OKYO PHARMA

OKYO Pharma Limited
Interim results for the six months to 30 September 2020

OKYO Pharma Limited (LSE: OKYO) a biopharmaceutical company developing next-generation therapeutics to improve the lives of patients with inflammatory eye diseases and chronic pain today announces its interim results for the six months ended 30 September 2020.

Financial Highlights:

- Total assets increased to £5.8 million (30 March 2020: £0.5 million)
- Cash on hand of £5.8 million (30 March 2020: £0.2 million)
- During the financial period under review, the Company reported a total comprehensive loss of £0.92 million (restated 30 September 2019: £1.33 million).

Group Focus:

Group's focus is to develop drugs for inflammatory dry eye diseases and chronic pain by targeting G protein-coupled receptors (GPCRs). GPCRs is the largest family of membrane proteins involved in many biological processes. Targeting GPCR is proven to be an innovative approach for treatment of a wide range of conditions including cardiovascular disease, cancer and diabetes. Approximately 1/3 of all Food and Drug Administration (FDA) approved drugs target members of this family.

Chemerin Project:

The Chemerin receptor (CMKLR1 or ChemR23) is a chemokine like G protein-coupled receptor (GPCR) expressed on select populations of cells including inflammatory mediators as well as epithelial cells. Chemerin acts as a ligand for Chem23 receptor and activates proinflammatory pathways through GPCR signaling. Inflammation is the most common underlying cause of dry eye disease (DED). Therefore, anti-inflammatory treatment is important in improving dry eye symptoms. A 15-aa peptide derived from chemerin (Chem-15) exhibited potent anti-inflammatory properties in *in vitro* and *in vivo* models of inflammation that are mediated through ChemR23. OKYO is developing novel chemerin derived peptides for dry eye treatment.

A proprietary GPCR agonist of Chem23 (OK-113), which was discovered in-house, showed potent anti-inflammatory activity in an experimental model of DED in mice. Topical treatment, as eye drops, with OK-113 reduced corneal permeability and other symptoms of dry eye in a mouse model of DED. OK-113 is currently being evaluated for safety and toxicity in a rabbit model. The demonstration of potent anti-inflammatory activity in the mouse model of DED and the results exhibiting absence of local irritation in a rabbit model will be important basis for the initiation of the upcoming Investigational New Drug ("IND") enabling studies, and subsequently to IND submission of Chemerin for DED indication. Anticipated IND-submission date for Chemerin is December 2021.

BAM8 Project:

Human Mas-Related G Protein-coupled Receptor (MRGPR) is a promising target for blocking pain since it is mainly expressed in nociceptors within the peripheral nervous system. Bovine Adrenal Medulla 8–22 (BAM8-22), a 15 amino acid endogenous peptide, is an agonist of human MRGPRX1. BAM8-22 does not contain the met-enkephalin motif; therefore, it displays no affinity for opioid receptors. MRGPR knock out mice studies suggested that BAM8-22 blocks both inflammatory and neuropathic pain in mice after nerve injury suggesting that agonists for MRGPR may represent a class of non-opioid analgesics for treating chronic pain with minimal side effects because of the highly specific expression of these receptors.

On 2nd February 2018, the company obtained the license agreement from Tufts Medical Center of the right to exploit all the intellectual property claimed in patent application PCT/US2016/0611101 'Lipidated BAM8 and methods of using same' being claims in composition of matter and methodology for treating symptoms of neuropathic chronic pain, ocular pain and uveitis associated pain. OKYO has identified novel Bam8-22 analogs that have potential to ameliorate inflammation and neuropathic pain.

A collaborative agreement was signed with Pedram Hamrah, MD, Professor of Ophthalmology at Tufts University School of Medicine, Boston, MA on August 6, 2019 to evaluate OKYO's proprietary lead compounds as non-opioid analgesics to suppress corneal neuropathic pain using a mouse ocular pain model recently developed in Dr. Hamrah's laboratory. These collaborative studies will provide additional 'Proof-of-Concept' results for the Bam8-22 analogs as potential non-opioid analgesics.

Enquiries:

OKYO Pharma Limited	**Willy Simon**	**+44 (0)20 7495 2379**
Optiva Securities Limited		**+44 (0)20 7408 4050**

About OKYO

OKYO Pharma Limited (LSE: OKYO) is a life sciences and biotechnology company admitted to listing on the standard segment of the Official List of the UK Financial Conduct Authority and to trading on the Main Market for listed securities of the London Stock Exchange plc. OKYO is focusing on the discovery and development of novel molecules to treat inflammatory dry eye diseases and chronic pain.
Website: www.okyopharma.com

OKYO Pharma Limited
Chairman’s statement

Dear Shareholders,

I am pleased to report on the Group’s financial results for the six months ended 30 September 2020.

