OptiBiotix® HEALTH PLC
BETTER SCIENCE, BETTER HEALTH

OptiBiotix Health Plc

ANNUAL REPORT AND ACCOUNTS TO 30 NOVEMBER 2015

Developing a range of products to modify the human microbiome and improve human health

OptiBiotix Health Plc is a life sciences company operating in one of the most progressive areas of biotechnological research – the modulation of the Human Microbiome.

for more information
www.optibiotix.com

Contents

Company information

Directors:	S P O'Hara J Laird D E Evans A Reynolds G Barker P Wennström
Secretary:	International Registrars Limited
Registered number:	05880755 (England & Wales)
Registered office:	Innovation Centre Innovation Way York YO10 5DG
Auditors:	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated adviser:	Cairn Financial Advisers LLP
Brokers:	Peterhouse Corporate Finance Limited Hybridan LLP
Website Address:	www.optibiotix.com

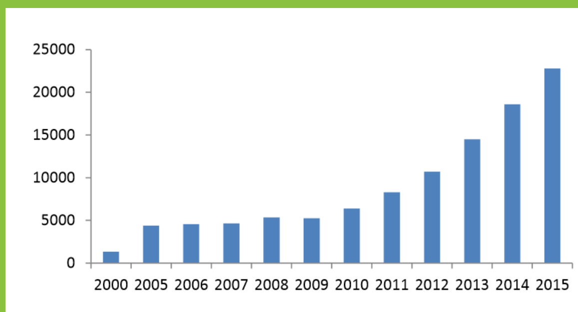
Market Context

OptiBiotix Health plc is developing a range of compounds which modify the human microbiome (the collective genome of the microbes in the body), to prevent and manage human disease. This targets a global market of strategic interest to pharma, food, health, and wellbeing companies, which is forecast to become one of the world's fastest growth areas.

This is a substantial opportunity in an emerging market fashioned by new research into the human microbiome which has created a unique window of opportunity for compounds which can modify the human microbiome and bring specific health benefits.

Continuing increase in awareness of the microbiome

Throughout this year, the level of academic and industry interest in this area has accelerated rapidly as evidenced by the increase in the number of publications.



Microbiome publications by year

Increasing awareness of OptiBiotix

OptiBiotix's progress both commercially and technically is gaining increased recognition with OptiBiotix being nominated for a variety of awards for its entrepreneurialism and financial track record.

Nominated for
Best Health Care plc

Nominated for
Entrepreneur of the Year

As the technology and R&D platforms have continued to show progress, OptiBiotix has looked to increase international awareness of its technology and product opportunities. This has led to Stephen O'Hara and Sofia Kolida presenting at international conferences, including the Asian Microbiome and Probiotics Congress in Malaysia, and Probiota in Amsterdam.

Stephen O'Hara – Kuala Lumpar March 2016
Presenting at the Asian Microbiome & Probiotics Congress


THE SUNDAY TIMES

May 10th 2015

Fast food kills bugs that keep you thin


MailOnline

May 13th 2015

Good gut bacteria could provide new treatment for obesity and diabetes

- Study found that Akkermansia muciniphila bacteria helped burn fat and improve blood sugar levels
- Experts now hope that discovery will help pave way for new medical treatments for obesity and diabetes

The wider consumer and business understanding of the opportunity from the microbiome is increasingly highlighted in mainstream press and media. As OptiBiotix demonstrates the translation of its science into consumer products this has led to increased media interest in the company.

The appointment of Professor Tim Spector to the company's Scientific Advisory Group brings an enhanced capability to communicate complex scientific data to a wider public. The appointment of Peter Wennström as a Non-Executive Director will help identify and translate category and product benefits to both consumer and corporates alike.

Financial Times
15 January 2016


Optibiotix-KSF tie-up adds weight to diet products

Optibiotix, the UK life sciences group, has announced a tie-up with SlimFast diet-food owner KSF Acquisition to assess the benefits of combining their different weight-management products, *writes Jeremy Wright.*

Under the agreement, KSF — which owns the rights to SlimFast in the UK, Ireland and Germany — will also have an option to commercialise Optibiotix's SlimBiome treatment.

SlimBiome is among several products being developed by the company to harness microbes that live in the body, in order to help with the management of conditions such as obesity, diabetes and high cholesterol.

Stephen O'Hara, Optibiotix chief executive, said: "This agreement brings together Optibiotix's novel science with KSF's industry expertise, product range, and market reach to access a market estimated globally to be worth $622bn in 2015. Optibiotix continues to make strong commercial progress across all its platforms." Shares in the group, which are traded on Aim, rose slightly on the news but closed the week down 5.7 per cent. However, they have risen 271 per cent over the past 12 months.

Chairman's and Chief Executive Statement

For the year ended 30 November 2015

We are pleased to present OptiBiotix Health plc's annual report and accounts for the year ended 30 November 2015.

OptiBiotix continues to make progress on its strategy of developing compounds which modify the human microbiome and commercialising these through partnering with food, health, and wellbeing, and pharmaceutical companies.

KEY ACHIEVEMENTS

During the period to date we have achieved a number of key objectives which continue to build shareholder value. These include:

- A substantive increase in our intellectual property ("IP") portfolio (from five to eleven patents, three to eight strain registrations, and three to seven trademarks)
- The completion of successful human and manufacturing studies on our cholesterol supplement
- The formation of a Scientific Advisory Group composed of international key opinion leaders
- The appointment of Peter Wennström to the Board bringing valuable market insight
- The completion of four commercial agreements (Nizo, Venture Life, US multinational, CSL)
- Expansion of the OptBiotic® platform to a wider range of microbial species, broadening the number of product and partner opportunities
- A fundraising in November 2015 which raised £1.5m from placing of 2m shares at 75p to:
  - Strengthen in house development capability
  - Accelerate the commercialisation of existing products
  - Extend technology platforms into new application areas.

RESEARCH AND DEVELOPMENT (R&D) STRATEGY

OptiBiotix's R&D strategy has been designed to create technology platforms which provide multiple product and partnering opportunities both within each platform, and by combining platforms. For example, by combining the oligosaccharides produced by our OptiBiotix® platform with the microbes identified in our Optiscreen® platform we can create a new product concept, called an OptiBiotic®. This means that for a limited amount of extra cost we can potentially create large amounts of extra value. Whilst this approach has complexity it has been designed to mitigate development risk in an evolving scientific field and provide a cost effective way to exploit the many opportunities offered by the microbiome.

Development programs within this strategy are based around contracting in international experts to carry out research in high value areas. This provides a low fixed cost approach to carrying out high risk research with the flexibility to upscale or downscale programs linked to success. Having validated our technology platforms the risk reward ratio changes and in 2016 we will commence the process of moving our core technology platforms in house. This builds up internal capability and expertise and allows us to enhance our partner offering and build shareholder value.

DEVELOPMENT PROGRAMMES

All of OptiBiotix's development programmes remain on budget and on target with significant progress having been made in validating our OptiBiotic® and OptiScreen® technology platforms. This has allowed the company to extend technology platforms into other product and application areas, broadening the product pipeline, and creating new partnership opportunities. We currently have four ongoing R&D programs (1 x cholesterol, 3 x sugar) with early commercial deals (cost sharing, joint development) across all platforms. We anticipate adding to these development programs throughout 2016 opening up new opportunities.

SLIMBIOME

OptiBiotix's weight management formulation, branded as SlimBiome® was developed as a low risk product by experts in the weight management field to give early market access. The constituent ingredients are established, with a substantial scientific evidence base, and the requisite regulatory approvals. The novelty is in the formulation and delivery allowing SlimBiome® to be used as a supplement or a food ingredient in cereal bars or dairy products.

OptiBotix has established an early commercial partnership with KSF, who own the rights to the UK Slimfast brand. This provides an early route to market with an established brand. We continue to work with a number of manufacturers and distributors and hope to see SlimBiome® in a growing number of products in the future.

OPTISCREEN

OptiBiotix's first product developed using its OptiScreen® platform is a bacterial strain targeting cholesterol reduction. The product, provided as a supplement, successfully completed human studies in September 2015. There were no safety, compliance, or tolerance issues reported by volunteers during the study. When compared to placebo the results demonstrated

Chairman's and Chief Executive Statement (continued)

For the year ended 30 November 2015

a 7.2% reduction in LDL cholesterol (bad cholesterol) across the test group with a 12.4% reduction seen in females, and a 15% reduction in the 50-55 age groups. Volunteers' with total cholesterol levels higher than 6.0mmol/L group had even higher reductions of LDL cholesterol (36.7%), an efficacy more in line with pharmaceutical treatments such as statins. In addition to high efficacy pilot scale manufacturing studies have demonstrated high production yields (and hence low cost of production), and very high freeze drying survival.

