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Tiziana Life Sciences PLC
29 September 2016

Tiziana Life Sciences plc
("Tiziana" or "the Company")

Interim Results for the Six Months Ended 30 June 2016

Advancing pipeline of next generation therapeutics and diagnostics for oncology and immune diseases of high unmet need

London, 29 September 2016 - Tiziana Life Sciences plc ("Tiziana", AIM: TILS), the research and clinical stage biotechnology company focussing on proprietary drug candidates to treat cancer and autoimmune diseases, today announces its interim results for the six months ended 30 June 2016.

Highlights during the period:

LEADERSHIP

- The Company significantly enhanced its commercial and clinical development strength with the addition of highly experienced executives to its senior leadership team and Scientific Advisory Board:
 - Dr. Robert Evans joined as Vice President of Clinical Sciences, formerly VP of Clinical Development at Glenmark Pharmaceuticals, Inc.
 - Tiziano Lazzaretti appointed as Chief Financial Officer, formerly Group Finance Director at Pharmentis.
 - Professors Kevan Herold and Howard Weiner joined Scientific Advisory Board, providing key leadership and experience in CD3 clinical development.

RESEARCH & DEVELOPMENT

Foralumab

- Initial evaluation of foralumab in two clinical indications: graft vs host disease and non-alcoholic steatohepatitis (NASH).

Milciclib

- Continuing in Phase II trials for thymic carcinoma (thymoma) in patients previously treated with chemotherapy.

TZLS-101 / Bcl-3 Inhibitor

- 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.
- This partnership was recognised as the winner of the Innovation in Healthcare category at Cardiff University's Innovation and Impact Awards 2016.
- Tiziana intends to file an Investigational New Drug (IND) application for CB1 in June 2017 and expects to move this drug candidate into clinical trials shortly thereafter.

TZLS-214 / c-FLIP

- Currently under analysis, a lead candidate is expected to be disclosed later this year.

StemPrinter

- Currently under analysis with more details expected later this year.

FINANCIAL

- £0.68m (gross) raised through a convertible loan note in January 2016.
- For the six months to 30 June 2016 the consolidated Group made a loss of £2.11m (six months to 30 June 2015: £4.11m).
- The Group ended the period with £8.28m cash as at 30 June 2016 (31 Dec 2015: £8.90m).

Highlights post period:

- In July Tiziana acquired a unique bio-repository of local samples and data from Sardinian company Shardna SpA.
 - Residents of Sardinia are among the world's longest living people, with on average 5x greater likelihood of reaching age 100 compared with the USA.

- LonGevia Genomics Srl, a regional subsidiary, has been established specifically to develop these assets to identify novel drug targets and diagnostic applications.

"Tiziana Life Sciences has had a successful six months," commented Gabriele Cerrone, Chairman and founder, "We have built on our strong close to last year and the funds raised have enabled us to significantly bolster our pipeline, which now addresses several areas of significant unmet medical need in both cancer and autoimmune diseases. Our award-recognised partnership with Cardiff University is advancing new approaches, such as the inhibition of metastasis, to treat life-threatening cancers. Looking ahead, we are confident of being well positioned to progress these programmes to their next respective value inflection points."

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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 drug candidates for treatment of cancer and autoimmune diseases in humans:

In May 2015, the Company exclusively licenced a novel anti-cancer stem cell agent, c-FLIP, capable of targeting aggressive tumour forming cells originating from the breast, pancreas, colon and prostate.

In January 2015, the Company exclusively licenced miliciclib, a small molecule drug candidate, 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. Miliciclib is currently in phase II clinical trials for thymic carcinoma (thymoma) in patients previously treated with chemotherapy.

The Company also in-licensed another clinical asset foralumab in December 2014 from Novimmune. Foralumab is currently the only fully human engineered anti-human CD3 antibody in clinical development. This phase II asset has potential applications in a wide range of autoimmune and inflammatory diseases, such as NASH, GVHD, 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' research team has discovered that Bcl-3 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. Tiziana has also determined that Bcl-3 inhibition suppresses cell motility in triple-negative and other breast cancer sub-types, 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. Triple negative breast cancer (testing negative for estrogen receptors (ER-), progesterone receptors (PR-), and HER2 (HER2-), is an unmet medical needs with high mortality rates. Metastatic spreading of the cancer is the single most important cause of the high mortality. Our technology with drug candidate inhibiting specifically Bcl-3 is an innovative approach to suppress growth of metastases.