Results to 30 September 2020

During the financial period under review, the Group reported a total comprehensive loss of £0.92 million (restated 30 September 2019: £1.33 million).

The Group’s shareholders’ equity at 30 September 2020 stood at £5.5 million (30 March 2020**: -**£0.1 million), due to expenses incurred during the period.

Cash was £5.8m at the end of the period (30 March 2020**:** £0.2 million).

Total number of shares in issue as at 30 September 2020 was 672,566,302.

36,269,253 new shares were issued during the period.

Fund raising

During the six months to 30 September 2020, OKYO raised £5.9 million through the issuance of Convertible Loan Notes. The funds were raised (i) to complete IND enabling studies of Chemerin for dry eye followed by IND submission by Q1 2021, (ii) to complete Pre-IND studies and validation of Proof of Concept for Bam-8 for the treatment of ocular and chronic pain, and (iii) for working capital and other general expenses.

COVID-19

We remain cognisant of the potential impact of coronavirus (COVID-19) on our operations and have taken the steps necessary to maintain the integrity of the Group's assets and the health and wellbeing of our employees. We believe that COVID-19 will not have a material impact on the capability of our research partners ability to commence the next stage of our pre-clinical pipeline. Although it remains unclear at this stage what the medium and long term impact will be on the wider economy and how this will affect the Group, the Group is well financed, resilient and well positioned to weather any financial downturn occurring as a result of the outbreak. Indeed, the Group has raised successfully additional funds during this pandemic.

Operations in Review

In August 2020, the Company successfully established a Scientific Advisory Board, led by Dr A. James Khodabakhsh MD. Dr.James Khodabakhsh specializes in complex surgeries of the eye and is one of the most sought after surgeons in Los Angeles and is the Medical Director at the Beverly Hills Institute of Ophthalmology. Dr Khodabakhsh will be building a first-class team and accelerate the clinical development of our compounds for the treatment of dry eyes and inflammation. Indeed, in August 2020, Dr. Napoleone Ferrara, MD, Professor at the University of California San Diego Medical Center, agreed to serve on the Company’s scientific advisory board. The research expenditure has decreased during the last six months whilst the Scientific Advisory Board and the scientific team were established.

Chemerin Project

On 28 August 2019, the Company announced potent anti-inflammatory activity of OK-113, an in-house discovered proprietary agonist of Chemerin GPCR, in an experimental model of dry eye disease (‘’DED’’) in mice. These preclinical efficacy data, identifying a lead drug candidate, will facilitate initiation of clinical studies for DED treatment in 2020.

Targeting GPCR, a ‘Nobel Prize’ winning scientific concept, is proven to be an innovative approach for treatment of a wide range of inflammatory diseases, cancers and non-opioid analgesics for management of chronic pain. More than 40% of the drugs available in the global market target GPCR.

Topical treatment, as eye drops, with OK-113 showed potent anti-inflammatory effects to reduce corneal permeability and other symptoms of dry eye in a mouse model of DED. In these studies, OK-113 was as potent as cyclosporine, an immunosuppressive drug which is the active ingredient of Restasis® (Allergan).

The demonstration of potent anti-inflammatory activity in the mouse model of DED and the results exhibiting absence of local irritation in a rabbit model are important bases for initiation of the upcoming IND-enabling studies, and subsequently to IND submission for DED treatment.

BAM8 Project

On 19 August 2019, the company announced a collaborative agreement with Pedram Hamrah, MD, Ophthalmology Scientist and Cornea Specialist at Tufts Medical Center, and Professor of Ophthalmology at Tufts University School of Medicine, Boston, MA, to evaluate proprietary lead compounds, targeting G-protein coupled receptors ("GPCRs"), as non-opioid analgesics.

Based on preclinical research, the Company have identified novel Bovine Adrenal Medulla ("Bam8") analogs that have potential to ameliorate inflammation and neuropathic pain. The research collaboration with Dr. Hamrah is focused on evaluation of lead compounds as non-opioid analgesics to suppress corneal neuropathic pain using a mouse ocular pain model recently developed in Dr. Hamrah's laboratory at Tufts Medical Center, Boston.