A statistically significant reduction in systolic blood pressure of 6mmHg (5.1%) was seen across the test group when compared to placebo. These results opens up opportunities for a single product for both conditions (high cholesterol and high blood pressure), or two different products targeting separate conditions.

The results of this study provide early evidence that our strain has commercial potential as a safe, easy to use, low cost, cholesterol reducing supplement. These results, suggest efficacy across all volunteers similar or greater to 1.5 – 2.4g plant sterols/stanols per day but at a much lower dose (0.1g). Even more exciting is the observation that efficacy is similar to pharmaceuticals in volunteers with higher cholesterol levels. Given the market opportunity and limitations of existing products such as statins the commercial potential for this product looks promising. Commercial discussions are progressing with potential partners best positioned to fully exploit the opportunity as a cholesterol and/or hypertension supplement, in isolation, or in combination with existing approaches (e.g. statins).

OPTIBIOTIC

OptiBiotix's sugar development platform has progressed rapidly under the leadership of Dr Sofia Kolida. Whilst early development was focused on creating prebiotic sugars with functional properties development programs have been extended to include:

- A new product concept called a SweetBiotix®, which is a sweet natural healthy sugar not digested in the human gut and hence calorie free
- A new product concept called an OptiBiotic®, a combination of a targeted probiotic and prebiotic which selectively enhances the in vivo growth of the probiotic, accentuating its functional properties and health benefits

The SweetBiotix concept is an innovative concept with the potential to address a global requirement, addressing international concerns over the impact of sugar on obesity, with the prospect of replacing 'unhealthy' sugars in existing products with non digestible, low calorie, healthy, SweetBiotix®. As the food and beverage industry responds to growing public and political concerns over traditional sugars and artificial sweeteners, we expect growing interest in safer, healthy alternatives such as our SweetBiotix®.

The OptiBiotic® concept, is similarly innovative, and directed at companies in the probiotics functional food market who have benefited from the global trend for fortified and functional foods. This market is expected to be worth $46.55bn by 2020 (Markets and Markets).

OptiBiotix has contracted the Spanish National Research Council (Consejo Superior de Investigaciones Científicas, CSIC) based in Madrid to support the development of these new product concepts. Rapid scientific progress has been rewarded with an early commercial deal with Centro Sperimentale Del Latte ("CSL"), based in Italy, which, develops, manufactures and distributes probiotics, starter cultures, moulds and yeasts for the pharmaceutical, nutraceutical, dairy, food and agricultural sectors all over the world. We believe these innovative product concepts provide significant growth opportunities and will lead to further deals in 2016.

The aim of all these development programmes is to establish a scientific evidence base for mechanism of action, proof of safety and human efficacy, and low cost manufacturability. As products move through the development process risk is reduced and this leads to a corresponding increase in value and greater interest from corporate partners. As our development programmes progress and OptiBiotix is able to demonstrate product safety and efficacy, we anticipate increasing partner interest.

RESULTS

OptiBiotix results for the 12 months ended 30 November 2015 are set out in the Consolidated Statement of Comprehensive Income. It shows a loss after tax for the period of £1.28 million (2014: £0.810 million). The loss after tax and after adding back the non-cash items, depreciation and amortisation charge and share based payment expense was £0.874 million (2014: loss £0.747 million). Cash flow remains tightly controlled with a focus on building shareholder value through investment in R&D and IP. The Group's cash position at today's date remains strong at £4 million which is sufficient to fund its existing research and development programs and extend technology platforms into other product and application areas.

BOARD AND MANAGEMENT

We believe that we have a well balanced Board with a focus on the domain expertise in the founder and Chief Executive Stephen O'Hara, Commercial Director Jim Laird, Non-Executive Director Dr Gareth Barker and Dr Sofia Kolida as Director of Research and Development. This was supplemented in

Chairman's and Chief Executive Statement (continued)

For the year ended 30 November 2015

November 2015 with the appointment of Peter Wennström, as one of the world's leading experts in functional food innovation and marketing, as a Non-Executive Director. Peter replaced Dr Mark Wyatt, his appointment reflecting the growing focus on commercialising products. They are complemented by the CFO Mark Collingbourne, Adam Reynolds and David Evans as Chairman.

We expect the board to continue to evolve in line with the continued growth and development of the company.

OUTLOOK

OptiBiotix is continuing its strategy of developing microbiome modulators for large markets (>£100m), where there are high growth opportunities (CAGR >10%), and a large unmet need. The board is building a company which anticipates a future where microbiome products will make a significant contribution to the prevention, management, and treatment of disease. That future is unfolding as expected with microbiome treatments using faecal microbial transplants (FMT's) now common place in over 500 US and 10 UK hospitals. With a growing number of research publications showing the potential of the human microbiome in a broad range of health areas we anticipate microbiome therapies will be a large part of modern healthcare in the years to come.

During the last 12 months there has been increasing interest, from industry in the microbiome, and this has correlated with four commercial agreements for OptiBiotix. Commercial progress has benefited from the appointment of Jim Laird from Premier Foods, who brings considerable sector expertise and capability.

Current deals are largely joint development, cost sharing, or option agreements where the partner contributes funding in return for certain future rights to commercialise. We anticipate a number of these agreements will migrate into revenue bearing deals. The January 2016 announcement of a commercial agreement with KSF, who own the rights to the Slimfast brand, is such an example. Whilst not so well known in the UK, CSL is a large well established European manufacturer and supplier of probiotics, starter cultures, moulds and yeasts for the pharmaceutical, nutraceutical, who brings access to dairy, food and agricultural sectors all over the world. These commercial agreements demonstrate industry interest and confidence in OptiBiotix's technology platforms and make a significant financial contribution to running costs. More importantly they create a route to market with established brand suppliers with the potential to generate multiple future revenue streams. Discussions with partners suggest there is growing interest in the microbiome and we anticipate further commercial partnerships throughout 2016.

We have derisked a significant number of the technical challenges in our development programs and validated their commercial potential. This has led us to extend the scope of these platforms into other product and application areas. This will help build the product pipeline to ensure a constant supply of new products entering the market to build the revenue streams of the future. As these platforms build and start making a significant contribution to group earnings we will consider creating new divisions with the potential to form new legal entities. The board believes our portfolio approach to product development reduces shareholder risk, creates multiple opportunities to build revenues streams, which will make a significant contribution to building future shareholder value and a sustainable business.

In the last twelve months we have added significantly to our IP portfolio and anticipate making further patents filings and strain registrations where we feel there is commercial value. We will continue to explore opportunities to in license or acquire new technologies or IP to support our continued growth.

The Board believes OptiBiotix is at the leading edge of an immature but emerging market forecast to become one of the world's fastest growth areas. OptiBiotix has made strong progress in the last twelve months and now looks to build on this solid foundation to build a microbiome business with significant value for shareholders.

On behalf of everyone at OptiBiotix Health plc we thank you for your support and look forward to an exciting future.

D Evans and S O'Hara
13 April 2016

Strategic Report

For the year ended 30 November 2015

REVIEW OF BUSINESS

A review of the business of the Group, together with comments on future developments is given in the Chairman's and Chief Executive's Statement on pages 4 to 6.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

Technology and products

The Group is involved in microbiome modulation products discovery and development. The development and commercialisation of its intellectual property and future products will require human nutritional studies and there is a risk that products may not perform as expected. This risk is common to all new products developed for human consumption.

Technologies used within the food, beverage and healthcare market place are constantly evolving and improving. There is a risk that the Group's products may become outdated or their commercial value decrease as improvements in technology are made and competitors launch competing products. To mitigate this risk the Group is working with industry key opinion leaders, will attend international conferences and intends to develop a research and development department which will keep up with the latest developments in the industry.

