June 29, 2016

Aethlon Medical Announces Fiscal 2016 Results

SAN DIEGO, June 29, 2016 /PRNewswire/ -- Aethlon Medical, Inc. (Nasdaq: AEMD), a leading developer of immunotherapeutic technologies to combat infectious disease and cancer, today announced results for its fiscal year ended March 31, 2016.

"Over the past year we achieved a broad range of strategic objectives and material advancements that will benefit our long-term clinical and commercialization goals," stated Jim Joyce, Chairman and CEO of Aethlon Medical. "We also listed our securities on Nasdaq and further enhanced our public market stature through our recent inclusion in the Russell Microcap Index. We clinically progressed our FDA-approved study to advance Hemopurifier® therapy as a treatment countermeasure against a broad-spectrum of viral pathogens, including pandemic threats such as Zika, Ebola and virulent strains of influenza virus. And finally, our pioneering work in the exosome biology field has placed us and our Exosome Sciences subsidiary at the forefront of the rapidly emerging exosome industry."

Aethlon's lead therapeutic candidate is the Aethlon Hemopurifier®, a first-in-class device that provides broad-spectrum elimination of infectious viruses and cancer-promoting exosomes from the circulatory system. In collaboration with its majority-owned Exosome Sciences, Inc. (ESI) subsidiary, the company is focused on the discovery of exosome-based biomarkers to diagnose and monitor a wide range of disease conditions. Recent developments include:

- On June 27th, the Company was included in the Russell Microcap Index. The Company believes the event could further elevate its stature among institutional investors and index funds whose assets are benchmarked against the U.S. Russell

Indexes. Aethlon began trading on the Nasdaq stock exchange just under a year ago.

- On June 28th, the Company announced that it entered into a $12.5 million At-The-Market financing. The offering is conducted at the Company's discretion and at prevailing market prices. There are no warrants being issued and the investment banking commission is limited to 3% of proceeds.
- On June 14th, the Company disclosed that its pioneering research in the field of exosome biology was rewarded with the issuance of a U.S. patent that is not limited to disease conditions, yet has broad therapeutic and diagnostic implications. The Company believes this patent could be the impetus for new products as well as potential collaborations and partnerships within the rapidly emerging exosome industry. In cancer, tumor-derived exosomes play a multitude of deleterious roles in cancer progression, including the promotion of metastasis, which is attributed to 90% of cancer deaths. Beyond cancer, exosomes have been identified to contribute to bacterial and viral pathogenesis, the progression of Alzheimer's, ALS and Parkinson's diseases, the spread of prion proteins, as well as numerous inflammatory conditions.
- Continued U.S. clinical progression -- The Company disclosed that it has completed the treatment of four patients in the 10-patient feasibility study that serves as a clinical safety challenge to advance the Hemopurifier® as a candidate treatment countermeasure against Zika virus, Dengue virus, Ebola virus, Chikungunya virus, pandemic forms of influenza virus and other acute viral pathogens that are not addressed with proven antiviral drug therapies. Upon successful completion, which is targeted toward year-end, the company will have an opportunity to file a pivotal IDE submission with the FDA related to a chronic viral pathogen such as HIV or Hepatitis C where it is feasible to conduct human efficacy studies. Based on clinical and preclinical study outcomes, the Company believes the Hemopurifier is the leading broad-spectrum countermeasure being advanced in FDA approved clinical studies. The Company also plans to submit an IDE to initiate a cancer feasibility study after completion of the study.
- On May 4th, the Company in collaboration with its majority owned Exosome Sciences, Inc. (ESI) diagnostic subsidiary, announced plans to initiate production of its ELLSA exosome isolation platform. The Company also disclosed the preliminary results of an ELLSA related investigational study that indicated the possibility of diagnosing HIV infection through the identification of an exosomal biomarker in the urine. In the study, researchers at The Morehouse School of Medicine utilized the Company's proprietary ELLSA platform to isolate exosomes from the urine followed by an antibody step to detect HIV-specific exosomes. As a result, the Morehouse collaborators reported that the protocol was able to identify HIV-specific exosomes in 111 HIV-infected individuals, but not in the urine of 35 HIV negative control subjects. In addition to being a simple non-invasive strategy to diagnose HIV infection, the Company believes that the ELLSA platform technology could be deployed across a broad-spectrum of viral pathogens and potentially other disease conditions.
- The Company also disclosed that its ESI subsidiary has discovered what is believed to be the first candidate biomarker to diagnose the neurodegenerative disease Chronic Traumatic Encephalopathy or CTE in living individuals. The Company trademarked this exosomal biomarker under the name TauSome™. CTE is a disease condition associated with repetitive head trauma and at present can only be diagnosed through post-mortem autopsy. In a study of 78 former National Football League (NFL) players and 16 former non-contact sport control athletes, TauSome™ levels were observed to