Dr. Hamrah is a prominent key opinion leader in Ocular Immunology, Inflammation and Ocular Pain. Recently, he was featured in The Wall Street Journal article on 'When Routine Eye Surgery Leads to Debilitating Pain'.(https://www.wsj.com/articles/when-routine-eye-surgery-leads-to-debilitating-pain-11562008367). These collaborative studies will provide additional 'Proof-of-Concept' results for the Bam8 analogs as potential non-opioid analgesics.

Summary

OKYO is focused on GPCR Technology Platform, a novel approach to develop innovative therapies for inflammatory dry eye diseases and chronic pain management. More than 40% of the drugs available in the global market target GPCRs. Large market potential and growth exists for GPCR targeted drugs for treating a wide variety of indications such as inflammation, oncology, cardiovascular diseases and inflammatory eye diseases including dry eye, uveitis and allergic conjunctivitis.

As such it is the intention that the Company will work closely with its retained clinicians with a view to generating incremental value for its shareholders.

Willy Simon

Executive Chairman

30 November 2020

OKYO Pharma Limited

Consolidated statement of comprehensive income

for the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020 (unaudited) £	Six months ended 30 September 2019 (restated and unaudited) £	Year ended 31 March 2020 £
Continuing operations				
Income		-	-	-
Operating expenses				
Research		(29,250)	(276,910)	(407,478)
Operating expenses		(836,774)	(977,724)	(799,503)
Total operating loss	*5*	(866,024)	(1,254,634)	(1,206,981)
Finance income		-	-	37,850
Finance costs		(392)	-	(911)
Impairment	*13*	(53,726)	(65,766)	(104,342)
Loss before income tax		(920,142)	(1,320,400)	(1,274,384)
Taxation		(68)	-	60,000
Loss for the period		(920,210)	(1,320,400)	(1,214,384)
Other comprehensive (loss)/ income:				
Foreign currency translation		303	(14,541)	3,639
Total comprehensive loss for the period		(919,907)	(1,334,941)	(1,210,745)
Basic and diluted loss per share	*12*	(0. 00)	(0. 00)	(0. 00)

The notes on pages 10 to 21 form an integral part of these financial statements.

The Directors consider that all results were derive from continuing activities.

OKYO Pharma Limited

Consolidated statement of financial position

As at 30 September 2020

	Notes	**At 30 September 2020 (unaudited) £**	**At 31 March 2020 £**	At 31 March 2019 £
Current Assets				
Property, plant and equipment	*6*	**1,597**	**512**	847
Right of use asset	*11*	**21,948**	**24,278**	-
Total non-current assets		**23,545**	**24,790**	847
Non-Current Assets				
Cash and cash equivalents		**5,761,714**	**189,941**	481,153
Trade and other receivables	*7*	**31,429**	**191,120**	100,581
Related party receivable		**23,682**	**17,092**	-
Taxation receivable		**-**	**60,000**	-
Total current assets		**5,816,825**	**458,153**	581,734
Total assets		**5,840,370**	**482,943**	582,581
Equity				
Share premium		**67,136,780**	**67,518,700**	68,403,220
CLN Reserve	*10*	**4,737,754**	**-**	-
Share options reserve	*9*	**76,819**	**68,233**	38,744
Share warrants reserve	*9*	**2,314,212**	**1,721,625**	24,281
Warrants to be issued reserve	*10*	**1,624,487**	**-**	-
Foreign currency translation reserve		**3,047**	**2,744**	(895)
Retained deficit		**(70,395,481)**	**(69,424,317)**	(68,209,933)
Shareholders' equity		**5,497,618**	**(113,015)**	255,417
Current Liabilities				
Trade and other payables	*8*	**285,772**	**535,000**	321,691
Related party payable		**34,459**	**35,398**	5,473
Lease liability (current)	*11*	**3,995**	**4,106**	-
Total current liabilities		**324,226**	**574,504**	327,164
Lease liability (non-current)	*11*	**18,526**	**21,454**	-
Total current and non-current liabilities		**342,752**	**595,958**	327,164
Total equity and liabilities		**5,840,370**	**482,943**	582,581

The notes on pages 10 to 21 form an integral part of these financial statements.