EXECUTIVE CHAIRMAN'S STATEMENT

I am pleased to report on the Group's financial results for the six months ended 30 June 2016.

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, University of 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 license to any compound with potential therapeutic application against Bcl-3.

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 raising £0.73m to complete the reverse acquisition.

Tiziana Therapeutics Inc, Tiziana Life Sciences plc's US operating subsidiary, was established in October 2015 with the aim of managing the Company's global clinical programmes.

Financial summary

The Group has made a loss for the six months to 30 June 2016 of £2.11m (six months to 30 June 2015: £4.11m). The loss is detailed in the consolidated statement of comprehensive income.

The Group ended the period with £8.28m cash as at 30 June 2016 (31 Dec 2015: £8.90m).

Fund raising

In January 2016, Tiziana entered into an agreement to issue £676,241 of Convertible Equity Instruments.

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 license agreements, and for general working capital purposes.

Research & Development

In 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 (TZLS-101), with potent anti-metastatic activity, and with an impressive *in vivo* efficacy and safety profile. This partnership was recognised as the winner of the Innovation in Healthcare category at Cardiff University's Innovation and Impact Awards 2016. Tiziana intends to file an Investigational New Drug (IND) application for CB1 in June 2017, and expects to move this drug candidate into clinical trials shortly thereafter.

Also in 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 non-alcoholic steatohepatitis (NASH). Foralumab is the only fully human anti-CD3 monoclonal antibody currently in development for the modulation of autoimmune disease.

The Company's small molecule drug candidate, milciclib, continues to progress through Phase II trials for thymic carcinoma (thymoma) in patients previously treated with chemotherapy.

Tiziana's novel anti-cancer stem cell agent, TZLS-214 / c-FLIP is currently under analysis, a lead candidate is expected to be disclosed later this year. StemPrinter is also currently under analysis with more detailed expected later this year.

Post period in July 2016, Tiziana acquired a unique bio-repository of local samples and data from Sardinian company Shardna SpA. Residents of Sardinia are among the world's longest living people, with on average five times greater likelihood of reaching age 100 compared with the USA. The Company has established *LonGevia Genomics Srl*, a regional subsidiary specifically to develop these assets to identify novel drug targets and diagnostic applications through leveraging next generation gene sequencing and state of the art "-omics" technologies.

Appointments

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

Mr Lazzaretti has extensive experience in the healthcare and pharmaceutical industry and joins Tiziana from Parmentis 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 on 4 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.

On 11 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.

Outlook

It has been a busy six months for the Company as we have bolstered our senior leadership team and Scientific Advisory Board, and continued to progress our pipeline of drugs to treat rare cancers and difficult to treat autoimmune inflammatory diseases.

We have outlined our clinical development plan for foralumab with initial plans to evaluate foralumab in two clinical indications: graft vs host disease and NASH.

Also, our award-recognised partnership with Cardiff University is advancing new approaches, such as the inhibition of metastasis using Bcl-

3 inhibitors, to treat life-threatening cancers.

Looking forward, we are confident of being well positioned to progress these programmes to their next respective value inflection points.

Gabriele Cerrone
Executive Chairman

**Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2016**

		6 months to 30 June 2016 £'000 (unaudited)	6 months to 30 June 2015 £'000 (unaudited)	12 months to 31 Dec 2015 £'000
	Notes			
Research and development Operating expenses	3	(727) (1,387)	(2,738) (1,164)	(6,287) (2,327)
Operating loss		(2,114)	(3,902)	(8,614)
Financial income	3	12	1	1
Financial expense	3	(4)	(210)	(19)
Operating loss before taxation		(2,106)	(4,111)	(8,632)
Tax expense		–	–	–
Operating loss after taxation		(2,106)	(4,111)	(8,362)
Net loss for the period attributable to equity owners		(2,106)	(4,111)	(8,632)
Other comprehensive income for the period		–	–	–
Total comprehensive loss attributable to equity owners		(2,106)	(4,111)	(8,632)
Basic and diluted loss per share (pence)				
Basic and diluted loss per share on continuing operations	4	(2.3p)	(4.6p)	(9.5p)
Total basic and diluted loss per share		(2.3p)	(4.6p)	(9.5p)

