CANOPUS BIOPHARMA, INC

DECEMBER 31, 2014

World class solutions require worldwide effort

TABLE OF CONTENTS

Contents

FINANCIAL SUMMARY

Financial Summary

Our Financial Summary is provided to assist readers in understanding the results of operations and the financial condition of Canopus Biopharma, Inc. It should be read in conjunction with the unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements. Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve risks and uncertainties and relate to our future plans, goals, expectations and intentions. Such forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "believes," "plans," "will," "may," and similar expressions. Our actual results could differ materially from the results anticipated in these forward-looking statements.

Q1-2 2015 PERFORMANCE

Substantial progress has been made in the first two quarters of our fiscal year 2015.

Substantial progress has been made in 2014 in terms of research and development. The majority of our operating spending in 2015 will be targeted to Ebola and Rapha -D research and development.

Additionally, we have significantly increase the research and developmental expenses as well expenses related to travel, legal and consulting services. These administrative expenses will be incurred to help secure investor funding.

Finally, interest expense from our short-term borrowings, contributed to our net loss of for the period.

Q3 2015 FORECAST

We believe we can potentially monetize some of our compounds within this fiscal year. Details of major commercial initiatives during the upcoming quarter include:

January 2015	• Continue research on our Ebola prescription combination antiviral, CB008+(in association with USAMRIID / Sanofi), and await further animal study results. • Begin licensing discussions for the neutraceutical formulation that controls Cortisol levels in stressed individuals. • Begin field trials for PTP-100 for Laminitis in Horses at East Tennessee Clinic Research Centre.
February 2015	• Complete PTP-100 Laminitis in Horses field trial and present for licensing. • Present our PPM for fund raising of US $4.0 million.

FINANCIAL SUMMARY

March 2015	• Present our results from the USAMRIID screening for publication. • Process patents and results in-vitro for multi-drug resistant TB. • Begin negotiating licensing of PTP-100 to Decra and other veterinary licensing companies. • Complete acute and chronic toxicity studies in animals for our new antibiotics. • Process patents for antibacterials, oral health care and biofilm inhibition.

Financial Statements

CANOPUS BIOPHARMA, INC
CONDENSED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	For 12 months ended 6/30/2014	For 6 months ended 12/31/14
Revenues	$0	$0
Cost of Sales	-	-
Operating expenses:		
Amortization and depreciation	9,873	5,305
Research and development expenses	413,611	1,138,224
Selling, informational and administrative expenses	86,690	483,146
Total Operating expenses	510,173	1,626,675
Loss from operations	(510,173)	(1,626,675)
Other income (expense)		
Interest Expense	(385,632)	(152,547)
Interest Income	-	-
Other income (expense)	2,580,408	-
Net Other (income) expense	2,194,776	(152,547)
Net (loss) income	**1,684,603**	**(1,779,222)**
Other comprehensive income (loss) - foreign currency translation adjustment	-	34,563
Comprehensive (loss) income	**$ 1,684,603**	**$ (1,744,659)**
Earnings (loss) per common share:		
Basic	**$ 0.04**	**$ (0.03)**
Diluted	**$ 0.04**	**$ (0.03)**
Weighted average shares-basic	40,710,683	67,705,406
Weighted average shares-diluted	42,296,250	68,363,655

Financial Statements

CANOPUS BIOPHARMA, INC
CONDENSED BALANCE SHEETS
(UNAUDITED)

	6/30/2014	12/31/2014
Assets		
Cash and cash equivalents	$28,647	$91,606
Total current assets	28,647	91,606
Patent, net of amortization	960,683	5,964,580
Fixed assets, net of depreciation	-	35,863
Other assets	573,736	-
Total assets	**$1,563,066**	**$6,092,049**
Liabilities and Equity		
Short-term borrowings, including interest	1,944,417	1,391,897
Discount on debt	(93,654)	-
Other accrued liabilities	255,000	615,958
Advances for equity issuance	-	356,598
Total current liabilities	**2,105,763**	**2,364,453**
Common stock	306,480	375,234
Additional paid in capital	7,660,264	13,606,461
Accumulated deficit	(8,509,440)	(10,288,662)
Accumulated other comprehensive income (loss)	-	34,563
Total equity	**(542,697)**	**3,727,596**
Total liabilities and equity	**$1,563,066**	**$6,092,049**

Financial Statements

CANOPUS BIOPHARMA, INC
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For 12 months ended 6/30/2014	For 6 months ended 12/31/14
OPERATING ACTIVITIES		
Net income (loss)	$ 1,684,603	$ (1,779,222)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Amortization and depreciation	9,873	4,496
Amortization of debt discount	-	93,654
Other assets	-	364,037
Other Accrued Liabilities	(74,240)	395,521
Sale of patents, including amortization	352,495	-
Net cash provided by Operating Activities	1,972,731	(921,514)
INVESTING ACTIVITIES		
Purchase of fixed assets	-	(36,626)
Short Term Borrowings	(2,208,458)	90,765
Interest Receivable	(44,869)	60,481
Loan receivable	(100,000)	513,255
Net cash provided by Investing Activities	(2,353,327)	627,875
FINANCING ACTIVITIES		
Additional Paid in Capital	376,636	
Common stock	32,507	-
Advances for equity issuance	-	356,598
Net cash provided by Financing Activities	409,143	356,598
Net cash increase for period	28,547	62,959
Cash at beginning of period	100	28,647
Cash at end of period	$ 28,647	$ 91,606
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
NON-CASH ACTIVITIES		
Common stock issued for acquisition of patents	$ -	$ 5,007,630
Common stock issued for conversion of borrowings	-	643,285
Common stock issued for operational expences	-	364,037

Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Nature of Business

Canopus Biopharma, Inc., a Nevada corporation (the "Company"), was formed on April 8, 1986 as Travel Entertainment, a privately held Nevada corporation. Then on January 29, 1987 the Company changed its name to Landmere Inc., and later on September 9, 2005 the Company changed its name to Drake Holding Corp. and on June 14, 2007 the Company changed its name to Canopus Biopharma, Inc. The Company is a biopharmaceutical company focused on the development and commercialization of innovative drugs that address unmet medical needs.

Canopus Biopharma, Inc. has operations in Ireland and the United States and conducts research and development in the United States, Europe, and the Asia Pacific Region.

On November 28, 2014, CBIA board of directors passed a resolution to create a wholly owned Ireland subsidiary "Canopus Biotechnology Ireland, Ltd' (CBI). The Company anticipates the creation of CBI to be completed by the end of the current fiscal year.

A merger between KLM Biotechnology and CBI is expected to be completed by the end of the current fiscal year.

Basis of Accounting

The accompanying condensed consolidated financial statements as of June 30, 2014 and December 31, 2014 and for the year and six months then ended are unaudited.

These condensed consolidated financial statements are stated in U.S. dollars and are prepared under generally accepted accounting principles (GAAP) in the United States.

The accompanying condensed consolidated financial statements include all adjustments that, in the opinion of management, are necessary for a fair presentation of the Company's financial position and results of operations.

2. INTANGIBLE ASSETS

As of December 31, 2014, there was one granted patent and the Company was in the final process of registering 29 patents. During the six months ended December 31, 2014, the Company acquired seven new patents from a shareholder in exchange for issuance of 30 mln common shares valued at $5 mln.

Granted patents are amortized over its useful life or twenty years, whichever is less. Amortization expense was approximately $4,200 for the six months ending December 31, 2014.

NOTES TO FINANCIAL STATEMENTS

3. OTHER ASSETS

Other assets consist of the following loan and related interest receivable.

Other Assets	6/30/14	12/31/14
Loan Receivable	$513,255	$-
Interest Receivable	60,481	-
Total Other Asset	**$573,736**	**$-**

4. SHORT-TERM BORROWINGS

We still are in negotiations with our debtors, and anticipate a debt settlement within the next fiscal year. During the six months ended December 31, 2014, the Company issued approximately 2.6 mln common shares to settle $643,285 in short-term borrowings.

Short-Term Borrowings	6/30/14	12/31/14
Loans Payable	$1,463,669	$910,414
Interest Payable	480,748	481,483
Total Short-Term Borrowings	**$1,944,417**	**$1,391,897**

5. OTHER ACCRUED LIABILITIES

Other accrued liabilities consists of the following:

Other Accrued Liabilities	6/30/14	12/31/14
Salaries and Wages Payable	$155,000	$515,958
Other Trade Creditors	100,000	100,000
Total Accrued liabilities	**$255,000**	**$615,958**

6. RESEARCH AND DEVELOPMENT

Research and development expenditures enable us to develop compounds in order to meet the needs and improve the lives of our patients. Our current research and development is focused on Ebola, Equine Laminitis, and Rapha treatments. Total research and development expenses were approximately $1.1 mln for the six months ending December 31, 2014.

6. NON-EMPLOYEE STOCK BASED COMPENSATION

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of ASC 718 “Equity based payments to Non-Employees.” The equity instruments consisting of stock options measured at fair value. The values attributable to these options are amortized over the service period. The

Company recorded stock-based compensation of approximately $17,000 for the six month period ending December 31, 2014.

7. EQUITY

On October 6, 2014 Canopus entered into an agreement with an accredited investor to raise over $550,000 in capital. As of December 31, 2014, under the current agreement 2014, the Company received advances of $356,598.

During the six months ended December 31, 2014, the Company issued approximately 2.6 mln common shares to settle $643,285 in short-term borrowings.

During the six months ended December 31, 2014, the Company acquired seven new patents from a shareholder in exchange for issuance of 30 mln common shares valued at $5 mln.

Warrants and rights outstanding are derivative securities that give the holder the right to purchase securities from the issuer at a specific price within a certain time frame. The following table gives information about the Company's common stock that may be issued upon the exercise of warrants and rights as of December 31, 2014.

	6/30/2014	**12/31/2014**
Total Warrants and Rights outstanding from warrants granted in 2007 and 2008	402,750	402,750
Total Rights outstanding from notes issued in 2008 and 2010	413,748	555,192
Total Rights outstanding from notes issued in 2014	481,818	18,182
Total Warrants and Rights Outstanding	**1,298,316**	**976,123**

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CONTACT INFORMATION

Contact Information

Chief Executive Officer	President and Director	Clinical Director	Executive Director
			
Patrick Prendergast	Dr. Leo Shanahan-Prendergast	Dr. Daniel Shanahan-Prendergast	Steven M. Adler

Company Information

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