OKYO Pharma Limited

Consolidated statement of changes in equity

for the six months ending 30 September 2020 and restated 30 September 2019

(unaudited)	Notes	Share premium £	CLN Reserve £	Share options reserve £	Share warrants reserve £	Warrants to be issued reserve £	Foreign currency translation reserves £ Restated	Retained deficit £ Restated	Total shareholders' equity £
Balance at 1 April 2020		**67,518,700**	**-**	**68,233**	**1,721,625**	**-**	**2,744**	**(69,424,317)**	**(113,015)**
Total comprehensive loss for the period									
Loss for the period		-	-	-	-	-	-	(920,210)	(920,210)
Exchange differences on translating foreign operations		-	-	-	-	-	303	-	303
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Shares issued (private placement)		181,347	-	-	-	-	-	-	181,347
CLN Issued	*10*	-	6,311,287	-	-	-	-	-	6,311,287
CLN Interest	*10*	-	50,954	-	-	-	-	(50,954)	-
FV charge of warrants to be issued with CLN	*10*	-	(1,624,487)	-	-	1,624,487	-	-	-
Options charge	*9*	-	-	8,586	-	-	-	-	8,586
Warrants charge	*9*	(563,267)	-	-	592,587	-	-	-	29,320
Balance at 30 September 2020		**67,136,780**	**4,737,754**	**76,819**	**2,314,212**	**1,624,487**	**3,047**	**(70,395,481)**	**5,497,618**
Balance at 1 April 2019		**68,403,220**	**-**	**38,744**	**24,281**	**-**	**(895)**	**(68,209,933)**	**255,417**
Total comprehensive loss for the period									
Loss for the period		-	-	-	-	-	-	(1,320,400)	(1,320,400)
Exchange differences on translating foreign operations		-	-	-	-	-	(14,541)	-	(14,541)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Shares issued		400,000	-	-	-	-	-	-	400,000
Options charge		-	-	20,340	-	-	-	-	20,340
Warrants charge	*9*	-	-	-	499,894	-	-	-	499,894
Balance at 30 September 2019		**68,803,220**	**-**	**59,084**	**524,175**	**-**	**(15,436)**	**(69,530,333)**	**(159,290)**

OKYO Pharma Limited

Consolidated statement of changes in equity

for the year ended 31 March 2020

	Notes	Share premium £	Share options reserve £	Share warrants reserve £	Translation Reserve £	Retained deficit £	Total shareholders' equity £
Balance at 1 April 2019		**68,403,220**	**38,744**	**24,281**	**(895)**	**(68,209,933)**	**255,417**
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(1,214,384)	(1,214,384)
Exchange differences on translating foreign operations		-	-	-	3,639	-	3,639
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Shares issued		779,126	-	-	-	-	779,126
Options charge	*9*	-	29,489	-	-	-	29,489
Warrants charge		(1,663,646)	-	1,697,344	-	-	33,698
Balance at 31 March 2020		**67,518,700**	**68,233**	**1,721,625**	**2,744**	**(69,424,317)**	**(113,015)**

The notes on pages 10 to 21 form an integral part of these financial statements.

OKYO Pharma Limited
Consolidated statement of cash flows
for the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020 (unaudited) £	Six months ended 30 September 2019 (unaudited) £	Year ended 31 March 2020 £
Cash flows from operating activities				
Loss for the period before taxation		**(920,142)**	**(1,320,400)**	**(1,274,384)**
Adjusted for non-cash and non-operating items:				
Shares issued in lieu of fees		**-**	**-**	**-**
Share options charge	*9*	**8,586**	**20,340**	**29,489**
Warrants charge	*9*	**29,321**	**499,894**	**33,698**
Depreciation of property, plant and equipment	*6*	**414**	**167**	**335**
Loss on foreign exchange		**-**	**-**	**10,944**
Depreciation of right-of-use asset	*11*	**2,105**	**-**	**4,367**
Convertible loan notes issued in lieu of fees		**434,183**	**-**	**-**
Impairment of loan to West African Minerals Ltd		**53,726**	**65,766**	**104,342**
Net (increase) in related party receivables		**(6,590)**	**-**	**(17,093)**
Net (decrease)/increase in related party payables		**(939)**	**-**	**29,925**
Net decrease/(increase) in other receivables	*7*	**159,621**	**(345,803)**	**(96,101)**
Net (decrease)/increase in trade and other payables	*8*	**(248,923)**	**319,296**	**213,310**
Cash inflow from taxation		**59,932**	**-**	**-**
Cash used in operating activities		**(428,706)**	**(760,740)**	**(961,168)**
Cash flows from investing activities				
Addition of property, plant and equipment	*6*	**(1,499)**	**-**	**-**
Cash used in investing activities		**(1,499)**	**-**	**-**
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		**181,346**	**400,000**	**779,126**
Proceeds from issuance of convertible loan notes	*10*	**5,877,104**	**-**	**-**
Loan to West African Minerals Ltd		**(53,726)**	**(65,766)**	**(104,342)**
Repayment of leasing liabilities	*11*	**(2,746)**	**-**	**(4,828)**
Cash generated from financing activities		**6,001,978**	**334,234**	**669,956**
Increase/(decrease) in cash and cash equivalents		**5,571,773**	**(426,506)**	**(291,212)**
Cash and cash equivalents at beginning of period		**189,941**	**481,153**	**481,153**
Cash and cash equivalents at end of period		**5,761,714**	**54,647**	**189,941**

The notes on pages 10 to 21 form an integral part of these financial statements.

