COMPANY NUMBER 03508592

TIZIANA LIFE SCIENCES PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017

STATUTORY AND OTHER INFORMATION

Directors:	Mr G. M. A. Cerrone Dr R. Dalla-Favera Dr K. Shailubhai Mr W. Simon Mr L Zambeletti
Secretary:	Mr P J. Cooper FCA
Registered Office:	3rd Floor, 11-12 St James's Square, London, SW1Y 4LB
Principal Bankers:	Allied Irish Bank, Ealing Cross, 85 Uxbridge Road, London, W5 5TH
Auditors:	Mazars LLP, Tower Bridge House, St Katharine's Way, London, E1W 1DD
Nominated Advisors:	Cairn Financial Advisers LLP, 62-63 Cheapside, London, EC2V 6AX
Nominated Brokers:	Stockdale 100 Wood Street, London EC2V 7AN
Solicitors:	Cooley (UK) LLP, Dashwood, 69, Old Broad Street, London, EC2M 1QS
Registrars:	Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

EXECUTIVE CHAIRMAN'S STATEMENT

I am pleased to report on the Company and its subsidiaries, together the 'Group', results for the year ended 31st December 2017.

Background

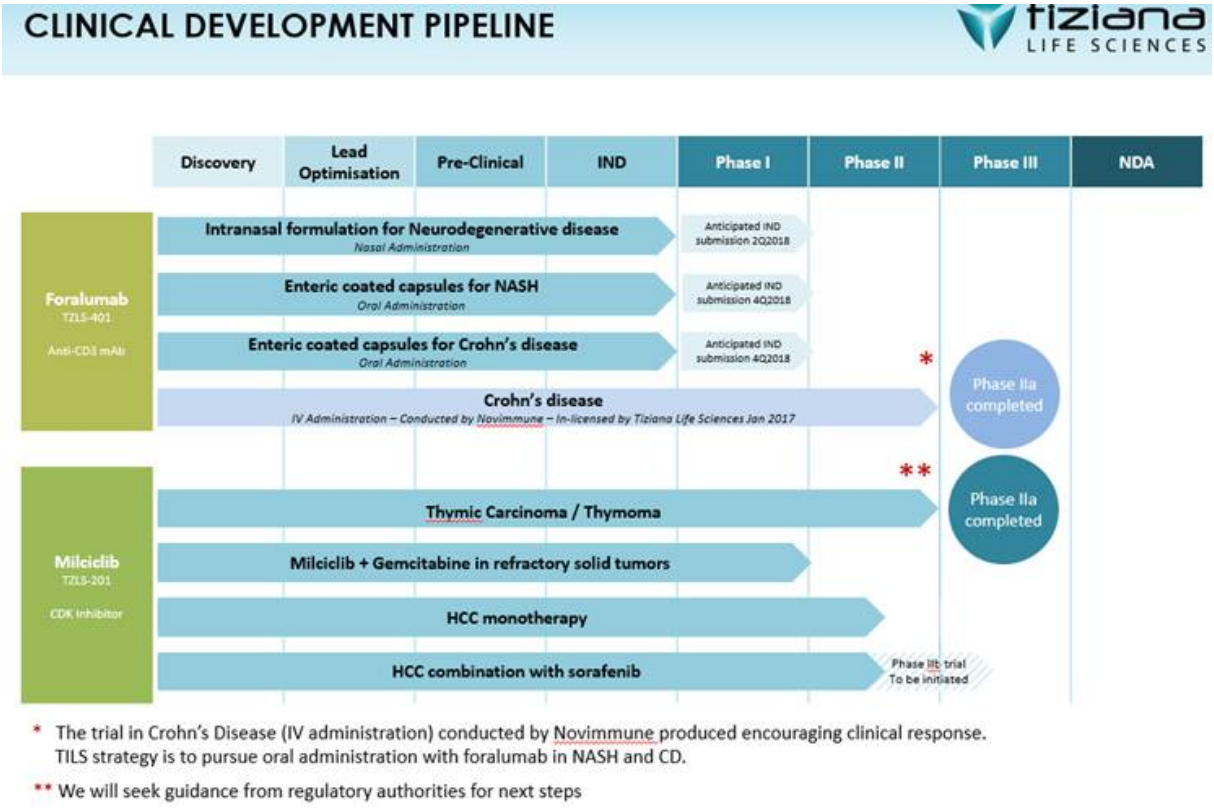
Tiziana Life Sciences plc is a UK AIM-listed biotechnology company (AIM:TILS) focused on the discovery and development of next generation therapeutics for cancers and immune diseases in man. The Group combines field-leading medical scientists, providing deep knowledge and novel insights into disease mechanisms, together with a highly experienced clinical development team. Since its foundation in 2013, Tiziana Life Sciences has expanded its pipeline of assets to include clinical stage development therapeutic candidates in both oncology and immunology, as well as a pre-clinical drug discovery pipeline of small molecule New Chemical Entities.

Clinical Programmes

The Group's approach is to target large markets with high-unmet medical need. Driven by an obesity epidemic, non-alcoholic fatty liver disease (NAFLD) has become the most common liver disease, affecting one-third of the Western world. Between 3 and 5% of NAFLD patients develop to a more severe form of disease, known as non-alcoholic steatohepatitis (NASH). NASH is a progressive disease associated with chronic inflammation, fibrosis and cirrhosis. Based on data from US adult Liver Transplant (LT) databases, since 2004 the number of adults with NASH awaiting LTs has almost tripled. In 2013, NASH became the second-leading disease among liver transplant waitlist registrants, after the Hepatitis C virus. It is predicted that NASH may become the leading cause of liver transplantation in USA by 2020.

The race for therapeutics that address the market for NASH, which is estimated to reach £16.2 billion by 2025 (10.7% CAGR from 2015 to 2025), has led to a flurry of acquisitive activity in 2016 with four announced deals, totalling more than £2.3 billion in value. Around 20% of NASH patients progress further to cirrhosis of the liver, which may ultimately develop into lethal hepatocellular carcinoma (HCC), the primary cause of obesity-related cancer death in middle-aged men in the USA. Liver transplant is the only effective option for end-stage patients, including HCC patients. More effective therapeutic agents to treat HCC are needed. Currently approved therapeutic agents are marginally effective and have significant safety issues.

Tiziana Life Sciences has two lead clinical programmes, Foralumab and Milciclib:



* The trial in Crohn's Disease (IV administration) conducted by Novimmune produced encouraging clinical response. TILS strategy is to pursue oral administration with foralumab in NASH and CD.

** We will seek guidance from regulatory authorities for next steps

Foralumab (TZLS-401 / NI-0401)

Foralumab is a fully human engineered anti-CD3 monoclonal antibody (mAB). It was in-licensed in December 2014 from Novimmune. Also in January 2016, Tiziana outlined its clinical development plan for Foralumab with initial plans to evaluate Foralumab in two clinical indications: non-alcoholic steatohepatitis (NASH) and inflammatory bowel disease (IBD).

As the only fully human engineered human anti-CD3 mAB in clinical development, Foralumab has significant potential with advantages of short duration of treatment regimen and reduced immunogenicity. With Phase IIa development for Crohn's Disease completed dosed by the intravenous route of administration, modulation of T-cell response provides potential extension into a wide range of other autoimmune and inflammatory diseases, such as GvHD, ulcerative colitis, multiple sclerosis, type-1 diabetes (T1D), inflammatory bowel disease (IBD), psoriasis and rheumatoid arthritis.

Foralumab is being developed as both an immunosuppressive and immunomodulatory agent, with therapeutic benefits of rendering T-cells unable to orchestrate an immune response and induction of immune tolerance via maintenance of regulatory T-cells. There is further potential for Foralumab to be combined with another of the Group's assets, TZLS-501, a fully human anti-IL-6R mAB in development to target autoimmune and inflammatory diseases.

In November 2016, the Group announced new data for *oral* efficacy in humanized mouse models with Foralumab, a major milestone and a potential breakthrough for treatment of NASH and autoimmune disease. This unique oral technology stimulates the natural gut immune system and potentially provides a therapeutic effect in inflammatory and autoimmune diseases with apparently greatly reduced toxicity. Positive therapeutic effects with Foralumab were consistently demonstrated in animal studies conducted by Prof. Kevan Herold (Yale University) and Prof. Howard Weiner (Harvard University).

On April 16, 2018 we entered into an exclusive license agreement with The Brigham and Women's Hosptial, Inc. relating to a novel formulation of Foralumab in a medical device for nasal administration. We expect to file an investigational new drug application for the first-in-human evaluation of the nasal administration of Foralumab in healthy volunteers in Q2 2018 and commence a trial to evaluate biomarkers of immunomodulation of clinical responses in Q3 2018.

Milciclib (TZLS-201)

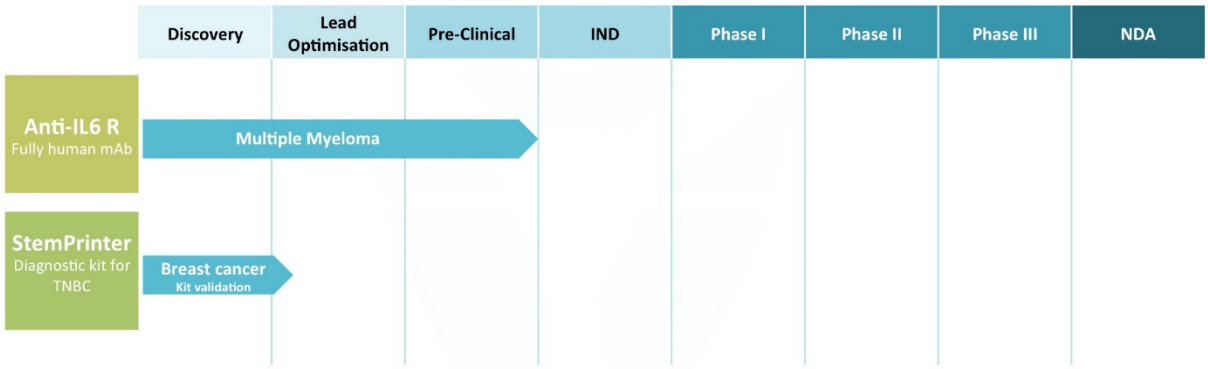
Milciclib, the Group's lead compound, was exclusively licenced in January 2015 from Nerviano Medical Sciences. Milciclib is an orally bioavailable, small molecule broad spectrum inhibitor of Cyclin Dependent Kinases (CDKs): 1, 2, 4, 5 and 7 and Src family kinases. Cyclin dependent kinases are a family of highly conserved enzymes that are involved in regulating the cell cycle, which is a series of events that takes place in cells leading to division and duplication of its DNA to produce two daughter cells. Src family kinases regulate cell growth and potential transformation of normal cells to cancer cells. A unique feature of Milciclib is its ability to reduce microRNAs, miR-221 and miR-222, that silence gene expression. miR-221 and miR-222 promote the formation of blood vessels (angiogenesis) that are important for spread of cancer cells (metastasis). Levels of these microRNAs are consistently increased in HCC patients and may contribute towards resistance to treatment with sorafenib. As a result, we are investigating Milciclib both as a monotherapy and plan a combination treatment with sorafenib.