Intellectual Property

The Group is focused on protecting its IP and seeking to avoid infringing on third parties' IP. To protect its products, the Group is building and securing patents to protect its key products. However, there remains the risk that the Group may face opposition from third parties to patents that it seeks to have granted and that the outstanding patent applications are not granted. The Group engages legal advisers to mitigate the risk of patent infringement and to assist with the protection of the Group's IP.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The directors constantly monitor the financial risks and uncertainties facing the group with particular reference to the exposure of credit risk and liquidity risk. They are confident that suitable policies are in place and that all material financial risks have been considered. The financial risk management objectives and policies can be found within note 21 of the financial statements.

KEY PERFORMANCE INDICATORS

Financial

	Year to 30 November 2015 £'000	Year to 30 November 2014 £'000
Revenue	28	–
Loss for the period	1,281	811
Cash as at 30 November 2015	2,041	2,870

During the year to 30 November 2015 the company has achieved a number of key objectives which continue to build shareholder value. These include:

- A substantive increase in our IP portfolio (from five to eleven patents, three to eight strain registrations, and three to seven trademarks)
- The completion of successful human and manufacturing studies on our cholesterol supplement
- The completion of four commercial agreements (Nizo, Venture Life, US multinational, CSL)
- Expansion of the OptBiotic® platform to a wider range of microbial species, broadening the number of product and partner opportunities

Non-financial

The board recognises the importance of KPIs in driving appropriate behaviour and enabling of Group performance. For the period to 30 November 2015 the primary KPI's were the completion of commercial agreements and the expansion of the Optibiotic® platform. The group intends to review the following non-financial KPIs going forward:

1. Customer relationships
2. IP and trademark registrations
3. Service quality and brand awareness
4. Attraction motivation and retention of employees

DIVIDENDS

No dividends can be distributed for the year ended 30 November 2015.

FUTURE DEVELOPMENTS

The Chairman's and Chief Executive Statement on pages 4 to 6 gives information on the future outlook of the Group.

ON BEHALF OF THE BOARD

S P O'Hara
13 April 2016

OptiBiotix Business Overview

Strong progress across all areas

Products aimed at large (>£100m), growing markets + All activities underpinned by scientific approach

Market focussed R&D

Large Markets with unmet need

Research & Development

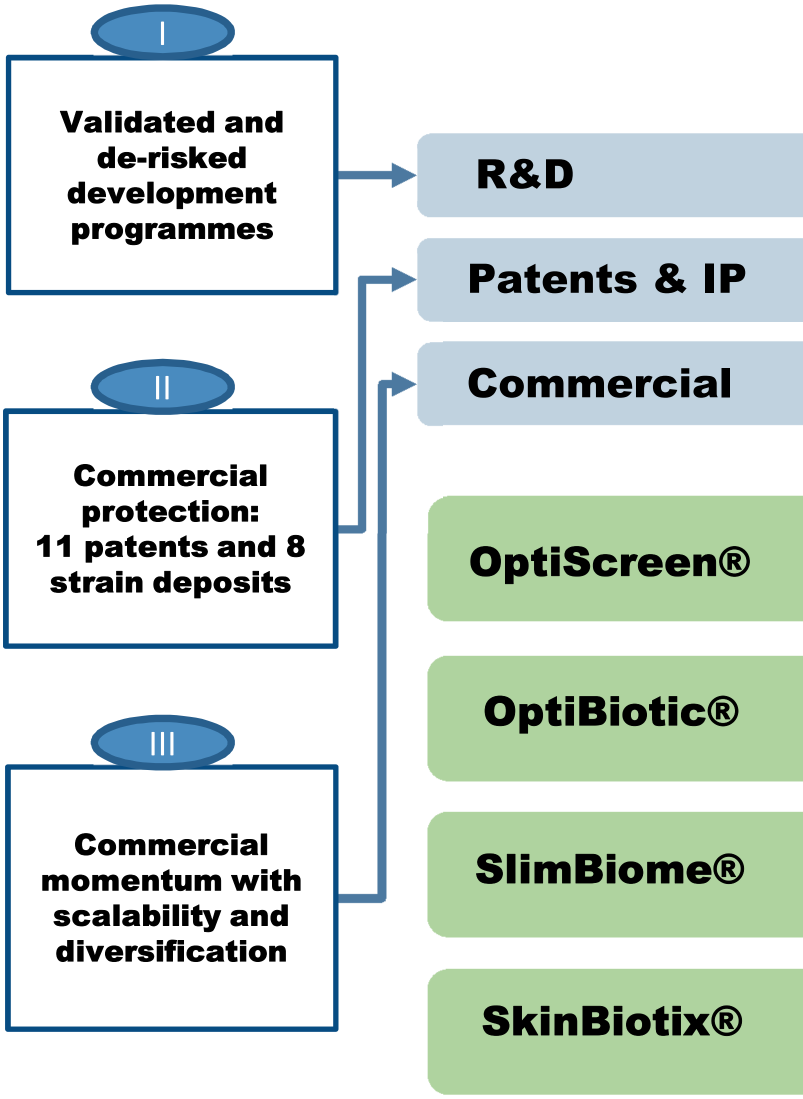
Working with world leaders in their field and supported by Scientific Advisory Group

Commercial Strategy

Collaborative partnerships initially with joint development and cost sharing proving the industry attractiveness leading to recurring revenues via license agreements

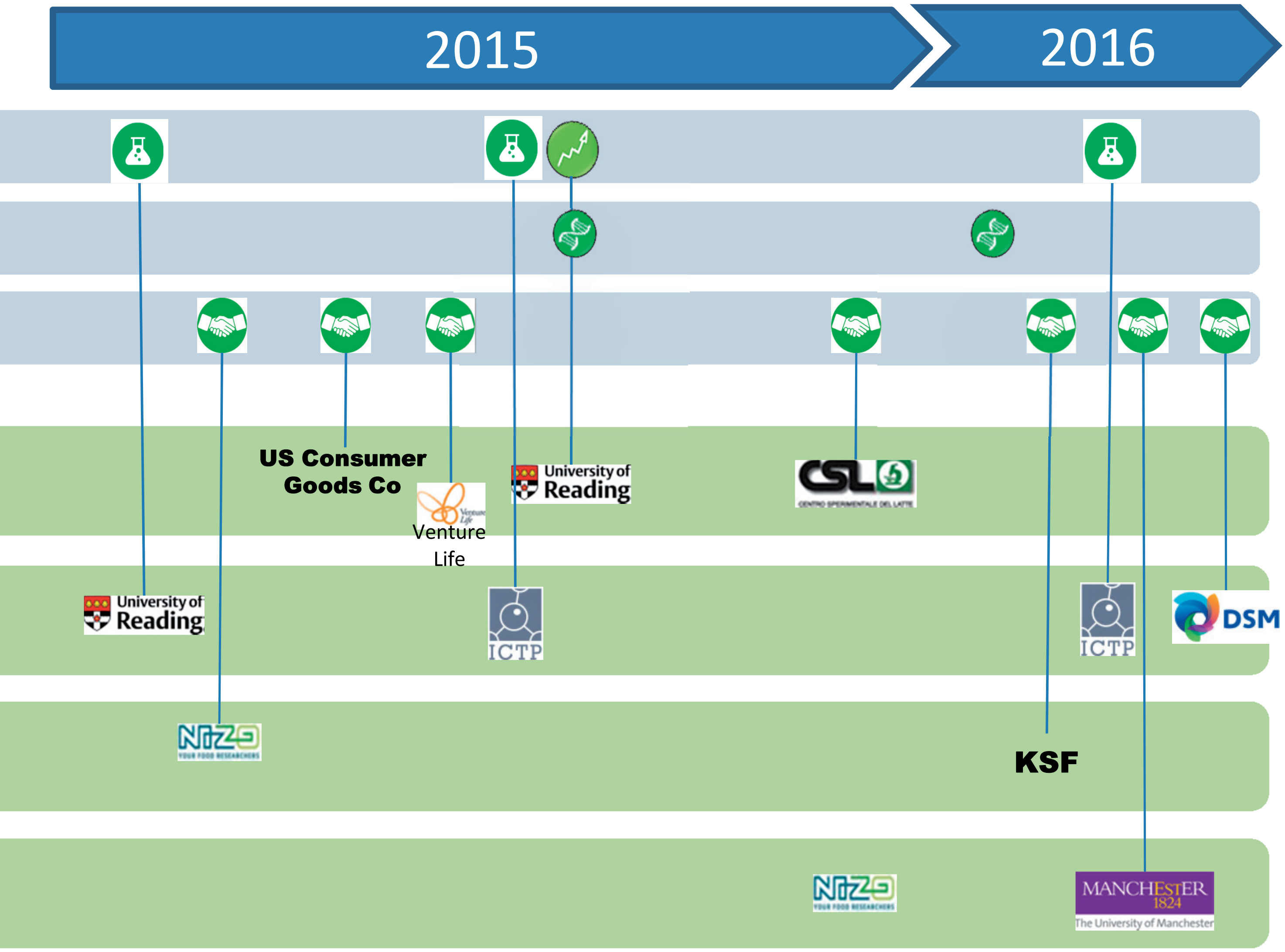
Scalable

Multiple diversification opportunities and combination applications from combining platforms



+ Partner with food, health and wellbeing companies

+ Scalable business model and technology platforms



Directors' Report

For the year ended 30 November 2015

The Directors present their report and the audited financial statements of the group for the year to 30 November 2015.