OKYO Pharma Limited
Notes to financial statements
for the six months ended 30 September 2020

1. Reporting Entity

OKYO Pharma Limited (the “Company” or “OKYO”) is a company domiciled in Guernsey and listed on the standard market of the London Stock Exchange. The principal activities of the Company and its subsidiaries (the “Group”) are to develop first in class drug candidates that prevent the disease instead of controlling it, and we achieve this through our collaboration with pioneer scientists in the field.

The Company is developing next-generation therapeutics to improve the lives of patients with inflammatory eye diseases and chronic pain. Our goal is to develop first in class drug candidates that prevent the disease instead of controlling it, and we achieve this through our collaboration with pioneer scientists in the field.

The ultimate parent of the group is Planwise Group Limited, incorporated in the British Virgin Islands.

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

These interim 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 (Guernsey) Law 2008 as applicable to companies reporting under IFRS. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 31 March 2020 Annual Report and Financial Statements. The financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. The annual consolidated financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The comparative financial information for the year ended 31 March 2020 included within this report does not constitute the full statutory Annual Report for that period.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2020 annual financial statements, as set out in Note 2 of that document.

Basis of measurement

Functional and Presentation Currency
The financial statements of the Group are presented in Pounds Sterling (£) which is the parent Company’s functional currency. All financial information presented in Pounds Sterling has been rounded to the nearest pound.

Going Concern

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

The Group is in the early stages of developing its business focusing on drug candidates for the treatment of dry-eye, uveitis, ocular and chronic pain. The Directors expect the Group to incur further losses and to require significant capital expenditure in continuing towards the clinical stage for these candidates. The Group has successfully secured additional investment funds to date.

The Directors have prepared cash flow projections that include the costs associated with the pre-clinical operations and the additional investment to fund those operations. These projections identify that the Directors will not need to raise further funds in order to fund pre-clinical activities and ongoing business operations for the foreseeable future. Based on the recent fund-raising the Directors are confident that the Group has sufficient funds for the next 24 months and accordingly they have prepared these financial statements on a going concern basis.

The Directors do not believe that COVID-19 and Brexit will have an impact on the Group and Company’s ability to raise funds.

Basis of consolidation

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

New and Revised Standards

Standards in effect in 2020

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.

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.

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.

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 statement of comprehensive income.

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.

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.

Warrants

Warrants issued by the Group to investors as part of a share subscription are compound financial instruments where the warrant meets the definition of a financial liability.

The financial liability component is initially measured at fair value in the consolidated statement of financial position. Equity is measured at the residual between the subscription price for the entire instrument and the liability component. The financial liability component is remeasured depending on its classification. Equity is not remeasured.

Convertible loan notes

Where there is no option to repay in cash or the Company has the choice of settlement, and the interest rate is fixed, the Group considers these to be convertible equity instruments and records the principal of the loan note as 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 the above conditions are not met
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. 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.

Share capital

Ordinary shares of the Parent 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 capitalised 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.

(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 recognised 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 Group 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 statement of comprehensive income.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The Group has a lease for an office. This lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group does not have any short-term leases or leases of low value assets. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment. All the right-of-use assets are located in the USA.

For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

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 - options, in the case of options/warrants awarded to employees, directors, advisers and other consultants.

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.

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 accounts 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 made 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 in note 2, accounting policies, and note 9, share based payments, to the accounts. A critical accounting estimate and judgement has been made in the impairment of the loan to West African Mineral Ltd (WAML), see note 13.

The Group has also made a judgement on the impact of Brexit during the preparation of the financial statements and considered it to not be significant.

4. PRIOR PERIOD ADJUSTMENTS

Impairment loss classification – Prior interim period adjustment

During the year, the Group reviewed its accounting classification for its expenses regarding West African Mineral Ltd (WAML). These costs were determined to be an impairment loss and not an administrative expense, so a reclassification was made in the September 2019 Interim results of £65,766.