To date, Milciclib has been studied in a total of seven completed and ongoing Phase I and Phase II clinical trials in 285 patients. In these trials, Milciclib was observed to be well-tolerated and showed initial signals of anti-tumor action. Prior to in-licensing, Milciclib was granted orphan designation by the European Commission and by the U.S. Food and Drug Administration ("FDA") for the treatment of malignant thymoma and the more aggressive form of thymic carcinoma in patients previously treated with chemotherapy. In two, Phase IIa trials, CDKO-125a-006 and CDKO125a-007, Milciclib showed signs of slowing disease progression and acceptable safety.

We initiated a Phase IIa trial (CDKO-125a-010) of Milciclib safety and tolerability as a single therapy in patients with HCC in the first half of 2017 and are continuing enrolment in Q2 2018. We expect to initiate a Phase IIb trial (TZLS (201)-125a-011) for Milciclib in combination with sorafenib (the standard of care for treatment of HCC) in patients with HCC in 2018.

We have recently announced that the Independent Data Monitor committee (IDMC) completed a second, interim analysis of tolerability data from the first eleven treated patients and recommended expansion of the initial cohort to continue enrolment of an additional 20 patients to complete the trial.

Pre-Clinical Programmes



In pre-clinical development, the Group has two programmes:

TZLS-501 (Anti-IL6R)

TZLS-501 is a fully human engineered mAb targeting the interleukin-6 receptor (IL-6R). Tiziana Life Sciences licensed the intellectual property from Novimmune in January 2017. This fully human mAb has a unique mechanism of action, binding to both the membrane-bound and soluble forms of the IL-6R and depleting circulating levels of the IL-6 in the blood. An excessive production of IL-6 is regarded as a key driver of chronic inflammation, associated with autoimmune diseases such as multiple myeloma, oncology indications and rheumatoid arthritis, and we believe that TZLS-501 may have potential therapeutic value for these indications.

In preclinical studies, TZLS-501 demonstrated the potential for overcoming the limitations of other IL-6 pathway drugs. Compared to tocilizumab and sarilumab, TZLS-501 has been observed to have a higher affinity for the soluble IL-6 receptor from antibody binding studies conducted in cell culture. TZLS-501 also demonstrated the potential to block or reduce IL-6 signaling in mouse models of inflammation. The soluble form of IL-6 has been implicated to have a larger role in disease progression compared to the receptor bound form (Kallen, K.J. (2002). “The role of transsignalling via the agonistic soluble IL-6 receptor in human diseases”. Biochimica et Biophysica Acta. 1592 (3): 323–343.).

StemPrinter

StemPrintER is a multi-gene signature assay intended for use in patients diagnosed with estrogen-receptor positive ER+/HER2 negative breast cancers. We believe this in-vitro prognostic test will be used in conjunction with clinical evaluation to identify those patients at increased risk for early and/or late metastasis. StemPrintER is designed to help physicians distinguish ER+/HER2 negative patients:

- with an elevated risk of early recurrence (<5 years) who could benefit from chemotherapy in addition to hormonal therapy
- with a high risk of late recurrence who could benefit from prolonged endocrine treatment up to 10 years
- with a low risk of early recurrence who might be spared chemotherapy or be eligible for less aggressive treatments

Our diagnostic has a unique biological basis, being based on the detection of cancer stem cell markers, uses a reliable platform (qRT- PCR, FFPE), and has been evaluated in an initial retrospective validation study using a consecutive cohort of approximately 2,400 patients with breast cancer. The development team is preparing for a retrospective validation study using an independent cohort and has conducted a pre- submission meeting with the FDA.

Financial summary

Consolidated Statement of Comprehensive Income

The Group has made a loss for the year of £6,770k (2016: £7,208k). The loss is detailed in the consolidated statement of comprehensive income on page 18.

Consolidated Statement of Financial Position

At the end of the year the Group cash balance amounted to £48k (2016: £4,703k) and the total assets of the Group amounted to £1,831k (2016: £5,051k).

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 23th March 2017, Tiziana received a notification from warrant holders to exercise warrants over 1,789,524 ordinary shares in the Company at an exercise price of 32p per share, providing the Company with gross proceeds of £572,648. All "B" series warrants have now been exercised.

On 20th November 2017, Tiziana announced that it had raised £150,000 in cash by the issue of 100,000 new ordinary shares at a price of 150p per share, each new ordinary share having a warrant attached entitling the holder to subscribe for one new ordinary share at a price of 160p per share, exercisable until 24 November 2022.

On 27th November 2017, Tiziana announced that it had raised £275,000 by the issue of 183,333 new ordinary shares at a price of 150p per share, with each issued Share having a warrant attached entitling the holder to subscribe for one new ordinary share at an exercise price of 160p per share, exercisable until 11 December 2022.

On 15th December 2017, Tiziana announced that it had raised £200,000 through the issue of 133,333 new ordinary shares at a price of 150p per share. Each issued Share has a warrant attached entitling the holder to subscribe for one new ordinary share at an exercise price of 160p per share, exercisable until 15 December 2022. Fees in connection with the placing are to be satisfied through the issue of an additional 31,667 warrants on the same terms.

Funds raised by Tiziana were 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.

Research & Development

In early 2018 Tiziana outlined its clinical development plan for Foralumab with initial plans to evaluate Foralumab in two clinical indications; namely non-alcoholic steatohepatitis (NASH) and IDB. 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, completed two, Phase II atrials for thymic carcinoma and thymoma in patients previously treated with chemotherapy and showed signs of slowing disease progression and acceptable safety.

Appointments

Management team

Dr Kunwar Shailubhai

On 12th June 2017, Dr Kunwar Shailubhai (Shailu) was appointed as Chief Executive Officer and Chief Scientific Officer with immediate effect. Dr Shailubhai was previously a Non-Executive Director at the Company.

Dr Shailubhai has extensive experience within the sector, drawing on 30 years of experience in research and development of drug candidates for treatment of gastrointestinal disorders, inflammatory diseases and cancers. His appointment follows many years working at Synergy Pharmaceuticals Inc (SGYP: NASDAQ), which he co-founded and where he served as chief scientific officer since 2008.

His pioneering research programme culminated in the development of the drug Trulance™ (plecanatide) which received FDA approval in January, 2017 for the treatment of adults with chronic idiopathic constipation. A supplemental new drug application has been submitted for FDA review of Trulance for the treatment of adults with irritable bowel syndrome with constipation (IBS-C). Prior to joining Tiziana Life Sciences and Synergy Life Sciences,

he worked at Callisto Pharmaceuticals, Monsanto Company and as a senior staff fellow at the National Institutes of Health (NIH).

Scientific Advisory Board

On the 14th of March 2017, the Group announced the addition of Dr Arun Sanyal to the Scientific Advisory Board.

Dr Sanyal is the professor of medicine, physiology & molecular pathology at the Virginia Commonwealth University School of Medicine, and his work has been focused on liver cirrhosis, non-alcoholic steatohepatitis and non-alcoholic fatty liver disease throughout his medical career.

Non-Executive Director

On 4th April, 2018, the Group announced the addition of Mr Leopoldo Zambeletti as a non-executive director with responsibility for strategic development. Mr Zambeletti will also chair the Nomination Committee.

During a 19 year career as an investment banker, Mr Zambeletti led the European Healthcare Investment Banking team at J.P. Morgan for eight years before taking up the same position at Credit Suisse for a further five years. Since 2013 he has been an independent strategic advisor to life science companies on merger and acquisitions, out-licensing deals and financing strategy. He is a non-executive director of, Qardio Inc., Summit Therapeutics plc, Nogra Pharma Limited, Faron Pharmaceuticals OY and DS Biopharma Limited. Mr. Zambeletti started his career at KPMG as an auditor. Mr. Zambeletti received a B.A. in Business from Bocconi University in Milan, Italy. He serves as a trustee to Barts and the London Charity, which helps to fund the hospitals of the Barts NHS Trust including St Bartholomew, the Royal London and the London Chest Hospitals. He is the founder of the cultural initiative 5x5 Italy.

Outlook

We have 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. The IND for nasal administration for neurodegenerative diseases is anticipated to be submitted by end of the second quarter in FY18. The IND for oral administration is anticipated to be submitted in the second half of FY18.

Milciclib is currently in phase II clinical trials for thymic carcinoma (thymoma) in patients previously treated with chemotherapy, and for hepatocellular carcinoma. We have also completed Phase I of our HCC combination treatment with Sorafenib and plan to move to Phase II in the near future.

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

Gabriele Cerrone

Executive Chairman

STRATEGIC REPORT

Business review

A review of the business, its results and outlook is included in the Executive Chairman's Statement on page 2.

Key performance indicators

The Board monitors the Key Performance Indicators (KPIs) that it considers appropriate for the industry and stage of development of the Group. The Group is a research and development based biotechnology concern with a number of pre-clinical and clinical assets. These assets require sufficient investment to reach defined milestones by which the Group and its investors can judge the chances of ultimate success and thereby the value of the Group. At this stage of Group development significant sources of revenue generation are unlikely and the Group is cash consuming. The Group KPIs are therefore chosen to monitor the progress of the individual scientific programmes, the external market environment for the potential drugs being developed and the cash requirements of the Group.