PRINCIPAL ACTIVITY

The principal activity of the group is that of research and development into microbiome modulators.

DIRECTORS

The directors who served the company during the year and up to the date of this report were as follows:

Executive Directors

S P O'Hara
J Laird (appointed 30 March 2015)

Non-executive Directors

A Reynolds
D E Evans
M Wyatt (resigned 1 January 2016)
G Barker
P Wennström (appointed 1 January 2016)

Directors' Remuneration

The directors are entitled to receive relevant fees, as detailed in the directors' remuneration in Note 4.

Directors and their interests

The directors of the group held the following beneficial interests in the shares and share options of Optibiotix Health Plc at 30 November 2015 and at the date of this report:

	Issued Share Capital		Share Warrants		Share Options	
	Ordinary shares of £0.02 each	Percentage Held	Ordinary shares of £0.02 each	Warrant exercise price	Ordinary shares of £0.02 each	Warrant exercise price
A Reynolds	1,208,825	1.38%	395,825	£0.08	–	–
D E Evans	3,452,066	4.65%	–	–	2,511,408	£0.08
S P O'Hara	10,049,696	13.60%	–	–	6,099,135	£0.08
P Wennström	–	–	–	–	–	–
G Barker	–	–	–	–	358,772	£0.20
J Laird					1,000,000	£0.28

The share warrants held by A Reynolds were granted on 18 November 2014 and are exercisable at £0.08 at any time up to 17 November 2016.

The share options held by D E Evans and S P O'Hara were granted on 17 September 2014 and are exercisable at £0.08 at any time up 16 September 2024, subject to vesting conditions.

The share options held by G Barker were granted on 10 March 2015 and are exercisable at £0.20 at any time up 10 March 2025, subject to vesting conditions.

The share options held by J Laird were granted on 30 March 2015 and are exercisable at £0.28 at any time up 10 March 2025, subject to vesting conditions.

SUBSTANTIAL SHAREHOLDINGS

Substantial shareholdings include directors as at 14 March 2016 were as follows:

	% of shares issued
Finance Yorkshire Seedcorn LP	15.4
Steven O'Hara	13.0
Seneca Partners Limited	7.1
David Evans	4.4

The share price per share at 30/11/2015 was £0.86 (30/11/2014: £0.22).

FINANCIAL INSTRUMENTS

The group's exposure to financial risk is set out in note 21 to the accounts.

RESEARCH AND DEVELOPMENT

The Chairman's and Chief Executive Statement on pages 4 to 6 gives information on the Group's research and development activities.

Directors' Report (continued)

For the year ended 30 November 2015

EVENTS AFTER THE REPORTING PERIOD

Refer to note 22 to the financial statements for further details.

PUBLICATION OF ACCOUNTS ON GROUP WEBSITE

Financial statements are published on the group's website. The maintenance and integrity of the website is the responsibility of the directors. The directors' responsibilities also extend to the financial statements contained therein.

GOING CONCERN

The financial statements have been prepared on the assumption that the group is a going concern. When assessing the foreseeable future, the directors have looked at the budget for the next 12 months from the date of this report, the cash at bank available as at the date of approval of this report and are satisfied that the group should be able to cover its quoted maintenance cost, other administrative expenses, as well as its ongoing research and development expenditure.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have, as required by the AIM Rules for Companies of the London Stock Exchange, elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of the information.

AUDITOR

Jeffreys Henry LLP will be proposed for re-appointment as auditors at the forthcoming Annual General Meeting.

STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 the Group chooses to report the review of the business, the future outlook and the risks and uncertainties faced by the Group in the Strategic Report on page 7.

ON BEHALF OF THE BOARD

S P O'Hara
13 April 2016

Independent Auditor's Report to The Members of OptiBiotix Health Plc For the year ended 30 November 2015

We have audited the group financial statements of Optibiotix Health Plc for the year ended 30 November 2015, which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity, company statement of cash flows and the related notes. 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 to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 10 to 11 the Directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves 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. This includes an assessment of: whether the accounting policies are appropriate to the Group'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 Chairman's report, Strategic report and Directors report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially 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 misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

– the financial statements give a true and fair view of the state of the group's and parent company's affairs as at 30 November 2015 and of the group's loss and group's and parent company's cash flows for the year then ended;

– the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and

– 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 provision of the Companies Act 2006; and

– the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

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 by the group, or returns adequate for our audit have not been received from branches not visited by us; or

– the group 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.

Sanjay Parmar
Senior Statutory Auditor

For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate 5-7 Cranwood Street
London
EC1V 9EE

13 April 2016

Consolidated Statement of Comprehensive Income

For the year ended 30 November 2015

	Notes	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Revenue		28,200	–
Cost of sales		–	–
Gross Profit		28,200	–
Administrative expenses	6	(1,451,451)	(489,015)
Operating loss		(1,423,251)	(489,015)
Non-Operating Items			
Admission expenses	6	–	(365,038)
		(1,423,251)	(854,053)
Finance income/(costs)	5	28	93
Loss before Income tax	6	(1,423,223)	(853,960)
Income tax	7	142,594	43,254
Loss for the period		(1,280,629)	(810,706)
Other Comprehensive Income		–	–
Total comprehensive income for the period		(1,280,629)	(810,706)
Total comprehensive income attributable to the owners of the company		(1,280,629)	(810,706)
Loss per share			
Basic & Diluted loss per share – pence	8	1.75p	3.03p

The notes on pages 22 to 40 form part of these financial statements

Consolidated Statement of Financial Position

For the year ended 30 November 2015

	Notes	As at 30 November 2015 £	As at 30 November 2014 £
ASSETS			
Non-current assets			
Intangibles	10	2,146,401	2,259,369
Property, plant & equipment	11	2,012	855
		2,148,413	2,260,224
CURRENT ASSETS			
Trade and other receivables	13	62,597	4,651
Current tax asset	7	120,000	43,254
Cash and cash equivalents	14	2,040,888	2,870,442
		2,223,485	2,918,347
TOTAL ASSETS		4,371,898	5,178,571
EQUITY			
Shareholders' Equity			
Called up share capital	15	7,117,315	7,078,346
Share premium		3,863,687	3,746,781
Share based payment reserve		383,435	90,970
Merger relief reserve		1,500,000	1,500,000
Accumulated deficit		(9,047,642)	(7,767,013)
Total Equity		3,816,795	4,649,084
LIABILITIES			
Current liabilities			
Trade and other payables	16	125,823	77,613
		125,823	77,613
Non-current liabilities			
Deferred tax liability	17	429,280	451,874
		429,280	451,874
TOTAL LIABILITIES		555,103	529,487
TOTAL EQUITY AND LIABILITIES		4,371,898	5,178,571

These financial statements were approved and authorised for issue by the Board of Directors on 13 April 2016 and were signed on its behalf by:

S P O'Hara
Director
Company Registration no. 05880755

The notes on pages 22 to 40 form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 November 2015

	Called up Share capital £	Accumu-lated deficit £	Share Premium £	Merger Relief Reserve £	Share-based Payment Reserve £	Total equity £
Balance at 30 November 2013	5,722,248	(6,956,307)	1,302,811	–	27,200	95,952
Loss for the year	–	(810,706)	–	–	–	(810,706)
Issue of consideration shares to acquire subsidiary	500,000	–	–	1,500,000	–	2,000,000
Issues of shares during the year	845,567	–	2,536,700	–	–	3,382,267
Share issue expenses	(124,323)	(124,323)				
Exercise of warrants	10,531	–	31,593	–	–	42,124
Share options and warrants	–	–	–	–	63,770	63,770
Balance at 30 November 2014	7,078,346	(7,767,013)	3,746,781	1,500,000	90,970	4,649,084
Loss for the year	–	(1,280,629)	–	–	–	(1,280,629)
Exercise of warrants	38,969	–	116,906	–	–	155,875
Share options and warrants	–	–	–	–	292,465	292,465
Balance at 30 November 2015	**7,117,315**	**(9,047,642)**	**3,863,687**	**1,500,000**	**383,435**	**3,816,795**

Share capital is the amount subscribed for shares at nominal value. Share premium represents amounts subscribed for share capital in excess of nominal value.