Accounting for Warrants – Prior interim period adjustment

During the year, the Group reviewed its accounting treatment for warrants. The Group had a warrant that had been issued as an additional incentive for investors to enter into a cash subscription.

In the prior year interim results, the fair value at date of grant had been expensed to the Statement of Income based on the vesting period of the warrant. The Group recognises that the fair value of the warrant should be recognised as a cost of fundraising and fully recognised at the date of the cash subscription. The impact is an increase in operating expenses of £449,513 in the six months to September 30, 2019.

5. OPERATING LOSS

Operating loss is stated after charging:

Group and Company	**Period ended 30 September 2020 (unaudited)**	Period ended 30 September 2019 (unaudited)	Year ended 31 March 2020
	£	£	£
Depreciation of property, plant and equipment	**414**	167	167
Depreciation of right-of-use asset	**2,105**	-	4,367
Foreign exchange losses	**10,340**	21	12,123

6. PROPERTY, PLANT AND EQUIPMENT

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

Group (Unaudited)	**IT equipment**	**Total**
	£	£
Cost		
At 1 April 2020	1,014	1,014
Additions	1,499	1,499
At 30 September 2020	2,513	2,513
Depreciation		
At 1 April 2020	502	502
Charge in year	414	414
At 30 September 2020	916	916
Net book value as at 30 September 2020	1,597	1,597

Group	IT equipment	Total
	£	£
Cost		
At 1 April 2019	1,014	1,014
Additions	-	-
At 30 March 2020	1,014	1,014
Depreciation		
At 1 April 2019	167	167
Charge in year	335	335
At 30 March 2020	502	502
Net book value as at 31 March 2020	512	512

7. TRADE AND OTHER RECEIVABLES

Group	**(unaudited) 30 September 2020 £**	**31 March 2020 £**	**31 March 2019 £**
Security deposit	1,186	-	-
Other receivables	-	179,461	4,223
VAT receivable	15,296	6,536	81,241
Prepayments	14,947	5,123	15,117
	31,429	**191,120**	**100,581**

8. TRADE AND OTHER PAYABLES

Group	**(unaudited) 30 September 2020 £**	**31 March 2020 £**	**31 March 2019 £**
Trade payables	257,772	479,970	292,694
Accruals	28,000	32,474	14,280
Other creditors	-	22,556	14,717
	285,772	**535,000**	**321,691**

9. SHARE OPTIONS AND WARRANTS

Options

The Parent Company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. It also issues options in lieu of fees to key suppliers and collaborators. The exercise price of the option is normally equal to the market price of an ordinary share in the Parent Company at the date of grant.

	30 September 2020 (unaudited)		30 September 2019 (unaudited)	
	Options	Weighted Average exercise price (pence)	Options	Weighted Average exercise price (pence)
Outstanding at 1 April	19,500,000	4.5	23,000,000	4.5
Granted	750,000	15.5	-	-
Forfeited	(750,000)	(4.5)	-	-
Cancelled	-	-	-	-
Outstanding at period end	19,500,000	4.9	23,000,000	4.5
Exercisable at period end	9,500,000	4.5	5,750,000	4.5

No options were exercised during the six months ended 30 September 2020 and 30 September 2019 and the year ended 31 March 2020.

The total outstanding fair value charge of the share option instruments is deemed to be approximately £14,381 (March 2020: £24,299). A share based payment charge for the six-month period ended September 30, 2020 of £8,586 (30 September 2019: £20,340) has been expensed in the statement of comprehensive income.

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 Group.

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

The Parent Company has estimated a forfeiture rate of zero.

(unaudited)	20 August 2020	6 July 2018
Grant date share price	15.5p	1.5p
Exercise share price	15.5p	4.5p
Vesting periods	25% each year	25% each year
Risk free rate	0.15%	0.71%
Expected volatility	77.4%	65.5%
Option life	5 years	5 years

Warrants

As part of the acquisition of the Chemerin project, the underlying scientific founders of the Chemerin Project, who will continue to be involved in the development of the Chemerin Project, received 35,000,000 warrants as consideration. The warrants are exercisable at a price of 4.5 pence each and are split into four distinct tranches and each tranche becomes exercisable upon satisfaction of a specific developmental milestone. The warrants are exercisable until 17 July 2023.

In May 2019, warrants were granted over 36,363,636 shares at an exercise price of 1.35p per share in connection with a private placement. The warrants are exercisable until 19 May 2024.