Financial KPIs

Cash consumption
The cash position of the business is measured on a continual basis with reference both to the general and administrative expenses required to run the Group, and more particularly to the cash required for ongoing research, development and acquisition of the Group's scientific assets. During 2017 the main use of the Group's funds was progressing Phase II for Miciclib on single agent trials, involving recruitment of patients across different countries (Italy, Greece and Israel), and progressing Foralumab for oral and nasal application. The Company has also continued to fund the continuation of the StemPrinter project in anticipation of a pre-submission meeting with the FDA.

The Group monitors current and projected cash consumption to ensure that there are sufficient funds available to develop the Group's scientific assets. The Group successfully raised additional cash during 2017 to fund research and development, to meet the Group's ongoing liabilities in respect of licence agreements, and for general working capital purposes. The Group maintains a virtual operating model resulting in low cash consumption for general and administrative expenses during the period.

Share price
The Group monitors its share price to determine whether the market view of the Group's position and prospects is aligned with the view of management, and to consider the most appropriate time to raise further capital in the interest of the Group and current shareholders. The Group re-listed on the AIM Market on 24th April 2014 at a share price of 12p per share and ended the financial period at 139p per share.

Non-financial KPIs

External (life sciences) market environment
The Group monitors the life sciences market for a number of factors;

- New developments in drug research and development
- New medical treatment paradigms
- Patent filings by third parties pertinent to the Group's programmes
- Existing and novel drugs in development by third parties
- Healthcare regulation and policy in the major territories
- Private and public financings of life science companies to indicate investor appetite for life science risk

The Group is developing its scientific assets within the European and US territories, but for potential global application. The environment for life science companies was positive throughout the 2017. The Group succeeded in its fund raising activity based on the progress made by the business in line with their plans to develop a cross section of projects.

Principal risks and uncertainties

The Group assesses and monitors the inherent risks in the life sciences industry, as well as other micro and macro-economic factors that may present risk to the Group's progression. The Group also considers Group-specific risks such as research progress, personnel and operational facilities and collaborations.

There are significant risks associated with any life science business. The Board believes that the following risks are the most significant, however, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and / or tax requirements. The risks listed are not set out in any particular order of priority and this is not an exhaustive list of risks.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the Company's share price may decline and an investor may lose part or all of their investment.

Business risks

Dependence on key personnel
The success of the Group, in common with other businesses of a similar size, is dependent on the expertise and experience of the Directors, management and key collaborators. However, the retention of such key personnel cannot be guaranteed. Should key personnel leave, the Group's business, prospects, financial condition or results of operations may be materially adversely affected.

Early stage of operations
The Group's operations are at an early stage of development and there can be no guarantee that the Group will be able to, or that it will be commercially advantageous for the Group to, develop its proprietary technology and acquire scientific assets. Further, the Group has no positive operating cash flow and its ultimate success will depend on the Board's' ability to implement the Group's strategy, generate cash flow and access equity markets. Whilst the Board is optimistic about the Group's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. The Group will not generate any material income until commercialisation or licensing of its scientific assets has successfully commenced and in the meantime the Group will continue to expend its cash reserves. There can be no assurance that the Group's proposed operations will be profitable or produce a reasonable return, if any, on investment.

Technology and products
The Group is a drug discovery and development Group. The development and commercialisation of its scientific assets, will require research progress and positive results from multiple clinical trials, which by their very nature are inherently uncertain. There is a risk that safety issues may arise when the products are tested. This risk is common to all new classes of drugs and, as with all other drug companies, there is a risk that trials may not be successful. The Board takes steps to ensure that all research partners adhere to industry standard guidelines.

Research and development risk
The Group operates in the life sciences and biopharmaceutical development sector and will be looking to exploit opportunities within that sector. The Group is therefore involved in complex scientific research, and industry experience indicates that there may be a very high incidence of delay or failure to produce results. The Group may not be able to develop new products or to identify specific market needs that can be addressed by technology solutions developed by the Group. The ability of the Group to develop new technology relies, in part, on the recruitment of appropriately qualified staff as the Group grows, or to identify and collaborate with high quality scientific teams and investigators. The Group may be unable to find a sufficient number of appropriately highly trained individuals to satisfy its growth rate which could affect its ability to develop as planned.

Product development timelines
Product development timelines are at risk of delay, particularly since it is not always possible to predict the rate of patient recruitment into clinical trials. There is a risk therefore that product development could take longer than presently expected; if such delays occur the Group may require further working capital. The Group will seek to minimise the risk of delays by careful management of projects.

Uncertainty related to regulatory approvals
The Group will need to obtain various regulatory approvals and otherwise comply with extensive regulations regarding safety, quality and efficacy standards in order to market its future products. These regulations, including the time required for regulatory review, vary from country to country and can be lengthy, expensive and uncertain. While efforts will be made to ensure compliance with government standards, there is no guarantee that any products will be able to achieve the necessary regulatory approvals to promote that product in any of the targeted markets and any such regulatory approval may include significant restrictions for which the Group's products can be used. In addition, the Group may be required to incur significant costs in obtaining or maintaining its regulatory approvals. Delays or failure in obtaining regulatory approval for products would be likely to have a serious adverse effect on the value of the Group and have a consequent impact on its financial performance. The Board takes steps to mitigate this risk by the appointment of regulatory specialists prior to any regulatory applications.
Competition
Technological competition from pharmaceutical companies, biotechnology companies and universities is intense and can be expected to increase. Many competitors and potential competitors of the Group have substantially greater product development capabilities and financial, scientific, marketing and human resources than the Group. The future success of the Group depends, in part, on its ability to maintain a competitive position, including an ability to further progress through the necessary pre-clinical and clinical trials towards regulatory approval for sale and commercialisation. Other companies may succeed in commercialising products earlier than the Group or in developing products that are more effective than those which may be produced by the Group. While the Group will seek to develop its capabilities in order to remain competitive, there can be no assurance that research and development by others will not render the Group's intellectual property obsolete or uncompetitive.

Patents
The field of pharmaceutical development is highly litigious. The Group's priorities are to protect its intellectual property and seek to avoid infringing other companies' intellectual property. The Group engages reputable legal advisers to mitigate the risk of patent infringement and to assist with the protection of the Group's intellectual property. The value of the Group's intellectual property is vulnerable to challenge both after and, in some jurisdictions, before a patent is granted. As a patent cannot be enforced until it has been granted, the Group will be unable to take action against third parties who infringe its intellectual property unless and until patents are granted. There is a risk that, if granted, the Group's patents may subsequently be revoked and, if revoked after details of the Group's intellectual property have been made public as part of the patent registration process, there would be serious and adverse implications for the value of the Group's intellectual property. The Board ensures that Patents are covering all geographies and any other possible applications of the technology.

Future funding requirements
The Group will need to raise additional funding in the future to undertake work beyond that being funded by the Group's current cash reserves. There is no certainty that this will be possible at all or on acceptable terms. In addition, the terms of any such financing may be dilutive to, or otherwise adversely affect, existing shareholders.

General legal and regulatory issues
The Group's operations are subject to laws, regulatory restrictions and certain governmental directives, recommendations and guidelines relating to, amongst other things, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury, environmental protection and animal and human testing. There can be no assurance that future legislation will not impose further government regulation, which may adversely affect the business or financial condition of the Group.

Currency risk
The Group holds its cash reserves in UK Sterling. As is the nature of international life science companies, the Group has purchases and licensing agreement obligations denominated in Euro and US Dollar. There is a risk that adverse movements in exchange rates may increase the currency liability in UK Sterling. The Group monitors currency exchange rates and makes judgments as to whether to enter into currency hedging contracts. Currently no such hedging contracts are in place.

Interest rate risk
The only significant interest-bearing asset within the Group are the cash reserves, and the only interest bearing liability is the convertible loan notes. In the current low interest rate environment the Board does not consider interest rate risk to be significant. Should the interest rate environment change or the Group seek to take on interest bearing debt the interest rate risk may increase.

By order of the Board
Mr G. M. A. Cerrone
6th June 2018

3rd Floor, 11-12 St James's Square, London, SW1Y 4LB

DIRECTORS REPORT

The Directors present their report and the financial statements of the Company and its Group for the year ended 31st December 2017.

Results and dividend

The results of the Group for the year are set out on page 18. No dividends were declared or paid in the year (2016: nil).

Directors

The directors of the Company who were in office during the year and to the date of these financial statements were:

Mr Gabriele Cerrone	Executive Chairman
Dr Kunwar Shailubhai	Chief Executive Officer
Dr Riccardo Dalla-Favera	Non-Executive Director
Mr Willy Simon	Non-Executive Director,
Mr Leopoldo Zambeletti	Non-Executive Director (appointed 4th April 2018)l

Significant shareholdings

The directors have been notified or are aware of the following interests in 3% or more of the ordinary share capital of the company at 31st March 2018:

	Ordinary shares	
	Number	**Percentage**
Planwise Group Limited*	63,297,647	50.22%
Nerviano Medical Sciences Srl	4,233,616	4.49%
Maria McGuigan	3,114,618	3.30%

*Mr Gabriele Cerrone, a director, is the ultimate beneficial owner of the entire issued share capital of Planwise Group Limited.

Staff policy

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability. Applications for employment by disabled persons are given full and fair consideration having regard to their particular aptitudes and abilities. Where existing employees become disabled, it is the Group's policy, wherever possible, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Corporate governance

The Board of Directors is committed to maintaining high standards of corporate governance and is accountable to the shareholders for the proper corporate governance of the group. The UK Corporate Governance Code does not apply to AIM companies, and Tiziana Life Sciences Plc instead aspires to the principles of corporate governance set out in the QCA Guidelines. Tiziana Life Sciences Plc operates within the life science sector in an effective and efficient way, with integrity and due regard for the interests of shareholders and applies principles of general governance applicable to the size and stage of development of the Group.