**Consolidated Statement of Financial Position
as at 30 June 2016**

		30 June 2016 £'000 (unaudited)	30 June 2015 £'000 (unaudited)	31 Dec 2015 £'000
	Notes			
Assets				
Current assets:				
Trade and other receivables	5	99	168	347
Cash and cash equivalents		8,281	6,959	8,903
Total current assets		8,380	7,127	9,250
Total assets		8,380	7,127	9,250
Equity and liabilities				
Shareholders' equity				
Called up share capital	6	9,435	9,374	9,375
Share premium		21,025	18,742	20,632

Share based payment reserve	7	1,054	503	1,008
Shares to be issued reserve	7	150	205	102
Convertible loan note reserve	8	13,121	7,835	12,287
Merger relief reserve		5,625	5,625	5,625
Other reserve		(28,286)	(28,286)	(28,286)
Retained earnings	9	(14,653)	(7,628)	(12,239)
Equity attributed to the owners of the Company		7,471	6,370	8,504
Current liabilities:				
Trade and other payables	10	909	757	746
		909	757	746
Total Equity and Liabilities		8,380	7,127	9,250

Consolidated Statement of Cash Flows for the six months ended 30 June 2016

	6 months to 30 June 2016 £'000 (unaudited)	6 months to 30 June 2015 £'000 (unaudited)	12 months to 31 Dec 2015 £'000
Cash flows from operating activities			
Total comprehensive loss for the period before tax	(2,106)	(4,111)	(8,632)
Convertible loan interest accrued	–	113	–
Convertible loan interest paid as equity	4	4	–
Share based payment - options	46	401	972
Other share based payments	–	–	2,138
Net (increase) / decrease in operating assets			
-Trade / other receivables	248	26	(153)
Net increase / (decrease) in operating liabilities			
-Trade / other liabilities	163	(181)	63
Net cash used in operating activities	(1,583)	(3,543)	(5,510)
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	285	2,678	2,638
Proceeds from issuance of convertible loan notes	676	5,671	10,235
Fundraising costs	–	–	(726)
Interest on convertible instruments	–	(113)	–
Net cash generated from financing activities	961	8,236	12,147
Net increase / (decrease) in cash and cash equivalents	(622)	4,693	6,637
Cash and cash equivalents at beginning of period	8,903	2,266	2,266
Cash and cash equivalents at end of period	8,281	6,959	8,903

Consolidated Statement of Changes in Equity for the six month period to 30 June 2016

(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 2016	9,375	20,632	1,008	102	12,287	5,625	(28,286)	(12,239)	8,504
Transactions with owners									
Issue of share capital	60	393	–	–	–	–	–	–	453
Share based payment (options)	–	–	46	–	–	–	–	–	46
Share based payment (warrants)	–	–	–	48	–	–	–	–	48
Convertible loan note - equity component	–	–	–	–	834	–	–	(308)	526
Total transactions with owners	60	393	46	48	834	–	–	(308)	1,073

<u>Comprehensive income</u>									
Loss for the period	-	-	-	-	-	-	-	(2,106)	(2,106)
Total comprehensive income	-	-	-	-	-	-	-	(2,106)	(2,106)
Balance at 30 June 2016	9,435	21,025	1,054	150	13,121	5,625	(28,286)	(14,653)	7,471
Balance at 1 January 2015	9,144	16,294	146	--	2,259	5,625	(28,286)	(3,405)	1,777
<u>Transactions with owners</u>									
Issue of share capital	230		-	-	-	-	-	-	2,678
Share based payment		2,448							
Share based payment (options)	-	-	401	-	-	-	-	-	401
Share based payment (warrants)	-	-	-	205	-	-	-	-	205
Convertible loan note - equity component	-	-	-	-	6,258	-	-	(112)	6,146
Associated transaction costs	-	-	(44)	-	(682)	-	-	-	(726)
Total transactions with owners	230	2,448	357	205	5,576	-	-	(112)	8,704
<u>Comprehensive income</u>									
Loss for the period	-	-	-	-	-	-	-	(4,111)	(4,111)
Total comprehensive income	-	-	-	-	-	-	-	(4,111)	(4,111)
Balance at 30 June 2015	9,374	18,742	503	205	7,835	5,625	(28,286)	(7,628)	6,370