In March 2020, warrants were granted over 40,000,000 shares at an exercise price of 0.55p per share in connection with a private placement. The warrants are exercisable until 23 March 2025.

In May 2020, warrants were granted over 35,825,130 shares at an exercise price of 0.55p per share in connection with a private placement. The warrants are exercisable until 23 March 2025.

In May 2020, warrants were granted over 909,090 shares at an exercise price of 2.75p per share in connection with an agreement with the Parent Company's Broker. The warrants are exercisable until 20 May 2023.

	30 September 2020 (unaudited)		**30 September 2019 (unaudited)**	
	Warrants	**Weighted Average exercise price (pence)**	**Warrants**	**Weighted Average exercise price (pence)**
Outstanding at 1 April	147,188,766	1.5	35,000,000	4.5
Granted	37,083,960	0.6	36,363,636	0.7
Forfeited	-	-	-	-
Cancelled	-	-	-	-
Outstanding at period end	184,272,726	1.5	71,363,636	2.9
Exercisable at period end	149,272,726	0.8	36,363,636	0.7

The Directors have estimated the fair value of the warrants in services provided using the Black-Scholes valuation model based on the assumptions below.

(unaudited)	**21 May 2020**	**24 March 2020**	**20 May 2019**	**6 July 2018**
Grant date share price	2.75p	2.0p	2.0p	1.5p
Exercise share price	2.75p	1.35p	1.35p	4.5p
Vesting periods	Vesting market performance conditions	Fully vested	Fully vested	Vesting performance conditions
Risk free rate	(0.06%)	0.22%	0.77%	0.71%
Expected volatility	77.4%	82.4%	71.6%	65.5%
Option life	3 years	5 years	5 years	5 years

The remaining fair value of the warrant instruments is deemed to be approximately £78,814 (March 2020: £95,709). A share-based payment charge for six months ended 30 September 2020 of £29,321 (September 2019: £16,895) has been expensed in the statement of comprehensive income.

10. CONVERTIBLE INSTRUMENTS CLASSIFIED AS EQUITY

On 29th May 2020, the Company decided to raise convertible equity finance, £440,000 was raised from the issuance of Convertible Loan Notes. The Loan Notes are short term instruments and carry a coupon of 20% per annum and are convertible (together with all accrued interest) into ordinary shares of nominal value £0.00 each in the capital of the Company at a conversion price of 0.4p, they are not convertible into cash. The Loan Notes are convertible on the fourth anniversary of the date of issue of the Notes, or at the election of the noteholder on completion of the next non-qualifying equity financing or on the making of a takeover offer for the Company (as defined in the City Code on Takeovers and Mergers), and such election may be made on an immediate basis or conditional on any such takeover offer being declared, or becoming, unconditional. When converted, the shares will be issued with a warrant attached at an exercise price of 0.4p with a maximum life of 5 years from the date of the conversion of the loan note. Fees of 6% of the value of the loan notes were settled in kind through the issue of additional CLNs.

On 27th July 2020, additional convertible equity finance of £3,500,000 was raised from the issuance of Convertible Loan Notes. All terms of the notes remained the same except that these notes carry a coupon of 2.15% per annum and have a conversion price of 8.5p.

On 17th August 2020, a further convertible equity finance of £1,437,104 was raised from the issuance of Convertible Loan Notes under the same terms as those above.

On 3rd September 2020, a further convertible equity finance of £500,000 was raised from the issuance of Convertible Loan Notes under the same terms as those above.

Fees of 7.5% of the value of these loan notes were settled in kind through the issue of additional CLNs.

The principal amount of the Convertible Equity Instrument that was recorded in the convertible loan note reserve prior to conversion is as follows:

(unaudited)	**September 2020** **£**
Par value of Convertible loan notes issued	**5,877,104**
Plus: Par value of Convertible loan notes issued in lieu of fees	**434,183**
	6,311,287
Accrued interest	**50,954**
Fair value of warrants to be issued in connection with loan notes	**(1,624,487)**
	4,737,754

Warrants to be issued with Convertible Loan Note

The Directors have estimated the fair value of the warrants issuable with the conversion of the May loan notes using the Black-Scholes valuation model based on the assumptions below.

(unaudited)	**29 May 2020**
Grant date share price	1.75p
Exercise share price	0.04p
Risk free rate	(0.06%)
Expected volatility	77.4%
Expected life	5 years

The fair value of the warrants to be issued is deemed to be approximately £1,624,487. The charge has been recorded in a warrants to be issued reserve.