Audit Committee

The Audit Committee of the Board comprises Riccardo Dalla-Favera, Leopoldo Zambeletti (appointed 4th April 2018) and Willy Simon. It is chaired by Mr Simon, and is responsible for:

i. Monitoring the quality of internal controls and ensuring the financial performance of the Group is properly measured and reported on;
ii. Consideration of the Directors' risk assessment and suggesting items for discussion at the full Board;
iii. Receipt and review of reports from the Company's management and auditors relating to the interim and annual accounts, including a review of accounting policies, accounting treatment and disclosures in the financial reports;
iv. Consideration of the accounting and internal control systems in use throughout the Company and its subsidiaries; and

v. Overseeing the Company's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

The audit committee meets not less than twice in each financial year and has unrestricted access to the Company's auditors.

Remuneration Committee

The Remuneration Committee of the Board comprises Riccardo Dalla-Favera and Leopoldo Zambeletti (appointed 4th April 2018). It is chaired by Mr Dalla-Favera, and is responsible for:

i. The review of the performance of the executive directors;
ii. Recommendations to the Board on matters relating to the remuneration and terms of service of the executive directors; and
iii. Recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

In making their recommendations the Remuneration Committee will have due regard to the interests of the Shareholders and the performance of the Company.

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and the financial performance and cash flows of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether in preparation of the Group and Company financial statements the Group and Company has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors Indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors and officer's liability insurance cover is in place in respect of all Company directors.

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Mazars LLP were appointed as auditors in the year and have indicated their willingness to continue in office. In accordance with section 489 of the Companies Act 2006, a resolution proposing that Mazars LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

Future developments

The Executive Chairman's Statement on pages 2 to 6 provides a summary of future developments of the Group.

Research and development activities

The research and development activities of the Group are described in the Executive Chairman's Statement on page 2 to 6.

Post balance sheet events

Subsequent to the year end the Group announced that it had entered into an exclusive license agreement for novel technology discovered by Dr Howard Weiner at the Brigham and Women's Hospital ("BWH"), Harvard Medical School. Details of the events can be found in the Executive Chairman's Statement on pages 2 to 6 and at Note 26 to the financial statements.

The group has also raised £1.6 million by the issue of 1,797,917 new ordinary shares subsequent to the period end.

Financial instruments

The use of financial instruments is considered by the Board and the exposure of the Group to price, credit, liquidity and cash flow risks are considered. Details of the risks and mitigation can be found in the Strategic Report on pages 7 to 9, and at note 21 to the financial statements.

By order of the Board
Mr Gabriele Cerrone

6th June 2018

3rd Floor, 11-12 St James's Square, London, SW1Y 4LB

Independent Auditor's Report to the members of Tiziana Life Sciences PLC

Opinion

We have audited the financial statements of Tiziana Life Sciences Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, the consolidated and company statements of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of the audit report

This report is made solely to the Group's and company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's and company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and company and the group's and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements concerning the applicability of the going concern basis of preparation. As detailed in the financial statements and the Strategic Report, the company and Group are pre revenue and its business model requires significant ongoing expenditure on research and development. At 31 December 2017 the Group had net liabilities of £1,683,000 and cash and cash equivalent reserves of £48,000. In note 2, the directors explain that to date they have successfully raised funds to finance clinical trials and that they are the process of securing additional funding sufficient to finance clinical trials and other liabilities as they fall due. As the directors are confident that the Group will raise the additional funding they have prepared the accounts on the going concern basis. However, until the Group secures sufficient investment to fund their clinical trials, there is a material uncertainty that casts a significant doubt about the Group's and company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the risk	*How we addressed this risk and conclusion*
Going concern The company is in the early stages of developing its business and as a result the Group has made losses of £6.7m, £7.2m and £8.6m in the financial years 2017, 2016 and 2015 respectively. At 31 December 2017 the group had net liabilities of £1.7m and cash reserves of £48k. The Group is dependent on raising additional funding to further progress its on-going clinical trials and provide the Group the resources to continue to fund its operations. As discussed in note 2 to the financial statements, there is a significant risk around the Group's ability to continue as a going concern.	Our audit procedures over going concern included but were not restricted to: • We obtained and reviewed management's forecasts (including a cash burn analysis) for a period no less than 12 months from the anticipated date of signing the accounts. Accordingly, our analysis covered the period January 2018 through June 2019; • We discussed with management the method and status of fund raising, and verified progress to date against documentary and third party evidence; • We reviewed post year-end Board meeting minutes and Regulatory News Service (RNS) announcements via the London Stock Exchange (LSE) website for the purposes of monitoring post year-end fundraising activities, progress of clinical trials and other noteworthy events and occurrences that could impact going concern; and • We reviewed the disclosure in the financial statements to ensure disclosure is sufficient and appropriate. *We concluded that there was a material uncertainty that cast a significant doubt about the Group's and company's ability to continue as a going concern. Accordingly, we have included an emphasis of matter in our audit report above.*
Valuation and accounting of options, warrants, and convertible loan notes The Group operates share-based payments arrangements to remunerate directors and employees in the form of a share options scheme. Additionally, warrants were granted in lieu of fundraising fees in 2015 which are exercisable over four year period. Due to the complexity in calculation and judgement involved in underlying assumptions for the valuation of share options and warrants, there is a risk that these instruments are not accounted for correctly. With regards to the convertible loan notes, IAS 32 requires liability and equity components to be presented separately on the Statement of Financial Position. As a result, particular attention is required when reviewing the contractual obligations of the notes in order to conclude as to their accounting as debt or equity classified.	Our audit procedures over options, warrants, and convertible loan notes included but were not restricted to: • We obtained management's valuation of options using Black Scholes Model and reviewed for completeness and accuracy of information used; • We reviewed the mechanics of the calculations, and validated and challenged the inputs to the model; • Obtained and reviewed the option and warrant agreements for all current year issuances and determined whether or not they were to be accounted for under IFRS 2 *Share-Base Payments*; • Reviewed the contractual obligations of each convertible loan note to ensure that management's accounting for the aforementioned notes under IAS 32 *Financial Instruments* as equity classified was appropriate; • Tested the conversion of outstanding convertible loan notes in the period as a means to ensure the correct accounting was applied; • Reviewed Regulatory News Service (RNS) announcements per the London Stock Exchange website for purposes of concluding on the completeness and accuracy of current year equity instrument issuances and/or other equity related

	transactions and conversion of convertible loan notes; and • Reviewed the disclosure in the financial statements to ensure disclosure is sufficient and appropriate. *The options, warrants and convertible loan notes were all appropriately accounted for under relevant accounting standards. Management's assumptions were deemed to be reasonable.*

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	**£435,000**
How we determined it	6.0% of group losses
Rationale for benchmark applied	In determining our materiality, we considered financial metrics which we believed to be relevant. We believe that the benchmark of Group losses is most appropriate as the users of the accounts were likely to be most concerned with the annual and accumulated loses of the Group and the Group's ability to continue as a going concern.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Performance materiality of £283,000 was applied in the audit.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £13,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overall company materiality	**£275,000**
How we determined it	Same basis as above
Rationale for benchmark applied	In determining our materiality, we considered financial metrics which we believed to be relevant. We believe that the benchmark of Group losses is most appropriate as the users of the accounts were likely to be most concerned with the annual and accumulated loses of the Group and the Group's ability to continue as a going concern.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Performance materiality of £179,000 was applied in the audit.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £8,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Materiality used in the audit of the significant components of the group was £163,000.

An overview of the scope of our audit

Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by

fraud or error. The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under “Key audit matters” within this report.

Our audit included an assessment of: whether accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify an information that is apparently incorrect, based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Our audit scope included an audit of the consolidated financial statements of Tiziana Life Science Plc. The audit was scoped by obtaining an understanding of the Group and its environment, including controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, all entities within the Group were subject to full scope audit (significant components) or limited scope (non-significant components) and were performed by the audit team at the Group’s main offices in London, United Kingdom.

Other information

The directors are responsible for the other information. The other information comprises the information included in the financial statements, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors’ Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exemption

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

In preparing the financial statements, the directors are responsible for assessing the Group’s and the parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Robert Neate (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katharine's Way
London
E1W 1DD

6th June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

Continuing Operations	Note	**2017** £'000	**2016** £'000
Research and development costs		(4,672)	(2,956)
Operating expenses		(3,574)	(4,332)
Operating loss	4	(8,246)	(7,288)
Finance costs	9	(9)	(9)
Loss before taxation		(8,255)	(7,297)
Taxation	10	1,485	89
Loss for the year attributable to equity owners		(6,770)	(7,208)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to equity owners		(6,770)	(7,208)
Loss per share			
Basic and diluted (loss) per share on continuing operations	11	(6.4p)	(7.7p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	RESTATED 2016 £'000
ASSETS			
Non-Current assets			
Property, plant and equipment	12	18	28
Total non-current assets		18	28
Current assets			
Other receivables	13	1,548	103
Other current assets	14	217	217
Cash and cash equivalents		48	4,703
Total current assets		1,813	5,023
TOTAL ASSETS		1,831	5,051
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to equity holders of the company			
Called up share capital	16	3,752	2,832
Share premium		18,650	2,071
Merger relief reserve	20	-	-
Capital redemption reserve	20	-	-
Capital reduction reserve	20	31,183	31,183
Share based payment reserve	16,20	2,354	1,935
Shares to be issued reserve (warrants)	16,20	419	191
Convertible loan note reserve	18	-	13,535
Other reserve	20	(28,286)	(28,286)
Retained earnings	20	(29,755)	(20,147)
Total equity		(1,683)	3,314
Liabilities			
Current liabilities			
Trade and other payables	23	3,514	1,737
		3,514	1,737
TOTAL EQUITY AND LIABILITIES		1,831	5,051

The financial statements were approved by the board of directors and authorised for issue on 6th June 2018.