	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
Balance at 1 January 2015	9,144	16,294	146	--	2,259	5,625	(28,286)	(3,405)	1,777
<u>Transactions with owners</u>									
Issue of share capital	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>									
Loss for the period	-	-	-	-	-	-	-	(8,632)	(8,632)
Total comprehensive income	-	-	-	-	-	-	-	(8,632)	(8,632)
Balance at 31 December 2015	9,375	20,632	1,008	102	12,287	5,625	(28,286)	(12,239)	8,504

Notes to the Interim Financial Statements for the six month period to 30 June 2016

1. GENERAL INFORMATION

Tiziana Life Sciences PLC is a public limited company incorporated in the United Kingdom under the Companies Act and quoted on the AIM market of the London Stock Exchange (AIM: TILS). The address of its registered office is 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB. The principal activities of the Company and its subsidiaries (the Group) are that of a clinical stage biotechnology company focussed on targeted drugs to treat diseases in oncology and immunology.

These consolidated interim financial statements are presented in pounds sterling because that is the functional currency of the primary economic environment in which the Group operates.

The ultimate parent of the Group is Planwise Group Limited, incorporated in the British Virgin Islands. Gabriele Cerrone is the ultimate beneficial owner of the entire issued share capital of Planwise Group Limited.

2. Accounting policies

The accounting policies applied and adopted are consistent with those followed in the preparation of the Group's audited financial statements for the year ended 31 December 2015. None of the newly applicable IFRS standards and amendments had an impact on the Group's interim consolidated financial information.

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 consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS. These accounts have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and certain financial instruments.

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 period ended 30 June 2016 is taken from the current management accounts. The comparative financial information for the year ended 31 December 2015 is taken from the statutory accounts. The comparative information for the period ended 30 June 2015 is taken from last year's interim results (the equity opening balances have been restated as per the 2015 statutory accounts).

There are no additional standards or interpretations applicable to the Group for the accounting period commencing 1 January 2016 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

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies of the subsidiary and therefore exercises control. The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains the relevant level of control and are de-consolidated from the date at which control ceases.

Tiziana Therapeutics Inc was incorporated on the 28th of October 2015. The management accounts for the first six months have been included in the consolidated Group's numbers.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated upon consolidation. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 examined the terms of each issue of convertible loan notes and determined their accounting treatment accordingly. Convertible loan notes are treated differently depending upon a number of factors.

Where there is an option to repay the loan note as equity or cash

The Group considers these to be Convertible Loan Instruments and estimates the fair value consideration in respect of the liability. The Group carries 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 nonconvertible 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.

Where there is no option to repay as cash and the interest rate is fixed

The Group considers these to be Convertible Equity Instruments and records the principal of the loan note as an equity liability in a shares to be issued reserve. The accrued interest on the principal amount is also recorded in the shares to be issued reserve. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the shares to be issued reserve to share capital and share premium.

Where there is no option to repay as cash and the interest rate is variable

The Group considers these to be Convertible Debt Instruments and records the principal of the loan note as a debt liability in the liabilities section of the Statement of financial position. The accrued interest on the principal amount is recorded in the Statement of comprehensive income and as an increase in the debt liability. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the debt liability to share capital and share premium.

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 nonmarket vesting conditions (for example, profitability and sales growth targets). Warrants issued in association with the issue of Convertible Loan Notes are also considered as share based payments and a share based payment charge is calculated for these too.

In accordance with IFRS 2, a charge is made to the Statement of Comprehensive Income for all share-based payments including share options based upon the fair value of the instrument used. A corresponding credit is made 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. Nonmarket 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 bank and in hand and other short term highly liquid deposits with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3. Operating and financial expenses

Operating costs of the Group for the half-year includes £579k of professional fees (2015: £361k). Other overheads continue to remain at an acceptable level.