Merger relief reserve arises from the 100% acquisition of OptiBiotix Limited on 5 August 2014 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.

Accumulated deficit represents the cumulative losses of the group attributable to the owners of the company.

Share based payment reserve represents the cumulative amounts charged in respect of unsettled warrants and options issued.

The notes on pages 22 to 40 form part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 30 November 2015

	Notes	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Cash flows from operating activities			
Cash utilised by operations	1	(1,026,746)	(706,336)
Interest received		28	93
Net cash outflow from operating activities		(1,026,718)	(706,243)
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,965)	(1,099)
Net cash from acquisition of subsidiary		–	251,834
Net cash inflow from investing activities		(1,965)	250,735
Cash flows from financing activities			
Share issues		155,875	3,300,068
Net cash inflow from financing activities		155,875	3,300,068
Taxation		43,254	25,732
Increase/(decrease) in cash and equivalents		(829,554)	2,870,292
Cash and cash equivalents at beginning of year		2,870,442	150
Cash and cash equivalents at end of year	14	2,040,888	2,870,442

The notes on pages 22 to 40 form part of these financial statements

Notes to the Consolidated Statement of Cash Flows

For the year ended 30 November 2015

1. Reconciliation of loss before income tax to cash outflow from operations

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Operating loss	(1,423,251)	(854,053)
(Increase)/decrease in trade and other receivables	(57,946)	296,616
(Decrease)/increase in trade and other payables	48,210	(212,913)
Depreciation charge	808	244
Share Option expense	292,465	63,770
Amortisation of patents	112,968	–
Net cash outflow from operations	(1,026,746)	(706,336)

2. Cash and Cash Equivalents

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Cash and cash equivalents	2,040.888	2,870,442

The notes on pages 22 to 40 form part of these financial statements

Company Statement of Financial Position

For the year ended 30 November 2015

	Notes	As at 30 November 2015 £	As at 30 November 2014 £
ASSETS			
Non-current assets			
Investments	12	2,000,100	2,000,000
		2,000,100	2,000,000
CURRENT ASSETS			
Trade and other receivables	13	842,030	131,107
Cash and cash equivalents	14	1,948,647	2,690,375
		2,790,677	2,821,482
TOTAL ASSETS		4,790,777	4,821,482
EQUITY			
Shareholders' Equity			
Called up share capital	15	7,117,315	7,078,346
Share premium		3,863,687	3,746,781
Merger relief reserve		1,500,000	1,500,000
Share based payment reserve		383,435	90,970
Accumulated deficit		(8,135,494)	(7,631,532)
Total Equity		4,728,943	4,784,565
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	61,834	36,917
TOTAL LIABILITITES		61,834	36,917
TOTAL EQUITY AND LIABILITIES		4,790,777	4,821,482

These financial statements were approved and authorised for issue by the Board of Directors on 13 April 2016 and were signed on its behalf by:

S P O'Hara
Director

Company Registration no. 05880755

The notes on pages 22 to 40 form part of these financial statements

Company Statement of Changes in Equity

For the year ended 30 November 2015

	Called up Share capital £	Accumulated deficit £	Share Premium £	Merger Relief Reserve £	Share-based Payment Reserve £	Total equity £
Balance at 30 November 2013	5,722,248	(6,956,307)	1,302,811	–	27,200	95,952
Loss for the period	–	(675,225)	–	–	–	(675,225)
Issue of consideration shares to acquire subsidiary	500,000	–	–	1,500,000	–	2,000,000
Issues of shares during the year	845,567	–	2,536,700	–	–	3,382,267
Share issue expenses	(124,323)	(124,323)				
Exercise of warrants	10,531	–	31,593	–	–	42,124
Share options and warrants	–	–	–	–	63,770	63,770
Balance at 30 November 2014	7,078,346	(7,631,532)	3,746,781	1,500,000	90,970	4,784,565
Loss for the period	–	(503,962)	–	–	–	(503,962)
Exercise of warrants	38,969	–	116,906	–	–	155,875
Share options and warrants	–	–	–	–	292,465	292,465
Balance at 30 November 2015	**7,117,315**	**(8,135,494)**	**3,863,687**	**1,500,000**	**383,435**	**4,728,943**

Share capital is the amount subscribed for shares at nominal value. Share premium represents amounts subscribed for share capital in excess of nominal value.

Merger relief reserve arises from the 100% acquisition of OptiBiotix Limited on 5 August 2014 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.

Accumulated deficit represents the cumulative losses of the company attributable to the owners of the company.

Share based payment reserve represents the cumulative amounts charged in respect of unsettled warrants and options issued.

The notes on pages 22 to 40 form part of these financial statements

Company Statement of Cash Flows

For the year ended 30 November 2015

	Notes	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Cash flows from operating activities			
Cash utilised by operations	1	(897,512)	(609,908)
Interest received		9	65
Net cash outflow from operating activities		(897,503)	(609,843)
Cash flows from financing activities			
Share issues		155,775	3,300,068
Net cash inflow from financing activities		155,775	3,300,068
Increase/(decrease) in cash and equivalents		(741,728)	2,690,225
Cash and cash equivalents at beginning of year		2,690,375	150
Cash and cash equivalents at end of year	14	1,948,647	2,690,375

The notes on pages 22 to 40 form part of these financial statements

Notes to the Company Statement of Cash Flows

For the year ended 30 November 2015

1. Reconciliation of loss before income tax to cash generated from operations

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Operating loss	(503,971)	(675,290)
(Increase)/decrease in trade and other receivables	(710,923)	170,160
(Decrease)/increase in trade and other payables	24,917	(168,548)
Share Option expense	292,465	63,770
Net cash outflow from operations	(897,512)	(609,908)

2. Cash and Cash Equivalents

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Cash and cash equivalents	1,948,647	2,690,375

The notes on pages 22 to 40 form part of these financial statements

Notes to the Financial Statements

For the year ended 30 November 2015

1. General Information

Optibiotix Health Plc is a company incorporated and domiciled in England and Wales. Details of the registered office, the officers and advisers to the company are presented on the company information page at the start of this report. The company's offices are in York. The company is listed on the AIM market of the London Stock Exchange (ticker: OPTI).

The principal activity of the group was that of research and development into microbiome modulators.

2. Accounting Policies

Statement of compliance

The consolidated financial statements of Optibiotix Health Plc have been prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively 'IFRSs') as adopted for use in the European Union and as issued by the International Accounting Standards Board and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period under review.

Going concern

The financial statements have been prepared on the assumption that the company is a going concern. When assessing the foreseeable future, the directors have looked at the budget for the next 12 months from the date of this report, the cash at bank available as at the date of approval of this report and are satisfied that the group should be able to cover its quoted maintenance costs, other administrative expenses and its ongoing research and development expenditure.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements

New and amended standards adopted by the group

There are no IFRSs or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the group.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

2. Accounting Policies (continued)

New Standards, amendments and interpretations issued but not effective

Reference	Title	Summary	Application date of standard	Application date of Company
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2018	1 December 2018
IFRS 10	Consolidated financial statement	Amended by Investment Entities: Applying the Consolidation Exception	Periods commencing on or after 1 January 2016	1 December 2016
IFRS 11	Joint Arrangements	Amended by Accounting for Acquisitions of Interests in Joint Operations	Periods commencing on or after 1 January 2016	1 December 2016
IFRS 12	Disclosure of Interests in Other Entities	Amended by Investment Entities: Applying the Consolidation Exception	Periods commencing on or after 1 January 2016	1 December 2016
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	Periods commencing on or after 1 January 2016	1 December 2016
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more informative and relevant disclosures	Periods commencing on or after 1 January 2018	1 December 2018
IFRS 16	Lease	IFRS 16 Leases published	Periods commencing on or after 1 January 2019	1 December 2019
IAS 16	Property, Plant and Equipment	Amended standard for accounting treatment for property, plant and equipment	Periods commencing on or after 1 January 2016	1 December 2016
IAS 27	Separate financial statement	Amended by Equity Method in Separate Financial Statements (Amendments to IAS 27)	Periods commencing on or after 1 January 2016	1 December 2016
IAS 28	Investments in Associates and Joint Ventures	Amended by Investment Entities: Applying the Consolidation Exception	Periods commencing on or after 1 January 2016	1 December 2016

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

2. Accounting Policies (continued)

New Standards, amendments and interpretations issued but not effective (continued)

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group. The group does not intend to apply any of these pronouncements early.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 30 November each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

– deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

– liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

– assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

2. Accounting Policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules using tax rates enacted or substantially enacted by the statement of financial position date.

Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differenced, and the carrying forward or unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Investments

Investments in subsidiaries are held at cost less any impairment.

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

2. Accounting Policies (continued)

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to the initial recognition, trade and receivables and measured at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

Cash and cash equivalents

Cash and cash equivalents comprised of cash at bank and in hand.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the company at the statement of financial position date approximated their fair values, due to relatively short term nature of these financial instruments

Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated in amortised cost, except where the payables are interest free loans made by related parties without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

Impairment of non-financial assets

At each statement of financial position date, the group reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

2. Accounting Policies (continued)

Capital management

Capital is made up of stated capital, premium and retained earnings. The objective of the group's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The group manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the company may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the year ended 30 November 2015.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Share-based compensation

The fair value of the employee and suppliers services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Computer equipment	30%

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss in the year in which the asset is derecognised.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

2. Accounting Policies (continued)

Intangibles – Patents

Separately acquired patents are shown at historical cost. Patents have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the patents over their estimated useful life of twenty years once the patents have been granted.

Research and Development

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty.

Merger relief reserve

The merger relief reserve arises from the 100% acquisition of OptiBiotix Limited whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

The resulting accounting estimates will, by definition, differ from the related actual results.

- **Share based payments**

  The fair value of share based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

- **Amortisation**

  Management have estimated that the useful life of the fair value of the patents acquired on the acquisition to be 20 years. The estimate will be reviewed annually and revised if the useful life is deemed to be lower than 20 years based on the trading business or any changes to patent law.

- **Accounting for research and development (R&D) expenditure**

  During the period the group has charged all of its research costs to the income statement. Management have considered the criteria for capitalising such costs, however, management determined that the commercial feasibility is not yet met for its projects and as such the group's R&D expenditure remains in the research phase.

3. Segmental Reporting

In the opinion of the directors, the group has one class of business, being that of research and development. The group's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is the UK. All costs are derived from the single segment.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

4. Employees and Directors

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Wages and salaries	62,090	–
Directors remuneration	225,214	35,679
Directors Fees	78,283	130,785
Social security costs	34,295	4,034
	399,822	170,498

	Year ended 30 November 2015 No.	Year ended 30 November 2014 No.
The average monthly number of employees during the year was as follows:		
Directors	6	4
Research and development	2	–
	8	4

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Directors' remuneration	261,497	166,464
Directors' share based payments	256,658	49,053
Bonus	42,000	–
Total emoluments	560,155	215,517

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

4. Employees and Directors (continued)

Directors' remuneration

Details of emoluments received by Directors of the Group for the year ended 30 November 2015 are as follows:

	Remuneration £	Share based payments £	Total £
A Reynolds*	25,000	–	25,000
S P O'Hara	141,000	132,035	273,035
M Wyatt*	17,700	–	17,700
D E Evans	24,582	54,367	78,949
G Barker	11,000	28,568	39,568
J Laird	84,215	41,688	125,903
Total	**303,497**	**256,658**	**560,155**

*For disclosure in relation to directors' fees please refer to note 18.

5. Net Finance Income/(Costs)

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Finance Income:		
Bank Interest	28	93
Finance Costs:		
Bank loan interest	–	–
Net Finance Income/(Costs)	28	93

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

6. Expenses – analysis by nature

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Research and development	230,119	56,733
Directors' emoluments (Note 4)	303,947	166,464
Auditor remuneration – audit fees (Company only £8,000 (2014: £8,000))	15,000	14,630
Auditor remuneration – non audit fees	3,430	500
Share based payments charge	292,465	63,770
Depreciation on property, plant and equipment	808	244
Amortisation of patents	112,968	–
Patent and IP costs	53,682	23,121
Consultancy fees	74,803	52,042
Legal and professional fees	125,241	60,066
Other expenses	238,988	51,445
Administrative expenses	1,451,451	489,015
Aim Admission expenses	–	365,038
Total administrative expenses	1,451,451	854,053

Admission costs relate to the admission to Aim in August 2014.

Included within the admission expenses are one-off non-audit fees of £nil (2014: £53,400) in relation to the admission to Aim.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

7. Income Tax

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Corporation tax credit	(120,000)	(43,254)
Deferred tax movement	(22,594)	–
Total taxation	(142,594)	(43,254)

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 30 November 2015 nor for the year ended 30 November 2014.

	Year ended 30 November 2015 £	Year ended 30 November 2014 £
Loss on ordinary activities before income tax	(1,423,223)	(853,960)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 20% (2014: 20%)	(284,645)	(170,792)
Effects of:		
Disallowables	59,402	73,008
R&D enhanced deductions	(118,139)	(33,145)
Effect of research & development tax credit	(120,000)	(43,254)
Capital allowances	(231)	220
Losses surrendered	209,586	6,905
Unused tax losses carried forward	111,433	71,048
Tax credit	(142,594)	(43,254)

The group has estimated losses of £495,716 (2014: £151,860) and estimated excess management expenses of £1,354,501 (2014: £1,143,854).

The tax losses have resulted in a deferred tax asset of approximately £370,043 (2014: £259,143) which has not been recognized as it is uncertain whether future taxable profits will be sufficient to utilise the losses.

Current tax asset – Group	2015 £	2014 £
Research & development tax credit claimed	120,000	43,254

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

8. Earnings per Share

Basic earnings per share is calculated by dividing the earnings attributable shareholders by the weighted average number of ordinary shares outstanding during the period.

Reconciliations are set out below:

	Earnings £	2015 Weighted average Number of shares £	Loss per-share 30 November 2014 Pence
Basic and diluted EPS			
Earnings attributable to ordinary shareholders	(1,280,629)	73,167,562	1.75

	Earnings £	2014 Weighted average Number of shares £	Loss per-share 30 November 2014 Pence
Basic and diluted EPS			
Earnings attributable to ordinary shareholders	(810,706)	26,751,262	3.03

Basic and diluted earnings per share are the same, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. As at 30 November 2015 there were 10,345,237 (2014: 8,627,693) outstanding share options and 2,631,125 (2014: 4,579,560) outstanding share warrants, both are potentially dilutive.

9. Company's result for the year

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement account.

The result for the parent Company for the year was £503,962 (2014: £675,225).

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

10. Intangible assets

Group	Patents £
Cost	
At 1 December 2013	–
Acquisitions through business combinations	2,259,369
At 30 November 2014 & 2015	**2,259,369**
Amortisation	
At 1 December 2013 & 1 December 2014	–
Amortisation charge for the year	112,968
At 30 November 2015	112,968
Carrying amount	
At 30 November 2015	**2,146,401**
At 30 November 2014	2,259,369

The above additions represent the fair value of patents on acquisition of the company's subsidiary undertaking, OptiBiotix Limited.