Mr G.M.A Cerrone Director

Company Number: 03508592 (England and Wales)

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	RESTATED 2016 £'000
ASSETS			
Non-current assets			
Investment in subsidiaries	15	16,005	12,652
Property, plant and equipment		6	12
Current assets			
Other receivables	13	1,055	9
Other current assets	14	217	217
Cash and cash equivalents		22	4,649
TOTAL ASSETS		17,305	17,539
EQUITY AND LIABILITIES			
Equity Capital and reserves attributable to equity holders of the company			
Called up share capital	16	3,752	2,832
Share premium		18,650	2,071
Shares to be issued reserve	18	-	13,535
Merger relief reserve	20	-	-
Convertible loan note reserve	16, 20	2,419	2,000
Shares to be issued reserve (warrants)	16, 20	482	254
Capital redemption reserve	21	-	-
Capital reduction reserve	20	31,183	31,183
Retained earnings	20	(40,403)	(35,626)
Total equity		16,083	16,249
Liabilities			
Current liabilities			
Trade and other payables	23	1,222	1,290
		1,222	1,290
TOTAL EQUITY AND LIABILITIES		17,305	17,539

The Company reported a loss for the financial year ended 31 December 2017 of £2,988k (2016: £4,252k).

The financial statements were approved by the board of directors and authorised for issue on 6th June 2018.

Mr Gabriele Cerrone Director

Company Number: 03508592 (England and Wales)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Total comprehensive loss for the year before taxation	(8,255)	(7,297)
Adjustments for:		
Convertible loan interest accrued	9	9
Share based payment – options	419	927
Cancellation of options	(105)	-
Share based payment – warrants	228	89
Net (increase)/decrease in other receivables	40	(89)
Net increase/(decrease) in trade and other payables	1,790	866
Depreciation	11	8
Loss on foreign exchange	35	158
Lease adjustment	(24)	41
NET CASH USED IN OPERATING ACTIVITIES	(5,852)	(5,110)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	1,198	453
Proceeds from issuance of convertible loan notes	-	709
NET CASH GENERATED FROM FINANCING ACTIVITIES	1,198	1,162
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1)	(35)
Acquisition of other investments	-	(217)
NET CASH GENERATED FROM INVESTING ACTIVITIES	(1)	(252)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,655)	(4,200)
Cash and cash equivalents at beginning of year	4,703	8,903
CASH AND CASH EQUIVALENTS AT END OF YEAR	48	4,703

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Total comprehensive loss for the year before taxation	(2,988)	(4,252)
Adjustments for:		
Convertible loan interest accrued	9	9
Share based payment - options	419	927
Cancellation of options	(105)	-
Share based payment - warrants	228	89
Depreciation	6	-
Net/decrease in operating assets/other receivables	4	15
Net increase in operating liabilities/other liabilities	67	555
Loss/(gain) on foreign exchange	(2)	38
NET CASH USED IN OPERATING ACTIVITIES	(2,362)	(2,619)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	1,198	454
Proceeds from issuance of convertible loan notes	-	709
NET CASH GENERATED FROM FINANCING ACTIVITIES	1,198	1,163
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(18)
Acquisition of other investments	-	(217)
Capital contribution to subsidiaries	(3,463)	(2,531)
NET CASH GENERATED FROM INVESTING ACTIVITIES	(3,463)	(2,766)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(4,627)	(4,222)
Cash and cash equivalents at beginning of year	4,649	8,871
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	4,649

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital	Share Premium	Merger Relief Reserve	Capital Redemption Reserve	Capital Reduction Reserve	Share Based Payment Reserve	Shares To Be Issued Reserve (warrants)	Convertible Loan Note Reserve	Other Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2016	9,375	20,632	5,625	-	-	1,008	102	12,287	(28,286)	(12,239)	8,504
Transactions with owners											
Issue of share capital under share-based payment scheme	61	393	-	-	-	-	-	-	-	-	454
Share based payment (options)	-	-	-	-	-	927	-	-	-	-	927
Share based payment (warrants)	-	-	-	-	-	-	89	-	-	-	89
Convertible loan note – equity component	-	-	-	-	-	-	-	1,248	-	(690)	558
Cancellation of deferred shares	(6,604)	-	-	6,604	-	-	-	-	-	-	-
Capital reduction	-	(18,954)	(5,625)	(6,604)	31,183	-	-	-	-	-	-
Prior year adjustments	-	-	-	-	-	-	-	-	-	(10)	(10)
Total transactions with owners	(6,543)	(18,561)	(5,625)	-	31,183	927	89	1,248	-	(700)	2,018
Comprehensive income											
Comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(7,208)	(7,208)
Total comprehensive income	-	-	-	-	-	-	-	-	-	(7,208)	(7,208)
Balance as at 31 December 2016 – as previously reported	*2,832*	*2,071*	-	-	-	*1,935*	*191*	*13,535*	*(28,286)*	*11,036*	*3,314*
Prior year adjustment	-	-	-	-	*31,183*	-	-	-	-	*(31,183)*	-
Restated Balance as at 31 December 2016	2,832	2,071	-	-	31,183	1,935	191	13,535	(28,286)	(20,147)	3,314
Transactions with owners											
Issue of share capital under share-based payment scheme	66	1,131	-	-	-	-	-	-	-	-	1,197
Share based payment (options)	-	-	-	-	-	980	-	-	-	-	980
Share based payment (warrants)	-	-	-	-	-	-	228	-	-	-	228
Options forfeited/cancelled in the year	-	-	-	-	-	(561)	-	-	-	(105)	(666)
Convertible loan note interest	-	-	-	-	-	-	-	2,767	-	(2,767)	-
Convertible loan note conversion	854	15,448	-	-	-	-	-	(16,302)	-	-	-
Prior year adjustments	-	-	-	-	-	-	-	-	-	34	34
				-	-						
Total transactions with owners	920	16,579	-	-	-	419	228	(13,535)	-	(2,838)	1,773
Comprehensive income											
Comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(6,770)	(6,770)
Total comprehensive income	-	-	-	-	-	-	-	-	-	(6,770)	(6,770)
Balance as at 31 December 2017	3,752	18,650	-	-	31,183	2,354	419	-	(28,286)	(29,755)	(1,683)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital	Share Premium	Merger Relief Reserve	Capital Redemption Reserve	Capital Reduction Reserve	Share Based Payment Reserve	Shares to Be Issued Reserve (warrants)	Convertible Loan Note Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2016	9,375	20,632	5,625	-	-	1,073	165	12,287	(30,641)	18,516
Transactions with owners										
Issue of share capital	61	393	-	-	-	-	-	-	-	454
Issue of shares	-	-	-	-	-	-	-	-	-	-
Share based payment (options)	-	-	-	-	-	927	-	-	-	972
Share based payment (warrants)	-	-	-	-	-	-	89	-	-	89
Convertible loan note – equity component	-	-	-	-	-	-	-	1,248	(690)	558
Cancellation of deferred shares	(6,604)	-	-	6,604	-	-	-	-	-	-
Capital reduction	-	(18,954)	(5,625)	(6,604)	31,183	-	-	-	-	-
Prior year adjustments			-	-	-	-	-	--	(43)	(43)
Total transactions with owners	(6,543)	(18,561)	(5,625)	-	31,183	927	89	1,248	(733)	1,516
Comprehensive income										
Loss for the year	-	-	-	-	-	-	-	-	(4,252)	(4,252)
Total comprehensive income	-	-	-	-	-	-	-	-	(4,252)	(4,252)
Balance as at 31 December 2016	2,832	2,071	-	-	31,183	2,000	254	13,535	(35,626)	16,249
Transactions with owners										
Issue of share capital	66	1,131	-	-	-	-	-	-	-	1,197
Share based payment (options)	-	-	-	-	-	980	-	-		980
Share based payment (warrants)	-	-	-	-	-	-	228	-	-	228
Options forfeited in the year	-	-	-	-	-	(561)	-	-	-	(561)
Options cancelled in the year	-	-	-	-	-	-	-	-	(105)	(105)
Convertible loan note interest	-	-	-	-	-	-	-	2,767	(2,767)	-
Convertible loan note conversion	854	15,448	-	-	-	-	-	(16,302)	-	-
Prior year adjustments	-	-	-	-	-	-	-	-	34	34
Total transactions with owners	920	16,579	-	-	-	419	228	(13,535)	(2,838)	1,773
Comprehensive income										
Loss for the year	-	-	-	-	-	-	-	-	(1,939)	(1,939)
Total comprehensive income	-	-	-	-	-	-	-	-	(1,939)	(1,939)
	-									
Balance as at 31 December 2017	3,752	18,650	-	-	31,183	2,419	482	-	(40,403)	16,083

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

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 given on page 1. 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 financial statements are presented in thousands of pounds sterling (£'000) which is the functional currency of the primary economic environment in which the Company 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 principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group and Company have been prepared in accordance with 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 permitted by section 408 of the Companies Act 2006, a separate profit and loss account for the Company has not been presented in these financial statements.

Prior Period Adjustment

In 2016, the Company was granted permission by the High court to cancel its share premium account and its capital redemption reserve. For clarity, the Company has decided to reflect the adjustment in its own reserve with distributable reserves. This reserve is called the Capital reduction reserve.

Going Concern

The company incurred losses during the year and has net liabilities at the year end.

As discussed in the Strategic Report, the company is in the early stages of developing its business focusing on the discovery and development of novel molecules that treat human disease in oncology and immunology. The directors expect the company to incur further losses and to require significant capital expenditure in continuing to develop clinical stage development therapeutic candidates in both oncology and immunology. The company has successfully funded clinical trials to date and is in the process of securing additional investment for purposes of continuing to fund their clinical trials moving forward.

The directors have prepared cash flow projections that include the costs associated with the continued clinical trials and additional investment to fund that operation. On the basis of those projections, the directors conclude that the company will be able to meet its liabilities as they fall due for the foreseeable future, and therefore that it is appropriate to prepare the financial statements under the going concern basis of preparation.

However, until and unless the company secures sufficient investment to fund their clinical trials, there is a material uncertainty about the company's ability to continue as a going concern, and therefore about the applicability of the going concern basis of preparation. The financial statements do not include the adjustments that would be required if the going concern basis of preparation was considered inappropriate.

New and Revised Standards

Standards in effect in 2017

There were no additional new standards, amendments and interpretations issued that would be expected to have a material effect on the Group.