4. Earnings per share

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

	6 months to 30 June 2015	6 months to 30 June 2015	12 months to 31 Dec 2015
	(unaudited)	(unaudited)	
Total comprehensive loss for the period (£'000)	(2,106)	(4,111)	(8,632)
Basic and diluted weighted average number of shares	92,782,184	88,933,928	91,242,884
Basic and diluted loss per share - pence	(2.3)	(4.6)	(9.5)

As the Group is reporting a loss from continuing operations for the period then, 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 Statement of comprehensive income 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.

5. Trade and other receivables

	(unaudited) 30 June 2016 £'000	(unaudited) 30 June 2015 £'000	31 Dec 2015 £'000
Trade and other receivables	88	139	273
Prepayments	11	29	74
	99	168	347

6. Called up share capital

During the period to 30 June 2016, 1,301,250 shares were issued to warrant holders who exercised their warrants previously granted as an arrangement fee for subscribing to a convertible loan notes. An additional 700,000 shares were issued to convertible loan note holders who converted the principal and interest amount into ordinary shares.

	(unaudited) 30 June 2016 £'000
Opening balance	9,375
Warrants exercised during the period	39
Convertible Loan Notes converted	21
	9,435

7. Share based payments

Options

The Group operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. The exercise price of the option is normally equal to the market price of an ordinary share in the Company at the date of grant.

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.

On 25 June 2014, a total of 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.

On 7 July 2014 50,000 share options were granted at an exercise price of £0.35 per share and are exercisable for a period of 10 years from the date of vesting.

On 23 January 2015 2,050,000 options were granted at an exercise price of £0.35 per share and are exercisable for a period of 10 years from the date of vesting.

On 23 January 2015 600,000 options were granted at an exercise price of £0.50 per share and are exercisable for a period of 10 years from the date of vesting.

On 23 January 2015 300,000 options were granted at an exercise price of £0.57 per share and are exercisable for a period of 10 years from the date of vesting.

On 2 March 2015 600,000 options were granted at an exercise price of £0.55 per share and are exercisable for a period of 10 years from the date of vesting.

On 7 May 2015 1,237,500 options were cancelled at exercise prices of £0.15 and £0.35 per share and would have been exercisable for a period of 10 years from the date of vesting.

On 7 May 2015 150,000 options were granted at an exercise price of £0.15 per share and are exercisable before 31st January 2018.

On 23 March 2016 400,000 options were granted at an exercise price of £1.26 per share and are exercisable before 23rd March 2026.

On 9 June 2016 105,000 options were granted at an exercise price of £1.50 per share and are exercisable for a period of 10 years from the date of vesting.

On 9 June 2016 3,259,403 options were granted at an exercise price of £1.50 per share and are exercisable with special conditions for a period of 15 years from the date of vesting.

No options were exercised during the period to 30 June 2016. 28,000 options were exercised during the year to 31st December 2015.

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Date of issue	Number at 30 June 2016	Exercise price	Date from which exercisable	Expiry Date
24 April 2014	962,500	0.15	24 April 2015	24 April 2025
24 April 2014	962,500	0.15	24 April 2016	24 April 2026
24 April 2014	962,500	0.15	24 April 2017	24 April 2027
24 April 2014	962,500	0.15	24 April 2018	24 April 2028
25 June 2014	90,000	0.28	17 May 2015	17 May 2025
25 June 2014	90,000	0.28	17 May 2016	17 May 2026
25 June 2014	90,000	0.28	17 May 2017	17 May 2027
25 June 2014	90,000	0.28	17 May 2018	17 May 2028
25 June 2014	6,250	0.33	24 April 2015	24 April 2025
25 June 2014	6,250	0.33	24 April 2016	24 April 2026
25 June 2014	6,250	0.33	24 April 2017	24 April 2027
25 June 2014	6,250	0.33	24 April 2018	24 April 2028
07 July 2014	12,500	0.35	18 June 2015	18 June 2025
07 July 2014	12,500	0.35	18 June 2016	18 June 2026
07 July 2014	12,500	0.35	18 June 2017	18 June 2027
07 July 2014	12,500	0.35	18 June 2018	18 June 2028
23 January 2015	2,050,000	0.35	23 January 2015	23 January 2025
23 January 2015	150,000	0.5	1 October 2015	1 October 2025
23 January 2015	150,000	0.5	1 October 2016	1 October 2026
23 January 2015	150,000	0.5	1 October 2017	1 October 2027
23 January 2015	150,000	0.5	1 October 2018	1 October 2028
23 January 2015	75,000	0.57	12 September 2015	12 September 2025
23 January 2015	75,000	0.57	12 September 2016	12 September 2026
23 January 2015	75,000	0.57	12 September 2017	12 September 2027
23 January 2015	75,000	0.57	12 September 2018	12 September 2028
02 March 2015	150,000	0.55	2 March 2015	2 March 2025
02 March 2015	150,000	0.55	2 March 2016	2 March 2026
02 March 2015	150,000	0.55	2 March 2017	2 March 2027
02 March 2015	150,000	0.55	2 March 2018	2 March 2028
07 May 2015	150,000	0.15	24 April 2015	31 January 2018
23 March 2016	100,000	1.26	23 March 2017	22 March 2026
23 March 2016	100,000	1.26	23 March 2018	22 March 2026
23 March 2016	100,000	1.26	23 March 2019	22 March 2026
23 March 2016	100,000	1.26	23 March 2020	22 March 2026
09 June 2016	26,250	1.50	09 June 2017	09 June 2027
09 June 2016	26,250	1.50	09 June 2018	09 June 2028
09 June 2016	26,250	1.50	09 June 2019	09 June 2029
09 June 2016	26,250	1.50	09 June 2020	09 June 2030
09 June 2016	3,259,403	1.50	If weighted average of an ordinary share is greater than £3 for 120 consecutive dealing days	15 years from vesting date