11. Property, plant and equipment

Group	£
Cost	
At 1 December 2013	–
Additions	1,099
At 30 November 2014	1,099
Additions	1,965
At 30 November 2015	**3,064**
Depreciation	
At 1 December 2013	–
Charge for the year	244
At 30 November 2014	244
Charge for the year	808
At 30 November 2015	**1,052**
Carrying amount	
At 30 November 2015	**2,012**
At 30 November 2014	855

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

12. Investment in subsidiary undertakings

Company	£
Cost	
At 30 November 2013	–
Additions	2,000,000
At 30 November 2014	2,000,000
Additions	100
Carrying amount	
At 30 November 2014 and 2015	2,000,100

As at 30 November 2015, the company directly held the following subsidiary:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of equity interest 2015
OptiBiotix Limited	Research & Development	United Kingdom	100% of ordinary shares
Skinbiotix Limited	Dormant	United Kingdom	100% of ordinary shares

13. Trade and other Receivables

	Group		Company	
Current	2015 £	2014 £	2015 £	2014 £
Amounts owed by group undertakings	–	–	706,108	131,107
Other receivables	52,613	3,304	125,938	–
Prepayments and accrued income	9,984	1,347	9,984	–
	62,597	4,651	842,030	131,107

14. Cash and Cash Equivalents

	Group		Company	
Current	2015 £	2014 £	2015 £	2014 £
Cash and bank balances	2,040,888	2,870,442	1,948,647	2,690,375

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

15. Called Up Share Capital

Issued share capital comprises:	2015 £	2014 £
Ordinary shares of 2p each – 74,229,517	1,484,591	1,445,622
Deferred shares of 19p each – 26,001,739	4,940,330	4,940,330
Deferred shares of 0.9p – 63,373,961	570,366	570,366
Deferred shares of 0.09p – 135,587,295	122,028	122,028
	7,117,315	7,078,346

During the year the company issued the ordinary shares of £0.02 each listed below, exercised at a price of £0.08 per share in the capital of the company following the exercise of warrants:

Date issued	Number	Date issued	Number
07/01/2015	125,000	16/06/2015	7,293
19/01/2015	24,375	11/08/2015	2,592
19/03/2015	441,807	18/09/2015	125,007
20/04/2015	479,787	13/11/2015	150,008
21/05/2015	25,941	30/11/2015	375,000
04/06/2015	191,625		
Total warrants exercised in the year			1,948,435

The ordinary shares are non-redeemable and provide holders with one vote per share on a vote at a company meeting. They also provide one equal right per share in any ordinary dividend declared and one equal right per share in the distribution of any surplus due to the ordinary shareholders on a winding up.

The deferred shares of 19p each, 0.9p each and 0.09p each respectively the A Deferred shares, B Deferred Shares and C Deferred shares are non-redeemable, non-voting and the holders are not entitled to dividends or to participate in profits. On a return of capital on a winding up, each holder is entitled to receive a sum equal to the nominal capital paid up or credited as paid up thereon but only after the aggregate sum of £10,000,000, £20,000,000 and £30,000,000 (respectively for the A, B and C Deferred shares) has been paid to the holders of ordinary shares and in proportion to the number of shares held and the holders of the A, B and C Deferred shares shall not be entitled to any further participation in the assets or profits of the company.

Neither the passing by the company of any special resolution for the cancellation of the A Deferred shares, B Deferred shares and C Deferred shares for no consideration by means of a reduction of capital requiring the confirmation of the Court, nor the obtaining by the company nor the making by the Court of any order confirming any such reduction of capital, nor the becoming effective of any such order shall constitute a variation, modification or abrogation of the rights attaching to the Deferred shares accordingly the Deferred shares may at any time be cancelled for no consideration by means of a reduction of capital effected in accordance with the Act without sanction on the part of the holders of the Deferred shares.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

16. Trade and other payables

Current:	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Accrued expenses	125,634	77,424	61,834	36,917
Amount due to director	189	189	–	–
Total trade and other payables	125,823	77,613	61,834	36,917

17. Deferred Tax

Deferred tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2014: 20%).

The movement on the deferred tax account is as shown below:

	2015 £	2014 £
At 1 December	451,874	–
Arising on business combination	–	451,874
Movement in the year	(22,594)	–
At 30 November	429,280	451,874

Deferred tax assets have not been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets as the directors believe there is uncertainty whether the assets are recoverable.

18. Related Party Disclosures

Directors and shareholders of the Group

During the year to 30 November 2015 the group was charged £25,000 (2014: £64,333) for services provided by Reyco Limited, a company controlled by A Reynolds.

During the year to 30 November 2015 the group was charged £17,700 (2014: £6,600) in relation to Mark Wyatt's directors fee by Enterprise Venture Limited.

During the year to 30 November 2015 the group was charged £25,000 (2014: £9,833) for services provided by Morrison Kingsley Consultants Limited, a company controlled by Mark Collingbourne, Chief Financial Officer.

During the year to 30 November 2015 the group was charged £7,500 (2014: £40,000) by MBA consultancy for the services of David Evans. At the year end, the group owed £16,666 to MBA Consulting.

At the year end the group owed £189 (2014: £189) to SP O'Hara for expenses incurred on behalf of the group.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

19. Ultimate Controlling Party

No one shareholder has control of the company.

20. Share Based payment Transactions

(i) Share options

The company had introduced a share option programme to grant share options as an incentive for employees of the former subsidiaries.

Each share option converts into one ordinary share of the company on exercise. No amounts are paid or payable by the recipient on receipt of the option and the company has no legal obligation to repurchase or settle the options in cash. The options carry neither rights to dividends nor voting rights prior to the date on which the options are exercised. Options may be exercised at any time from the date of vesting to the date of expiry.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Number of options		Average exercise price	
	2015 No.	2014 No.	2015 £	2014 £
Outstanding at the beginning of the period	**8,627,693**	3,820,026	**0.08**	0.03
Effects of reorganisation*	–	(3,800,926)	–	0.03
Granted during the year	**1,717,544**	8,610,543	**0.25**	0.08
Forfeited/cancelled during the year	–	(1,950)	–	44.28
Outstanding at the end of the period	**10,345,237**	8,627,693	**0.11**	0.08

*After the share consolidation on 4 August 2014.

For the share options issued in 2014 vesting conditions dictate that half will vest if the middle market quotation of an existing Ordinary share is 16p or more on each day during any period of at least 30 consecutive Dealing days and half will vest when a commercial contract is signed. The two conditions are not dependent on each other and will vest separately.

For the share options issued in 2015 year vesting conditions dictate that some of the options will vest if the middle market quotation of an existing Ordinary share is 40p or more on each day during any period of at least 30 consecutive Dealing days, and some will vest if certain revenue targets are met or if certain scientific studies are completed. The conditions are not dependent on each other and will vest separately.

The share options outstanding at the period end had a weighted average remaining contractual life of 3,241 days (2014: 3,573,578 days) and the maximum term is 10 years.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

20. Share Based payment Transactions (continued)

The fair values of the share options issued in the year were derived using the Black Scholes model. The following assumptions were used in the calculations:

Grant date	10/03/2015	30/03/2015
Exercise price	20.00p	27.99p
Share price at grant date	28.38p	27.99p
Risk-free rate	1%	1%
Volatility	64%	64%
Expected life	3 years	3 years
Fair value	12.00p	9.43p

The share price per share at 30/11/2015 was £0.86 (30/11/2014: £0.22).

Expected volatility is based on a conservative estimate for an AIM listed entity. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(ii) Warrants

On 20 February 2014, an open offer was made to the potential investors to subscribe for 203,380,942 new ordinary shares of £0.0001 each at £0.0001 each. On a 1:1 basis, warrants attach to any shares issued under the open offer convertible at any time to 30 November 2016 at £0.0004 per shares.

On 4 August 2014, the warrants in issue were consolidated in the ratio of 200:1 as part of the share reorganisation.

Movements in the number of share warrants outstanding and their related weighted average exercise prices are as follows:

	Number of warrants		Average exercise price	
	2015 No.	2014 No.	2015 £	2014 £
Outstanding at the beginning of the period	4,579,560	713,010,000	0.08	0.08
Effects of reorganisation*	–	(709,450,064)	0.08	0.08
Granted during the year	–	1,555,064	0.08	0.08
Forfeited/cancelled during the year	–	2,550	0.08	0.08
Exchanged for shares	(1,948,435)	(537,990)	0.08	0.08
Outstanding at the end of the period	2,631,125	4,579,560	0.08	0.08

*After the share consolidation on 4 August 2014.

A charge of £292,465 (2014: £63,770) has been recognised during the year for the share based payments over the vesting period.

Notes to the Financial Statements (continued)

For the year ended 30 November 2015

21. Financial Risk Management Objectives and Policies

The group's financial instruments comprise cash balances and receivables and payables that arise directly from its operations.

The main risks the group faces are liquidity risk, capital risk and foreign currency risk.