IFRS in issue but not applied in the current financial statements

The directors do not expect that the adoption of new IFRS Standards, Interpretations and Amendments that have been issued but are not yet effective will have a material impact on the financial statements of the Group in future periods, except IFRS 16 *Leases* which will impact on the recognition of leases currently classified as operating leases. In addition, IFRS 2 *Share-based Payment: classification and measurement of share-based payment transactions* and IFRS 9 *Financial Instruments* are additional standards that will impact the Group, management are still in the process of assessing their impact, if any.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

Basis of consolidation

Subsidiary undertakings are all entities over which the Group exercises control. The Group has control when it can demonstrate all of the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's return.

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 control and are de-consolidated from the date at which control ceases.

Business combination

The consolidated position of the Group is 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. Reverse acquisition for the business combination in the year as detailed below:

On 24th April 2014, the Company (Alexander David Investments Plc, (ADI)) acquired via a share for share exchange the entire issued share capital of Tiziana Pharma Limited, whose principal activity is that of a clinical stage biotechnology company focussed on targeted drugs to treat diseases in oncology and immunology.

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.

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 IFRS 3 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 statement of financial position 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 year ended 31 December 2013 apart from the equity structure which reflects that of the parent.

Tiziana Pharma Limited was incorporated on 4th November 2013 and prepared its first set of financial statements to 31 December 2014. Therefore, the parent and subsidiary had the same reporting date but Tiziana Pharma Limited had a long period of account. No adjustment was made in the consolidated financial statements for the difference in length of reporting period because the only transaction in Tiziana Pharma Limited at 31 December 2013 was the issue of ordinary share capital of £1.

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.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The Board allocates resources to and assess the performance of the segments. The Board considers there to be only one operating segment being the research and development of biotechnological and pharmaceutical products.

Taxation

The tax expense for the year represents the total of current taxation and deferred taxation. The charge in respect of current taxation is based on the estimated taxable profit for the year. Taxable profit for the year is based on the profit as shown in the income statement, as adjusted for items of income or expenditure which are not deductible or chargeable for tax purposes. The current tax liability for the year is calculated using tax rates which have either been enacted or substantively enacted at the balance sheet date.

Foreign currency translation

Foreign currency transactions are translated using the rate of exchange applicable at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at the year end of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation, the assets and liabilities of foreign subsidiaries are translated into Pound Sterling at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular foreign subsidiary is recognised in profit or loss.

License fees

Payments related to the acquisition of rights to a product or technology are capitalised as intangible assets if it is probable that future economic benefits from the asset will flow to the entity and the cost of the asset can be reliably measured.

Payments made which provide the right to perform research are carefully evaluated to determine whether such payments are to fund research or acquire an asset. Licence fees expenses are recognised as incurred.

Research and development

All on-going research and development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory environment inherent in the development of the Group's products, the criteria for development costs to be recognised as an asset, as set out in IAS 38 'Intangible Assets', are not met until a product has been granted regulatory approval and it is probable that future economic benefit will flow to the Group. The Group currently has no qualifying expenditure.

Financial instruments

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Loans and receivables

Loans and receivables are recognised initially at fair value and are subsequently measured at amortised cost.

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.

Financial liabilities

The Group classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was committed.

Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Investments

Investments are held as non-current assets and comprise investments in subsidiary undertakings and are stated at cost less provision for any impairment.

Other current assets

Other current assets are currently measured at cost less accumulated impairment. The asset is not yet being amortised since it is not yet in the condition necessary for it to be capable of operating in the manner intended by management.

Share capital

Ordinary shares of the company are classified as equity.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current period and the comparative period are as follows.

Fixtures and fittings	**5 years**
IT and equipment	**3 years**

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depreciation is allocated to the operating expenses line of the income statement.

Impairment

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it should be impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency of a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Non-financial assets are impaired when its carrying amount exceed its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

Operating leases

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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.

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. 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.

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 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 in a Convertible loan note reserve. The accrued interest on the principal amount, for which there is no obligation to settle in cash, is also recorded in the Convertible loan note reserve. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the convertible loan note reserve to share capital and share premium.

Where there is an 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 income statement 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group being International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

When entering into agreements with third parties which provide the rights to conduct research into specific biological processes the Group account for these agreements as an expense if the agreements are 'milestone' in nature and relate to the Group's own research and development costs. Such agreements involve periodic payments and are evaluated as representing payments made to fund research.

The only other critical accounting estimates and judgements in the preparation of the financial statements were fair value estimates used in the calculation of share based payments and warrants which have been detailed above in note 2, accounting policies, and note 17, share based payments, to the accounts.

4. OPERATING LOSS

The Group and Company's operating loss for the year is stated after charging the following:

	2017 £'000	2016 £'000
License fees	514	414
Depreciation	11	8
Foreign exchange losses	35	159
	560	581

5. SEGMENTAL REPORTING

During the year under review Management identified the Group's only operating segment as the research and development of biotechnological and pharmaceutical products. This one segment is monitored and strategic decisions are made based upon it and other non-financial data collated from industry intelligence. The form of financial reporting reported to the Board is consistent with those presented in the annual financial statements.

6. AUDITOR'S REMUNERATION

	2017 £'000	2016 £'000
Remuneration receivable by the Company's auditor for the audit of the consolidated and Company financial statements, including £9k (2016:£9k) for the audit of Company subsidiaries	42	36
Remuneration receivable by the Company's auditor for other assurance services	19	-

7. EMPLOYEES

Group	2017 £'000	2016 £'000
Staff costs comprised:		
Directors' salaries	164	158
Wages and salaries	860	580
Social security costs	381	28
Share based payment charge	419	749
	1,824	1,515
The average monthly number of employees, including directors, employed by the Group during the year was:		
Corporate and administration	11	6
	11	6

A charge for share based payments totalling £419k (2016: £749k) was made in the year.

Company	2017 £'000	2016 £'000
Staff costs comprised:		
Directors' salaries	93	35
Share based payment charge	419	749
	512	784

8. REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2017		2016	
Director	**Directors' fee**	**Salary**	**Directors' fee**	**Salary**
W Simon	38,000	-	38,000	-
G. Cerrone (1)	67,000	-	80,000	-
R. Dalla-Favera	20,000	-	20,000	-
K. Shailubhai (2)	8,000	222,000	20,000	-
	133,000	222,000	158,000	-

(1) Effective 1st November 2017, Gabriele Cerrone has waived his right to receive director's fees for the foreseeable future.
(2) Kunwar Shailubhai became an employee of the Company on 24th May 2017, at which point he ceased to be a non-executive director.

The following share options were granted to directors in the year:

Director	2017 Number of options	2016 Number of options
R. Dalla Favera	-	-
W. Simon	-	-
G. Cerrone	-	3,259,403
K. Shailubhai	400,000	-
	400,000	3,259,403

The key management personnel of the Group are considered to be represented by the directors and officers of the Company.

No director has yet benefitted from any increase in the value of share capital since issuance of the options.

No director exercised share options in the year.

The company made £5k (2016: £0) of payments to a defined contribution pension schemes on behalf of directors or employees.

9. FINANCE COSTS

Group	2017 £'000	2016 £'000
Finance charge accrued on convertible loan notes (recognised as debt)	9	9
	9	9

10. TAXATION

	2017 £'000	2016 £'000
Group		
Current tax (credit)	(1,485)	(89)
Deferred tax		
Origination and reversal of timing differences	Nil	Nil
Total tax (credit) for period	(1,485)	(89)
The tax charge for the year is different from the standard rate of corporation tax in the United Kingdom of 21.49%. The difference can be reconciled as follows:		
Loss before taxation	(8,255)	(7,208)
Loss charged at standard rate of corporation tax 19.25% (2016: 20%)	(1,589)	(1,441)
Tax losses arising in the year not recognised	2,244	1,226
Expenses not deductible for taxation	24	219
Adjustments due to prior periods	(1,105)	(89)
Research and development claim	(1,061)	-
Other timing differences	2	
	(1,485)	(89)

No deferred tax asset has been recognised in respect of trading losses carried forward because of uncertainty as to when these losses will be recoverable.

The amount of tax losses for which no deferred tax assets has been recognised is £3,680k (2016: £2,608k).

11. LOSS PER SHARE

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 during the year.

	2017	2016
(Loss) attributable to equity holders of the company (£)	(6,769,365)	(7,207,597)
Weighted average number of ordinary shares in issue	106,403,903	93,592,195
Basic loss per share (pence per share)	(6.4)	(7.7)

As the Group is reporting a loss from continuing operations for the year 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 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.

12. PROPERTY, PLANT AND EQUIPMENT

Details of the Groups property, plant and equipment are as follows:

Group	Furniture and fixtures	IT equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2017	12	24	36
Additions	-	1	1
Disposals	-	-	-
At 31 December 2017	12	25	37
Depreciation			
At 1 January 2017	1	7	8
Charge in year	2	9	11
At 31 December 2017	3	16	19
Net book value as at 31 December 2017	9	9	18
Net book value as at 31 December 2016	11	17	28

13. OTHER RECEIVABLES

	2017	2016
	£'000	£'000
Group		
Other receivables	85	93
Taxation receivable	1,435	-
Prepayments	28	10
	1,548	103

There are no differences between the carrying amount and fair value of any of the trade and other receivables above.

Company	2017 £000	2016 £000
Taxation receivable	1,048	-
Prepayments and accrued income	7	9
	1,055	9

14. OTHER CURRENT ASSETS

In June 2016, the Board approved the purchase of the data repository of DNA from SharDNA (an Italian entity in liquidation) for EUR 258k, approximately £217k.

Management recognizes that the transaction is not the purchase of a business but the purchase of key assets owned by SharDNA. These assets are to be owned by Tiziana Life Sciences PLC and will be loaned to its subsidiary Longevia SRL for no extra cost.

As there is current legal action pending against the liquidators as to the validity to the sale of the assets, the Company is unable to utilise these assets until the legal action is resolved. For this reason, the investment has been recognised as a current asset until such a time that the Company is able to use this asset. In the event the Company is unable to use the asset as a result of the legal action denoted above, the Company will receive their money back.