The Directors have used the Black-Scholes option pricing model to estimate the fair value of the options applying the assumptions below. The share based payment charge to the Statement of comprehensive income for the period is £46k (2015: £972k).

	24 April 2014	25 June 2014	7 July 2014
Grant date share price	£0.12	£0.39	£0.44
Exercise share price	£0.15	£0.28 to £0.33	£0.35
Vesting periods	25% each Yr 1, Yr 2, Yr 3, Yr 4	25% each Yr 1, Yr 2, Yr 3, Yr 4	25% each Yr 1, Yr 2, Yr 3, Yr 4
Risk free rate	0.55% to 1.54%	0.55% to 1.54%	0.55% to 1.54%
Expected volatility	99% to 197%	99% to 197%	99% to 197%
Option life	10 years	10 years	10 years
<hr/>			
	23 January 2015	2 March 2015	7 May 2015
Grant date share price	£0.575	£0.615	£0.465
Exercise share price	£0.35 to £0.57	£0.28 to £0.33	£0.15
Vesting periods	900,000, 25% each 2.05m, immediate	25% each Yr 1, Yr 2, Yr 3, Yr 4	immediate
Risk free rate	0.55% to 1.54%	0.55% to 1.54%	0.55% to 1.54%
Expected volatility	99% to 197%	99% to 197%	99% to 197%
Option life	10 years	10 years	10 years
<hr/>			
	23 March 2016	9 June 2016	

Grant date share price	£1.26	£1.38
Exercise share price	£1.26	£1.50
Vesting periods	25% each	Immediate, 25% each
	Yr 1, Yr 2, Yr 3, Yr 4	Yr 1, Yr 2, Yr 3, Yr 4
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	10-15 years

Warrants

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 note holders agreeing to subscribe for convertible loan notes. On the 28 April 2016, the Company received notice from warrant holders to exercise warrants over 1,095,000 shares in the Company at an exercise price of £0.20 per share, providing the Company with gross proceeds of £219,000.

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 note holders agreeing to subscribe for convertible loan notes. The warrant is exercisable until 28 March 2017.

On 2nd March 2015, warrants were granted over 600,000 shares at an exercise price of £0.50 per share in lieu of the issue of options. The warrants are exercisable in 25% portions until 22 January 2016, 22 January 2017, 22 January 2018, and 22 January 2019.

On 20th April 2015, warrants were granted over 1,756,185 shares at an exercise price of £2.50 per share by way of an arrangement fee for the convertible note holders agreeing to subscribe for convertible loan notes. The warrant is exercisable until 31 December 2020.

On 31st May 2015, warrants were granted over 292,500 shares at an exercise price of £0.66 per share in lieu of fundraising fees. The warrants are exercisable until 31 May 2022.