be approximately 9x higher in the NFL group as compared to the control subjects. Additionally, TauSome™ levels in the NFL group also significantly correlated with cognitive decline based on memory and psychomotor tests. The Company is now preparing to initiate follow-on TauSome™ testing as part of a $16 million grant program that was awarded by the NIH to collaborators at the Boston University CTE Center as a means to support the advancement of tests that could diagnose CTE in living individuals.

Financial Results

At March 31, 2016, the Company had a cash balance of approximately $2.1 million. That cash position will continue to be used to fund our FDA-approved feasibility study in the U.S. and operations.

The Company recorded revenues of $887 thousand from its government contracts in fiscal 2016 compared to $762 thousand in fiscal 2015. The increase was due to work performed under the government contract with the Defense Advanced Research Projects Agency, and the related subcontract with Battelle Memorial Institute.

Consolidated operating expenses were $5.3 million in fiscal 2016 compared to $4.8 million in fiscal 2015, an increase of approximately $500,000. This increase was due to increases in professional fees of $687,000 and in general and administrative expense of $22,000, which were partially offset by a $193,000 decrease in payroll and related expenses.

The Company had other expense of $574,000 in fiscal 2016 compared to $2.6 million in fiscal 2015, an increase of $2,026,000. That increase was largely due to a $2.8 million charge for a loss on debt conversion in fiscal 2015 with no comparable expense in fiscal 2016.

Overall, the net loss for fiscal 2016 was $4.9 million, or $0.66 per share, compared to a net loss of $6.8 million, or $1.22 per share, for fiscal 2015.

The unaudited condensed consolidated balance sheet for March 31, 2016 and the unaudited condensed consolidated statements of operations for the fiscal years ended March 31, 2016 and 2015 follow at the end of this release.

Conference Call

Aethlon will hold a conference call for investors on Wednesday, June 29, 2016 at 1:30 p.m. PT (4:30 p.m. ET). Investors may access the call by dialing 412-317-5442 (domestic) or 844-836-8741 (International). A live webcast of the call will be available from the Investor Relations section of www.aethlonmedical.com. A recording of the call will also be available by calling 412-317-0088; access code 10088603 beginning approximately two hours after the call, and will be available for one week. A webcast replay from today's call will also be available from the Investor Relations section of www.aethlonmedical.com approximately one hour after the call and will be available for up to thirty days.

About Aethlon Medical, Inc.

Aethlon Medical (Nasdaq:AEMD) is a leading developer of immunotherapeutic technologies to combat infectious disease and cancer. To augment the body's natural immune defenses,

