 June 2013 £'000	12 months to 31 Dec 2013 £'000
Retained earnings	--	--	--
Total comprehensive loss for the period	1,574	--	--
	(1,574)	**--**	**--**

8. Trade and other payables

	6 months to 30 June 2014 £'000	6 months to 30 June 2013 £'000	12 months to 31 Dec 2013 £'000
Convertible loan note liability	2,273	--	--
Trade and other payables	148	--	--
Accruals	17	--	--
Short term borrowings	3	--	--
	2,441	**--**	**--**