On 11th May 2015, warrants were granted over 55,000 shares at an exercise price of £1.05 per share by way of an arrangement fee for the convertible note holders agreeing to subscribe for convertible loan notes. The warrant is exercisable until 31 December 2020.

On 16th December 2015, warrants were granted over 1,021,792 shares at an exercise price of £2.50 per share by way of an arrangement fee for the convertible note holders agreeing to subscribe for convertible loan notes. The warrant is exercisable until 31 December 2020.

On 12th January 2016, warrants were granted over 189,176 shares at an exercise price of £2.50 per share by way of an arrangement fee for the convertible note holders agreeing to subscribe for convertible loan notes. The warrant is exercisable until 31 December 2020.

On the 28th of June 2016, the Company received notice from warrant holders to exercise warrants over 206,250 ordinary shares at an exercise price of £0.32 per share, providing the Company with gross proceeds of £66,000.

The Directors have estimated the fair value of the warrants in services provided using an appropriate valuation model. The share based payment charge for the six months to 30 June 2016 of £48k (six months to June 2015: £205k twelve months to December 2015: £102k) has been expensed in the statement of comprehensive income.

8. Convertible loan notes

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 Group'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.

Accounting for the convertible debt instrument

The net proceeds received from the issue of the Planwise Convertible Loan Note 2016 has been recorded as a debt liability in the Statement of financial position and the accrued interest charged to the Statement of comprehensive income and the debt liability. The liability for the convertible debt instrument at 30 June 2016 is;

Planwise Convertible Loan Note 2016	
£000	
Convertible loan notes issued	200
Accrued interest	20
	220

Investor Convertible Loan Notes: Tranche A

From the date of the reverse acquisition a Convertible Equity Instrument of £730,000 was in existence as detailed in the Admission Document dated 31 March 2014. Proceeds of the subscriptions for the instruments are to be used to finance the Group's on-going working

capital requirements. The terms of the equity instrument are that the instrument, 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 note holders any time after the date that is 180 days after the readmission to AIM on 24 April 2014. There is no option to repay in cash.

By way of an arrangement fee for the note holders agreeing to subscribe £730,000 for the Investor Convertible Loan Notes: Tranche A, the Company agreed to grant to the holders 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. These warrants were exercised on the 28 April 2016.

Investor Convertible Loan Notes: Tranche B

On 16 June 2014 the Company entered into an agreement to issue £1,451,472 of Convertible Equity Instruments. Proceeds of the subscriptions for the instruments are to be used to finance the Group's on-going working capital requirements. The terms of the equity instrument are that the instrument, 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 note holders any time after 28 March 2015. There is no option to repay in cash.

By way of an arrangement fee for the equity instrument holders agreeing to subscribe £1,451,472 for the Investor Convertible Loan Notes: Tranche B, the Company agreed to grant to the holders 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. Some of these warrants holders exercised their warrants on 29 June 2016.

Investor Convertible Loan Notes: Tranche C

On 20 April 2015 the Company entered into an agreement to issue £6,146,634 of Convertible Equity Instruments. Proceeds of the subscriptions for the notes are to be used to finance the Group's on-going working capital requirements. The terms of the equity instrument are that the instrument, plus accrued interest at a rate of 4 per cent per annum, will convert into ordinary shares in the Company at a price of £0.70 per share at the election of the note holders any time after 25 June 2016.

By way of an arrangement fee for the equity instrument holders agreeing to subscribe £6,146,634 for the Investor Convertible Loan Notes: Tranche C, the Company agreed to grant to the note holders warrants to subscribe for up to 1,756,185 Shares at an exercise price of £1.05 per share. The fair value of these warrants is included in the share based payment calculations for the period.

Investor Convertible Loan Notes: Tranche D

On 11 May 2015 the Company entered into an agreement to issue £250,000 of Convertible Equity Instruments. Proceeds of the subscriptions for the instruments are to be used to finance the Group's on-going working capital requirements. The terms of the equity instrument are that the instrument, plus accrued interest at a rate of 4 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 note holders any time after 28 March 2015.

By way of an arrangement fee for the equity instrument holders agreeing to subscribe £250,000 for the Investor Convertible Loan Notes: Tranche D, the Company agreed to grant to the holders warrants to subscribe for up to 50,000 Shares at an exercise price of £1.05 per share.