the Aethlon Hemopurifier® eliminates life-threatening disease targets that are often shielded from the immune system and not well addressed by traditional drug therapies. The technology captures circulating viruses, bacterial toxins and cancer promoting exosomes through affinity attachment to a unique structure that cloaks these targets from immune detection. At present, the Hemopurifier® is being advanced under an FDA approved clinical study. Aethlon is also the majority owner of Exosome Sciences, Inc., a company focused on the discovery of exosomal biomarkers to diagnose and monitor life-threatening diseases. Additional information can be found online at www.AethlonMedical.com or you can connect with us on Twitter, Facebook and Google+.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "estimate," or similar expressions constitute forward-looking statements. Such forward-looking statements are subject to significant risks and uncertainties and actual results may differ materially from the results anticipated in the forward-looking statements. Factors that may contribute to such differences include, without limitation, the Company's ability to maintain its listing on the Nasdaq Capital Market, or any other national securities exchange, that the Company or its subsidiary will not be able to commercialize its products, that the FDA will not approve the initiation or continuation of the Company's clinical programs or provide market clearance of the Company's products, the Company's ability to raise capital when needed, the Company's ability to complete the development of its planned products, the Company's ability to manufacture its products either internally or through outside companies, the impact of government regulations, patent protection on the Company's proprietary technology, the ability of the Company to meet the milestones contemplated in its contract with DARPA, product liability exposure, uncertainty of market acceptance, competition, technological change, and other risk factors. The foregoing list of risks and uncertainties is illustrative, but is not exhaustive. Additional factors that could cause results to differ materially from those anticipated in forward-looking statements can be found under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended March 31, 2015, and in the Company's other filings with the Securities and Exchange Commission. Except as may be required by law, the Company does not intend, nor does it undertake any duty, to update this information to reflect future events or circumstances.

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AETHLON MEDICAL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet

ASSETS

	March 31, 2016	March 31, 2015
CURRENT ASSETS		
Cash	$2,123,737	$855,596
Accounts receivable	199,471	193,341
Deferred financing costs	27,641	82,324
Prepaid expenses	53,294	73,135
TOTAL CURRENT ASSETS	2,404,143	1,204,396
Property and equipment, net	36,038	56,091
Patents, net	94,161	103,325
Other assets	22,415	16,776
TOTAL NONCURRENT ASSETS	152,614	176,192
TOTAL ASSETS	$2,556,757	$1,380,588

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	244,804	342,133
Due to related parties	145,112	146,112
Other current liabilities	136,695	85,731
TOTAL CURRENT LIABILITIES	526,611	573,976
NONCURRENT LIABILITIES		
Convertible notes payable, non-current portion, net	527,780	155,229
TOTAL NONCURRENT LIABILITIES	527,780	155,229

TOTAL LIABILITIES	1,054,391	729,205
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common stock, par value of $0.001, 10,000,000 shares authorized; 7,622,393 and 6,657,046 issued and outstanding	7,621	6,657
Additional paid in capital	88,047,142	82,238,507
Deficit accumulated during the development stage	(86,502,043)	(81,629,714)
TOTAL STOCKHOLDERS' EQUITY BEFORE NONCONTROLLING INTERESTS	1,552,720	615,450
Noncontrolling interests	(50,354)	35,933
TOTAL STOCKHOLDERS' EQUITY	1,502,366	651,383
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,556,757	$1,380,588

AETHLON MEDICAL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

For the fiscal years ended March 31, 2016 and 2015

	Fiscal Year Ended 3/31/16	**Fiscal Year Ended 3/31/15**
Government contract revenue	$886,572	$762,417
OPERATING EXPENSES		
Professional fees	2,259,096	1,572,196
Payroll and related	2,083,297	2,275,959
General and administrative	929,013	907,115

	5,271,406	4,755,270
OPERATING LOSS	(4,384,834)	(3,992,853)
OTHER (INCOME) EXPENSE		
Loss on extinguishment of debt	-	2,753,989
Interest and other debt expenses	573,782	452,276
Other income	-	(219,624)
TOTAL OTHER (INCOME) EXPENSE	573,782	2,986,641
NET LOSS BEFORE NONCONTROLLING INTERESTS	$(4,958,616)	$(6,979,494)
Loss attributable to noncontrolling interests	(86,287)	(182,337)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(4,872,329)	$(6,797,157)
Basic and diluted net loss available to common stockholders per share	$ (0.66)	$ (1.21)
Weighted average number of common shares outstanding	7,393,695	5,594,447

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To view the original version on PR Newswire, visit:http://www.prnewswire.com/news-releases/aethlon-medical-announces-fiscal-2016-results-300292225.html

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