The Company has not recognised a contingent liability in respect of the legal action as the outcome is uncertain and cannot be considered as probable to occur.

15. INVESTMENTS IN SUBSIDIARIES

Company	Shares in group undertakings	Capital Contribution	Total
	£'000	£'000	£'000
Cost			
At 1 January 2017	7,509	5,143	12,652
Additions	-	3,353	3,353
Disposals	-	-	-
At 31 December 2017	7,509	8,486	16,005
Provisions			
At 1 January 2017	-	-	-
Charge in year	-	-	-
At 31 December 2017	-	-	-
Net book value as at 31 December 2017	7,509	8,486	16,005
Net book value as at 31 December 2016	7,509	5,143	12,652

The capital contribution represents the funding of operations of the subsidiaries by the parent, with the Company acting as the Group's holding company.

The company's interest in subsidiary undertakings is as follows:

Name	Principal activity	Registered Address	Percentage shareholding	Country of incorporation
Tiziana Pharma Limited	Clinical stage biotechnology company	3rd Floor, 11-12 St James's Square, London, SW1Y 4LB	100%	England & Wales
Tiziana Therapeutics Inc	Clinical stage biotechnology company	420 Lexington Avenue Suite 2525 New York, NY 10170	100%	USA
Longevia Genomics SRL	Biotech Discovery Company	Via Constantinopli 42 09100- Cagliari (CA)	100%	Italy

Tiziana Therapeutics Inc was incorporated on 28 October 2015. This entity was set up to house the Company's US operations.

Longevia Genomics SRL was incorporated on 4 July 2016. This entity was established to enable the Company to carry out R&D activities in Sardinia.

16. SHARE CAPITAL

Company and Group	2017	2016	2017	2016	2017	2016
	Ordinary Shares		Deferred Shares		£000	£000
In issue at 1 January	94,393,401	92,392,150	-	121,189,912	2,832	9,375
Issued for cash	2,206,190	1,301,250	-	-	66	40
Conversion of Convertible Loan notes	28,455,214	700,000	-	-	854	21
Sale of deferred shares	-	-	-	(1)	-	-
Deferred shares transferred to capital redemption reserve	-	-	-	(121,189,911)	-	(6,604)
In issue at 31 December	125,054,805	94,393,400	-	-	3,752	2,832

Ordinary Shares

Ordinary shares have a par value of £0.03. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The company does not have a limited amount of authorised capital.

Issuance of ordinary shares

In March 2017, a notification was received from warrant holders to exercise warrants over 1,789,524 ordinary shares in the Company.

In August 2017, the Board passed a resolution to convert all outstanding convertible loan notes effective from 26th July 2017. It also resolved that the convertible loan note holders be offered an additional bonus coupon of three years of interest at the relevant applicable rate of return for agreeing to the immediate conversion of the convertible loan note's into ordinary shares. The Company has issued 28,455,214 new ordinary shares in respect of this conversion. All of the new shares are subject to a restriction on disposal for a period of 12 months.

In November 2017, 283,333 new ordinary shares were issued by way of a further placing of ordinary shares to raise finance.

An additional 133,333 new ordinary shares were issued in December 2017 by way of a further placing of ordinary shares to raise finance.

17. SHARE BASED PAYMENTS

Group and Company

Options

The company 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.

	2017		2016	
	Options ('000)	Weighted Average exercise price (pence)	Options ('000)	Weighted Average exercise price (pence)
Outstanding at 1 January	12,449	33	7,985	28
Granted	668	161	4,464	154
Forfeited	(2,250)	(15)	-	-
Cancelled	(150)	(15)	-	-
Outstanding at 31 December	10,717	93	12,449	73
Exercisable at 31 December	5,011	42	4,152	33

No options were exercised during the periods to 31st December 2017 and to 31st December 2016.

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

Date of issue	Number at 31 December 2017	Exercise price	Date from which exercisable	Expiry Date
24 April 2014	400,500	0.15	24 April 2015	24 April 2025
24 April 2014	400,500	0.15	24 April 2016	24 April 2026
24 April 2014	400,500	0.15	24 April 2017	24 April 2027
24 April 2014	400,500	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
23 March 2016	50,000	1.26	23 March 2017	22 March 2026
23 March 2016	50,000	1.26	23 March 2018	22 March 2026
23 March 2016	50,000	1.26	23 March 2019	22 March 2026
23 March 2016	50,000	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
05 November 2016	100,000	1.86	05 November 2017	05 November 2027
01 December 2016	600,000	1.925	Successful completion of clinical trials within 24 months of 1st September 2016	5 years from vesting conditions being met
10 March 2017	100,000	1.725	30 August 2018	30 August 2028
10 March 2017	100,000	1.725	30 August 2019	30 August 2029
10 March 2017	100,000	1.725	30 August 2020	30 August 2030
10 March 2017	100,000	1.725	30 August 2021	30 August 2031
30 August 2017	284,000	1.595	30 August 2018	30 August 2028
30 August 2017	284,000	1.595	30 August 2019	30 August 2029
30 August 2017	284,000	1.595	30 August 2020	30 August 2030
30 August 2017	284,000	1.595	30 August 2021	30 August 2031

The total outstanding fair value of the share option instruments is deemed to be approximately £4,600k (2016: £1,868k).

The Directors have used the Black-Scholes option pricing model to estimate the fair value of most of the options applying the assumptions below.

Historical volatility relies in part on the historical volatility of a group of peer companies that management believes is generally comparable to the Company.

The Company has not paid any dividends on common stock since its inception and does not anticipate paying dividends on its common stock in the foreseeable future.

The Company has estimated a forfeiture rate of zero.

	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

	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 Yr 1, Yr 2, Yr 3, Yr 4 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	2 years 9 months

	23 March 2016	9 June 2016	5 November 2016
Grant date share price	£1.26	£1.38	£1.86
Exercise share price	£1.26	£1.5	£1.86
Vesting periods	25% each Yr 1, Yr 2, Yr 3, Yr 4	Immediate,25% each Yr 1, Yr 2, Yr 3, Yr 4	33.3% each Yr 1, Yr 2, Yr 3
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	10-15 years	10 years

	1 December 2016	10 March 2017	30 August 2017
Grant date share price	£1.86	£1.725	£1.595
Exercise share price	£1.925	£1.725	£1.595
Vesting periods	within 24 months of 1 September 2016	Yr1, Yr 2, Yr 3, Yr4	Yr 1, Yr 2, Yr 3, Yr4
Risk free rate	0.55% to 1.54%	0.38% to 1.09%	0.69% to 1.09%
Expected volatility	99% to 197%	80% to 167%	58% to 60%
Option life	2 years	10 years	10 years

For the options issued with a market condition attached, the Directors have used the Monte Carlo simulation to estimate the fair value of these options, the Company uses the following methods to determine its underlying assumptions:

- expected volatilities are based on the historical volatilities of the market
- the expected term of the awards is based on managements' assessment of when the market condition is likely to be achieved of 15 years
- a range of fair value's per share were produced and management have determined the most appropriate value based on their knowledge of the market and vesting conditions being fulfilled.

Warrants

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 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 November 2017, warrants were granted over 100,000 shares at an exercise price of £1.60 per share in lieu of fundraising fees. The warrants are exercisable until 20 November 2022.

On 11th December 2017, warrants were granted over 183,333 shares at an exercise price of £1.60 per share in lieu of fundraising fees. The warrants are exercisable until 11 December 2023.

On 15th December 2017, warrants were granted over 196,667 shares at an exercise price of £1.60 per share in lieu of fundraising fees. The warrants are exercisable until 15 December 2023.

The Directors have estimated the fair value of the warrants in services provided using an appropriate valuation model. The remaining fair value of the warrant instruments is deemed to be approximately £655,000. For each set of warrants, the charge has been expensed over the vesting period. A share based payment charge for the year of £228k (year to December 2016: £89k) has been expensed in the statement of comprehensive income.

18. CONVERTIBLE LOAN NOTES

Group and Company

Planwise Convertible Loan Notes 2016

From the date of the reverse acquisition a convertible loan note of £200k 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 on-going 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 readmission to AIM on 24 April 2014. The Company considers this to be a Convertible Debt Instrument as detailed in the policy described at note 2 as a result of the fact that the Company is obligated to repay the capital of loan, obligated to pay interest, and Planwise has the right to settle the obligation via a cash settlement and is not limited to settling the obligation in shares in the Company

Accounting for the convertible debt instrument

The net proceeds received from the issue of the Planwise Convertible Loan Note has been recorded as a debt liability in the balance sheet and the accrued interest charged to the income statement and the debt liability. The liability for the convertible debt instrument at 31 December 2017 is;

	2017 £000	2016 £000
Convertible loan notes issued	225	216
Accrued interest	9	9
	234	225

19. CONVERTIBLE EQUITY INSTRUMENTS

On 16th August 2017, the Company passed a resolution that as of 26th July 2017, convertible loan note Holders be offered an additional bonus coupon of 3 years of interest at the relevant applicable rate of return for agreeing to the immediate conversion of the convertible loan note's into ordinary shares. The convertible loan note holders are also subject to a restriction not to dispose of the relevant shares for a period of 12 months following conversion.

The principal amount of the Convertible Equity Instrument for Tranches A to F that was recorded as shares to be issued reserve prior to conversion was as follows:

£000	A	B	C	D	E	F	**Total**
Balance as at January 2016	903	1,501	6,046	266	4,072	747	13,535
Addition to Equity (Interest)	(30)	42	642	7	127	28	816
Bonus 3 years interest	131	234	738	30	690	128	1,951
Balance as at 26 July 2017	1,004	1,777	7,426	303	4,889	903	16,302
No of shares	6,276,430	7,407,099	10,608,099	303,287	3,259,086	601,213	28,455,214

20. RESERVES

The shares to be issued reserve represent the value of equity shares which could be issued in future accounting periods if the warrants in issue are exercised.

The share based payment reserve represents the value of equity shares which could be issued in future accounting periods if the share based payment options in issue are exercised.