Investor Convertible Loan Notes: Tranche E

On 16 December 2015 the Company entered into an agreement to issue £3,831,708 of Convertible Equity Instruments. Proceeds of the subscriptions for the instruments are to be used to finance the Group's on-going working capital requirements. The terms of the equity instrument are that the instrument, plus accrued interest at a rate of 6 per cent per annum, will convert into ordinary shares in the Company at a price of £1.50 per share at the election of the note holders any time after 31 December 2016.

By way of an arrangement fee for the equity instrument holders agreeing to subscribe £3,831,708 for the Investor Convertible Loan Notes: Tranche E, the Company agreed to grant to the holders warrants to subscribe for up to 1,021,792 Shares at an exercise price of £2.50 per share.

Investor Convertible Loan Notes: Tranche F

On 12 January 2016 the Company entered into an agreement to issue £676,241 of Convertible Equity Instruments. Proceeds of the subscriptions for the instruments are to be used to finance the Group's on-going working capital requirements. The terms of the equity instrument are that the instrument, plus accrued interest at a rate of 6 per cent per annum, will convert into ordinary shares in the Company at a price of £1.50 per share at the election of the note holders any time after 31 December 2016.

By way of an arrangement fee for the equity instrument holders agreeing to subscribe £676,241 for the Investor Convertible Loan Notes: Tranche F, the Company agreed to grant to the holders warrants to subscribe for up to 189,176 Shares at an exercise price of £2.50 per share.

The principal amount of the Convertible Equity Instrument is recorded as a shares to be issued reserve and the accrued interest also charged to the same reserve.

	A	B	C	D	E	F	Total
Balance as at January 2016	859	1,531	5,800	256	3,841	-	12,287
Convertible equity instruments							

issued	-	-	-	-	-	676	676
Addition to Equity (Interest)	22	25	123	5	114	19	308
Convertible equity instruments exercised		(150)					(150)
	<u>881</u>	<u>1,406</u>	<u>5,923</u>	<u>261</u>	<u>3,955</u>	<u>695</u>	<u>13,121</u>

9. Retained earnings

	(unaudited) 6 months to 30 June 2016 £'000	(unaudited) 6 months to 30 June 2015 £'000	31 Dec 2015 £'000
Retained earnings brought forward	(12,239)	(3,405)	(3,405)
Total comprehensive loss for the period	(2,106)	(4,111)	(8,632)
Interest on convertible equity instruments	(308)	(112)	(312)
Options cancelled in the year	-	-	110
Retained earnings carried forward	<u>(14,653)</u>	<u>(7,628)</u>	<u>(12,239)</u>

10. Trade and other payables

	(unaudited) 30 June 2016 £'000	(unaudited) 30 June 2015 £'000	12 months to 31 Dec 2015 £'000
Convertible loan note liability	220	211	216
Trade and other payables	477	144	314
Accruals	212	152	216
Other creditors	-	250	-
	<u>909</u>	<u>757</u>	<u>746</u>

Post balance sheet events

On the 30th of June 2016, the Company entered into an agreement with its Legal Advisers, Cooleys LLP, to participate in a sale and buy back of the Company's Deferred shares (108,121,391 of Deferred shares of 4.9p each and 13,068,521 of Deferred shares of 9.99p each). The Company subsequently applied to the Highcourt for approval of a capital reduction which was granted on the 14th of September 2016. The exercise was carried out to provide a more accurate representation of the Company's balance sheet.

On 12 July 2016 the Company issued an amendment to Tranche F Convertible Equity instruments. The original instrument had failed to take into account 22,110 of the convertible loan notes which were issued pursuant to the Original Instrument. This resulted in an additional issue of £33,165 of Convertible Equity Instruments.

On 18 July 2016 the Company purchased key assets from Shardna SpA ("Shardna") a biobanking and genomics research company located in Cagliari, Sardinia, for a total value of €258,000. The Company also established an Italian subsidiary in Sardinia, LonGevia Genomics Srl, specifically to develop these assets to identify novel drug targets and diagnostic applications, through integration with its global research network.

The Group is in the process of determining the fair values of the acquired assets and a valuation is expected to be completed before year end.

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