The board regularly reviews and agrees policies for managing each of these risks. The group's policies for managing these risks are summarised below and have been applied throughout the period. The numerical disclosures exclude short-term debtors and their carrying amount is considered to be a reasonable approximation of their fair value.

Interest risk

The group is not exposed to significant interest rate risk as it has limited interest bearing liabilities at the year end.

Credit risk

The group is not exposed to significant credit risk as it did not make any credit sales during the year.

Liquidity risk

Liquidity risk is the risk that group will encounter difficulty in meeting these obligations associated with financial liabilities.

The responsibility for liquidity risks management rest with the Board of Directors, which has established appropriate liquidity risk management framework for the management of the group's short term and long-term funding risks management requirements.

During the period under review, the group has not utilised any borrowing facilities.

The group manages liquidity risks by maintaining adequate reserves and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Capital risk

The group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

22. Post Balance Sheet Events

On 7 December 2015 the company issued and allotted 2,000,000 ordinary shares of 2 pence each at a price of 7.5 pence per share in a share placing.

On 26 January 2016 the company issued and allotted 125,000 ordinary shares of 2 pence each exercised at a price of 8 pence per share in the capital of the Company following the exercise of warrants.

On 5 February 2015 the company issued and allotted 1,282,051 ordinary shares of 2 pence each at a price of 78 pence per share in a share placing.

On 12 February 2016 the company issued and allotted 152,699 ordinary shares of 2 pence each exercised at a price of 8 pence per share in the capital of the Company following the exercise of warrants.

On 18 February 2016 the company issued and allotted 65,500 ordinary shares of 2 pence each exercised at a price of 8 pence per share in the capital of the Company following the exercise of warrants.

On 26 February 2016 the company issued and allotted 44,959 ordinary shares of 2 pence each exercised at a price of 8 pence per share in the capital of the Company following the exercise of warrants.

23. Financial commitments

The company has unrecognised contractual commitments in relation to an agreement entered with CSIC of 8,750 Euros.

Notice of Annual General Meeting

OPTIBIOTIX HEALTH Plc

Notice is hereby given that the Annual General Meeting of OptiBiotix Health PLC (the "Company") will be held at the offices of London Capital Club, 15 Abchurch Lane, London EC4N 7BW at 12.00 noon on 10 May 2016 for the following purposes:

1. To receive the Company's Report and Accounts for the year ended 30 November 2015.
2. To re-elect Adam Reynolds, who retires by rotation, as a Director.
3. To re-elect Peter Wennström, who retires by rotation, as a Director.
4. To re-appoint Jeffrey's Henry LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions as to the resolution numbered 5 as an Ordinary Resolution and as to the resolutions numbered 6 to 8 as Special Resolutions:

5. **THAT** the Directors be and they are hereby authorised generally and unconditionally for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (such shares and/or rights being "Relevant Securities") up to an aggregate nominal amount of £519,347.56 being one third of the current issued share capital, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date being the earlier of the date 15 months after the passing of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2017, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

   This authority shall be in substitution for and shall replace any existing authority pursuant to Section 551 of the Act to the extent not utilised at the date this resolution is passed.

6. **THAT**, subject to and conditional upon the passing of resolution 5, the Directors be and they are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred under Resolution 5 above as if sub-section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

   (a) the allotment of equity securities in connection with a rights issue or any pre-emptive offer in favour of holders of ordinary shares in the Company where the equity securities attributable to the respective interests of such holders are proportionate (as nearly as maybe) to the respective numbers of ordinary shares held by them on the record date for such allotment subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or any legal or practical difficulties under the laws of, or the requirements of, any regulatory body or stock exchange of any overseas territory or otherwise;

   (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £467,412.80 being 30% of the current issued share capital;

   and shall expire on the date being the earlier of the date 15 months after the passing of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2017, provided that the Company may before such expiry make an offer or agreement which would require equity securities to be allotted in pursuance of such offer or agreement as if the power conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier power given to directors.

Notice of Annual General Meeting (continued)

OPTIBIOTIX HEALTH Plc

7. **THAT**, the issued share capital of the Company be reduced by cancelling and extinguishing:

- all of the issued A deferred shares of £0.19 each in the Company;
- all of the issued B deferred shares of £0.009 each in the Company; and
- all of the issued C deferred shares of £0.0009 each in the Company

in each case for nil consideration in accordance with the provisions of the Company's articles of association.

8. **THAT**, due to a typographical error appearing in resolution number 9 passed at the Annual General Meeting held on 11 August 2015 (whereby reference was made to "2015" rather than "2016" as was the clear intention), that resolution be ratified, approved and affirmed in the following terms:

"**THAT**, subject to and conditional upon the passing of resolution 8, the Directors be and they are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred under Resolution 8 above as if sub-section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:-

(a) the allotment of equity securities in connection with a rights issue or any pre-emptive offer in favour of holders of ordinary shares in the Company where the equity securities attributable to the respective interests of such holders are proportionate (as nearly as maybe) to the respective numbers of ordinary shares held by them on the record date for such allotment subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or any legal or practical difficulties under the laws of, or the requirements of, any regulatory body or stock exchange of any overseas territory or otherwise;

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £440,267.90 being 30% of the current issued share capital;

and shall expire on the date being the earlier of the date 15 months after the passing of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2016, provided that the Company may before such expiry make an offer or agreement which would require equity securities to be allotted in pursuance of such offer or agreement as if the power conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier power given to Directors."

By Order of the Board

Stephen O'Hara

Registered Office:

Innovation Centre
Innovation Way
Heslington
York
YO10 5DG

13 April 2016

Notice of Annual General Meeting (continued)

OPTIBIOTIX HEALTH Plc

Notes

1. A member of the Company is entitled to appoint a proxy or proxies to attend, speak and vote at the meeting in his stead. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy does not need to be a member of the Company.
2. The appointment of a proxy does not preclude you from attending the meeting and voting in person. If you appoint a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. To be effective Forms of Proxy must be duly completed and returned so as to reach the Share Registrars Ltd, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL no later than 12.00 noon on 6 May 2016.
4. To be entitled to attend and vote at the meeting (and for the purpose of the determination by Company of the number of votes they may cast), members must be entered in the Register of members at 12.00 noon on 6 May 2016 ("the specified time"). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's Register of Members at the time which is not less than 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.

Explanatory Notes to the Notice of Annual General Meeting

Resolution 1
The Directors are required by law to present to the meeting the Audited Accounts and Directors' Report for the year ended 30 November 2015.

Resolution 2
Each of the Company's Directors listed in this resolution offer themselves up for re-appointment under the terms of the Company's Articles of Association which state that each director must offer himself or herself up for re-appointment every three years.

Resolutions 3
Each of the Company's Directors listed in this resolution was appointed by the Board after the last Annual General Meeting of the Company. Under the terms of the Company's Articles of Association any Director appointed as an additional director after the last Annual General Meeting must resign at the next Annual General Meeting and may offer himself or herself for re-appointment. Each of the Directors of the Company listed in these resolutions is offering himself for re-appointment.

Resolution 4
The Auditors are required to be re-appointed at each Annual General Meeting at which the Company's Audited Accounts are presented.

Resolution 5
Under the Act, the Directors may only allot shares if authorised to do so. Whilst the current authority has not yet expired, it is customary to grant a new authority at each Annual General Meeting. Accordingly, this resolution will be proposed as an ordinary resolution to grant a new authority to allot or grant rights over up to £519,347.56 in nominal value of the Company's unissued share capital. If given, this authority will expire at the Company's next annual general meeting following the date of the resolution. Although the Directors currently have no present intention of exercising this authority, passing this resolution will allow the Directors flexibility to act in the best interests of the Company's shareholders when opportunities arise.

Resolution 6
The Directors require additional authority from the Company's shareholders to allot shares where they propose to do so for cash and otherwise than to the Company's shareholders pro rata to their holdings. This resolution will give the Directors power to issue new ordinary shares for cash other than to the Company's shareholders on a pro rata basis:

(i) by way of a rights or similar issue; or

(j) (ii) with a nominal value of up to £467,412.80. This resolution will be proposed as a special resolution.

Resolution 7
This is a resolution to consolidate the share capital to reflect the current position. The deferred shares relate to the period before the reverse merger in August 2014.

Resolution 8
This is a resolution to correct a typographical error appearing in resolution number 9 passed at the Annual General Meeting held on 11 August 2015 (whereby reference was made to "2015" rather than "2016" as was the clear intention).

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