11. LEASES

Right-of-use assets	Property
	£
At 1 April 2020	30,691
Additions	-
At 30 September 2020	30,691
Depreciation	
At 1 April 2020	6,413
Charge in year	2,105
Foreign exchange movements	225
At 30 September 2020	8,743
Net book value as at 30 September 2020	**21,948**

Right-of-use assets	Property
	£
At 1 April 2019	30,691
Additions	-
At 30 March 2020	30,691
Depreciation	
At 1 April 2019	2,046
Charge in year	4,367
Foreign exchange movements	-
At 30 March 2020	6,413
Net book value as at 31 March 2020	**24,278**

	30 September 2020 (unaudited)	31 March 2020
	£	£
Lease Liabilities		
At 1 April	25,560	28,645
Interest expense	392	912
Lease payments	(2,746)	(4,828)
Foreign exchange movements	(685)	831
	22,521	25,560

Lease liabilities are presented in the statement of financial position as follows:

	30 September 2020 (unaudited)	31 March 2020
	£	£
Current	3,995	4,106
Non-current	18,526	21,454
	22,521	25,560

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 30 September 2020 were as follows:

(unaudited)	Minimum lease payment due				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
30 September 2020					
Lease payments	4,676	4,676	15,199	-	24,551
Finance Charges	(681)	(547)	(802)	-	(2,030)
Net Present Values	**3,995**	**4,129**	**14,397**	**-**	**22,521**

12. BASIC AND DILUTED LOSS PER SHARE

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

	6 months to 30 September 2020 (unaudited)	6 months to 30 September 2019 (restated and unaudited)	12 months to 31 March 2020
(Loss) attributable to equity holders of the Group (£)	**(920,210)**	**(1,320,400)**	**(1,214,384)**
Weighted average number of ordinary shares in issue	**659,485,588**	**555,390,972**	**595,474,039**
Basic loss per share	**(0.00)**	**(0.00)**	**(0.00)**

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 statement of comprehensive income are therefore identical. All earnings per share figures presented above arise from continuing and total operations and therefore no earnings per share for discontinued operations are presented.

13. RELATED PARTY TRANSCATIONS

All related party transactions occurred on an arm's length basis and in the normal course of operations.

West African Minerals Limited ("WAML")

WAML is a related party of the Company as it shares a common director, Willy Simon. In 2018, the Company disposed of its Cameroon operations by way of an in-specie distribution of all of its shares in Ferrum Resources Limited (renamed West African Minerals Limited) to shareholders. As part of this transaction, the Group had agreed to a deed of release with WAML whereby it agreed to write off $17,056,070 of loans in exchange for shares in WAML to be distributed as part of the in-specie distribution. A remaining amount of $3,400,000 is still outstanding from WAML, however, after careful consideration of the operations of WAML and its subsidiaries, the Company decided to impair this receivable down to £nil in 2018 as it does not expect to recover any of this outstanding debt. In addition to the $3,400,000 outstanding was a working capital loan advance of $600,000.

During the six months to 30 September 2020, the Group had funded £53,726 (30 September 2019: £65,766) towards this $600,000 loan facility. The amounts funded in the period have been immediately written off as the Group has no reasonable expectation of recovering the contractual cash flows of the loan in its entirety.

Tiziana Life Sciences PLC

Tiziana Life Sciences PLC is a related party as it shares common Directors and officers. The Company share premises and other resources with Tiziana Life Sciences PLC and there is a shared services agreement in place between Company and Tiziana Life Sciences PLC. As at 30 September 2020, the Company had incurred £42,055 (30 September 2019: £34,954) worth of costs in relation to his agreement and at 30 September 2020, £10,775 (30 September 2019: £1,937) was due to Tiziana Life Sciences PLC.

Panetta Partners Limited

Panetta Partners Limited is a related party as it is a shareholder of the Company and also a vendor. The Company has entered into a Deed of Assignment with Panetta Partners whereby the Company has the licence and sub-licence of certain research and development assets in relation to the Chemerin product, assigned to it.

14.COMMITMENTS AND CONTINGENCIES

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.

BAM8 – The Group are committed to paying an annual license maintenance fee until the first commercial sale. The annual license maintenance fee is $15,000 until May 2021, and $10,000 thereafter.

The Group also has a commitment to issue warrants when the Convertible Loan Notes entered into in May 2020 are converted into shares. The shares will be issued with a warrant attached at an exercise price of 0.4p (with a maximum life of 5 years from the date of issue of the CLN, regardless of the conversion date).