The merger relief reserve was created as a result of the reverse merger reverse acquisition of Alexander David Investments plc. The reserve represents the difference between the fair value of the consideration transferred and the nominal value of the shares. This reserve has been written off as part of the balance sheet capital reduction exercise described below.

The other reserve was created as a result of the reverse acquisition of Alexander David Investments Plc in the year and the accounting treatment required, which is described in note 2. The reserve is required due to the fact that the reverse acquisition accounting requires the legal parent's equity structure to be shown.

Retained earnings represent the cumulative profits / (losses) of the entity which have not been distributed to shareholders. This reserve has been credited as part of the capital reduction exercise described below.

On the 14th of September the High court granted the Company permission to cancel its share premium account and its capital redemption reserve. The order had previously been ratified at the AGM held on 30th June 2016. The £31m of distributable reserves arising from this transaction were taken to the capital reduction reserve.

The Company also decided to cancel its merger relief reserve as part of the capital reduction exercise.

21. FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The directors regularly review and agree policies for managing each of these risks which are summarised below.

Market risk

Market risk encompasses three types of risk, being foreign currency exchange risk, price risk and fair value interest rate risk. The Group policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled ''interest rate risk'' below. The directors do not consider the Group's exposure to price risk to be significant. The Group's risk management is coordinated by the directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not engage in the trading of financial assets for speculative purposes nor does it write options.

Credit risk

Credit risk is managed on a group basis. Credit risk arises principally from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure to customers including committed transactions and outstanding receivables. The Group reviews its banking arrangements carefully to minimise such risks and currently has no customers and therefore this risk is viewed as minimal. Management monitor loans between members of the group as part of their internal reporting and assess outstanding receivables for ability to be repaid.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The Group ordinarily finances its activities through cash generated from operating activities and private and public offerings of equity and debt securities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

			2016
£000	Less than 3 months	3 to 12 months	Total
Trade and other payables	1,646	3,871	5,517
Convertible Loan Notes (debt)	161	484	645
	1,807	4,355	6,162

			2017
£000	Less than 3 months	3 to 12 months	Total
Trade and other payables	2,112	4,809	6,921
Convertible Loan Notes (debt)	2	7	9
	2,114	4,816	6,930

Due to the nature of the Group, it's difficult to forecast financial liabilities greater than 12 months out as said liabilities are subject to change based upon a multitude of variables.

Foreign currency risks

The group operates internationally although the majority of its operations are based in the United Kingdom and the majority of assets and liabilities denominated in Pounds sterling. It therefore is exposed to foreign exchange risk arising from exposure to various currencies primarily the Euro and US Dollar.

The Group monitors currency exchange rates and makes judgments as to whether to enter into currency hedging contracts. Currently no such hedging contracts are in place.

Interest rate risk

The Group has limited exposure to interest-rate risk arising from its bank deposits. These deposit accounts are held at variable interest rates based on Allied Irish Bank base rate.

The directors do not consider the impact of possible interest rate changes based on current market conditions to be material to the net result for the year or the equity position at the year-end for either the year ended 31 December 2017 or 31 December 2016.

22. CAPITAL RISK MANAGEMENT

For the purpose of the Group's capital management, capital includes called up share capital, share premium, shares to be issued reserve, convertible loan note reserve, shares to be issued reserve (warrants), capital reduction reserve

and all other equity reserves attributable to the equity holders of the parent as reflected in the statement of financial position.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maximise shareholder value through the optimisation of the debt and equity balance.

The Group adjusts its capital structure in light of changes in economic conditions and expected business demands on capital. In order to maintain or adjust its capital structure, the Group considers whether or not to pay dividends and adjusts the amount of any dividend payments to shareholders. The Group may also return capital to shareholders or issue additional shares.

23. TRADE AND OTHER PAYABLES

Group	2017	2016
	£000	£000
Trade payables	2,775	1,213
Accruals	505	299
Convertible loan note liability	234	225
	3,514	1,737

Company	2017	2016
	£000	£000
Trade payables	596	998
Accruals	390	67
Convertible loan note liability	234	225
	1,221	1,290

24. RELATED PARTY TRANSACTIONS

Tiziana Pharma Limited is a wholly owned subsidiary of Tiziana Life Sciences plc. During the year, Tiziana Life Sciences Plc transferred £2,566k (2016: £4,186k) in total to Tiziana Pharma Limited. Included within Investment in subsidiaries of Tiziana Life Sciences Plc's company financial statements at the balance sheet date is £6,752k (2016: £4,186k) owed by Tiziana Pharma Limited.

Tiziana Therapeutics Inc. is a wholly owned subsidiary of Tiziana Life Sciences plc. During the year, Tiziana Life Sciences Plc transferred £1,744k (2016: £958k) to Tiziana Therapeutics Inc. Included within investment in subsidiaries of Tiziana Life Sciences plc's company financial statements at the balance sheet date is £2,702k (2016: £958k) owed by Tiziana Pharma Limited.

25. OPERATING LEASES

The Group leases a number of office premises under operating lease. The future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2017	2016
	£000	£000
Less than one year	216	216
Between one and five years	447	496
	663	712

Lease expenses during the period amount to £110k (2016: £119k).

26. POST BALANCE SHEET EVENTS

On 16th January 2018, the Company raised £150k by the issue of 100,000 new ordinary shares at a price of 150p per share. Each issued share has a warrant attached entitling the holder to subscribe for one new ordinary share at an exercise price of 160p per share, exercisable until 15 January 2024. Fees in connection with the placing are to be satisfied through the issue of an additional 63,334 warrants on the same terms.

On 22nd January 2018, the Company raised £100k by the issue of 66,667 new ordinary shares at a price of 150p per share. Each issued share has a warrant attached entitling the holder to subscribe for one new ordinary share at an exercise price of 160p per share, exercisable until 15 January 2024. Fees in connection with the placing are to be satisfied through the issue of an additional 13,333 warrants on the same terms.

On 5th March 2018, the Company raised £600kby the issue of 600,000 new ordinary shares at a price of 100p per share. Fees in connection with the placing are to be satisfied through the issue of an additional 78,000 warrants at an exercise price of 100p per share, exercisable until 5 March 2023.

On 4th April 2018, the Company appointed Mr Leopoldo Zambeletti to the Board as a non-executive director with responsibility for strategic development. Mr Zambeletti will also chair the Nomination Committee and serve as a member on the Audit Committee.

On 16th April 2018, the Company entered into an exclusive license agreement for novel technology discovered by Dr Howard Weiner at the Brigham and Women's Hospital ("BWH"), Harvard Medical School. Tiziana has agreed to pay certain milestone payments up until 31 December 2033, dependent on the outcome of clinical trials, in addition to a low single digit percentage of net sales to BWH in royalties.

On 19th April 2018, the Company raised £825k by the issue of 1,031,250 new ordinary shares at a price of 80p per share

In addition, on 24th April 2018, the Company issued 51,563 new ordinary shares credited as fully paid and 51,563 warrants exercisable at a price of 80p per share to intermediaries in lieu of commissions on the funds raised. The Company also announced that it had allotted 23,014 ordinary shares in the Company at a price of 70p per share in relation to a shortfall in capitalized interest due to a former holder of the Company's Class C convertible loan notes which was discovered during the annual audit process.

On 1st May 2018, the Company announced that the Board had awarded 2,500,000 options to Kunwar Shailubhai in exchange for his agreement to waive his rights under his realisation bonus. The options are exercisable at a price of 81.75 pence per share. These options will vest immediately but are only exercisable on a change of control event. In addition Dr Shailubhai was awarded options to acquire 4,000,000 ordinary shares in the capital of the Company. The options are exercisable at a price of 81.75 pence per share. The options will vest in equal tranches over four years beginning on the date of grant.

Additional awards were made to Leopoldo Zambeletti and Gabriele Cerrone. Leopoldo Zambeletti was awarded options to acquire 550,000 ordinary shares in the capital of the Company. The options are exercisable at a price of 81.75 pence per share. The options will vest in equal tranches over four years beginning on the date of grant. Gabriele Cerrone was also awarded options to acquire 550,000 ordinary shares in the capital of the Company. The options vest and are exercisable at a price of 81.75 pence per share contingent on the volume weighted average share price exceeding 163.50 pence for five trading days.

A further 600,000 options to acquire ordinary shares in the capital of the Company at 81.75 pence per were awarded to new staff members. The options are exercisable at a price of 81.75 pence per share. The options will vest in equal tranches over four years beginning on the date of grant.

A further 200,000 options to acquire ordinary shares in the capital of the Company at 81.75 pence per share were awarded to Arun Sanyal, our most recent member of our scientific advisory board. The Company also granted Dr Howard Weiner options to acquire 1,000,000 ordinary shares exercisable at a price of 81.75 pence per share. These options are subject to clinical milestones reflective of the development objectives of the Company's anti-CD3 program.

A further 100,000 options to acquire ordinary shares in the capital of the Company at a price of 81.75 pence per share were granted to another consultant, the exercise of which are conditional upon a change of control of the Company in consideration for the surrender of a realisation bonus (which could otherwise have crystallised a significant cash cost to the Company).

On 16th May 2018, the Company announced that the Independent Data Monitor Committee (IDMC) completed a second, interim analysis of tolerability data from the first eleven treated patients and recommended expansion of the initial cohort to continue enrolment of an additional 20 patients to complete the trial.

27. FINANCIAL COMMITMENTS

The Group's main financial commitments relate to the contractual payments in respect of its licensing agreements. Due to the uncertain nature of scientific research and development and the length of time required to reach commercialisation of the products of this research and development, pre-clinical, clinical and commercial milestone obligations are not detailed until there is a reasonable certainty that the obligation will become payable. Contractual commitments are detailed where amounts are known and certain.

- Milciclib project research funding of approximately £1m has been committed to for 2018 and beyond. Other payments relate to the achievement of clinical milestones or the payment of royalties.

- Foralumab project –license fees payable for the continued development of Foralumab of $250k in 2018 for a total fee payment of $750,000. Diligence obligations are payable to BMS / Medarex should the project continue. Other payments relate to the achievement of clinical milestones or the payment of royalties.